

S.B.C. & Associates

Chartered Accountants

Ref.

Independent Auditor's Report To the Shareholder of Shuvam Power Limited

Opinion

We have audited the financial statements of **Shuvam Power Limited**, which comprise the balance sheet as at Ashad 31, 2081, and the profit and loss Account, changes in Equity and cash flows statement for the year ended on 31 Ashadh 2081, and a summary of significant accounting policies and notes to account.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at Ashad 31, 2081, and its financial performance and its cash flows for the year ended on 31 Ashadh 2081 in accordance with NFRS for SMEs from the FY 2080.081.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standard and Generally Accepted Accounting Principles, 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 the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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




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

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

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

As per the requirement of the company's Act we report that

- We have received the information and explanation required for the purpose of our audit
- Books of accounts are maintained by the company so as to reflect the affairs of the company,
- Balance sheet, income statement and cash flow statements are in agreement with the books of accounts maintained by the company,
- On the basis of information and explanation provided to us, the board of directors or any representative or any employee has not acted contrary to law and misappropriated any property of the company or caused any loss or damage to the company and,
- No any accounting fraud has been committed.

UDIN: 250113CA01631Ps59x
Place: Kathmandu, Nepal
Date: 2081/09/21

CA Shriject Baral Chhetri
Proprietor
S.B.C. & Associates,
Chartered Accountants



Shuvam Power Limited
Kathmandu, Kathmandu

Statement of Financial Position
As at 31 Ashad 2081 (July 15, 2024)

Particulars	Schedule	<i>Amount in NRs.</i>		
		As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Assets				
Non Current Assets				
(a) Property, Plant & Equipment	5			
(i) General Asset		13,936,614	13,936,614	13,936,614
Less: Accumulated Depreciation		8,799,707	7,875,096	6,782,067
General Asset (Net)		5,136,907	6,061,518	7,154,547
(ii) Project Assets		185,307,997	159,878,590	159,878,590
Less: Accumulated Depreciation		29,913,338	25,342,907	21,910,553
Project Asset(Net)		155,394,659	134,535,684	137,968,037
(b) Intangible Asset	6	-	-	-
Total Non Current Assets		160,531,566	140,597,201	145,122,585
Current Assets				
(a) Financial Asset				
(i) Trade Receivables	7	2,138,926	1,724,518	7,223,079
(ii) Other Financial Assets	8	672,104	-	-
(iii) Investment	9	51,681,000	51,681,000	31,681,000
(iv) Cash and Cash Equivalents	10	37,175,590	2,947,135	3,290,323
(b) Current Tax Asset	11	-	-	-
(c) Other Current Asset	12	22,899,679	23,116,935	33,803,344
Total Current Assets		114,567,298	79,469,588	75,997,746
Total Assets		275,098,865	220,066,789	221,120,331
Equity and Liabilities				
Equity				
Share Capital	13	200,000,000	200,000,000	140,000,000
Other Equity	14	(15,152,139)	(16,053,357)	(16,121,213)
Total Equity		184,847,861	183,946,643	123,878,787
Non-Current Liabilities				
(a) Financial Liability				
(i) Long Term Loan	15	29,984,120	32,288,120	94,664,925
Total Non-Current Liabilities		29,984,120	32,288,120	94,664,925
Current Liabilities & Provisions				
(a) Financial Liability				
(i) Borrowings	16	38,954,000	2,160,000	-
(ii) Other Financial Liabilities	17	21,101,828	1,530,437	1,761,840
(iii) Provisions	18	33,220	41,017	459,284
(b) Current Tax Liability				
(c) Other Current Liability	19	177,836	100,573	355,494
Current Liabilities & Provisions		60,266,883	3,832,026	2,576,619
Total Equity and Liabilities		275,098,865	220,066,789	221,120,331

Schedules, notes to accounts and significant accounting policies are part of the financial statement

As per our report of even date

For Shuvam Power Limited



Shreejesh Guragain
Chairman

AG
Directors

For S.B.C. & Associates
Chartered Accountants

CA. Shrijeet Baral Chhetri
Proprietor

Shambhu Niraula
Finance Officer

Date: 2081.09.27

Place: Kathmandu

Shuvam Power Limited
Kathmandu, Kathmandu

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 Ashad, 2081 (July 15, 2024)

Particulars	Schedule	Amount in NRs.	
		As at Asadh 31,2081	As at Asadh 31,2080
Revenue			
Revenue From Operation	20	18,417,458	23,779,335
Cost of Sales	21	5,420,206	5,266,941
Gross Profit		12,997,251	18,512,395
Other Income	22	533	1,288,530
		12,997,785	19,800,925
Expenses			
Administrative Expenses	23	1,140,458	3,916,686
Employee Benefit Expenses	24	326,000	1,064,000
Depreciation and Amortization Expenses	25	5,495,042	4,525,384
Finance Cost	26	5,101,846	8,243,982
Impairment Losses on Financial Assets	27	-	-
Total Expenses		12,063,346	17,750,052
Profit/(Loss) before Tax		934,438	2,050,873
Provision for Staff Bonus		33,220	41,017
Provision for Income Tax	28	-	-
Tax Expense		-	-
(i) Current Tax		-	-
(ii) Deffered Tax Asset		-	-
Profit/(Loss) Before CSR Expenses		901,218	2,009,856
Provision for CSR			
Net Profit/(Loss) for the year		901,218	2,009,856
Earnings Per Equity Share (For Continuing Operation):	29		
(1) Basic (in Rs.)		0.45	1.00
(2) Diluted (in Rs.)		0.45	1.00

Schedules, notes to accounts and significant accounting policies are part of the financial statement

As per our report of even date

For Shuvam Power Limited



Shreejesh Guragain
Shreejesh Guragain
Chairman

Shambhu Niraula
Shambhu Niraula
Finance Officer
Date: 2081.09.21
Place: Kathmandu

Directors
Directors

For S.B.C. & Associates
Chartered Accountants

CA. Shrijeet Baral Chhetri
CA. Shrijeet Baral Chhetri
Proprietor

Shuvam Power Limited		
Statement of cash flows for the year ended Ashad 31,2081		
All amounts are in Rs unless otherwise stated		
	Year ended Ashad 31, 2081	Year ended Ashad 31, 2080
Cash Flows From Operating Activities		
Profit For The Year	901,218	2,009,856
Adjustments For:		
Finance Costs	5,101,846	8,243,982
Profit on Disposal of Assets		
Depreciation And Amortization Of Non-Current Assets	5,495,042	4,525,384
	11,498,107	14,779,222
Movements In Operating Assets:		
(Increase)/Decrease in Trade Receivables	(414,408)	5,498,561
(Increase)/Decrease in Other Financial Assets	(672,104)	-
(Increase)/Decrease in Other Current Assets	217,257	10,686,409
(Increase)/Decrease in Current Tax Assets		
Increase/ (Decrease) in Other Financial Liabilities	19,571,391	(231,404)
Increase/(Decrease) in Provisions	(7,797)	(418,267)
Increase/(Decrease) in Other Current Liabilities	77,263	(254,921)
	18,771,602	15,280,377
Cash Generated From Operations	30,269,709	30,059,599
Net Cash Generated By Operating Activities	30,269,709	30,059,599
Cash Flows From Investing Activities		
Addition in General Assets	-	-
Addition in Project Assets Assets	(25,429,407)	-
Addition on Investment		(20,000,000)
Sale of Property, Plant And Equipment		-
Net Cash (Used In)/Generated By Investing Activities	(25,429,407)	(20,000,000)
Cash Flows From Financing Activities		
Increase or Decrease Of Borrowings	34,490,000	(60,216,805)
Advance call Received	-	(1,942,000)
Increase or Decrease in Share Capital	-	60,000,000
Finance Expenses	(5,101,846)	(8,243,982)
	29,388,154	(10,402,787)
Net Increase In Cash And Cash Equivalents	34,228,455	(343,188)
Cash And Cash Equivalents At The Beginning Of The Year	2,947,135	3,290,323
Effects Of Exchange Rate Changes On The Balance Of Cash And Cash Equivalents Held In Foreign Currencies	-	-
Cash And Cash Equivalents At The End Of The Year	37,175,590	2,947,135

As per Our Report of Even Date

For Shuvam Power Limited

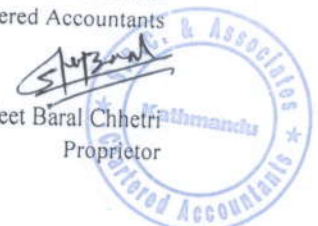


Shreejesh Guragain
Shreejesh Guragain
Chairman

AG
Director

For S.B.C. & Associates
Chartered Accountants

Shrijeet Baral Chhetri
CA. Shrijeet Baral Chhetri
Proprietor



Shambhu Niraula
Shambhu Niraula
Finance Officer
Date: 2081.09.21
Place: Kathmandu

Shuvam Power Limited
Statement of changes in equity for the year ended Ashad 31, 2081
 All amounts are in Rs' unless otherwise stated

Particulars	Share Capital	Reserves and Surplus					Total
		Capital Reserve	Securities Premium Reserve	Equity Instrument Through Other Comprehensive Income	General Reserve	Retained Earnings	
Balance As At Shrawan 1, 2079	140,000,000	-	-	-	-	(18,063,213)	121,936,787
Issue of Share Capital	60,000,000	-	-	-	-	-	60,000,000
Share Premium	-	-	-	-	-	-	-
Profit For The Year	-	-	-	-	-	-	-
Other Comprehensive Income For The Year, Net of Income Tax	-	-	-	-	-	2,009,856	2,009,856
Transfer To Retained Earnings	-	-	-	-	-	-	-
Balance As At Ashad 31, 2080	200,000,000	-	-	-	-	(16,053,357)	183,946,643
Issue of Share Capital	-	-	-	-	-	-	-
Profit For The Year	-	-	-	-	-	-	-
Dividend Paid (Bonus Share)	-	-	-	-	-	-	-
Other Comprehensive Income For The Year, Net Of Income Tax	-	-	-	-	-	901,218	901,218
Transfer To Retained Earnings	-	-	-	-	-	-	-
Balance As At Ashad 31, 2081	200,000,000	-	-	-	-	(15,152,139)	184,847,861

For Shuvam Power Limited



S. Guragain
 Shreejesh Guragain
 Chairman

Shambhu Niraula
 Shambhu Niraula
 Finance Officer
 Date: 2081.09.21
 Place: Katimandu

Director
 Director

For S.B.C. & Associates
 Chartered Accountants



S. Chhetri
 CA. Shrijeer Baral Chhetri
 Proprietor

As per Our Report of Even Date

SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

1 REPORTING ENTITY

Shuvam Power is a Public Limited Company incorporated under Companies Act, 2063 having its registered office in Kathmandu, Nepal. The principal objective of the company is generation and supply of Electricity in Nepal. The company has developed Tallo Piluwa Khola Small Hydropower Project in Sankhuwasabha district. Tallo Piluwa Khola Small Hydropower Project is a run-of river (RoR) type of hydropower project with installed capacity of 990 KW.

The company has entered into a loan agreement with a Consortium of Banks. Everest Bank Limited is the Leading Bank of the Consortium. The company has completed the Tallo Piluwa Khola Small Hydropower Project (990 KW) and started its commercial operation.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board (ASB), Nepal. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

These financial statements for the year ended Ashadh 31, 2081 are the first financial statements of the Company prepared in accordance with NFRS. For all periods up to and including the year ended Ashadh 31, 2080 the Company prepared its financial statements in accordance with the Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP') for its statutory reporting requirement in Nepal. The financial statements for the year ended 31 Ashadh, 2080 and the opening Balance Sheet as at Shrawan 1, 2079 have been restated in accordance with NFRS for comparative information.

Reconciliations and explanations of the effect of the transition from Previous GAAP to NFRS on the Company's Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income are provided in **Note 4**. The transition date of NFRS is Shrawan 1, 2079.













SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

b) Reporting Period and Approval of Financial Statements

The Company follows Nepalese financial year based on Nepali calendar starting from 1st Shrawan and ending on last day of Ashadh.

These financial statements consists of three statements of financial position as at 31st Ashadh 2081, 31st Ashadh 2080 and 1st Shrawan 2079 as required by NFRS 1: First time Adoption of NFRS. The Company has also presented two statements of profit or loss and statements of other comprehensive income, two statements of changes in equity and two statements of cash flows for the year ended as of 31st Ashadh 2081 and 31st Ashadh 2080 along with the summary of significant accounting policies and other explanatory information.

The Board of Directors acknowledges the responsibility for the preparation and presentation of financial statements.

These financial statements were authorized for issue by the Board of Directors vide resolution dated

c) Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (Rs.) which is the currency of the primary economic environment in which the Company operates.

d) Use of Estimates, Assumptions and Judgments

In application of the Company's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

e) Going Concern

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



SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

f) **Changes in Accounting Policies**

The accounting policies are applied consistently to all the periods except where deviations have been explicitly mandated by the applicable accounting standards presented in the financial statements, including the preparation of the opening NFRS compliant Statement of Financial Position as at 1st Shrawan, 2079 being the date of transition to NFRS.

g) **Basis of measurement**

The financial statements of the Company have been prepared in historical cost basis except explicitly mentioned otherwise.

h) **Discounting**

The non-current assets and liabilities are discounted whenever the discounting is material and if required by the NFRS.

2.2. SIGNIFICANT ACCOUNTING POLICIES

a) **Property, Plant and Equipment**

- i. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.
- ii. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- iii. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- iv. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.
- v. The Company adopts cost model for all classes of Property, Plant and Equipment.

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SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

Depreciation of Property Plant and Equipment

- Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the diminishing balance method.
- The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- The depreciation rates at which the assets are depreciated are as follows: -

Particulars	Useful Life	Deprecation Method
Civil & Project Structure	35 Years (As on 2080/04/01)	Straight Line
Project land and land development	35 Years (As on 2080/04/01)	Straight Line
Furniture & Office Equipment's	25%	WDV
Vehicles	20%	WDV
Plant and Machinery	15%	WDV

For transition to NFRS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as of Shrawan 1, 2079 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

b) Non-Current assets classified as held for sale

The Company does not classify any assets as held for sale in current fiscal year.
FY -2080/81

c) Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The amortizable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

For transition to NFRS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of Shrawan 1,2079 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

Amortization of Intangible Assets

The Intangible assets are amortized on straight line method on remaining useful lives. The remaining useful lives of intangible assets of the Company as at 31st Ashadh 2080 are as follows:

Particulars	Remaining Useful Life	Deprecation Method
Software	5 Years	Straight Line

d) Impairment of Tangible and Intangible Assets

An asset is considered as impaired in accordance with NAS 36 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Classification of Current and Non-current of Assets and Liabilities.

All assets and liabilities have been classified as current and non-current assets as per the Company's 'normal operating cycle. Based on the nature of products and time between acquisition of assets for processing and their realization cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of classification currents & non-current classification.

f) Borrowing Cost

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

All Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL) are added to or deducted from the fair value as appropriate, on initial

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SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

recognition. Transaction costs in relation to financial assets or financial liabilities which are carried at fair value through profit or loss (FVTPL) are charged to the statement of profit and loss as and when incurred.

1. Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Financial assets are classified under three categories as required by NFRS 9, namely:

i. Measured at amortised cost

The Financial assets that meet following conditions are recognized are measured at amortised cost:

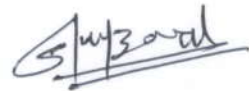
- the assets held within a business model whose objective is to hold assets in to collect contractual cash flows and
- The Contractual term of the instrument gives rise to interest specified dates to cash flows that are solely payments of principal and interest on the principle outstanding,

Which are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit or Loss.

ii. Measured at fair value through OCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

Equity Instrument which are held as long-term strategic investments and not for trading for which the Company makes an irrevocable election to carry the changes in fair value of the instrument through OCI are measured at Fair Value through Other Comprehensive Income (OCI).



SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

iii. **Financial assets at Fair Value Through Profit or Loss (FVTPL)**

The Company classifies the financial assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss.

Any other financial asset not classified as either financial assets at amortised cost or financial assets at FVTOCI, is classified as financial assets at FVTPL.

2. **Financial Liabilities and Equity Instruments**

Financial Liabilities

Financial Liabilities are classified under two categories as follows:

i. **Financial Liabilities at Fair value through profit or loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Upon initial recognition, transaction cost incurred is directly attributable to the acquisition are recognized in Statement of Profit or Loss. Subsequent changes in fair value are recognized at profit or loss.

ii. **Financial Liabilities measured at amortised cost**

All financial liabilities other than measured at fair value profit or loss are classified as subsequently measured at amortised cost using effective interest method.

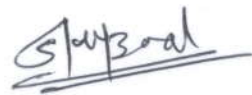
Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Derecognition of Financial Instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual right to receive the cash flows from the asset.

A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.



SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

3. Trading Assets

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit making. They are recognized on trade date, when the Company enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss in 'Net trading income.'

4. Derivative Assets and Derivative Liabilities

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. However, the Company does not such instruments as on Ashadh end 2080.

h) Determination of Fair Value

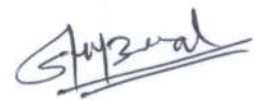
The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company follows three levels of the fair value hierarchy as described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable or valuations of quoted for similar instrument in active markets or quoted prices for identical or similar instrument in inactive markets; and

Level 3: Significant inputs to the fair value measurement are unobservable



SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

i) **Income Tax**

Tax expenses comprises of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

j) **Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation at that date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and are reversed if there is no probability of outflow of resources.



SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

A contingent liability is a possible obligations that arises from past event whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Company or present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.

A contingent asset is neither recognized nor disclosed in the financial statements.

k) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates, penalties, short supply and other similar items. Revenue from operations comprises of sale of power. It is recognized at an amount that reflects the consideration for which the Company expects to be entitled in exchange for transfer of power (goods / service) to the customer. Revenue from sale of power is accounted in accordance with tariff provided in Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) and no significant uncertainty as to the measurability or collectability exist.

l) Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with NAS 19 on Employee Benefits.

Short Term-Employee Benefits

Employee Benefits such as salaries, allowances, and non-monetary benefits which fall due for payment within a period of twelve months after rendering service, are charged as expense to profit or loss in the period in which the service is rendered.

Post- Employment employee benefits

Defined Contribution Plans

Post-Employment benefits plan under which the Company pays a fixed contribution to a separate entity and retains no legal or constructive obligation to pay future amounts are categorized under defined contribution plans. The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company do not have any defined benefit plan.

Other Long Term Employee Benefits

Other Long term Employee Benefits are those employee benefits other than those classified as either short-term, post-retirement or termination benefits.

Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

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SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

The shares issue expenses which can be avoided for the issue was charged in the year of issue directly through equity and disclosed in the statement of changes in equity.

m) Earnings Per Share

The Company presents basic and diluted Earnings per Share (EPS) in accordance with NAS 33 Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

n) Leases

The Company, as a lessee, recognizes a right of use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, as it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term. Company has not elected not to apply measurements requirement of leases for short term lease and leases for which the underlying assets is of low value.

o) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in NAS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

p) Cash and Cash Equivalents

The cash and cash equivalents for the purpose of cash flow statement include cash in hand, balances with banks and financial institutions, money at call and short notice and highly liquid financial assets with original maturity of three months or less from the acquisition date that are subject to and insignificant risk of changes in their fair values and are used by the Company in the management of its short-term commitments. Cash and Cash equivalents includes cash in hands, deposits with BFIs and other short-term investments with original maturities of three months or less.

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SHUVAM POWER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st Ashadh 2081

**3. FIRST-TIME ADOPTION – MANDATORY EXCEPTIONS AND
OPTIONAL EXEMPTIONS**

First Time Adoption of NFRS (NFRS 1)

Overall Principle

The Company has prepared the opening financial statements as per NFRS as of Shrawan 1, 2079 (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing items of assets or liabilities which are not permitted by NFRS, by reclassifying items from previous GAAP to NFRS as required under NFRS, and applying NFRS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below:

Derecognition of Financial Assets and Financial Liabilities

The Company has applied the de recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after Shrawan 1, 2079 (the transition date).

Deemed cost for Property, Plant and Equipment, and Intangible Assets

The Company has elected to continue with the carrying value of all of its plant and equipment, and intangible assets recognized as of Shrawan 1, 2079 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



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Shuvam Power Limited
NFRS 1 Reconciliations
Effect of NFRS adoption on the balance sheet as at Ashad 31,2080 and Shrawan 1,2079
and profit or loss & Other compressive income for the year ended Ashad, 31, 2080
All amounts are in Rs unless otherwise stated

Note 4

Particulars	Notes	As at Ashad 31,2080		
		(End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
(a) Property, Plant And Equipment (Net)				
(i) General Assets (Net)				
(ii) Project Assets (Net)		140,597,201	(134,535,684)	6,061,518
(b) Intangible Assets			134,535,684	134,535,684
Total Non-Current Assets		140,597,201	-	140,597,201
Current Assets				
(a) Financial Assets				
(i) Trade Receivables		1,724,518	-	1,724,518
(ii) Cash And Cash Equivalents		2,947,135	-	2,947,135
(iii) Other Financial Assets		-	-	-
(iv) Investment		51,681,000	-	51,681,000
(v) Advance, Deposits & Receivables		23,116,935	(23,116,935)	-
(b) Current Tax Assets				
(c) Other Current Assets			23,116,935	23,116,935
Total Current Assets		79,469,588	-	79,469,588
Total Assets		220,066,789	-	220,066,789
Equity				
(a) Equity Share Capital		200,000,000	-	200,000,000
(b) Reserve and Surplus		(16,053,357)	16,053,357	-
(c) Other Equity			(16,053,357)	(16,053,357)
Total Equity		183,946,643	-	183,946,643
Non-Current Liabilities				
Financial Liabilities				
(i) Long Term Borrowings		34,448,120	(2,160,000)	32,288,120
Total Non-Current Liabilities		34,448,120	(2,160,000)	32,288,120
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		-	2,160,000	2,160,000
(ii) Trade And Other Payables		1,631,009	(1,631,009)	-
(iii) Other Financial Liabilities			1,530,437	1,530,437
(iv) Provisions		41,017	-	41,017
(b) Current Tax Liabilities				
(c) Other Current Liabilities			100,573	100,573
Total Current Liabilities		1,672,026	2,160,000	3,832,026
Total Liabilities		36,120,146	-	36,120,146
Total Equity And Liabilities		220,066,789	-	220,066,789



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Shuvam Power Limited
NFRS 1 Reconciliations

Effect of NFRS adoption on the balance sheet as at Ashad 31,2080 and Shrawan 1,2079
and profit or loss & Other compressive income for the year ended Ashad, 31, 2080
All amounts are in Rs unless otherwise stated

Particulars	Notes	As at Shrawan 1, 2079		
		(Date of transition)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
(a) Property, Plant And Equipment (Net)				
(i) General Assets (Net)		145,122,585	(137,968,037)	7,154,547
(ii) Project Assets (Net)			137,968,037	137,968,037
(b) Intangible Assets		-	-	-
Total Non-Current Assets		145,122,585	-	145,122,585
Current Assets				
(a) Financial Assets				
(i) Trade Receivables		7,223,079	-	7,223,079
(ii) Cash And Cash Equivalents		3,290,323	-	3,290,323
(iii) Other Financial Assets		-	-	-
(iv) Investment		31,681,000	-	31,681,000
(v) Advance, Deposits & Receivables		33,803,344	(33,803,344)	-
(b) Current Tax Assets		-	-	-
(c) Other Current Assets		-	-	-
Total Current Assets		75,997,746	-	75,997,746
Total Assets		221,120,331	-	221,120,331
Equity				
(a) Equity Share Capital		140,000,000	-	140,000,000
(b) Reserve and Surplus		(18,063,213)	18,063,213	-
(c) Advance Call		1,942,000	(1,942,000)	-
(d) Other Equity		-	(16,121,213)	(16,121,213)
Total Equity		123,878,787	-	123,878,787
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Long Term Borrowings		94,664,925	-	94,664,925
Total Non-Current Liabilities		94,664,925	-	94,664,925
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		-	-	-
(ii) Trade And Other Payables		2,117,335	(2,117,335)	-
(iii) Other Financial Liabilities			1,761,840	1,761,840
(iv) Provisions		459,284	-	459,284
(b) Current Tax Liabilities			-	-
(c) Other Current Liabilities			355,494	355,494
Total Current Liabilities		2,576,619	-	2,576,619
Total Liabilities		97,241,544	-	97,241,544
Total Equity And Liabilities		221,120,331	-	221,120,331



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Shuvam Power Limited
NFRS 1 Reconciliations

Effect of NFRS adoption on the balance sheet as at Ashad 31,2080 and Shrawan 1,2079
and profit or loss & Other comprehensive income for the year ended Ashad, 31, 2080
All amounts are in Rs unless otherwise stated

Effect of NFRS adoption on the statement of profit and loss for the year ended Ashad 31,2080
All amounts are in Rs unless otherwise stated

Particulars	Notes	Year ended Ashad 31,2080		
		(Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	NFRS
Revenue From Operations		23,779,335	-	23,779,335
Cost Of Sales		5,266,941	-	5,266,941
Gross Profit		18,512,395	-	18,512,395
Other Income		1,288,530	-	1,288,530
Expenses				
Administrative Expenses		4,980,686	(1,064,000)	3,916,686
Employee Benefits Expense		-	1,064,000	1,064,000
Finance Costs		8,243,982	-	8,243,982
Depreciation And Amortisation Expense		4,525,384	-	4,525,384
Impairment Loss On Financial Assets				
Total Expenses		17,750,052	0	17,750,052
Profit Before Tax, Bonus & CSR		2,050,873	-	2,050,873
Provision For Staff Bonus		-	-	-
Less: Tax Expense				
(1) Current Tax		-	-	-
(2) Deferred Tax				
Profit/(Loss) For Before CSR		2,050,873	-	2,050,873
Provision for CSR				
Profit/(Loss) For the Period		2,050,873	-	2,050,873
Other Comprehensive Income				
A (I) Items That Will Not Be Reclassified To Profit Or Loss				
(a) Equity Instruments Through OCI			-	-
Total Other Comprehensive Income			-	-
Total Comprehensive Income For The Period		2,050,873	-	2,050,873



5. Property, Plant and Equipment

Shuvam Power Limited
Notes to the financial statements for the year ended Ashad 31, 2081
All amounts are in Rs unless otherwise stated

Particulars	Cost or deemed cost			Accumulated depreciation and impairment			Carrying Amount		
	Balance at Shrawan 1,	Additions	Disp	Balance at Ashad 31,	Elim	Impa	Balance at Ashad 31,	As at Ashad 31, 2081	As at Ashad 32, 2080
General Asset									
Furniture & Office Equipments	423,516	-	-	423,516	349,298	18,555	367,852	55,664	74,218
Vehicles	378,098	-	-	378,098	218,868	31,846	250,714	127,384	159,230
Plant and Machinery	13,135,000	-	-	13,135,000	7,306,931	874,210	8,181,141	4,953,859	5,828,069
Total	13,936,614	-	-	13,936,614	7,875,096	924,611	8,799,707	5,136,907	6,061,518
Project Asset									
Civil & Project Structure									
Civil Works	46,944,494	1,852,958	-	48,797,452	7,989,616	1,165,938	9,155,555	39,641,898	38,954,878
Site Camp and Building	16,926,244	-	-	16,926,244	1,509,587	440,476	1,950,063	14,976,181	15,416,657
Hydromechanical Works	39,596,433	-	-	39,596,433	6,886,336	934,574	7,820,910	31,775,523	32,710,097
Electro-Mechanical Plant	39,671,914	23,576,449	-	63,248,363	6,772,247	1,613,603	8,385,850	54,862,513	32,899,667
Transmission Line & Switch Yard	12,633,265	-	-	12,633,265	2,185,120	298,518	2,483,639	10,149,626	10,448,145
Land and Land Development	4,106,240	-	-	4,106,240	-	117,321	117,321	3,988,919	4,106,240
Total	159,878,590	25,429,407	-	185,307,997	25,342,907	4,570,431	29,913,338	155,394,659	134,535,684
GRAND TOTAL	173,815,204	25,429,407	-	199,244,611	33,218,003	5,495,042	38,713,045	160,531,566	140,597,201

Particulars	Cost or Deemed cost			Accumulated depreciation and impairment			Carrying Amount		
	Balance at Shrawan 1,	Additions	Disp	Balance at Ashad 31,	Elim	Impa	Balance at Ashad 31,	As at Ashad 31, 2080	As at Ashad 32, 2079
General Asset									
Furniture & Office Equipments	423,516	-	-	423,516	324,558	24,739	349,298	74,218	98,958
Vehicles	378,098	-	-	378,098	179,060	39,808	218,868	159,230	199,038
Plant and Machinery	13,135,000	-	-	13,135,000	6,278,448	1,028,483	7,306,931	5,828,069	6,856,552
Total	13,936,614	-	-	13,936,614	6,782,067	1,093,030	7,875,096	6,061,518	7,154,547
Project Asset									
Civil & Project Structure									
Civil Works	46,944,494	-	-	46,944,494	6,964,488	1,025,128	7,989,616	38,954,878	39,980,006
Site Camp and Building	16,926,244	-	-	16,926,244	1,103,885	405,702	1,509,587	15,416,657	15,822,359
Hydromechanical Works	39,596,433	-	-	39,596,433	6,025,544	860,792	6,886,336	32,710,097	33,570,889
Electro-Mechanical Plant	39,671,914	-	-	39,671,914	5,906,466	865,781	6,772,247	32,899,667	33,765,448
Transmission Line & Switch Yard	12,633,265	-	-	12,633,265	1,910,169	274,951	2,185,120	10,448,145	10,723,096
Land and Land Development	4,106,240	-	-	4,106,240	-	-	-	4,106,240	4,106,240
Total	159,878,590	-	-	159,878,590	21,910,553	3,432,354	25,342,907	134,535,684	137,968,037
GRAND TOTAL	173,815,204	-	-	173,815,204	28,692,619	4,525,384	33,218,003	140,597,201	145,122,585



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Shuvam Power Limited

Notes to the financial statements for the year ended Ashad 31, 2081
All amounts are in Rs unless otherwise stated

6) Intangible assets

Amounts in NRs.

Particulars	Computer Softwares	Total Intangible Assets
Cost		
Deemed Cost as at 01.04.2079	-	-
Addition during the FY 2079.80	-	-
Disposals	-	-
Balance as on 31.03.2080	-	-
Balance as at 01.04.2080	-	-
Addition during the FY 2080.81	-	-
Disposals	-	-
Balance as on 31.03.2081	-	-
Amortization		
Balance as at 01.04.2079	-	-
Charge for the FY 2079.80	-	-
Disposals	-	-
Balance as on 31.03.2080	-	-
Balance as at 01.04.2080	-	-
Charge for the FY 2080.81	-	-
Disposals	-	-
Balance as on 31.03.2081	-	-
Opening Balance as at 01.04.2079	-	-
Closing Balance as at 31.03.2080	-	-
Closing Balance as at 31.03.2081	-	-



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Shuvam Power Limited
Kathmandu, Kathmandu
As at 31 Ashad 2081 (July 15, 2024)

7) Trade Receivables

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Debtors			
Nepal Electricity Authority- Debtors	2,138,926	1,724,518	5,098,079
Amrit Bahadur Rai - Debtors	-	-	2,125,000
Total	2,138,926	1,724,518	7,223,079

8) Other Financial Assets

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Deposits & Margin			
Margin Deposit - Exim Code	300,000	-	-
LC Margin - Expansion Joins	372,104	-	-
Total	672,104	-	-

9) Investments

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Siuri Nyadi Power Limited (..ordinary shares of Rs. 100 each)	51,681,000	51,681,000	31,681,000
Total	51,681,000	51,681,000	31,681,000

10) Cash and Cash Equivalents

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Cash in Hand	28,152	28,152	21,766
Cash at Bank	37,147,438	2,918,983	3,268,557
Everest Bank Ltd- Baneshwor Branch	36,820,590	1,860,741	637,558
Prabhu Bank Ltd	20,143	20,143	85,871
Everest Bank Ltd- Baneshwor Branch	48,386	500,233	1,120,229
Everest Bank - Reserve A/c - 0011010	54,261	333,808	1,412,243
Everest Bank - Call A/c - 0011110220	1	1	1
SBI Bank (Current A/c)	193,956	193,956	2,554
Sunrise Bank Ltd. (Current Account)	10,102	10,102	10,102
Total	37,175,590	2,947,135	3,290,323

11) Current Tax Asset

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Current Tax Asset	-	-	-
Total	-	-	-

12) Other Current Asset

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Advances & Receivables			
Advacne to NGPL Int'l Pvt. Ltd.	-	-	16,800,000
Prepaid Insurance	706,840	837,909	205,941
River Falls Power Limited	16,670,339	16,670,339	16,670,339
Tek Nayaran Shrestha (Site Advance)	22,394	22,394	77,064
Muktinath Capital Ltd.	-	86,267	50,000
Advance Tax (TDS Reveivables)	106	26	-
S.B. Construction	5,500,000	5,500,000	-
Total	22,899,679	23,116,935	33,803,344



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Shuvam Power Limited
Kathmandu, Kathmandu

As at 31 Ashad 2081 (July 15, 2024)

13) Share Capital

Amount in NRs.

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Authorised Share Capital			
2,000,000 Ordinary shares of NRs. 100 e	200,000,000	200,000,000	200,000,000
Issued Share Capital			
2,000,000 Ordinary shares of NRs. 100 e	200,000,000	200,000,000	200,000,000
Paid Up Share Capital			
2,000,000 Ordinary shares of NRs. 100 e	200,000,000	200,000,000	140,000,000
Total	200,000,000	200,000,000	140,000,000

The Company has single class of equity shares having face value of Rs. 100 per share. Every shareholder holding equity share shall have voting rights in proportion to the their share.

Reconciliation of number of share outstanding

Particular	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Balance at the beginning of the year	2,000,000	2,000,000	1,400,000
Add: Share Issued	-	-	-
Balance at the end of the year	2,000,000	2,000,000	1,400,000

14) Other Equity

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Reserve For Equity Instruments Through Other Comprehensive Income			
Balance At Beginning Of Year	-	-	-
Equity Instruments At FVTOCI			
Investments In Equity Instruments At			
Balance At End Of The Year	-	-	-
Share Premium			
Share Premium	-	-	-
Share Application Money			
Balance At Beginning Of Year	-	1,942,000	1,942,000
Issue / Transferred to share capital	-	(1,942,000)	-
Balance at the end of the Year	-	-	1,942,000
Retained Earnings			
Balance At Beginning Of Year (Restated)	(16,053,357)	(18,063,213)	(20,060,738)
Profit For The Year	901,218	2,009,856	1,997,525
Less: IPO Expenses			
Less: Dividend Paid (Cash)	-	-	-
Total Retained Earning	(15,152,139)	(16,053,356.99)	(18,063,213)
Balance at End of the Year	(15,152,139)	(16,053,357)	(18,063,213)
Total	(15,152,139)	(16,053,357)	(16,121,213)

15) Long Term Loans

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Secured Loan - Amortized Cost			
From Banks	32,288,120	34,448,120	94,664,925
Less: Current Portion of the Long Te	2,304,000	2,160,000	-
Total	29,984,120	32,288,120	94,664,925



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Shuvam Power Limited
Kathmandu, Kathmandu
As at 31 Ashad 2081 (July 15, 2024)

16) Borrowings

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
<u>Short Term Loan</u>			
Short Term Loan - Everest Bank Ltd.	36,650,000	-	-
<u>Current portion of Long term debt</u>	2,304,000	2,160,000	-
Total	38,954,000	2,160,000	-

17) Other Financial Liabilities

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Staff Payable	144,890	175,750	364,496
Sundry Creditors	13,912,795	218,211	241,075
Payable Others	1,111,312	908,295	940,659
Advance - Bhushan Guragain	5,700,000	-	-
Audit Fees payable	111,500	111,500	94,775
Gratuity Payable	112,031	112,031	112,031
SSF Payable	9,300	4,650	8,804
Total	21,101,828	1,530,437	1,761,840

18) Provisions

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Provision for Income Tax	-	-	410,148
Provision for staff bonus	33,220	41,017	49,136
Provision for expenses	-	-	-
Total	33,220	41,017	459,284

19) Other Current Liability

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Asadh 32,2079
Tax & Duties payable	-	-	-
TDS payable	177,836	100,573	304,809
Income Tax Payable fy 2077.78	-	-	50,685
Total	177,836	100,573	355,494



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Shuvam Power Limited
Kathmandu, Kathmandu
For the year ended 31 Ashad, 2081 (July 15, 2024)

20) Revenue from Operation

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Sales of Electricity	2,417,458	
Insurance Claim (Loss of Revenue)	16,000,000	23,779,335
Total	18,417,458	23,779,335

21) Cost of Sales

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Staff Salary & Allowances	1,350,240	1,499,882
Electricity Expenses	278,532	70,438
Fuel & Lubricant Expenses	653,868	578,300
Site Office Expense	1,213,811	948,061
Repair & Maintenance Expenses	912,569	1,653,384
Insurance Expenses	1,011,186	516,876
Total	5,420,206	5,266,941

22) Other Income

Particulars	Amount in NRs.	
	As at Asadh 31,2080	As at Asadh 32,2079
Interest Income Banks	533	2,297
IPO ASBA Fee Income		1,265,432
Miscellaneous Income		20,800
Total	533	1,288,530

23) Administrative & Operating Expenses

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Office Rent	240,000	146,664
Printing and stationery	11,190	30,075
AGM Expenses	-	5,059
Internet & Communication Expenses	15,500	42,500
Bank Charges	83,724	1,515
Loan Processing Fees	100,000	-
Rating Fees	-	56,500
Office Expenses	104,663	75,425
Membership and Renewal Expenses	143,000	54,000
Advertisement Expenses	60,783	25,187
Audit Fees	113,000	113,000
IPO Expenses	-	2,934,629
Local Taxes	-	11,500
Repair & Maintenance Expenses	-	6,100
RTS Fees	150,000	172,239
Site Visit & Travelling Expenses	47,205	216,058
Miscellaneous Expenses	71,392	26,236
Total	1,140,458	3,916,686

24) Employee Benefit Expenses

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Staff Salary & Allowances	326,000	1,064,000
Total	326,000	1,064,000

25) Depreciation And Amortization Expenses

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Depreciation of General Asset	924,611	1,093,030
Depreciation of Project Asset	4,570,431	3,432,354
Amortization of Intangible asset	-	-
Total	5,495,042	4,525,384

26) Financial Cost

Particulars	Amount in NRs.	
	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Interest Expenses	5,101,846	8,101,982
Loan Management Fees	-	142,000
NFRS Adjustment on Long Term Loan	-	-



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Particulars	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Total	5,101,846	8,243,982

27) Impairment Losses On Financial Assets And Reversal Of Impairment On Financial Assets

The management has concluded to the best of its decisions, there are no indications of impairment as at Balance sheet date and the carrying amount of these asset , exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). Hence, no impairment losses on financial assets and reversal of impairment on

28) Income Taxes Relating to Continuing Operations

28.1 Income Tax Recognised in Profit or Loss

Amount in NRs.

Particulars	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
Others	-	-
Deferred tax		
In respect of the current year	-	-
Total income tax expense recognised in the current year relating to continuing operations	-	-

28.2 Income Tax Recognized in Other Comprehensive Income

Amount in NRs.

Particulars	Year ended Ashad 31,2081	Year ended Ashad 31,2080
Current tax		
In respect of the current year		
In respect of prior years		
Others	-	-
Deferred tax		
In respect of the current year	-	-
Total income tax expense recognised in the current year relating to continuing operations	-	-

29) Earnings Per Share

Amount in NRs.

Particulars	Year ended Ashad 31,2081	Year ended Ashad 31,2080
From Continuing Operations	Rs. per share	Rs. per share
Basic Earnings Per Share	0.45	1.00
Diluted Earnings Per Share	0.45	1.00

a) There are no potential dilutive instruments.

29.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees.

Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.

Amount in NRs.

Particulars	Year ended Ashad 31,2081	Year ended Ashad 31,2080
of the Company (A)	901,218	2,009,856
Weighted average number of equity shares for the purposes of basic earnings	2,000,000	2,000,000
Basic Earnings per share (A/B)	0.45	1.00



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Shuvam Power Limited
Notes to the financial statements for the year ended Ashad 31, 2081
All amounts are in Rs unless otherwise stated

30) Segment Reporting

The management evaluates the Company's performance and allocates resources based on the analysis of various performance indicators, however the company is primarily engaged in only one segment, i.e., "Generation and sale of electricity" and that all its operations are in Nepal. Hence the Company does not have any reportable segments as per NFRS 8 "Operating Segments".

31) Financial risk management objectives

The company's principal financial liabilities, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support its operations. The company's principal financial assets include trade and other receivables, cash & cash equivalents, that are derived directly from its operations. The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk. The company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimize potential adverse effects of such risks on the company's operational and financial performance.

32.1 Credit Risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

Trade and other receivables: The company's business is predominantly through sales of power. The company has PPA agreement with Nepal Electricity Authority (NEA). NEA is government body due to which the risk of credit default is significantly low.

Other Financial Assets: Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

32.2 Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputations.

Liquidity risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods.

Financial Liabilities	Less than 1 year	One Year or More than one year	Total
31 Ashah, 2081			
(i) Borrowing	38,954,000	29,984,120	68,938,120
(ii) Other Financial Liabilities	21,101,828	-	21,101,828
	60,055,828	29,984,120	90,039,947
31 Ashah, 2080			
(i) Borrowing	2,160,000	32,288,120	34,448,120
(ii) Other Financial Liabilities	1,530,437	-	1,530,437
	3,690,437	32,288,120	35,978,557

32.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, currency risk and other price risk such as equity price risk.

Interest Rate Risk: The company has material exposure to the debt instruments and on which interest rate is fluctuating according to the market.

Currency Risk :The Company has not foreign currency payables / receivables at the year end, Hence there is not significant currency risk.



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Shuvam Power Limited
Notes to the financial statements for the year ended Ashad 31, 2081
All amounts are in Rs unless otherwise stated

32.4 Categories of Financial Instruments

Particulars	As at Ashad 31,2081		As at Ashad 31,2080	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Assets				
Non-current Assets				
Current Assets				
(i) Trade Receivables	2,138,926	2,138,926	1,724,518	1,724,518
(ii) Other Financial Assets	672,104	672,104	-	-
(iii) Investment	51,681,000	51,681,000	51,681,000	51,681,000
(iv) Cash and Cash Equivalents	37,175,590	37,175,590	2,947,135	2,947,135
Total	91,667,620	91,667,620	56,352,653	56,352,653
Liabilities				
Non current Liabilities				
(i) Long Term Loan	29,984,120	29,984,120	32,288,120	32,288,120
Current Liabilities				
(i) Borrowings	38,954,000	38,954,000	2,160,000	2,160,000
(ii) Other Financial Liabilities	21,101,828	21,101,828	1,530,437	1,530,437
Total	90,039,947	90,039,947	35,978,557	35,978,557

32) Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors are of the belief that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.



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Shuvam Power Limited
Notes to the financial statements for the year ended Ashad 31,2081
All amounts are in Rs unless otherwise stated

33) Related Party Disclosures

(a) Key Management Personnel

Mr. Shreejesh Guragain	Chairman
Mr. Subhash Amatya	Director
Mr. Birat Dev Bhatta	Director
Mr. Amar Gurung	Director
Mrs. Punam Karki	Director

34) Contingent Liabilities and Commitments

Where appropriate, the Company recognizes a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation(s).

35) The previous year figure has been reclassified wherever necessary.

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Shreejesh



Shuvam Power Limited
NFRS 1 Reconciliations : Other Explanatory Note

All amounts are in Rs unless otherwise stated

A. Other Equity

Particular	31 Ashad 2080	31 Ashad 2079
Retained Earnings as per GAAP	(16,053,357)	(16,121,213)
Retained Earnings as per NFRS	(16,053,357)	(16,121,213)
Difference	-	-

B. Property, Plant and Equipment (PPE)

a. Under the Previous GAAP, all property, plant & equipment(PPE) and projects assets were classified as property, plant and equipment (General Assets). As per NFRS, PPE is segregated into PPE(General assets), PPE (Project Assets) and Intangible Assets.

Particular	31 Ashad 2080	31 Ashad 2079
PPE as per GAAP	140,597,201	145,122,585
Less: Transfer to General Asset	(6,061,518)	(7,154,547)
Less: Transfer to Project Asset	(134,535,684)	(137,968,037)
Less: Transfer to Intangible Asset	-	-
Difference	-	-

C. Trade and Other Receivables

a. The advance payment to various suppliers and employees is reclassified as Other Current Asset which was previously recognized as Debtors, advance and Receivables.

b. The receivables from NEA which was previously Classified as Advance, Deposits & Receivables are now classified as Trade Receivables.

Particular	31 Ashad 2080	31 Ashad 2079
Advances deposits & receivable as per GAAP	23,116,935	33,803,344
Less: Reclassified as Other current asset	23,116,935	33,803,344
Difference	-	-

D. Long Term Borrowings

Under NFRS, Borrowing is remeasure by using amortized cost method, Long Term Borrowings is segregated into current borrowing and long Term borrowings.

Secured Consortium Term Loan	31 Ashad 2080	31 Ashad 2079
Secured Term loan as per GAAP	407,885,837	415,754,348
NFRS Adjustment		
Reclassify as Current Borrowing as per NFRS		
Non Current borrowings as per NFRS	407,885,837	415,754,348

E. Borrowings

Under NFRS, short term borrowings, which was previously recognized as Short Term Borrowings, is reclassified as Borrowings.

Borrowings also include the current portion of the long term borrowings.

Particular	31 Ashad 2080	31 Ashad 2079
Short Term Loan as per GAAP	-	-
Borrowings As per NFRS	2,160,000	-



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F. Trade and Other Payables

Previously, Trade & Other Payables includes all the liabilities payable including Such as duties and taxes, Staff payable and suppliers Pyable. Under NFRS, Duties and Tax is reclassified into Other Current Liabililites, Staff payable and Supplier payables has been reclassified to Other financial Liabilities.

Particular	31 Ashad 2080	31 Ashad 2079
Trade & Other Payable as per GAAP	1,631,009	2,117,335
Less: Reclassified as Other Financial Liabilities	1,530,437	1,761,840
Staff Payable	175,750	364,496
Sundry Creditors	218,211	241,075
Paybale Others	908,295	940,659
Audit Fees payable	111,500	94,775
Gratuity Payable	112,031	112,031
SSF Payable	4,650	8,804
Less: Reclassified as Other Current Liabilities	100,573	355,494
TDS Payable	100,573	304,809
Difference	-	-

G. Other Current Liabilites

Statutory obligation are reclassified under other current liabilities, which was previously classified under Trade and Other Payables.

Particular	31 Ashad 2080	31 Ashad 2079
TDS Payable	100,573	304,809
Difference	100,573	304,809

H. Employee Benefit Expenses

Salary Expenses is reclassified under Employee Benefit expenses which was previously classified as Administrative Expenses.

I. Finance Cost

Finance cost is booked as per the actual cost basis.

J. Administrative Expenses

Under GAAP, All the expense incur for the operation was classified as Admistrative expense. The expense related to the operation has been reclassified in cost of sales and remaining figure are classified as admistrative and employee benefit expense under NFRS.

Particular	For Year Ended 31 Ashad 2080
Adminstrative Expense under GAAP	4,980,686
Less: Reclassified as Employee Benefit Cost	1,064,000
Employee Benefits Expense	1,064,000
Adminstrative Expense under NFRS	3,916,686



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