

Independent Auditor's Report

To the Shareholders of Shuvam Power Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Shuvam Power Limited ("the Company"), which comprise the balance sheet as at Ashadh 32, 2079 (July 16, 2022), income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and notes to accounts.

Because of the matters described in the *Basis of Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence regarding cumulative effect of not restating financial items and making additional disclosure as required by provision for first time adoption of Nepal Financial Reporting Standards to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements which have not been prepared in accordance with Nepal Financial Reporting Standards.

Basis for Disclaimer of Opinion

The company has prepared financial statements based on Nepal Accounting Standards as disclosed in note no 2.2 of Significant Accounting Policies and Notes to Accounts but the applicable financial reporting framework for entities those having public accountability was changed to of Nepal Financial Reporting Standards from Nepal Accounting Standards effective from fiscal year July 15, 2021. Para 21 of NFRS required that the entity's first Nepal Financial Reporting Standards compliant financial statements shall include at least three statements of financial position, two statements of comprehensive income, two separate income statements (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

However, Nepal Financial Reporting Standards based financial statements have not been prepared and financial information of previous years have not been restated and disclosed based on provisions of Nepal Financial Reporting Standards 1. The cumulative effect of not restating, presenting and disclosing financial information based on Nepal Financial Reporting Statements is uncertain and could be material and pervasive.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, 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 responsibility is to conduct an audit of the Company's financial statements in accordance with Nepal Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of The Code of Ethics For Professional Accountants

Report on Other Legal and Regulatory Requirements

As per the requirements of section 108(2) of the company's act, the financial statements were to be reported as per the Nepal Financial Reporting Standards as prescribed by the Institute of Chartered Accountants of Nepal. However, the company has prepared the financial statements on earlier applicable Nepal Accounting Standards due to which we were unable to express the opinion regarding the compliance with Nepal Financial Reporting Standards.



C.A. Ramesh Thapa
Principal
R. T. & Associates
Chartered Accountants

Place: Kathmandu
Date: Kartik 29, 2079

UDIN: 221115CA00529NbPwF

Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)


"Currency in NPR"

Particulars	Schedule	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Equity and Non-Current Liabilities			
Shareholder's Fund			
Share Capital	1	140,000,000.00	140,000,000.00
Reserves & Accumulated Profit	2	(18,063,212.84)	(20,060,738.23)
Advance Call Received		1,942,000.00	1,942,000.00
Non-Current Liabilities			
Secured Loans	3	94,664,924.95	98,864,924.95
Total Equity and Non-Current Liabilities		218,543,712.11	220,746,186.72
Assets and Current Liabilities			
Non-Current Assets			
Fixed Assets			
Net Value of Assets	4	145,122,584.88	149,771,365.41
Investments	5	31,681,000.00	31,681,000.00
Total Non-Current Assets		176,803,584.88	181,452,365.41
Current Assets			
Receivables	6	7,223,078.50	5,371,917.31
Cash & Bank	7	3,290,323.33	9,357,077.04
Loans, advances and deposits	8	33,803,343.97	26,691,878.92
Total Current Assets		44,316,745.80	41,420,873.27
Less : Current Liabilities			
Other Payables	9	2,117,334.57	1,873,259.96
Provisions	10	459,284.00	253,792.00
Total Current Liabilities		2,576,618.57	2,127,051.96
Net Current Assets		41,740,127.23	39,293,821.31
Total Assets		218,543,712.11	220,746,186.72

Significant Accounting Policies & Notes to Account Schedule


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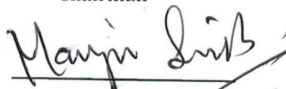
Schedule 1 to 17 are the indispensable parts of this Financial Statement


(Mitra Lal Shrestha)
Chairman


(Subhash Amatya)
Director

As Per Our Report of Even Date


CA. Ramesh Thapa
For R. T. & Associates
Chartered Accountants


(Manju Singh)
Director


(Dinesh Gurung)
Director

Date : Kartik 29, 2079

Place : Kathmandu



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Income Statement
Sharwan 1, 2078 to Ashadh 32, 2079
(16 July, 2021 to 16 July, 2022)

"Currency in NPR"

Particulars	Schedule	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Income			
Direct Income	11	26,722,381.55	22,976,354.42
Other Income	12	2,948.39	2,140,645.96
Total Income		26,725,329.94	25,117,000.38
Less : Cost of Sales	13	7,283,855.33	4,628,205.25
Net Income		19,441,474.61	20,488,795.13
Expenses			
Administrative and General Expenditure	14	3,532,430.36	2,516,768.29
Depreciation Expenses	4	4,679,080.54	4,905,941.53
Finance Cost	15	8,773,154.32	9,198,915.01
Total Expenses		16,984,665.22	16,621,624.83
Profit/(Loss) before Extraordinary Exp/Income/expenses		2,456,809.39	3,867,170.30
Write-off Expenses		-	-
Profit/(Loss) before Bonus		2,456,809.39	3,867,170.30
Employee Bonues		49,136.00	78,418.00
Profit/(Loss) Ater Bonus		2,407,673.39	3,788,752.30
Income Tax Provision			
Income Tax for Current Year		410,148.00	175,374.00
Previous Year Adjustment		-	-
Deferred Tax		-	-
Net Profit/(Loss) for the Year		1,997,525.39	3,613,378.30

Significant Accounting Policies & Notes to Account Schedule 17

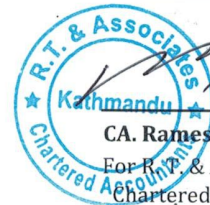
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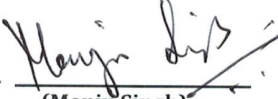
(Mitra Lal Shrestha)
Chairman



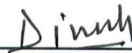
(Subhash Amatya)
Director



CA. Ramesh Thapa
For R.T. & Associates
Chartered Accountants



(Manju Singh)
Director



(Dinesh Gurung)
Director

Date : Kartik 29, 2079

Place : Kathmandu



Shuvam Power Ltd.

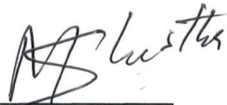
Anamnagar, Kathmandu, Nepal

Cash Flow Statement Sharwan 1, 2078 to Ashadh 32, 2079 (16 July, 2021 to 16 July, 2022)

"Currency in NPR"

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
A. Cash Flows from Operating Activities		
Net Profit Before Taxation and Abnormal Item	1,997,525.39	3,613,378.30
Adjustment For		
Depreciation	4,679,080.54	4,905,941.53
Loss/(Profit) on Sale of Investment	-	-
Interest Income	(2,948.39)	(15,645.96)
Cash flow before Changes in Working Capital	6,673,657.54	8,503,673.87
Changes in Working Capital		
(Increase)/Decrease in Other Current Assets	(8,962,626.24)	627,024.64
Increase/(Decrease) in Current Liabilities	449,566.61	(150,618.04)
Operating Cash Flow after Changes in Working Capital	(1,839,402.09)	8,980,080.47
Interest Paid	8,773,154.32	9,198,915.01
Net Cash Flow from Operating Activities (A)	(10,612,556.41)	(218,834.54)
B. Cash Flows from Investing Activities		
Proceeds From Sale of Investment	-	-
Purchase of Assets	(30,300.00)	(292,375.00)
Purchase of Investment	-	-
Net Cash Flow from Investing Activities (B)	(30,300.00)	(292,375.00)
C. Cash Flows from Financing Activities		
Issue of Share Capital including capital received in advance	-	-
Increase/(Decrease) in Borrowing	(4,200,000.00)	(3,545,000.00)
Interest Income	2,948.39	15,645.96
Interest Paid	8,773,154.32	9,198,915.01
Net Cash Flow from Financing Activities (C)	4,576,102.71	5,669,560.97
Net increase (decrease) in cash and cash equivalents	(6,066,753.70)	5,158,351.43
Cash and cash equivalents at beginning of period	9,357,077.03	4,198,725.60
Cash and cash equivalents at the end of the period	3,290,323.33	9,357,077.03

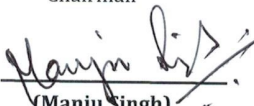
Significant Accounting Policies & Notes to Account Schedule
Schedule 1 to 17 are the indispensable parts of this Financial Statement



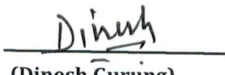
(Mitra Lal Shrestha)
Chairman



(Subhash Amatya)
Director



(Manju Singh)
Director



(Dinesh Gurung)
Director

As Per Our Report of Even Date




C.A. Ramesh Thapa
For R. T. & Associates
Chartered Accountants

Date : Kartik 29, 2079

Place : Kathmandu



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Statement of Changes in Equity
Sharwan 1, 2078 to Ashadh 32, 2079
(16 July, 2021 to 16 July, 2022)

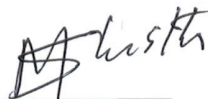
"Currency in NPR"

Particulars	Share Capital	Capital in Advance	Accumulated Profit/(Loss)	Other Reserve and Fund	Total
Balance as at 1 st of Shrawan, 2078	140,000,000.00	1,942,000.00	(20,060,738.23)	-	121,881,261.77
Changes in Accounting Policies					
Deferred Tax Assets	-	-	-	-	-
Profit/(Loss) for the period	-	-	1,997,525.39	-	1,997,525.39
Call Money-IPO	-	-	-	-	-
Dividends	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Balance as at Ashadh 32, 2079	140,000,000.00	1,942,000.00	(18,063,212.84)	-	123,878,787.16

Significant Accounting Policies & Notes to Account Schedule

Schedule 1 to 18 are the indispensable parts of this Financial Statement

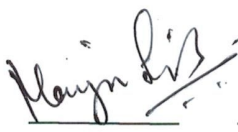
As Per Our Report of Even Date



(Mitra Lal Shrestha)
Chairman




(Subhash Amatya)
Director



(Manju Singh)
Director



(Dinesh Gurung)
Director



CA. Ramesh Thapa
For R.T. & Associates
Chartered Accountants



Date : Kartik 29, 2079
Place : Kathmandu

Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

'(Currency in NPR.)

1. Share Capital

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Authorised Capital 2,000,000 (Previous Year 2,000,000) Ordinary Share of NRs. 100 each.	200,000,000.00	200,000,000.00
Issued Capital 2,000,000 (Previous Year 2,000,000) Ordinary Share of NRs. 100 each.	200,000,000.00	200,000,000.00
Paid Up Capital 14,00,000 (Previous Year 14,00,000) Ordinary Share of NRs. 100 each.	140,000,000.00	140,000,000.00
Total	140,000,000.00	140,000,000.00

2. Reserve & Accumulated Profit/(Loss)

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Accumulated Profit/(Loss)	(20,060,738.23)	(23,674,116.53)
Current Year Profit/(Loss) Account	1,997,525.39	3,613,378.30
Total	(18,063,212.84)	(20,060,738.232)

3. Secured Consortium Loan

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
A. Term Loan From Bank		
Everest Bank Ltd.	45,392,242.42	47,408,242.42
Nepal SBI Bank Ltd.	31,914,682.53	33,330,682.53
Prabhu Bank Ltd.	17,358,000.00	18,126,000.00
Total	94,664,924.95	98,864,924.95

SA
Asst. Mgr.

Mouzi Singh



Dinesh



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Ashadh 32, 2079

4. Fixed Assets & Depreciation

(Currency in NPR.)

Particulars	Dep Rate %	Opening Balance	Addition			Disposal	Total	Depreciation		WDV This Year (F.Y. 2078-79)	WDV Previous Year (F.Y. 2077-78)
			upto Poush	upto Chaitra	upto Ashad			Total	Depreciation for the year		
Pool 'A'											
A1. Land	0%	4,106,240.00				4,106,240.00				4,106,240.00	4,106,240.00
Civil Structure:											
A2. Civil cost	46 Years SLM	43,709,299.24				43,709,299.24				6,472,175.68	38,237,123.56
A3. Civil Extra Works		1,463,056.00				1,463,056.00				31,805.57	1,240,417.04
A4. Access Road		16,926,244.00				16,926,244.00				1,103,885.48	15,822,358.52
Civil Mechanical:											
A6. Head works (Intake)	46 Years SLM	1,028,210.00				1,028,210.00				22,352.39	871,743.26
A7. Power House work		743,929.00				743,929.00				156,466.74	894,095.65
A8. Switch Yard		2,565,362.00				2,565,362.00				630,722.41	646,894.78
A9. Electro Mechanical Plant		39,671,914.00				39,671,914.00				3,900,381.17	2,230,749.57
A10. Hydro Mechanical Works		39,596,433.00				39,596,433.00				5,906,466.22	2,230,749.57
A11. Transmission Line		10,067,903.00				10,067,903.00				6,025,344.15	34,627,880.70
Total		159,878,590.24				159,878,590.24				21,910,552.84	141,354,392.84
Pool 'B'											
B1. Telephone Set		834.00				834.00				20.16	604.7
B2. Calculator		300.00				300.00				7.25	292.75
B3. Camera		2,703.00				2,703.00				4,940.33	14,820.99
B4. Vacuum Cleaner		408.00		19,500.00		19,500.00				7,382.01	261.33
B5. Furniture and Fixture		10,909.00				10,909.00				3,784.42	39.45
B6. Computer		97,616.00				97,616.00				10,117.99	1,054.68
B7. Printer		4,805.00				4,805.00				85,263.79	16,469.61
B8. Television	25%	6,328.00				6,328.00				4,456.59	464.55
B9. Electrical Equipment		16,300.00				16,300.00				3,869.16	34,884.84
B10. Brass Door Cupboard		12,430.00				12,430.00				12,861.72	4,594.38
B11. Ceiling Fan		4,600.00				4,600.00				7,186.09	5,243.91
B12. Chair (1 Nos)		18,225.00		10,800.00		10,800.00				4,712.50	10,687.50
B13. Stan Fan (1 Set)		2,600.00				2,600.00				7,973.44	13,668.75
B14. Table 24"x5'x30" (1 Nos)		28,000.00				28,000.00				1,137.50	1,462.50
B15. Water Filter (1 Set)		1,050.00				1,050.00				12,250.00	21,000.00
Total		207,108.00		19,500.00		237,408.00				25,435.88	71,443.53
Pool 'C'											
C1. Kitchen equipment		2,047.00				2,047.00				65.67	362.67
C2. Survey Equipments		147,633.00				147,633.00				4,736.08	14,208.23
C3. Gas Cylinder		2,932.00				2,932.00				94.06	282.18
C4. Disk Antenna	25%	8,350.00				8,350.00				2,678.53	376.24
C5. Refrigerator		8,146.00				8,146.00				7,100.70	803.61
C6. Water Pump		17,000.00				17,000.00				261.32	1,045.30
Total		186,108.00				186,108.00				7,550.00	8,500.00
Pool 'D'											
D1. Motorbike	20%	140,198.00				140,198.00				11,695.43	46,781.73
C2. Motorcycle Yamaha		237,900.00				237,900.00				38,064.00	152,256.00
Total		378,098.00				378,098.00				49,759.43	248,797.17
Pool 'D'											
D1. Excavator	15%	13,135,000.00				13,135,000.00				5,068,468.13	6,856,552.09
Total		13,135,000.00				13,135,000.00				1,209,979.78	8,066,531.88
Total		173,784,904.24		19,500.00		173,815,204.24				6,278,447.91	8,066,531.88
Previous Year Figure		173,492,529.24		292,375.00		173,784,904.24				4,905,941.53	149,771,365.41

S. P. Singh

P. Singh



Pravin Singh
Dinesh



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

(Currency in NPR.)

5. Investment

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Siuri Nyadi Power Limited (316,810 ordinary shares of Rs. 100 each)	31,681,000.00	31,681,000.00
Total	31,681,000.00	31,681,000.00

6. Receivable

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Nepal Electricity Authority (Against Revenue)	5,098,078.50	3,246,917.31
Amrit Bahadur Rai (against Exacavator Rental)	2,125,000.00	2,125,000.00
Total	7,223,078.50	5,371,917.31

7. Cash and Bank Balances

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Cash in hand	21,766.00	-
Everest Bank Ltd- Baneshwor Branch(Current A/C)	637,558.08	368,439.89
Prabhu Bank Ltd	85,870.76	162,623.61
Everest Bank Ltd- Baneshwor Branch (control A/C)	1,120,228.61	5,041,185.48
Everest Bank - Reserve A/c - 00110105200005	1,412,242.99	3,629,205.78
Everest Bank - Call A/c - 00111102200001	1.00	1.00
SBI Bank (Current A/c)	2,554.31	145,519.70
Sunrise Bank Ltd. (Current Account)	10,101.58	10,101.58
Total	3,290,323.33	9,357,077.04



Handwritten signatures:
Kanjin Das
Dikshu
K. S. S. S.



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statments
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

8. Loan, Advances and Deposits

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Advacne to NGPL Int'l Pvt. Ltd.	16,800,000.00	16,800,000.00
Prepaid Insurance	205,941.00	212,035.45
River Falls Power Limited	16,670,338.97	9,440,970.47
Tek Nayaran Shrestha (Site Advance)	77,064.00	148,622.00
Muktinath Capital Ltd.	50,000.00	-
Advance Tax (TDS Reveivables)	-	90,251.00
Total	33,803,343.97	26,691,878.92

9. Other Payables

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Statutory Dues	425,644.26	252,668.00
Staff Payables	364,496.25	239,975.90
Party Payables	18,000.00	18,000.00
Others	1,309,194.06	1,362,616.06
TOTAL	2,117,334.57	1,873,259.96

10. Provisions

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Provision for Employee Bonus	49,136.00	78,418.00
Provision for Income Tax	410,148.00	175,374.00
TOTAL	459,284.00	253,792.00

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Handwritten signature: Manjun Singh

Handwritten signature: D. Singh

Handwritten signature: S.A. Singh



Handwritten signature

Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)
(Currency in NPR.)

11. Direct Income

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Revenue from Electricity Generation/Supply	26,722,381.55	22,976,354.42
Total	26,722,381.55	22,976,354.42

12. Other Income

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Interest Income Banks	2,948.39	15,645.96
Miscellaneous Income	-	-
Rental Income	-	2,125,000.00
Total	2,948.39	2,140,645.96

13. Cost of Sales

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Electricity Expenses (OP)	18,997.20	13,543.20
Insurance Expenses (OP)	266,230.58	382,167.05
Repair and Maintainance (Machinery)	5,143,560.20	2,505,821.00
Repair and Maintainance (Building)	169,290.00	-
Staff Salary & Benefit Expenses (Plant)	1,420,403.00	1,115,983.00
Staff Accommodation Expenses	-	-
Repair and Maintainance (SO)	18,900.00	295,053.00
Retirement Fund Contribution (Plant)	90,379.35	103,800.00
Dashain Allowance (Site)	38,900.00	92,118.00
Fuel and Lubricant Expenses	71,500.00	101,700.00
Transportation Expenses(OP)	25,000.00	10,265.00
Travelling Expenses (OP)	8,000.00	4,425.00
Site Office Expenses	12,695.00	3,330.00
Total	7,283,855.33	4,628,205.25

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Shuvam Power Ltd.

Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements

Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

(Currency in NPR.)

14. Administrative Expenses

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Salary and Allowance	1,380,000.00	1,365,000.00
Dashain Allowance	115,000.00	100,000.00
House Rent Expenses	199,992.00	199,992.00
Advertisement expenses	28,476.00	-
Audit Fees	96,050.00	96,050.00
Bank Charge Expenses	1,579.00	1,145.00
IPO Expenses *	637,116.00	-
Legal & Consultancy Expenses	67,800.00	58,824.00
Local Taxes	26,705.00	-
Government Fees, Fine & Penalty	25,482.00	63,400.00
Printing & Stationery Expenses	15,470.00	14,284.10
General Office Expenses	22,611.96	32,725.00
Office Renovation Expenses	-	202,500.00
Project Site Visit and Travelling Expenses	608,394.00	246,500.00
Communication Expenses	40,792.00	13,500.00
Office Tiffin Expenses	80,635.00	-
Repair & Maintaince Expenses	2,462.40	4,372.95
AGM Expenses	55,250.00	21,149.36
Meeting Allowances	90,000.00	45,000.00
Membership Fees	-	18,000.00
Website Expenses	-	3,500.00
Tax Audit Expenses	22,600.00	22,600.00
Miscellaneous Expenses	16,015.00	8,225.88
Total	3,532,430.36	2,516,768.29

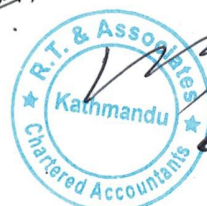
15. Finance Cost

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Interest of Everest Bank	4,139,436.09	4,323,213.23
Interest of Nepal SBI Bank	3,002,965.39	3,034,892.18
Interest Prabhu Bank	1,630,752.84	1,687,194.71
Management Fees	-	153,614.89
Total	8,773,154.32	9,198,915.01

S.A. Singh
A. K. Singh



D. Singh



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)
(Currency in NPR.)

16. General Corporate Information

The Company 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 hydropower in Nepal.

17. Significant Accounting Policies and Notes To Accounts

A. Significant Accounting Policies

1. Basis of Accounting

Books of Accounts and Financial statements are prepared on the historical cost basis and in accordance with the Nepal Accounting Standards and Generally Accepted Principles (GAP) wherever applicable.

2. Recognition of Income and Expenditure

The Company adopts the accrual system of accounting for recognition of Income and Expenditure.

3. Fixed Assets and Depreciation/amortization of tangible and intangible assets

- i. Fixed Assets are recorded at cost less accumulated depreciation except otherwise stated.
- ii. The Company is following the policy of capitalizing all direct cost relating to the acquisition and installation of Fixed Assets.
- iii. In case of the following assets, depreciation is charged under straightline method based on estimated useful life as follows :-

Particulars	Usefull Life	Remaining Life as on Ashadh End, 2079
Civil Structure	46 Years	39 years
Civil Mechanical	46 Years	39 years

- iv. In case of other assets, depreciation is provided on WDV basis as per the provision of Income Tax Act, 2058.

4. Change in Accounting Estimates

In previous year, company has re-estimated the useful life of Civil Mechanical as specified above to 50 years for systematic allocation of depreciable amount. Effect of changes has been considered accordingly in previous financial statements.

During the period there is no any changes in accounting estimates of the company.

5. Accounting for Investment

The value of Long-term investments is recognized at cost and provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

6. Contingent Liabilities

No provision is made for liability which is contingent in nature but if material, the same is disclosed by way of note to the accounts.

7. Going Concern

Currently the directors do not have any intention of closing down the business of the company whereas as per the provision of license granted to the company by the Department of Electricity Development (DOED) dated 2065/01/03. The Power Purchase Agreement (PPA) entered with Nepal Electricity Authority by the company is valid for 25 years from the Required Commercial Operation Date (RCOD). Before the expiry of six months, the PPA can be extended for further period on mutual basis.

8. Foreign Currency Transaction

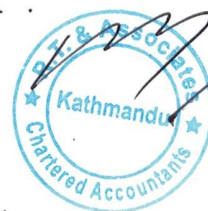
Foreign currency transaction are recorded in accordance with the provisions of applicable Nepal Accounting Standards.

S.A. Laha

Mangin Lipi

Dilip

A. K. S. Thapa



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Schedules Annexed To And Forming the part of the Financial Statements
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)
(Currency in NPR.)

9. Related Party Transaction

Transaction with related party has been disclosed in accordance with Nepal Accounting Standard.

10. Provision for Employee Bonus/Residential Facility

As per the provision of Electricity Act 2049, a 2% of net profit is calculated as staff bonus and the same is shown as provision. Also Company has provided residential facility to employee at site as per Electricity Rule, 2050. The Company has made provision for retirement benefits of employees.

11. Taxes on Income

Taxes on income are provided in accordance with the provisions of Income Tax Act, 2058.

1. Share Capital & Call in Advance

The authorized Share Capital of Company is NRs. 200,000,000/- ; Issued Capital NRs. 200,000,000/- and paid up share capital is NRs. 140,000,000/- .

2. Change in Control

There is change no change in control during the income year 2078.79 .

3. Revenue

The company has started to generate revenue from the date of commencement of commercial date of production i.e from Sharwan, 2068. The company has generated NRs. 26,722,281.55 from sale of hydro-electricity to Nepal Electricity Authority during the period from Shrawan first, 2078 to End of Ashadh , 2079 as shown under Schedule-11.

4. Other Income

During the period the company has earned NRs. 2,948.39 as interest income.

5 Interest Payable:

There in no outstanding interest is payable to Bank as on Balance Sheet Date.

6 Income Tax Liability

Provision for Income Tax has been provided as per the Income Tax Act, 2058.

7 Deferred Tax

The deferred tax assets has not been recognized in current year as there is no virtual certainty with convincing evidence that the such assets would be recoverable/set off against future profits.

8 Term Loan

No Term Loan has been raised for the period by the company whereas Outstanding Balance of term loan, short term and OD loans raised from various banks during prior years has been taken as per the bank statement provided by the related bank.

9 Related Party Transaction



During the year, the company has entered into following type of related party transaction as required by NAS 16:-

Nature of Relation	Name of Related Party	Amount of Transaction	Outstanding Receivable Balance
Immidiata Parents Co.	River Falls Power Ltd.	7,229,368.50	16,670,339

10 Previous Year Figures

Previous year figures have been re-grouped or re-arranged, wherever necessary to facilitate comparison.

S.A. Khan
Rajin Diki
Dinuh
Atul Kumar



Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Details of Accounts Group
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

(Currency in NPR.)

Statutory Dues

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
TDS on Audit Fees Payable	1,575.00	1,575.00
TDS Payable on Salary	201,937.00	55,701.00
TDS Payable on House Rent	14,994.00	39,957.00
TDS Payable - Others	12,857.86	8,824.00
TDS Payable on Contract	59,945.40	27,830.00
TDS Meeting Allowance	13,500.00	6,750.00
Gratuity Fund	112,031.00	112,031.00
SSF Payable	8,804.00	-
Total	425,644.26	252,668.00

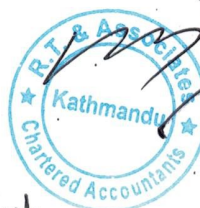
Staff Payables

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Dil Bahadur Moktan	9,645.95	9,645.95
Deepak Dewan	36,345.00	33,696.00
Dilli Bahadur Shrestha - Salary A/C	56,292.00	51,231.00
Kalpana Dewan	9,900.00	-
Loknath Chapagai	9,900.00	9,900.00
Mitralal Shrestha - Salary A/C	170,000.30	81,707.95
Nanda Kumar Ranamagar - Salary A/C	5,500.00	5,500.00
Prakash Chandra Katuwal	-	13,500.00
Saroj Dahal	11,770.00	17,470.00
Nimangs Ghimire - Salary A/C	19,800.00	-
Sandip Bhandari - Salary A/C	14,355.00	-
Subas Adhikari - Salary A/c	11,088.00	-
Tek Narayan Shrestha - Salary A/C	4,950.00	-
Ram Bahadur Rawal - Salary A/c	4,950.00	4,950.00
Sabin Rana Magar - Salary A/C	-	12,375.00
Total	364,496.25	239,975.90

S.A. 1/12

Manjun Das

AB/12/12



D. H. H.

Shuvam Power Ltd.
Anamnagar, Kathmandu, Nepal

Details of Accounts Group
Balance Sheet as on 32 Ashad, 2079 (16 July, 2022)

Party payables:

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Independent Power Producers' Association, Nepal	18,000.00	18,000.00
Prabhu Insurance Ltd	-	-
Total	18,000.00	18,000.00

Other Payables

Particulars	This Year (F.Y. 2078-79)	Previous Year (F.Y. 2077-78)
Audit Fees Payable	94,775.00	94,775.00
R.T. & Associates	22,300.00	22,300.00
Meeting Allowances	81,900.00	6,800.00
Birendra K.C	90,000.06	156,500.06
Others	941,659.00	1,082,241.00
M.Tiwari & Associates	27,875.00	-
Income Tax Payable (FY 2077.78)	50,685.00	-
Total	1,309,194.06	1,362,616.06







Shuvam Power Ltd.

Tax Computation 2078.79

<u>Calculation Of Income</u>	<u>Profit & Loss Account</u>	<u>For Income Tax</u>
Particulars	Amount	Amount
Sales Income	26,722,382	26,722,382
Dividend Income	-	-
Other Income	2,948	2,948
Gross Income	26,725,330	26,725,330
Cost of Sales	1,971,005	1,971,005
Interest on Loan U/S 14	8,773,154	8,773,154
Depreciation U/S19	4,679,081	6,996,368
Repair & Maintenance U/S19	5,312,850	1,376,374
General Deduction U/S 13	3,532,430	3,506,948
Total Expenses	24,268,521	22,623,850
Income From Business	2,456,809	4,101,480
Income From Investment	-	-
Carry Forward Losses 2076.77	-	-
Assessable Income	2,456,809	4,101,480
Donation U/S 12.	-	-
Taxable Income (Loss) of the Year (A-B)	-	4,101,480
Tax Liability	-	410,148

Note 2

Other Deductions

Salary and Allowance	1,380,000	1,380,000
Retirement Fund Contribution	-	-
Gratuity Expenses	-	-
Dashain Allowance	115,000	115,000
House Rent Expenses	199,992	199,992
Advertisement expenses	28,476	28,476
Audit Fees	96,050	96,050
Bank Charge Expenses	1,579	1,579
IPO Expenses	637,116	637,116
Legal & Consultancy Expenses	67,800	67,800
Local Taxes	26,705	26,705
Government Fees, Fine & Penalty	25,482	-
Printing & Stationery Expenses	15,470	15,470
General Office Expenses	22,612	22,612
Office Renovation Expenses	-	-
Project Site Visit and Travelling Expenses	608,394	608,394
Communication Expenses	40,792	40,792
Office Tiffin Expenses	80,635	80,635
Repair & Maintaince Expenses	2,462	2,462
AGM Expenses	55,250	55,250
Meeting Allowances	90,000	90,000
Membership Fees	-	-
Website Expenses	-	-
Tax Audit Expenses	22,600	22,600
Miscellaneous Expenses	16,015	16,015

Total	3,532,430	3,506,948
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Arjun

Manish



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