### Salt Trading Corporation Ltd. Kalimati, Kathmandu

### **Audited Financial Statements**

Financial Year: 2080-81

### Kuber N. Bhattarai & Co. Chartered Accountants

Thirbum Marg, Gyaneshwor Kathmandu, Nepal, PO Box: 890 Phone: +977 1 4516547, 4546395

Email: info@kuber.com.np URL: www.kuber.com.np

### INDEPENDENT AUDITOR'S REPORT

To, The Shareholders Salt Trading Corporation Ltd. Kalimati, Kathmandu

Qualified Opinion

We have audited the financial statements of Salt Trading Corporation Ltd. (The Entity/Company) which comprise the Statement of Financial Position as at 31 Ashad 2081 (15 July 2024), Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements for the year then ended.

In our opinion, except for the effect of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements give true and fair view, in all material respect, of the financial position of the entity as at 31 Ashad 2081 (15 July 2024), and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

### Basis for Qualified Opinion

- As per "NAS 36 Impairment of Assets", the entity shall assess at the end of each reporting
  period whether there is any indication that an asset may be impaired. If any such indication
  exists, the entity shall estimate the recoverable amount of the assets. The entity has provided
  for some trade receivables and advances. However, we could not ensure the sufficiency of the
  impaired amount as required by NAS 36.
- The entity has invested in various companies and have controls and/or significant influences in some of them. As at reporting date, the entity has six subsidiaries companies totaling to the investment amount of NPR 14.67 Crore, whereas investment in six associates companies amounts to NPR 39.15 Crore.

NFRS 10 "Consolidated Financial Statements" requires that the entity has to consolidate the financial statements of its subsidiaries (those having controls). However, the entity has not consolidated financial statements of its subsidiaries as required by NFRS 10.

NAS 28 "Investment in Associates and Joint Venture" require that the entity has to account its associates (those having significant influences) under equity method. However, the entity has not accounted for its associates as required.

 The Entity provides defined benefits plan under gratuity and leave to its employees. The net liability on such defined benefit obligations has been provided by the entity based on estimate and judgements of the management. During the year, entity has added provisions of NPR 94.01 Lakhs and the cumulative provisions as at the reporting date is NPR 30.94 Crore.

NAS 19-Employee benefits require the entity to determine the obligation under defined benefits plans on the basis of actuarial valuation. Since these defined plans have not been determined on the basis of actuarial valuation, we are unable to determine the impact on the financial position and the operating results.





### Kuber N. Bhattarai & Co.

### Chartered Accountants

The entity has investment in equity instruments and preferred stocks of different companies.
 Such investments are required to be measured at fair value as per the requirements of NFRS
 9- Financial Instruments. However, the entity has opted to measure such investments at cost less allowable impairment, if any.

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity 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 financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of the Code of Ethics 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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matters described in the Basis for Qualified Opinion Section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	The response
Inventory	
As at the reporting date the value of inventory amounted to NPR 3.3 arab	To address the risk of material error in inventories our audit procedures included amongst others:
Inventories were considered as a key audit matter due to the size of balance, difficulty in physical counting and because of involvement of management's judgement in inventory valuation.	<ul> <li>Assessing the compliance of entity's accounting policies over inventory with applicable accounting standards.</li> <li>On major locations, testing the effectiveness of key controls.</li> <li>On Major locations, physical verifications were carried out by volume calculations.</li> <li>We assessed the appropriateness of the procedures performed and considered to be acceptable.</li> </ul>

### Information other than the Financial Statements and auditor's Report Thereon

The STCL's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





### Kuber N. Bhattarai & Co.

### Chartered Accountants

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Other Matter

The following matters are presented that are other than those presented or disclosed in the financial statements that, in our judgment, are relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report.

- We draw your attention to audit findings, as included in the 'Management Letter' section of our report which identify financial reporting weaknesses, internal control weaknesses and audit recommendations to address them, which we came across during the course of our audit.
- Proposed cash dividend of NPR. 7,425,165 and NPR. 10,991,243 for FY 2076-77 (2019-20) and FY 2078-79 (2021-22) respectively has been approved by AGM of the company but has not been distributed to the shareholders; due to pending approval from Government of Nepal.

### Responsibilities of Management and Those Charged with Governance for the Financial statement

Management is responsible for the preparation and fair presentation of the 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 the entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

### Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financials statement as a whole are free from material misstatement, 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 conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



### Kuber N. Bhattarai & Co.

### Chartered Accountants

- Identify and assess the risks 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 omissions, misrepresentations, or the
  override of internal control.
- Obtain an understanding of internal financial controls 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 on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of
  accounting and, based on the audit evidence obtained, whether a material uncertainty exists
  related to events or conditions that may cast significant doubt on the entity's ability to continue
  as a going concern. If we conclude that a material uncertainty exists, we are required to draw
  attention in our auditor's report to the related disclosures in the financial statements or, if such
  disclosures 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 conditions
  may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Report on other Legal and Regulatory Requirements

- Information and explanations, to the best of our knowledge and belief which were necessary for the purpose of audit completion were obtained.
- The books of accounts of the company has been maintained as per requirement of the Companies Act, 2063.
- · The financial statements are in agreement with books of accounts of the Entity.
- We have not come across the cases where Board of Directors or any employees of the Entity have acted contrary to the provision of law relating to the accounts, or committed any misappropriation or caused loss or damage to the entity relating to the accounts in the entity.
- Books of accounts of the entity has been maintained and presented fairly.

CA Anil Joshi Partner

Place: Kathmandu

Date: 26 Poush 2081 (10 January 2025)

UDIN: 250111CA00367gBJrp



### SALT TRADING CORPORATION LIMITED

Kalimati, Kathmandu

### STATEMENT OF FINANCIAL POSITION AS AT ASHAD 31, 2081 (JULY 15, 2024)

(6931)			In NPR
Particulars	Note	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
ASSETS			
NON-CURRENT ASSETS			
a) Property, plant and equipment	3/4	1,446,114,038	1,467,580,374
b) Capital work-in-progress	3/4	123,695	4,058,068
c) Intangible assets	3/4	1,228,438	1,301,860
d) Financial assets			
Investments	6	579,115,380	549,987,981
Advance for investment in equity instruments			
e) Other non-current assets	7 (a)	1,673,423,299	1,679,495,418
f) Deferred tax assets (net)	8	206,097,083	205,453,444
Total non-current assets		3,906,101,933	3,907,877,145
CURRENT ASSETS			
a) Inventories	9	3,309,161,604	3,315,068,512
b) Financial assets			
Trade receivables	10	1,079,835,984	530,197,585
Cash and cash equivalents	11	330,418,332	346,470,720
Other bank balances	12	11,871,647	11,788,429
Receivable from Nepal Government (net)	13	276,089,951	203,651,772
e) Other current assets	7 (b)	605,427,676	569,018,957
d) Advance Tax (Net)	18	40,875,492	(14,985,968
Total current assets		5,653,680,686	4,961,210,007
TOTAL ASSETS		9,559,782,619	8,869,087,152
EQUITY AND LIABILITIES			
EQUITY			
a) Equity			
Share capital	14	320,716,955	278,884,309
b) Other equity			
Retained Earnings & Reserves	15	1,293,631,344	1,302,492,449
Total equity		1,614,348,299	1,581,376,758
NON-CURRENT LIABILITIES			
a) Financial liabilities			
Borrowings	16 (a)	22,500,000	82,500,000
Other financial liabilities	17 (a)	389,815,770	345,836,335
Total non-current liabilities		412,315,770	428,336,335
CURRENT LIABILITIES			
a) Financial Liabilities			
Burrowings	16 (b)	4,326,032,856	2,083,495,788
Trade payables	19	2,645,573,579	4,218,568,642
Other financial liabilities	17 (ы)	405,445,189	391,304,128
b) Other current liabilities	20	156,066,926	166,005,501
Total current liabilities		7,533,118,550	6,859,374,059
TOTAL EQUITY AND LIABILITIES	- 12	9,559,782,619	8,869,087,152
TO THE EQUIT THE EMBILITIES		3,337,104,013	0,007,037,132

As per our report of even date

Oam Siddhi Gubhaju Deputy Chief Executive Officer

Aman Shrestlu

Urmila Shrestha Chief Executive Officer

Board of Directors

PLShreslig

Pradip Lal Shrestha Chairperson

CA Anil Joshi

Parmer Kuber N. Bhattarai & Co. Chartered Accountants

Ramesh Acharya

Sunil Shrestha

Place: Kathmandu Date: Poush 26, 2081 (January 10, 2025) Narayan Das Manandhar



### SALT TRADING CORPORATION LIMITED

Kalimati, Kathmandu

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED ASHAD 31, 2081 (JULY 15, 2024)

			In NPR
Particulars	Note	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Revenue from operations	21	13,350,329,079	8,774,358,526
Less: Cost of goods sold	22	10,340,533,272	6,148,462,938
Less: Trading Expenses	23	1,960,004,098	1,547,483,810
Gross profit		1,049,791,709	1,078,411,778
Other operating income	24	89,200,791	36,457,752
Total income from operations		1,138,992,500	1,114,869,530
Employee benefit expenses	25	322,223,375	350,044,515
Administration and other expenses	26	153,888,730	207,756,527
Operating profit		662,880,395	557,068,488
Depreciation and amortisation	3/4	12,840,606.82	13,286,527.00
Finance costs	27	576,860,622	452,981,486
Profit before tax		73,179,166	90,800,475
Income tax expenses		a .	
Current tax	28	31,934,477	52,193,382
Deferred tax	28	(643,639)	(15,060,275)
Profit for the year		41,888,328	53,667,368
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(i) Remeasurements of Defined Benefit Obligations			
(ii) Income tax credit/(charge) relating to these items			
Other comprehensive income		**	
Total comprehensive income for the year		41,888,328	53,667,368
Earning per equity share (face value of Rs. 100 each)			
Basic EPS	29	13.06	19.24
Diluted EPS	29	13.06	19.24

Oam Siddhi Gubhaju Deputy Chief Executive Officer

an Shrestha

Rajesh Kumar Shrestha

Urmila Shrestha Chief Executive Officer Pradip Lal Shrestha Chairperson

Ramesh Acharya

Narayan Das Manandhar

PLShresta

As per our report of even date, Bhatta

CA Anil Joshi

Partner

Kuber N. Bhattarai & Co. Chartered Accountants

Board of Directors

Place: Kathmandu Date: Poush 26, 2081 (January 10, 2025)

Sunil Shrestha



### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ASHAD 31, 2081 (JULY 15, 2024)

			In NPR
		For the year ended	For the year ended
	Particulars	Ashad 31, 2081	Ashad 31, 2080
	VII. 1910 L. 1810 L. 1	(July 15, 2024)	(July 16, 2023)
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	73,179,166	90,800,475
	Adjustments for :		
	Depreciation and amortisation	12,840,607	13,286,527
	Allowance for investments	1.00	,,
	Allowance for doubtful debts		
	Allowance for doubtful advances		45,000,000
	Interest expense	576,860,622	452,981,486
	Interest income	(28,355,575)	(1,032,541)
	Prior Period Adjustments	9,344,485	2
	Dividend income	(5,058,388)	(657,462)
	Operating profit before working capital changes	638,810,917	600,378,485
	Adjustments for :		
	(Increase)/decrease in inventory	5,906,908	(1,596,512,925)
	(Increase)/decrease in trade receivables, loans and other assets	(579,974,999)	(148,682,509)
	Increase/(decrease) in trade payables, other liabilities and provisions	(1,524,813,142)	2,200,510,146
	(Increase)/ Decrease in transactions with Government of Nepal	(72,438,179)	163,563,001
	Cash generated from operation	(1,532,508,496)	1,219,256,198
	Income tax paid	(87,795,937)	(84,113,945)
	Net cash from operating activities	(1,620,304,433)	1,135,142,253
В	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment	(3,426,094)	(10,919,785)
	Investment in plan assets of defined benefit obligations	(39,401,469)	(9,991,012)
	Investment in equity and other instruments	10,274,070	610,000
	Interest received	28,355,575	1,032,541
	Dividend received	5,058,388	657,462
	Net cash generated from / (used in) investing activities	860,470	(18,610,794)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase/(decrease) in short term loan	2,242,537,068	(481,061,332)
	Increase/(decrease) in term loan	(60,000,000)	(62,799,747)
	Interest paid	(576,860,622)	(452,981,486)
	Dividend paid	(2,201,653)	(2,541,627)
	Net cash generated from / (used in) financing activities	1,603,474,793	(999,384,192)
	Net increase / (decrease) in cash and cash equivalents	(15,969,170)	117,147,267
- 1	Cash and eash equivalents at the beginning of the year	358,259,149	241,111,882
	Cash and cash equivalents at the end of the year	342,289,979	358,259,149
	Cash and cash equivalents comprise of:		
	Cash on hand	7,568,052	12,051,948
	Gold and silver coins (stated at cost)	15,323	15,323
	Balance with banks in current accounts	231,729,027	221,790,323
	Balance with banks in call accounts	91,105,930	112,613,126
99	Other bank balances	11,871,647	11,788,429
- 6	Total	342,289,979	358,259,149

As per our report of even date

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Oam Siddhi Gubhaju Deputy Chief Executive Officer Therealth

**Board of Directors** 

Urmila Shrestha Chief Executive Officer PLShrosha

Pradip Lal Shrestha Chairperson Kathmandu 1964

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CA Anil Joshi

Partner Kuber N. Bhattarai & Co. Chartered Accountants

Shisearam Pokharel Anjan Shrestha

Ruicsh Kumar Shrestha

Danto

Ramesh Acharya

Narayan Das Manandhar -

Sonil Shrestha

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Place: Kathmandu Date: Poush 26, 2081 (January 10, 2025)



## SALT TRADING CORPORATION LIMITED Kalimati, Kathmandu

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ASHAD 31, 2081 (JULY 15, 2024)

Particulars	Share	Retained	Capital donation fund	Revaluation Surplus	Capital donation fund Revaluation Surplus Deferred Tax Reserve	Total
Balance as at Ashad 31, 2079 (July 16, 2022)	253,531,190	226,369,580	491,690,773	395,186,375	190,393,169	1,557,171,087
Profit for the year	٠	53,667,368				53,667,368
Deferred tax for the year	*	(15,060,275)		776	15,0x0,275	
Issue of bonus share	25,353,119	(25,353,119)		*		
Dividend paid		(12,676,560)		10	5	(12,676,560)
Depreciation on Capital Donation Asset	,	+	(16,785,137)	963		(16,785,137)
Balance as at Ashad 31, 2080 (July 16, 2023)	278,884,309	226,946,994	474,905,636	395,186,375	205,453,444	1,581,376,758
Profit for the year	Y	41,888,328	2		.*	41,888,328
Deferred tax for the year	٠	(643,639)	0.00		643,639	
Issue of bonus share	41,832,646	(41,832,646)	9.5	254		
Adjustment for Fractional Bonus Share 76/77		53,891				168,53
Adjustment of Prior period Tax		9,290,593				9,290,593
Dividend paid		(2,201,653)		14	120	(2,201,653)
Depreciation on Capital Donation Asset		0	(16,059,619)	20	57	(16,059,619)
Balance as at Ashad 31, 2081 (July 15, 2024)	320,716,955	233,501,869	458,846,017	395,186,375	206.097.083	1,614,348,299

As per our report of even date

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Pradip Lal Shrestha

Chairperson

CA Anil Joshi Patter

Kuber N. Bhattarii & Co. Chartered Accountants

Chief Executive Officer Urmila Shrestha

Deputy Chief Executive Officer

Oam Siddhi Gubhaju

Board of Directors

Rajesh Kumar Shrestha

Anjan Shrestha

Narayan Das Manandhar Buyer Ramesit Acturya
Narayan Dae M

Sunil Shrestha

Place: Kathimandu Date: Poush 26, 2081 (January 10, 2025)



For the year ended Ashad 31, 2081 (July 15, 2024)

A. General Information of the Company

Salt Trading Corporation Limited (STC Limited) (herein after referred as "the company") is established as a Public Private Partnership (PPP) in the year 2020 B.S with the objective of regular supply of iodized salt in Nepal. The company has its registered office at Kalimati, Kathmandu with its branch network throughout the country. It has made all efforts for nationwide reach, from urban to most remote locations in providing quality products to its valued customers.

The company endeavors to continue providing its quality products to its customers regularly. This company is the sole supplier of salt within Nepal. Annual financial statements are released for general public and further information about the organization can be reached at www.stcnepal.com. The shares of the company are listed and traded on the Nepal Stock Exchange Limited (NEPSE).

The current shareholding structure of the company is as below:

Shareholders	% Of Share
Government of Nepal	11.59
Khadya Vyabastha Tatha Vyapar Company Ltd.	9.67
General Public	78.74
Total	100.00

### B. Statement of Compliance

The financial statements are prepared on accrual basis in accordance with the requirements of Nepal Financial Reporting Standards (NFRS) to the extent applicable and as published by the Accounting Standards Board (ASB) of Nepal except for the requirement of consolidation of financial statements of its group. These financial statements are approved and authorized for issue by the 1067th meeting of Board of Directors on its meeting held on Poush 26, 2081 (January 10, 2025) and have been recommended for approval by shareholders in the upcoming Annual General Meeting.

### 1 Accounting Policies and Accounting Estimates

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

In determining and applying accounting policies, management is required to make judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows. These accounting policies are consistently applied by the company.

Specific accounting policies have been included in the specific section of the notes for each item of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed.

1.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost convention except for certain financial elements that have been measured at fair value, wherever standard requires or allowed such measurement. The fair values, wherever used, are disclosed in relevant Notes.

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Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

1.2 Going Concern

The financial statements have been prepared on a going concern basis. The company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. In preparing the financial statements, management has assessed the entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting. Management does not have any intention to liquidate the entity or to cease operations.

1.3 Separate financial statements

These financial statements are separate financial statements of the company prepared in accordance with NAS 27 – Separate Financial Statements. The company has invested in various companies and have controls and/or significant influences in some of those companies. However, financial statements of its subsidiaries and associates have not been consolidated as required by NFRS 10 - Consolidated Financial Statements.

1.4 Accounting Estimates

The preparation of the financial statements in accordance with NFRS requires the management to make judgments, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed regularly based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimates are revised.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

b. Measurement of defined benefit obligations

The Company's defined benefit plans comprise gratuity and vesting accumulating leave (sick leave). The defined benefit obligation for gratuity is calculated annually by the company and provided for in the books of accounts based on the judgement and estimates of the management. Actuarial valuation for determination of defined benefit obligation has not been made.

### 2 Presentations

2.1 Presentation Currency

The Company operates within the jurisdiction of Nepal. Nepalese Rupees (NPR) is the presentation and functional currency of the Company. These financial statements are prepared and presented in Nepalese Rupees and rounded off to the nearest Rupee.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

### 2.2 Rearrangement and Reclassification

The figures for previous years are rearranged, reclassified and/or restated wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

### 2.3 Statement of Financial Position

The elements of Statement of Financial Position (SFP) consisting of assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### 2.4 Statement of Profit or Loss and Other Comprehensive Income

The elements of Statement of Profit or Loss and Other Comprehensive Income have been prepared using classification 'by nature' method. The details of revenue, expenses, gains and/ or losses have been disclosed in the relevant section of this notes.

### 2.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared using indirect method and the activities has been grouped under three major categories; Cash flows from operating activities, Cash flows from investing activities and Cash flows from financing activities in accordance with NAS 07 - Statement of Cash Flows.

### 2.6 Statements of Changes in Equity

The Statement of Changes in Equity has been prepared disclosing changes in each element of equity.

### C. Notes to the Financial Statements

### 3 Property, Plant and Equipment (PPE)

### 3.1 Accounting Policy

Property, Plant and Equipment (PPE) are those tangible assets that are held for use in the production process or supply of goods or services, for administrative purpose or for rentals to others; or for administrative purposes and are expected to be used for more than one accounting period. These are recognized as PPEs, if and only if it is probable that future economic benefits associated with the items will flow to the company; and the cost of the item can be measured reliably.

### 3.2 Initial Measurement

Property, Plant and Equipment are stated at their cost less depreciation, and impairment loss, if any. Initial cost includes purchase price and costs that are directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by management.

### 3.3 Subsequent Measurement

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

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For the year ended Ashad 31, 2081 (July 15, 2024)

when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

The cost of property, plant and equipment which are not ready for their intended use till the date of statement of financial position, are disclosed under capital work-in-progress.

### 3.4 Impairment

At each reporting date the company assesses whether there is any indication that asset may be impaired. Impairment loss, if any, is recognized to the extent the carrying amount of assets or cash generating units (CGU) exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount is determined at the higher of fair value less cost to sell on disposal and value-in-use.

### 3.5 De-recognition

Assets are derecognized when decommissioned or identified as damaged beyond economic repair or rendered useless due to obsolescence. The gain or loss arising from the disposal of an item of PPE is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the Statement of Profit or Loss.

### 3.6 Depreciation, estimated useful lives and residual value

Depreciation is calculated using the diminishing balance method over their useful lives. Items of property, plant and equipment are not depreciated in the year of acquisition and management considers that this will not have material impact in the cycle and hence will not have material impact in the economic decision making of the user.

The residual values, useful lives and the depreciation methods of assets are reviewed at least annually, and if expectations differ from previous estimates, changes are made in the estimates and are accounted for as a change in accounting estimates.

The details of estimated useful lives and depreciation method applied are as below:

Asset Class	Sub Class	Deprecation Rate (%)	Estimated Useful life (in Years)
Land	Land	•	
Desilation.	Office Building	3	50
Building	Office Godown	3	50
06 7 1	Office Equipment	10	15
Office Equipment	Computer and Printers	10	15
Furniture and Fixtures	Wooden Furniture	15	10
Furniture and Fixtures	Steel Furniture	8	20
17.1.1.1	Vehicles	15	10
Vehicles	Vehicles Heavy	15	10
Plant and Machinery	Plant and Machinery	10	15

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

### 4 Intangible Assets

### 4.1 Accounting Policy

Identifiable intangible assets are recognized when the company controls the asset and it is probable that future economic benefits attributed to the asset will flow to the company and the cost of the asset can be reliably measured.

Intangible assets with definite useful lives are stated at cost less amortization and impairment losses, if any. The useful lives and the amortization methods of the assets are reviewed at periodically.

### 4.2 De-recognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, is recognized in statement of profit or loss in the year the asset is derecognized.

### 4.3 Amortization, estimated useful lives and residual value

Intangible assets with finite lives are amortized considering the pattern of inflow of economic benefits of the asset to the organization using the diminishing balance method to write down the cost over its estimated useful economic lives and is recognized in statement of profit or loss.

Changes in the estimated useful life or the expected pattern of consumption of future economic benefit embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Items of intangible assets are not amortized in the year of acquisition/ development and

Items of intangible assets are not amortized in the year of acquisition/ development and management considers that this will not have material impact in the cycle and hence will not have material impact in the economic decision making of the user.

Intangible assets having infinite useful life are assessed for impairment at each reporting date.

Management has estimated the useful life and amortization of software as detailed below:

Asset Class	Sub Class	Amortization Rate	Estimated Useful life (in Years)
Intangible Assets	Software	10	10

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Notes to the Financial Statements For the year ended Ashad 31, 2081 (July 15, 2024)

# Detail of Property, Plant and Equipment, Capital work-in-progress and Intangible Assets

For the year ended Ashad 31, 2081 (July 15, 2024)

		O	Cost			Depre	Depreciation		Carrying	Carrying Amount
Particulars	As at Shrawan 1, 2080 (July 17, 2023)	Additions	Disposals and adjustments	As at Ashad 31, 2081 Culv 15, 2024)	Up to Shrawan 1, 2080 Gulv 17, 2023)	For the year	On disposals and adjustments	Up to Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
A. Property, plant and equipment										
Freehold lands	768,956,410	3	6,759,447	762,196,963			4	,	762,196,963	768,956,410
Buildings and godowns	998,878,570	11,584,560	<u>10</u>	1,010,463,130	387,622,180	18,337,692	J/X	405,959,872	604,503,259	611,256,390
Office equipment	766,012,71	917,841	9	18,428,563	8,054,013	928,925	٠	8,973,663	9,454,900	9,465,984
Computers	17,322,496	980,834	¥	18,303,330	8,248,350	925,960		9,174,310	9,129,020	9,074,146
Wooden furniture	7,138,050	375,093	b	7,513,143	4,298,561	425,672		4,724,233	2,788,910	2,839,489
Steel furniture	6,479,336	316,377	P.S.	6,795,713	2,600,401	310,315	6	2,910,716	3,884,998	3,878,935
Vehicles	100,808,317		1,460,180	99,348,137	07,808,970	4,933,644	1,351,759	71,390,855	27,957,282	32,999,347
Plant and machinery	162,179,366	20	. 1	162,179,366	133,069,693	2,910,967	3.05	135,980,660	26,198,706	29,109,673
Total	2,079,282,542	14,174,705	8,219,627	2,085,228,346	611,702,168	28,773,174	1,351,759	639,114,308	1,446,114,038	1,467,580,374
B. Capital work-in- progress	4,058,068	220,875	4,155,248	123,695		1		•	123,695	4,058,068
C. Intangible assets										
Capitalised software	2,056,600	85,000	100,000	2,041,600	754,740	127,051	68,629	813,162	1,228,438	1,301,860
Total	2,056,600	85,000	100,000	2,041,600	754,740	127,051	68,629	813,162	1,228,438	1,301,860

Property plant and equipment pledged as security:

Certain Freehold lands and buildings have been pledged as security against loans obtained from bank under mortgage.



Notes to the Financial Statements For the year ended Ashad 31, 2081 (July 15, 2024)

For the year ended Ashad 31, 2080 (July 16, 2023)

		٥	Cost			Depre	Depreciation		Carrying	Carrying amount
Particulars	As at Shrawan 1,	Additions	Disposals	As at Ashad 31, 2080	Up to Shrawan 1,	For the	On Disposals and	Up to Ashad 31, 2080	As at Ashad 31, 2080	As at Ashad 32, 2079
	2079 (July 17, 2022)		adjustments	(July 16, 2023)	July 17, 2022)		adjustments	(July 16, 2023)	July 16, 2023)	(July 16, 2022)
A. Property, plant and equipment										
Freehold lands	768,956,410	1	6	768,956,410	50	500	4		768,956,410	768,956,410
Buildings and godowns	992,317,259	6,561,311	88	998,878,570	368,920,270	18,701,910	•	387,622,180	611,256,390	623,396,989
Office equipment	15,818,474	1,701,524	aT:	17,519,997	7,191,295	862,718		8,054,013	9,465,985	8,627,178
Computers	16,571,100	751,396	7	17,322,496	7,323,600	924,750	*	8,248,350	9,074,146	9,247,500
Wooden furniture	6,845,691	292,359	514	7,138,050	3,849,068	449,493		4,298,561	2,839,489	2,996,623
Steel furniture	6,204,093	275,243	4	6,479,336	2,287,037	313,364		2,600,401	3,878,935	3,917,056
Vehicles	98,725,972	2,082,345	31	100,808,317	62,353,022	5,455,948	•	67,808,970	32,999,347	36,372,950
Plant and machinery	162,114,131	65,235	M	162,179,366	129,842,533	3,227,160	\$7.	133,069,693	29,109,673	32,271,598
Total	2,067,553,130	11,729,413	1	2,079,282,542	581,766,825	29,935,343		611,702,168	1,467,580,375	1,485,786,304
B. Capital work-in- progress	4,942,696	4,058,068	4,942,696	4,058,068		168			4,058,068	4,942,696
C. Intangible assets										
Capitalised software	1,981,600	75,000		2,056,600	618,419	136,321		754,740	1,301,860	1,363,181
Total	1,981,600	75,000	•	2,056,600	618,419	136,321	•	754,740	1,301,860	1,363,181

Property plant and equipment pledged as security:

Certain Freehold lands and buildings have been pledged as security against loans obtained from bank under mortgage.

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Notes to the Financial Statements For the year ended Ashad 31, 2081 (July 15, 2024)

## Salt Trading Corporation Ltd.

### Assets under Grant

Certain godowns under category buildings and godowns have been constructed under the grant from Government of Nepal, Government of India, Government of Japan and UNICEF in the lands owned of the company. Depreciation on such assets on which grant has been received amounting to NPR. 16,059,619 (2079-80: NPR. 16,785,137) has been set off against balance of capital grant.

The details of assets constructed/ purchased under the grants are as detailed below:

				Grant Assets				
Description	Sub-description	Japan Go	Government	India/ Nepal Government	Nepal Government	UNICEF	2080-81	2079-80
		Godown (6 locations)	Plant and Machinery	Godown (13 locations)	Vehicles	Plant and Machinery		
	Opening Cost	773,001,700	146,200,600	9,582,059	5,381,800	356,021	934,522,180	934,522,180
	Addition during the year	7.0	1	1	5	10	100	20
Cost	De-recognition / Adjustments	40			22	*	10	2
	Closing Cost	773,001,700	146,200,600	9,582,059	5,381,800	356,021	934,522,180	934,522,180
	Depreciation rate (%)	3%	10%	3%	15%	10%		
	Opening Depreciation	326,244,391	124,256,674	6,399,562	2,993,867	263,353	460,157,847	443,372,273
Denteciation	Addition during the year	13,402,368	2,194,326	95,471	358,188	9,267	16,059,619	16,785,137
	De-recognition /Adjustments		æ		10	*	r	í
	Accumulated Depreciation	339,646,759	126,451,000	6,495,033	3,352,055	272,620	476,217,466	460,157,410
Written Down	Current Year	433,354,941	19,749,600	3,087,026	2,029,745	83,401	458,304,714	474,364,770
Value (WDV)	Previous Year	446,757,309	21,943,926	3,182,497	2,387,933	92,668	474,364,333	491,149,907

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Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

### Land

Land properties with ownership documents (i.e., in occupation and with valid documentation) have been recognized as PPE after considering the principle of substance over form.

Land properties were revalued during FY 2057-58 (2058.03.31) by taking into account market consideration and the government rate. Land properties were revalued to the approximation of fair value at the time of revaluation. The fair value of land was determined using the then transaction value of the similar land in the similar locality, in absence of active real estate market. However, due to the significant time interval, the current market value may have been changed significantly.

### 5 Financial instruments, financial assets and financial liabilities

### 5.1 Accounting Policy

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

### 5.2 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in statement of profit or loss or other comprehensive income. The Company reclassifies financial assets when and only when its business model for managing those assets changes.

### 5.3 Financial assets

Financial assets include loans, advances, trade receivables and cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being measured at fair value through statement of profit or loss and other comprehensive income.

### 5.3.1 Subsequent measurement

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both (a) the entity's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial asset.

Financial assets are classified as those:

### a. Measured at amortized cost

A financial asset is measured at amortized cost, if it is held solely for collection of cash flows arising from payments of principal and interest.

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For the year ended Ashad 31, 2081 (July 15, 2024)

Loans, trade receivables, cash and cash equivalents, other bank balance and other receivables are classified for measurement at amortized cost.

### Measured at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI, if it is held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognized in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains or losses. Interest income from these financial assets is included in other operating income using the effective interest method.

### c. Measured at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other operating income.

### 5.3.2 Impairment of financial assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortized cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances is recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition. Losses arising from impairment are recognized in statement of profit or loss.

### Derecognition of financial assets

Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

### 5.3.4 Income recognition

Interest income is recognized in the statement of profit or loss using the effective interest method.

### 5.4 Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortized cost. Any discount or premium on redemption / settlement is recognized in the statement of profit or loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the statement of financial position.

Financial liabilities are derecognized when the liability is extinguished, that is, when the

contractual obligation is discharged, cancelled or expired.



For the year ended Ashad 31, 2081 (July 15, 2024)

### 5.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 6 Investments

### 6.1 Accounting policy

Subsidiary is an entity in which the company has control. An associate is an entity over which the company has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but do not have control or joint control over those policies. The company has elected to present separate financial statement in accordance with NAS 27 (Separate Financial Statements).

Investments in equity instruments of subsidiaries and associates are measured at cost in accordance with NAS 27 - Separate Financial Statements less impairment loss, if any.

Investments in equity instruments of other than subsidiary and associates, preference shares and in units of mutual funds are measured at cost less impairment loss, if any.

### 6.2 Explanatory notes

Investments are grouped under the category of Investment in Subsidiaries, Investment in Associates, and Investments in other corporate securities.

Some of these investments are not yet listed in the stock exchange. The company has made these investments under long term investment strategy. Company believes, considering other similar investments in the market, that the long-term return from the investments and the future value will more than sufficiently cover the total cost of the investments.

The allowance for loss on investments are estimated based on the available information and management estimation of recoverable amounts from the respective companies. The amount of allowance or reversal thereof are management's estimates based on net assets of the investee on historical costs and fair value of land properties held by these companies. Such allowances or reversal thereof are charged to Statement of Profit or Loss.

### Detail of Investments

In NPR

Value No of shares Amount No of shares INVESTMENTS IN EQUITY INSTRUMENTS In subsidiaries (at cost unless otherwise stated) Unquoted Investments Khadya Udhyog Ltd. 100 106,025 6,252,500 106,025 6,252,500	Dantiaulana	Face		15-25-15-55-55-55-55-55-55-55-55-55-55-55-55		
INSTRUMENTS In subsidiaries (at cost unless otherwise stated) Unquoted Investments Khadya Udhyog Ltd. 100 106,025 6,252,500 106,025 6,252,500	raruculars	Value	10.700.685700	Amount	V2250 (10 1 10 10 10 10 10 10 10 10 10 10 10 10	Amount
Unquoted Investments         100         106,025         6,252,500         106,025         6,252,500	INVESTMENTS IN EQUITY INSTRUMENTS					
Khadya Udhyog Ltd. 100 106,025 6,252,500 106,025 6,252,500	The state of the s					
- 이 1000개의 10명 (10명 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000 - 1000	사이 그 개국(요) 사이에 이렇지 내가 먹어 얼마나 있었다면서 하네요	100	106.025	6 252 500	106 025	6 252 500
	4명 및 100km 및 200 000명 및 100km (100km 100km 1					

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

1 may 15 1/10 at 2007 at 2007 p.	Face		As at Ashad 31, 2081 (July 15, 2024)		As at Ashad 31, 2080 (July 16, 2023)	
Particulars	Value	No of		No of	I	
	lektimits.	shares	Amount	shares	Amount	
Upahar Housing Company Ltd.	100	100,000	10,000,000	100,000	10,000,000	
STC Gas Udhyog Ltd.	100	100,000	10,000,000	100,000	10,000,000	
Metro Kathmandu Gas Industries Ltd.	100	1,100,000	110,000,000	1,100,000	110,000,000	
Gharelu Hastakal Udhyog Pvt. Ltd.	10,000	48	480,000	48	480,000	
In associates (at cost unless otherwise stated)						
Unquoted Investments		200000000000000000000000000000000000000	Section Manager Control Control		20011-0000-000	
Nepal Vanaspati Ghee Udhyog Ltd.	100	79,380	11,861,500	79,380	11,861,500	
Gorakhakali Rubber Udhyog Ltd.	75	827,474	62,060,550	827,474	62,060,550	
Butwal Spinning Mills Ltd.	100	250,000	25,000,000	250,000	25,000,000	
Morang Sugar Mills Ltd.	100	21,500	1,081,728	21,500	1,081,728	
Futureworks Building Solution Pvt. Ltd.	100	120,000	12,000,000	120,000	12,000,000	
STC Re-insurance Brokers Pvt. Ltd.	100	200,000	20,000,000	200,000	20,000,000	
In others (at cost unless otherwise stated)						
Unquoted Investments						
Nepal Hastakala Company Ltd.	100	9,000	900,000	9,000	900,000	
Sean Seed Service Center Ltd.	100	919	37,840	919	37,840	
Exim International Pvt. Ltd.	100	25,000	2,500,000	25,000	2,500,000	
Subarna Pharmaceuticals Ltd.	100	200,000	20,000,000	200,000	20,000,000	
Shajha Sewa Pasal	100	5,000	362,600	5,000	362,600	
Sitco Ltd.	100	12,500	1,250,000	12,500	1,250,000	
Rastriya Banijya Bank Ltd.	100	15,315	1,100,000	15,315	1,100,000	
Quoted Investments		1				
Sagarmatha Lumbini Insurance Company Ltd.						
(Former Sagarmatha Insurance Company Ltd.)						
Promoter shares	100	470,818	3,852,364	470,818	3,852,364	
Ordinary shares	100	440,170	679,836	440,170	679,836	
Laxmi Sunrise Bank Ltd. (Former Sunrise Bank)		100		18	100	
Promoter shares	100	830,679	37,094,759	776,335	37,094,759	
Ordinary shares	100	146,593	6,546,241	137,002	6,546,241	
INVESTMENTS IN PREFERENCE SHARES						
In associates (at cost unless otherwise stated)						
Unquoted Investments						
Morang Sugar Mills Ltd.	100	2,795,000	279,500,000	2,795,000	279,500,000	
INVESTMENTS IN MUTUAL FUNDS						
(at cost unless otherwise stated)	10			1027407	10,274,070	
NIMB Pragati Fund	10	-		1027407	10,274,070	
OTHER INVESTMENTS			(0.07 4860) (3.000 (4.000 (4.000))		Q2074030000000000000000000000000000000000	
Citizen Investment Fund (Employee Gratuity)			168,127,512		128,726,043	
Total			800,687,430		771,640,031	
Less: Allowance for loss on investments			(221,572,050)		(221,652,050)	
Total			579,115,380		549,987,981	

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

The charge or reversal of allowance for loss on investments during the financial year are as detailed below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Balance at the beginning of the year	221,652,050	221,652,050
Investments written off	(80,000)	
Loss allowance written back	-	5.7
Loss allowance recognized	4	-
Balance at the end of the year	221,572,050	221,652,050

### 7 Other Assets

The details of other assets are as follows:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Non-Current	<u> </u>	<u> </u>
Deposits with statutory authorities - for appeals	38,236,714	29,924,744
Advance to subsidiary and associate companies	1,695,186,585	1,709,570,674
Less: Allowance for advances to subsidiary and associates	(60,000,000)	(60,000,000)
Total (a)	1,673,423,299	1,679,495,418
Current		
Advance for goods and services	572,971,358	578,459,981
Less: Allowance for doubtful advances to suppliers	(130,900,151)	(130,900,151)
Employee advances	26,967,082	37,489,982
Advance with statutory authorities	54,889,236	9,757,933
Prepaid expenses	2,630,325	3,522,530
Margin deposits	74,366,449	69,470,656
Sundry Deposits	4,503,376	1,218,026
Total (b)	605,427,676	569,018,957

Deposit with statutory authorities – for appeals includes deposit made with IRD for appeal of additional tax demand raised by the Large Taxpayer's Office for the Financial year 2072-73, 2073-74, 2074-75, 2075-76 and 2076-77. This probable liability under appeal have been disclosed in note 34.2 – Contingent Liabilities.

### 8 Deferred Tax Asset (Net)

### 8.1 Accounting Policy

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Deferred tax assets		
On gratuity	77,348,120	74,997,753
On allowance for investments	55,413,013	55,413,013
On allowance for doubtful receivables	39,094,813	39,094,813
On allowance for advances	47,725,037	47,725,037
	219,580,983	217,230,616
Deferred tax liabilities	No. 1880	0.0
On property, plant and equipment	(13,483,900)	(11,777,172)
66 1000 100 100 100 100 100 100 100 100	(13,483,900)	(11,777,172)
Total	206,097,083	205,453,444

### Movement in deferred tax assets / (liabilities) balances For the year ended Ashad 31, 2081 (July 15, 2024)

In NPR

Particulars	Opening Balance	Recognized in Profit/ Loss	Closing Balance
Deferred tax assets			
On gratuity	74,997,753	2,350,367	77,348,120
On allowance for investments	55,413,013		55,413,013
On allowance for doubtful receivables	39,094,813		39,094,813
On allowance for advances	47,725,037	:-	47,725,037
Total deferred tax assets	217,230,616	2,350,367	219,580,983
Deferred tax (liabilities) On property, plant and equipment	(11,777,172)	(1,706,728)	(13,483,900)
Total deferred tax (liabilities)	(11,777,172)	(1,706,728)	(13,483,900)
Deferred tax assets - Net	205,453,444	643,639	206,097,083

For the year ended Ashad 31, 2080 (July 16, 2023)

In NPR

Particulars	Opening Balance	Recognized in Profit/ Loss	Closing Balance
Deferred tax assets			*1 13
On gratuity	72,500,000	2,497,753	74,997,753
On allowance for investments	55,413,013	-0	55,413,013

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	Opening Balance	Recognized in Profit/ Loss	Closing Balance
On allowance for doubtful receivables	39,094,813		39,094,813
On allowance for advances	36,475,037	11,250,000	47,725,037
Total deferred tax assets	203,482,863	13,747,753	217,230,616
Deferred tax (liabilities) On property, plant and equipment	(13,089,694)	1,312,522	(11,777,172)
Total deferred tax (liabilities)	(13,089,694)	1,312,522	(11,777,172)
Deferred tax assets - Net	190,393,169	15,060,275	205,453,444

### 9 Inventories

### 9.1 Accounting Policy

Inventories are carried at the lower of cost or net realizable value. Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using Weighted Average Method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses.

### 9.2 Explanatory Notes

Inventories primarily consist of food items, agricultural inputs, construction materials and other goods. The details are as below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Food Items	1,519,223,201	1,050,176,926
Agriculture Inputs	1,205,351,095	1,106,763,038
Construction Material	160,525,531	230,344,702
Other Goods	194,450,066	91,219,746
Stocks in Transit	227,683,469	835,022,203
Stores and consumables	1,928,242	1,541,897
Total	3,309,161,604	3,315,068,512

Inventory consists of CGI Sheets amounting to NPR. 156,757,381 purchased as per decision of Ministry of Industry, Commerce and Supplies for the reconstruction of house damaged by earthquake.

### 10 Trade Receivables

### 10.1 Accounting Policy

Trade Receivables comprise of the amount owed to the Company by its customers. These trade receivables do not carry any interest and are measured at the carrying amount at which the item is initially recognized less any impairment losses, i.e., stated at their nominal value as reduced by appropriate allowances. Such allowances are affected by way of write-downs based on the estimated irrecoverable amount.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Individual trade receivables are written off when management deems them to be uncollectible. Write-offs of trade receivables are recognized in some cases using the allowance accounts.

### 10.2 Explanatory Notes

Receivables from the general public, government offices and other corporates are overdue accounts and company has assessed credit risk on the recovery of these accounts over the life time of the outstanding credit. The company has taken its efforts to follow up for the collection of these overdue amounts, some of which are backed by security deposits. The company believes that the impairment covers adequately for expected loss.

The details of trade receivables are as below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Secured, considered good	249,208,408	224,226,112
Unsecured, considered good	830,627,577	305,971,473
Doubtful	156,379,251	156,379,251
Subtotal	1,236,215,236	686,576,836
Less: allowance for doubtful receivables	156,379,252	156,379,251
Total	1,079,835,984	530,197,585

The company estimates the expected loss on these trade receivables by conducting ageing analysis and providing estimated allowances. The difference in the estimated allowance for irrecoverable amount are charged or reversed to Statement of Profit or Loss.

The charge or reversal of allowance for trade receivables during the financial year are as detailed below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Balance at the beginning of the year	156,379,251	156,379,251
Loss allowance written back	33 197	
Loss allowance recognized		
Balance at the end of the year	156,379,251	156,379,251

Secured trade receivables are secured against dealership and other deposits held by the company against the receivable balances.

### 11 Cash and Cash Equivalents

### 11.1 Accounting Policy

Cash and cash equivalents include deposits account balances maintained with banks or financial institutions. These enable the Company to meet its short-term liquidity requirements. The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Banks and financial institution in Nepal are closely regulated by the Central Bank. The Company closely assesses the risks of these instruments and there is no apparent indication of impairment of these balances.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques on hand, and balances with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 11.2 Explanatory Notes

The details of Cash and Cash Equivalents are given below:

In NPR

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Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Cash on hand	7,466,776	12,051,948
Cheques in hand	101,276	(A) (A)
Gold and silver coin (at cost)	15,323	15,323
Balances with banks		58
In current accounts	231,729,027	221,790,323
In call accounts	91,105,930	112,613,126
Total	330,418,332	346,470,720

### 12 Other Bank Balances

Other bank balances include time deposits with original maturity of 4 to 12 months having remaining maturity of less than 12 months from the date of statement of financial position and other bank balances which are not available for use by the company. The details of Other Bank Balances are as below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
In deposit accounts	11,871,647	11,788,429
Total	11,871,647	11,788,429

### 13 Receivables from Nepal Government (Net)

The details of Receivables from Nepal Government are as below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Receivable Balance on account of:		
Subsidized Fertilizer	256,199,796	197,718,370
Supath Mulya Pasal	21,154,871	21,154,871
Less: Payable balance on account of:		
Subsidized Fertilizer	-	
Kantharog Niyntran Karyakram	(1,264,716)	(15,221,469)
Total	276,089,951	203,651,772

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

With reference to Supath Mulya, the balance of NPR. 21,154,871 pertaining to prior years is yet to be received by the company.

Details of Reconciliation of Subsidized Fertilizers are:

In NPR

Government Subsidy on	Fertilizers	Quantity (MT)	Purchase	Cost	Sales rate per MT	Sales value	Government Subsidy (Amount)
	Urea	99,351.15	5,839,659,8	29.17	14,000	1,390,916,100	4,448,743,729.17
Purchase Value	DAP	80,801.05	7,454,983,5	33.27	43,000	3,474,445,150	3,980,538,383.27
· · · · · ·	Potash	5,351.75	322,023,1	40.76	31,000	165,904,250	156,118,890.76
			13,616,666,5	03.20		5,031,265,500	8,585,401,003.20
Operating expense/	Fertilizers	Quanti	ty (MT)	Ope	rating exper Charges p	nse/Handling oer MT	Government Subsidy (Amount)
Handling	Urea		99,351.15		250.0	00	24,837,787.50
expenses	DAP		80,801.05		250.0	00	20,200,262.50
	Potash		5,351.75		250.0	00	1,337,937.50
							46,375,987.50
	Fertilizers	Quanti	ty (MT)	5	Surveyor Fee	es per MT	Government Subsidy (Amount)
Surveyor Fees	Urea		99,351.15		8.8	7	881,244.70
	DAP		80,801.05		8.8	7	716,705.32
	Potash		5,097.55	- 34	8.8	7	45,215.27
	Potash		254.20		8.30	5	2,125.11
							1,645,290.40
Total Subsidy	for FY 2080-8	1					8,633,422,281.10

Details of subsidized fertilizer stock movement during F.Y. 2080-81 are as follows:

Qty in MT

Particulars	Opening Stock	In Transit Received	Purchase	Sales	Excess/ (Short)	Closing Stock
Urea	21,811.05	-	99,351.15	107,013.80	0.05	14,148.45
DAP	15,444.45	17,328.55	75,665.95	89,603.00		18,835.95
Potash	4.00	2,549.20	5,097.55	5,414.10	- 8	2,236.65
Total	37,259.50	19,877.75	180,114.65	202,030.90	0.05	35,221.05

### Reconciliation of Government Subsidy on subsidized fertilizers

In NPR

Particulars	Amount
Total Subsidy receivable for FY 2080-81	8,633,422,281
Less: Amount received from transaction of FY 2080-81	(8,536,403,195)
Balance Amount Receivable/(Payable) for FY 2080-81	97,019,086
Opening Subsidy Receivable/(Payable) from Government of Nepal	197,718,370
Less: Amount to be refunded for excess carriage claimed	(38,537,661)
Closing Subsidy Receivable from Government of Nepal (GoN)	256,199,796
Receivable Amount withheld by GoN for FY 2071-72 (Refer Note Below)	224,768,455
Net subsidy Receivable/(Payable) up to FY 2080-81 (Excluding amount withheld by GoN)	31,431,341

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For the year ended Ashad 31, 2081 (July 15, 2024)

The net subsidy receivable from the Government of Nepal of NPR. 256,199,796 includes receivable subsidy on fertiliser relating to financial year 2071-72 of NPR. 224,768,455 which has been withheld as per decision of Subsidy Distribution Management Committee dated 2072.08.29. Excluding such amount withheld, the company has payable subsidy balance of NPR. 31,431,431 from Government of Nepal on account of subsidized fertilizers.

### 14 Share Capital

The company applies NAS 32, Financial Instruments: Presentation, to determine whether funding is either a financial liability or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument.

The company's registered share capital structure is as follows:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Authorized 10,000,000 nos. of ordinary shares of Rs. 100 each	1,000,000,000	1,000,000,000
Issued 10,000,000 nos. of ordinary shares of Rs. 100 each	1,000,000,000	1,000,000,000
Subscribed and paid up 3,207,168 nos. of ordinary shares of Rs. 100 each, fully paid (FY 2079-80: 2,788,843 nos. of ordinary shares of Rs. 100 each, fully paid)	320,716,955	278,884,309
Total	320,716,955	278,884,309

### 14.1 Reconciliation of number of shares outstanding:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
At the beginning of the year	2,788,843	2,535,312
Add: bonus shares issued during the year	418,325	253,531
At the end of the year	3,207,168	2,788,843

### 14.2 Rights, preference and restrictions attached to equity shares:

The Company has one class of equity shares having a face value of Rs. 100 per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in the case of interim dividend.

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### 14.3 Details of shareholders holding more than 1%:

Name	Number	of Shares	Percentage	
Name	80-81	79-80	80-81	79-80
Government Of Nepal Ministry of Finance Public Debt	371,569.46	293,730.80	11.59%	11.59%
Khadya Vyabastha Tatha Vyapar Company Ltd. (Former "National Trading Ltd.")	309,735.38	244,850.10	9.66%	9.66%
Laxmi Holdings Pvt. Ltd	191,683.30	151,528.30	5.98%	5.98%
Amala Shrestha	162,036.63	128,092.20	5.05%	5.05%
Roshan Govinda Shrestha	152,586.20	120,621.50	4.76%	4.76%
Rajendra Man Sherchan	117,280.35	92,708.10	3.66%	3.66%
Sodhan Manandhar	103,933.16	82,160.60	3.24%	3.24%
Diyo Investment Pvt. Ltd	67,667.25	53,491.90	2.11%	2.11%
Ichhyangkush Manandhar	52,391.24	41,416.00	1.63%	1.63%
Narayan Das Manandhar	51,518.90	40,726,40	1.61%	1.61%
SHM Investment & Trade Pvt. Ltd.	50,777.23	40,140.10	1.58%	1.58%
Vastok International P Ltd	33,718.83	26,655.20	1.05%	1.05%

### 15 Retained Earnings and Reserves

### 15.1 Capital Donation Fund

### 15.1.1 Accounting Policy

Foreign agency grant is not recognized until there is reasonable assurance that the company will comply with the condition attaching to them and that the grant will be received.

Foreign agency grant is recognized in profit or loss on the systematic basis over the period in which the company recognizes as expenses the related costs for which the grants are intended to compensate.

### 15.1.2 Explanatory Notes

Government grants provided by UNICEF, Government of Japan, Government of Nepal and Government of India for certain property, plant and equipment have been recognized as capital donation fund as per NAS 20 – Accounting for government grants following the capital approach.

Depreciation on property, plant and equipment purchased/constructed under such grants are recognized outside of statement of profit or loss and are offset with the fund. As at the end of the reporting period, the company has charged total depreciation on grant assets of NPR. 476,217,466 from this account out of which NPR. 16,059,619 relates to the current financial year.

### 15.2 Revaluation surplus

Company had revalued land owned by it on 2058.03.31 and excess of revalued value over cost is accounted as assets revaluation surplus. Balance on account of Asset Revaluation Surplus as on year end is NPR. 395,186,375

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For the year ended Ashad 31, 2081 (July 15, 2024)

### 15.3 Dividend

Dividends paid are recognized in the period in which the interim dividends are approved by the board of directors, or in respect of the final dividend when approved by shareholders.

During the year, the company has capitalized bonus shares of NPR. 41,832,646 which relates to FY 2079-80 (2022-23). However, proposed cash dividend of NPR. 7,425,165 and NPR. 10,991,243 for FY 2076-77 (2019-20) and FY 2078-79 (2021-22) has been approved by AGM of the company but has not been distributed to the shareholders; due to pending approval from Government of Nepal. This has been grouped under other current financial liabilities under Note 17.

For the year ended Ashad 31, 2081 (July 15, 2024), the board of directors of the Company have recommended and proposed final cash dividend of 10%. The details of retained earnings and Reserves are as given below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Retained earnings	233,501,869	226,946,994
Capital Donation Fund	458,846,017	474,905,636
Revaluation Reserve	395,186,375	395,186,375
Deferred tax reserve	206,097,083	205,453,444
Total	1,293,631,344	1,302,492,449

### 16 Borrowings

### 16.1 Accounting Policy

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the repayable amount is recognized in statement of profit or loss over the period of the borrowings using the effective interest method.

### 16.2 Explanatory notes

The company has obtained term and demand loans from commercial banks. Current portion of term loans which are due for payment within twelve months from the date of reporting period are grouped under short term borrowings.

The details of borrowings are as follows:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Non-Current		
Due to banks		
Term loan	82,500,000	143,446,435
Less: current maturities of term loan	(60,000,000)	(60,946,435)
Total (A)	22,500,000	82,500,000
Current		
Due to banks		
Short term and demand loan	4,173,908,320	1,616,229,000
Current maturities of term loan	60,000,000	60,946,435
Bank overdraft	92,124,536	406,320,353
Total (B)	4,326,032,856	2,083,495,788

For the year ended Ashad 31, 2081 (July 15, 2024)

### 17 Other Financial Liabilities

The details of other financial liabilities are as follows:

Amount in NIDD

	Amount in IN			
Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)		
Non-Current	- 0-395 87 - 12 1	20 20 20		
Security deposits from customers	256,239,099	229,476,279		
Earnest money deposit	114,415,703	100,983,977		
Payable to subsidiary and associate companies	1,842,646	1,842,646		
Retention money payable	A1,555. 5A5.554			
For Property, Plant and Equipment	1,050,442	1,050,442		
For Others	16,267,880	12,482,991		
Total (A)	389,815,770	345,836,335		
Current				
Employee benefits payable	62,773,159	60,432,007		
Payable to provident and other funds	309,552,592	300,144,681		
Unpaid dividend	27,364,751	26,533,426		
Others	5,754,687	4,194,014		
Total (B)	405,445,189	391,304,128		

### 18 Advance Income Tax (net)

The details of advance income tax are given below:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)
Provision for income tax	181,184,065	194,890,018
Less: Advance tax	(222,059,557)	(179,904,050)
Total	(40,875,492)	14,985,968

### 19 Trade Payable

### 19.1 Accounting Policy

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

The details of trade payables are as follows:

In NPR

Particulars	As at Ashad 31, 2081	As at Ashad 31, 2080
Trade payables for goods and services	(July 15, 2024) 2,645,573,579	(July 16, 2023) 4,218,568,642
Total	2,645,573,579	4,218,568,642



For the year ended Ashad 31, 2081 (July 15, 2024)

### 20 Other Current Liabilities

The details of other liabilities are as follows:

In NPR

Particulars	As at Ashad 31, 2081 (July 15, 2024)	As at Ashad 31, 2080 (July 16, 2023)	
Advance collected from customers	85,541,990	86,675,412	
Statutory dues	4,332,584	11,569,482	
Employees' bonus	8,131,019	10,088,942	
Deferred subsidy income	8,805,263	9,314,875	
Salt buffer stock fund	40,497,694	40,497,694	
Others	8,758,376	7,859,096	
Total	156,066,926	166,005,501	

### 21 Revenue From Operation

### 21.1 Accounting Policy

Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts and value added taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customers, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and reward of ownership of the goods has been transferred to the customer, usually on delivery of the goods.

The details of revenue from sale of products are as below:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Food and agricultural items	10,660,761,048	7,568,251,165	
Fuel and lubricants	830,735,868	729,795,899	
Construction materials	49,454,101	19,276,314	
Other materials	1,809,378,062	457,035,148	
Total	13,350,329,079	8,774,358,526	

### 22 Cost of Goods Sold

The details of cost of goods sold are as follows:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Purchase of Stock-in-trade		
Food and agricultural items	8,381,280,487	5,727,557,547
Fuel and lubricants	829,301,815	727,736,472

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Construction materials	2,719,128	2,154,000
Other materials	1,733,811,609	452,886,092
Total (A)	10,947,113,039	6,910,334,111
Change in inventories ((Increase) / Decrease during the year) (B)	(606,579,767)	(761,871,173)
Opening Stock Finished goods	2,478,504,416	1,716,633,239
Less: Closing Stock Finished goods	(3,085,084,183)	(2,478,504,412)
Total (A+B)	10,340,533,272	6,148,462,938

### 23 Trading Expenses

The details of trading expenses are as follows:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Food and agriculture trading expenses	1,721,905,997	1,486,702,633	
Construction trading expenses	1,408,721	C. 1000	
Fuel & lubricants trading expenses	23,803,475	18,015,242	
Other general trading expenses	212,885,905	42,765,935	
Total	1,960,004,098	1,547,483,810	

### 24 Other Operating Income

### 24.1 Accounting Policy

### 24.1.1 Interest income

Interest income is recognized as it accrues, using the effective interest method.

### 24.1.2 Rental income

Rental income from operating lease is recognized on straight-line basis over the term of the relevant lease.

### 24.1.3 Dividend income

Dividend income is recognized when their right to receive dividend is established. Other incomes are recognized when the amounts can be reliably measured and the receipt of amount is probable.

The details of other income are presented as below, which comprise of dividend income

(net of tax), lease rentals, interest income and other income etc.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Interest income from:			
Deposit with banks - carried at amortized cost	28,355,575	1,032,541	
Other Financial Assets		MT-SAMINARIOS:	
Rental income	18,094,803	19,147,307	
Dividend income	5,058,388	657,462	
Insurance income	-	3,756,559	
Miscellaneous income	37,656,690	11,804,830	
Gain on foreign exchange	35,335	59,053	
Total	89,200,791	36,457,752	

### 25 Employee Benefit Expenses

### 25.1 Accounting Policy

The company provides employee benefits in accordance to its by-laws in compliance with the local laws and regulations. The employee benefits are classified as current benefits and post-employment benefits.

### 25.1.1 Post-Employment Benefits

The company operates separate defined benefit and defined contribution plans for its employees as a plan for post-employment benefits.

### 25.1.1.1 Defined Contribution Obligations

The defined contribution expenses include employer's contribution for provident fund. These amounts have been deposited in Employee Provident Fund (EPF), a 100% Government of Nepal undertaking.

The company contributes 10% of the basic salary on monthly basis as provident fund contribution for its employees.

### 25.1.1.2 Defined Benefit Obligations

The defined benefit plan of the company includes Gratuity and Leave encashment Entitlements.

### a. Gratuity

Gratuity for employees have been provided as per the management assessment of gratuity. Management calculates the gratuity liability considering the company's policy for gratuity.

### b. Leave Encashment Scheme

Leave encashment that are cumulative (encashment of accumulated leave at the time of retirement) has been computed using organizational policy. However, the company has not provided any amount for encashment of accumulated leave.

The details of employee benefit expenses are as follows:

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### Notes to the Financial Statements For the year ended Ashad 31, 2081 (July 15, 2024)

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023) 226,753,469	
Salary and allowances	233,677,374		
Contribution to provident fund	9,304,844	9,720,484	
Staff insurance expenses	4,627,794	5,211,158	
Gratuity	36,798,434	61,083,418	
Earned leave	11,997,430	17,272,814	
Employee medical expenses	13,507,075	15,262,341	
Uniform expenses	4,179,405	4,651,889	
Employees' bonus	8,131,019	10,088,942	
Total	322,223,375	350,044,515	

### 26 Administrative and Other Expenses

The details of administrative and other expenses are as below:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Travelling, conveyance & daily allowance	18,114,255	15,352,945	
Repair and maintenance	17,316,799	18,362,096	
Email, ticket and telephone	3,731,053	3,707,069	
Printing and stationary	5,091,697	4,571,608	
Fuel expenses	13,610,390	14,330,048	
Business promotion and guest entertainment	17,031,433	14,826,659	
Anniversary expenses	2,072,653	1,522,260	
Consumable goods	4,212,117	3,227,433	
Newspaper and magazines	300,141	256,649	
Advertisement expenses	5,724,965	11,086,453	
Water & electricity charges	3,731,148	3,422,324	
Rent expenses	21,192,437	20,359,412	
Donation	6,380,266	6,329,148	
Bank commission	3,243,276	791,806	
Pooja expenses	1,540,619	1,497,558	
Rates and taxes	9,699,625	20,382,110	
Property tax	2,074,248	2,994,850	
Insurance expenses	6,091,002	2,488,261	
Consultancy expenses	2,421,904	1,881,692	
Meeting expenses	6,360,415	7,502,518	
Annual general meeting expenses	786,825	1,172,273	
Training expenses	125,956	788,425	
Audit fee	1,000,000	500,000	
Miscellaneous expenses	627,145	460,234	
Allowance for doubtful advances	1 -	45,000,000	
Write offs	31,371	4,942,696	

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Loss on disposal of Assets	852,895		
Noon Expenses	524,095	3.4	
Total	153,888,730	207,756,527	

### 27 Finance Costs

### 27.1 Accounting Policy

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

### 27.2 Explanatory Notes

Finance costs are the Interest Expenses related to the servicing of borrowings. These costs include finance cost for both long term loans and short-term loans.

The details of interest expenses are as follows:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Interest expense: On borrowing from banks measured at amortized cost			
On term loan	15,015,779	22,135,067	
On short term and demand loan On borrowing from related parties On borrowing from others	561,844,843	430,846,419	
Total	576,860,622	452,981,486	

### 28 Income Tax Expenses

### 28.1 Accounting Policy

The income tax expenses of the company comprises of current income tax and deferred tax expenses.

Current income tax which is payable on taxable profits is recognized as an expense in the period in which the profits arise.

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For the year ended Ashad 31, 2081 (July 15, 2024)

### 28.2 Explanatory Notes

### A. Amount recognized in Statement of Profit or loss

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
Current tax			
Income tax for the year	22,467,007	43,377,191	
Income tax related to previous years	9,467,470	8,816,191	
Total current tax	31,934,477	52,193,382	
Deferred tax			
Deferred tax for the year	(643,639)	(15,060,275)	
Total deferred tax	(643,639)	(15,060,275)	
Total Tax Expenses	31,290,838	37,133,107	

Tax expenses of NPR. 28,743,048 has been provided for the current financial year by way of self-assessment as per the Income Tax Act, 2058. Income tax relating to previous years additional income tax liability from FY 2076-77 to NPR. 9,467,470.

### B. Reconciliation of Income Tax Expense and Accounting Profit

In NPR

Particulars	U/s	As per SPL	Adjustments	As per Tax
Sales Revenue		13,350,329,079	-	13,350,329,079
Other Income		89,200,791	5,058,388	84,142,403
Total Income (A)		13,439,529,870		13,434,471,482
Expenses				0.2
Employee Expenses		314,092,356	9,401,469	304,690,887
Administrative Expense		136,571,931	12,631,393	123,940,538
Total (B)	13	450,664,287		428,631,424
Interest	14	576,860,622		576,860,622
Cost of Sales	1.5	12,300,537,370		12,300,537,370
Depreciation u/s 19	19	12,840,607	(5,568,185)	18,408,791
Repair and maintenance		17,316,799	5,282,572	12,034,227
Total (C)		12,907,555,398		12,907,841,010
Profit before employee bonus (A-B-C)		81,310,185		97,999,048
Employee Bonus		8,131,019		8,131,019
Taxable Profit before adjustment of loss		73,179,166		89,868,029
Unused Tax Loss		-		
Taxable Profit				89,868,029
Income Tax Provision	Shaff			22,467,007

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For the year ended Ashad 31, 2081 (July 15, 2024)

### 29 Earnings Per Share

### 29.1 Accounting Policy

### 29.1.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

### 29.1.2 Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise of share options granted on convertible preference shares, debentures or to employees. Since, the company does not have any convertible instrument and has not granted any options to its employees, diluted earnings per share is considered the same as basic earnings per share.

### 29.2 Explanatory notes

The company discloses basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees.

Since, the company does not have any convertible instruments and has not granted any options to its employees', diluted EPS is considered the same as basic EPS. The details of EPS, Restated EPS and DEPS are as below:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Profits attributed to equity holders of the Company	41,888,328	53,667,368
Weighted average number of shares	3,207,170	2,788,843
Basic and diluted earnings per share	13.06	19.24

The company issued 418,325 numbers of shares as fully paid-up bonus shares during the financial year. The effect of such issue on earning per share of previous year 2080-81 has been restated as follows:

In NPR

Particulars	For the year ended Ashad 31, 2080 (July 16, 2023
Profits attributed to equity holders of the Company	53,667,368
Weighted average number of shares	3,207,168
Restated Başic and diluted earnings per share	16.73_

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

### 30 Net Worth Per Share

Net worth per share represents the company's equity attributable to each outstanding share. It is calculated by dividing the company's net worth (shareholders' equity) by the total number of outstanding shares.

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Attributable Book Equity	Till the same of t	
Share Capital	320,716,955	278,884,309
Retained earnings	233,501,869	226,946,994
Capital Donation Fund	458,846,017	474,905,636
Revaluation Reserve	395,186,375	395,186,375
Deferred tax reserve	206,097,083	205,453,444
Subtotal	1,614,348,299	1,581,376,758
Net worth per share	503.36	567.04
Conditions Pertained	10	
Less: Capital Donation Fund	(458,846,017)	(474,905,636)
Less: Revaluation Reserve	(395,186,375)	(395,186,375)
Total attributable reserves	760,315,907	711,284,747
No. of shares outstanding	3,207,169.55	2,788,843.09
Net worth per share (Pertaining to conditions)	237.07	255.05

### 31 Related Parties

The Company identifies the following as its related parties:

### 31.1 Identification of Related Party Disclosures

Following has been identified as related parties of the company

- The Government of Nepal which is shareholders of the company and represents in Board of Directors of the company
- > Directors of the company
- Key Management Personnel of the company
- > Relatives of directors
- Subsidiaries and Associates

### 31.1.1 Directors

Except for the following transactions, company has not conducted any other transaction with directors or their relatives during the financial year.

In NPR

s.N.	Board Members	Designation	Meeting Allowance	Business Promotion	Total
1	Pradip Lal Shrestha	Chairman	196,500	120,000	316,500
2	Lila Prasad Sharma	Director	30,000	69,925	99,925
3	Mohan Prakash Chand	Director	100,000	100,938	200,938
4	Anjan Shrestha	Director	120,000	120,000	240,000
5	Narayan Das Manandhar	Director	120,000	120,000	240,000
6	Rajendra Man Sherchan	Director	-	120,000	120,000
7	Rajesh Kumar Shrestha	Director	100,000	120,000	220,000
8	Shanker Prasad Pandey	Director	+	80,000	80,000

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

S.N.	Board Members	Designation	Meeting Allowance	Business Promotion	Total
9	Sunil Shrestha	Director	125,500	120,000	245,500
	Total		792,000	970,862	1,762,862

### 31.1.2 Key Management Personnel

The company considers its Chief Executive Officer (CEO), Deputy Chief Executive Officer (DCEO), Assistant Chief Executive Officer (ACEO), Divisional Managers and Managers to be Key Management Personnel. The company has not conducted any transaction (other than payment of employee benefits) with the Key Management Personnel during the year. The amount of transactions with Key Management are as below:

In NPI

Particulars	Transactions	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Key Management Personnel	Salary and Benefits	29,296,792	29,453,318

### 31.2 Transactions with Related Parties

The details of transactions with related parties are as follows:

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Sale of Goods to	1000	
Himalayan Khadhya & Packaging Udyog Ltd.	2.53	-
Khadhya Udhyog Ltd.	7,119,995	125,921,004
Metro Kathmandu Gas Industries Limited	-	7.
Morang Sugar Mills Ltd.	2,112,870	3,583,100
Purchase of goods from		
Himalayan Khadhya & Packaging Udyog Ltd.	132,528,262	99,509,585
Khadhya Udhyog Ltd.	204,839,995	258,972,117
Metro Kathmandu Gas Industries Limited	944,343,384	736,286,520
Nepal Vanaspati Ghee Udhyog	4,150,869	2,495,979
Advance Given		
Himalayan Khadhya & Packaging Udyog Ltd.	133,262,235	76,840,282
Khadhya Udhyog Ltd.	202,006,702	321,456,217
Metro Kathmandu Gas Industries Limited	944,406,978	829,566,569
Morang Sugar Mills Ltd.	14. 030000+42004-1	42,684,398
Upahar Housing Co. Ltd.		67,053,093
Futureworks Building Solution (P) Ltd.	12,899,210	31,139,471
Nepal Vanaspati Ghee Udhyog	603,300	803,000
Gharelu Hastakala Udyog Pvt. Ltd.	47,800	11,300
Nepal Hastakala Company	500	5
Advance Refunded		
Himalayan Khadhya & Packaging Udyog Ltd.		59,552,146
Metro Kathmandu Gas Industries Limited		1,007,200
Morang Sugar Mills Ltd.	9,895,811	65,999,981/

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)	
STC Reinsurance Brokers Pvt Ltd.	(125,500)		
Upahar Housing Co. Ltd.	(21,149,783)	97,742,000	
Subarna Pharmaticals	1.5.25000.5200.52	200000000000000000000000000000000000000	
S.T.C. Micro Insurance Co Ltd.	7.4	6,500	

### 31.2.1 Summary of closing balances with Related Parties

In NPR

Particulars	For the year ended Ashad 31, 2081 (July 15, 2024)	For the year ended Ashad 31, 2080 (July 16, 2023)
Receivables		
Burwal Spinning Mills	38,157,628	38,157,628
Futureworks Building Solution (P) Ltd.	116,951,239	104,052,029
Gharelu Hastakala Udyog Pvt. Ltd.	3,369,146	3,321,346
Gorakhkali Rubber Udhyog Ltd.	22,859,940	22,859,940
Himalayan Khadhya & Packaging Udyog Ltd.	228,962,404	228,228,431
Khadhya Udhyog Ltd.	250,173,893	245,887,190
Metro Kathmandu Gas Industries Limited	430,613,698	430,550,105
Morang Sugar Mills Ltd.	130,298,102	138,081,042
Nepal Hastakala Company	400,500	400,000
Nepal Vanaspati Ghee Udhyog	204,569,415	208,116,984
Subarna Pharmaticals	5,104,559	5,104,559
Upahar Housing Co. Ltd.	263,661,637	284,811,420
S.T.C. Reinsurance Brokers Pvt Ltd.	569,500	695,000
Advance for Investment	SCHAROUSE:	CVILATOR NO.
S.T.C. Reinsurance Brokers Pvt Ltd.		
Payables		
Hitkari Guthi	19,010	19,010
S.T.C. Gas Udhyog Ltd.	1,823,637	1,823,637

### 32 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team of the Company comprising of the chief executive officer and various department heads.

The Company has identified the following line of businesses as separate segments:

S.N.	Particulars	Activity			
1	Fertilizer Sales	Subsidised-Diammonium Phosphate, Urea, Potash Non-subsidised Fertilizers			
2	Salt Sales	Free flow salt, washed salt, Phoda salt			
3	Paper Sales	Paper			
4	Others	Sugar, seed, wheat, Cement, Iron steel, Rice, Flour, Gas, Ghee Oil, Paper Katchen appliances and others.			

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For the year ended Ashad 31, 2081 (July 15, 2024)

Segments are organized based on business which have similar economic characteristics as well as which exhibit similarities in nature of products and services offered, the type and class of customer and distribution methods.

Selection of segments are done as per NFRS 8 based on percentage of revenue. A segment is selected if it covers more than 10% of the combined revenue of the entity.

### 32.1 Business Segments

In NPR

Particulars	Salt	Fertilizer	Paper	Others	Total
Sales	3,291,814,570	6,228,978,506	1,730,647,182	2,098,888,821	13,350,329,079
Gross Profit	1,085,327,191	250,483,006	82,632,635	(368,651,124)	1,049,791,709

### 33 Interim Reports

Interim reports have been reported in accordance with the requirement of Securities Board of Nepal (SEBON), CDS Clearing Ltd. and Nepal Stock Exchange Ltd. (NEPSE).

### 34 Financial instruments and related disclosures

### 34.1 Financial risk management

The company is subject to a number of financial risks which arise as a result of its investment activities, including credit risk, market risk and liquidity risk.

### 34.1.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial losses to the company. In the normal course of business, the Company is exposed to credit risk from transactions with its counterparty.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the statement of financial position.

### 34.1.2 Market risk

All equity investments present a risk of loss of capital, often due to factors beyond the company's control such as competition, regulatory changes, and changes in general economic climates domestically and internationally. The company's management moderates this risk through careful stock selection and diversification, daily monitoring of the market positions and regular reporting to the board of directors.

The maximum market risk resulting from financial instruments determined as their fair

value.

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For the year ended Ashad 31, 2081 (July 15, 2024)

### 34.1.3 Price risk

Price risk is the risk of gains or losses from changes in the market price of investments. The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies.

### 34.1.4 Interest rate risk

The interest rate risk is the risk of movements in local interest rates. The company is therefore exposed to the risk of gains or losses on account of changes in rate of interest on its borrowings and investment from movements in local interest rates. There is no hedge against the risk of movement in interest rates.

### 34.1.5 Liquidity risk

Liquidity risk is the risk that the assets held by the company cannot be readily be converted to cash in order to meet the Company's financial obligations as they fall due. The company has maintained adequate liquidity level and has approved borrowing limits with the banks to meet working capital requirements.

### 35 Provisions, Contingent Liabilities and Commitments

### 35.1 Accounting Policy

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The carrying amounts of provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 35.2 Contingent Liabilities

The company received demand from the Large Tax Payers' Office for additional income tax for financial year 2072-73 and 2073-74 amounting to Rs. 325,369 and NPR. 12,626,000 for the year 76-77, additional VAT for financial year 2072-73 and 2073-74 amounting to Rs. 152,559 and additional TDS for FY 2072-73, 2073-74, 2074-75 and 2075-76 amounting to Rs. 138,759,509 which have been appealed for administrative review for which Rs. 34,225,214 has been deposited by the company.

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### Notes to the Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

### 35.3 Commitments

The company has provided corporate guarantee for certain borrowings for related parties as follows:

In NPR

sn	Guarantee to	For the purpose of	Guarantee Amount
1	Global IME Bank., Hetauda	Loan taken by Khadya Udyog Ltd.	154,700,000
	7	Total	154,700,000

As per our report of even date

Oam Siddhi Gubhaju Urmila Shrestha

Deputy CEO

CEO

Pradip Lal Shrestha Chairperson

CA Anil Joshi

Partner

Kuber N. Bhattarai & Co. Chartered Accountants

Shivaram Pokharel

Januar Shrestha

Rajesh Kumar Shrestha

Board of Directors

Ramesh Acharya

Narayan Das Manandhar

Sunil Shrestha

Place: Kathmandu

Date: Poush 26, 2081 (January 10, 2025)