

Viman Karkee & Associates

Chartered Accountants

New Baneshwor, Kathmandu
Cell: 9851126264, 9803044224
Email: viman.karkee@gmail.com

Independent Auditor's Report To the Shareholders of TIME PHARMACEUTICALS (P.) LTD

Opinion

We have audited the accompanying financial statements of **TIME PHARMACEUTICALS (P.) LTD** which comprises Statement of Financial Position as on Ashad 31, 2080 (corresponding to July 16, 2023), Statement of Profit or Loss, Statement of Cash Flows, Statement of Changes in Equity for the period then ended and Notes to the Financial Statements.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of **TIME PHARMACEUTICALS (P.) LTD** as on Ashad 31, 2080 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirement that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to be reported.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of **TIME PHARMACEUTICALS (P.) LTD** ('the company'), is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Nepal Accounting Standards and other accounting principles generally accepted, including the accounting policies as adopted and for such internal control as management determines, is necessary to enable preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements 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:

- 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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 Company'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 disclosure in the financial statement 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 Company to cease as a going concern.
- Evaluate the overall presentation of the Financial Statements including disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation,
- Obtain sufficient appropriate audit evidences regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements.

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to report that:

- a. We have obtained all the information and explanations, which were necessary for the purpose for our audit.



- b. The Statement of Financial Position, Statement of Profit or Loss, Cash Flow Statement, Statement of Changes in Equity and attached dealt with by this report are in agreement with the books of account maintained by the company.
- c. In our opinion, proper books of accounts as required by law have been kept by the company.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the company, we have not come across the cases where the Board of Directors or any member thereof or any employee of the company has acted contrary to the provisions of law or caused loss or damage to the Company except matters referred in basis of opinion paragraph.
- e. We have not come across any accounting fraud.

For Viman Karkee & Associates

Chartered Accountants



Handwritten signature and initials over the stamp.

CA. Viman Karkee

Chitwan, Nepal

Date : 2080.09.23

UDIN No: 240108CA00524wVWk6

TIME PHARMACEUTICALS (P.) LTD
Gairidkot, Nawalpur

Statement of Financial Position
As on Ashad 31, 2080 (July 16, 2023)



Particulars	Sch	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Assets:			
Non Current Assets:			
Property, Plant and Equipment	1.1	244,776,969.86	249,547,220.13
Intangible Assets	1.2	135,600.00	158,200.00
Investments	2	5,000,000.00	5,000,000.00
Other Non Current Assets	4	-	-
Total Non-Current Assets (A)		249,912,569.86	254,705,420.13
Current Assets:			
Inventories	5	229,039,942.45	167,298,838.61
Cash & Cash Equivalents	6	28,810,873.91	11,933,346.83
Sundry Debtors	7	463,623,398.97	483,572,753.04
Trade & Other receivable	8	22,717,519.50	24,448,742.16
Total Current Assets (B)		744,191,734.84	687,253,680.64
Total Assets (A+B)		994,104,304.70	941,959,100.77
Equity & Liabilities:			
Equity:			
Share Capital	9	229,220,000.00	208,363,000.00
Reserve & Surplus	10	150,865,734.51	157,924,652.39
Total Equity (C)		380,085,734.51	366,287,652.39
Non Current Liabilities:			
Long Term Borrowings	11	36,065,000.00	30,797,160.00
Deferred Tax Liabilities	3	6,115,880.84	3,426,799.73
Other Non Current Liabilities	12	-	-
Total Non-Current Liabilities (D)		42,180,880.84	34,223,959.73
Current Liabilities:			
Short Term Borrowings	13	449,808,606.28	372,631,084.55
Trade & Other Payable	14	107,330,329.06	138,104,165.26
Provisions	15	14,698,754.01	30,712,237.98
Total Current Liabilities (E)		571,837,689.36	541,447,487.78
Total Equity & Liabilities (C+D+E)		994,104,304.70	941,959,100.77

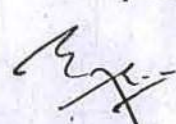
Significant Accounting Policies & Notes to the Accounts are integral Parts of Financial Statements

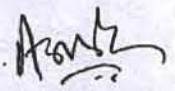
For & on behalf of the Board

As per our attached report of even date

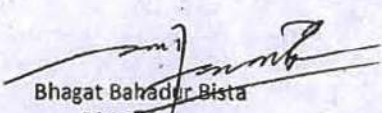

G. N. B. Chettri
Executive Chairman


Sudarshan Lal Shrestha
Managing Director

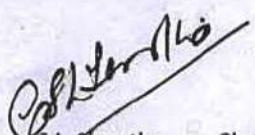

Manoj Pradhan
Finance Director


Ashesh Bhandari
Factory Operation Director

J.N. Bhatta
Director


Bhagat Bahadur Bista
Director


CA. Viman Karkee
Viman Karkee & Associates
Chartered Accountants


Gauri S. L. Shrestha
Director

Chandra Dutta Poudel
Director


Raju Karmacharya
Director

TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur

Statement of Profit or Loss For the year ended Ashad 31, 2080 (July 16, 2023)



Particulars	Sch	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Revenue from Operations:	16	822,130,337.15	990,157,635.81
Less: Cost of Goods Sold	17	413,692,596.61	514,565,869.29
Gross Profit/(Loss)		408,437,740.54	475,591,766.52
Add: Other Income	18	652,541.66	860,729.00
Less: Administrative Expenses	19	39,920,109.19	47,589,990.93
Less: Selling & Distribution Expenses	20	124,220,314.75	162,097,730.48
Less: Employee Benefit Expenses	21	94,432,781.37	80,437,451.81
Less: Depreciation	1.1	30,799,435.03	33,131,719.54
Less: Amortization	1.2	192,100.00	254,928.00
Less: Provision for Annual Incentive		6,642,813.12	12,027,745.30
Profit/(Loss) From Operations		112,882,728.73	140,912,929.45
Finance Cost	22	59,550,689.59	41,864,870.59
Profit/(Loss) Before Bonus & Tax		53,332,039.14	99,048,058.86
Provision for CSR		533,320.39	990,480.59
Staff Bonus		4,799,883.52	8,914,325.30
Current Income Tax Expense		6,532,139.91	17,694,012.09
Previous Income Tax Expenses		3,059,608.20	-
Deferred Tax Expenses/ (Income)		2,689,081.11	(1,242,176.32)
Net Profit/(Loss) after Tax for the year (A)		35,718,006.01	72,691,417.21
Basic Earnings Per Share (NPR)	23	15.58	27.26
Diluted Earnings per share (NPR)	23	15.58	27.26
Other Comprehensive Income			
Gains/(losses) from investment in equity instruments measured at fair value		-	-
Gains/(losses) on revaluation		-	-
Income tax relating to above items		-	-
Other Comprehensive Income for the year (B)		-	-
Total Comprehensive Income		35,718,006.01	72,691,417.21

Significant Accounting Policies & Notes to the Accounts are integral Parts of Financial Statements

For & on behalf of the Board

As per our attached report
of even date

G. N. B. Chettri
Executive Chairman

Sudarshan Lal Shrestha
Managing Director

Manoj Pradhan
Finance Director

Ashesh Bhandari
Factory Operation Director

J.N. Bhatta
Director

Bhagat Bahadur Bista
Director

CA. Viman Karkee
Viman Karkee & Associates
Chartered Accountants



Gaurn S.L. Shrestha
Director

Chandra Dutta Poudel
Director

Raju Kafmacharya
Director

TIME PHARMACEUTICALS (P.) LTD
Gairidkot, Nawalpur



Statement of Cash Flow
For the year ended Ashad 31, 2080 (July 16, 2023)

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Cash Flow From Operating Activities:		
Net Profit as per SOPL	35,718,006.01	72,691,417.21
<u>Adjustments:</u>		
Finance Cost	59,550,689.59	41,864,870.59
Depreciation & Amortization	30,991,535.03	33,386,647.54
Loss/(profit) on sale of PPE	-	-
Staff Provision Expenses charged to SOPL	4,799,883.52	8,914,325.30
Income Tax Expenses charged to SOPL	6,532,139.91	17,694,012.09
Staff Bonus Provision	-	-
Staff Bonus paid	-	-
Deferred Tax Expenses/ (Income)	2,689,081.11	(1,242,176.32)
Cash Flow before changes in Working Capital	140,281,335.17	173,309,096.40
Changes in Working Capital		
Decrease/(Increase) in Inventories and Trade & Other Receivable	(40,060,527.11)	(131,263,299.66)
Increase/(Decrease) in Current Liabilities	19,058,178.14	95,057,615.70
Cash Generated from Operations	119,278,986.20	137,103,412.44
Less: Income Tax Paid	-	-
Net Cash Flow From Operating Activities (A)	119,278,986.20	137,103,412.44
Cash Flow From Investing Activities:		
Proceeds from sale of PPE	-	-
Acquisition of PPE	(26,029,184.76)	(47,875,667.00)
Purchased of Intangibles	(169,500.00)	(197,750.00)
Net Cash Flow From Investing Activities (B)	(26,198,684.76)	(48,073,417.00)
Cash Flow From Financing Activities:		
Increase/(Decrease) in Long term Borrowing	5,267,840.00	1,241,620.00
Change in Share Capital	20,700.00	19,900.00
Dividend paid	(21,940,623.90)	(42,295,236.70)
Finance Cost	(59,550,689.59)	(41,864,870.59)
Net Cash Flow From Financing Activities (C)	(76,202,773.49)	(82,898,587.29)
Total Cash Flow from All Activities (A+B+C)	16,877,527.09	6,131,408.15
Opening Cash & Bank Balances	11,933,346.83	5,801,938.69
Closing Cash & Bank Balances	28,810,873.91	11,933,346.83

For & on behalf of the Board

G. N. B. Chettri
Executive Chairman

Sudarshan Lal Shrestha
Managing Director

Manoj Pradhan
Finance Director

As per our attached report
of even date

Ashesh Bhandari
Factory Operation Director

J.N. Bhatta
Director

Bhagat Bahadur Bisra
Director

CA. Viman Karkee
Viman Karkee & Associates
Chartered Accountants

Gauri S. Shrestha
Director

Chandra Dutta Poudel
Director

Raju Karmacharya
Director

TIME PHARMACEUTICALS (P.) LTD
Gairdakot, Nawalpur

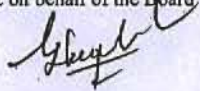


Statement of Change in Equity
For the year ended Ashad 31, 2080 (July 16, 2023)

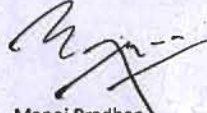
Particulars	Share Capital (NPR)	Share Advance (NPR)	Revaluation Reserves (NPR)	Retained Earnings (NPR)	Other Reserves (NPR)	Total (NPR)
Balance as on 1st Shrawan, 2079	208,363,000.00	-	-	157,924,652.39	-	366,287,652.39
Changes Resulting from Profit or Loss	-	-	-	35,718,006.01	-	35,718,006.01
Changes Resulting from Other Comprehensive Income	-	-	-	-	-	-
Dividend to shareholders	-	-	-	(21,940,623.90)	-	(21,940,623.90)
Transactions with owners recorded directly in equity	-	-	-	-	-	-
Change in Share Capital	20,857,000.00	-	-	(20,836,300.00)	-	20,700.00
Balance as on 31st Ashadh, 2080	229,220,000.00	-	-	150,865,734.51	-	380,085,734.51

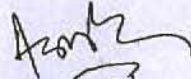
For & on behalf of the Board

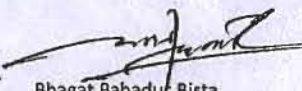
As per our attached report
of even date

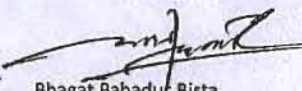

G. N. B. Chettri
Executive Chairman

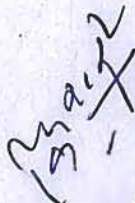

Sudarshan Lal Shrestha
Managing Director

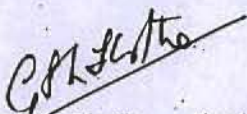

Manoj Pradhan
Finance Director

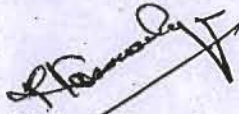

Ashesh Bhandari
Factory Operation Director

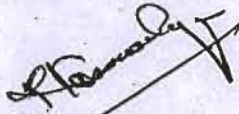

J.N. Bhatta
Director


Bhagat Bahadur Bista
Director


CA. Viman Karkee
Viman Karkee & Associates
Chartered Accountants


Gaur S.L. Shrestha
Director


Chandra Dutta Poudel
Director


Raju Karmacharya
Director



TIME PHARMACEUTICALS (P.) LTD

Gaundakot, Nawalpur

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Property, Plant and Equipment

Particulars	Land	Building Structures	Corporate Building	Fire & Safety Equipment	Furniture Fixture	Office Equipment	Electrical Equipment	Laboratory Equipment	Plant & Machinery	Tools & Spare Parts	Solar Plant	Water & Boring Supply	Vehicles	Total
Book Value														
Balance as on 1st Shrawan, 2079	13,624,502.26	100,806,478.96	35,818,121.33	173,804.59	8,410,549.30	13,412,613.39	23,973,411.77	36,183,171.19	289,926,189.31	20,533,500.67	11,365,823.13	5,564,348.81	26,981,845.66	586,766,360.37
Addition during the year		3,958,670.56		8,500.00	2,733,121.53	1,290,021.87	994,813.46	2,221,040.40	14,009,846.37			813,170.47		26,029,184.76
Deletion during the year														
Balance as on 31st Ashadh, 2080	13,624,502.26	104,765,149.52	35,818,121.33	182,304.59	11,143,670.83	14,702,635.26	24,968,225.23	38,394,211.59	303,936,035.68	20,533,500.67	11,365,823.13	6,377,519.28	26,981,845.66	612,765,545.13
Cumulative Depreciation														
Balance as on 1st Shrawan, 2079		43,184,647.44	10,031,986.12	155,749.20	7,076,354.89	11,142,041.00	18,728,828.78	24,813,832.49	188,372,044.66	8,843,806.64	2,021,120.34	4,982,677.09	17,874,051.79	337,209,140.24
Depreciation for the year		1,864,966.89	816,807.14	6,199.85	654,199.25	1,273,032.45	1,548,313.11	2,581,195.49	16,324,365.54	2,649,447.69	1,016,227.66	91,837.52	1,872,942.45	30,799,435.03
Deletion during the year														
Balance as on 31st Ashadh, 2080		45,049,614.32	10,848,793.27	161,949.04	7,732,553.94	12,415,073.45	20,277,141.89	27,395,027.98	204,696,410.20	11,493,254.33	3,037,348.00	5,084,514.61	19,846,894.23	368,008,575.27
Carrying Amount														
As on 31st Ashadh, 2079	13,624,502.26	57,623,831.62	25,786,135.21	19,055.39	1,332,194.61	2,270,572.39	5,244,582.99	11,349,338.70	101,554,144.65	11,689,694.03	9,344,702.79	601,671.72	9,107,793.87	249,547,220.13
As on 31st Ashadh, 2080	13,624,502.26	59,717,635.20	24,969,328.06	20,355.55	3,411,116.89	2,287,561.91	4,691,083.34	10,989,183.60	99,239,625.46	9,040,246.34	8,328,475.13	1,323,004.67	7,134,951.43	244,776,969.95

Intangible Assets

Particulars	Software	Total
Book Value		
Balance as on 1st Shrawan, 2079	1,370,996.00	1,370,996.00
Addition during the year	169,500.00	169,500.00
Deletion during the year		
Balance as on 31st Ashadh, 2080	1,540,496.00	1,540,496.00
Amortization		
Balance as on 1st Shrawan, 2079	1,212,796.00	1,212,796.00
Depreciation for the year	192,100.00	192,100.00
Deletion during the year		
Balance as on 31st Ashadh, 2080	1,404,896.00	1,404,896.00
Carrying Amount		
As on 31st Ashadh, 2079	158,200.00	158,200.00
As on 31st Ashadh, 2080	135,600.00	135,600.00

Handwritten signatures and initials:
 C.V. Shrestha
 Ashad
 31/7/23
 K. P. Thakur



TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)



Investments

Schedule - 2

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Investment in Time Pharma Investment P. Ltd. (Share)	5,000,000.00	5,000,000.00
Total	5,000,000.00	5,000,000.00

Deferred Tax Assets/(Liabilities)

Schedule - 3

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Tax Base	16%	16%
On properties, Plant & Equipments		
Tax Base	206,350,846.07	215,269,695.92
Carrying Amount	244,776,969.86	249,705,420.13
Temporary Differences	(38,426,123.79)	(34,435,724.21)
Deferred Tax Assets/(Liabilities) (A)	(6,148,179.81)	(5,509,715.87)
On Provision		
Tax Base	337,468.55	13,018,225.89
Carrying Amount	135,600.00	-
Temporary Differences	201,868.55	13,018,225.89
Deferred Tax Assets/(Liabilities) (B)	32,298.97	2,082,916.14
Net Deferred Tax Assets/(Liabilities) (A+B)	(6,115,880.84)	(3,426,799.73)
Opening Balance	(3,426,799.73)	(4,668,976.05)
Charge to SOPL	(2,689,081.11)	1,242,176.32

Other Non Current Assets

Schedule - 4

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Total	-	-

Handwritten signatures and stamps are present at the bottom of the page, including a circular stamp of 'KATKAR KANKEE & ASSOCIATES CHARTERED ACCOUNTANTS KATHMANDU'.

TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Inventories

Schedule - 5

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Finished Goods		
Finished Goods	64,930,351.56	37,689,228.28
Physician sample	1,278,806.54	1,109,344.78
	66,209,158.11	38,798,573.06
Other Materials		
Other Stock	2,696,777.05	2,900,864.90
Printing & Stationery	203,997.00	96,268.00
Gift	462,968.33	1,069,850.00
	3,363,742.38	4,066,982.90
Raw Materials		
Packing Material	63,328,326.69	49,302,116.02
Lab Chemicals	3,068,333.00	1,802,764.00
Raw Materials	76,436,004.19	73,328,402.63
	142,832,663.88	124,433,282.65
Work in Progress	16,634,378.09	-
Total	229,039,942.45	167,298,838.61

Cash & Bank Balances

Schedule - 6

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Cash Balance:		
Cash in Hand (As Certified by the Management)	1,209,652.08	476,465.41
Bank Balance:		
Cheque/Draft & Fax in Hand	2,105,954.00	8,563,600.00
Nabil Bank	19,079,450.09	-
Lumbini Bank Ltd.	7,293.18	7,293.18
Nepal Bangladesh Bank Ltd.	10,750.86	10,750.86
Nepal Bank Ltd.	113,388.85	113,388.85
Nepal SBI Bank Ltd.	3,173,007.39	813,717.61
Rastriya Banijya Bank Ltd.	3,089,555.19	1,915,178.84
Mega Bank Bank Ltd.	14,028.82	25,158.63
Triveni Bikas Bank Ltd.	7,793.45	7,793.45
Total	28,810,873.91	11,933,346.83

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)



Trade Receivable

Schedule - 7

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Sundry Debtors	463,623,398.97	483,572,753.04
Total	463,623,398.97	483,572,753.04

Other Assets

Schedule - 8

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Pre-paid Insurance	159,527.74	252,623.57
Other Deposits - Telephone	105,250.00	105,250.00
Staff Advance	8,628,281.99	3,196,112.37
Advance Tax	5,011,280.78	11,276,300.24
Margin Receivable - LC	7,637,320.00	-
LC Accounts	1,175,858.99	9,618,455.98
Total	22,717,519.50	24,448,742.16

Share Capital

Schedule - 9

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Authorised		
300,000 Equity Shares @ Rs.1000.00 each	300,000,000.00	200,000,000.00
Issued		
250,000 Equity Shares @ Rs.1000.00 each	250,000,000.00	200,000,000.00
Called up and Paid Up		
2,292,200 Equity Shares @ Rs.100.00 each	229,220,000.00	208,363,000.00
Total	229,220,000.00	208,363,000.00

[Handwritten signatures and initials]



TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur

Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)



Reserve and Surplus

Schedule - 10

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Opening Balance	157,924,652.39	137,449,571.89
Profit During The Year	35,718,006.01	72,691,417.21
Prior Period Expenses	-	-
Cash Dividend distributed during the year	(21,940,623.90)	(42,295,236.70)
Bonus Share distributed during the year	(20,836,300.00)	(9,921,100.00)
Total	150,865,734.51	157,924,652.39

Long Term Borrowings

Schedule - 11

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Term Loan for Solar	4,345,000.00	5,925,000.00
Term Loan for Building Construction	-	-
Term Loan for Machinery	29,992,000.00	22,443,000.00
Vehicle Loan	1,728,000.00	2,429,160.00
Total	36,065,000.00	30,797,160.00

Other Non Current Liabilities

Schedule - 12

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Total	-	-

Short Term Borrowings

Schedule - 13

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Short Term Loan	186,154,000.00	122,737,371.70
Demand Loan	210,000,000.00	210,000,000.00
TR Loan	5,082,301.93	13,154,288.60
Overdraft Account	48,572,304.35	26,739,424.25
Total	449,808,606.28	372,631,084.55

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



TIME PHARMACEUTICALS (P.) LTD.

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Trade & Other Payables

Schedule - 14

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Sundry Creditors	79,604,097.54	88,853,726.15
Audit Fee Payable	298,484.51	298,484.51
Gratuity Payable	2,569,709.47	2,735,313.11
Nagarik Lagani Kosh	324,727.80	1,606,377.80
Overtime Payable	1,326,632.11	847,806.48
Other Payable	315,656.99	6,855,023.12
Payable against import documents	-	379,310.00
Income Tax Payable (Assessment)	835,427.96	-
Daily Wages Payable	645,515.64	-
Salary Payable	8,024,559.82	7,814,526.91
Social Security Fund Payable	1,669,411.76	1,578,392.67
Staff Bonus Payable	4,799,886.32	8,914,325.30
Reverse Vat Payable	167,497.04	-
Staff Payable	5,449,076.10	13,055,606.66
TDS Payable	1,299,645.99	5,165,272.55
Total	107,330,329.06	138,104,165.26

Provisions

Schedule - 15

Particulars	As on Ashad 31, 2080 (July 16, 2023) (NRS)	As on Ashad 32, 2079 (July 16, 2022) (NRS)
Provision for Tax	6,532,139.91	17,694,012.09
Provision for CSR	1,523,800.98	990,480.59
Provision for Annual Incentive	6,642,813.12	12,027,745.30
Total	14,698,754.01	30,712,237.98

Glenn

OK

[Signature]

[Signature]

[Signature]

[Signature]



TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Revenue from Operation

Schedule - 16

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Sales	822,130,337.15	990,157,635.81
Total	822,130,337.15	990,157,635.81

Cost of Sales

Schedule - 17

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Opening stock of Finished Goods	37,689,228.28	38,239,781.33
Add: Cost of Production (Schedule 17A)	440,933,719.90	514,015,316.24
	478,622,948.17	552,255,097.57
Less: Closing Stock	64,930,351.56	37,689,228.28
Total	413,692,596.61	514,565,869.29

Cost of Production

Schedule - 17A

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Opening Stock		
Raw Material	73,328,402.63	67,802,082.50
Lab Chemicals	1,802,764.00	47,239,795.22
Packaging Materials	49,302,116.02	2,044,000.21
Physician Sample	1,109,344.78	1,629,416.03
Other Stock	2,900,864.90	
Work-in progress		
Total Opening Stock	128,443,492.33	118,715,293.96
Add: Purchase during the year		
Purchase during the year	367,031,999.20	423,778,324.71
Direct Expenses	15,845,769.89	16,618,051.52
TOTAL	382,877,769.09	440,396,376.23
Less: Closing Stock		
Raw Material	76,436,004.19	73,328,402.63
Lab Chemicals	3,068,333.00	1,802,764.00
Packaging Materials	63,328,326.69	49,302,116.02
Physician Sample	1,278,806.54	1,109,344.78
Other Stock	2,696,777.05	2,900,864.90
Work-in-Progress	16,634,378.09	
Total Closing Stock	163,442,625.57	128,443,492.33
Cost of Material consumption (1+2-3)	347,878,635.86	430,668,177.86
Add: Manufacturing Expenses (Schedule 16B)	93,055,084.04	83,347,138.38
Cost of Production	440,933,719.90	514,015,316.24

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature

Handwritten signature



TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Manufacturing Expenses

Schedule - 17B

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Cleaning Expenses	1,141,610.58	1,285,470.59
Dashain Allowance- Factory	2,073,394.56	1,977,229.06
Dress & Uniform -Factory	533,672.87	-
Electricity & Water Expenses -Factory	5,989,581.00	6,155,374.21
Environment Monitoring Expenses	92,660.00	-
Fuel- Generator	4,939,041.92	3,597,167.03
Lab Test Expenses	329,120.34	490,996.44
Other Allowance -Factory	18,180,426.44	18,590,711.74
Insurance Expenses-Factory	1,814,817.54	-
Overtime expenses- Factory	7,867,104.93	7,185,176.88
Research & Development	566,379.65	4,413.00
Salary - Factory	25,711,986.14	24,801,080.49
SSF expenses - Factory	5,142,396.89	4,961,743.92
Daily Wages Expenses	14,877,976.00	12,198,783.00
Gratuity Expenses- Factory	144,792.71	-
Leave Compensation -Factory	504,844.07	438,402.59
Loading/Unloading Expenses	-	186,675.00
Validation Expenses	339,000.00	-
Transportation Expense- Factory	1,295,483.40	727,343.94
Factory Supply expenses	1,510,795.00	746,570.49
Total	93,055,084.04	83,347,138.38

Other Income

Schedule - 18

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Other Income	652,541.66	860,729.00
Total	652,541.66	860,729.00

[Handwritten signatures and initials]



TIME PHARMACEUTICALS (P.) LTD

Gaundakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Administrative Expenses

Schedule - 19

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Annual Day Expenses	2,610,712.57	493,776.99
AGM Expenses	1,796,301.61	3,008,775.62
Audit Fee Expense	302,500.00	302,500.00
Board Meeting Allowance	1,225,000.00	1,035,000.00
Books & News Paper	15,150.00	22,650.00
Charity & Donation	93,000.00	250,100.00
Cleaning Expenses-Admin	48,122.99	88,196.89
Communication Expenses -Admin	711,953.15	1,613,482.77
Consultancy Fee	264,929.26	762,500.00
CSR Expenses	107,000.00	-
Directors Allowance - Non Working	2,012,500.00	1,600,000.00
Dress & Uniform -Admin	241,797.87	1,363,652.90
Electricity & Water- Administration	315,671.10	294,331.48
Fuel Expenses -Admin	2,043,254.36	2,301,643.31
Furnishing & Decoration	215,605.96	180,763.48
Gardening Expenses	52,903.40	31,450.00
Gas & Fuel Expenses	53,350.00	72,997.10
Gratuity Expenses	304,573.13	730,338.55
Courier Expenses-Admin	39,970.00	-
Guest Welcome expenses	395,868.90	356,004.45
House Rent Expense	2,797,031.15	2,826,052.00
Insurance Premium	709,615.57	1,750,219.34
Interest on late deposit of PF/CIT	20,979.00	10,792.30
Medical Expenses	4,130.00	187,253.00
Meeting Expenses (B.O.D.)	165,405.03	364,229.99
Miscellaneous Expenses	1,394,139.65	1,816,224.70
Office Supplies	750,115.63	603,824.07
Printing & Stationery Expenses	2,131,633.97	1,374,045.30
Prize & Award	327,750.00	-
Rates & Tax	-	1,348,637.69
Repair & Maintenance -Pool A	568,305.06	4,029,751.41
Repair & Maintenance -Pool B	-	-
Repair & Maintenance -Pool C	902,911.01	827,061.74
Repair & Maintenance -Pool D	5,166,436.54	5,455,936.03
Sub-Committee Allowances	32,000.00	30,000.00
Security Expenses	2,589,721.32	2,587,110.57
Software Expenses	378,164.32	431,408.96
TDS Expenses	-	664,442.61
Tax Expense	1,076,806.71	1,306,407.25
Tea & Refreshment	4,190,194.92	3,798,252.59
Exchange Loss/(Gain)	710,698.50	1,289,753.56
Training Expenses	21,011.00	756,892.00
Travelling & Daily Allowance	1,971,002.60	1,407,010.28
Travelling -Local	103,823.00	63,522.00
Membership & Renewal Expenses	1,058,069.91	153,000.00
Total	39,920,109.19	47,589,990.93

Handwritten signatures and stamps are present below the table. A circular blue stamp of 'K. S. & Associates Chartered Accountants Kathmandu' is visible in the bottom right corner.

TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Selling & Distributions Expenses

Schedule - 20

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Cash Discount	-	180,443.00
Communication Expenses -MKT	711,459.00	536,953.61
Meeting Expenses-MKT	2,835,347.62	2,452,152.76
Printing & Stationery-MKT	943,888.88	2,897,048.47
Sales Promotion- Advertisement	197,850.00	742,875.92
Sales Promotion Expenses - Gift-Comso	241,537.68	166,403.15
Sales Promotion Expenses - Gift-Genesis	173,649.52	138,918.24
Sales Promotion Expenses - Gift-Nexus	162,436.00	166,927.18
Sales Promotion Expenses - Gift-Time	260,294.74	268,176.54
Sales Promotion Expenses - Gift-Erra	130,032.94	-
Sales Promotion Expenses - Gift-Galaxy	107,880.00	-
Sales Promotion - Scheme-Cosmo	107,945.00	678,134.37
Sales Promotion - Scheme-Genesis	30,795.03	214,095.74
Sales Promotion - Scheme-Nexus	12,225.00	264,870.75
Sales Promotion - Scheme-Time	9,635,187.05	10,957,566.79
Sales Promotion - Scheme-Erra	5,685.00	-
Sales Promotion - Scheme-Galaxy	3,310.00	-
Sales Promotion - Sponser-Cosmo	4,254,714.00	4,510,812.00
Sales Promotion - Sponser-Genesis	8,736,202.00	9,042,091.00
Sales Promotion - Sponser-Nexus	4,733,282.91	7,097,292.94
Sales Promotion - Sponser-Time	2,959,988.00	3,366,816.00
Sales Promotion - Sponser-Erra	919,500.00	-
Sales Promotion - Sponser-Galaxy	2,110,890.00	-
Sales Promotion Expenses - MKT-Cosmo	5,239,668.63	8,537,463.03
Sales Promotion Expenses - MKT-Genesis	3,070,029.41	5,196,984.50
Sales Promotion Expenses - MKT-Nexus	5,896,183.01	7,100,927.74
Sales Promotion Expenses - MKT-Time	7,940,995.54	11,055,985.71
Sales Promotion Expenses - MKT-Erra	1,060,196.69	-
Sales Promotion Expenses - MKT-Galaxy	1,157,284.55	-
Target Incentive	7,533,149.70	15,025,699.00
Target Incentive - Staff Bonanza	737,391.22	18,160,318.21
Medicine Transportation Expenses	4,279,911.45	5,650,284.00
Travelling Expenses - MKT-Cosmo	8,895,910.50	10,867,419.48
Travelling Expenses - MKT-Genesis	6,597,469.12	8,875,221.62
Travelling Expenses - MKT-Nexus	7,831,410.50	10,070,545.36
Travelling Expenses - MKT-Time	10,231,401.50	13,958,131.35
Travelling Expenses - MKT-Erra	4,268,466.50	-
Travelling Expenses - MKT-Galaxy	3,233,500.00	-
Insurance Expense-MKT	62,123.84	352,913.45
Courier Expenses-MKT	37,470.00	-
Dress & Uniform Expense-MKT	563,740.07	397,979.47
Fuel Expenses-MKT	516,615.34	361,437.61
Gratuity Expense -MKT	8,163.40	-
Prize & Award-MKT	389,275.00	-
Tea & Refreshment-MKT	751,895.39	715,737.26
Training Expenses-MKT	235,200.00	480,250.00
Market Research Expenses-MKT	1,266,786.50	473,848.00
Branding Development Expenses	3,141,976.53	1,135,006.23
Total	124,220,314.75	162,097,730.48

Handwritten signatures and stamps are present at the bottom of the page, including a circular stamp for 'CHARTERED ACCOUNTANTS KATHMANDU'.

TIME PHARMACEUTICALS (P.) LTD

Gaindakot, Nawalpur



Schedules forming part of the Accounts for the year ended Ashad 31, 2080 (July 16, 2023)

Employee Benefit Expenses**Schedule - 21**

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Salary Expenses	36,870,088.33	31,007,124.25
Other Allowance	34,510,332.84	27,641,352.93
SSF Expense	7,374,017.91	6,185,135.48
Dashain Allowance	3,725,417.96	3,395,667.04
Leave Compensation	365,124.33	680,372.11
Remuneration of Director	11,587,800.00	11,527,800.00
Total	94,432,781.37	80,437,451.81

Financial Expenses**Schedule - 22**

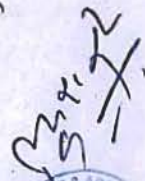
Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Bank Interest Expenses	58,051,027.23	40,007,172.79
L/C Charges & Commission	998,124.00	1,121,389.42
Bank Charge & Commission	501,538.36	736,308.38
Total	59,550,689.59	41,864,870.59

Earning Per Share**Schedule - 23**

Particulars	Year ended Ashad 31, 2080 (July 16, 2023) (NRS)	Year ended Ashad 32, 2079 (July 16, 2022) (NRS)
Net Profit/(Loss) after Tax	35,718,006.01	54,090,944.87
Average Number of Share during the year	2,292,200.00	1,984,220.00
Basic Earning Per Share	15.58	27.26
Diluted Earning Per Share	15.58	27.26







Time Pharmaceuticals Pvt. Ltd.

Gaindakot, Nawalpur



NOTES TO THE FINANCIAL STATEMENTS AS OF ASHADH31, 2080 (16TH JULY 2023)

1. General Information of the Company

Times Pharmaceuticals Pvt. Ltd. is a private limited company domiciled in Nepal. The company has its registered office at Gaindakot-4, Nawalpur.

The company is registered in Inland Revenue Office and its PAN no is 300094590.

The principal activity of the company is manufacturing of various medicine with due permission from the office of Department of Drugs Administration.

The Board of Directors of the company acknowledges the responsibility of preparation of financial statements of the company.

1.1. Board of directors

The composition of Board of Directors as on 31st Ashadh 2080 is as follow:

Name	Position
G. Narayan Bdr. Chettri	Executive Chairman
Sudarshan Lal Shrestha	Managing Director
Chandradutta Paudel	Director
Bhagat Bahadur Bista	Director
Manoj Pradhan	Finance Director
Gauri Shankar Lal Shrestha	Director
Raju Karmacharya	Director
Jhamka Nath Bhatta	Director
Ashesh Bhandari	Factory Operation Director

1.2. Major shareholding pattern

Name of the Shareholders	As on the Ashadh31, 2080	
	%	Paid Up Share Capital
Raju Karmacharya	11.05%	25,340,000/-
Jhamka Nath Bhatta	10.45%	23,949,000/-
G. Narayan Bdr. Chettri	10.28%	23,554,000/-
Nir Kumar Piya	5.01%	11,491,000/-
Smita/Samriddha Bdr. Nyachhyon	4.11%	9,425,000/-
Sudarshan Lal Shrestha	4.01%	9,194,000/-
Gauri Shankar Lal Shrestha	4.01%	9,194,000/-
Sanjay Rajbhandari	3.01%	6,270,000 /-
Bhagat Bdr. Bista	2.78%	6,897,000/-
Others	45.29%	103,810,000/-
Total	100.00%	229,220,000/-

[Handwritten signatures and initials]





1.3. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) – Nepal and Issued by Institute of Chartered Accountant of Nepal (ICAN). **Approval of financial statements**

Accompanied financial statements have been adopted by the Board of Directors on its meeting and have been recommended for approval by shareholders in the Annual General Meeting.

2. Basis of preparation

The company while complying with the reporting standards, makes critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgment in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

2.1. Reporting pronouncements

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) – Nepal and Issued by Institute of Chartered Accountant of Nepal (ICAN). The company has, for the preparation of financial statements, adopted the NFRS effective on September 13, 2013.

2.2. Accounting conventions

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis where the accounting policies and judgements as required by the standards are consistently used and in case of deviations disclosed specifically.

2.3. Presentation

The financial statements have been presented in the nearest Nepalese Rupees.

For presentation of the statement of financial position assets and liabilities have been bifurcated into current and non- current distinction.

The statement of profit or loss has been prepared using classification 'by nature' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

2.3.1. Presentation currency

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the company.

2.3.2. Current and non-current distinction

Assets

Apart from the property, plant and equipment, intangible assets and deferred taxes assets all the assets are taken as current assets unless specific additional disclosure is made in the notes for current and non-current distinction.

[Handwritten signatures and initials]





Liabilities

Apart from the deferred taxes liabilities all the liabilities are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

2.4. Accounting policies and accounting estimates

The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

Accounting policies have been included in the relevant notes for each item of the financial statements. The effect and nature of the changes, if any, have been disclosed.

NFRS requires the company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates is revised, and are applied prospectively.

Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.5. Reporting Period

The company follows the Nepalese financial year based on the Nepalese calendar as reporting period.

2.6. Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

2.7. Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the respective notes.

2.8. Limitation of NFRS Implementation

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3. Summary of significant accounting policies

3.1. Property, plant and equipment

Property, plant and equipment are tangible items that are held for serving revenue generation purposes and are expected to be used during more than one period.

3.1.1. Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be reliably measured.





3.1.2. Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

3.1.3. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the statement of profit or loss as incurred.

3.1.4. De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de recognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost is derecognized.

3.1.5. Depreciation

Depreciation on assets is calculated using Written Down Value (WDV) Method on the basis of effective useful life of the asset decided by the management. Accordingly, fixed assets are depreciated from the day the assets are ready to be used as intended by the Management applying the following years to calculate rate:

Assets	Life
Building	50 years
Fire & Safety Equipment	10years
Furniture & Fixtures	10years
Office & Electrical Equipment	7years
Laboratory Equipment	10years
Plant & Machinery	15years
Tools & Spare Parts	10years
Solar Plant	20years
Water & Boring Supply	20years
Vehicles	10years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation on assets is provided on daily basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The company has charged depreciation as per useful lives of respective assets as decided by management, accordingly the rate of depreciation has been changed.

[Handwritten signatures and initials]





3.2. Intangible assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

3.2.1. Basis of recognition

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

3.2.2. Amortization

Intangible assets amortized over their estimated useful economic life on Straight Line Method. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The estimated useful lives for the current and comparative periods are as follows:

Intangibles: 5 Years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

3.2.3. De-recognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.3. Financial Instruments

The company's principal financial assets comprise assets held at fair value through profit and loss, assets measured at amortized cost, loans and receivables. The main purpose of these financial instruments is to generate a return on the investment made by shareholders. The company's principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with NFRS 9; Financial Instruments: Recognition and Measurement, the company's interest receivables are classified and measured at Amortized cost method. Equity securities / debentures are classified as fair value through profit and loss or Fair Value through OCI. The amount attributable to shareholders is classified as equity and is carried at the redemption amount being net asset value. Payables are measured at amortized cost.

3.3.1. Classification

The Company's investments are classified as fair value through profit or loss, fair value through OCI and at amortized cost. They comprise:

Financial assets at Amortized Cost

Financial assets whose objective is to collect Contractual Cash flow and Contractual Cash flow received in specified day includes interest and principal is classified at amortized Cost. These includes Fixed Deposit investment, staff loans receivable and trade receivable. There are measured at Amortized cost.

Financial assets and liabilities held at fair value through profit or loss

Financial assets whose objective/ business model is not to collect Contractual Cash flow but to gain from movement is fair value is classified at fair value through profit or loss. These includes investment in equity shares. Gain on movement of fair value is charged to statement of profit or loss.

Financial assets and liabilities held at fair value through OCI

In rare circumstances, Financial assets whose objective or business model is not to collect Contractual Cash flow is classified at fair value through OCI. Investment in equity which are not regularly traded are classified at fair value through OCI. The company has classified investment in Nepal Clearing House as Fair value through OCI. The gain/loss on movement in fair value is charged to OCI. Its tax impact is also charged into OCI. The gain or loss on disposal of investment classified as fair value through OCI is charged to equity.



3.3.2. Recognition / de-recognition

The company recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized when the right to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on de-recognition are determined and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's cost and disposal amount.

3.3.3. Measurement

a. Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the company measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

3.3.4. Offsetting financial instruments

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

3.4. Other non-current assets

It includes various advances, deposits and receivables which are not materialized within 12 months of expiry of fiscal year.

3.5. Inventories

Inventories are assets held for sale in the ordinary course of business in the process of production for such sale; or in the form of materials or suppliers to be consumed in the production process or in the rendering of services.

Cost of Inventories

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. This includes the purchase price of the inventories, the transportation cost, custom duty, and other direct cost related to the inventories.

[Handwritten signatures and initials]

[Handwritten signature]





Measurement of Inventories

The inventory has been measured at lower of Cost or net realizable value. Net realizable value is the market value of inventories less estimated cost to sales.

Cost Formula Used

The closing inventory has been valued using Weighted Average Cost Formula.

Cost of finished goods are arrived at after deducting gross profit margin from related selling price.

3.6. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank.

The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date.

3.7. Trade and other receivables

The trade receivables that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

The trade and other receivable are non-interest bearing.

The carrying amount of trade and other receivable approximate their fair values at the respective reporting dates.

The receivables that are to be settled within a year is classified as current assets and other are classified as non-current assets.

3.8. Prepaid expenses & advances

The Prepaid Expenses & Advances that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment

The fair value of prepayments approximates their carrying value in the statement of financial position.

The prepayments that are to be settled within a year is classified as current assets and other are classified as non-current assets.

3.9. Share capital

Financial instruments issues are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. According, all equity shares rank equally with regards to dividends and shares in the company's residual assets. The equity shares are entitled to receive dividend was declared from time to time.



3.10. Distributions

The distributions, if any to shareholders are recognized in statement of change in equity.

3.11. Long term loan

The long-term loans are carried at amortized cost using effective interest rate. The installments payable within 12 months from the date of the reporting period is classified as short-term loan under current liability

3.12. Other non-current liabilities

It includes various advances, deposits and receivables which are not materialized within 12 months of expiry of fiscal year

3.13. Short term loan

All kinds of overdraft, demand loan, working capital loan, trust receipt loan, cash credit, packing credit, bills discounted, force loan, the installments of long-term loan and other types of loan payable within 12 months from reporting date are categorized as short-term loan.

3.14. Trade and other payables

Non-financial liabilities are recorded and reported at cost based on legal and constructive obligation to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The trade and other payables are non-interest bearing.

The payables that are to be settled within a year is classified as current liabilities

3.15. Employee benefits

3.15.1. Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions and Gratuity in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

Employees' provident fund/Social Security Fund

During the year, Company has booked liability of 20% of Basic Salary as Social Security Fund (SSF) per month.

Gratuity payable

The new Labour Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one-month salary per year). These benefits are treated as defined contribution plan and provided accordingly.

The company has not booked the liability against gratuity of 8.33% of the basic salary of each employee as per the provisions of Labour Act, 2074. However, the company has policy to pay gratuity amount to employee at the time of retirement.





3.15.2. Provision for Corporate Social Responsibility (CSR)

Provision for Corporate Social Responsibility at the rate of 1% of Net profit after tax for the year which amounts to NPR 533,320.39/- is set aside from net profit after tax as per the requirement of section 54 of Industrial Enterprises Act, 2076.

Further Provision for Corporate Social Responsibility (CSR) has been disallowed in computation of income tax for the financial year 2079-80 as per section 7 of Income Tax Act, 2058.

3.15.3. Provision for Annual Incentive

As per company policy, annual incentive for stockiest is calculated taking a base of collection upto Poush end of following financial year which is uncertain at the time of preparation of certified Audit Report. Company estimated that, around 40% of the stockiest to be eligible for annual incentive. Based on that estimate, company has set aside provision at the rate of 2.02% of eligible net sales (i.e. 40% of net sales) during the financial year which amounts to NPR 6,642,813.12/-.

Provision for Annual Incentive in FY 2078.79 is 12,027,745/-. During the current year, an amount of NPR 19,560,895/- has been incurred as an expense.

However, Provision for Annual Incentive of current year has been disallowed in computation of income taxes per section 7 of Income Tax Act, 2058.

3.15.4. Staff Bonus

The company has a practice to set aside staff bonus at the rate of 10% of net profit after bonus for staff which amounts to NPR 4,799,883.52/-.

3.16. Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in OCI and equity.

3.16.1. Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset if certain criteria are met.

If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

3.16.2. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.



A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences that are expected to increase taxable profit in the future.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated applying tax rate at the rate of 16%.

3.17. Assets held for sale and discontinued operations

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when: (i) their carrying amounts will be recovered principally through sale; (ii) they are available-for-sale in their present condition; and (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

3.18. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

3.19. Cost of sales

All the expenses that are directly related to generating revenue are classified as cost of sales.

3.20. Income from financial instruments at fair value

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value through Other Comprehensive Income is charged to OCI. Once such selection is done the changes in fair value is also charged through Other Comprehensive Income unless the assets is derecognized. The gain or loss on disposal of financial instrument measure at fair value through OIC is recognized directly in equity.

Dividends on equity instruments are recognized in the statement of profit or loss within other income when the Company's right to receive payment is established.

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

3.21. Other income

All the incomes that are not qualified to be classified as revenue is treated as other income.

3.22. Administrative expenses

All the general administrative expenses are recognized when the benefit is received by the company and are not qualified to be classified as cost of sales.





3.23. Finance Income/cost

All the interest expenses against the loans and advances and the unwinding of discount on financial liabilities are calculated using effective interest rate method.

Interest income comprising of finance income includes interest received from bank.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

3.24. Impairment

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets.

The company also reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

3.25. Provisions and contingencies

3.25.1. Provisions

A provision is a liability of uncertain timing or amount.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

[Handwritten signatures and stamps at the bottom of the page]



The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.25.2. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or the present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation; or the amount of obligation cannot be measured with sufficient reliability.

Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent asset is a probable asset that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

3.26. Risk management

The company's activities are exposed to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management program focuses on ensuring compliance with the company's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Company is exposed and seeks to minimize potential adverse effects on the Company's financial performance.

The Company uses different methods to measure and mitigate different types of risk to which it is exposed.

3.26.1. Technological Risk

The company is exposed to the technological risk. This risk generates from chances of technology being obsolete. The company has tried to mitigate this risk by making regular investment in new technology and product.

3.26.2. Market risk

a. Foreign exchange rate risk

The company is exposed to the foreign exchange fluctuations loss in financial during the year. The exchange differences arise due to rate difference between initial recognition and final settlement of transaction. The gain/loss has been calculated at the time of settlement of transaction.



b. Cash flow and fair value interest rate risk

The company is exposed to interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Company to fair value interest rate risk. The company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The company has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the company invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

3.26.3. Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the company is exposed arises from the company's investments in debt securities. However, there is no investment in debt securities.

Credit risk on cash and cash equivalents, other receivable balances.

The company's management monitors the status of the receivables in a periodical basis as per necessity. The Company can maximize the returns derived for the level of risk to which the Company is exposed.

3.26.4. Liquidity risk

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The company's principle source of liquidity is cash and cash equivalent and the cash flow that are generated from operations.

The company has the ability to borrow in the short term to ensure settlement.

The Management monitors the company's liquidity position on a regular basis.

3.26.5. Fair value Level 3 disclosures

The following sets out the basis of establishing fair values of amortized cost financial instruments. These are not generally traded and there is a significant level of management judgment involved in calculating the fair values.

Prepaid expenses & advances

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

Trade receivables

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.



3.27. Impairment

The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Impairment of assets other than financial assets

At each reporting date the Company assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined.

3.28. Events after reporting period

The company monitors and assesses events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that has occurred subsequent to 31st Ashadh, 2080 till the signing of this financial statement

3.29. Cash flow statement

The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Nepal Accounting Standard – NAS 7 on 'Statement of cash flows'. Cash and cash equivalents comprise of cash in hand and cash at bank.

4. Other Disclosure

4.1 Office of Medium Tax Payer has completed final tax assessment up to financial year 2078-79.

[Handwritten signatures and initials]

