

**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, 2022, Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity 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 judgement, 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:
 - a. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
 - b. 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.
 - c. The Balance Sheet, Statement of Profit and Loss, 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.
 - d. 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
 - e. 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, 2022 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.

Hester Bioscience Nepal Pvt Ltd
Balance Sheet as at 31st March 2022

(Figures in NPR)

Particulars	Note No	As at 31st March 2022	As at 31st March 2021
I. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Property, plant and equipments	1	488,763,264	529,207,867
(ii) Intangible Assets		-	-
(iii) Capital Work-In-Progress		-	-
(iv) Biological Assets other than bearer plants		-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Loans		-	-
(iii) Other Financial Assets		-	-
(c) Other Non Current Assets			
		-	-
		488,763,264	529,207,867
(2) Current Assets			
(a) Inventories			
	2	34,040,216	66,226,172
(b) Financial Assets			
(i) Cash and Cash Equivalents	3	58,330,352	42,287,807
(ii) Trade Receivables	4	43,661,133	6,640,841
(iii) Others		-	-
(c) Other Current Assets			
(i) Short-Term Loans and Advances	5	10,123,789	12,993,059
		146,155,491	128,147,880
		634,918,755	657,355,747
Total			
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital			
	6	268,214,000	250,000,000
(b) Other Equity (Reserves and Surplus)			
	7	(118,148,460)	(154,719,730)
		150,065,540	95,280,270
Liabilities			
(2) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Long-Term Borrowings	8	5,213,461	106,578,433
(ii) Other Long Term Financial Liabilities		-	-
(b) Deferred Tax Liabilities (Net)			
		-	-
(c) Other Non Current Liabilities			
(i) Deffered Capital Grant	9	54,748,717	59,736,345
		59,962,178	166,314,778
(3) Current Liabilities			
(a) Financial Liabilities			
(i) Short-Term Borrowings	10	149,798,244	135,169,824
(ii) Other Financial Liabilities	11	4,337,655	4,383,390
(iii) Trade Payables	12	89,989,887	82,264,685
(b) Other Current Liabilities			
	13	180,765,252	173,942,800
(c) Short-Term Provisions			
		-	-
		424,891,037	395,760,699
		634,918,755	657,355,747
Total			

Significant Accounting Policies
Accompanying notes form part of financial statements

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For and on Behalf of the Board

In terms of our report of even date

[Signature]
Director

[Signature]
Director

[Signature]
Asst. Manager - Accounts & Finance



For U.R Paudel & Associates
Chartered Accountants

[Signature]
Umesh Raj Paudel

Place: Kathmandu, Nepal
Date: 16th May 2022

Place: Kathmandu, Nepal
Date: May 16, 2022

Hester Bioscience Nepal Pvt Ltd
Statement of Profit and Loss for the year ended 31st March 2022

(Figures in NPR)

Particulars	Note No	For the year ended 31st March 2022	For the year ended 31st March 2021
I. Revenue from Operations		222,805,714	75,968,054
II. Other Income	14	42,377,525	38,720,892
III. Total Revenue (I +II)		265,183,239	114,688,946
IV. Expenses:			
Cost of Materials Consumed	15	30,578,072	19,586,814
Purchase of Stock-In-Trade			
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	16	23,757,427	(25,831,239)
Finance Cost	17	19,494,756	32,823,992
Depreciation and Amortization Expense	18	44,185,700	49,434,331
Employee Benefit Expenses	19	19,153,384	17,913,096
Other Expenses	20	91,442,730	67,631,720
V. Total Expenses		228,612,069	161,558,715
VI. Profit Before Exceptional Items and Tax (III- V)		36,571,170	(46,869,769)
VII. Exceptional Items		-	(31,306,770)
VIII. Profit Before Tax		36,571,170	(15,562,998)
IX. Tax Expense:			
(1) Current Tax		-	-
(2) Minimum Alternate Tax		-	-
(3) Deferred Tax		-	-
X. Profit For The Year (VIII-IX)		36,571,170	(15,562,998)
Other comprehensive income			
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:			
Actuarial (loss) / Gain relating to Gratuity		-	-
Income tax effect		-	-
Net change in fair value of financial instruments through Other Comprehensive Income		-	-
Total other comprehensive income for the year, net of tax [A+B]		-	-
Total comprehensive income for the year, net of tax		36,571,170	(15,562,998)
Earnings Per Equity Share: [Nominal value of Share NPR 100]			
(1) Basic & Diluted		14.63	(6.23)
Significant Accounting Policies	21		
Accompanying notes form part of financial statements			

For and on Behalf of the Board

In terms of our report of even date

Rajendra Paudel
Director

Umesh Raj Paudel
Director

For U.R Paudel & Associates
Chartered Accountants

Arjun Paudel
Asst. Manager - Accounts & Finance



Umesh Raj Paudel
Umesh Raj Paudel

Place: Kathmandu, Nepal
Date: 16th May 2022

Place: Kathmandu, Nepal
Date: 16th May, 2022

Hester Biosciences Nepal Pvt. Ltd.
Ganabahal, Kathmandu, Nepal

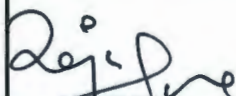
Cash Flow Statement
For the period ended 31st March 2022


(Figures in NPR)


Particulars	Year ended 31.03.2022	Year ended 31.03.2021
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(net loss) before tax	36,571,170	(15,562,998)
Adjustments for:		
Deffered Grant Income	(4,987,629)	(5,907,990)
Prior Period Expenses	100	-
Depreciation	44,185,700	49,434,331
Interest	19,494,756	32,823,992
Prior Period Expenses W/O	-	18,926,850
CASH FLOW BEFORE WORKING CAPITAL CHANGES	95,263,999	79,714,185
1. (Increase) / Decrease In Inventory	32,185,956	(35,737,073)
2. (Increase)/Decrease in Current Assets	(34,151,022)	85,061,840
3. Increase/(Decrease) in Non Current Liabilities		
3. Increase/(Decrease) in Other Current Liabilities	29,130,338	(16,036,522)
CASH GENERATED BY OPERATIONS	122,429,371	113,002,430
Less: Income Tax Paid		
CASH USED IN OPERATING ACTIVITIES	122,429,371	113,002,430
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,741,097)	(1,323,665)
Increase in Capital Work in Progress		
CASH USED IN INVESTING ACTIVITIES	(3,741,097)	(1,323,665)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Grant received from the Government of Netherlands	-	-
Increase in share capital	18,214,000	58,815,414
Proceeds from Grant	-	-
Payment of term loan	(101,364,972)	(159,040,947)
Payment of interest	(19,494,756)	(32,823,992)
CASH AVAILABLE FROM FINANCING ACTIVITIES	(102,645,729)	(133,049,526)
NET CHANGE IN CASH & CASH EQUIVALENTS	16,042,545	(21,370,761)
CASH & CASH EQUIVALENTS AT THE BEGINNING	42,287,807	63,658,568
CASH & CASH EQUIVALENTS AT THE END	58,330,352	42,287,807

For and on Behalf of the Board

In terms of our report of even date


Director


Director

For U.R. Paudel & Associates
Chartered Accountants

Umesh Raj Paudel


Asst. Manager - Accounts & Finance



Place: Kathmandu, Nepal

Date: 16th May 2022

Place: Kathmandu, Nepal

Date: May 16, 2022

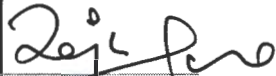
Hester Biosciences Nepal Pvt. Ltd.
Ganabahal, Kathmandu, Nepal

Statement of Changes in Equity
For the period ended 31st March 2022

(Figures in NPR)

Particulars	Share Capital	Share Premium	Accumulated Profit	Total
Balance as at 31.03.2021	250,000,000	-	(154,719,730)	95,280,270
Prior-year adjustments	-	-	-	-
Restated balance	250,000,000	-	(154,719,730)	95,280,270
Issue of share capital	18,214,000	-	-	18,214,000
Net loss from 1st April 2021 to 31st March 2022	-	-	36,571,170	36,571,170
Balance as at 31.03.2022	268,214,000	-	(118,148,560)	150,065,440

For and on Behalf of the Board


Director


Director



Asst. Manager - Accounts & Finance
Kathmandu



Place: Kathmandu, Nepal
Date: 16th May 2022

In terms of our report of even date

For U.R. Paudel & Associates
Chartered Accountants




Umesh Raj Paudel

Place: Kathmandu, Nepal
Date: May 16, 2022

Hester Biosciences Nepal Private Limited
Ganabahal , Kathmandu, Nepal
Notes forming part of the financial statements as on 31st March 2022

NOTE 1 : PROPERTY PLANT AND EQUIPMENTS

(Figures in NPR)

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Total
At Cost or Deemed cost						
As at 31.03.2021	50,393,402.37	357,115,186.16	368,077,037.83	6,805,907.30	8,263,605.05	790,655,138.71
Additions	-	-	1,647,783.86	2,093,313.41	-	3,741,097.27
Disposals	-	-	-	-	-	-
As at 31.03.2022	50,393,402.37	357,115,186.16	369,724,821.69	8,899,220.71	8,263,605.05	794,396,235.98
Impairment						
As at 31.03.2021		69,109,646.02	182,572,100.73	4,238,120.70	5,527,403.82	261,447,271.27
Depreciation expense	-	14,400,277.01	28,072,908.14	1,165,275.00	547,240.25	44,185,700.40
Impairment loss recognised	-	-	-	-	-	-
Eliminated on disposals	-	-	-	-	-	-
As at 31.03.2022		83,509,923.02	210,645,008.88	5,403,395.71	6,074,644.07	305,632,971.67
Carrying Amount						
As at 31.03.2021	50,393,402.37	288,005,540.14	185,504,937.10	2,567,786.60	2,736,201.23	529,207,867.44
As at 31.03.2022	50,393,402.37	273,605,263.14	159,079,812.81	3,495,825.00	2,188,960.98	488,763,264.31

For and on Behalf of the Board

In terms of our report of even date

[Signature]

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Director

Director

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Asst. Manager - Accounts & Finance



Place: Kathmandu, Nepal

Date: 16th May 2022



For U.R Paudel & Associates
Chartered Accountants

[Signature]
Umesh Raj Paudel

Place: Kathmandu, Nepal

Date: May 16, 2022

Hester Biosciences Nepal Private Limited
Ganabahal , Kathmandu, Nepal
Notes forming part of the financial statements as on 31st March 2022

Note 2 INVENTORY (Figures in NPR)
(Inventory Valued at Cost or Market Price which ever is lower)

Particulars	As at	As at
	31.03.2022	31.03.2021
Inventory of finished goods and WIP	20,489,732	44,247,158
Inventory of RMPM & Consumables	13,550,484	21,979,014
Total	34,040,216	66,226,172

Note 3 CASH AND BANK BALANCE (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Everest Bank Ltd.	15,560	15,560
Century Commercial Bank Ltd.	6,396,217	5,768,823
Nepal Investment Bank Ltd.	51,706,220	36,337,730
Cash In hand	212,355	165,694
Total	58,330,352	42,287,807

Note 4 TRADE RECEIVABLES (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Trade Debtors	43,661,133	6,640,841
Total	43,661,133	6,640,841

Note 5 SHORT TERM LOANS & ADVANCES (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Advance for Expenses & Others	4,339,503	3,261,998
Provision for Doubtful Loans & Advances	(2,058,982)	-
Advance to Suppliers	2,113,200	1,462,610
Advance to Staffs	200,000	837,981
Prepaid Expenses	-	1,900,132
LC Margin	5,530,069	5,530,339
Preoperative Expenses	-	-
Total	10,123,789	12,993,059

Note 6 EQUITY SHARE CAPITAL (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
The capital composition of the company is as under		
Authorised Capital		
40,00,000 Shares @ Rs 100 each	400,000,000	400,000,000
Issued Capital		
26,82,140 Shares @ Rs 100 each	268,210,100	250,000,000
Paid up capital Capital		
26,82,140 Shares @ Rs 100 each	268,210,100	250,000,000
Total	268,214,000	250,000,000

Note 7 OTHER EQUITY (RESERVE AND SURPLUS) (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Upto previous Year	(154,719,730)	(139,156,732)
Prior period item	100	-
Reserve	36,571,170	(15,562,998)
Total	(118,148,460)	(154,719,730)

NON CURRENT LIABILITIES :

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.

Note 8 LONG TERM BORROWINGS (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Vehicle Loan	-	841,458
Term Loan	5,213,461	105,736,975
Total	5,213,461	106,578,433



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Hester Biosciences Nepal Private Limited
Ganabahal, Kathmandu, Nepal
Notes forming part of the financial statements as on 31st March 2022

Note 9 OTHER NON CURRENT LIABILITIES (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Government grant received From Netherland Government related to assets is presented in the balance sheet by setting up the grant as deferred income.		
Deffered Capital Grant	54,748,717	59,736,345
Total	54,748,717	59,736,345

CURRENT LIABILITIES :

Note 10 SHORT TERM BORROWINGS (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Nepal Investment Bank A/c (OD Account)	24,909,439	25,101,664
Installments due within 12 months	124,888,805	110,068,160
Total	149,798,244	135,169,824

Note 11 OTHER FINANCIAL LIABILITIES (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Other Payables	390,452	436,187
Security Margin	3,947,203	3,947,203
Total	4,337,655	4,383,390

Note 12 TRADE PAYABLES (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Trade Creditors	69,394,597	61,669,395
Capital Creditors	20,595,290	20,595,290
Total	89,989,887	82,264,685

Note 13 OTHER CURRENT LIABILITIES (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
TDS Payable	628,999	503,922
Statutory Dues Payable	600,032	352,050
Related Parties Payable**	179,536,221	173,086,827
Total	180,765,252	173,942,800

**Related Parties Payables include advance given by Hester India (65% Holding Company), Hester Kenya & Hester Tanzania (For Supply of Vaccines), Commission & Reimbursement to Hester India

Note 14 OTHER INCOME (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Income from other activities	148,068	27,695,945
Grant Recognized as income	42,229,457	11,024,946
Total	42,377,525	38,720,892

Note 15 Cost of Goods Sold Comprises of the following:- (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Cost of Material Consumed		
Opening Stock RMPM Consumables	19,518,999	10,190,771
Add: Purchase RMPM Consumables	22,943,807	28,915,042
Less: Closing Stock RMPM Consumables	11,884,733	19,518,999
Total Cost of Material Consumed	30,578,072	19,586,814

Note 16 Change in Inventory and WIP (Figures in NPR)

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Stock of finished goods and wip	44,247,158	18,415,919
Less: Closing Stock of finished goods and wip	20,489,732	44,247,158
Change in Inventory and WIP	23,757,427	(25,831,239)



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Hester Biosciences Nepal Private Limited
Ganabahal , Kathmandu, Nepal
Notes forming part of the financial statements as on 31st March 2022

Note 17 The financial Expenses Comprises of the following:- (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Financial Expenses		
Bank Charges	626,583	447,817
Interest Expenses	18,868,173	32,376,175
Total	19,494,756	32,823,992

Note 18 **DEPRECIATION & AMORTIZATION** (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Depreciation	44,185,700	49,434,331
Total	44,185,700	49,434,331

Note 19 **EMPLOYEE BENEFIT EXPENSES** (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Salary & Employee Benefits	16,351,059	15,246,844
Contribution to Funds	2,700,712	2,614,733
Staff Welfare	101,612	51,519
Total	19,153,384	17,913,096

Note 20 **OTHER EXPENSES** (Figures in NPR)

Particulars	As at	As at
	31.03.2022	31.03.2021
Administrative Expenses		
Audit Fee	226,000	226,000
Books & Periodicals	2,100	350
Certification Fee(COO)	325,733	261,830
Foreign Exchange Loss	16,812,903	-
GMP Audit Fees	12,600	927,900
Guest & Entertainment Exp.	31,248	18,050
Guest House Running Expense	529,954	274,372
Guest House Rent	1,040,000	960,000
Hotel Accomodation and Lodging Fooding Exp.	-	-
Insurance Expenses	4,234,734	1,954,922
Local Conveyance	15,530	9,116
Miscellaneous Expense	2,163,532	7,222,141
Office Expenses	118,880	77,175
Parking Charge	36,675	28,920
Postage,Courier and Parcel	109,652	35,649
Printing and Stationery	1,224,156	374,606
Professional and Legal Fee	1,053,950	2,098,308
Rent(Office)	84,000	84,000
Repair and Maintenance	2,559,614	3,336,187
Rates And Taxes	1,115,425	567,003
Telephone, Email & Internet	88,694	94,487
Travelling Expense	738,024	172,608
Transporattion and loading unloading	1,765,944	5,549,914
Vehicle Running Expenses	733,770	400,238
Wages and Labour	556,198	156,491
Water & Electricity	51,140	71,617
Doubtful Loans and Advances	2,058,982	-
Preoperative Expenses written off	-	18,926,850
Total Administrative Expenses	37,689,435	43,828,735
Selling and Distribution Expenses		
Advertising & promotion Expenses	410,616	556,890
Marketing Expense	1,161,863	1,269,349
Commission on Sales	1,234,745	-
Freight & Insurance Expense	31,858,902	5,456,795
Total Selling and Distribution Expenses	34,666,126	7,283,034
Manufacturing Expenses		
Diesel Expenses	4,018,759	2,715,143
Electricity Expense at Site	7,150,920	8,377,404
Fuel Expense	60,997	50,222
Consumables Expenses	1,168,630	194,074
Testing Animal Purchase Expenses	91,650	565,825
QC Expense	270,081	124,363
Testing Expenses	2,885,581	2,376,703
Security Charges	1,539,060	1,539,060
Factory Rent	160,000	173,333
Factory running Expenses	542,489	403,825
Repair and Maintenance Civil	1,199,001	-
Total Manufacturing Expenses	19,087,169	16,519,952
Total	91,442,730	67,631,720



Notes 1 to 21 are the integral part of the financial Statements.

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Hester Biosciences Nepal Private Limited
Ganabahal, Kathmandu, Nepal
NOTE -21
NOTES TO THE FINANCIAL STATEMENTS
for the Period ended 31st March 2022

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 over the useful life of asset, other than land and properties under construction, using the diminishing balance method by applying the rates mentioned below:

Class of assets	Rate of depreciation
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 fixede 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.



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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. Non Government grants received are charged to Statement of Profit and Loss .

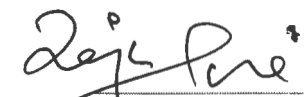
b) The grant set up as deferred income had been treated as income on a systematic and rational basis over the useful life of the asset. Accordingly the grant income received had been charged to Profit and Loss account in the proportion of Depreciation Charged in relation to the original cost of asset which is about 9% . Accordingly 9% of the grant has been charges to the Profit and Loss Account in Current Year


8) Deffered Tax Asset

As it is highly probable that taxable profit against which the deductible temporary difference can be utilised will not be available so deffered tax asset has not been created.

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

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


Director

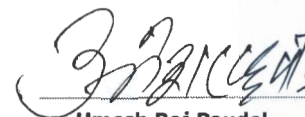

Director



Asst. Manager - Finance & Accounts
Kathmandu



For U.R Paudel & Associates
Chartered Accountants


Umesh Raj Paudel
May 16, 2022



Place : Kathmandu, Nepal

Date : 16th May 2022