

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 2078 (corresponding July 15, 2021), 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 2078 (July 15 2021).

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 2078 (corresponding to July 15'2021), 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:

- 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
- 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.



Narayan Bajaj

- 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. 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.



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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 required to draw attention in our auditor's report to the related disclosure in the financial statements or if such disclosure are inadequate, to modify our opinion. Our 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.



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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.

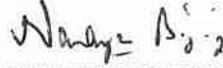
Report on requirement of Companies Act. 2063 and other regulatory matters

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: 06.01.2022

Place: Kathmandu, Nepal


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

UDIN Number: 220109CA00026aXrVf



GREEN VENTURES LIMITED

Statement of Financial Position

As at 31st Ashadh 2078 (15th July 2021)

Figures in NPR

	Note	As at 31st Ashadh 2078	As at 31st Ashadh 2077
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	444,572	382,133
Intangible assets		-	-
Capital Work in progress	4	9,412,214,843	6,099,403,870
Investment		58,618	26,412
Deferred tax assets	5	-	-
Total Non-Current Assets		9,412,718,033	6,099,812,414
Current assets			
Inventories	6	1,901,352	1,931,997
Trade and other receivables	7	962,375,160	1,065,907,445
Income tax receivables	8	4,484,021	4,366,644
Prepayments		11,722,036	4,979,388
Cash and cash equivalents	9	32,947,427	80,531,453
Total current assets		1,013,429,996	1,157,716,926
Total assets		10,426,148,028	7,257,529,341
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,500,000,000	2,057,862,000
Share Application Money		-	449,545,000
Revaluation Reserve		-	-
Retained earnings	11	(203,379,390)	(193,611,750)
Total Equity		2,296,620,610	2,313,795,250
Liabilities			
Non-Current Liabilities			
Loans and borrowings	12	6,003,970,483	3,972,669,650
Employee Benefits	13	-	-
Deferred Tax Liabilities	5	-	-
Total Non-Current Liabilities		6,003,970,483	3,972,669,650
Current Liabilities			
Loans and borrowings	12	1,634,743,647	663,963,882
Trade and other payables	14	490,813,287	307,100,558
Income Tax Liability	8	-	-
Employee Benefits	13	-	-
Total Current Liabilities		2,125,556,934	971,064,440
Total Liabilities		8,129,527,417	4,943,734,090
Total Equity and Liabilities		10,426,148,028	7,257,529,341


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 : 6.1.2022
Place: Kathmandu




GREEN VENTURES LIMITED

Income Statement

For the year ended 31st Ashadh 2078 (15th July 2021)

	Note	31st Ashadh 2078	Figures in NPR 31st Ashadh 2077
Revenue from operations	15	-	-
Generation Expenses	16	-	-
Gross Profit		-	-
Other Income	17	489,608,920	-
Administrative Expenses	18	(10,179,305)	(6,867,454)
Other Operating Expenses		-	-
Profit from Operations		479,429,615	(6,867,454)
Finance Costs	21	(403,503)	(592,082)
Finance Income	22	782,515	2,752,415
Loss due to Flood	27	(489,608,472)	(55,491,806)
Profit/(Loss) Before Tax		(9,799,845)	(60,198,928)
Income Tax Expense		-	-
Profit/(Loss) from continuing operations		(9,799,845)	(60,198,928)
Profit /(Loss) on Discontinued Operations (Net of tax)		-	-
Net Profit/(Loss) for the year		(9,799,845)	(60,198,928)
Earnings per equity share of Rs.100 each			
Basic Earnings per share		(0.42)	(3.06)
Diluted Earnings per share		(0.42)	(3.06)
The accompanying notes form an integral part of these financial statements.			


Accountant



Director


Chairman

Date : 6.1.2022
Place: Kathmandu



As per our report of even date


CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants



GREEN VENTURES LIMITED

Statement of Cash Flows For the year ended 31st Ashadh 2078 (15th July 2021)

Figures in NPR
31st Ashadh 2078 31st Ashadh 2077

CASH FLOWS FROM OPERATING ACTIVITIES

Net Profit for the year	(9,799,845)	(60,198,928)
Adjustments for:		
Tax expense	-	-
Depreciation on property, plant and equipment	137,023	100,117
Impairment of property, plant and equipment	-	-
Amortization of Intangible Assets	-	-
Depreciation of investment property	-	-
Gain on sale of Fixed Assets	-	-
Finance Income	(782,515)	(2,752,415)
Dividend income	(448)	-
Fair value gain – quoted shares	-	-
Finance cost	403,503	592,082
Working capital adjustments:		
Increase/ decrease in Trade & Other receivables	96,672,259	(130,409,714)
Increase/ decrease in Inventories	30,645	1,129,644
Increase / decrease in trade and other payables	183,712,729	287,062,906
Increase / decrease in provisions	-	-
Cash generated from operations	270,373,351	101,523,693
Finance Income	782,515	2,752,415
Finance cost	(403,503)	(592,082)
Income Tax Paid	-	-

NET CASH FLOWS FROM OPERATING ACTIVITIES [A]

CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES

Purchase of property, plant and equipment	(199,462)	(337,150)
Addition in Capital WIP	(3,312,810,973)	(3,382,904,688)
Purchase of intangible asset	-	-
Gain on sale of Fixed Assets	-	-
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from sale of quoted shares	-	-
Dividend Income	448	-
NET CASH FLOWS FROM INVESTING ACTIVITIES [B]	(3,313,009,987)	(3,383,241,838)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of ordinary shares	442,138,000	564,123,000
Share application money	(449,545,000)	38,397,000
Net (repayment of) increase in long term borrowings	2,031,300,833	2,579,405,007
Net (repayment of) increase in short term borrowings	970,779,765	99,943,729
Dividends paid	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES [C]	2,994,673,598	3,281,868,736




INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C] MOVEMENT IN CASH AND CASH EQUIVALENTS

Beginning of Year	80,531,453	78,220,529
(Decrease)/increase	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-

CASH AND CASH EQUIVALENTS, End of Period

32,947,427	80,531,453
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The accompanying notes form an integral part of these financial statements.


 Accountant
 
 Director
 
 Chairman

Date : 6.1.2022
Place: Kathmandu



As per our report of even date


 CA Narayan Bajaj
 Narayan Bajaj & Associates
 Chartered Accountants



GREEN VENTURES LIMITED

Statement of Comprehensive Income For the year ended 31st Ashadh 2078 (15th July 2021)

Figures in NPR

31st Ashadh 2078 31st Ashadh 2077

Net Profit for the year as per Profit and Loss Statement	(9,799,845)	(60,198,928)
Other comprehensive Income		
Exchange Gain/Loss arising on translation of foreign operations	-	-
Actuarial Gain/(Loss) on defined Employment benefit	-	-
Gain/Loss on Revaluation of Building	-	-
Gain/Loss on Revaluation of Shares	32,206	2,872
Gain/Loss on Revaluation of Land	-	-
Total Comprehensive gain/(loss) for the year, net of tax	(9,767,639)	(60,196,056)
Distributable Profit	(9,767,639)	(60,196,056)
Non Distributable Profit	-	-

Accountant

Director

Chairman

Date : 6.1.2022
Place: Kathmandu



As per our report of even date

CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants



GREEN VENTURES LIMITED

Statement of Changes in Equity For the year ended 31st Ashadh 2078 (15th July 2021)


Figures in NPR

Notes	Share Capital	Share Application	Share Premium	Foreign Exchange Reserve	Revaluation Reserve	Other Reserve	Retained Earnings	Total
Balance at 1st Shrawan 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 of shares	-	-	-	-	-	-	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
Share Capital	442,138,000	-	-	-	-	-	-	442,138,000
Share Application Money	-	(449,545,000)	-	-	-	-	-	(449,545,000)
PROFIT FOR THE YEAR	-	-	-	-	-	-	(9,799,845)	(9,799,845)
OTHER COMPREHENSIVE INCOME (LOSS):	-	-	-	-	-	-	-	-
Translation differences on consolidation	-	-	-	-	-	-	-	-
Actuarial loss on employee benefit obligations, net of tax	-	-	-	-	-	-	-	-
Gain/Loss on Revaluation of shares	-	-	-	-	-	-	32,206	32,206
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	-	(9,767,639)	(9,767,639)
TRANSACTIONS WITH EQUITY HOLDERS:	-	-	-	-	-	-	-	-
Dividend paid - Final for 2077-2078 upto Ashadh 2078	-	-	-	-	-	-	-	-
Balance at 31st Ashadh 2078	2,500,000,000	-	-	-	-	-	(203,379,390)	2,296,620,610


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

As per our report of even date


Accountant


Director


Chairman


CA Narayan Bajaj
Narayan Bajaj & Associates
Chartered Accountants

Date : 6.1.2022
Place: Kathmandu



GREEN VENTURES LIMITED

Financial Year 2077-78

Notes to the Financial Statements

I 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 6.1.2022.

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.

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. 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 ground

- The company will sell electricity to Nepal Electricity Authority at price independent of the price charged by NEA to general NEA, 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) will sell 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.

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 company has prepared these financial statements for the period Shrawan 2077 to Ashad 2078 End.

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 assesment 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.

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2.3 Property, Plant and Equipment

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. 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.

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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.

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 temporary basis.

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

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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.

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.

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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.

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".

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Notes to the Financial Statements

Figures in NPR

3	Property, plant and equipment	Freehold Land	Buildings	Office Equipment and Furnitures	Plant and Machinery	Vehicles	Total
	Cost						
	Balance as at 1st Shrawan 2076	-	-	195,000	-	-	195,000
	Additions	-	-	127,750	-	209,400	337,150
	Revaluation and adjustments	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	Balance as at 31st Ashadh 2077	-	-	322,750	-	209,400	532,150
	Additions	-	-	199,462	-	-	199,462
	Revaluation and adjustments	-	-	-	-	-	-
	Reclassified to Non current Assets held for sale	-	-	-	-	-	-
	Disposal	-	-	-	-	-	-
	Balance as at 31st Ashadh 2078	-	-	522,212	-	209,400	731,612
	Depreciation and Impairment losses						
	Balance as at 1st Shrawan,2076	-	-	49,900	-	-	49,900
	Charge for the year	-	-	58,238	-	41,880	100,117
	Impairment Losses	-	-	-	-	-	-
	Balance as at 31st Ashadh 2077	-	-	108,138	-	41,880	150,017
	Charge for the year	-	-	103,519	-	33,504	137,023
	Revaluation and adjustments	-	-	-	-	-	-
	Impairment Losses	-	-	-	-	-	-
	Disposals	-	-	-	-	-	-
	Balance as at 31st Ashadh 2078	-	-	211,656	-	75,384	287,040
	Net book value						
	As at 31st Ashadh 2077	-	-	214,613	-	167,520	382,133
	As at 31st Ashadh 2078	-	-	310,556	-	134,016	444,572

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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Notes to the Financial Statements

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Capital Work in Progress

Figures in NPR

Head	As at 31st Ashadh 2077	Additions from Shrawan 77- Ashadh 78	As at 31st Ashadh 2078
Army camp expenses	13,174,228	-	13,174,228
Bridge and Civil Works	24,149,139	-	24,149,139
Building	77,411,645	-	77,411,645
Civil Work 11 KVA	5,924,041	5,913,644	11,837,685
Civil Works, Exp and Explosive	3,417,935,778	1,566,937,067	4,984,872,845
Consultancy & Legal Fee	280,176,172	28,529,142	308,705,314
EIA Expenses	28,662,323	20,953,256	49,615,579
Electricity Expenses	469,512	765,720	1,235,232
EM Work	427,172,516	686,023,585	1,113,196,101
Forest Expenses	2,631,344	-	2,631,344
Furniture, Fixture and Office Equipment	8,713,724	510,645	9,224,369
Guest House Expenses	15,962,096	1,773,315	17,735,411
Insurance	18,489,984	16,401,292	34,891,276
Land Acquisition and Compensation	6,471,870	9,464,400	15,936,270
Land Purchase	39,985,353	8,326,526	48,311,879
Licence & Registration Expenses	16,152,417	3,000,000	19,152,417
Loan Interest	454,020,684	482,246,720	936,267,404
Loan processing and agency charges	22,179,364	8,819,882	30,999,246
Machinery and other assets purchase	6,155,860	-	6,155,860
Meeting Expenses	147,710	-	147,710
Other expenses	1,122,890	44,759	1,167,649
Other Finance Charges	1,049,253	-	1,049,253
Printing Stationary	1,440,085	227,019	1,667,104
Project Site expenses	39,407,948	18,520,069	57,928,017
Rent	5,535,370	3,234,059	8,769,429
Repair and Maintainance	7,429,219	2,987,306	10,416,525
Road Expenses	478,301,718	3,045,815	481,347,532
Salary Project Staff	309,475,036	103,210,112	412,685,148
Site Visit Expenses	8,216,032	2,707,213	10,923,245
Survey Expenses	123,782,487	-	123,782,487
Telephone and Communication Expenses	5,322,167	1,897,858	7,220,026
Transmission Line Supply and Service including GIS Bay	110,369,746	263,261,805	373,631,551
Transmission Line:	54,142,811	60,408,605	114,551,416
Travelling Expenses	20,190,197	3,141,038	23,331,234
Vehicle expenses	32,091,723	10,460,121	42,551,844
Vehicle Purchase	35,541,429	-	35,541,429
Total	6,099,403,870	3,312,810,973	9,412,214,843

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.

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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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Notes to the Financial Statements

		Figures in NPR	
6	Inventories:	As at	As at
		31st Ashadh 2078	31st Ashadh 2077
	Explosive	1,901,352	1,931,997
		<u>1,901,352</u>	<u>1,931,997</u>
7	Trade and other receivables:	As at	As at
		31st Ashadh 2078	31st Ashadh 2077
	Advance for Land	71,213,925	72,038,925
	Advance for office purpose	175,395	659,060
	Advance to Suppliers	399,857,867	967,878,424
	Insurance Claim Receivable	489,608,472	*
	Letter of Credit	40,201	12,723,533
	Margin Money	668,800	11,086,595
	Salary Advance	499,000	1,220,907
	Security Deposit	311,500	300,000
		<u>962,375,160</u>	<u>1,065,907,445</u>

- 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) Insurance Claim Receivable is amount receivable from insurance company for the insurance claim against loss to structure of desilting basin. The amount finally realised from insurance company may change once the insurance claim is settled by the insurance company.
g) Letter of Credit is advance provided to parties under letter of credit.
h) Margin Money is the amount of money hold by the bank.
i) Salary Advance is advance provided to company employees for the personal purpose.
j) Security Deposit is the deposit kept for purchasing fuel, internet service and amount for guest house.

8 Income Tax (Receivable)/Payable

	As at	As at
	31st Ashadh 2078	31st Ashadh 2077
Provision for Income Tax Payable	-	-
Less: Advance Income Tax	4,484,021	4,366,644
	<u>(4,484,021)</u>	<u>(4,366,644)</u>

9 Cash and Cash Equivalents:

	As at	As at
	31st Ashadh 2078	31st Ashadh 2077
Cash in hand	500,000	500,000
Cash at Bank		
Everest Bank Ltd	141,189	2,844,721
Global IME Bank Ltd.	1,992,823	1,425,056
Laxmi Bank Ltd	28,391,481	62,459,708
Nabil Bank Ltd.	640,178	300,000
Nepal Investment Bank Ltd.	277,827	7,749,959
NIC Asia Bank Ltd	15,192	62,260
Prabhu Bank Ltd.	63,521	73,108
Sanima Bank Ltd.	61,452	27,986
SBI Nepal Bank Ltd.	263,502	5,058,396
Sunrise Bank Ltd.	600,262	30,259
	<u>32,947,427</u>	<u>80,531,453</u>

GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

10 Share capital:

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
(a) Authorised Shares		
5,00,00,000 Ordinary shares of Rs. 100 each	5,000,000,000	5,000,000,000
(b) Ordinary shares issued	3,125,000,000	5,000,000,000
5,00,00,000 Ordinary shares of Rs. 100 each		
3,12,50,000 Ordinary shares of Rs. 100 each		
(c) Ordinary shares subscribed and fully paid	Ordinary share	Ordinary share capital
31st Ashadh 2077 Share paid up	20,578,620	2,057,862,000
31st Ashadh 2078 Share paid up	25,000,000	2,500,000,000

- 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 2077-78 paid up capital of Green Ventures Limited has increased from Rs. 2,057,862,000 to Rs. 2,500,000,000.

11 Reserves:

Retained earnings

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
As at 1st Shrawan	(193,611,750)	(133,415,695)
Profit for the year	(9,799,845)	(60,198,928)
Other comprehensive income	32,206	2,872
As at 31st Ashadh	(203,379,390)	(193,611,750)



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GREEN VENTURES LIMITED

Notes to the Financial Statements

Figures in NPR

12 Loans and borrowings:

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Total Loans and Borrowings		
Term Loan	6,003,970,483	3,972,669,650
Bridge Gap Loan	1,634,743,647	663,963,882
	7,638,714,130	4,636,633,532
	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Non-current loans and borrowings		
Term Loan-Everest Bank Limited	78,306,800	-
Term Loan-Global Bank Ltd.	992,563,125	671,815,308
Term Loan-Laxmi Bank Ltd.	991,051,986	667,831,728
Term Loan-Nabil Bank Ltd.	1,127,908,124	731,793,208
Term Loan-Nepal SBI Bank Ltd.	759,177,927	514,045,204
Term Loan-Prabhu Bank Ltd.	644,396,177	435,909,380
Term Loan-Sanima Bank Ltd.	645,477,881	436,995,438
Term Loan-Sunrise Bank Ltd.	765,088,463	514,279,384
	6,003,970,483	3,972,669,650
	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Current loans and borrowings		
Bridge Gap Loan-Everest Bank Ltd.	150,000,000	-
Bridge Gap Loan-Global Bank Ltd.	306,656,962	272,162,066
Bridge Gap Loan-Laxmi Bank Ltd.	541,139,745	252,359,080
Bridge Gap Loan-Nabil Bank Ltd.	567,256,230	139,442,735
Bridge Gap Loan-Sanima Bank Ltd.	22,072,120	-
Bridge Gap Loan-Sunrise Bank Ltd.	47,618,590	-
	1,634,743,647	663,963,882

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 Rashtira 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 48,22,46,720 has been accrued for F.Y 77-78 and included in above loan.

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13 Provisions for employee benefits

Total

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Provision for employee benefits		
Provision for Gratuity	-	-
Provision for Leave benefits	-	-
	-	-

Non-current

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Provision for employee benefits		
Provision for Gratuity	-	-
Provision for Leave benefits	-	-
	-	-

Total non-current

	-	-
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Current

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Provision for employee benefits		
Provision for Gratuity	-	-
Provision for Leave benefits	-	-
	-	-

Total current

	-	-
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14 Trade and other payables:

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Audit Fee Payable	278,750	278,750
Expenses Payables	18,904,392	2,880,070
Letter of Credit	450,706,914	272,696,283
Other Payable	-	9,636,000
Reverse Vat Payable	642,516	301,536
TDS Payable	7,360,388	719,004
Trade Payables	12,920,327	20,588,915
	490,813,287	307,100,558

a) Trade payables are non-interest bearing.

b) Detail of Letter of Credit is as follows

Particulars	As at 31st Ashadh 2078	As at 31st Ashadh 2077
005LCNI19110995	8,642,708	1,883,900
005LCNI19020122	21,756,249	-
005LCNI20050392	-	19,613,103
005LCNI20060408	-	87,908
005LCNI20080609	1,080,320	-
005LCNI20110872	1,248,000	-
005LCNI20120923	1,010,560	-
22518LU01960	416,969,077	251,111,372
Total	450,706,914	272,696,283

15 Revenue

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

16 Generation Expenses

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

17 Other operating income

	As at 31st Ashadh 2078	As at 31st Ashadh 2077
Dividend income	448	-
Insurance Claim Income (Note No 27)	489,608,472	-
	489,608,920	-

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Notes to the Financial Statements

Figures in NPR

18	Administrative and operating expenses	31st Ashadh 2078	31st Ashadh 2077
	Advertisement and Business Promotion	145,783	-
	Audit Fees	282,500	282,500
	Computer Expenses	80,795	22,035
	Consultancy and Legal Fees	169,500	5,650
	Depreciation	137,023	100,117
	Donation	-	151,500
	Fine and Penalty	415	163,215
	IPO Expenses	1,893,600	-
	Misc Expenses	1,035,300	1,104,901
	Office Expenses	1,142,551	781,043
	Office Staff Salary	4,001,678	3,296,641
	Printing Stationary	377,836	420,361
	Prior Period Expense	85,835	68,596
	Puja Expenses	45,050	42,751
	Registration and Renewal	30,000	285,143
	Telephone and Internet	712,466	97,553
	Travelling Expenses	12,350	24,906
	Vehicle Expenses	26,624	20,541
		10,179,305	6,867,454
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.		
19	Employee benefit expenses:	31st Ashadh 2078	31st Ashadh 2077
	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	4,001,678	3,296,641
	Provident fund	-	-
	Gratuity	-	-
	Earned Leave	-	-
	Total Employee Benefit Expenses	4,001,678	3,296,641
20	Depreciation, amortisation, foreign exchange differences included in the statement of profit or loss :	31st Ashadh 2078	31st Ashadh 2077
	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	137,023	100,117
	Amortisation and impairment of intangible assets	-	-
	Impairment of property, plant and equipment	-	-
	Net foreign exchange differences	-	-
		137,023	100,117
21	Finance cost	31st Ashadh 2078	31st Ashadh 2077
	Interest on debts and borrowings	-	-
	Bank Charges/ Commission	403,503	592,082
		403,503	592,082
22	Finance income	31st Ashadh 2078	31st Ashadh 2077
	Interest income	782,515	2,752,415
		782,515	2,752,415

Financial Year 2077-78
Notes to the Financial Statements

23 Related Party Disclosures

I Following are the related parties:

S.No	Particular	Nature
1	South Asian Infrastructure Pvt.Ltd.	Common Shareholder
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 Pvt. Ltd.	Common Shareholder and Director

II Following transactions were carried out with the related parties in normal course of business of the Company in the financial year 2077-78

S.No	Particular	Amount
1	Purchase of service from South Asian Infrastructure Pvt.Ltd.	757,292,611
2	Purchase of Goods from Mainawati Steel Industries Pvt.Ltd.	3,568,886
3	Purchase of Goods from Triveni Byapar Co. Pvt.Ltd.	313,459
4	Rent and Electricity from Triveni Properties Pvt.Ltd.	3,146,361

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.	25,829,017	Receivable
2	Heritage Realty Pvt.Ltd.	12,835,741	Receivable
3	Himalayan Land Developers Pvt.Ltd.	9,032,000	Receivable
4	Hitech Land Realty Pvt.Ltd.	7,200,866	Receivable
5	Life Style Realty Pvt.Ltd.	12,025,531	Receivable
6	Popular Realty Pvt.Ltd.	2,684,210	Receivable
7	Shatabdi Realty Pvt.Ltd.	9,175,098	Receivable
8	Reliance Developers Pvt.Ltd.	17,191,480	Receivable
9	Mainawati Steel Industries Pvt.Ltd.	81,360	Payable
10	Triveni Byapar Co. Pvt.Ltd.	10,254	Payable
11	Triveni Properties Pvt.Ltd.	14,513	Payable


**GREEN
VENTURES
LIMITED**



24 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

- Remuneration to Key Management Personnel of the Company amounts to NPR 2,34,61,619 and NPR 2,64,07,006 during fiscal year 2076-77 and 2077-78 respectively.
- No allowance has been paid to directors.

25 Contingent Liabilities and commitments

I Bank Guarantee

- Company has given Performance Bank Guarantee of Rs 3,00,000/- for the purpose of Exim Code to Department of Custom valid till 16-July-2022.
- Company has given Performance Bank Guarantee of Rs 3,14,40,000 for the purpose of PPA to Nepal Electricity Authority valid till 14-January-2022
- Company has given Performance Bank Guarantee of Rs 20,00,000 for the purpose of bringing tools for GIS Bay on returnable basis to Birgunj Customs Office valid till 31-August-2021.

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.

26 Subsequent Events

- There is no subsequent event after the reporting period



27 Others

I Personal Guarantee

- a Mr. Subhash Chandra Sanghai has given personal guarantee of Rs. 553,88,64,000.
 - b Mr. Anuj Agrawal has given personal guarantee of Rs. 369,25,76,000.
- 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 Second amendment dated Kartik 22, 2078, Required Commercial Operation Date (RCOD) of the project is 30th September, 2021.

IV Commercial Operation Date (COD)

As per NEA Letter dated Mangsir 13, 2078, Commercial Operation Date (COD) of the project is Kartik 21, 2078, 12 pm.

V 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 93,750 no of shares of Rs. 100 each for company employees and 1,56,250 no of shares of Rs. 100 each for mutual fund).

VI a Loss due to Flood

On dated Asadh 25, 2077 there had been flood in the project site due to heavy rain. The flood had caused demolition 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.

VI b Loss to a structure of desilting basin due to flood

On Jestha 6, 2078 a structure of desilting basin was demolished due to natural calamities. Total Financial loss of Rs. 48,96,08,472 has occurred and the company has lodged insurance claim with The Oriental Insurance Company Ltd. The company has also booked unrealised insurance claim income of Rs. 48,96,08,472. This income may subject to change once the insurance claim is finally settled by The Oriental Insurance Company Ltd.

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