

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
HESTER BIOSCENCES NEPAL PVT LTD.**

1. We have audited the accompanying financial statements of **HESTER BIOSCENCES NEPAL PVT LTD.**, which comprise the Balance Sheet as at March 31, 2018, Profit and Loss Account, and Cash Flow Statement for the year then ended, and a Summary of significant Accounting Policies and other explanatory notes.

**Management's Responsibility for the financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Ind-AS. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**


3. Our responsibility is to express an opinion on these financial statements based on our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to Company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

4. On the basis of our examination, we would like to report that:
- We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
  - The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
  - The Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules dealt with by this report are prepared as per Generally Accepted Accounting Practices in India and are in agreement with the books of account maintained by the Company.
  - During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company, and
  - We have not come across any fraudulence in the accounts.
5. In our opinion, the accompanying financial statements give a true and fair view, in all material respects the financial position of the company as at March 31, 2018 and of the results of its financial performance and its cash flows for the year then ended in accordance with Indian Accounting Standards applicable in India.

For: U.R Paudel & Associates  
Chartered Accountants

  
Umesh Raj Paudel, FCA

Place: Kathmandu  
Date: May 10, 2018



**Hester Biosciences Nepal Pvt Ltd**  
Balance Sheet as at 31st March, 2018

(Figures in Rupees)

	Note No	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b><u>I. ASSETS</u></b>				
<b>(1) Non-Current Assets</b>				
<i>(a) Fixed Assets</i>				
(i) Tangible Assets		622,737,662	672,549,677	49,059,365
(ii) Intangible Assets				
(iii) Capital Work-In-Progress				416,103,255
(b) Non-Current Investments				
(c) Long Term Loans and Advances				
		622,737,662	672,549,677	465,162,621
<b>(2) Current Assets</b>				
(a) Inventories	2	15,579,577	5,550,210	
(b) Trade Receivables				
(c) Cash and Cash Equivalents	3	354,153	101,130	386,519
(d) Short-Term Loans and Advances	4	101,607,963	101,760,762	111,944,720
		117,541,692	107,412,102	112,331,239
<b>Total</b>		<b>740,279,354</b>	<b>779,961,779</b>	<b>577,493,859</b>
<b><u>II. EQUITY AND LIABILITIES</u></b>				
<b>(I) Shareholders' Funds</b>				
(a) Share Capital	5	191,184,586	191,184,586	179,423,900
(b) Reserves and Surplus	6	(153,709,692)	(35,911,665)	(668,754)
(c) Capital Reserve	7	61,617,665	55,186,433	55,186,433
		99,092,559	210,459,354	233,941,579
<b>(2) Non-Current Liabilities</b>				
(a) Long-Term Borrowings	8	352,551,793	417,983,723	323,828,688
(b) Deferred Tax Liabilities (Net)				
(c) Other Long-Term Liabilities				
		352,551,793	417,983,723	323,828,688
<b>(3) Current Liabilities</b>				
(a) Short-Term Borrowings	9	63,757,238	13,301,602	410,277
(b) Trade Payables				
(c) Other Current Liabilities	10	224,877,764	138,217,101	19,313,315
(d) Short-Term Provisions				
		288,635,002	151,518,703	19,723,592
<b>Total</b>		<b>740,279,354</b>	<b>779,961,779</b>	<b>577,493,859</b>

Significant Accounting Policies Accompanying notes form part of financial statements	16	
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As per our report of even date attached.

For UR Paudel & Associates  
Chartered Accountants

For & on behalf of the Board of Directors

(Umesh Raj Paudel)  
Proprietor

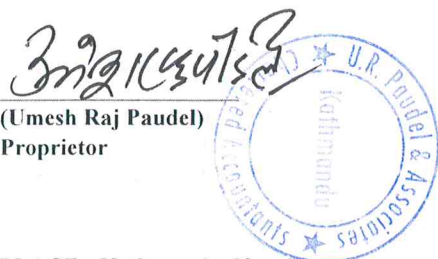
Director

Director

Accounts Manager

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018



**Hester Bioscience Nepal Pvt Ltd**  
Statement of Profit and Loss for the year ended 31st March, 2018

(Figures in Rupees)

Particulars	Note No	For the year ended 31st March, 2018	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I. Revenue from Operations		7,123,892	21,000,000	
II. Other Income	11	16,551,896	22,527	342,700
<b>III. Total Revenue (I + II)</b>		<b>23,675,788</b>	<b>21,022,527</b>	<b>342,700</b>
<b>IV. Expenses:</b>				
Cost of Materials Consumed	12	4,655,503	782,060	
Purchase of Stock-In-Trade				
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	12	(6,780,716)	-	
Employee Benefit Expense				
Finance Cost	13	33,031,194	9,634,412	696,772
Depreciation and Amortization Expense	14	65,820,218	24,247,154	314,682.12
Other Expenses	15	44,747,616	21,132,148	
<b>V. Total Expenses</b>		<b>141,473,815</b>	<b>55,795,774</b>	<b>1,011,454</b>
VI. Profit Before Exceptional items and Tax ( III- V)		(117,798,027)	(34,773,247)	(668,754)
VII. Exceptional Items			469,664	-
VIII. Profit Before Tax		(117,798,027)	(35,242,911)	(668,754)
IX. Tax Expense:				
(1) Current Tax				
(2) Minimum Alternate Tax				
(3) Deferred Tax				
X. Profit For The Year (VIII-IX)		(117,798,027)	(35,242,911)	(668,754)
<b>Other comprehensive income</b>				
A. Income reclassified to profit or loss in subsequent periods:				
Net change in fair value of forward contracts designated as cash flow hedges				
Income tax effect				
B. Income not to be reclassified to profit or loss in subsequent periods:				
Acturial (loss) / Gain relating to Gratuity				
Income tax effect				
Net change in fair value of financial instruments through Other Comprehensive Income				

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Income not to be reclassified to profit or loss in subsequent periods (B)				
<b>Total other comprehensive income for the year, net of tax [A+B]</b>				
<b>Total comprehensive income for the year, net of tax</b>		<b>(117,798,027)</b>	<b>(35,242,911)</b>	<b>(668,754)</b>
Earnings Per Equity Share: [Nominal value of Share ' 10 ] Basic and Diluted (in `)				
XI.Earning per Equity Share: (1) Basic & Diluted				
Significant Accounting Policies Accompanying notes form part of financial statements	16			

For & on behalf of the Board of Directors

  
Director

  
Accounts Manager



  
Director

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

In terms of our report of even date  
For U.R Paudel & Associates  
Chartered Accountants

  
(Umesh Raj Paudel)  
Proprietor  
PLACE : Kathmandu, Nepal  
DATE : 30 April 2018  


## Hester Biosciences Nepal Pvt. Ltd.

### Cash Flow Statement for the period ended 31st March 2018

Particulars	<u>Year ended</u> <u>31.03.2018</u>	<u>Year ended</u> <u>31.03.2017</u>	<u>Year ended</u> <u>31.03.2016</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/(net loss) before tax	(117,798,027)	(22,613,186)	(668,754)
Adjustments for:			
Prior Period Expenses		469,664	-
Depreciation	65,820,218	24,247,154	314,682
Interest	33,031,194	9,634,412	261,996
<b>CASH FLOW BEFORE WORKING CAPITAL CHANGES</b>	<b>(18,946,615)</b>	<b>10,798,717</b>	<b>(92,076)</b>
2. (Increase)/Decrease in Current Assets	(9,876,567)	(7,526,314)	(13,993,086)
3. Increase/(Decrease) in Other Current Liabilities	137,116,299	131,795,111	17,616,964
<b>CASH GENERATED BY OPERATIONS</b>	<b>108,293,117</b>	<b>135,067,515</b>	<b>3,531,803</b>
Less: Income Tax Paid			
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>108,293,117</b>	<b>135,067,515</b>	<b>3,531,803</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(16,008,203)	(231,634,211)	(50,300)
Increase in Capital Work in Progress		-	(121,679,265)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,008,203)</b>	<b>(231,634,211)</b>	<b>(121,729,565)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Grant received from the Government of Netherlands		-	
Increase in share capital		11,760,686	22,500,000
Proceeds from Grant	6,431,232		
Proceeds from term loan	(65,431,930)	94,155,034	60,973,627
Payment of interest	(33,031,194)	(9,634,412)	(261,996)
<b>CASH AVAILABLE FROM FINANCING ACTIVITIES</b>	<b>(92,031,892)</b>	<b>96,281,308</b>	<b>83,211,630</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>253,023</b>	<b>(285,389)</b>	<b>(34,986,133)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING</b>	<b>101,130</b>	<b>386,519</b>	<b>35,372,651</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END</b>	<b>354,153</b>	<b>101,130</b>	<b>386,519</b>


In terms of our report of even date

For & on behalf of the Board of Directors

For U.R Paudel & Associates  
Chartered Accountants

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
(Umesh Raj Paudel)  
Proprietor

  
\_\_\_\_\_  
Accounts Manager



PLACE : Kathmandu, Nepal  
DATE : 30 April 2018



PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

## Hester Biosciences Nepal Pvt. Ltd.

### Statement of Changes in Equity for the period ended 31st March 2018

Particulars	Share Capital	Share Premium	Accumulated Profit	Total (Rs.)
Balance as at 31.03.2017	191,184,586		(35,911,665)	155,272,921
Prior-year adjustments				-
Restated balance	191,184,586		(35,911,665)	155,272,921
Issue of share capital				-
Advance For Share Capital				-
Net loss from 1st April 2017 to 31st March 2018	-		(117,798,027)	(117,798,027)
Balance as at 31.03.2018	191,184,586	-	(153,709,692)	37,474,894

In terms of our report of even date

For & on behalf of the Board of Directors

For U.R Paudel & Associates  
Chartered Accountants



Director



Director



Accounts Manager



(Umesh Raj Paudel)  
Proprietor



PLACE : Kathmandu, Nepal

DATE : 30 April 2018

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

NOTE 1

Property Plant & Equipment	Freehold land	Leasehold land	Buildings	Buildings leased	Plant & Equipment	Plant & Equipment leased	Furniture & Fixtures	Vehicles	Office Equipment	Total
At Cost or Deemed cost										
As at 01/04/2016	47,750,337.00									
Additions	617,975.22		313,943,144.80		324,734,124.58		1,195,530.76	2,051,061.87		50,996,929.63
Disposals					(232,217.50)		3,383,376.91	5,291,061.95		647,969,683.46
As at 31/03/2017	48,368,312.22	-	313,943,144.80	-	324,501,907.08	-	4,578,907.67	7,342,123.82	-	(232,217.50)
Additions			1,910,408.83		13,871,184.04		226,609.86			698,734,395.59
Disposals										16,008,202.73
As at 31/03/2018	48,368,312.22		315,853,553.63		338,373,091.12		4,805,517.53	7,342,123.82		714,742,598.32
Accumulated Depreciation & Impairment										
As at 01/04/2016										
Depreciation expense			5,848,803.79		18,136,544.94		643,777.84	1,293,786.32		1,937,564.16
Impairment loss recognised										
Eliminated on disposals										
As at 31/03/2017	0	0	5848803.794		18136544.94		754128.4256	1445241.428		26,184,718.59
Depreciation expense			15,500,237.49		48035481.93		810,277.82	1,474,220.60		65,820,217.84
Impairment loss recognised										
Eliminated on disposals										
As at 31/03/2018			21,349,041.29		66,172,026.87		1,564,406.25	2,919,462.03		92,004,936.43
Carrying Amount										
As at 01/04/2016	47,750,337.00		-		-		551,752.92	757,275.55		49,059,365.47
As at 31/03/2017	48,368,312.22		308,094,341.01		306,365,362.13		3,824,779.24	5,896,882.39		672,549,677.00
As at 31/03/2018	48,368,312.22		294,504,512.34	-	272,201,064.25	-	3,241,111.28	4,422,661.79		622,737,661.89

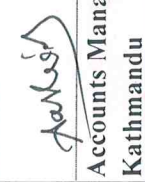
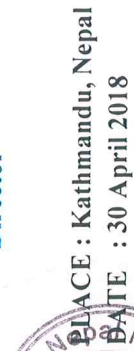
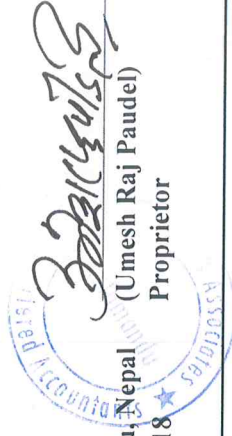
For &amp; on behalf of the Board of Directors



Director



Director

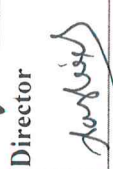

Accounts Manager  
Kathmandu

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018In terms of our report of even date  
For U.R Paudel & Associates  
Chartered Accountants

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018  
Proprietor


Intangible Assets		Computer Software	Product related intangibles						Total
Other than Internally Generated									
At cost or Deemed Cost									
As at 01/04/2016									
Additions									
Disposals									
As at 31/03/2017									
Additions									
Disposals									
As at 31/03/2018									
Accumulated amortisation & Impairment									
As at 01/04/2016									
Amortisation expense									
Impairment loss recognised									
Eliminated on disposals									
As at 31/03/2017									
Amortisation expense									
Impairment loss recognised									
Eliminated on disposals									
As at 31/03/2018									
Carrying Amount									
As at 01/04/2016									
As at 31/03/2017									
As at 31/03/2018									

For & on behalf of the Board of Directors

  
Director

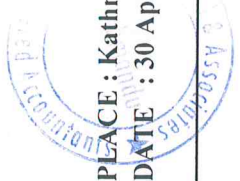


  
Accounts Manager

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

In terms of our report of even date  
For U.R Paudel & Associates  
Chartered Accountants

  
(Umesh Raj Paudel)  
Proprietor



PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

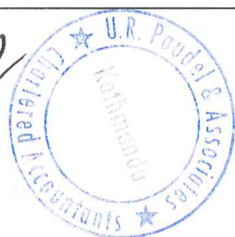


## Hester Biosciences Nepal Private Limited

Notes forming part of the financial statements as on 31st March 2018

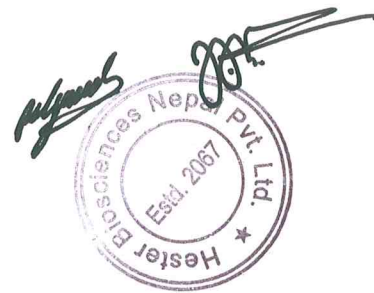
Note 2	INVENTORY	31.03.2018	31.03.2017	31.03.2016
	Inventory Valued at Cost or Market Price which ever is lower	Rs.	Rs.	Rs.
	Inventory of finished goods and WIP	6,780,715.56	-	
	Inventory of Raw Material	2,540,317.14	2,054,328.01	
	Inventory of Packing material and Consumables	6,258,543.86	3,495,881.85	
	<b>Total Inventory</b>	<b>15,579,576.56</b>	<b>5,550,209.86</b>	
Note 3	<b>CASH AND BANK BALANCE</b>	31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	Everest Bank Ltd.	15,560.11	15,560.11	67,510.48
	Century Commercial Bank Ltd.	17,150.70	17,150.70	17,150.70
	Nepal Investment Bank Ltd.	25,566.32	27,423.62	95,242.14
	Cash In hand	295,875.56	40,995.54	206,615.28
	<b>Total</b>	<b>354,152.69</b>	<b>101,129.97</b>	<b>386,518.60</b>
Note 4	<b>CURRENT ASSET</b>	31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	Purchase Vat	52,381,865.92	49,679,591.65	35,191,567.25
	Advance for Expenses	256,988.52	302,550.00	277,000.00
	LC Margin	4,038,110.20	-	27,360,693.06
	Other Advances	9,450,357.02	3,138,374.07	6,571,274.85
	Preoperative Expenses	35,480,640.97	48,640,246.63	42,544,184.89
	<b>Total</b>	<b>101,607,962.63</b>	<b>101,760,762.35</b>	<b>111,944,720.05</b>
	Amount included in Purchase VAT is to be capitalized for VAT amount incurred for capital items and charged to profit and loss account for amount of vat incurred on expenses. The final decision of which is subject to the decision of Inland Revenue Department.			
Note 5	<b>SHARE CAPITAL</b>	31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	<b>The capital composition of the company is as under</b>			
	<b>Authorised Capital</b>			
	40,00,000 Shares @ Rs 100 each	400,000,000.00	400,000,000.00	400,000,000.00
	<b>Issued Capital</b>			
	25,00,000 Shares @ Rs 100 each	250,000,000.00	250,000,000.00	128,000,000.00
	<b>Paid up capital Capital</b>			
	1911845 shares of Rs 100 each	191,184,586.00	191,184,586.00	128,000,000.00
	Advance For Share Capital			51,423,900.40
	<b>Total</b>	<b>191,184,586.00</b>	<b>191,184,586.00</b>	<b>179,423,900.40</b>

[Handwritten Signature]



Note 6	<b>RESERVE AND SURPLUS</b>			
		31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	Upto previous Year	(35,911,665.01)	(668,754.11)	-
	Reserve	(117,798,026.64)	(35,242,910.90)	(668,754.11)
	<b>Total</b>	<b>(153,709,691.64)</b>	<b>(35,911,665.01)</b>	<b>(668,754.11)</b>
Note 7	<b>DEFERRED INCOME</b>			
	Government grant received From Netherland Government related to assets is presented in the balance sheet by setting up the grant as deferred income.			
		31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	Deffered Income	61,617,664.74	55,186,432.81	55,186,432.81
	<b>Total</b>	<b>61,617,664.74</b>	<b>55,186,432.81</b>	<b>55,186,432.81</b>
Note 8	a) The Term Loan from Nepal Investment Bank as Lead Bank along with Century Commercial Bank Ltd secured against entire fixed asset, plant and machinery of the company by the way of hypothecation.			
	b) Vehicle Loan from Nepal Investment Bank Ltd secured by the way of hypothecation of Vehicle Interest Rate being 10.00% p.a.			
		31.03.2018	31.03.2017	31.03.2016
		Rs.	Rs.	Rs.
	<b>NON CURRENT LIABILITIES :</b>			
	<u>Term Loans</u>			
	Vehicle Loan	2,337,550.88	4,639,024.48	494,330.60
	Term Loan	350,214,242.13	413,344,698.07	323,334,357.87
	<b>Total</b>	<b>352,551,793.01</b>	<b>417,983,722.55</b>	<b>323,828,688.47</b>
Note 9	<b>CURRENT LIABILITIES :</b>			
	Installment amount Including Principal and Interest payable within 12 months included in the current liability)			
	<u>Short Term Loans</u>			
	Nepal Investment Bank A/c (OD Account)	15,329,558.41	12,891,325.20	-
	Loan (Instalments due within 12 months)	48,427,679.12	410,277.12	410,277.12
<b>Total</b>	<b>63,757,237.53</b>	<b>13,301,602.32</b>	<b>410,277.12</b>	

*Handwritten signature*



<b>Note 10</b>					
		31.03.2018	31.03.2017	31.03.2016	
		Rs.	Rs.	Rs.	
	<b>Other Payables</b>				
	Expenses payable	113,906.08	3,064,927.29	697,591.95	
	TDS Payable	643,900.12	1,144,414.12	407,626.66	
	Other Payables	224,119,957.95	132,655,290.65	18,208,095.95	
	Letter of Credit	-	1,352,468.45	-	
	<b>Total</b>	<b>224,877,764.15</b>	<b>138,217,100.51</b>	<b>19,313,314.56</b>	
Other Payables include advance given by HBL india (65% Holding Company) .					
<b>Note 11</b>					
	<b>Other Income</b>				
	Income from Marketing and other activities	10,308,696.75	-		
	Grant Recognized as income	6,243,199.51	-		
	<b>Total</b>	<b>16,551,896.26</b>	<b>-</b>		
<b>Note 12</b>					
	Cost of Goods Sold Comprises of the following:-				
		31.03.2018	31.03.2017	31.03.2016	
		Rs.	Rs.	Rs.	
	<b>Cost of Material Consumed</b>				
	Openi Stock raw material	2,054,328.01	-	-	
	Add: Purchase Raw Materials	5,141,491.86	2,836,387.62	-	
	Less: Closing Stock raw material	2,540,317.14	2,054,328.01	-	
	<b>Total Cost of Material Consumed</b>	<b>4,655,502.73</b>	<b>782,059.61</b>	<b>-</b>	
	<b>Change in Inventory and WIP</b>				
Opening Stock of finished goods and wip	-	-	-		
Less: Closing Stock of finished goods and wip	6,780,715.56	-	-		
<b>Change in Inventory and WIP</b>	<b>(6,780,715.56)</b>	<b>-</b>	<b>-</b>		
<b>Note 13</b>					
	The financial Expenses Comprises of the following:-				
		31.03.2018	31.03.2017	31.03.2016	
		Rs.	Rs.	Rs.	
	<b>Financial Expenses</b>				
	Bank Charges	25,770.71	733,766.65	434,775.52	
	Interest Expenses	33,005,423.30	8,900,645.48	261,996.47	
	<b>Total Financial Expenses</b>	<b>33,031,194.01</b>	<b>9,634,412.13</b>	<b>696,771.99</b>	
	Interest include advance given by HBL india (65% Holding Company) of Rs 57407314 and interest payable on the amount at the rate of 10.5% .				
	<b>Note 14</b>				
		31.03.2018	31.03.2017	31.03.2016	
		Rs.	Rs.	Rs.	
<b>Depreciation &amp; Amortization</b>					
Depreciation		65,820,217.84	24,247,154.43	314,682.12	
<b>Total</b>	<b>65,820,217.84</b>	<b>24,247,154.43</b>	<b>314,682.12</b>		

3/2/2018



Note 15	Other Expense		
	31.03.2018	31.03.2017	31.03.2016
	Rs.	Rs.	Rs.
<b>Administrative Expenses</b>			
Audit Expenses		500.00	-
Audit Fee	226,000.00	318,584.00	-
Books & Periodicals	450.00	1,750.00	-
Certification Fee(COO)	50,712.00	46,665.00	-
Company Registration Expenses		11,000.00	-
Electrical Appliances		24,026.73	-
Factory Rent	19,439.00		
Fines and Penalties	10,500.00	96,374.50	-
Foreign Exchange Loss	74,483.35		
Guest & Entertainment Exp.	196,425.71	158,102.00	-
Guest House Running Expense	625,669.17	260,576.43	-
Guest House Rent	245,000.00		
Hotel Accomodation and Lodging Fooding Exp.	202,565.00	17,899.21	-
Insurance Expenses	3,192,342.62	1,290,581.03	-
Local Conveyance	23,510.00	12,303.00	-
Management Fee	412,431.68	75,000.00	-
Office Expenses	226,846.98	118,488.71	-
Parking Charge	21,535.00	1,500.00	-
Postage,Courier and Parcel	29,900.29	300.00	-
Printing and Stationery	146,517.50	28,456.00	-
Professional and Legal Fee	560,150.00	165,000.00	-
Promotional Expenses		25,000.00	-
Rent(Office)	84,000.00	56,000.00	-
Repaier and Maintenance	447,865.00		
Rates And Taxes	234,210.00		
Salary	9230265.57		
Staff Welfare	3,202.40	16,782.00	-
Telephone, Email & Internet	179,651.41	91,631.94	-
Travelling Expense	387,390.44		
Transporattion and loading unloading	371,474.00		
Upkeep Expenses	350.00	2,250.00	-
Vehicle Running Expenses	157,895.00	58,220.00	-
Wages and Labour	1,329,738.51		
Water & Electricity	20,120.00	11,560.00	-
Preoperative Expenses written off	12,160,061.66	12,160,061.66	
<b>Total Administrative Expenses</b>	<b>30,870,702.29</b>	<b>15,048,612.21</b>	
<b>Selling and Distribution Expenses</b>			
Advertising Expenses	87,780.00	5,500.00	
Travelling Expense Marketing	831,142.00		
<b>Total Selling and Distribution Expenses</b>	<b>918,922.00</b>	<b>5,500.00</b>	
<b>Manufacturing Expenses</b>			
Diesel Expenses	2,156,078.13	3,026,264.69	
Electricity Expense at Site	6,126,517.60	1,552,493.63	
Freight and Insurance	779,203.00		
Fuel Expense	120,055.18		
Goat Purchase Expenses	361,179.00		
QC Expense	258,517.00		
Sample Expenses (Export)	67,000.00		
Security Charges	989,808.00	326,400.00	
Factory running Expenses	714,380.30	724,321.58	
<b>Total Manufacturing Expenses</b>	<b>11,572,738.21</b>	<b>5,629,479.90</b>	

31/03/2018



<b>Packing Materials &amp; Consumables</b>			
Opening Stock of Packing Materials Spares and Consumables	3,495,881.85	-	
Purchase during the year	4,147,915.29	3,944,437.83	
Closing Stock	6,258,543.86	3,495,881.85	
<b>Packing Materials &amp; Consumables consumed during the year</b>	<b>1,385,253.28</b>	<b>448,555.98</b>	
<b>Total of Other Expense</b>	<b>44,747,615.78</b>	<b>21,132,148.09</b>	

Notes 1 to 15 are the integral part of the financial Statements.

*Handwritten signature in Nepali script*



**Hester Biosciences Nepal Private Limited Ganabahal,  
Kathmandu, Nepal**

**NOTE -16**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Period ended 31st March 2018**

**A) Corporate Information**

Hester Biosciences Nepal Pvt. Ltd. is a private limited company incorporated under the Companies Act, 2063 (2006) and domiciled in NEPAL. The company is engaged in manufacturing of poultry vaccines, large animal vaccines and trading of poultry health products and large animal health products having its manufacturing set up at Ward No. 6 Ugarachandi VDC, Kavre, Nepal.

**B) Significant Accounting Policies**

**1) BASIS OF PREPARATION**

The financial statements are prepared in accordance with Ind As.

**2) USE OF ESTIMATES**

The preparation of financial statements in conformity with the standards requires the management to make estimates and assumption that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and the estimates are recognized in the periods in which the results are known/ materialized.

**3) REVENUE RECOGNITION**

- a) Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and can be reliably measured.
- b) Revenue from sale of products is recognized on dispatch or appropriation of goods in accordance with the terms of sale and rewards of ownership have passed to the buyer and Revenue from services are recognized as the related services are performed.

**4) FIXED ASSETS**

- a) Tangible Assets are stated at cost net of recoverable taxes / duties and rebates less accumulated depreciation and impairment loss, if any. Borrowing costs directly attributable to the construction or production of qualifying assets during the period of construction / acquisition are capitalized as part of the cost. Subsequent expenditures related to an item of tangible assets are added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance. Exchange differences arising out of fluctuation in exchange rate on settlement / period end in foreign currency monetary liabilities in respect of acquisition of fixed assets are adjusted to the cost of the fixed assets.
- b) Cost of fixed assets not ready for their intended use before the balance sheet date is disclosed as capital work-in-progress and is carried at cost, comprising direct cost, related incidental expenses and directly attributable interest. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.
- c) Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, using the diminishing balance method by applying the rates mentioned below:

<u>Class of assets</u>	<u>Rate of depreciation</u>
Buildings, structures and other similar works of permanent nature	5%
Computers, data handling equipments,	
Furniture, fixtures and office equipments	25%
Automobiles, buses & minibuses	20%
Construction & Earth-moving equipments and other plant and machinery	15%



d) The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such, indication exist, the carrying value of such asset is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, then such loss is reversed and the asset is restated to that effect.

5) **BORROWING COSTS**

Borrowing cost that are attributable to the acquisition or construction of fixed assets / qualifying assets for expansion / new project are capitalised to respective fixed assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to revenue in the year in which they are incurred.

6) **INVENTORIES**

Inventories include raw materials, bought out components, work-in-progress and manufactured finished goods.

"Finished Products:

Finished products produced by the Company are valued at lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and duties charged on finished goods."

"Work in Progress:

Work in progress is valued at cost of direct materials, labour and other manufacturing overheads up to stage of process."

"Raw materials and stores and spares:

Raw materials and stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost is determined using First in First out (FIFO) method."

7) **GRANTS**

a) Government grants related to assets is presented in the balance sheet by setting up the grant as deferred income.

b) The grant set up as deferred income shall be treated as income on a systematic and rational basis over the useful life of the asset. Accordingly the grant income received has been charged to Profit and Loss account in the proportion of Depreciation Charged in relation to the original cost of asset which is 9.2%. Accordingly 9.2% of the grant received has been charged to Profit and Loss Account starting from current year.

8 The company has policy to write off Preoperative Expenses shown under current asset. The amount written off in the current year is Rs 12,160,061.

9 The other outstanding balances are subject to confirmation from the respective parties.

10 Previous Year figures has been reworked and regrouped when necessary.

For & on behalf of the Board of Directors



Director



Director



Accounts Manager

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018



For U.R Paudel & Associates  
Chartered Accountants

  
(Umesh Raj Paudel)  
Proprietor

PLACE : Kathmandu, Nepal  
DATE : 30 April 2018

