

**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, 2023, 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 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:
- 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, 2023 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 16, 2023

**Hester Biosciences Nepal Pvt Ltd**  
**Ganabahal, Kathmandu, Nepal**  
**Balance Sheet as at 31st March 2023**

(Figures in NPR)

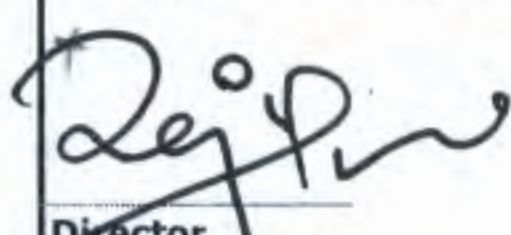
Particulars	Note No	As at 31st March 2023	As at 31st March 2022
<b>I. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Property, plant and equipments	1	450,588,436	488,763,264
(ii) Intangible Assets		-	-
(iii) Capital Work-In-Progress		-	-
(iv) Biological Assets other than bearer plants		-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Loans		-	-
(iii) Other Financial Assets		-	-
(c) Other Non Current Assets			
		-	-
		<b>450,588,436</b>	<b>488,763,264</b>
<b>(2) Current Assets</b>			
(a) Inventories			
	2	28,618,178	34,040,216
(b) Financial Assets			
(i) Cash and Cash Equivalents	3	31,377,875	58,330,352
(ii) Trade Receivables	4	50,178,120	43,661,133
(iii) Others		-	-
(c) Other Current Assets			
(i) Short-Term Loans and Advances	5	15,409,366	10,123,789
		125,583,538	146,155,491
<b>Total</b>		<b>576,171,974</b>	<b>634,918,755</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital			
	6	268,214,000	268,214,000
(b) Other Equity ( Reserves and Surplus )			
	7	(84,020,823)	(118,148,460)
		184,193,177	150,065,540
<b>Liabilities</b>			
<b>(2) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Long-Term Borrowings	8	45,590,000	5,213,461
(ii) Other Long Term Financial Liabilities		-	-
(b) Deferred Tax Liabilities (Net)			
		-	-
(c) Other Non Current Liabilities			
(i) Deffered Capital Grant	9	50,380,882	54,748,717
		95,970,882	59,962,178
<b>(3) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Short-Term Borrowings	10	38,037,007	149,798,244
(ii) Other Financial Liabilities	11	197,888,609	204,078,713
(iii) Trade Payables	12	56,495,602	69,394,597
(b) Other Current Liabilities	13	3,586,698	1,619,483
(c) Short-Term Provisions			
		-	-
		296,007,915	424,891,037
<b>Total</b>		<b>576,171,974</b>	<b>634,918,755</b>

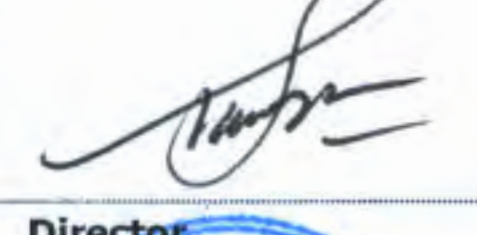
Significant Accounting Policies  
 Accompanying notes form part of financial statements

21

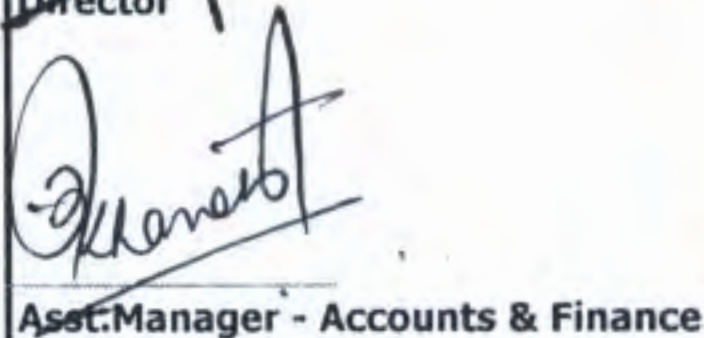
For and on Behalf of the Board

In terms of our report of even date

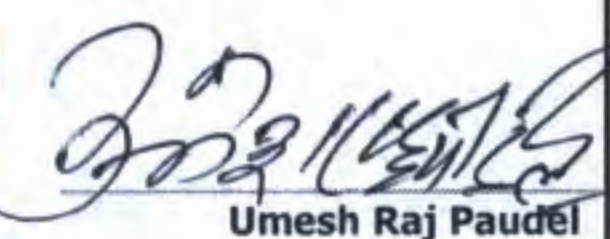
  
 Director

  
 Director

For U.R Paudel & Associates  
 Chartered Accountants

  
 Asst. Manager - Accounts & Finance



  
 Umesh Raj Paudel

Place: Kathmandu, Nepal  
 Date: 16.05.2023

Place: Kathmandu, Nepal  
 Date: 16.05.2023

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

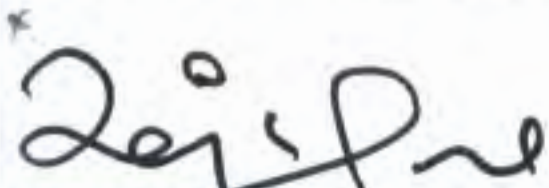
**Statement of Profit and Loss for the period ended 31st March 2023**

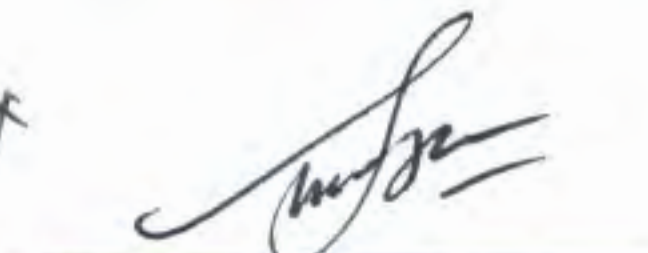
(Figures in NPR)

Particulars	Note No	For the year ended 31st March 2023	For the year ended 31st March 2022
I. Revenue from Operations		200,033,513	222,805,714
II. Other Income	14	4,441,605	42,377,525
<b>III. Total Revenue (I + II)</b>		<b>204,475,118</b>	<b>265,183,239</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	15	15,086,728	30,578,072
Purchase of Stock-In-Trade			
Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-	16	8,564,146	23,757,427
Finance Cost	17	16,676,769	19,494,756
Depreciation and Amortization Expense	18	38,993,378	44,185,700
Employee Benefit Expenses	19	21,333,176	19,153,384
Other Expenses	20	69,693,285	91,442,730
<b>V. Total Expenses</b>		<b>170,347,481</b>	<b>228,612,069</b>
<b>VI. Profit Before Exceptional items and Tax ( III- V)</b>		<b>34,127,637</b>	<b>36,571,170</b>
<b>VII. Exceptional Items</b>			
<b>VIII. Profit Before Tax</b>		<b>34,127,637</b>	<b>36,571,170</b>
<b>IX. Tax Expense:</b>			
(1) Current Tax		-	-
(2) Minimum Alternate Tax		-	-
(3) Deferred Tax		-	-
<b>X. Profit For The Year (VIII-IX)</b>		<b>34,127,637</b>	<b>36,571,170</b>
<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		-	-
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		-	-
<b>Total other comprehensive income for the year, net of tax [A+B]</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>34,127,637</b>	<b>36,571,170</b>
Earnings Per Equity Share: [Nominal value of Share NPR 100]			
(1) Basic & Diluted		<b>12.72</b>	<b>13.64</b>
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


  
 Director

  
 Director

For U.R Paudel & Associates  
 Chartered Accountants

  
 Asst. Manager - Accounts & Finance



  
 Umesh Raj Paudel

Place: Kathmandu, Nepal  
 Date: 16.05.2023

Place: Kathmandu, Nepal  
 Date: 16.05.2023

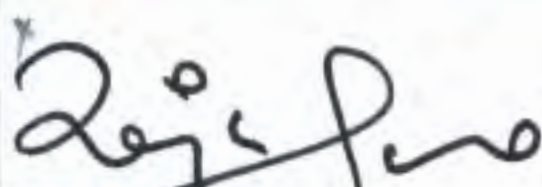
**Hester Biosciences Nepal Pvt. Ltd.**  
**Ganabahal, Kathmandu, Nepal**  
**Cash Flow Statement**  
**For the Period Ended 31st March 2023**

(Figures in NPR)

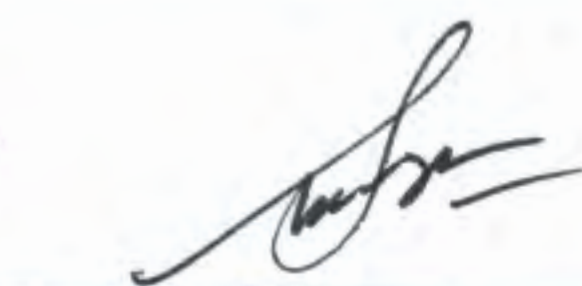
Particulars	Period ended 31.03.2023	Year ended 31.03.2022
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit/(net loss) before tax	34,127,637	36,571,170
Adjustments for:		
Deffered Grant Income	(4,367,835)	(4,987,629)
Prior Period Expenses	-	100
Depreciation	38,993,378	44,185,700
Interest	16,676,769	19,494,756
<b>CASH FLOW BEFORE WORKING CAPITAL CHANGES</b>	<b>85,429,948</b>	<b>95,264,099</b>
1. (Increase) / Decrease In Inventory	5,422,038	32,185,956
2. (Increase)/Decrease in Current Assets	(11,802,563)	(34,151,022)
3. Increase/(Decrease) in Other Financial Liabilities	(6,190,104)	(45,736)
4. Increase/(Decrease) in Other Current Liabilities	(10,931,780)	29,176,074
<b>CASH GENERATED BY OPERATIONS</b>	<b>61,927,539</b>	<b>122,429,371</b>
Less: Income Tax Paid	-	-
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>61,927,539</b>	<b>122,429,371</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(818,549)	(3,741,097)
Increase in Capital Work in Progress	-	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(818,549)</b>	<b>(3,741,097)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grant received from the Government of Netherlands	-	-
Increase in share capital	-	18,214,000
Proceeds from Grant	-	-
Receipt of Loan	40,376,539	-
Payment of Loan	(111,761,238)	(101,364,972)
Payment of interest	(16,676,769)	(19,494,756)
<b>CASH AVAILABLE FROM FINANCING ACTIVITIES</b>	<b>(88,061,467)</b>	<b>(102,645,729)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(26,952,478)</b>	<b>16,042,545</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING</b>	<b>58,330,352</b>	<b>42,287,806</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END</b>	<b>31,377,875</b>	<b>58,330,352</b>

For and on Behalf of the Board

In terms of our report of even date

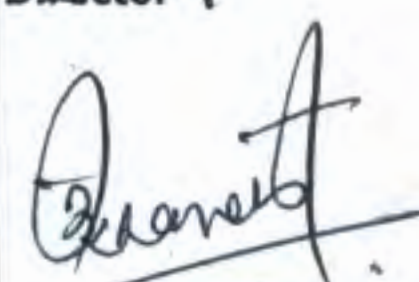


Director



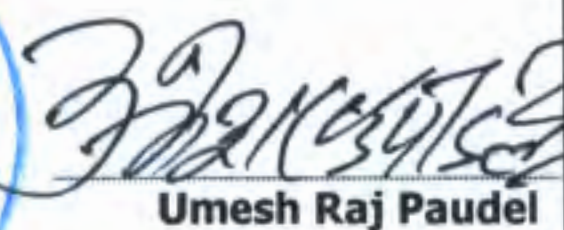
Director

For U.R Paudel & Associates  
Chartered Accountants



Asst. Manager - Accounts & Finance





Umesh Raj Paudel

Place: Kathmandu, Nepal  
Date: 16.05.2023

Place: Kathmandu, Nepal  
Date: 16.05.2023

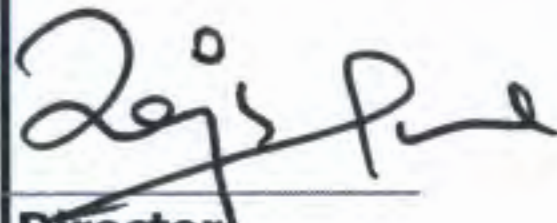
**Hester Biosciences Nepal Pvt. Ltd.**  
Ganabahal, Kathmandu, Nepal

**Statement of Changes in Equity**  
For the period ended 31st March 2023

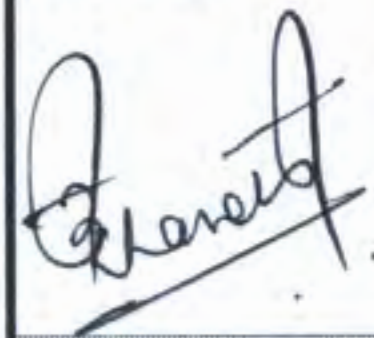
(Figures in NPR)

Particulars	Share Capital	Share Premium	Accumulated Profit	Total
Balance as at 31.03.2022	268,214,000	-	(118,148,460)	150,065,540
Prior-year adjustments	-	-	-	-
Restated balance	268,214,000	-	(118,148,460)	150,065,540
Issue of share capital	-	-	-	-
Net loss from 1st April 2022 to 31st March 2023	-	-	34,127,637	34,127,637
<b>Balance as at 31.03.2023</b>	<b>268,214,000</b>	<b>-</b>	<b>(84,020,823)</b>	<b>184,193,177</b>

For and on Behalf of the Board



Director



Asst. Manager - Accounts & Finance  
Kathmandu

Place: Kathmandu, Nepal  
Date: 16.05.2023



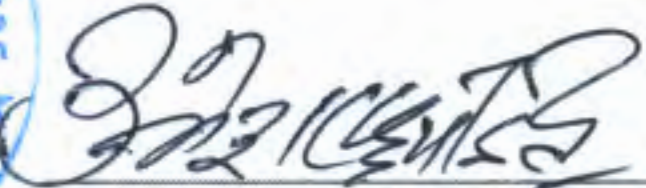
Director



In terms of our report of even date

For U.R Paudel & Associates  
Chartered Accountants





Umesh Raj Paudel

Place: Kathmandu, Nepal  
Date: 16.05.2023

**Hester Biosciences Nepal Pvt. Ltd.**

Ganabahal , Kathmandu, Nepal

Notes forming part of the financial statements as on 31st March 2023


**NOTE 1 : PROPERTY PLANT AND EQUIPMENTS**

(Figures in NPR)

Particulars	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Total
<b>At Cost or Deemed cost</b>						
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
Additions			652,430.30	166,119.10		818,549.40
Disposals	-	-	-	-	-	-
<b>As at 31.03.2023</b>	<b>50,393,402.37</b>	<b>357,115,186.16</b>	<b>370,377,251.99</b>	<b>9,065,339.81</b>	<b>8,263,605.05</b>	<b>795,214,785.38</b>
<b>Impairment</b>						
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
Depreciation expense	-	13,680,263.16	23,959,836.47	915,486.03	437,792.20	38,993,377.85
Impairment loss recognised	-	-	-	-	-	-
Eliminated on disposals	-	-	-	-	-	-
<b>As at 31.03.2023</b>		<b>97,190,186.18</b>	<b>234,604,845.34</b>	<b>6,318,881.73</b>	<b>6,512,436.26</b>	<b>344,626,349.52</b>
<b>Carrying Amount</b>						
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
As at 31.03.2023	50,393,402.37	259,924,999.98	135,772,406.65	2,746,458.08	1,751,168.79	450,588,435.86

For and on Behalf of the Board

In terms of our report of even date

  
Director

  
Director

For U.R Paudel & Associates  
Chartered Accountants

  
Asst. Manager - Accounts & Finance



  
Umesh Raj Paudel

Place: Kathmandu, Nepal  
Date: 16.05.2023

Place: Kathmandu, Nepal  
Date: 16.05.2023

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

Notes forming part of the financial statements as on 31st March 2023

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

Particulars	As at 31.03.2023	As at 31.03.2022
Inventory of finished Goods and WIP	11,925,586	20,489,732
Inventory of Raw Materials	5,782,173	3,526,195
Inventory of Packing Materials	9,319,151	8,358,538
Inventory of Consumables	1,591,267	1,665,751
<b>Total</b>	<b>28,618,178</b>	<b>34,040,216</b>

**Note 3 CASH AND BANK BALANCE** (Figures in NPR)

Particulars	As at 31.03.2023	As at 31.03.2022
Everest Bank Ltd.	15,560	15,560
Century Commercial Bank Ltd.	6,608,823	6,396,217
Nepal Investment Bank Ltd.	24,572,847	51,706,220
Cash In hand	180,645	212,355
<b>Total</b>	<b>31,377,875</b>	<b>58,330,352</b>

**Note 4 TRADE RECEIVABLES** (Figures in NPR)

Particulars	As at 31.03.2023	As at 31.03.2022
Trade Debtors	50,178,120	43,661,133
<b>Total</b>	<b>50,178,120</b>	<b>43,661,133</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Advance for Expenses & Others	6,897,371	4,339,503
Provision for Doubtful Loans & Advances	-	(2,058,982)
Advance to Suppliers	2,909,132	2,113,200
Advance to Staffs	149,507	200,000
Prepaid Expenses	-	-
LC Margin	5,453,356	5,530,069
Preoperative Expenses	-	-
<b>Total</b>	<b>15,409,366</b>	<b>10,123,789</b>

**Note 6 EQUITY SHARE CAPITAL** (Figures in NPR)

Particulars	As at 31.03.2023	As at 31.03.2022
The capital composition of the company is as under		
<b>Authorised Capital</b>		
40,00,000 Shares @ Rs 100 each	400,000,000	400,000,000
<b>Issued Capital</b>		
26,82,140 Shares @ Rs 100 each	268,214,000	268,214,000
<b>Paid up capital Capital</b>		
26,82,140 Shares @ Rs 100 each	268,214,000	268,214,000
<b>Total</b>	<b>268,214,000</b>	<b>268,214,000</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Upto previous year	(118,148,460)	(154,719,730)
Prior period item	-	100
Reserve	34,127,637	36,571,170
<b>Total</b>	<b>(84,020,823)</b>	<b>(118,148,460)</b>

**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 31.03.2023	As at 31.03.2022
Vehicle Loan	-	-
Term Loan	45,590,000	5,213,461
<b>Total</b>	<b>45,590,000</b>	<b>5,213,461</b>



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

Notes forming part of the financial statements as on 31st March 2023

**Note 9 OTHER NON CURRENT LIABILITIES (Figures in NPR)**

Particulars	As at 31.03.2023	As at 31.03.2022
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	50,380,882	54,748,717
<b>Total</b>	<b>50,380,882</b>	<b>54,748,717</b>

**CURRENT LIABILITIES :**

**Note 10 SHORT TERM BORROWINGS (Figures in NPR)**

Particulars	As at 31.03.2023	As at 31.03.2022
Nepal Investment Bank A/c (OD Account)	24,329,781	24,909,439
Installments due within 12 months	13,707,226	124,888,805
<b>Total</b>	<b>38,037,007</b>	<b>149,798,244</b>

**Note 11 OTHER FINANCIAL LIABILITIES (Figures in NPR)**

Particulars	As at 31.03.2023	As at 31.03.2022
Related Parties Payable**	189,485,316	179,536,221
Capital Creditors	4,456,090	20,595,290
Security Margin	3,947,203	3,947,203
<b>Total</b>	<b>197,888,609</b>	<b>204,078,713</b>

**Note 12 TRADE PAYABLES (Figures in NPR)**

Particulars	As at 31.03.2023	As at 31.03.2022
Trade Creditors	56,495,602	69,394,597
<b>Total</b>	<b>56,495,602</b>	<b>69,394,597</b>

**Note 13 OTHER CURRENT LIABILITIES (Figures in NPR)**

Particulars	As at 31.03.2023	As at 31.03.2022
TDS Payable	614,713	628,999
Statutory Dues & Other Payable	2,971,985	990,484
<b>Total</b>	<b>3,586,698</b>	<b>1,619,483</b>

\*\*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 31.03.2023	As at 31.03.2022
Income from other activities	73,769	148,068
Grant Recognized as income	4,367,835	42,229,457
<b>Total</b>	<b>4,441,605</b>	<b>42,377,525</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Cost of Material Consumed</b>		
Opening Stock RMPM Consumables	11,884,733	19,518,999
Add: Purchase RMPM	18,303,319	22,943,807
Less: Closing Stock RMPM	15,101,325	11,884,733
<b>Total Cost of Material Consumed</b>	<b>15,086,728</b>	<b>30,578,072</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Opening Stock of finished goods and wip	20,489,732	44,247,158
Less: Closing Stock of finished goods and wip	11,925,586	20,489,732
<b>Change in Inventory and WIP</b>	<b>8,564,146</b>	<b>23,757,427</b>



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

Notes forming part of the financial statements as on 31st March 2023

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

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Financial Expenses</b>		
Bank Charges	709,733	626,583
Interest Expenses	15,967,035	18,868,173
<b>Total</b>	<b>16,676,769</b>	<b>19,494,756</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Depreciation	38,993,378	44,185,700
<b>Total</b>	<b>38,993,378</b>	<b>44,185,700</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
Salary & Employee Benefits	18,383,433	16,351,059
Contribution to Funds	2,871,292	2,700,712
Staff Welfare	78,451	101,612
<b>Total</b>	<b>21,333,176</b>	<b>19,153,384</b>

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

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Administrative Expenses</b>		
Audit Fee	339,000	226,000
Books & Periodicals	2,600	2,100
Certification Fee(COO)	375,974	325,733
Charity & Donations	45,000	-
Foreign Exchange Loss	9,936,316	16,812,903
GMP Audit Fees	-	12,600
Guest & Entertainment Exp.	26,515	31,248
Guest House Running Expense	341,662	529,954
Guest House Rent	1,072,000	1,040,000
Hotel Accomodation and Lodging Fooding Exp.	-	-
Insurance Expenses	2,136,823	4,234,734
Local Conveyance	23,880	15,530
Miscellaneous Expense	29,700	2,163,532
Office Expenses	131,030	118,880
Parking Charge	38,015	36,675
Postage,Courier and Parcel	70,082	109,652
Printing and Stationery	599,371	1,224,156
Professional and Legal Fee	752,504	1,053,950
Rent(Office)	84,000	84,000
Repair and Maintenance	2,598,436	2,559,614
Rates And Taxes	1,887,868	1,115,425
Telephone, Email & Internet	85,080	88,694
Travelling Expense	271,396	738,024
Transportation and loading unloading	2,936,881	1,765,944
Vehicle Running Expenses	881,150	733,770
Wages and Labour	-	556,198
Water & Electricity	64,860	51,140
Doubtful Loans and Advances	-	2,058,982
Preoperative Expenses written off	-	-
<b>Total Administrative Expenses</b>	<b>24,730,142</b>	<b>37,689,435</b>
<b>Selling and Distribution Expenses</b>		
Advertising & promotion Expenses	193,908	410,616
Marketing Expense	1,875,068	1,161,863
Commission on Sales	403,591	1,234,745
Freight & Insurance Expense	23,763,380	31,858,902
<b>Total Selling and Distribution Expenses</b>	<b>26,235,947</b>	<b>34,666,126</b>
<b>Manufacturing Expenses</b>		
Diesel Expenses	6,123,600	4,018,759
Electricity Expense at Site	9,126,775	7,150,920
Fuel Expense	55,605	60,997
Consumables Expenses	657,559	1,168,630
Testing Animal Purchase Expenses	-	91,650
QC Expense	227,927	270,081
Testing Expenses	391,419	2,885,581
Security Charges	1,488,118	1,539,060
Factory Rent	88,889	160,000
Factory running Expenses	567,305	542,489
Repair and Maintenance Civil	-	1,199,001
<b>Total Manufacturing Expenses</b>	<b>18,727,195</b>	<b>19,087,169</b>
<b>Total</b>	<b>69,693,285</b>	<b>91,442,730</b>



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 2023**

**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:
- | <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 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.



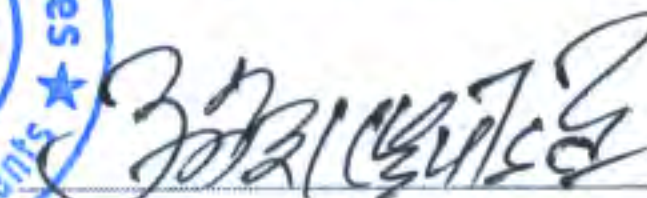
Director



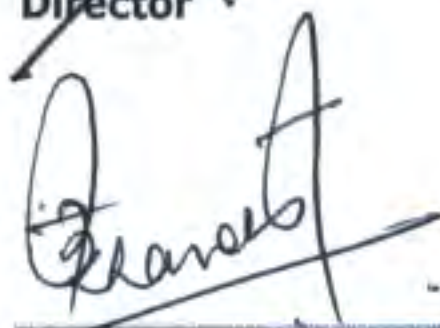
Director



For U.R Paudel & Associates  
Chartered Accountants



Umesh Raj Paudel



Asst. Manager - Finance & Accounts  
Kathmandu



Place : Kathmandu, Nepal

Date : 16.05.2023