

Berger Jenson & Nicholson (Nepal) Pvt. Ltd.

**Auditor's Report & Financial Statements
for the year ended March 14, 2023**

B.K. Agrawal & Co.
Chartered Accountants

Member Crowe Global

Audit / Tax / Advisory



Independent Auditors' Report to the Directors of Berger Jenson & Nicholson (Nepal) Private Limited

Opinion

We have audited, for the purpose of your audit of the financial statements for the year ended March 14, 2023 of Berger Paints India Limited ("the Company"), the accompanying Special Purpose Financial Statements (SPFS) of M/s Berger Jenson & Nicholson (Nepal) Private Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at March 14, 2023, and the Statement of Profit or Loss, Statement of Total Comprehensive Income, Statement of Changes in Equity and statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

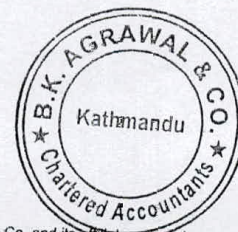
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SPFS read together with Notes forming part of the SPFS give the information required by the provisions of Nepal Companies Act, 2006, as amended ("the Act") in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in Nepal, of the state of affairs of the Company as at March 14, 2023, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Nepal Standards on Auditing. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the of the Financial Statements section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2006 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. 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 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.



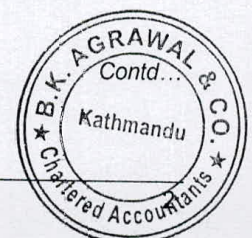
We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>As disclosed in Note 21 of the Financial Statements, the Company has recognized NPR 4,017.28 million as revenue from the paint and others sales in the year ended 14 March 2023. The large volume of transactions arising from a combination of different types of product type creates volume risk. Nepal Standards on Auditing prescribe a presumed risk of fraud in revenue recognition whereby revenue may be misstated through improper recognition.</p> <p>Given this inherent risk and the complexity of the systems relied upon, we identified the 'recognition of revenue as a Key Audit Matter.</p> <p>In determining the sales price, the company considers the effects of rebates and discounts (variable consideration). Some terms of sales arrangements, including the timing of transfer of control, the nature of discount and rebates arrangements, delivery specifications generate complexity and judgment in determining sales revenues and revenue cut-off. The risk is, therefore, that revenue is not recognized in the correct period or that revenue and associated profit is misstated.</p>	<p>Our audit procedures included, but were not limited, to the following:</p> <ul style="list-style-type: none"> ➤ Assessed the design and tested the operating effectiveness of key controls over the recognition and measurement of revenue (Billing quantity, rate etc.), tested general controls and application controls relevant for revenue recognition. ➤ Assessed the appropriateness of the accounting treatment adopted by the management in accordance with NFRS 15. ➤ Performed sample testing of supporting documents for revenue recognition including tracing of customers' cash deposits to bank statements. ➤ In addition to substantive analytical reviews performed to understand how the revenue has trended over the year, we performed a detailed testing on transactions around the year - end, ensuring revenues were recognized in the correct accounting period. We also tested journal entries recognized to revenue focusing on unusual or irregular transactions. ➤ Performed sample testing of the appropriateness of journal entries impacting revenue, as well as other adjustments made in the preparation of the financial statements with respect to revenue recognition including specific journals posted manually directly to revenue. ➤ Assessed the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable accounting standards.

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

The company's Management and Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the respective management and Board of Directors are 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 Entity or to cease operations, or has no realistic alternative but to do so.



Auditors' Responsibility for the Audit of the Financial Statements

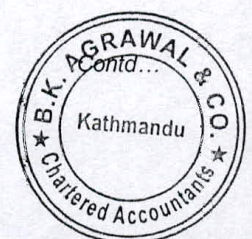
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing 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 information.

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 SPFS, 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. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the SPFS, including the disclosures, and whether the SPFS represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be considered to bear on our independence, and where applicable, related safeguards.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion. Further we report that:

Report on Other Legal and Regulatory Requirements

- a. We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c. In our opinion, the Statement of Financial Position, Statement of Profit or Loss and Statement of other Comprehensive Income and Statement of Changes in Equity and statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information dealt with by this report are in compliance with the provisions of the Company Act, 2006 and are in agreement with the books of account maintained by the company;
- d. In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e. To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to legal provisions relating to accounts or committed any misappropriation or caused loss or damage to the company.

Limitation of Use

This report is issued by us, pursuant to specific request made by the Company, for consolidation of the company's financial statements with the Parent Company M/s Berger Paints India Limited, India. Therefore, this report should be used for the above specific purpose only and not for any other purpose without our prior concurrence.

Kathmandu
Date: 25th April, 2023

S.M. Shrestha, FCA
Partner
For: B.K. Agrawal & Co.
Chartered Accountants
UDIN: 230425CA00473m71tO



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 14TH MARCH, 2023


in NPR 000

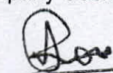
Particulars	Notes	As At March 14, 2023	As At March 14, 2022
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3	673,572	664,834
Capital Work-in-Progress	3.1	8,654	46,615
Other Intangible Assets	3.2	17,283	21,057
Right to use Assets	3.3	55,250	58,009
Other Non-current Assets	4	117,234	110,078
Income Tax Assets		39,351	34,927
		911,344	935,520
Current Assets:			
Inventories	5	1,108,476	955,223
Financial Assets:			
(a) Trade Receivables	6	2,218,871	1,593,183
(b) Cash and Bank Balances	7	726,852	343,859
(c) Financial Assets at amortized cost	8	19,000	868,707
(d) Other Financial Assets	9	4,270	13,827
Other Current Assets	10	19,732	13,317
		4,097,201	3,788,116
TOTAL ASSETS		5,008,545	4,723,636
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	11	34,542	34,542
Other Equity	12	3,320,323	3,158,315
		3,354,865	3,192,857
Non-Current Liabilities:			
Housing Fund	13	22,385	25,664
Other Financial Liabilities	14	69,412	93,604
Other Non Current Liabilities	15	39,741	37,312
Deferred Tax Liabilities (Net)	16	20,190	16,286
Lease liability	16.1	57,206	58,384
		208,934	231,250
Current Liabilities			
Financial Liabilities:			
(a) Trade Payables	17	282,200	496,676
(b) Other Financial Liabilities	18	1,090,804	766,534
(c) Lease liability	16.1	12,285	12,947
Other Current Liabilities	19	56,495	20,637
Provisions	20	2,962	2,735
		1,444,746	1,299,529
TOTAL EQUITY AND LIABILITIES		5,008,545	4,723,636

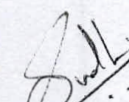
Summary of Significant Accounting Policies 1-2

The accompanying notes form an integral part of the financial statements. 3-62

This is the Statement of Financial Position referred to in our report of even date.


 Krishna Bishwakarma
 Company Secretary


 Abhijit Roy
 Director


 Sudhir R Nair
 Director

sd/-
 G.S. Dhingra
 Director

On behalf of the Board of Directors

sd/-
 Kanwardip S. Dhingra
 Director

sd/-
 K.S. Dhingra
 Chairman

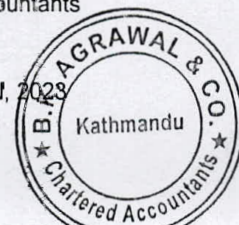
sd/-
 Rishma Kaur
 Director


 Srijit Dasgupta
 Director

S.M. Shrestha, FCA
 Partner
 For: B.K. Agrawal & Co.
 Chartered Accountants

Kathmandu
 Date: 25th April, 2023

Kathmandu
 Date: 25th April, 2023



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED MARCH 14, 2023

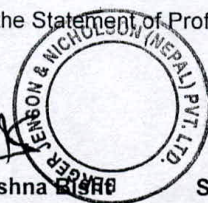
in NFR 000

Particulars	Notes	Year ended Mar 14, 2023	Year ended Mar 14, 2022
Income:			
Revenue from operations	21	4,017,277	4,097,901
Other Income	22	150,702	101,761
Total Income		4,167,979	4,199,662
Expenditure:			
Cost of materials consumed	23	2,183,490	2,298,372
Purchases of Stock-in-Trade	24	84,603	107,143
Decrease/ (Increase) in value of inventories	25	(27,448)	(179,526)
Employee benefits expense	26	239,886	219,212
Depreciation and amortization expense		97,312	95,996
Other expenses	27	612,265	617,308
Interest on Lease liability		6,879	9,052
Royalty & Technical Service Fee		55,649	53,107
Total Expenditure		3,252,636	3,220,664
Profit before Statutory allocation & Tax		915,343	978,998
Less: Employee Bonus		91,534	97,900
Less: Allocation for CSR		8,238	8,811
Profit before Tax		815,571	872,287
Less: Tax expense:			
Current Tax		163,509	174,797
Deferred Tax		3,904	3,352
Prior period expenses	28	600	1,340
Profit after Tax for the year		647,558	692,798
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(loss) on defined benefit obligations (net)		-	-
Deferred Income tax		-	-
Other comprehensive income/(loss) for the year, net of tax (ii)		-	-
Total comprehensive income for the year, net of tax (i + ii)		647,558	692,798

Earnings per share (in Rs.)	29		
Basic		1,874.69	2,005.66
Diluted		1,874.69	2,005.66

Summary of significant accounting policies 1-2
 The accompanying notes form an integral part of the financial statements. 3-62

This is the Statement of Profit or Loss referred to in our report of even date.


 Krishna Singh
 Company Secretary
 Sudhir R Nair
 Director
 Abhijit Roy
 Director
 G. S. Dhingra
 Director

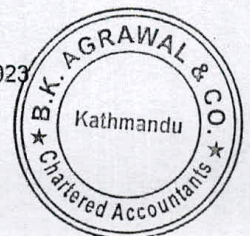
On behalf of the Board of Directors

sd/-
 Kanwardip S. Dhingra
 Director
 sd/-
 K. S. Dhingra
 Chairman

sd/-
 Rishma Kaur
 Director
 Srijit Dasgupta
 Director
 S.M. Shrestha, FCA
 Partner
 For: B.K. Agrawal & Co.
 Chartered Accountants

Kathmandu
 Date: 25th April, 2023

Kathmandu
 Date: 25th April, 2023



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 14, 2023

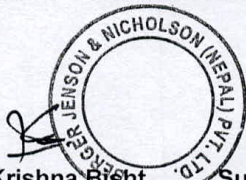
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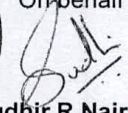
Particulars	Year ended Mar 14, 2023	Year ended Mar 14, 2022
A. Operating Activities		
Profit after Tax	647,558	692,798
Add: Depreciation	97,312	95,996
Add: Interest on Lease liabilities	6,879	9,052
Less: Gain on Sale of Fixed Asset	(17,438)	(10,024)
Less: Interest Income from Non Operating Fund	(1,961)	(4,617)
Add: Deferred Tax Liability	3,904	3,352
Add: Finance Cost	-	-
Operating Profit before changes in Working Capital	736,254	786,557
Working Capital Change in:		
Current Financial Assets	(622,546)	(389,637)
Inventories	(153,253)	(328,666)
Non Current Liabilities	(26,187)	2,999
Current Liabilities	(313,531)	350,890
Other Comprehensive Income	-	-
Change in Other non-current Assets	(7,156)	(13,390)
Finance Cost	-	-
Cash Flow from Operating Activities	(386,419)	408,753
B. Investing Activities		
Purchase of Fixed Assets	(143,573)	(160,904)
Profit on sale of fixed assets	17,438	10,024
Proceeds from deletion of fixed assets	93,184	68,955
Decrease/(Increase) of Investment in fixed deposit	849,707	(141,544)
	816,756	(223,469)
C. Financing Activities		
Increase (Decrease) in Paid-up Capital		
Increase / (Decrease) in Housing Reserves	(3,279)	(82,588)
Payment of Tax on Dividend	(24,179)	-
Lease liability	(19,886)	(18,570)
	(47,344)	(101,158)
Net Cash In/(Out) flow (A+B+C)	382,993	84,126
Add: Cash and Bank Balance at the beginning of the year	343,859	259,733
Cash and Bank Balance at the closing of the year	726,852	343,859

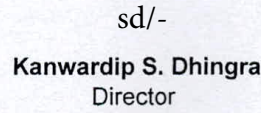
The accompanying notes form an integral part of the financial statements.

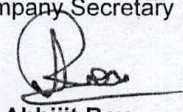
This is the Statement of Cash Flows referred to in our report of even date.

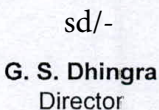
On behalf of the Board of Directors

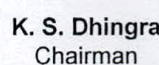
 **Krishna Bisht**
Company Secretary

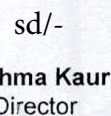
 **Sudhir R Nair**
Director

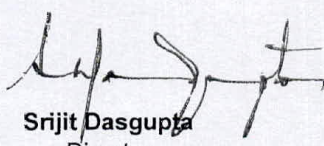
 **Kanwardip S. Dhingra**
Director

 **Abhijit Roy**
Director

 **G. S. Dhingra**
Director

 **K. S. Dhingra**
Chairman

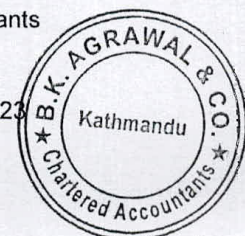
 **Rishma Kaur**
Director

 **Srijit Dasgupta**
Director

S.M. Shrestha, FCA
Partner
For: **B.K. Agrawal & Co.**
Chartered Accountants

Kathmandu
Date: 25th April, 2023

Kathmandu
Date: 25th April, 2023



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 14, 2023

in NPR 000

a. Equity Share Capital:

Particulars	Number of Equity Shares as at		Paid-up Equity Capital as at	
	Mar 14, 2023	Mar 14, 2022	Mar 14, 2022	Mar 14, 2022
Equity Shares of Rs 100 each issued, subscribed and fully paid	345,421	345,421	345,421	34,542

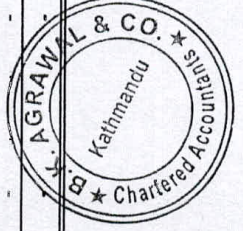
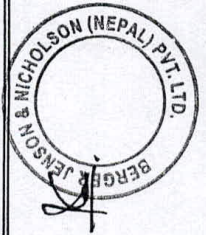
b. Other equity

For the year ended 14th March 2023

Particulars	Reserves & Surplus				Items of OCI		Total Equity
	Share Premium	Employee Stock options outstanding account	Retained earnings	Capital Reserve	Capital Redemption reserve	Other Items of OCI	
At the beginning of year	15,556	-	3,142,759	-	-	-	3,158,315
Profit allocation for the period	-	-	645,597	-	-	-	645,597
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive Income	15,556	-	3,788,356	-	-	-	3,803,912
Issue of share capital	-	-	-	-	-	-	-
Exercise of share options	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Dividend	-	-	(483,589)	-	-	-	(483,589)
At the closing of year	15,556	-	3,304,767	-	-	-	3,320,323

For the year ended 14th March 2022

Particulars	Reserves & Surplus				Items of OCI		Total Equity
	Share Premium	Employee Stock options outstanding account	Retained earnings	Capital Reserve	Capital Redemption reserve	Other Items of OCI	
Balance at the beginning of year	15,556	-	2,454,578	-	-	-	2,470,134
Profit allocation for the year	-	-	688,181	-	-	-	688,181
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive Income	15,556	-	3,142,759	-	-	-	3,158,315
Issue of share capital	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
Utilized during the year	-	-	-	-	-	-	-
Cash Dividend	-	-	-	-	-	-	-
At the closing of year	15,556	-	3,142,759	-	-	-	3,158,315



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

1. Corporate Overview:

Berger Jenson & Nicholson (Nepal) Private Limited (The "Company") is a private limited company incorporated under Foreign Investment and Technology Transfer Act and Companies Act of Nepal having its Registered Office at Bhaktapur Industrial District, Bhaktapur, PO Box 3530, Kathmandu, and Manufacturing Unit-1 at Bhaktapur Industrial District (BID), Bhaktapur and Manufacturing Unit-2 at Hetauda Industrial District (HID), Makawanpur, Nepal. The primary objectives of the company is to manufacture decorative paints and related products.

2. Statement of Significant Accounting Policies:

a) Basis of preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention on an accrual basis and are in accordance with all material aspects with Nepal Financial Reporting Standards, unless stated otherwise, and relevant provisions of Nepal Companies Act, 2063 and other applicable laws prevalent in Nepal. The Accounting policies are consistently applied by the Company except inventory of shade cards for promotional purposes which has been charged off to revenue to align with parent Company's accounting policy. Till Previous year, inventory of shade cards remaining with company used to be inventorized.

b) Use of estimates:

The preparation of financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Examples of such estimates include provision against litigations, provision for sales return, provision for customer claims and impairment of assets. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Differences between actual results and estimates are recognized in the periods in which the results are known/materialized.

c) Current and non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out by the company.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

1. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
2. it is held primarily for the purpose of being traded;
3. It is expected to be realized within 12 months after the reporting date; or
4. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities:

1. It is expected to be settled in the Company's normal operating cycle;
2. it is held primarily for the purpose of being traded;
3. It is due to be settled within 12 months after the reporting date; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current assets/liabilities include the current portion of non-current financial assets/liabilities respectively. All other assets/liabilities are classified as non-current.

Operating Cycle:

Operating Cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

d) Fixed Assets:

D.1) Tangible Assets:

Owned assets:

Fixed assets are stated at their original cost of acquisition/installation/construction (net of Value Added Tax), less accumulated depreciation and impairment losses, if any, except land. Land is stated at cost inclusive of land development expenses. The cost of an item of tangible fixed assets comprises its purchase price, including import duties.

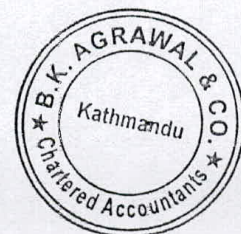
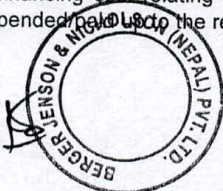
Leased assets:

The Company has renewed on 15/01/2022 (2078/10/01) the lease agreement of land & buildings with Bhaktapur Industrial District (BID), Bhaktapur, Nepal for initial period of 40 years with an option for renewal. The lease rental paid to the BID has been charged to revenue.

The Company has, with approval from concern authorities of Government of Nepal, also acquired a land on 2064/06/01 (18/09/2007) on lease from Hetauda Industrial District (HID), Makawanpur, Nepal for initial period of 20 years, with an option to further renewal for a period mutually agreed between the parties. The lease rental paid to HID has been charged to revenue.

Capital work in Progress:

Capital work in progress includes expenditure incurred during construction and or advances paid for acquisition of capital assets (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets), and is stated at the amount expended up to the reporting date.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

D.2) Intangible Assets:

Intangible assets comprise of Computer Software acquired by the Company and Trade Marks which is stated at cost less amortization. License renewal charges is absorbed over the validity period of license.

D.3) Depreciation:

Depreciation is charged to Statement of Profit or Loss on straight line method (SLM) as per their estimated useful life. The rates derived as per their useful life are given below: Depreciation on additions to fixed assets has been charged from the date it put to use. Land is not depreciated. The management considers that the assets if depreciated at the following rates, the assets shall be amortized during its useful life as per Nepal Accounting Standards, The rate applied are as follows:

Particulars	Rate
Buildings	4%
Furniture/ Fixtures & Office Equipment	10%
Computer, Printer & Accessories	25%
Vehicles	20%
Plants & Machineries	5%
Colourbank Machine	20%
Others (Other Tools & Equipment)	20%

Buildings has been constructed on the leased land obtained from Bhaktapur Industrial District and Hetauda Industrial District for initial period of 40 and 20 years respectively with option to renewal of the same for further period as agreed between the parties. As such, the depreciation on buildings has been charged as per the rates as specified above.

D.4) Amortization:

Intangible assets, i.e. computer software are amortized on straight line method over the period of expected benefit as detailed below:

Particulars	Useful life
Oracle Software	10 years
Other Software	5 years

D.5) Subsequent Expenditure:

Expenditure incurred to replace a component of an item of fixed assets that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of fixed assets. All other expenditure is recognized in the Statement of Profit and Loss as an expense as incurred.

e) Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallizes is charged to revenue.

The company has not carried out the physical verification of the fixed assets during the period under review and has not recognized any impairment in earlier years.

f) Going Concern:

The financial statements have been prepared on a going concern basis.

g) Inventories (As taken, valued & certified by the Management):

Inventories comprises of the stocks remains at the third party location sent for job work under an agreement. Finished goods inventories are stated at the lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Costs comprise stocks of purchases and manufacturing overheads. Other inventories are valued as follows:

- i) Raw Materials, Packing Materials and Stores & Spares are valued at weighted average cost.
- ii) Work in Progress is valued at cost.
- iii) Scrap is valued at net realizable value.

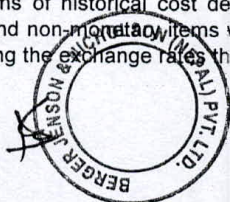
h) Foreign Currency Transaction:

Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:

Foreign currency monetary items are translated using exchange rates prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates that existed when the values were determined.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd.

Exchange Difference:

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

i) Trade and other payables:

Liability for trade and other payables are carried at cost which is the fair value of services.

j) Cash and Bank Balances:

Cash and bank balances comprises cash in hand and balances with Banks as on reporting date.

k) Employee Benefits:

- i) Short term employee benefits are recognized in the year during which the services have been rendered.
- ii) The Company has hired HR Companies to provide few marketing and other Staffs under their payroll for the company's work and the payments for the service provided by employees of HR Companies is directly made to the HR Companies. No any long term liabilities for those staff is required to be recognized in the books of the company.
- iii) The Company has schemes of retirement benefits viz. Social Security Contribution, Gratuity and Leave Encashment. Periodic contributions to the retirement fund are charged to revenue and the same has been deposited with statutory authorities of Government of Nepal.

l) Provisions, contingent Liability and Contingent Assets:

Provisions are recognized when the Company has a present obligation as a result of past event; it is more likely than not that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates in accordance with Nepal Accounting Standards "Provisions, Contingent Liabilities and Contingent Assets".

A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognized in the period in which the charge occurs.

m) Revenue Recognition:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

The Company has applied NFRS 15 Revenue from contracts with customers. NFRS 15 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces NAS 18 Revenue and NAS 11 Construction Contracts.

Income from Color-Bank Machine:

Income from color bank machine is recognized in the Statement of Profit and Loss on Straight Line basis over the term of agreement and are stated under other operating income.

Interest Income:

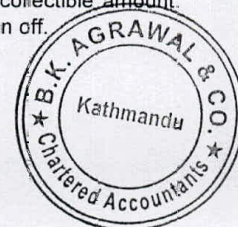
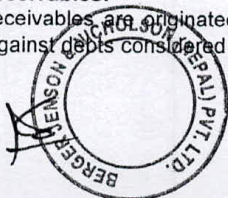
Interest income is recognised using the effective interest method as set out in NFRS 9 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

n) Related party transactions:

All transactions with related parties are carried out by the Company at arm's length prices.

o) Trade and other Receivables:

Trade and other Receivables are originated by the Company and are stated at cost less provisions for any uncollectible amount. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

p) Borrowing Costs:

Borrowing costs attributable to the acquisition of the asset is capitalized as part of the cost of the asset. Other Financing/Borrowing costs are charged to the Statement of Profit and Loss in accordance with Nepal Accounting Standards on "Borrowing Costs".

q) Taxation:

Current Tax:

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Nepalese Income Tax Act, 2058 and provided for.

Deferred Tax:

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognized and reviewed at each reporting date, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each reporting date, unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized in accordance with Nepal Accounting Standards "Income Taxes". Deferred tax has been recognized up to the Nepali fiscal year ended on July 16, 2022. The deferred tax expenses/ income arising from July 17, 2022 to March 14, 2023 has not been computed and accounted for, as the same shall be recognized as at closing of Nepali Fiscal year on July 16, 2023.

r) Leases:

The Company mainly has lease arrangements for land and building for offices, warehouse spaces and retail stores and vehicles. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets (ROU Assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

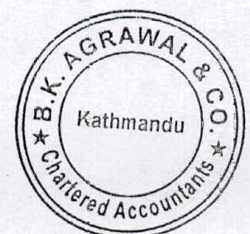
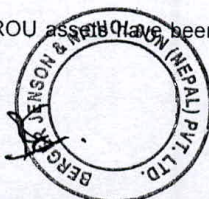
Leasehold buildings	2 to 10 years
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If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 19 Impairment of non-financial assets

Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

s) Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. The Cash flow statement is separately attached with the Financial Statements of the company.

t) Prior Period Items:

The prior period expenses are charged separately to the Statement of Profit or Loss.

u) Operating Segments:

Having regard to the integrated nature of the Paints production Business of the company, the management of the Company is of view that the disclosure requirement of "Operating Segments" pursuant to the Nepal Accounting Standards is not applicable.

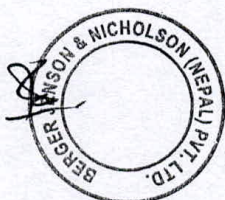
v) Share Based Payments:

Share based payment transaction is a transaction in which entity receives goods and services as consideration for equity instruments (including shares or share options) of the entity (referred to as "equity settled share passed transaction"). There is no share based transactions during the Year.

w) Earning Per Share (EPS):

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

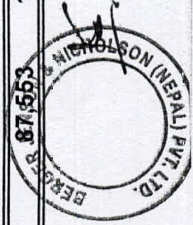
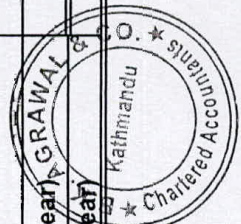


BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

3. Property Plant & Equipment

Particulars	Gross Block at Cost				Depreciation / Amortisation			Net Block		
	As at 14/03/2022	Additions during the period	Deletion/ adjustments	Total as of 14/03/2023	As at 14/03/2022	For the Period	On Deletions	Total As at 14/03/2023	As on 14/03/2023	As on 14/03/2022
Buildings (Leasehold)	537,385	1,096	-	538,481	156,008	21,505	-	177,513	360,968	381,377
Furniture & Fixtures and Office Equipment	45,521	1,123	551	46,093	24,379	4,151	174	28,356	17,737	21,142
Computer Printer & Accessories	19,564	1,875	484	20,955	15,484	2,287	317	17,454	3,501	4,080
Plant & Machineries	268,921	52,656	-	321,577	96,362	15,238	-	111,600	209,977	172,559
Color Bank Machine	225,472	24,708	47,842	202,338	153,683	30,916	47,842	136,757	65,581	71,789
Vehicles	28,232	7,016	5,636	29,612	16,329	3,908	3,864	16,373	13,239	11,903
Other Assets	10,816	2,293	111	12,998	8,832	1,607	10	10,429	2,569	1,984
Total	1,135,911	90,767	54,624	1,172,054	471,077	79,612	52,207	498,482	673,572	664,834
Refer to Note: 3.4										
3.1 Capital Work-in-Progress										
Total	46,615	52,806	90,767	8,654	-	-	-	-	8,654	46,615
Refer to Note: 3.5										
3.2 Other Intangible Assets										
Computer Software & Licenses	34,799	-	-	34,799	13,742	3,774	-	17,516	17,283	21,057
Total	34,799	-	-	34,799	13,742	3,774	-	17,516	17,283	21,057
3.3 Right of Use Assets										
Land & Buildings	72,312	11,167	-	83,479	14,303	13,926	-	28,229	55,250	58,009
Total	72,312	11,167	-	83,479	14,303	13,926	-	28,229	55,250	58,009
Refer to Note: 3.6										
Grand Total (This Year)	1,289,637	154,740	145,391	1,298,986	499,122	97,312	52,207	544,227	754,759	790,515
Grand Total (Last Year)	1,143,974	233,216	87,553	1,289,637	421,724	95,996	18,598	499,122	790,515	722,250



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

3.4. Property Plant and Equipment

Description and location of property	Gross carrying amount		Title name held in the name Company	Whether title deed holder is a promoter, Director/ or relative of promoter/ Director or employee of promoter/ Director	Property held since which date	Reason being not held in the name of Company
	As at 14th March, 2023	As at 14th March, 2022				
Property, Plant and Equipment	12,927	12,927	Berger Jenson & Nicholson (Nepal) Pvt. Ltd.	No	17-Jul-98	N/A
	525,554	524,458	Berger Jenson & Nicholson (Nepal) Pvt. Ltd.	No	18-Sep-07	N/A
	538,481	537,385				

in NPR 000

3.5. Capital work in progress (CWIP) ageing schedule

Description	Amount in CWIP for the period of			Total
	Less than 1 year	1-2 years	2-3 years	
As at 14th March 2023				
Project in progress				
Project temporarily suspended				
Plant & Machinery not put to use	8,654	-	-	8,654
As at 14th March 2022				
Project in progress				
Project temporarily suspended				
Plant & Machinery not put to use	46,615	-	-	46,615



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

3.6 Lease NFRS 16

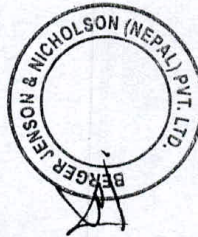
Effective 16th July, 2021, the Company adopted NFRS 16 "Leases" and applied the standard to eligible lease contracts from the Nepal Financial reporting period i.e. July 16, 2021 using the Modified retrospective method, on the date 16th July 2020 of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount.

The following is the summary of practical expedients elected on application:

- i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- ii) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, NFRS 16 is applied only to contracts that were previously identified as leases under NAS 17

The weighted average incremental borrowing rate applied to lease liabilities as at March 14, 2023 is 10.5%

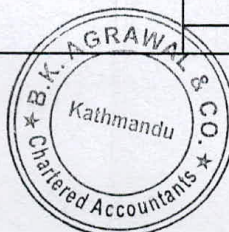
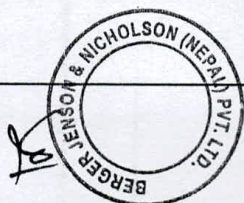
The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. Rental expense recorded for short-term leases or cancelable in nature was NRS.9.42 million for the year ended 14th March, 2023.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

in NPR 000

Description	As At March 14, 2023	As At March 14, 2022
4 Other Non-Current Assets		
Deposit with Government authorities	116,882	109,726
Deposits with state owned authorities	352	352
	117,234	110,078
5 Inventories (including in transit) (at lower of cost and net realizable value)		
Raw Materials	540,865	422,899
Packing Materials	52,240	47,656
Work in process	16,281	8,383
Finished goods	442,512	421,463
Stores and Spare Parts	10,948	7,693
Stock-in-Trade	45,630	47,129
	1,108,476	955,223
6 Trade Receivables		
Unsecured, considered good	2,319,987	1,644,487
	2,319,987	1,644,487
Less: Allowances for Doubtful Receivables	(101,116)	(51,304)
	2,218,871	1,593,183
6.1 Trade Receivable Ageing		
(a). Undisputed Receivables - Considered good		
Current but not due	716,624	932,306
Less than 6 month	1,325,077	628,564
6 month to 1 year	159,916	37,685
1 year to 2 year	39,752	9,979
2 year to 3 year	3,847	3,468
More than 3 years	12,468	6,876
Total (a)	2,257,684	1,618,878
(b). Disputed Receivables - Considered good		
Current but not due	1,998	7
Less than 6 month	12,043	1,002
6 month to 1 year	5,842	30
1 year to 2 year	19,439	2,615
2 year to 3 year	5,827	7,003
More than 3 years	15,696	13,494
Total (b)	60,845	24,151
Disputed Receivables - which have significant increase in credit risk		
More than 3 years	1,458	1,458
Total (c)	1,458	1,458
Total	2,319,987	1,644,487
7 Cash and Bank balances		
<u>Cash and cash equivalents</u>		
(a) Cash in hand (As certified by management)	2,758	3,932
(b) Balances with banks		
In Current Account	182,094	339,927
In Fixed Deposit Account (with maturity less than 3 months)	150,000	-
In Call accounts	392,000	-
	726,852	343,859
	726,852	343,859



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

in NPR 000

Description	As At March 14, 2023	As At March 14, 2022
8 Financial Assets At Amortized Cost		
Cash in Fixed Deposit Account (with maturity of more than three months but less than 12 months)	19,000	868,707
	19,000	868,707
9 Other Financial Assets		
Loans and advances to related parties	-	-
Others		
Interest Receivable on Fixed Deposits	346	11,041
Other Receivables	3,924	2,786
	4,270	13,827
10 Other Current Assets		
Prepaid	15,141	13,317
Advances	4,591	-
	19,732	13,317
11 Share Capital		
Authorized :		
11,136,810 Equity shares of NRs.100/- each	1,113,681	1,113,681
Issued :		
11,136,810 Equity shares of NRs.100/- each	1,113,681	1,113,681
Subscribed and paid-up :		
345,421 Equity shares of NRs.100/- each	34,542	34,542
	34,542	34,542

a) Detail of Shares held by Promoters:

i) Details of Shareholders having more than 5% of holding :

The Company is promoted by Berger Paints India Limited, holding 100% Equity Shares and there are no other Shareholders of the Company.

ii) Mr. Kuldip Singh Dhingra (Nominee), and Berger Paints India Ltd. 59 equity shares of Rs 100 fully paid.

Number of shares at the beginning of the year	59	59
Change during the year	0	0
Number of shares at the end of the year	59	59
% of Total Shares	0.017%	0.017%
% change during the year	-	-

b) Reconciliation of the number of shares and the amount of share capital :

There is no movement in number of Equity Shares and Paid-up Capital in this year and during last 2 years.

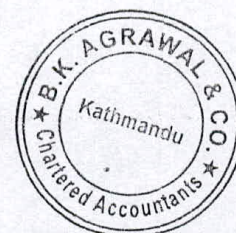
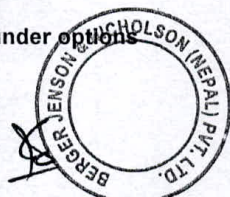
c) Terms / rights attached to equity shares

The Company has only one class of Equity Shares having a par value of Nepalese Rupees 100 each. Each holder of Equity Shares are entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Shares reserved for issue under options

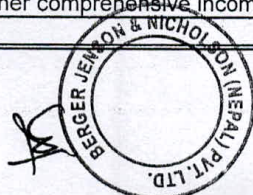
Nil

Nil



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023
in NPR 000

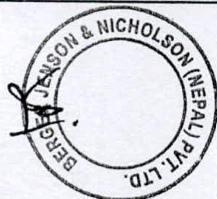
Description	As At March 14, 2023	As At March 14, 2022
12 Other Equity		
A. Reserves & Surplus		
(I) Share Premium	15,556	15,556
(II) Retained Earnings - Balance at the beginning of the year	3,142,759	2,463,115
Transition effect of Adoption of NFRS 16 - Lease	-	(8,537)
Restated Retained Earnings - Balance at the beginning of the year	3,142,759	2,454,578
Transferred from Statement of Profit and Loss	647,558	692,798
Less: Interest income from Housing Fund fixed deposit transfer to Housing Fund (Net of corporate tax)	(1,961)	(4,617)
Net balance of Statement of Profit and Loss	645,597	688,181
Amount available for Appropriation	3,788,356	3,142,759
Less: Appropriations		
Dividend Rs 1,400.00 per share (Last year NIL)	483,589	-
	3,304,767	3,142,759
	3,320,323	3,158,315
B. Other Reserves		
(I) Employee Stock Options outstanding	-	-
(II) Capital Reserve	-	-
(III) Capital Redemption Reserve	-	-
	-	-
	3,320,323	3,158,315
13 Housing Fund		
Balance at the beginning of the year	25,664	108,252
Add: Interest income transferred from Statement of Profit & Loss	1,961	4,617
Less: Utilized during the year "Refer to Note 37"	5,240	87,205
Balance at the end of the year	22,385	25,664
14 Other Non Current Financial Liabilities		
Deposits	69,412	93,604
Others	-	-
	69,412	93,604
15 Other Non Current Liabilities		
Others	39,741	37,312
	39,741	37,312
16 Deferred Tax Asset (Liabilities)		
At the beginning of year	(16,286)	(12,934)
Recognized in Statement of Profit or Loss		
Deferred Tax Liabilities		
Difference in valuation method of Inventories	(2,162)	(1,325)
Difference between the Written Down Value of fixed assets (Financial book and Tax book)	(2,135)	(2,027)
Lease Liability	(1,043)	-
	(5,340)	(3,352)
Deferred Tax Assets		
Right of Use of Assets	1,436	-
	(3,904)	(3,352)
Others through other comprehensive income	-	-
	(20,190)	(16,286)



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

in NPR 000

Description	As At March 14, 2023	As At March 14, 2022
16.1 Lease liability		
Opening balance	71,331	-
Addition During the year	11,167	80,849
Adjustment during the period	(13,007)	(9,518)
Closing balance	69,491	71,331
Non-Current Portion of Lease liability	57,206	58,384
Current Portion of Lease liability	12,285	12,947
17 Trade Payables		
Sundry Creditors	282,200	496,676
	282,200	496,676
17.1 Trade Payable Ageing Schedule		
Total outstanding dues of micro and small enterprises		
Not due	132,867	291,749
Less than 1 year	89,918	117,057
1 to 2 year	25,805	51,089
2 year to 3 years	20,206	25,249
More than 3 years	13,404	11,532
Total	282,200	496,676
18 Other Financial Liabilities		
Dividend Payable (Net of Tax)	460,010	600
Employee Bonus	70,355	80,472
Accrued Employee Liabilities	30,186	16,733
Security Deposits & retention money	434	380
Other liabilities	529,819	668,349
	1,090,804	766,534
19 Other Current Liabilities		
Other Statutory Liabilities	49,098	10,811
Revenue Received in Advance	7,397	9,826
	56,495	20,637
20 Short-term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	-	-
Provision for Leave Encashment	2,962	2,735
	2,962	2,735

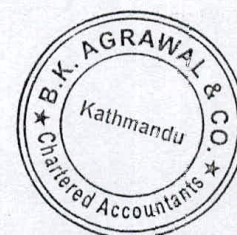
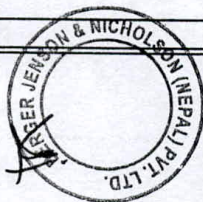


BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

in NPR 000

Description	Year ended Mar 14, 2023	Year ended Mar 14, 2022
21 Revenue from Operations		
Gross Sales	5,730,456	5,923,944
Less: Discount, Incentives & Schemens	1,734,287	1,852,049
Net Sales	3,996,169	4,071,895
Scrap Sales	12,540	12,719
Other Operating Income	8,568	13,287
	4,017,277	4,097,901
22 Other Non Operative Income		
Interest Income	78,668	62,694
Profit /(Loss) on sale of Fixed Assets (net)	17,438	10,024
Miscellaneous Income	54,596	29,043
	150,702	101,761
23 Cost of Materials Consumed		
<u>(a) Raw Materials Consumed</u>		
Opening Stocks	422,899	281,069
Add: Purchases	2,140,898	2,245,892
Less: Closing Stock	540,865	422,899
	2,022,932	2,104,062
<u>(b) Packing Materials Consumed</u>		
Opening Stocks	47,656	44,042
Add: Purchases	165,142	197,924
Less: Closing Stock	52,240	47,656
	160,558	194,310
	2,183,490	2,298,372
24 Purchases of Stock-in-Trade		
Colorant	70,671	85,759
Painting Tools	13,932	21,384
	84,603	107,143
25 Decrease/ (Increase) in inventories of finished goods, work-in-process and stock-in-trade		
Opening Stocks		
Work-in-process	8,383	4,967
Stock-in-Trade	47,129	32,395
Finished Goods	421,463	260,087
	476,975	297,449
Closing Stocks		
Work-in-process	(16,281)	(8,383)
Stock-in-Trade	(45,630)	(47,129)
Finished Goods	(442,512)	(421,463)
	(504,423)	(476,975)
	(27,448)	(179,526)



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

in NPR 000

Description	Year ended Mar 14, 2023	Year ended Mar 14, 2022
26 Employee Benefits Expense		
Salaries and Wages	212,953	192,222
Contribution to Retirement Fund	16,043	16,021
Staff Welfare Expenses	10,890	10,969
	239,886	219,212
27 Other Operating Expenses		
Power & Fuel	10,324	11,015
Repair Maintenance and consumables	14,784	8,871
Rent	9,421	6,302
Rates & Taxes	7,592	4,682
Travelling	22,565	14,896
Advertisement and Sales Promotion Expenses	178,770	215,756
Freight Outward and Delivery	156,225	151,361
Insurance	22,821	19,001
Allowances for Trade Receivables	49,812	49,846
Outsourced Sales Service	28,978	24,353
Telephone, Postage and Internet/ Intranet	11,900	10,734
Office upkeeping expenses	8,653	16,014
Printing & Stationery	5,059	3,873
Software & System Support Expenses	18,849	17,624
Other expenses*	38,712	36,163
Material Processing Expenses	27,800	26,817
	612,265	617,308
*Other Expenses also includes as below:		
Statutory Audit Fee	400	400
Periodical Audit Fee	300	300
Reimbursement of expenses	50	50
	750	750
28 Prior Period Expenses		
Others**	600	1,340
	600	1,340

29 Earnings Per Share

i) Profit after Taxation	Rs. 000	647,558	692,798
ii) Weighted average of Equity Shares outstanding	Nos.	345,421	345,421
iii) Effect of potential Equity Shares on Employee Stock Options outstanding	Nos.	-	-
iv) Weighted average number of Equity Shares in computing diluted earnings per share [(ii) + (iii)]	Nos.	345,421	345,421
v) Earnings per share : (Face Value Rs. 100.00 per Share) -			
-Basic [(i) / (ii)]	in Rs.	1874.69	2005.66
-Diluted [(i) / (iv)] - in Rs.	in Rs.	1874.69	2005.66



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

30. Income Tax, VAT & Excise:

- Income tax on the profit for the year comprises current tax payable on the taxable income calculated as per Income Tax Act, 2058.
- Income tax assessment up to fiscal year 2063-64 (F/Y 2006-07) was completed by the tax authorities in earlier years and all the tax payable as per the assessment has been paid by the Company. The tax assessment for the fiscal Year 2064-65 (F/Y 2007-08) to 2074-75 (2017-18) was also completed by the tax authorities during the period under review and has raised additional demand of income Tax and VAT from the Company. The Company has not accepted the additional demand and disputed the case. The Excise Duty assessment was completed by Large Tax Payer Office (LTO) from 2064-04-01 to 2075-03-31 (2007-07-17 to 2016-07-16) and raised additional demand which was not accepted by the Company and filed cases at the appropriate authority. The decision of the same is still awaited.

31. Transactions with Parent Company:

The company is subsidiary of M/s Berger Paints India Limited (BPIL), a Company incorporated in India under Indian Companies Act, 1956 which owns 100% of the Company's shares. The Transaction with parent company is as below:

in NPR 000

Transaction Type	Opening Payable	Purchase	Payment	Closing Payable
Raw Materials	94,934	261,332	268,874	87,392
Royalty & Technical Service (Gross)	101,248	55,649	74,943	81,954
Dividend	600	483,589	24,179	460,010
Oracle Software Support	45,508	-	-	45,508
	242,290	800,570	367,996	674,864

Tax at source @ 15% on Royalty & TSF Rs 8,347 thousand and @ 5% on dividend Rs 24,179 have been deducted at the time of booking of payables and is included under payment as the same had been paid to Government authority on behalf of beneficiary.

Except, Berger Paints India Limited, the Company do not have any other related parties

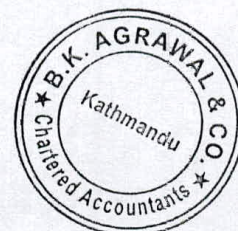
32. Royalty & Technical Service Fee:

The company has renewed Royalty & Technical Service Agreement dated September 24, 2006 with Berger Paints India Limited (BPIL) and obtained approval from the Department of Industries effective from September 24, 2021, for the further period of 5 years from the date of renewal. Accordingly Royalty and Technical Service Fee as applicable on net sales of registered products of BPIL has been charged to revenue during the reporting period is amounting to NRs. 55,649 (PY NRs. 53,107) thousand.

33. Contingent Liabilities:

a) Claims against the Company not acknowledged as debts :

	Year ended Mar 14, 2023 Rs. 000	Year ended Mar 14, 2022 Rs. 000
VAT	70,672	52,598
Income tax	73,707	61,735
Excise Duty	35,506	35,402
TDS	22,961	22,961
Custom duty	91,995	79,567
	294,841	252,263



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

The Company is of the view that none of the claims are tenable and is therefore contesting the same. The future cash flows on account of the above cannot be determined unless the judgment/decisions are received from the ultimate judicial forums.

TDS: Notification of Inland Revenue Department demanding Tax on excess Bonus payable to welfare fund has been dismissed by Supreme Court via its order 074-WO-0388 dated 14th July, 2019 (2076.03.29) and the appeal of Company is under process of final hearing at same court.

Custom Duty: Company imports Acrylic Polymer which is one of the major raw material for manufacturing of emulsion paints from international exporters which falls under industrial raw material tariff for the purpose of custom duty. However, Custom Offices of Government of Nepal demanded import duty at a higher rate of tariff which is applicable to finished paint on import of aforesaid raw material from company. Therefore, the company has filed an injunction appeal to Supreme Court against such demands and Supreme Court has issued injunction order against two demands out of 5 (writ petitions) raised by Custom Office.

Particulars

Year ended
Mar 14, 2023
Rs. 000

Year ended
Mar 14, 2022
Rs. 000

- b) Guarantees issued by the Company in ordinary course of business
- c) Unexpired Letter of Credit/ DAP/ DAAP USD 1,069,559 @ 122.85
- d) Unexpired Letter of Credit/ DAP/ DAAP INR 14,247,949 @1.6015

700

300

0

131,395

0

22,861

34. Capital & Other Commitments:

Estimated amount of contracts remaining to be executed on capital account not provided for

NIL

NIL

35. Employee Bonus:

Employee Bonus has been provided @10% of net profit before bonus. Accordingly, a sum of NPR 91534 (PY NPR 97900) thousand has been provided in the books.

36. Advances:

The Company has given advances to various parties in the ordinary course of business which are considered good and recoverable.

37. Housing Reserves:

Housing Reserve stated under Non Current Liabilities is the allocation for housing facilities up to July 15, 2017 in past as per requirement of Labour Act, 2048 which had been repealed w.e.f 4th September 2017 and Labour Act 2074 has been enforced. As per Labour Act 2074, there is no requirement of further allocation to housing reserve, hence Housing reserve provision has not been provided during the year. As per provision of Rule 85 of Labour Rule 2075 and agreement between management and Trade Union, part of housing fund has been transferred to Labour Relations Committee (LRC). As per rule LRC develops housing scheme for utilization of fund and benefits of employees.

The Company has executed Collective Bargaining Agreement (CBA) with All Nepal Industrial Workers Union on utilization of Housing Fund dated 2078/04/27. As per agreement, company has transferred Housing Fund amounting to Rs.8.59 crore to LRC as on date.

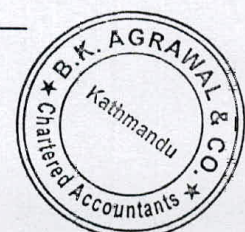
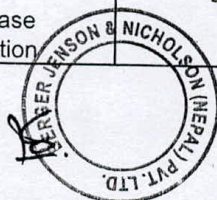
38. Revaluation:

Fixed assets are not revalued during the period.

39. Land & Buildings on Lease:

The details of the leased properties are as follows:

Particulars	Bhaktapur Industrial District	Hetauda Industrial District
Industrial District	Bhaktapur	Hetauda
Lease started from	15.01.2022	18.09.2007
Property	Land & Part of Factory Buildings	Land
Period of Lease	40 Years	20 Years
Renewal Option	Available	Available



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

40. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates of any currency. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports or financing of imports through foreign currency instruments.

The Company proactively hedged its currency exposures in case of a significant movement in exchange rates for imports and in case the hedged cost of foreign currency instrument is lower than the domestic cost of borrowing in case of short term import financing.

41. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and buyers' credit facilities. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt.

42. Share Premium:

The Company have Share Premium Reserve of Rs 15,556 thousand since earlier years and stated under Reserves & Surplus.

43. Color Bank Machine at Dealers Place:

The Company provides Colorbank Machines (Color Tinting Machine) to its Dealers' on rental for the purposes of colorant mixing and make these salable. The income generated from such machine rental is shown under Revenue from operation on Straight Line basis over the term of agreement period. The machines are in the ownership of the company and the Company is charging depreciation.

The Company has disposed off 163 sets of color shade developing machines (CBM) during the reporting period as per the policy of the Company. The profit on the disposal of these CBM are shown under Other Non Operating Income in the Statement of Profit or Loss.

44. Capital Work-in-Progress:

Capital Work-in-Progress includes Assets and other Office equipment not put-to-use. The value of capital work-in-progress is as certified by the management.

Particulars

Asset not put to use

Civil Construction

Total

Balance Rs 000

8,654

-

8,654

45. Donation:

The Company has paid donations to various parties which is in excess of the limit mentioned in section 105 (1)(Ga) of Companies Act, 2063, wherein a maximum limit of NPR 50 thousand has been provided for donation where special resolution in the general meeting of the company is required. The ratification will be made in the AGM after July 2023.

46. Earning Per Shares (EPS):

The earning per shares has been calculated as below:

Particulars

Profit after tax for the year (Rs.)

Weighted average no. of equity shares (Units)

Diluted number of equity shares (Units)

Nominal value of shares (Rs.)

Basic Earning per share (Rs.)

Diluted Earning per share (Rs.)

Year ended

Mar 14, 2023

647,558,000

345,421

345,421

100

1,875

1,875

Year ended

Mar 14, 2022

692,798,000

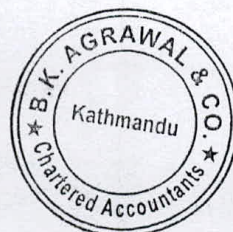
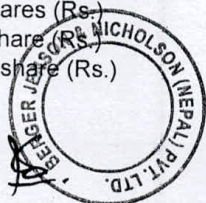
345,421

345,421

100

2,006

2,006



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

47. Advertisement and Sales Promotion Expenses:

The Company has incurred advertisement and sales promotion expenses to the tune of NPR 178770 (PY NPR 215756) thousand during the reporting period, which comprises of expenses on various promotional activities, advertisement activities and dealer entertainment activities expenses related to sales.

48. Retirement Benefits:

The Company had an arrangement with Citizen Investment Trust (CIT) for depositing the amount of Gratuity & accumulated paid leave payable to the employees upto 2019 July 15 as per Rule 49 of the Labour Rule, 2075. From this fiscal year, the Company is depositing periodical contributions to Gratuity and Provident Fund with Social Security Fund on monthly basis and paid leave payable to employees is continued to deposit with CIT on annual basis.

49. Operation of Depot:

The Company is operating its sales depots at Pokhara, Biratnagar, Nepalgunj, Narayangarh, Kathmandu (Vanasthali and Balkumari), Butwal and Jhapa. All depots are in business operations of the company. All the expenses of the said Depots have been consolidated in the respective expenses head.

50. Outsourced Sales Support Expenses:

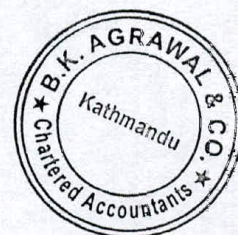
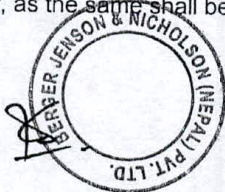
The Company has outsourced sales support service from agencies, and incurred a sum of Rs. 28,978 thousand (Last year Rs. 24,353 thousand) on outsourced sales support service cost during the reporting period.

51. Production at third Party Manufacturers' place:

With approval of Department of Industries, the company has arranged to get certain products to be manufactured at third party manufacturers on payment of agreed processing charges. The said production is included in the Company's Production. Further, the cost of raw materials, Processing charges paid to the third party manufacturer and stock of raw materials and finished goods has been accounted by the Company. During the reporting period, the Company has paid NPR 27,800 thousand (PY 26,817 thousand) Processing charges to the third party manufacturer as Material Processing Expenses and stated under Other Expenses.

52. Recognition of Deferred Tax Assets and Liabilities:

Deferred tax has been recognized up to the closing of Nepali Fiscal Year on 16th July, 2022. The deferred tax expenses/ income arising during the period from July 17, 2022 to March 14, 2023 has been not computed and accounted for, as the same shall be recognized as on closing date of Nepali fiscal year of company.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

53 Employee Benefits Obligation

(I) Defined benefit plans

(a) Leave

(i) The following table summarizes the components of net benefit expense recognised in the Statement of Profit or loss and OCI and the funded status and amounts recognised in the Statement of Financial Position.

Particulars	NPR 000	
	This year	Last year
Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	17,171	15,359
Current Service Cost	2,825	2,449
Interest Cost	1,303	1,208
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	-	-
-Actuarial (gains)/losses arising from changes in experience adjustments	(615)	(977)
Benefits Paid	(2,860)	(868)
Present value of defined benefit obligation as at year end	17,824	17,171

Changes in fair value of plan assets		
Fair Value of Plan Assets as at year beginning	16,997	14,039
Interest Income	1,211	1,200
Remeasurements (gains)/losses		
-Return on plan assets, (excluding amount included in net Interest expense)	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	-	-
Employer's Contribution	3,091	2,626
Benefits Paid	(2,860)	(868)
Fair Value of Plan Assets as at year end	18,439	16,997

Amounts Recognised in the Statement of Financial Position		
Present value of defined benefit obligation at the year end	17,824	17,171
Fair Value of the Plan Assets at the year end	18,439	16,997
Liability/(Asset) Recognised in the Statement of Financial Position	615	(174)

Particulars	Current Year	Previous Year
Expense recognised in the Statement of Profit or Loss:		
Current Service Cost	2,825	2,449
Net Interest Cost/(Income)	92	8
Net Cost Recognised in the Statement of Profit or Loss	2,917	2,457

Expense recognised in the Other Comprehensive Income:		
Remeasurements (gains)/losses	-	-
Net Cost Recognised in the Statement of Profit or Loss	-	-

(ii) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

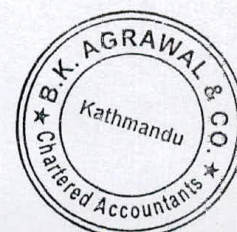
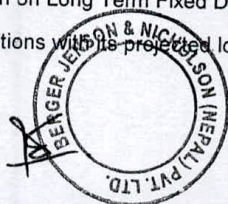
Significant Actuarial Assumptions	Current Year	Previous Year
Discount Rate	7.0%	7.0%
Employee turnover	2.00%	2.00%
Mortality Rate	Nepal Mortality Rates	Nepal Mortality Rates
Future Salary Increase (%)	8.50%	8.50%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Assumptions regarding future mortality experience are set in accordance with the Nepal Mortality Rates.

The discount rate is based on the return on Long Term Fixed Deposits.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.



BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

Notes Contd..

(iii) Major category of Plan Assets of the fair value of the total plan assets are as follows:-

Description	This year	Last year
Investments quoted in active markets:		
Quoted equity investments	-	-
Manufacturing and consumer products sector	-	-
Telecom sector	-	-
Cash and cash equivalents	-	-
Unquoted Investments:		
Bonds issued by India government	-	-
Property	-	-
Assets - Citizen Investment Trust (Nepal)	100%	100%

(iv) A quantitative sensitivity analysis for significant assumption as at 14 March 2023 is as shown below:

Sensitive factor	NPR 000			
	This year		Last year	
Assumptions	Discount rate		Discount rate	
Sensitivity Level	<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
Impact on defined benefit obligation	(2,397.45)	2,892.47	(2,277.51)	2,762.41
Assumptions	Future Salary increase		Future Salary increase	
Sensitivity Level	<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
Impact on defined benefit obligation	2,821.40	(2,388.32)	2,694.35	(2,268.85)
Assumptions	Employee Turnover		Employee Turnover	
Sensitivity Level	<u>1% increase</u>	<u>1% decrease</u>	<u>1% increase</u>	<u>1% decrease</u>
Impact on defined benefit obligation	NA	NA	NA	NA

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

- (a) Based on interest rates of government bonds
(b) Based on management's estimate

(v) Risk Exposure

Since the employees gratuity fund is a defined benefit plan the liability to be provided will be subject to interest rate risk since the future valuation of benefit depends upon the yield of government bonds for matching maturities

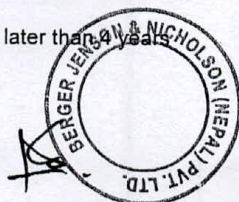
(vi) Defined Benefit Liability and Employer Contributions

Since the employees gratuity fund is a defined benefit plan maintained by Life Insurance Corporation of India the return is generated from a pool of assets invested by them and any deficit in the liability and return on plan assets is funded by the Company on a yearly basis.

(vii) In 2023-24, the Company expects to contribute Rs. 3031 Thousand (14 March 2023: Rs 2825) to leave.

(viii) Maturity profile of the defined benefit obligation

	<u>This year</u>	<u>Last year</u>
Weighted Average duration of the defined benefit obligation	14 Years	13 Years
Expected benefit payments for the year ending		
Not Later than 1 year	474	1,655
Later than 1 year and not later than 4 years	4,377	2,869
More than 5 years	11,067	9,475



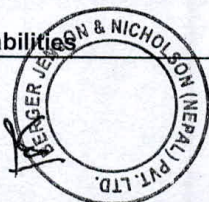
BERGER JENSON & NICHOLSON (NEPAL) PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 14, 2023

54 Revenue from contracts with customers

54.1 Disaggregate revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to the statement of profit and loss account:

Description	in NPR 000	
	As At March 14, 2023	As At March 14, 2022
a) Type of services		
Sale of Products	3,996,169	4,071,895
Scrap Sales	12,540	12,719
Other Operating Income	8,568	13,287
Total revenue from contract with customers	4,017,277	4,097,901
b) Geographical market		
Nepal	4,017,277	4,097,901
Outside Nepal	-	-
Total revenue from contract with customers	4,017,277	4,097,901
c) Timing of Revenue recognition		
Services transferred at a point in time	4,017,277	4,097,901
Services transferred over time	-	-
Total revenue from contract with customers	4,017,277	4,097,901
d) Contract balances		
Trade Receivable	-	-
Contract Assets	-	-
Contract Liabilities	-	-
e) There is no any trade receivable & unbilled revenue as on reporting date.		
f) Significant changes in contract asset and contract liability during the period are as follows:		
Movement in Contract Assets		
Contract assets at the beginning of the year	-	-
Increase due to cash received and decrease as a result of changes in the measure if progress, change in estimate	-	-
Transfers from contract assets recognized at the beginning of the period to receivables and increase/ (decrease) as a result of changes in the measure of progress	-	-
Contract assets	-	-
Movement in Contract Liabilities		
Contract Liabilities at the beginning of the year	-	-
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	-	-
Changes due to reclassification from deferred income	-	-
Contract liabilities	-	-



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Notes to the Financial Statements for the year ended March 14, 2023

55 Allowances of Credit Losses

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed constantly. Any sales exceeding those limits require approval from the management.

The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default amounts and Non-moving over the expected life of trade receivables and is adjusted for forward-looking estimates.

Movement in expected credit loss allowance on trade receivable	As At March 14, 2023	As At March 14, 2022
Balance at the beginning of the year	51,304	1,458
Loss allowance measured at lifetime expected credit losses	49,812	49,846
Balance at the end of the year	101,116	51,304

The Company considers its maximum exposure to credit risk with respect to customers as at March 14, 2023 to be Rs.10.11 crore, as a result the carrying value of trade receivables after allowance for credit losses is NPR. 221.89 crores. Out of the total provision of NPR 10.11 crore, NPR 26.29 lakh pertains to other receivables and the balances to Trade Receivables. There are no outstanding receivables due from directors or other officers of the Company

56 Financial Instruments:

Accounting Classifications and Fair Value

The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Fair Value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments
- Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

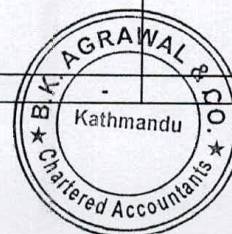
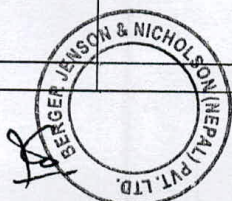
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The carrying amounts and fair values of financial instruments by class are as follows:

Particulars	Carrying value			Fair value measurement using		
	Fair value through profit and loss ('FVTPL')	Fair value through other comprehensive income ('FVOCI')	Amortised cost	Level 1	Level 2	Level 3
Financial assets						
Non- Current						
Other Non-current Assets			117,234			117,234
Current						
(a) Trade Receivables	-	-	2,218,871			2,218,871
(b) Cash and Bank Balances	-	-	726,852			726,852
(c) Financial Assets at amortized cost	-	-	19,000			19,000
(d) Other Financial Assets	-	-	4,270			4,270
Total	-	-	3,086,227	-	-	3,086,227
Financial liabilities						
Non- Current						
Housing Fund	-	-	22,385			22,385
Other Financial Liabilities	-	-	69,412			69,412
Current						
Trade Payables	-	-	282,200			282,200
Other Financial Liabilities	-	-	1,090,804			1,090,804
Total	-	-	1,464,801.00	-	-	1,464,801



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Notes to the Financial Statements for the year ended March 14, 2023

57 Corporate Social Responsibility Fund:

CSR expenses is accounted as per Section 54 Industrial Enterprises Act 2076 (the "Act") of Nepal. As per these act, it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement").

Accordingly, the Company has calculated and allocated CSR as required by Industrial Enterprises Act 2076 amounting to Rs.8.21 million during the year.

58 Event after reporting date:

No events have occurred since the Balance Sheet date in respect of the matters which would require adjustment to or disclosure in the accounts, or which should be disclosed to shareholders through some other medium.

59 Period of Financial Statement:

The company's accounts closes on 15th/16th July as per Nepalese fiscal year calendar, however, since these accounts are prepared for consolidation with the holding company so as per requirement, these accounts are prepared for the period from 15th March, 2022 to 14th March, 2023 (01.12.2078 to 30.11.2079 i.e. 12 months period).

60 Regrouping of Figures:

Previous year's figures have been re-grouped/rearranged wherever necessary.

61 Ratio Analysis

Description	As At March 14, 2023	As At March 14, 2022	% Change
Current Ratio (Times)	2.84	2.91	-3%
Debt Equity Ratio	N/A	N/A	-
Debt Service Coverage Ratio	N/A	N/A	-
Return on Equity Ratio (Times)	18.7	20.1	-7%
Inventory Turnover Ratio (Times)	2.2	2.1	6%
Trade Receivable Turnover Ratio (Times)	2.1	2.9	-28%
Trade Payable Turnover Ratio (Times)	6.1	10.2	-40%
Net Capital Turnover Ratio (Times)	1.5	1.6	-8%
Net Profit Ratio (%)	20.3	21.4	-5%
Return on Capital Employed (%)	23.0	25.6	-10%

Note: Company do not have any interest bearing debt, therefore, Debt equity ratio and Debt Service Coverage Ratios are not applicable.

62 Miscellaneous:

- All amounts are stated in Nepalese Rupees and rounded nearest to thousand Rupees.
- The Balance confirmation certificate from all the banks have been received.
- The accounts confirmations on account of purchase, sales, receivables & payables are in the process of obtaining from them.

