

**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 31st Ashadh 2081 (Corresponding to 15th July 2024), 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 1st Shrawan 2080 to 31st Ashadh 2081 (Corresponding to 17th July 2023 to 15th July 2024) 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 15th July 2024 and of its financial performance and its Cash flows for the period covering 17th July 2023 to 15th July 2024, 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.

Key Audit Matters

Key audit Matters are those matters that, in our professional judgement, were of most significance in audit of the financial statements. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matters described in the Basis for Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit Addressed this Matter
Information Technology (IT) System and Controls	
The Company uses several IT/software systems with or without integrating with ERP system for management of its business operation like accounting, inventory records, Human Resource Management, etc. This software is purchased from outside vendors and SJCL has not conducted in-house system audit of the systems. Also, backdated entry can also be made in the system.	We tested a sample of automated controls that are designed to enforce appropriate segregation of duties, roles and controls. This included assessing the design of relevant automated processes and controls. We reviewed sample of the financial information produced by various systems. We evaluated effectiveness of the controls in the system.
Loss due to Foreign Exchange Fluctuation	
As SJCL has entered into various construction contracts and some portion of the contracts needs	We compared the exchange rates prevailing as on the date of payment with the rates as on the date of contract

to be paid in Foreign currency i.e. US Dollar. The equivalent payable amount has significantly increased due to increase in the rate of foreign currency.	and the total loss caused due to such fluctuation in exchange rates has been recalculated accordingly. We reviewed the effect of such exchange rates fluctuation in the financial statements.
Delay in Contract	
We observed that the contract works undertaken by various contractors were not completed on due date of completion mentioned in the initial contract. Due to delay in completion of project, the commencement date of the project will be extended resulting extension in revenue recognition over years. Also, there is increased costs of contracts due to foreign exchange and price escalations. As a result, the Extension of completion time of the contracts was significant to our audit.	Our audit procedures performance includes the following: Review of the contracts including revised contracts for extension of dates and power purchases Agreement (PPA) with NEA (Nepal Electricity Authority) including latest amendments. Review of project status report prepared by technical professional. Site inspection to ascertain whether the project is actually at the stages shown by the project status report.
Contingent Liabilities	
The company engaged a contractor for construction work, which was completed and certified by the engineering consultant during the year. However, owing to the reconciliation of previous interim payment certificates in due-process, regarding the amount, the related liability has not been fully recognized as an obligation in the financial statements but is disclosed as a contingent liability. This matter required significant auditor attention due to the materiality of the amount and the potential for a future liability once the reconciliation is done.	Assessed the evidence supporting the completion of the construction work, including the engineering consultant's certification. Evaluated management's rationale for treating the disputed amount as a contingent liability instead of recognizing it as a liability in the financial statements. Reviewed applicable Nepali laws regarding the recognition of liabilities and the requirement of a tax invoice for claims. Analysed the adequacy and completeness of the disclosures related to the contingent liability in the financial statements. Considered the potential impact of the matter on future obligations and financial position.
Allocation of Common Costs Across Hydropower Projects Under Development	
The company has been developing two hydropower projects. The projects however have been financed from single source loan and no separate loan agreements have been made by the company commensurate with each project. This would require the company to disseminate or allocate the common costs like interest during construction, interest post construction, access roads etc. to such projects under development or already developed. The allocation is based on assumptions regarding the proportion of loans used for each project and the capacity of each project and the associated costs, requiring significant management judgment. Given the complexity and potential impact on project capitalization and reported financial results, we considered this a key audit matter.	Obtained approved board minutes for such cost sharing. Evaluating the reasonableness of management's cost allocation methodology and its consistency with prior periods. Assessing the underlying assumptions, including the proportional loan usage for each project. Recalculating sample allocations to verify mathematical accuracy. Reviewing disclosures in the financial statements to ensure compliance with relevant accounting standards.

Emphasis of Matter

We draw attention to Note no. 24 of the financial statements, which describe the non-adoption of IFRIC 12 (Service Concession Arrangement) while preparation of financial statements under Nepal Financial Reporting Standards. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information such as "Report of Board of Directors/ Chairman's statements" to be presented in the "Sanjen Jalavidhyut Company Limited" Annual Report and Accounts for FY



2080/81 (2023-24). Our opinion on the Financial Statements does not cover that other information and, accordingly, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. As the other information documents are in the process of completion, the management has provided written representations that final version of the documents will be provided when available.

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 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease 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

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

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



Surendra Bahadur K.C., CA
Proprietor
COP – 822

S.B.K.C. & Associates,
Chartered Accountants

Date: 2081-08-23 (December 08, 2024)
Place: Lalitpur, Nepal

UDIN NO: 241216CA00822P564C

SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Financial Position

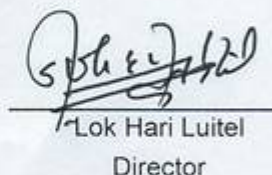
As on 31st Ashadh, 2081 (Corresponding to 15-July- 2024)

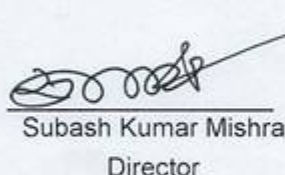
(in NPR)

Particulars	Notes	31.03.2081 (15.07.2024)	31.03.2080 (16.07.2023)
ASSETS			
Non-Current Assets			
Property Plant and Equipment's	1	3,231,530,164	1,296,851
Project Capital Work in Progress	2	9,304,659,216	11,568,695,130
Term Deposit	3	-	-
Total Non-Current Assets		12,536,189,380	11,569,991,981
Current Assets			
Inventories	4	31,727,203	29,048,281
Prepayments	7	3,784,020	209,518
Financial Assets:			
Advances to Contractors and Consultants	5	62,804,421	78,061,566
Deposits and Margin	6	2,176,103	2,587,835
Current Tax Assets	8.1	12,016,649	13,933,962
Term Deposits with Banks	9	270,000	270,000
Trade Receivables		52,418,035	-
Other Financial Assets	10	53,291,757	25,936,565
Bank Balances Call and Current	11	116,949,816	8,678,802
Total Current Assets		335,438,004	158,726,529
TOTAL ASSETS		12,871,627,384	11,728,718,509
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	3,650,000,000	3,650,000,000
Other Equity(Reserve & Surplus)	13	(395,848,291)	(240,729,645)
Total Equity		3,254,151,709	3,409,270,355
Liabilities			
Non-Current Liabilities			
Financial Liabilities:			
Borrowings	14.1.1	8,970,060,706	7,682,659,706
Other Non-current Liabilities	14.1.3	256,355,819	245,633,097
Total Non-Current Liabilities		9,226,416,525	7,928,292,803
Current Liabilities			
Provisions	14.2.3	2,433,230	13,436,707
Financial Liabilities:			
Borrowings	14.1.1	330,000,000	240,000,000
Other Financial Liabilities and Payables	14.1.2	58,625,920	137,718,645
Total Current Liabilities		391,059,150	391,155,352
TOTAL EQUITY AND LIABILITIES		12,871,627,384	11,728,718,510

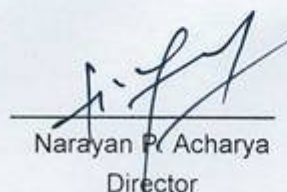
*As per our report of even date.

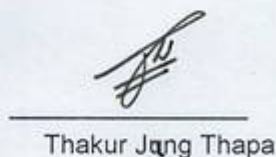

Ram Bhandari
Chairperson

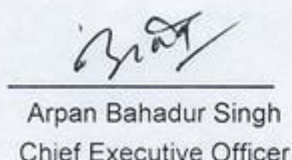

Lok Hari Luitel
Director

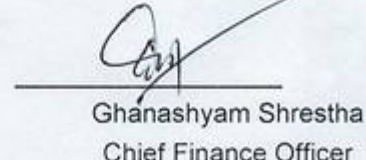

Subash Kumar Mishra
Director


Surendra Bahadur K.C.
Proprietor
S.B.K.C. & Associates
Chartered Accountants


Narayan P. Acharya
Director


Thakur Jung Thapa


Arpan Bahadur Singh
Chief Executive Officer


Ghanashyam Shrestha
Chief Finance Officer

Date: 2081-08-23
Place: Kathmandu, Nepal



SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Profit or Loss

From 1st Shrawan 2080 to 31st Ashad 2081 (Corresponding to 17th July 2023 to 15th July 2024)

(NPR)

Particulars	Notes	FY 2080.81 (2023.24)	FY 2079.80 (2022.23)
Revenue			
Sales of Electricity	15.1	197,880,774	-
Cost of Sales			
Direct Costs	18.1	(35,151,264)	-
Royalty	18.1	(5,431,153)	-
Gross Profit		157,298,357	-
Employee Benefits	16	(17,614,448)	(18,104,649)
Operating and Administrative Expenses	18.2	(23,668,823)	(13,589,819)
Depreciation and Amortization	17	(100,179,545)	(5,126,466)
Profit From Operation		15,835,541	(36,820,934)
Other income	15.4	3,138,160	1,012,230
Finance income	15.3	5,156,072	11,443,118
Finance Cost	19	(171,282,437)	-
Exchange Gain / (loss)	20	(6,147,206)	4,330,333
Profit Before Bonus and Tax		(153,299,870)	(20,035,253)
Provision for Bonus	-	-	-
Income Taxes		(1,289,018)	(2,860,780)
Net Profit		(154,588,888)	(22,896,033)
Notes Basic EPS (Annualised)	21	(4.24)	(0.65)
Diluted EPS		(4.24)	(0.65)

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

As per our report of event date.



Ram Bhandari
Chairperson

Lok Hari Luitel
Director

Subash Kumar Mishra
Director

Surendra Bahadur K.C., CA
Proprietor

S.B.K.C. & Associates
Chartered Accountants

Narayan P. Acharya
Director

Thakur Jang Thapa
Director

Arpan Bahadur Singh
Chief Executive Officer

Ghanashyam Shrestha
Chief Finance Officer

Date: 2081-08-23
Place: Kathmandu, Nepal

SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Other Comprehensive Income

From 1st Shrawan 2080 to 31st Ashad 2081 (Corresponding to 17th July 2023 to 15th July 2024)

(NPR)


Particulars	Year Ended 31.03.2081 (2024.07.15)	Year Ended 31.03.2080 (2023.07.16)
Profit/Loss for the year	(154,588,888)	(22,896,033)
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Available-for-sale investments		
– fair value gains / (Losses)	-	-
– income taxes	-	-
Exchange differences and other	-	-
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains on defined benefit plans		
– before income taxes	-	-
– income taxes	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(154,588,888)	(22,896,033)


As per our report of event date





Ramji Bhandari
Chairperson



Lok Hari Luitel
Director



Subash Kumar Mishra
Director


Surendra Bahadur K.C., CA
Proprietor
S.B.K.C. & Associates
Chartered Accountants


Narayan P. Acharya
Director


Thakur Jang Thapa
Director


Arpan Bahadur Singh
Chief Executive Officer


Ghanashyam Shrestha
Chief Finance Officer

Date: 2081-08-23
Place: Kathmandu, Nepal



SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Cash Flows

For the year ended 15th July 2024

(Figure in NPR)


Particulars	31.03.2081 (2024.07.15)	31.03.2080 (2023.07.16)
Cash flows from operating activities		
Loss / (profit) before taxation	(154,588,888)	(22,896,033)
Adjustments for non-cash items and non-operating adjustments		
Depreciation	100,179,545	5,126,466
Loss (Gain) on disposal of assets	-	-
Dividend income	-	-
Defined benefit plan net charge	-	-
Changes in Operating assets and Liabilities		
Change in operating assets	(68,440,460)	(60,395,308)
Change in operating liabilities	(79,373,480)	6,325,300
Contributions to defined benefit schemes		
Previous year adjustments	(529,759)	(2,747,920)
Defined benefits paid	-	-
Net cash from operating activities	(202,753,042)	(74,587,494)
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,548,158)	(363,257)
Disposal of property, plant and equipment	-	-
Purchase of CWIP	(1,005,828,785)	(1,786,984,701)
Disposal of CWIP	-	-
Purchase of Investments	-	-
Disposal and maturity of investment securities	-	-
Dividends received from investment in securities	-	-
Net cash used in investing activities	(1,066,376,943)	(1,787,347,958)
Cash flows from financing activities		
Issue of ordinary and preference share capital, net of expenses	-	365,000,000
Share Issue Expenses	-	(1,423,043)
Borrowings	1,377,401,000	1,392,540,696
Dividends paid to ordinary shareholders, net of scrip		
Net cash (used in)/from financing activities	1,377,401,000	1,756,117,653
Net increase/(decrease) in cash and cash equivalents	108,271,015	(105,817,800)
Cash and cash equivalents at beginning of year	8,678,801	114,496,601
Effect of exchange rate changes on cash & cash equivalents		
Cash and cash equivalents at end of year	116,949,816	8,678,801


*As per our report of event date





Ram Bhandari
 Chairperson



Lok Hari Luitel
 Director



Subash Kumar Mishra
 Director


Surendra Bahadur K.C., CA
 Proprietor
 S.B.K.C. & Associates
 Chartered Accountants


Narayan P. Acharya
 Director


Thakur Jang Thapa
 Director


Arpan Bahadur Singh
 Chief Executive Officer


Ghanashyam Shrestha
 Chief Finance Officer

Date: 2081-08-23
 Place: Kathmandu, Nepal

SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Changes in Equity


For the year ended 16th July 2023


(Figure in NPR)

Particulars	Called up Share Capital	Capital premium	Retained earnings	Revaluation Reserve	Deferred Tax Reserve	Total Shareholder's Fund
At 16 July 2022	3,285,000,000	-	(213,662,650)			3,071,337,350
Adjustments			(3,458,422)			(3,458,422)
Restated	3,285,000,000	-	(217,121,071)			3,067,878,929
Profit for the year and Other comprehensive income (net of tax)			(22,896,032)			(22,896,032)
Share Issue	365,000,000		710,502			365,710,502
Share issue expenses			(1,423,043)			(1,423,043)
Deferred Tax Reserve						
Fixed Assets Written off						
As on 16 July-2023	3,650,000,000	-	(240,729,645)			3,409,270,355

As per our Report of even date.


Raji Bhandari
Chairperson


Lok Hari Luitel
Director



Subash Kumar Mishra
Director


Surendra Bahadur K.C.,
Proprietor

S.B.K.C. & Associates
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Narayan P. Acharya
Director


Thakur Jang Thapa
Director


Arpan Bahadur Singh
Chief Executive Officer


Ghanashyam Shrestha
Chief Finance Officer

Date: 2081-08-23
Place: Kathmandu, Nepal



SANJEN JALAVIDHYUT COMPANY LIMITED

Statement of Changes in Equity

For the year ended 15th July 2024

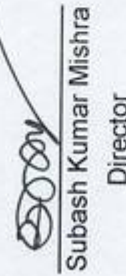
Particulars	Called up Share Capital	Capital premium	Retained earnings	Revaluation Reserve	Deferred Tax Reserve	Total Shareholder's Fund
As on 16 July-2023	3,650,000,000	-	(240,729,645)	-	-	3,409,270,355
Adjustments						
Restated	3,650,000,000	-	(240,729,645)	-	-	3,409,270,355
Profit for the year and Other comprehensive income (net of tax)			(154,588,887)			(154,588,887)
Adjustments			(529,759)			(529,759)
Share issue expenses						-
Deferred Tax Reserve						-
Fixed Assets Written off						-
As on 15 July-2024	3,650,000,000	-	(395,848,291)	-	-	3,254,151,709

As per our Report of even date

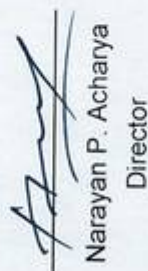



Ranji Bhandari
Chairperson

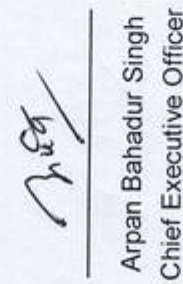

Lok Hari Luifel
Director

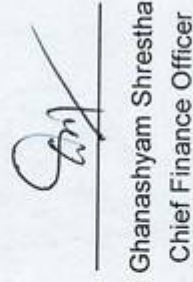

Subash Kumar Mishra
Director


Surendra Bahadur K.C., CA
Proprietor
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Chartered Accountants


Narayan P. Acharya
Director


Thakur Jung Thapa
Director


Arpan Bahadur Singh
Chief Executive Officer


Ghanashyam Shrestha
Chief Finance Officer

Date: 2081-08-23

Place: Kathmandu, Nepal

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 302nd Board of Directors' meeting held on 2081/08/23 and have been recommended for approval by shareholders in the Annual General Meeting (AGM)

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 Maharajgunj Kathmandu. Both the hydropower plants have commissioned and are connected to the National Grid through Chilime-Trisuli 220kv transmission line at Chilime hub located at the Rasuwa district.

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

NFRS requires the company to adopt accounting policies that are most appropriate to the company's circumstances. In determining and applying accounting policies, management is required to make 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 NFRS 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 2080	17-Jul-23
Closing SFP Date	31 Ashadh 2081	15-Jul-24
Comparative reporting period	1 Shrawan 2079 - 31 Ashadh 2080	16 July 2022 - 16 July 2023

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

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.

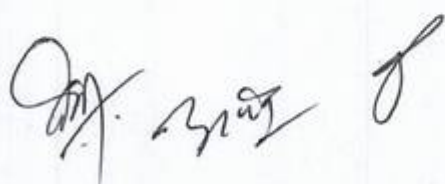
In addition to the purchase price and cost directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by management if an item of property, plant and equipment consists of several components with different estimated useful 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.

Useful Life

Explanatory Notes

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.

Corporate Assets 2023-24	Furniture and Fixtures	Right of Use Assets	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
Original Cost (Rs.)								
Original Cost Total (17-July-2023)	2,678,492	10,036,302	4,776,892	4,856,800	1,341,857	166,675	1,537,216	25,394,235
Additions 2080/81	25,425	-	92,250	-	-	-	-	117,675
Adjustment (disposals and transfers)	-	-	316,874	-	-	-	-	316,874
Original Cost Total (15-July-2024)	2,703,917	10,036,302	5,186,015	4,856,800	1,341,857	166,675	1,537,216	25,828,783
Depreciation (Rs.)								
As at 17-July-2023	2,349,239	9,264,280	4,766,102	4,856,800	1,189,611	166,675	1,504,677	24,097,384
Charge for the year	93,432	772,023	166,747	-	121,590	-	63	1,153,856
Attributable to sold/transferred/written off	-	-	-	-	-	-	-	
Depreciation as at 15-July-2024	2,442,671	10,036,302	4,932,849	4,856,800	1,311,201	166,675	1,504,741	25,251,240
Net Property, Plant & Equipments								
As at 15-July-2024	261,246	-	253,166	-	30,656	-	32,476	577,544
As at 16-July -2023	329,253	772,023	10,789	-	152,246	-	32,539	1,296,851



Sanjaya Kumar *Sanjaya Kumar* *Sanjaya Kumar*

Project Assets

The assets directly attributable to the SHEP project have been capitalized during the current fiscal year and will be depreciated over the license period of the project. Assets directly associated with the SHEP project are considered project assets and have been recognized as Capital Work in Progress, as detailed separately in Note 2.

Project Assets SHEP (14.8MW) 2023-24	Land and Land Development	Building	Civil Structure	Distribution Line	Transmission Line	Electro Mechanical Works	Hydro Mechanical Works	TOTAL
Original Cost (Rs.)								
Original Cost Total(17-July-2023)	-	-	-	-	-	-	-	-
Capitalization	66,876,415	74,025,694	1,690,922,650	9,962,127	116,450,694	734,815,650	574,694,076	3,267,747,306
Additions 2080/81	-	-	1,868,824	-	-	42,236,274	17,032,781	61,137,880
Adjustment (disposals and transfers)	-	-	-	-	(1,356,221)	-	-	(1,356,221)
Original Cost Total(15-July-2024)	66,876,415	74,025,694	1,692,791,474	9,962,127	115,094,473	777,051,925	591,726,857	3,327,528,965
Depreciation (Rs.)								
As at 17-July-2023	-	-	-	-	-	-	-	-
Charge for the year	1,997,081	2,210,574	50,494,770	297,492	3,473,878	22,778,743	17,377,176	98,629,713
Attributable to sold/transferred/written off	-	-	-	-	-	-	-	-
Depreciation as at 15-July-2024	1,997,081	2,210,574	50,494,770	297,492	3,473,878	22,778,743	17,377,176	98,629,713
Net Property, Plant & Equipments								
As at 15-July -2024	64,879,334	71,815,120	1,642,296,704	9,664,635	111,620,595	754,273,182	574,349,681	3,228,899,251
As at 17-July -2023	-	-	-	-	-	-	-	-

Depreciation on project assets utilized for project administration has been capitalized as part of the project cost until the date of capitalization, i.e., October 2023. The book value of these assets as of 17th October 2023 will be depreciated over their remaining useful life.



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Office Assets SUHEP 2023-24	Furniture and Fixtures	Right of Use Assets	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
Original Cost (Rs.)								
Original Cost Total(17- October-2023)	1,643,331	-	2,000,781	32,912,545	13,446,903	1,941,375	2,593,554	54,538,489
Additions 2080/81	-	-	191,874	-	-	1,007,053.00	60,523	1,259,450
Adjustment (disposals and transfers)	-	-	-	-	-	-	-	-
Original Cost Total(15-July- 2024)	1,643,331	-	2,192,655	32,912,545	13,446,903	2,948,428	2,654,077	55,797,938
Depreciation (Rs.)								
As at 17-10-2023	1,476,165	-	1,602,734	32,866,361	13,446,903	1,807,050	2,149,381	53,348,594
Charge for the year	27,476	-	105,237	46,184	-	142,462	74,617	395,976
Attributable to sold/transferred/written off	-	-	-	-	-	-	-	-
Depreciation as at 15-July- 2024	1,503,641	-	1,707,972	32,912,545	13,446,903	1,949,512	2,223,998	53,744,570
Net Property, Plant & Equipments								
As at 15-July -2024	139,690	-	484,683	-	-	998,916	430,079	2,053,369
As at 17-October -2023	167,166	-	398,047	46,184	-	134,324.85	444,173	1,189,895



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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.

Capital Work in progress	15-Jul-24	16-Jul-23
Capital Assets	2,034,837,243	2,866,791,025
Operation and Maintenance Capitalization	1,262,297,024	1,403,751,442
Transferred to Inventory	(3,269,864,701)	-
	(27,269,567)	-
Sanjen Upper 14.8MW	(0)	4,270,542,467
Capital Assets	5,487,319,271	4,441,283,809
Operation and Maintenance	3,817,339,945	2,856,868,854
Sanjen - 42.5MW	9,304,659,216	7,298,152,663
Total Upper & Lower	9,304,659,216	11,568,695,130

CWIP- Capital Assets	15-Jul-24	16-Jul-23
Sanjen Upper - 14.8MW		
Opening CWIP	2,866,791,023	2,610,513,523
Addition during the year	19,984,322	258,183,355
Adjustments	(851,938,102)	(1,905,855)
Closing Balance	2,034,837,243	2,866,791,023
Sanjen - 42.5MW		
Opening CWIP	4,441,283,809	3,812,709,687
Addition during the year	195,824,957	629,847,907
Adjustments	851,412,252	(1,273,785)
Adjustments	(1,201,747)	-
Closing Balance	5,487,319,271	4,441,283,809
Total	7,522,156,515	7,308,074,832

CWIP - Operation & Maintenance	15-Jul-24	16-Jul-23
Sanjen Upper - 14.8MW		
Opening CWIP	1,403,751,442	1,124,130,093
Addition during the year	76,612,328	279,621,349
Adjustment	(218,066,746)	-
Closing Balance	1,262,297,024	1,403,751,442
Sanjen - 42.5MW		
Opening CWIP	2,856,868,855	2,234,357,124
Addition during the year	742,404,344	622,511,731
Adjustment	218,066,746	-
Closing Balance	3,817,339,945	2,856,868,855
Total	5,079,636,969	4,260,620,297

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CWIP Capital Assets 2023-24	Cost			Accumulated Depreciation			Closing Balance	
	As at 17-July- 2023	Addition /Adjustment	As at 15-July- 2024	Opening	Addition /Adjustment	Total	This year	Previous year
SHEP 42.5 MW								
Assets Not ready to Use								
Land	29,265,579	1,389,062	30,654,641	-	-	-	30,654,641	30,654,641
11 KVA line	19,168,778	-	19,168,778	-	-	-	19,168,778	19,168,778
Access Road	61,722,172	164,117,320	225,839,492	-	-	-	225,839,492	61,722,172
Headworks	-	362,672,912	362,672,912	-	-	-	362,672,912	-
Headrace Tunnel	-	202,439,382	202,439,382	-	-	-	202,439,382	-
Surge Tank	-	52,297,598	52,297,598	-	-	-	52,297,598	-
Residential Building	67,742,012	-	67,742,012	-	-	-	67,742,012	549,197,707
Office Building	2,992,860	-	2,992,860	-	-	-	2,992,860	2,992,860
Work Shop	4,837,942	488,663	5,326,605	-	-	-	5,326,605	4,837,942
Consultancy Services	549,197,707	101,956,986	651,154,692	-	-	-	651,154,692	549,197,707
Civil Construction - Main Lot 2	2,232,386,258	98,740,354	2,331,126,611	-	-	-	2,331,126,611	2,232,386,258
Hydro-Mechanical Works Lot 4	361,410,058	7,188,688	368,598,746	-	-	-	368,598,746	361,410,058
Electro-Mechanical Works Lot 3	975,657,430	25,927,474	1,001,584,904	-	-	-	1,001,584,904	975,657,430
Transmission Line Lot 5	113,089,096	30,449,952	143,539,048	-	-	-	143,539,048	113,089,096
Environmental Mitigation and Compensation (Land and Others)	8,283,315	-	8,283,315	-	-	-	8,283,315	8,283,315
Sub Total	4,425,753,207	1,047,668,390	5,473,421,597	-	-	-	5,473,421,597	4,425,753,207
Assets Ready To Use								
Furniture and Fixtures	4,911,059	65,653	4,976,712	4,484,942	191,249.25	4,676,192	300,520	426,117
Right of Use Assets	15,286,355	(557,280)	14,729,075	1,482,244	699,841	2,182,085	12,546,990	13,804,111
Office Equipment	4,230,960	(228,056)	4,002,904	3,411,004	175,427.63	3,586,431	416,473	819,956
Tool and Equipment	4,968,691	72,320	5,041,011	4,968,691	1,239.90	4,969,931	71,080	-
Other Assets	5,372,600	216,182	5,588,782	4,892,182	133,988.82	5,026,171	562,611	480,418
Heavy Equipment	24,686,599	-	24,686,599	24,686,599	0	24,686,599	(0)	(0)
Vehicles	44,692,045	-	44,692,045	44,692,045	(0)	44,692,045	0	0
Sub Total	104,148,309	(431,181)	103,717,128	88,617,707	1,201,747	89,819,454	13,897,674	15,530,602
Total	4,529,901,516	1,047,237,210	5,577,138,725	88,617,707	1,201,747	89,819,454	5,487,319,271	4,441,283,809



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Depreciable Asset SHEP 42.4 MW		Furniture and Fixtures	Right of Use Assets	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
2023-24									
Original Cost (Rs.)									
As at 17 July 2023		4,911,059	15,286,355	4,230,960	44,692,045	24,686,599	4,968,691	5,372,600	104,148,309
Additions		65,653	-	88,818	-	-	72,320	216,182	442,973
Adjustment (disposals and transfers)		-	(557,280)	(316,874)	-	-	-	-	(874,154)
As at 15 July 2024		4,976,712	14,729,075	4,002,904	44,692,045	24,686,599	5,041,011	5,588,782	103,717,128
Depreciation (Rs.)									
As at 17 July 2023		4,484,942	1,482,243	3,411,005	44,692,045	24,686,599	4,968,691	4,892,182	88,617,707
Charge for the year		191,249	727,362	175,428	-	-	1,240	133,989	1,229,267
Attributable to sold/transferred/written off		-	(27,520)	-	-	-	-	-	(27,520)
As at 15 July 2024		4,676,191	2,182,085	3,586,432	44,692,045	24,686,599	4,969,931	5,026,171	89,819,454
Net Property, Plant & Equipments									
As at 15 July 2024		300,521	12,546,990	416,472	-	-	71,080	562,611	13,897,674
As at 16 July 2023		426,117	13,804,112	819,955	-	-	-	480,418	15,530,602

Depreciable Asset SHEP 42.5 MW		Furniture and Fixtures	Right of Use Assets	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
22-23									
Original Cost (Rs.)									
As at 16 July 2022		4,911,059	15,286,355	4,075,811	44,692,045	24,686,599	4,968,691	4,952,600	103,573,160
Additions		-	-	155,149	-	-	-	420,000	575,149
Adjustment (disposals and transfers)		-	-	-	-	-	-	-	-
As at 16 July 2023		4,911,059	15,286,355	4,230,960	44,692,045	24,686,599	4,968,691	5,372,600	104,148,309
Depreciation (Rs.)									
As at 16 July 2022		4,252,152	754,882	3,183,285	44,692,045	24,686,599	4,968,691	4,806,268	87,343,922
Charge for the year		232,789	727,362	227,720	-	-	-	85,914	1,273,785
Attributable to sold/transferred/written off		-	-	-	-	-	-	-	-
As at 16 July 2023		4,484,942	1,482,243	3,411,005	44,692,045	24,686,599	4,968,691	4,892,182	88,617,707
Impairment Charge									
As at 16 July 2023		426,117	13,804,112	819,955	-	-	-	480,418	15,530,602
As at 15 July 2022		658,907	14,531,473	892,526	(0)	0	0	146,332	16,229,238









Operation and Maintenance Expenses-42.5 (2023-24)

Particulars	As at 16-July-2023	Addition	Adjustment	As at 15.07.2024
Salary	190,333,745	25,904,196		216,237,942
Wages	14,514,348	274,106		14,788,454
Allowances and Benefits	142,269,470	17,741,924		160,011,394
Overtime Allowances	18,448,476	2,886,622		21,335,098
Employee Leave Provision	13,863,079	1,940,420		15,803,499
Medical Expenses	13,927,611	2,150,553		16,078,164
Employee Provident Fund	8,868,049	81,316		8,949,365
Social Security Fund	17,674,258	5,018,208		22,692,466
Employee Insurance	3,865,459	163,563		4,029,022
Employee Welfare	515,648	-		515,648
NEA Employee Overhead	5,405,122	813,156		6,218,278
Other Services	6,801,029	764,552		7,565,582
Consulting Services	6,645,312	100,000		6,745,312
Electricity	7,682,866	1,003,756		8,686,622
Other Repair Maintenance	2,525,935	219,344		2,745,279
Fuel Vehicle	35,680,019	3,030,368		38,710,387
Fuel - Heavy Equipment	7,620,253	1,424,745		9,044,998
Mobil and Lubricants	1,836,427	130,515		1,966,942
Vehicle Repairs and Maintenance	29,659,511	1,783,935		31,443,446
Repair Equipment	7,647,937	189,543		7,837,480
Civil Repair and Maintenance	9,398,758	99,147		9,497,904
Rent	1,202,066	-		1,202,066
Insurance	5,475,722	307,384		5,783,105
Licence Fee	6,966,334	790,406		7,756,740
Land & Property Tax	171,505	-		171,505
Postage and Telegram	193,765	-		193,765
Telephone and Internet	4,486,235	337,985		4,824,220
Land Lease	9,416,082	0		9,416,083
Training	1,477,432	46,000		1,523,432
Printing and Stationery	5,376,759	252,951		5,629,710
Books and Periodicals	238,555	-		238,555
Advertisements	6,813,141	91,595		6,904,736
Guest Entertainment	3,072,160	208,695		3,280,855
Examination expenses	6,825	-		6,825
Misc Expenses	9,071,305	591,081		9,662,386
Travel	6,685,221	591,825		7,277,046
Transport	1,841,775	50,000		1,891,775
Meeting Expenses	10,706	-		10,706
Feasibility Study	5,304,193	-		5,304,193
Interest - Finance Cost - EPF	2,042,047,504	644,716,569	214,201,444	2,900,965,517



Particulars	As at 16-July-2023	Addition	Adjustment	As at 15.07.2024
Interest - Finance Cost Others	43,141,080	20,252,186	3,865,302	67,258,569
Interest - Finance Cost - Lease	2,976,020	1,495,587		4,471,607
Service Fee	2,424,534	-		2,424,534
Annual Day Events and Celebrations	327,357	65,875		393,232
Bank Charges	10,717,638	930,458		11,648,096
Social and Local Development	51,776,468	4,581,514		56,357,982
Compensations	11,318	-		11,318
Legal Expenses	787,445	100,000		887,445
Donation	380,850	45,000		425,850
Public Hearing	429,670	-		429,670
Depreciation	88,617,706	1,229,267		89,846,973
Adjustments	238,169	-		238,169
Total	2,856,868,854	742,404,344	218,066,746	3,817,339,944

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.

Term Deposits	15-Jul-24	16-Jul-23
Everest Bank Ltd.- For bank guarantee lien		-
Total		-

4. Inventories



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. Cost is determined using the First-In, First-Out (FIFO) method, in accordance with Nepal Accounting Standard (NAS) 2

Composition of Inventories

Corporate Office Store: These inventories consist of stationery supplies, vehicle spare parts, and other goods for office use.

"Store, Spare Parts and Tools

NAS 16, paragraph 8 and 9 specifically states that:

- Spare parts and servicing equipment are usually carried as inventory and recognized in SoPL when consumed.
- Major spare parts and stand-by equipment qualify as PPE when and entity expects to use them during more than one period.
- The standard does not prescribe the unit measure for recognition and judgment is to be applied in determining what constitutes an item of PPE."

Inventory

Particulars	15-Jul-24	16-Jul-23
Corporate Office Store	2,834,219	29,048,281
Spares Parts	28,892,984	-
	31,727,203	29,048,281

5. Advance Payments, Prepayments and Deposits

Accounting Policies

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

Explanatory Notes

The standard does not prescribe the unit measure for recognition and judgment is to be applied in 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

Particulars	15-Jul-24	16-Jul-23
ECI-BGCCPL JV - Lot 2 Upper	1,354,977	1,354,983
SEW Tundi JV - Lot 2 Lower	50,000,100	65,201,093
Dongfang Electric International Corp - Lot 3 Upper & Lower	11,449,344	11,505,491
Total	62,804,421	78,061,566



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

Particulars	15-Jul-24	16-Jul-23
LC Margin – HBL	606,603	1,018,335
Nepal Telecom	64,500	64,500
Margin Deposit HBL(Chilime Hydropower Company Limited)	1,275,000	1,275,000
Police Petrol Pump Deposit	200,000	200,000
Guarantee Margin HBL(Exim Code)	30,000	30,000
Guarantee Margin Laxmi Bank	-	-
Total	2,176,103	2,587,835

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

Particulars	15-Jul-24	16-Jul-23
Prepaid Insurance	2,924,420	209,518
Advance Rent	859,600	-
Total	3,784,020	209,518

8. Taxes

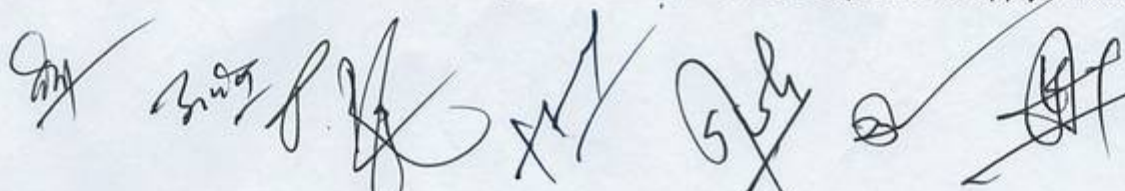

Accounting Policies

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		
	15-Jul-24	16-Jul-23
Advance Taxes	12,016,649	13,933,962
	12,016,649	13,933,962

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

One of the project Sanjen (Upper) Hydropower project has come into operation and the company has already generated revenue. However, there is no taxable income of the company from the generation of hydroelectricity. However, it has earned finance income which is subject to tax. Further under the applicable income tax laws company is exempt to pay income taxes for the first 10 years of operation after its 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 Himalayan 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.

Particulars	15-Jul-24	16-Jul-23
Himalayan Bank Limited (Lien against Custom guarantee)	270,000	270,000
Total	270,000	270,000




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

Particulars	15-Jul-24	16-Jul-23
Staff Advances	185,000	170,000
Bhajuratna Engineering	48,000	48,000
Advance to Rasuwa DAO - for Land	1,600,391	1,600,391
NRB Margin Receivables HBL	1,606,197	7,374,617
Other Advances	10,000	5,000
Other Receivables(Contractors Others)	47,582,389	13,903,431
NEA Dhunche Distribution Center	2,256,716	1,965,234
Achyut Singh Basnet	-	859,600
Petty cash Corporate office	-	
Kathmandu Upatyaka Khanepani Limited	3,064	10,292
Total	53,291,757	25,936,565

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,

S.N	NAS 39 classification - Financial Assets	
1	Fair Value through Profit or Loss	
2	Held to Maturity	
3	Loans & Receivables	
4	Available for Sale	

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

S.N	NAS 39 classification - Financial Liabilities	
1	Fair Value through Profit or Loss	
2	Other Financial Liabilities	

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.

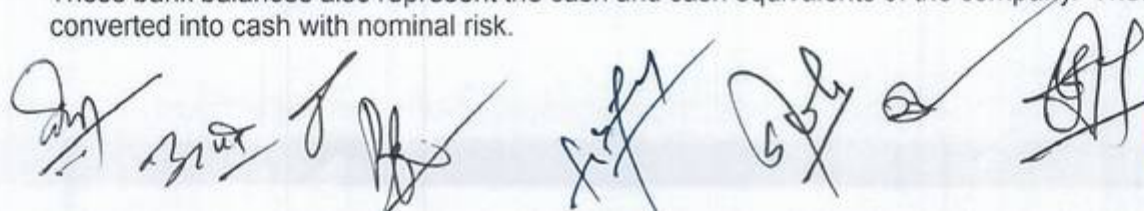

11.1.1 Bank Balances

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.

S.N	Particulars	15-Jul-24	16-Jul-23
1	Everest Bank Limited	335,016	132,193
2	Himalayan Bank Limited	383,584	176,598
2	Nepal Bank Limited - Dhunche	93,044	93,044
3	Mega Bank New Account	31,605,058	687,203
3	Siddhartha Bank Limited	21,293,023	1,479,762
4	Century Bank Limited	929,711	900,656
5	Prabhu Bank Limited	-	14,155
5	Kumari Bank Limited	58,167,778	431,906
6	Sanima Bank Limited	711,230	1,425,884
6	Laxmi Bank Limited	3,416,465	3,322,494
7	NMB Bank Limited	14,907	14,907
	Total	116,949,816	8,678,802

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.

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.

Capital in Value	
16-Jul-23	
Authorised capital	3,750,000,000
Issued capital	3,650,000,000
Paid up capital	3,650,000,000
16-Jul-22	Capital in Value
Authorised capital	3,750,000,000
Issued capital	3,650,000,000
Paid up capital	3,285,000,000

Share Capital Reconciliation

Particulars	15-Jul-24	16-Jul-23
Opening Share Capital	3,650,000,000	3,285,000,000
Capital Issued during the period		365,000,000
Allotment Adjustments		
Total	3,650,000,000	3,650,000,000

Percentage Holding in Paid Up Share Capital

Particulars	15-Jul-24	16-Jul-23
Chilime Hydropower Company Limited	39.36%	39.36%
Nepal Electricity Authority	10.36%	10.36%
Various Municipalities – Rasuwa District	1.28%	1.28%
General Public	15.00%	15.00%
Depositors of EPF	19.50%	19.50%
Project Effected Local	10.00%	10.00%
Employees of Promoter Companies	3.50%	3.50%
Employees of EPF	1.00%	1.00%
Total	100.00%	100.00%



Shareholding Structure as per MOA

Particulars	15-Jul-24	16-Jul-23
Chilime Hydropower Company Limited	39.36%	39.36%
Nepal Electricity Authority	10.36%	10.36%
Various Municipalities – Rasuwa District	1.28%	1.28%
General Public	15.00%	15.00%
Depositors of EPF	19.50%	19.50%
Project Affected Local	10.00%	10.00%
Employees of Promoter Companies	3.50%	3.50%
Employees of EPF	1.00%	1.00%
Total	100.00%	100.00%

13. Other Equity (Reserves and Surpluses)**Explanatory Notes**

Particulars	15-Jul-24	16-Jul-22
Capital Premium		-
Retained Earning	(395,848,291)	(240,729,645)
Revaluation Reserve		
Deferred Tax Reserve		
Total	(395,848,291)	(240,729,645)

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.

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. Financial Liabilities

A financial liability is any liability that is:

(a) Contractual obligation:

- To deliver cash or another financial asset to another entity; or
- 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:

- 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

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- 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.

14.1.1 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.12.50 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.

Non-Current Portion

Particulars	15-Jul-24	16-Jul-23
From Employee Provident Fund	5,083,933,000	4,670,133,000
Capitalised Interest – EPF	3,886,127,706	3,012,526,706
Sub Total	8,970,060,706	7,682,659,706
Current Portion		16-Jul-23
Chilime Hydropower Company Limited	330,000,000	240,000,000
Sub Total	330,000,000	240,000,000
Total	9,300,060,706	7,922,659,706

14.1.2 Other Financial Liabilities and Payables

Other Liabilities and Payables

Particulars	15-Jul-24	16-Jul-23
ECI-BGCCPL J/V	-	100,000
S.E.W. Tundi J/V	16,713,403	22,592,992
Dongfang Electric International	252,151	9,214,631
Nepal Hydro & Electric Limited	30,016	51,969,577
Mudvary & Joshi Construction P LTD	1,591,050	12,664,420
Chilime Engineering & Services Company Limited	5,557,750	4,149,906
Tenji Nirman Sewa	-	1,034,355
NEA Engineering	-	300,000
Payable to Employees	10,591,402	1,760,382
Payable to Contractors and Consultants	-	450,749
NEA - Overhead	1,330,559	1,291,258
Chilime Jalavidhyut Company Limited	-	3,246,499
Vat Payable	1,326,025	5,534,049
TDS Payable	4,715,945	6,378,131
Liabilities under Finance Lease	15,450,701	16,097,369
Other Liabilities	636,407	456,914
P & B Associates	-	75,263
S D & Associates	-	402,150
Audit Fee Payable	381,888	

Particulars	15-Jul-24	16-Jul-23
Staff Union	47,600	
Misc Liabilities	1,025	
Total	58,625,920	137,718,645

14.1.3 Other Non-Current Liabilities (Deposit Received from Contractors)

Particulars	15-Jul-24	16-Jul-23
Deposit Received from Contractors	235,793,067	231,217,552
Translation Difference on Retention	20,562,752	14,415,545
Total	256,355,818	245,633,097

14.2 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.

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14.2.1 Fair Value of Financial Assets and Financial Liabilities Carried at Fair Value

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

14.2.2 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.

Assets and Liabilities 23-24

Particulars	Carrying amount	Fair Value	Quoted prices	Observable Inputs	Unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Assets					
Term Deposit - non current	270,000	270,000	-	-	270,000
Trade Receivables	52,418,035	52,418,035	-	-	52,418,035
Other Advances	53,291,757	53,291,757	-	-	53,291,757
Bank Balances Call and Current	116,949,816	116,949,816	-	-	116,949,816
Liabilities					
Loans and Borrowings	9,300,060,706	9,300,060,706	-	-	9,300,060,706
Other Liabilities and Payables	314,981,739	314,981,739	-	-	314,981,739
Assets and Liabilities 22-23					
Term Deposit - non current	270,000	270,000	-	-	270,000
Trade Receivables	-	0	-	-	-
Other Advances	25,936,565	25,936,565	-	-	7,464,422
Bank Balances Call and Current	114,496,603	114,496,603	-	-	114,496,603
Liabilities					
Loans and Borrowings	7,922,659,706	7,922,659,706	-	-	6,504,298,382
Other Liabilities and Payables	196,344,565	196,344,565	-	-	137,548,597

14.2.3 Provisions

Particulars	15-Jul-24	16-Jul-23
Employee Leave Provision	1,144,212	10,575,927
Other Provision	1,289,018	2,860,780
Total	2,433,230	13,436,707

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The leave provision has been transferred to the respective employees' accounts and treated as a retirement benefit payable, as disclosed in Notes 14.1.2. Additionally, 15% TDS has been deducted from the payable amount in compliance with applicable tax regulations.

15. Revenue

Accounting Policies

"Revenue is recognized in accordance with NFRS 15, Revenue from Contracts with Customers. Revenue is recognized to the extent that it is probable that the economic benefits associated with the hydropower generation will flow to the company and the revenue can be reliably measured.

Revenue from the sale of electricity is recognized when control of the electricity is transferred to the customer, which is typically upon delivery of the electricity to the power grid. The company determines the transaction price based on the contractual terms with customers and allocates this price to the performance obligations specified in the contracts.

In assessing revenue recognition, the company evaluates whether it is probable that the economic benefits associated with the transaction will flow to the company and whether the revenue can be measured reliably. Revenue is recognized when the performance obligation is satisfied, which is generally over time as electricity is generated and delivered.

Particulars	2023-24	2022-23
Electricity Sales to NEA	197,880,774	-
Revenue from Contract with Customers	-	-
Finance Income	5,156,072	-
Other income	3,138,160	1,012,230
Total	206,175,006	1,012,230

15.1 Electricity Sales to NEA

Project SUHEP has been capitalized and commenced revenue generation from 1st Kartik 2080. Revenue is recognized at the time of invoicing to the Nepal Electricity Authority (NEA) in accordance with the terms of the Power Purchase Agreement.

Particular	2023-24	2022-23
Sanjen Upper Hydroelectric Project	197,880,774	-
Sanjen Hydroelectric Project	-	-
Total	197,880,774	-

15.2 Revenue from Contract with Customers

Particulars	2023-24	2022-23
Rental income	-	-
Total	-	-

15.3 Finance Income

Particulars	2023-24	2022-23
Finance Income	5,156,072	11,443,118
Total	5,156,072	11,443,118




15.4 Other Income

Particulars	2023-24	2022-23
Other Income	3,133,160	997,230
Tender Sales	5,000	15,000
Total	3,138,160	1,012,230

16. Employee Benefit

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.

16.1 Employment Benefit Costs

Staff Expenses – Corporate

Particulars	2023-24	2022-23
Current Employee Benefits		
Salary	7,618,413	7,500,401
Wages	-	39,150
Allowances and Benefits	6,476,198	6,550,384
Overtime Allowances	927,198	1,110,226
Employee leave	633,237	585,251
Employee Medical	623,986	607,044
Employee Insurance	74,598	109,578
Training	-	365,816
Capacity Development exposures	-	14,690
Post-Employment Benefits		
Defined Contribution Plan Expenses – EPF	75,221	73,271
Defined Contribution Plan Expenses -Social Security Fund	1,185,598	1,148,837
Defined Benefit Plan Expenses	-	
Total	17,614,448	18,104,649



Staff Expenses – 14.8 MW

Particulars	2023-24	2022-23
Current Employee Benefits		
Salary	10,793,597	-
Wages	107,500	-
Allowances and Benefits	6,843,861	-
Overtime Allowances	1,923,110	-
Employee Leave Provision	1,124,650	-
Medical Expenses	-	-
Employee Insurance	-	-
Training	-	-
Staff Welfare	-	-
Post Employment Benefits		
Defined Contribution Plan Expenses - EPF	-	-
Defined Contribution Plan Expenses -Social Security Fund	2,174,995	-
Total	22,967,712	-

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 staff being deputed under secondment from Nepal Electricity Authority (NEA). Two NEA seconded staff will receive the defined benefits 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 and SUHEP project has been charged to profit or loss.

Particulars	2023-24	2022-23
Depreciation of Property Plant and Equipment	100,179,545	5,126,466
Amortisation of Intangible assets	-	-
Total	100,179,545	5,126,466



18 Operating and Administrative Expenses

18.1 Operating and Administrative Expenses - SUHEP

Particulars	2023-24	2022-23
Staff Benefits	22,967,712	-
Other Services	269,959	-
Electricity	285,030	-
Consulting Services	97,500	-
Other Repair and Maintenance	48,400	-
Fuel Vehicle	524,905	-
Fuel - Heavy Equipment	295,771	-
Mobil and Lubricants	79,735	-
Vehicle Repairs and Maintenance	1,448,642	-
Repair Equipment	57,646	-
Civil Repair and Maintenance	100,000	-
Insurance	6,016,586	-
Licence Fee	156,000	-
Telephone and Internet	156,660	-
Training	45,000	-
Printing and Stationery	166,932	-
Books and Periodicals	9,500	-
Advertisements	175,678	-
Guest Entertainment	203,133	-
Donation	15,000	-
Misc Expenses	475,712	-
Travel	182,400	-
Legal Fee	100,000	-
Social and Local Development	1,126,142	-
Bank Charges	147,221	-
Sub-total	35,151,264	
Royalty	5,431,153	-
Total	40,582,416	-

18.2 Operating and Administrative Expenses – Corporate

Particulars	2023-24	2022-23
House Rent	4,298,000	-
Other Services Expenses	324,154	335,996
Water & Electricity	380,032	528,719
Consulting Services	1,260,463	805,690
Vehicle Repair and Maintenance	732,309	640,603
Repair – premises Civil	22,000	15,255
Other Repair	240,492	86,375
Fuel and Lubricants	1,340,742	1,970,842
Insurance	78,630	80,732
License Fees	552,631	1,214,275
Share Issue Management Expenses	428,480	
Legal Fee	-	79,778
Telephone and Internet	587,425	723,911
Printing and Stationery	477,116	397,367



Particulars	2023-24	2022-23
Books and Periodicals	47,050	24,395
Guest Refreshments	490,884	389,940
Advertisement	292,410	364,896
Annual Day and events expenses	795,199	88,004
Ceremonial Expenses	76,681	
BOD Meeting Allowances	2,047,900	1,224,500
BOD Facilities	240,000	-
Transportation	23,450	180,000
Other Meeting Allowance	1,629,500	1,537,500
Meeting expenses	633,089	496,995
Organization Development Expenses	4,239,225	
Training Expenses	78,090	
Audit Fee	573,475	507,596
Audit Expenses	129,095	237,271
Travel	218,125	160,395
Bank Charges	4,628	2,101
Finance Cost under Financial Lease	10,364	340,953
NEA Overhead Charges	752,207	732,707
Misc Expenses	664,975	423,023
Total	23,668,823	13,589,819

19 Finance Cost

Particulars	2023-24	2022-23
SUHEP Project		
Interest on EPF Loan	166,051,302	-
Interest on Other Loan	5,231,134	-
SHEP Project		
Interest on EPF Loan	498,153,907	-
Interest on Other Loan	15,693,403	-
Finance Cost	685,129,747	-
Less : Amount Capitalized on Qualifying Assets (SHEP Project)	513,847,310	
Total Finance Cost	171,282,437	-

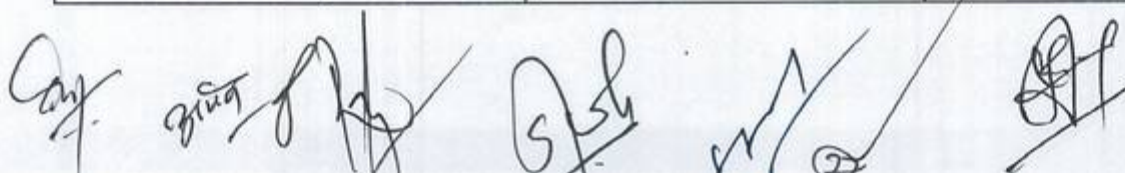

20. Effects of Changes in foreign exchange rates

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.

Particulars	2023-24	2022-23
Exchange Gain		3,768,538.38
Included in CWIP adjusted		

Translation Gain / (Loss)		
Advances		
Retention	(6,147,206)	561,795
Total	(6,147,206)	4,330,333

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

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.

Particulars	2023-24	2022-23
Opening	36,500,000	32,850,000
Weight	1	1
Further Issue		3,600,000
Allotment Date		11/08/2079
Weight		0.64
Further Issue		50,000
Allotment Date		05/09/2079
Weight		0.57
Total Shares	36,500,000	36,500,000
Weighted Average Shares	36,500,000	35,186,575
PAT	(154,588,887)	(22,896,032)
Basic EPS	(4.24)	(0.65)
Diluted EPS	(4.24)	(0.65)

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. Leases

Accounting Policies

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or whether the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

[Signatures]



To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether:

The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

The Company has right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

The Company has right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either;

The Company has the right to operate the asset; or

The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right to use of assets is the present value of the total lease payments up to the contract date from the start of contract inclusive of any increments on the payment of the rent. The present value has been derived using the discount rate equal to the interest rate of Employee Provident Fund. The Company has applied cost model after initial recognition on commencement date and subsequent measurement. The Company has measured the right-of-use asset at cost:

- a. Less accumulated depreciation and accumulated impairment and
- b. Adjusted for any reameasuremnt of lease liabilities if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's interest rate of Employee Provident Fund. Generally, the Company uses its interest rate of Loan from Employee Provident Fund as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

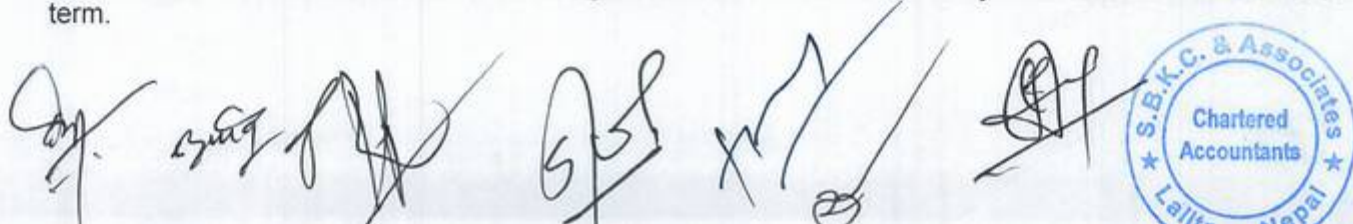
The Company presents right of use assets under Note 1 PPE related to corporate assets to the financial statements & The Company presents right of use assets under Note 2 Capital Work in Progress capital assets related to the Sanjen Lower 42.5 to the financial statements while the corresponding lease liability is presented in Note 14.1.2, 'Other Liabilities & Payable'.

Short term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases (that have a lease term of 12 months or less) and leases of low value assets. The Company recognizes lease payments associated with these leases as an expense on a straight line basis over the lease term.

Explanatory Notes

The Company has recognized a right of use of asset and lease liability as per NFRS 16 Leases. The right to use of assets and lease liability is the present value of the total lease payments up to the contract date from the start of contract inclusive of any increments on the payment of the rent. The right to use of assets is depreciated over the lease term on straight line basis. The lease liability is amortised over the lease term.



Handwritten signatures and a circular stamp of S.B.K.C. & Associates Chartered Accountants.

As required by Para 53 of disclosure part of NFRS 16 Leases, following amounts shall be disclosed about the leases of the company and the maturity analysis of lease liability is shown as below.

Particulars	Right of Use Assets	Lease Liability
Balance 32nd Ashad 2079	19,935,636	21,383,612
Less: Depreciation	5,359,501	-
Add: Interest Cost	-	1,814,662
Less: Total cash outflow of lease	-	6,389,044
Less: Prior Period Adjustment	-	710,502
Balance 31st Ashad 2080	14,576,135	16,098,728

Particulars	Right of Use Assets	Lease Liability
Balance 31st Ashad 2080	14,576,135	16,098,728
Less: Depreciation	1,499,385	-
Add: Interest Cost	-	1,505,951
Less: Total cash outflow of lease	-	2,152,616
Less: Prior Period Adjustment	529,760	1,361
Balance 31st Ashad 2081	12,546,990	15,450,701

24. Service Concession Arrangements

The party that grants the service arrangement (the grantor) is a public sector entity, including a governmental body, or a private sector entity to which the responsibility for the service has been devolved.

The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor.

- 1 The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.
- 2 The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of the arrangement, for little or no incremental consideration, irrespective of which party initially financed.
- 3 IFRIC 12-Service Concession Arrangements applies to public-private service concession arrangements if:
- 4 The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what prices;

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

- 1 An arrangement within the scope of this interpretation typically involves a private sector entity (an operator) constructing the infrastructure used to provide the public service or upgrading it (for example, by increasing its capacity) and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. Such an arrangement is often described as a 'build-operate-transfer', a 'rehabilitate-operate-transfer' or a 'public-to-private' service concession arrangement.

Handwritten signatures and a circular stamp of S.B.K.C. & Associates Chartered Accountants, Lalitpur, Nepal.

- 2 Nepal Electricity Authority (NEA)(a government entity), Chilime Hydropower Company Ltd (government controlled entity) and various municipalities holds more than 50% of the shares in SJCL. The interpretations provided in IFRIC 12 is based on the relationship of a "Grantor" and an "Operator" under a concession agreement. However, SJCL itself is a body where the majority of the capital investment has been done by a public-service entity i.e. NEA. Nepal Electricity Authority itself plays a major role in the management of the services provided by SJCL. In consideration of all these factors, it is concluded that the requirement of IFRIC 12 are not applicable to SJCL as the grantor-operator relationship cannot be established.

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.

25. Identification of Related Parties

Following have been identified as related parties

25.1 Parent Company

Chilime Hydropower Company Limited (shareholding is disclosed in Note: 12)

- i. By virtue of representation to the board of directors

· Nepal Electricity Authority

- ii. · Employee Provident Fund

Board Chair and Directors

Position	15-Jul-24	16-Jul-23
Chairman	Ramji Bhandari	Ramji Bhandari
Director		Shanti Laxmi Shakya
Director	Lokhari Luitel	Lokhari Luitel
Director	Subhash Kumar Mishra	Subhash Kumar Mishra
Director	Narayan Prasad Acharya	Narayan Prasad Acharya
Director	Thakur Jung Thapa	Thakur Jung Thapa

Position	Board Member	Meeting Allowances	Other Allowances	Total
Chairman	Ramji Bhandari	2,22,000	45,000	2,67,000
Director	Shanti Laxmi Shakya	48,000	15,000	63,000
Director	Lokhari Luitel	3,20,000	45,000	3,65,000
Director	Subhash Kumar Mishra	3,14,000	45,000	3,59,000
Director	Narayan Prasad Acharya	4,68,000	45,000	5,13,000
Director	Thakur Jung Thapa	3,17,000	45,000	3,62,000
Total		16,68,000	2,61,000	19,29,000



Key Managerial Personnel

Designation	15-Jul-24	16-Jul-23
CEO	Arpan Bahadur Singh	Sunil Kumar Dhungel
Project Chief- Upper	Devendra Gautam	Sudhan Singh Mahat
Project Chief- Lower	Devendra Gautam	Arpan Bahadur Singh
Sr Contract Engineer	Dipak Ram Vaidhya	Dipak Ram Vaidhya
Company Secretary/Head Finance	Ghanashyam Shrestha	Ghanashyam Shrestha

Name of Personnel	Role	Payments of Employee Benefits				Share Based Payments
		Short Term	Post-Employment	Termination	Other Long Term	
Sunil Kumar Dhungel	CEO	27,44,790	-	-	-	-
Sudhan Singh Mahat	Project Chief-Upper	16,00,739	-	-	-	-
*Arpan Bahadur Singh	Project Chief-Lower	28,90,904				
Ghanashyam Shrestha	Company Secretary	21,27,878				
Devendra Gautam	Sr. Engineer	22,02,027				

Mr. Arpan Bahadur Singh was working as a project manager till 2081/03/03 then after Board has assigned him the role of CEO.

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

25.2 Transactions with Related Parties

Particulars	2023-24	22-23
Land Lease from Chilime Hydropower Company Limited	1,293,016	1,231,444
Interest Payment to Chilime Hydropower Company Limited	27,437,085	-
Yearly Payment for Utilizing of NEA server for E-bidding	-	3,284,629
Overhead payment to NEA for deputed Staff	1,565,363	1,519,127
Directors' sitting fees	2,047,900	1,404,500
Remuneration to Key Managerial Personnel	13,327,568	10,144,275
Chilime Jalavidhyut company Limited(Short Term)	330000000	240000000

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

Year End balances with / from related parties




25.3 The year end Receivable/(payable) balance with related parties are as follows:-

Particulars	2023-24	22-23
Chilime Hydropower Company Limited	458,976	3,246,499
Nepal Electricity Authority	51,087,476	1,291,258
Total	51,546,452.57	4,537,757

Operating Segments

Accounting Policies

26. 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.

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.

Interest In Other Entities

27. The company follows NFRS 12 Disclosure of Interest in Other Entities for disclosing the extent of the investment, control and influence.
28. 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

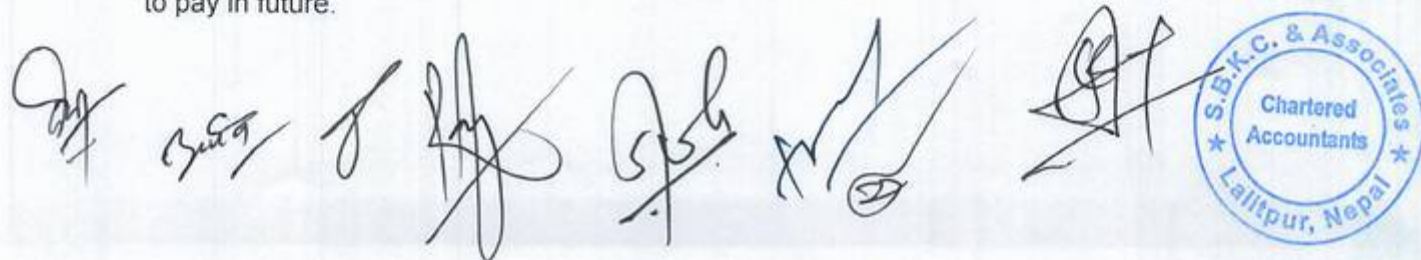
There are no material events both adjusting or non-adjusting for the reporting periods.

Contingent Liabilities and Commitments

29. "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.

The Contractor for Lot-2 Civil Works of the Sanjen (Upper) Hydroelectric Project has submitted a proforma invoice claiming NRs. 26,304,682.60. However, the Consultant is currently conducting the reconciliation of previous Interim Payment Certificates. This claim will be settled upon the completion and finalization of the reconciliation process."

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.



Particulars	2023-24	22-23
Contingent Liability	26,304,682	-
Commitments – Contractual	399,605,546	806,945,926
Litigation	-	-
Total	425,910,228	806,945,926

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.













नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था
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Office Type: Listed Public Company	Office Name: Sanjen Jalavidhyut Company Ltd.
Type of Audit Opinion: Unqualified Audit Opinion with EoM Paragraph	Period (AD):
Office PAN: 304236091	

Financial figures

S.N.	Heading	Amount
1	Total Asset/Liabilities	NRs. 12871627384
2	Gross Revenue/Turnover	NRs. 206175006
3	Gross Expenses	NRs. 359474875
4	Net Profit Or Loss	NRs. -153299869

Status: Active Document

Document Description: IFRIC 12 Not applicable

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