

Narayan Bajaj & Associates

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Green Ventures Ltd,
Putlisadak, Kathmandu

Report on Financial Statements

We have audited the accompanying Financial Statements of **Green Ventures Ltd** (hereinafter referred as "**the company**"), which comprise the statement of financial position as at 31st Ashad 2077 (corresponding July 15, 2020), and Income statement, Statement of Change in Equity and Statement of Cash Flow for the year then ended and notes to financial statement, including a summary of Significant Accounting Policies and other Explanatory Notes for the year then ended 31st Ashad 2077 (July 15 2020).

In our opinion except for the effects due to non-adoption/non-compliance with regards to IFRIC 12, the accompanied financial statements read together with Significant Accounting Policies and other Explanatory notes present fairly, in all material respects the financial position of the company as at 31st Ashad 2077 (corresponding to July 15 2020), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for opinion

NFRS -NAS read with IFRIC 12, non- adoption and non- compliance

The institute of Chartered Accountants of Nepal (ICAN) has made Nepal Financial Reporting Standards (NFRS) mandatorily applicable to all entities having public accountability. The company has adopted its financial statement based on Nepal Financial Reporting Standards (NFRS) from current year.

As per NFRS, in following situation, in preparation of Financial Statements, IFRIC 12 should be followed:

- i. The Grantor Controls or Regulates what services the operator must provide with the infrastructure, to whom it must provide them (services), and at what price; and
- ii. The Grantor controls-through ownership, beneficial entitlement or otherwise- any significant residual interest in the infrastructure at the end of the terms of the agreement.

The grantor includes public sector entity together with any regulators acting in the public interest.

As per Company's assessment of IFRIC 12-Service Concession Arrangement is not applicable. In justification of this the company has stated as under.



- The company sells electricity to Nepal Electricity Authority at price independent of the price charged by NEA to general public. NEA, for the ultimate sale of electricity is bound by the rates determined by Electricity Tariff Commission set up by the government, whereas NEA purchases electricity on the basis of different commercial agreement with the power producers. Electricity Tariff Commission does not determine the rate at which NEA purchases or has to purchase electricity from the power producers. There have been instances where NEA charged to the general public is lower than it paid to some of the power producers.
- The company does not receive any specific concession for the use of the natural resource. The company has to pay to the government for the use of the natural resources in the form of royalty.
- The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.
- Though the project is to be transferred to the government at the end of the license period the legal title of the project is with the company, including the control of access to the project site. In addition, the company has right to pledge the assets as lien for availing finances from financial institutions.

Company is setting up the project under the license granted by Department of Electricity Development (DOED) under Ministry of Energy and is required to supply power to NEA pursuant to agreement with NEA and at a rate determined under the contract. The company is bound by rate contract between NEA and the Company as per Agreement including any rate variation. Further in terms of License, significant residual interest in the infrastructure lies with Government.

The company is bound by price agreement between NEA and Company, PPA having been endorsed by Licensing Authority (Department of Electricity Development) and being inseparable condition of the Power Generation License issued by Grantor, price control by Grantor is established as prescribed in IFRIC 12. Further, the grantor controls significant residual interest at the end of terms of the agreement, in terms of IFRIC 12, amongst other having continuing right of use throughout the period to the agreement and restricting operator's practical ability to sell or pledge the infrastructure.

Accordingly, in our opinion, IFRIC 12 is applicable and its non-compliance has implications on recognition, measurement and disclosure of items impacting the financial statements. Since, IFRIC 12 has not been complied with, first time adoption of NFRS is also incomplete. Impact of the non-adoption/non-compliance on the financial statement has not been ascertained by the management and is not ascertainable at our end.

We conducted our audit in accordance with Nepal Standard of Auditing (NSA). Our responsibilities under those standard 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 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 ethical responsibilities in accordance with these requirements for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified, including those which had greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of engagement team. These matters were addressed in the context of our audit of the NFRS based financial statements as a whole and forming our opinion thereon and we do not provide a separate opinion on these matters.



Responsibility 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 company's ability to continue as going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the company or to cease the operation, 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 Responsibility

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit concluded in accordance in Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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 decision of users taken on the basis of these financial statements.

As a part of an audit in accordance with Nepal Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risk 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 omission, misrepresentation, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosure made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of the accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or condition that may cause significant doubt on the company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are require to draw attention in our auditor's report to the related disclosure in the financial statements or if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or condition may cause the company to cease to continue as a going concern.



- Evaluate the overall presentation, structure, and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on requirement of Companies Act. 2063 and other regulatory matters

As per Companies Act 2063, based on our audit carried out on sampling basis, we report that:

1. We have obtained information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit,
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books,
3. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, Statement of Cash Flow and Statement of Changes in Equity with Explanatory Notes are in accordance with the provision of the Company Act 2063 and are in agreement with the books of accounts maintained by the company,
4. In our opinion & to the best of our information & according to explanation given to us & from our examination of the books of accounts of the company, we have not come across the cases where the board or any member thereof or any employee there of or any employee of the company has acted contrary to the provision of the law or caused loss or damage to the company or misappropriated the funds of the company.

Date: 13.06.2021

Place: Kathmandu, Nepal

UDIN - 210615CA000263906



Narayan Bajaj

CA. Narayan Bajaj
For and on behalf
Narayan Bajaj & Associates
Chartered Accountants

GREEN VENTURES LIMITED

Statement of Financial Position

As at 31st Ashad 2077 (15th July 2020)

Figures in NPR

	Note	As at 31st Ashad 2077	Restated* As at 31st Ashad 2076	Restated* As at 1st Shrawan 2075
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	382,132	145,100	-
Intangible assets		-	-	-
Capital Work in progress	5	6,099,403,870	2,716,499,182	1,129,362,886
Investment		26,412	23,540	17,711
Deferred tax assets	6	-	-	-
Total Non-Current Assets		6,099,812,414	2,716,667,822	1,129,380,597
Current assets				
Inventories	7	1,931,997	9,061,641	-
Trade and other receivables	8	1,065,907,445	940,889,981	385,129,014
Income tax receivables	9	4,366,644	3,953,782	3,606,248
Prepayments		4,979,388	-	-
Cash and cash equivalents	10	80,531,453	78,220,529	17,227,359
Total current assets		1,157,716,926	1,032,125,933	405,962,621
Total assets		7,257,529,341	3,748,793,755	1,535,343,218
EQUITY AND LIABILITIES				
Equity				
Share capital	11	2,057,862,000	1,493,739,000	1,493,739,000
Share Application Money		449,545,000	411,148,000	-
Revaluation Reserve		-	-	-
Retained earnings	12	(193,611,750)	(133,415,695)	(129,634,580)
Total Equity		2,313,795,250	1,771,471,305	1,364,104,420
Liabilities				
Non-Current Liabilities				
Loans and borrowings	13	3,972,669,650	1,393,264,643	-
Employee Benefits	14	-	-	-
Deferred Tax Liabilities	6	-	-	-
Total Non-Current Liabilities		3,972,669,650	1,393,264,643	-
Current Liabilities				
Loans and borrowings	13	663,963,882	564,020,153	142,500,000
Trade and other payables	15	307,100,558	20,037,652	28,738,796
Income Tax Liability	9	-	-	-
Employee Benefits	14	-	-	-
Total Current Liabilities		971,064,440	584,057,805	171,238,796
Total Liabilities		4,943,734,090	1,977,322,448	171,238,796
Total Equity and Liabilities		7,257,529,341	3,748,793,755	1,535,343,218

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

Rup

Accountant

Pran

Director

S. S.

Chairman

As per our report of even date

Narayan Bajaj

CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants

Date : 08.06.2021

Place: Kathmandu



GREEN VENTURES LIMITED

Income Statement

For the year ended 31st Ashad 2077 (15th July 2020)

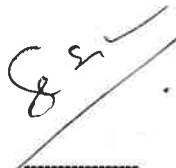
	Note	FY 2076-77	Figures in NPR FY 2075-76
Revenue from operations	16	-	-
Generation Expenses	17	-	-
Gross Profit		-	-
Other Income	18	-	1,447,317
Administrative Expenses	19	(6,867,454)	(6,507,196)
Other Operating Expenses		-	-
Profit from Operations		(6,867,454)	(5,059,879)
Finance Costs	22	(592,082)	(1,043,958)
Finance Income	23	2,752,415	2,316,893
Loss due to Flood		(55,491,806)	-
Profit/(Loss) Before Tax		(60,198,928)	(3,786,944)
Income Tax Expense		-	-
Profit/(Loss) from continuing operations		(60,198,928)	(3,786,944)
Profit/(Loss) on Discontinued Operations (Net of tax)		-	-
Net Profit/(Loss) for the year		(60,198,928)	(3,786,944)
Earnings per equity share of Rs.100 each			
Basic Earnings per share		(3.06)	(0.25)
Diluted Earnings per share		(3.06)	(0.25)
The accompanying notes form an integral part of these financial statements.			



Accountant



Director



Chairman

As per our report of even date



CA Narayan Bajaj

Narayan Bajaj & Associates

Chartered Accountants

Date : 08.06.2021
Place: Kathmandu



GREEN VENTURES LIMITED

Statement of Cash Flows For the year ended 31st Ashad 2077 (15th July 2020)


Figures in NPR

	FY 2076-77	FY 2075-76
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the year	(60,198,928)	(3,786,944)
Adjustments for:		
Tax expense	-	-
Depreciation on property, plant and equipment	100,117	49,900
Impairment of property, plant and equipment	-	-
Amortization of Intangible Assets	-	-
Depreciation of investment property	-	-
Gain on sale of Fixed Assets	-	-
Finance Income	(2,752,415)	(2,316,893)
Dividend income	-	-
Fair value gain – quoted shares	-	-
Finance cost	592,082	1,043,958
Working capital adjustments:		
Increase/ decrease in Trade & Other receivables	(130,409,714)	(556,108,501)
Increase/ decrease in Inventories	7,129,644	(9,061,641)
Increase / decrease in trade and other payables	287,062,906	(8,701,144)
Increase / decrease in provisions	-	-
Cash generated from operations	101,523,693	(578,881,264)
Finance Income	2,752,415	2,316,893
Finance cost	(592,082)	(1,043,958)
Income Tax Paid	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES [A]	103,684,026	(577,608,329)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(337,150)	(195,000)
Addition in Capital WIP	(3,382,904,688)	(1,587,136,296)
Purchase of intangible asset	-	-
Gain on sale of Fixed Assets	-	-
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from sale of quoted shares	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES [B]	(3,383,241,838)	(1,587,331,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	564,123,000	-
Share application money	38,397,000	411,148,000
Net (repayment of) increase in long term borrowings	2,579,405,007	1,393,264,643
Net (repayment of) increase in short term borrowings	99,943,729	421,520,153
Dividends paid	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES [C]	3,281,868,736	2,225,932,796
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	2,310,924	60,993,171
MOVEMENT IN CASH AND CASH EQUIVALENTS		
Beginning of Year	78,220,529	17,227,359
(Decrease)/increase		
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS, End of Period	80,531,453	78,220,529


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


Accountant


Director


Chairman

As per our report of even date


CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants

Date : 08.06.2021
Place: Kathmandu



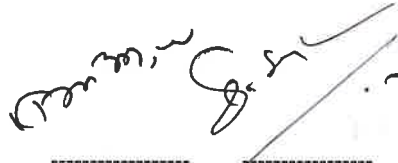
GREEN VENTURES LIMITED

Statement of Comprehensive Income For the year ended 31st Ashad 2077 (15th July 2020)

	<i>Figures in NPR</i>	
	<i>FY 2076-77</i>	<i>FY 2075-76</i>
Net Profit for the year as per Profit of Loss Statement	(60,198,928)	(3,786,944)
Other comprehensive Income		
Exchange Gain/Loss arising on translation of foreign operations	-	-
Acturial Gain/(Loss) on defined Employment benefit	-	-
Gain/Loss on Revaluation of Building	-	-
Gain/Loss on Revaluation of Shares	2,872	5,829
Gain/Loss on Revaluation of Land	-	-
Total Comprehensive gain/(loss) for the year, net of tax	<u>(60,196,056)</u>	<u>(3,781,115)</u>
Distributable Profit	<u>(60,196,056)</u>	<u>(3,781,115)</u>
Non Distributable Profit	<u>-</u>	<u>-</u>

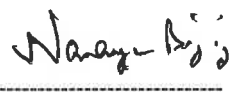

Accountant

Date : 08.06.2021
Place: Kathmandu


Director


Chairman

As per our report of even date


CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants


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Statement of Changes in Equity

For the year ended 31st Ashad 2077 (15th July 2020)

Figures in NPR

Notes	Share capital	Share Application	Share premium	Foreign Exchange Reserve	Revaluation Reserve	Other Reserve	Retained earnings	Total
Balance at 1st Shrawan 2075	1,493,739,000	-	-	-	-	-	(133,517,635)	1,360,221,365
Restatement on transition to NFRS	-	-	-	-	-	-	3,883,055	3,883,055
Balance at 1st Shrawan 2075 as restated	1,493,739,000	-	-	-	-	-	(129,634,580)	1,364,104,420
Share Capital	-	-	-	-	-	-	-	-
Share Application Money	-	411,148,000	-	-	-	-	-	411,148,000
PROFIT FOR THE YEAR	-	-	-	-	-	-	(3,736,944)	(3,786,944)
OTHER COMPREHENSIVE INCOME (LOSS):	-	-	-	-	-	-	-	-
Translation differences on consolidation	-	-	-	-	-	-	-	-
Actuarial loss on employee benefit obligations, net of tax	-	-	-	-	-	-	-	-
Gain/Loss on Revaluation of shares	-	-	-	-	-	-	5,829	5,829
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	-	(3,781,115)	(3,781,115)
TRANSACTIONS WITH EQUITY HOLDERS:	-	-	-	-	-	-	-	-
Dividend paid - Final for 2075-2076	-	-	-	-	-	-	-	-
Balance at 31st Ashad 2076	1,493,739,000	411,148,000	-	-	-	-	(133,415,695)	1,771,471,305
Share Capital	564,123,000	-	-	-	-	-	-	564,123,000
Share Application Money	-	38,397,000	-	-	-	-	-	38,397,000
PROFIT FOR THE YEAR	-	-	-	-	-	-	(60,198,928)	(60,198,928)
OTHER COMPREHENSIVE INCOME (LOSS):	-	-	-	-	-	-	-	-
Translation differences on consolidation	-	-	-	-	-	-	-	-
Actuarial loss on employee benefit obligations, net of tax	-	-	-	-	-	-	-	-
Gain/Loss on Revaluation	-	-	-	-	-	-	2,872	2,872
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	-	(60,196,056)	(60,196,056)
TRANSACTIONS WITH EQUITY HOLDERS:	-	-	-	-	-	-	-	-
Dividend paid - Final for 2076-2077	-	-	-	-	-	-	-	-
Balance at 31st Ashad 2077	2,057,862,000	449,545,000	-	-	-	-	(193,611,750)	2,313,795,250

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

As per our report of even date

Narayan Bajaj

CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants



Chairman

Director

Accountant

Date : 08.06.2021
Place: Kathmandu



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GREEN VENTURES LIMITED

Financial Year 2076-77
Notes to the Financial Statements

1 General Information

Green Ventures Limited ("the Company") is domiciled in Nepal where it was incorporated as a private limited company under the Companies Act, 2063 on Mangsir 22, 2061. It had been converted into public limited company on Falgun 13, 2075. The address of its registered office is Kathmandu-28 (Previous 31), Nepal. The company is engaged in the development of 52.4 MW hydropower project on Likhu river at Okhaldhunga and Ramechhap districts.

These financial statements were approved for issue by the Board of Directors on dated 8.6.2021.

2 Significant Accounting Policies

2.1 Basis of Preparation and measurement

I Statement of Compliance

The Financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

These financial statements for the year ended 31 Ashadh, 2077 are the first the Company has prepared under NFRS. For all periods up to and including the year ended 31 Ashadh, 2076, the Company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in Nepal immediately before adopting NFRS. The financial statements for the year ended 31 Ashadh, 2076 and the opening Balance Sheet as at 1 Shrawan, 2075 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, Income Statement and Statement of Cash Flows are provided in Note 3.

II Basis of Preparation

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Statement of Financial Position as at 1 Shrawan, 2075 being the 'date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

III IFRIC 12 Considerations

IFRIC (International Financial Reporting Interpretation Committee) 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation sets out general principals on recognizing and measuring obligations and related rights in services concession arrangements. The company has considered applicability of IFRIC 12 service Concession Arrangement, issued by International Accounting Standard Board (IASB) for preparation and presentation of financial statements. Green Ventures Limited, after due consideration has not applied IFRIC 12 while preparing these financial statements on the following grounds:

- The company sells electricity to Nepal Electricity Authority at price independent of the price charged by NEA to general for the ultimate sale of electricity is bound by the rates determined by Electricity tariff commission set up by the NEA purchases electricity on the basis of different commercial agreement with the power producers. Electricity Tariff Commission not determine the rate at which NEA purchases or has to purchase electricity from the power producers. There have been instances the rates charges by NEA to the general public is lower than it paid to some of the power producers.
- The company does not receive any specific concession for the use of the natural resource. The company has to pay to the government for the use of the natural resources in the form of royalty.
- The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.
- Though the project is to be transferred to the government at the end of the license period the legal title of the project is with the company, including the control of access to the project site. In addition, the company has right to pledge the assets as lien for availing finances from financial institutions.

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IV Functional and Reporting Currency

The financial statements are prepared in Nepalese Rupees (NPR), which is also the functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest Rupees and hence there may not add up and may have rounding difference.

V Financial Period

The company prepares financial statement in accordance with Nepalese Financial Year. The Financial year starts from 1 Shrawan and ends on Ashad end of next calendar year. The corresponding dates for the English calendar are as follows:

Relevant Financial year	Nepalese Calendar date/Period	Gregorian Calendar Date/Period
Reporting Date	Ashad 31, 2077	July 15, 2020
Comparative Reporting Date	Ashad 31, 2076	July 16, 2019
Reporting Period	Shrawan 01, 2076 -Ashad 31, 2077	July 17, 2019 - July 15, 2020
Comparative Reporting Period	Shrawan 01, 2075 -Ashad 31, 2076	July 17, 2018- July 16, 2019
Date of Transaction to NFRS	Shrawan 01, 2075	July 17, 2018

VI Basis of Measurement

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below:

2.2 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with NFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year primarily includes: -

I USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

II IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

Since hydropower plant is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Capital Work in Progress hence test of impairment of asset is not done for those assets.

III CONTINGENCIES

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

IV FAIR VALUE MEASUREMENTS

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.



V RECOGNITION OF DEFERRED TAX

Significant management judgement is required to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

2.3 Property, Plant and Equipment

On transition to NFRS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at Ashad 32, 2075 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on Sharwan 01, 2075, except otherwise stated in the noted to accounts.

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component /part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

The residual values, useful lives and methods of depreciation of property, Plant and equipment are reviewed at each financial year end and adjusted, if appropriate.

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

2.4 Capital Work in Progress

Assets in the course of construction are capitalized and shown as assets under capital work in progress account. Where an obligation exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction and a corresponding liability is also recognized.

2.5 Depreciation and Amortization

- Depreciation and Amortisation is recognised on Property, Plant and Equipment on written down value method at the rates mentioned therein.
- Depreciation and Amortisation will be recognised on straight line method on the total project cost once the construction is completed.
- Only those assets having value of more than NPR 5,000 are capitalised.

Restriction on PPE and total project cost.

The company has to transfer the entire generation unit to Government of Nepal under BOOT arrangement after expiry of generation license i.e. Falgun 27, 2103 or 30 years from Required Commercial Operation date whichever is earlier.

2.6 Other Intangible Assets:

Intangible Assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement.

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2.7 Impairment of tangible and intangible assets

- i. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
- ii. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and impairment loss is recognised whenever there is an indication that the asset may be impaired.
- iii. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- iv. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Income Statement.
- v. 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 recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

2.8 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 an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

2.9 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.11 Revenue Recognition

2.11.1. Sale of Electricity:

Revenue is recognized to the extent that is probable that the economic benefit will flow to the company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognized when substantial risks and rewards of ownership is transferred to the buyer under the terms of contract.

2.11.2. Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.12 Foreign Currency Transactions

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the country is Nepalese Rupee (NPR).

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at rates of exchange prevailing at the dates of the transactions.

The effect from fluctuation of exchange rate raised while initially recognizing the transaction as per contract on the base rate mentioned in the contract and settling the transactions at the settlement date has been recognized in Capital Work in progress. Foreign exchange gain/loss occurring from other activity has been charged to Income Statement.

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At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

2.13 Employment Benefits

Green Ventures Limited has hired employees on contract basis. Hence employees are not entitled to any employment benefits such as provident fund, gratuity etc.

2.14 Provisions, contingencies and commitments

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

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The Expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is required when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

A contingent asset is a possible asset that rises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advance) issued to parties for completion of assets.

Provisions, Contingent liabilities, Contingent assets and commitments are reviewed at each reporting period.

2.15 Income Tax

The commercial operation of the company has not been started and hence no tax liability arises to the company.

Deferred tax assets or liabilities have not been recognized as no taxable temporary differences has arisen

2.16 Earnings per Share (EPS)

I Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus shares, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

II Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Diluted EPS has not been calculated as no potential equity exists as on the reporting periods.

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2.17 Financial Instrument

Financial assets and liabilities are recognised when the company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such value are different from the fair value, at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial assets and financial liability. Transaction cost directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Financial Assets

Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivable using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS Section 11. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in statement of profit or loss.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Financial Liabilities and equity instruments issued by the company as classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial Liabilities

Financial Liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using effective interest rate method where the time value of money is significant.

For trade and other payable maturing within one year from the balance sheet date, the carrying amount approximate fair value due to the short maturity of these instruments.

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Financial Guarantee Contracts

Financial Guarantee Contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off- setting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on the net basis, to realize the assets and settle the liabilities simultaneously.

2.18 Segment Reporting

The company is engaged in only one business activity of "Generation and Sale of Electricity" Thus separate segment report is not provided as per NFRS 8 "Operating Segment".

3 FIRST TIME ADOPTION OF NFRS

These financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN), with a transition date of 1st Shrawan, 2075. These financial statements for the year ended 31st Ashadh, 2077 are the first the company has prepared under NFRS. For all periods up to and including the year ended 31st Ashadh 2076, the Company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP').

The Adoption of NFRS has been carried out in accordance with NFRS 1, First Time Adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with NFRS for the year ended 31st Ashadh, 2077, together with the comparative information as at and for the year ended 31st Ashadh, 2076 and the opening NFRS Statement of Financial Position as at 1st Shrawan, 2075, the date of transition to NFRS.

In preparing these NFRS financial statements, the Company has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1st Shrawan, 2075 and Financial Statements as at and for the year ended 31st Ashadh, 2076.

A. EXEMPTIONS FROM RETROSPECTIVE APPLICATION

NFRS 1 allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Company has elected to apply the following optional exemptions from retrospective application:

a) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment, intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

B. EXCEPTIONS TO RETROSPECTIVE APPLICATION

The Company has applied the following exceptions to the retrospective application of NFRS as mandatorily required in NFRS 1

a) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

b) Classification and measurement of financial assets

The classification of financial assets to be measured at amortized cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to NFRS.

c) De-recognition of financial assets and liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities.



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C. TRANSITION TO NFRS – RECONCILIATIONS

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1

- I. Reconciliation of Equity as at 1st Shrawan, 2075
- II. Reconciliation of Equity as at 31st Ashadh, 2076
- III. Adjustments to Statement of Cash Flows for the year ended 31st Ashadh, 2076
- IV. Reconciliation of Statement of Profit or Loss for the year ended 31st Ashadh, 2076

Previous GAAP information has been reclassified/ regrouped in accordance with NFRS, wherever necessary, based on the audited financial statements of the Company for the year ended 31st Ashadh, 2076 and 31st Ashadh, 2075.

Property, plant and equipment

- a. Depreciation on Property, plant and equipment has been charged as per useful life method, which was previously charged as per legal provision specified in Income Tax Act, 2058.
- b. Change in methodology of Depreciation has resulted in different amount of expense to be recognized for accounting purpose, however depreciation as per tax laws has remained same and it is being used for calculation of profit for taxable income.

Advance, Loans and Deposits

Advance, Loans and Deposits has been reclassified as Trade and other receivables.

Expense pending for capitalisation

Expense pending for capitalisation has been reclassified as Capital Work in Progress under Non Current Assets.

Other Current Liabilities

Other Current Liabilities has been reclassified as Trade and Other Payables.

Provision for Income Tax

Provision for Income Tax has been reclassified as Current Tax Liability (net).

Current Tax Liability (net)

- a. Provision for Income Tax has been reclassified as Current Tax Liability (net).
- b. Advance Tax Paid and TDS Receivable has been adjusted with Current Tax Liability (net).

Amortization of Intangible Assets

Amortization of Intangible Assets was included under Depreciation on Property, plant & equipment which has now reclassified as amortization of intangible assets.

Other Income

Interest Income was included under Other income has been now reclassified as Finance Income.

Finance Cost

Bank charge was included under Administrative expenses has been now reclassified as Finance Cost.

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GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

4	Property, plant and equipment	Freehold Land	Buildings	Office Equipment and Furnitures	Plant and Machinery	Vehicles	Total
	Cost						
	Balance as at 1st Shrawan 2075	16,264,208	16,070,930	3,599,735	5,051,196	20,925,135	61,911,204
	Transferred to CWIP on 1st Shrawan 2075	(16,264,208)	(16,070,930)	(3,599,735)	(5,051,196)	(20,925,135)	(61,911,204)
	Additions	-	-	195,000	-	-	195,000
	Revaluation and adjustments	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	Balance as at 31st Ashad 2076	-	-	195,000	-	-	195,000
	Additions	-	-	127,750	-	209,400	337,150
	Revaluation and adjustments	-	-	-	-	-	-
	Reclassified to Non current Assets held for sale	-	-	-	-	-	-
	Balance as at 31st Ashad 2077	-	-	322,750	-	209,400	532,150
	Depreciation and impairment losses						
	Balance as at 1st Shrawan,2075 (for 74-75)	-	303,725	731,574	490,863	2,366,881	3,893,043
	Reverse/adjustment for 74-75	-	(303,725)	(731,574)	(490,863)	(2,366,881)	(3,893,043)
	Charge for the year	-	-	49,900	-	-	49,900
	Impairment Losses	-	-	-	-	-	-
	Balance as at 31st Ashad 2076	-	-	49,900	-	-	49,900
	Charge for the year	-	-	58,238	-	41,880	100,117
	Revaluation and adjustments	-	-	-	-	-	-
	Impairment Losses	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	Balance as at 31st Ashad 2077	-	-	108,138	-	41,880	150,017
	Net book value						
	As at 1st Shrawan 2075	-	-	-	-	-	-
	As at 31st Ashad 2076	-	-	145,100	-	-	145,100
	As at 31st Ashad 2077	-	-	214,613	-	167,520	382,132

Substantial Property Plant and Equipment have been transferred to Capital Work in Progress (CWIP). Book value of assets as on reporting date has been considered as fair value. Land, Buildings, Plant and Machinery, Vehicles, Furniture and Office Equipment which were earlier recognised as property plant and equipment have been transferred to the Capital Work in Progress, being those assets directly related to the project.

Security (If any)

Loan Facilities is secured by First Legal Charge by way of registered Mortgage/pledge/hypothecation over the entire fixed assets owned by Green Ventures Limited on Pari Passu basis in favour of Participating banks.

Impairment of Property, Plant and Equipment

No items of Property, Plant and Equipment have been impaired.

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GREEN VENTURES LIMITED

Notes to the Financial Statements

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Capital Work in Progress

Figures in NPR

Head	As at 1st Shrawan 2075	Transfer from PPE	Additions during 75-76	As at 31st Asadh, 2076	Additions during 76-77	As at 31st Asadh, 2077
Army camp expenses	13,174,228	-	-	13,174,228	-	13,174,228
Bridge and Civil Works	24,149,139	-	-	24,149,139	-	24,149,139
Building	9,583,292	16,374,655	43,263,484	69,221,431	8,190,214	77,411,645
Civil Work 11 KVA	-	-	-	-	5,924,041	5,924,041
Civil Works Exp and Explosive	35,487,402	-	1,193,154,943	1,228,642,345	2,189,293,433	3,417,935,778
Consultancy & Legal Fee	191,535,024	-	44,459,542	235,994,566	44,181,606	280,176,172
EIA Expenses	7,604,214	-	10,118,166	17,722,380	10,939,943	28,662,323
Electricity Expenses	173,481	-	30,415	203,896	265,616	469,512
EM Work	-	-	24,173,142	24,173,142	402,999,374	427,172,516
Forest Expenses	1,271,002	-	480,142	1,751,144	880,200	2,631,344
Furniture, Fixture and Office Equipment	-	4,331,309	3,846,963	8,178,272	535,452	8,713,724
Guest House Expenses	10,989,295	-	2,841,055	13,830,350	2,131,746	15,962,096
Insurance	6,007,987	-	8,163,994	14,171,981	4,318,003	18,489,984
Land Acquisition and Compensation	929,745	-	-	929,745	5,542,125	6,471,870
Land Purchase	-	16,264,208	-	16,264,208	23,721,145	39,985,353
Licence & Registration Expenses	10,842,417	-	810,000	11,652,417	4,500,000	16,152,417
Loan Interest	720,849	-	93,341,385	94,062,234	359,958,450	454,020,684
Loan processing charges	20,925,000	-	-	20,925,000	1,254,364	22,179,364
Machinery and other assets purchase	-	5,542,059	590,297	6,132,356	23,504	6,155,860
Meeting Expenses	147,710	-	-	147,710	-	147,710
Other expenses	1,032,830	-	-	1,032,830	90,060	1,122,890
Other Finance Charges	-	-	-	-	1,049,253	1,049,253
Printing Stationary	503,604	-	403,477	907,081	533,004	1,440,085
Project Site expenses	13,336,328	-	9,941,743	23,278,070	16,129,878	39,407,948
Rent	354,564	-	2,451,553	2,806,117	2,729,253	5,535,370
Repair and Maintenance	1,559,907	-	2,102,145	3,662,052	3,767,166	7,429,219
Road Expenses	464,900,423	-	3,612,829	468,513,252	9,788,466	478,301,718
Salary Project Staff	111,872,065	-	90,373,342	202,245,407	107,229,629	309,475,036
Site Visit Expenses	4,615,375	-	983,041	5,598,416	2,617,616	8,216,032
Survey Expenses	98,274,133	-	6,000,000	104,274,133	19,508,354	123,782,487
Telephone and Communication Expenses	3,281,843	-	989,384	4,271,227	1,050,940	5,322,167
Transmission Line Supply including GIS Bay	-	-	-	-	110,369,746	110,369,746
Transmission Line:	4,156,602	-	18,527,705	22,684,307	31,458,504	54,142,811
Travelling Expenses	11,678,288	-	5,163,357	16,841,645	3,348,551	20,190,197
Vehicle expenses	14,451,893	-	9,064,778	23,516,671	8,575,052	32,091,723
Vehicle Purchase	-	23,292,016	12,249,413	35,541,429	-	35,541,429
Total	1,063,558,639	65,804,247	1,587,136,296	2,716,499,182	3,382,904,688	6,099,403,870

Hydropower plant is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Capital Work in Progress (CWIP).

The expenditures which are shown as Capital Work in Progress in Statement of Financial Position are subject to capitalisation upon commencement of generation of electricity or the date on which the plant is ready for use, whichever is earlier. Land, Buildings, Plant and Machinery, Vehicles, Furnitures and office equipments which were earlier recognised as property plant and equipment have been transferred to the Capital Work in Progress, being those assets directly related to the project.

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Deferred tax assets and liabilities:

The company is in construction phase and after completion it will get a tax holiday for 10 years. Therefore, the accounting of deferred tax assets or liabilities has not been started yet.

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GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

7	Inventories:	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
	Explosive	1,931,997	9,061,641	-
		1,931,997	9,061,641	-

8	Trade and other receivables:	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
	Advance for Land	72,038,925	83,327,082	73,731,614
	Advance for office purpose	659,060	437,534	1,357,274
	Advance to Suppliers	967,878,424	761,429,352	309,238,996
	Letter of Credit	12,723,533	94,021,213	-
	Margin Money	11,086,595	628,800	628,800
	Salary Advance	1,220,907	846,000	72,330
	Security Deposit	300,000	200,000	100,000
		1,065,907,445	940,889,981	385,129,014

- a) The fair values of all the above financial assets are equal to their carrying amounts.
b) Trade receivables are non-interest bearing.
c) Advance for Land is advance provided to other parties for purchase of land for project.
d) Advance for office purpose is advance provided to company employees for office expense purpose.
e) Advance to suppliers is advance provided to supplier of goods and services in the ordinary course of business.
f) Letter of Credit is advance provided to parties under letter of credit.
g) Margin Money is the amount of money hold by the bank.
h) Salary Advance is advance provided to company employees for the personal purpose.
i) Security Deposit is the deposit kept for purchasing fuel and amount for guest house.

9	Income Tax (Receivable)/Payable	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
	Provision for Income Tax Payable	-	-	-
	Less: Advance Income Tax	4,366,644	3,953,782	3,606,248
		(4,366,644)	(3,953,782)	(3,606,248)

10	Cash and Cash Equivalents:	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
	Cash in hand	500,000	400,000	450,000
	Cash at Bank			
	Everest Bank Ltd	2,844,721	1,448,285	365,427
	Global IME Bank Ltd.	1,425,056	223	50,000
	Laxmi Bank Ltd	62,459,708	70,597,306	14,839,635
	Nabil Bank Ltd.	300,000	494,221	10,000
	Nepal Investment Bank Ltd.	7,749,959	1,508,744	119,245
	NIC Asia Bank Ltd	62,260	89,934	1,303,586
	Prabhu Bank Ltd.	73,108	78,670	50,000
	Rashtriya Banijya Bank-2967	-	-	5,466
	Rashtriya Banijya Bank-407	-	-	9,000
	Sanima Bank Ltd.	27,986	26,525	5,000
	SBI Nepal Bank Ltd.	5,058,396	3,531,618	10,000
	Sunrise Bank Ltd.	30,259	45,003	10,000
		80,531,453	78,220,529	17,227,359

GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

11 Share capital:

	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
(a) Authorised Shares			
5,00,00,000 Ordinary shares of Rs. 100 each	5,00,000,000	5,00,000,000	5,00,000,000
(b) Ordinary shares issued	5,00,000,000	5,00,000,000	5,00,000,000
5,00,00,000 Ordinary shares of Rs. 100 each			
(c) Ordinary shares subscribed and fully paid		Ordinary share	Ordinary share capital
As at 1st Shrawan 2074			
Share paid up		10,549,000	1,054,900,000
As at 32nd Ashad 2075			
Share paid up		14,937,390	1,493,739,000
31st Ashad 2076			
Share paid up		14,937,390	1,493,739,000
31st Ashad 2077			
Share paid up		20,578,620	2,057,862,000

- a The shares issued by the company are of the same class and there are no rights, preferences or restrictions attached to any of the shares that are different from any other shares issued by the company.
- b During the financial year 2076-77 paid up capital of Green Ventures Limited has increased from Rs. 1,493,739,000 to Rs. 2,057,862,000.

12 Reserves:

Retained earnings

As at 1st Shrawan
Profit for the year
Other comprehensive income
As at 31st Ashad

As at 31st Ashad 2077	As at 31st Ashad 2076
(133,415,695)	(129,634,580)
(60,198,928)	(3,786,944)
2,872	5,829
(193,611,750)	(133,415,695)

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GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

13 Loans and borrowings:

	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
Total Loans and Borrowings			
Term Loan	3,972,669,650	1,393,264,643	-
Bridge Gap Loan	663,963,882	564,020,153	142,500,000
	4,636,633,532	1,957,284,796	142,500,000
	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
Non-current loans and borrowings			
Term Loan-Global Bank Ltd.	671,815,308	234,763,383	-
Term Loan-Laxmi Bank Ltd.	667,831,728	231,929,991	-
Term Loan-Nabil Bank Ltd.	731,793,208	257,235,748	-
Term Loan-Nepal SBI Bank Ltd.	514,045,204	181,071,969	-
Term Loan-Prabhu Bank Ltd.	435,909,380	153,406,951	-
Term Loan-Sanima Bank Ltd.	436,995,438	153,881,749	-
Term Loan-Sunrise Bank Ltd.	514,279,384	180,974,852	-
	3,972,669,650	1,393,264,643	-
	As at 31st Ashad 2077	As at 31st Ashad 2076	As at 1st Shrawan 2075
Current loans and borrowings			
Bridge Gap Loan-Global Bank	272,162,066	214,724,385	-
Bridge Gap Loan-Laxmi Bank	252,359,080	224,765,799	142,500,000
Bridge Gap Loan-Nabil Bank	139,442,735	124,529,969	-
	663,963,882	564,020,153	142,500,000

Term Loan, Bridge Gap Loan (including other Loan Facilities) is secured against the entire fixed assets and current assets owned by Green Ventures Ltd on pari-passu basis in favour of participating banks. Loan facilities are also secured by authorised charge on the Power Purchase Agreement, Generation License, Personal Guarantee of Mr S.C. Sanghai and Mr Anuj Agrawal covering the loan exposure, Pledge of entire shares of promoters of Green Ventures Limited. These all have been done in favour of participating banks. As per Nepal Rashtra Bank letter dated 2075/08/11 to Laxmi Bank Limited, NRB has approved capitalisation of interest accrued on loan facilities. This was applicable till Required Commercial Operation date or Grace period whichever was earlier.

Interest of Rs.35,99,58,450 has been accrued for F.Y 76-77 and included in above term loan.

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14 Provisions for employee benefits

Total

	<i>As at 31st Ashad 2077</i>	<i>As at 31st Ashad 2076</i>	<i>As at 1st Shrawan 2075</i>
Provision for employee benefits			
Provision for Gratuity	-	-	-
Provision for Leave benefits	-	-	-

Non-current

	<i>As at 31st Ashad 2077</i>	<i>As at 31st Ashad 2076</i>	<i>As at 1st Shrawan 2075</i>
Provision for employee benefits			
Provision for Gratuity	-	-	-
Provision for Leave benefits	-	-	-

Total non-current

Current

	<i>As at 31st Ashad 2077</i>	<i>As at 31st Ashad 2076</i>	<i>As at 1st Shrawan 2075</i>
Provision for employee benefits			
Provision for Gratuity	-	-	-
Provision for Leave benefits	-	-	-

Total current

15 Trade and other payables:

	<i>As at 31st Ashad 2077</i>	<i>As at 31st Ashad 2076</i>	<i>As at 1st Shrawan 2075</i>
Audit Fee Payable	278,750	278,750	246,250
Expenses Payables	2,880,070	974,229	54,006
Letter of Credit	272,696,283	-	-
Other Payable	9,636,000	9,988,328	18,553,075
Reverse Vat Payable	301,536	-	-
TDS Payable	719,004	4,189,692	448,592
Trade Payables	20,588,915	4,606,653	9,436,873
	307,100,558	20,037,652	28,738,796

Trade payables are non-interest bearing.

16 Revenue

Revenue from sale of electricity is nil as the commercial operation of company has not started as on the end of reporting period.

17 Generation Expenses

As the commercial operation of company has not started yet there is no generation expenses of the company.

18 Other operating income

	<i>31st Ashad 2077</i>	<i>31st Ashad 2076</i>
Other Income	-	1,447,317
	-	1,447,317

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GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

19	Administrative and operating expenses	31st Ashad 2077	31st Ashad 2076
	Audit Fees	282,500	282,500
	Depreciation	100,117	49,900
	Donation	151,500	250,602
	Consultancy Fees	5,650	-
	Fine and Penalty	163,215	-
	Telephone and Internet	97,553	15,600
	Registration and Renewal	285,143	840,690
	Misc Expenses	1,104,901	1,362,066
	Office Expenses	781,043	794,904
	Office Staff Salary	3,296,641	2,393,531
	Printing Stationary	420,361	251,811
	Prior Period Expense	68,596	-
	Puja Expenses	42,751	164,310
	Computer Expenses	22,035	8,475
	Travelling Expenses	24,906	92,808
	Vehicle Expenses	20,541	-
		6,867,454	6,507,196
a.	The company has practice of charging those administrative expenses which are not directly attributable to construction of project in the income statement.		
b.	As the company is in construction phase and no profits have been earned by the company, provision for bonus has not been provided.		
20	Employee benefit expenses:	31st Ashad 2077	31st Ashad 2076
	Included in cost of Generation Expenses		
	Salaries, wages and other employee cost	-	-
	Provident fund	-	-
	Gratuity	-	-
	Earned Leave	-	-
	Included in cost of administrative expenses		
	Salaries, wages and other employee cost	3,296,641	2,393,531
	Provident fund	-	-
	Gratuity	-	-
	Earned Leave	-	-
	Total Employee Benefit Expenses	3,296,641	2,393,531
21	Depreciation, amortisation, foreign exchange differences included in the statement of profit or loss :	31st Ashad 2077	31st Ashad 2076
	Included in cost of Generation Expenses		
	Depreciation on property, plant and equipment	-	-
	Amortisation and impairment of intangible assets	-	-
	Impairment of property, plant and equipment	-	-
	Net foreign exchange differences	-	-
	Included in cost of administrative expenses		
	Depreciation on property, plant and equipment	100,117	49,900
	Amortisation and impairment of intangible assets	-	-
	Impairment of property, plant and equipment	-	-
	Net foreign exchange differences	-	-
		100,117	49,900
22	Finance cost	31st Ashad 2077	31st Ashad 2076
	Interest on debts and borrowings	-	-
	Bank Charges/ Commission	592,082	1,043,958
		592,082	1,043,958
23	Finance income	31st Ashad 2077	31st Ashad 2076
	Interest income	2,752,415	2,316,893
		2,752,415	2,316,893



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GREEN VENTURES LIMITED

Financial Year 2076-77
Notes to the Financial Statements

24 Related Party Disclosures

I Following are the related parties:

S.No	Particular	Nature
1	South Asian Infrastructure Pvt.Ltd.	Common Shareholder and Director
2	Heritage Realty Pvt.Ltd.	Common Shareholder and Director
3	Himalayan Land Developers Pvt.Ltd.	Common Shareholder and Director
4	Hitech Land Realty Pvt.Ltd.	Common Shareholder
5	Life Style Realty Pvt.Ltd.	Common Shareholder and Director
6	Popular Realty Pvt.Ltd.	Common Shareholder and Director
7	Shatabdi Realty Pvt.Ltd.	Common Shareholder and Director
8	Reliance Developers Pvt.Ltd.	Common Shareholder and Director
9	Kamala Rolling Mills Pvt.Ltd.	Common Shareholder
10	Mainawati Steel Industries Pvt.Ltd.	Common Shareholder and Director
11	Triveni Byapar Co. Pvt.Ltd.	Common Shareholder
12	Triveni Properties Pvt.Ltd.	Common Shareholder and Director
13	Vishwakarma Cements Pvt.Ltd.	Common Shareholder and Director
14	Triveni Energy Ltd	Common Shareholder and Director

II Following transactions were carried out with the related parties in normal course of business of the Company:

S.No	Particular	Amount
1	Purchase of service from South Asian Infrastructure Pvt.Ltd.	658,557,766.29
2	Purchase of Land from Heritage Realty Pvt.Ltd.	6,139,526.00
3	Sale of Land to Himalayan Land Developers Pvt.Ltd.	7,502,000.00
4	Purchase of Land from Hitech Land Realty Pvt.Ltd.	12,339,700.00
5	Purchase of Land from Life Style Realty Pvt.Ltd.	7,197,686.00
6	Purchase of Land from Popular Realty Pvt.Ltd.	16,195,500.00
7	Purchase of Land from Shatabdi Realty Pvt.Ltd.	17,745,500.00
8	Purchase of Land from Reliance Developers Pvt.Ltd.	10,253,625.00
9	Purchase of Goods from Kamala Rolling Mills Pvt.Ltd.	39,053,516.47
10	Purchase of Goods from Mainawati Steel Industries Pvt.Ltd.	7,121,245.61
11	Purchase of Goods from Triveni Byapar Co. Pvt.Ltd.	43,191.02
12	Rent and Electricity from Triveni Properties Pvt.Ltd.	3,202,494.00
13	Purchase of Goods from Vishwakarma Cements Pvt.Ltd.	232,083.70

III Following is the detail of payables/receivable to/from the related parties among the balances shown in the financial statement:

S.No	Particular	Amount	Remarks
1	South Asian Infrastructure Pvt.Ltd.	483,678,687.04	Receivable
2	Heritage Realty Pvt.Ltd.	12,835,740.56	Receivable
3	Himalayan Land Developers Pvt.Ltd.	9,032,000.00	Receivable
4	Hitech Land Realty Pvt.Ltd.	7,200,865.94	Receivable
5	Life Style Realty Pvt.Ltd.	12,025,531.00	Receivable
6	Popular Realty Pvt.Ltd.	2,684,209.77	Receivable
7	Shatabdi Realty Pvt.Ltd.	9,175,098.00	Receivable
8	Reliance Developers Pvt.Ltd.	17,191,480.00	Receivable
9	Kamala Rolling Mills Pvt.Ltd.	6,953,480.00	Payable
10	Mainawati Steel Industries Pvt.Ltd.	9,353.58	Payable
11	Triveni Properties Pvt.Ltd.	33,938.00	Payable
12	Vishwakarma Cements Pvt.Ltd.	232,083.70	Payable
13	Triveni Energy Ltd	9,636,000.00	Payable

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25 Directors and Key Management Personnel

I Board of Directors

S.No	Name	Designation
1	Mr Subhash Chandra Sanghai	Chairman
2	Mr Birendra Kumar Sanghai	Director
3	Mr Trilok Chand Agrawal	Director
4	Mr Govind Lal Sanghai	Director
5	Mr Anuj Agrawal	Director

II Key Management Personnel

S.No	Name	Designation
1	Mr. Kishore Kumar Singh	Chief Executive Officer
2	Mr. Badri Prasad Rijal	Project Development Manager
3	Mr. Raman Singh	Site Manager

- a. Remuneration to Key Management Personnel of the Company amounts to NPR 1,99,35,754 and NPR 2,34,61,619 during fiscal year 2075-76 and 2076-77 respectively.
- b. No allowance has been paid to directors.

26 Contingent Liabilities and commitments

I Bank Guarantee

- a. Company has given Bank Guarantee of Rs 3,00,000/- for the purpose of Exim Code to Department of Custom.
- b. Company has given Bank Guarantee of Rs.3,14,40,000 for the purpose of PPA to Nepal Electricity Authority.

A case was lodged by Rudramanjari Upadhyay Wagle against Green Ventures Ltd and Chairperson of this company(including other four opponents) in Ramechhap District Court on 2076-11-8 (Feb 20,2020) claiming for compensation and imposing punishment.The applicant owned land in Ramechhap District Saipu VDC and building having value 20 lakhs. The lands have been acquired to develop the Halde-Dhobi-Shirise-Dhadebesi road. The road is used by Green Ventures Limited also which is developing Likhu-4 Hydropower Project. The building owned by the applicant was destroyed and the extension of road affected his land. Green Ventures Ltd submitted its response to the Court stating there is no reason for making the company opponent. The company has not made encroachment in applicant's land and building. The allegation of opponent is false and accordingly the case should be dismissed. The case is still subjudice in the Court. No immediate liability is expected in this case.

A case was lodged by Dipak Dahal against Green Ventures Ltd (including other opponent including NEA, DOED) in Supreme Court on 2077-9-16 (Dec 31, 2020) claiming for single transmission line in Likhu Corridor. Hydro Electric Projects being constructed in Likhu Khola have obtained permission to connect 4 transmission lines to New Khimti National Transmission System, it is unnecessary and not good for environment protection and human health. There is alternative way to construct Likhu Corridor Multi Circuit power design HUB and generated electricity can be connected to New Khimti National Transmission System. Single Transmission line is short, less expensive and have less adverse effect. Supreme Court on 2077-9-22(Jan 6, 2021), without issuing interim order, issued show cause notice and issued order in the name of Department of Electricity Development to submit study report within one month with regards to whether single transmission line can be made or not. Green Ventures Limited filed its response to Supreme Court stating the transmission line constructed by it is in last stage(about to complete) consequently the writ petition is meaningless. The case is still subjudice in the Supreme Court. No immediate liability is expected in this case.

27 Subsequent Events

- I On Jestha 6,2078 a structure of desilting basin was damaged due to natural calamities.Since this event has occurred after the period covered by these financial statements,hence no effect of this event has been taken in these financial statement.The loss assessment is in process.

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28 Others

I Personal Guarantee

- a Mr. Subhash Chandra Sanghai has given personal guarantee of Rs.468,08,64,000.
 - b Mr. Anuj Agrawal has given personal guarantee of Rs.312,05,76,000.
- Above personal guarantees have been given for loan exposure in favour of Participating banks.

II Increase in Project Cost

Initially the project cost was estimated as Rs.881,54,60,000 (excluding interest during construction). But due to extra items, deviation in items, covid epidemic, project costs have been revised to NPR 1088,18,95,896 (excluding interest during construction). Green Ventures Limited has executed first supplementary facilities agreement with consortium of banks to finance the increase in project cost on dated Falgun 18,2077.

III Required Commercial Operation Date (RCOD)

As per PPA First amendment Required Commercial Operation Date (RCOD) of the project was 16th October,2020. Green Ventures Limited via letters dated Chaitra 07,2076 and Asadh 10,2077 to Nepal Electricity Authority informed about the force majeure condition occurred due to covid pandemic which will result in project being delayed beyond RCOD.

IV Initial Public Offering

Green Ventures Limited has applied to Securities Board of Nepal for Initial Public Offering of 62,50,000 shares of Rs. 100 each totalling Rs.62,50,00,000 on dated Falgun 28,2077. 31,25,000 shares of Rs.100 each will be issued to project affected people and remaining 31,25,000 shares of Rs.100 each will be issued to general public (including 62,500 no of shares of Rs.100 each for company employees and 1,56,250 no of shares of Rs. 100 each for mutual fund).

V Loss due to Flood

On dated Asadh 25,2077 there has been flood in the project site due to heavy rain. The flood has caused damage to various civil structures/project components, resulting in financial loss of Rs.5,54,91,806. The company has lodged insurance claim with The Oriental Insurance Company Ltd.

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