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Shreenagar Agritech Industries Ltd.

# 2<sup>nd</sup> Annual Report 2080-81

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December 15, 2024

Rupandehi, Lumbini  
Nepal

4F

## FARM

### Poultry

Breeder Farm, Hatchery,  
Contract Farm, Broiler Farm,  
Layers Farm

Manure, Rendering Plant

### Livestock & Aqua

Dairy Farm, Goat Farm,  
Fish Farm, Piggery Farm

### Crops

Maize, Soya, Paddy, Wheat



## FOOD

### Slaughtering

Slaughtering  
Cold Room

### Processing

Meat Processing, Dairy  
Processing, Eggs

### Outlets

Fresh/Hygienic Marts  
QSRs  
Agri Centers



## FACILITATION

### Skill Developments

Livestock, Aquaculture and  
Entrepreneurship Trainings,  
Practical and Theory Classes

### Lab

Postmortem & Animal Health,  
Milk Culture, Antibiotic  
sensitivity, Water Quality Test,  
Feed Proximate (protein and  
other components), Bird Flu,  
New Castle, Infectious Bursal  
Rapid Diagnostic tests, Soil  
and Plant Tests

### Innovations

Demand Feeders, Water  
Quality Test IOTs, Poultry IOT,  
Low cost Aerators ...



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## श्रीनगर एग्रीटेक इन्डस्ट्रिज लिमिटेड को

### आ.व. २०८०-८१ को वार्षिक साधारण सभा सम्बन्धि सूचना

श्री शेरधनी महानुभावहरू,

यस श्रीनगर एग्रीटेक इन्डस्ट्रिज लिमिटेडको संचालक समितिको मिति २०८१.०८.०६ गते बसेको बैठकको निर्णयानुसार कम्पनिको दोस्रो (प. लि भए पश्चात) वार्षिक साधारण सभा निम्नलिखित मिति, समय र स्थानमा बस्ने भएकोले सो सभामा यहाँको सहभागिताको लागि यो सूचना प्रकाशित गरिएको छ।

**वार्षिक साधारण सभा सम्बन्धि कार्यक्रम :**

मिति : २०८१.१०.२३ गते, आइतबार।

समय : दिनको १:०० बजे।

स्थान : होटल डेनेमो, कालिकानगर, बुटवल, रुपन्देही।

**वार्षिक साधारण सभा सम्बन्धि कार्यक्रम :**

**सामान्य प्रस्ताव**

- १) सञ्चालक समितिको आ. व. २०८०/८१ को वार्षिक प्रतिवेदनमा छलफल गरी स्वीकृत गर्ने।
- २) कम्पनीको आ. व. २०८०/८१ को लेखा परिक्षण प्रतिवेदन सहितको वित्तीय विवरण छलफल गरी अनुमोदन गर्ने।
- ३) आ. व. २०८१/८२ को लागू लेखा परिक्षकको नियुक्ति गर्ने र पारीश्रमिक तोक्ने।
- ४) नयाँ संचालक समितिको नियुक्ती सम्बन्धमा।
- ५) स्वतन्त्र संचालक नियुक्ती गर्ने सम्बन्धमा।

**विशेष प्रस्ताव**

- १) कम्पनी ऐन, २०६३ को दफा ९३ अन्तर्गतका कारोबारहरू पारित तथा अनुमोदन गर्ने सम्बन्धमा।
- २) कम्पनीको अधिकृत पुँजी, जारी पुँजी तथा चुक्ता पुँजी बढी गर्ने प्रस्ताव पारित गर्ने सम्बन्धमा।
- ३) कम्पनीको अधिकृत पुँजी, जारी पुँजी तथा चुक्ता पुँजी बढीलाई समेत समावेश गरी संचालक समितिको प्रस्ताव बमोजिम कम्पनिको प्रबन्धपत्र तथा नियमावलीमा आवश्यक संशोधन प्रस्ताव पारित गर्ने सम्बन्धमा।
- ४) कम्पनीको पुँजीको सरचना परिवर्तन हुने भएकाले प्रबन्धपत्र तथा नियमावली बमोजिम संवैधानिकता जारी गरिने भनी छुट्याइएको शेरहरूलाई संशोधन गरी प्रिमियम वा अंकित मूल्यमा प्रारम्भिक सार्वजनिक निष्काशन गर्ने प्रस्ताव पारित गर्ने र सो को लागी सञ्चालक समितिलाई अधिकार प्रदान गर्ने सम्बन्धमा।
- ५) संचालक समितिका निर्णयहरू अनुमोदन गर्ने सम्बन्धमा।

सञ्चालक समितिको आज्ञाले  
कम्पनी सचिव

**अन्य शपथ ज्ञातकर्त्री**

१. यस कम्पनीको शेरधनी दर्ता किताबमा नाम दर्ता भएका शेरधनीहरूले आफू वा प्रतिनिधि मार्फत सभामा भाग लिन, छलफल गर्न र मतदान गर्न सक्ने छन्। सभामा स्वयं उपस्थित हुन नसक्ने शेरधनी महानुभावहरूले कम्पनीको प्रतिनिधिपत्र (प्रोक्सी फारम) मा दस्तखत गरी प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ। प्रतिनिधि नियुक्त हुने शेरधनीले सभा शुरू हुनु भन्दा ७२ घण्टा अगावै प्रतिनिधि पत्र यस कम्पनीको कार्यलय, टंगाल काठमाण्डौमा बुझाई सक्नु पर्नेछ। प्रतिनिधिपत्र (प्रोक्सी फारम) कम्पनिको कार्यलय, टंगाल काठमाण्डौमा उपलब्ध रहने छ।
२. प्रतिनिधि पत्र (प्रोक्सी) दिने महानुभावको दस्तखत उपरोक्त शेर धिन्याको अवस्थामा आफुले गरेको दस्तखतसंग मिल्नु पर्नेछ। अन्यथा प्रोक्सीले मान्यता पाउने छैन।
३. एक जना शेरधनीले एक भन्दा बढीलाई प्रतिनिधि (प्रोक्सी) मुकरर गरेमा प्रतिनिधि पत्र (प्रोक्सी) स्वतः बदर हुनेछ। तर प्रतिनिधि पत्र (प्रोक्सी) दिने शेरधनीले आफुले अधि दिएको प्रतिनिधि पत्र (प्रोक्सी) बदर गरेको व्यहोरा स्पष्ट उल्लेख गरी सोको सूचना सभा शुरू हुनु भन्दा ७२ घण्टा अगावै प्रतिनिधि पत्र यस कम्पनीको कार्यलय, टंगाल काठमाण्डौमा म्याद भित्रै छुट्टै निवेदन दिई अर्को शेरधनीलाई प्रतिनिधि (प्रोक्सी) नियुक्त गरेमा त्यसरी नियुक्त प्रतिनिधि (प्रोक्सी) ले सभामा भाग लिन र मतदान गर्न पाउने छ। त्यस्तो अवस्थामा अधिल्लो प्रतिनिधि (प्रोक्सी) स्वतः बदर भएको मानिने छ।
४. प्रतिनिधि (प्रोक्सी) मुकरर गर्दा केही शेरधन आफैसंग बाँकी राखी आफू समेत साधारण सभामा उपस्थित हुन पाउने गरी आधिकारिक शेरधनको प्रतिनिधि (प्रोक्सी) मुकरर गर्न पाइने छैन। प्रतिनिधि (प्रोक्सी) नियुक्त गर्ने शेरधनीले प्रतिनिधि (प्रोक्सी) दिए पछि आफू उपस्थित हुन वा प्रोक्सी बदर गर्न वा परिवर्तन गर्न चाहिँमा सोको सूचना सभा शुरू हुनु भन्दा ७२ घण्टा अगावै यस कम्पनीको कार्यलय, टंगाल काठमाण्डौमा दिनु पर्नेछ।
५. नाबालक वा मानसिक अवस्था ठिक नभएको शेरधनीहरूको तर्फबाट कम्पनीको शेरधन किताबमा संरक्षक जनाई दर्ता भएको व्यक्तिले सभामा भाग लिन वा मतदान गर्न वा प्रतिनिधि (प्रोक्सी) मुकरर गर्न सक्नु हुनेछैन।
६. यस साधारण सभा सम्बन्धी सूचना प्रत्येक शेरधनी महानुभावहरूको उपलब्ध इमेल ठेगानामा मार्फत पठाइएको छ। शेरधनी महानुभावहरूले उक्त सूचना प्राप्त नगर्नु भएको भए यसै सूचनालाई आधार मानी सभामा उपस्थित हुन अनुरोध छ।
७. सभामा भाग लिन ईच्छुक शेरधनी महानुभावहरूले शेरधन प्रमाणपत्र र आफ्नो परिचय पत्र खुल्ने प्रमाण (जस्तै नागरिकताको प्रमाणपत्र वा प्रमाणित फोटो भएको अन्य कुनै परिचय पत्र) सभामा उपस्थित हुने अनिवार्य रूपमा साथमा लिई आउन अनुरोध छ अन्यथा सभा कक्षमा प्रवेश गर्न पाइने छैन।
८. साधारण सभाको हाजिरी पुस्तिका दिउँसो १:०० बजे देखि ५:४० बजे सम्म खुल्ला रहने छ।
९. सभा सम्बन्धी अन्य काम कार्यवाही कम्पनी ऐन २०६३, तथा कम्पनीको प्रबन्धपत्र र नियमावली बमोजिम हुनेछ।
१०. यस साधारण सभामा छलफल गरिने सञ्चालक समितिको वार्षिक प्रतिवेदन, लेखापरीक्षकको प्रतिवेदन सहितको बासलात, नाफा नोस्सान हिसाब र सो संग सम्बन्धित अनुसूचिहरू समेतको पुस्तिका कम्पनिको कार्यलय, टंगाल र साधारण सभा हुने दिन साधारण सभा स्थलमा उपलब्ध गराइने छ।

## **Shreenagar Agritech Industries Ltd. Board of Directors 2nd Annual Report**

Respected shareholder members, esteemed board of directors, distinguished guests, and everyone present, I would like to extend a warm welcome to all of you at the Second Annual General Meeting of Shreenagar Agritech Industries Ltd. (SAIL) following our transition to a public limited company.

Agriculture is a cornerstone of Nepal's economy, with over half of the population relying on this sector for their livelihood. This demonstrates the critical role that agriculture and livestock play in shaping our nation's economic landscape. In line with the government's focus on this vital sector, our company aims to foster collaboration among all economic stakeholders- from private enterprises and public institutions to investment companies and the general public comprising of grassroots-level farmers, ultimately establishing it as a pioneer agri-livestock public enterprise.

After over a decade of involvement in various sectors including farm, feed and agri-inputs, SAIL has recently been transitioned into a Public Limited Company. This milestone has been marked with the addition of esteemed institutional esteemed organizations such as Sikhar Insurance Company, Citizen Life Insurance, IME Life Insurance, IGI Prudential, Adhyanta Capital and many more investment companies and high net-worth individuals as our partners.

As we enter our third year, we consider the previous two years as a foundational period for restructuring and preparing our new consolidated road map for the company. Our planning efforts have included human resource management, the development of various policies and regulations, coordination with different government institutions, and partnerships with various national and international agencies.

SAIL has also extended its associations with national and international companies in areas such as quality certifications, essential inputs, by either bringing new technologies or introducing best management practices. Similarly, the company has also been advocating at all levels of government for the upliftment of farmers, ensuring they have easy access to finance, insurance, and markets to improve their overall standard of living.

This annual report of the company includes a brief introduction of the company, the overall company plan, the auditor's annual report (Financial Statements), the progress of the company till date, and the proposed annual work plan.

## F.Y. 2080-81 ACTIVITIES AND OUTCOMES

As our first year as a public limited company and the beginning of our association with new institutional and individual promoters, this year has primarily been viewed as a transitional or foundational year for the company's new direction. We have focused on the integration and implementation of contract farming activities as new revenue streams, as well as the execution of plans related to meat processing and cold storage - now part of our Food Division. This year, our focus will be on ensuring long term stability to maximize returns for our shareholders.

### Following are the major activities carried out in the FY 2080-81:

S.No.	Activities	Description	Outcome
1.	Policy Updation	To streamline the whole operation process, all the policies related to admin, operation, financial management and human resource has been updated.	All activities are implemented as per standard draft policies and SoPs.
2.	Merger	To complete the integration of the whole process as committed to our investors.	New business line added to generate new income.
3.	Implementation of Contract Farming Model	As a part of the 3F integration model, farming activities have been carried out in collaboration with experienced outside farmers by using their infrastructure and company's working capital, reaching over 2000 farmers.	New business line added to generate value added income.
4.	Construction of meat processing Unit	As part of a new business line, the construction of the site at BID and plant installation of the Meat Processing unit have been completed and ready for integration.	New business line added to generate value added income.
5.	Business approval, licensing etc.	All the legal formalities related to government approval; IEE has been completed for all lines of business.	Legal compliance completed.
6.	Business association with international inputs manufacturing companies	Researched & Identified international agriculture inputs supply companies, multiple discussion, negotiation and long -term agreement done with six international and multinational companies.	Got access to quality inputs as per the need of Nepal market in co-branding/ co-creation model.
7.	Cooperation with NGOs/ INGOs	Cooperation with different national and international Non-Government organizations for Research and Development related projects.	Successfully obtained millions of grants from international organizations like USAID, UKAID etc.

## FINANCIAL ACTIVITIES

### 1. Performance

The comparative status of the financial performance for the year is as follows:

S.No.	Activities	2080-81	2079-80
1.	Sales	107 Crore	80.03 Crore
2.	Gross Profit	19.40 Crore	11.89 Crore
3.	Net Profit	69 Lakhs	66 Lakhs

### 2. Capital Structure

The capital structure of the company as on the date of AGM is as follows:

S.No.	Activities	As on Date	2080-81	2079-80
1.	Equity	130.50 Crore	100.10 Crore	28.50 Crore
2.	Borrowings	90.00 Crore	120.00 Crore	91.51 Crore

## F.Y. 2081-82 ORGANIZATION'S PLAN

The following plans have been made for the FY 2081/82 according to the government's plan, company's objectives, and identified possibilities:

### Operational Plan

S.No.	Activities	Description	2079-80
1.	Operation of the meat processing unit	To start the operation of the meat processing unit to generate dressed chicken and basic value added products.	New business line added to generate new income.
2.	SEBON application and approval	To submit and expedite the application for public listing at SEBON for timely approval.	Increment of share capital.
3.	Increase the contract farming and integration activities	To expand contract farming activities among small and medium sized farmers, primarily in the Lumbini and Bagmati Provinces.	Increase the farm revenue.
4.	New association with cooperatives	To utilize the member-based network of farmers in various agri- based cooperatives for invoice financing and dealership models.	Increase the farm and feed revenue.

### Financial Plan

S.No.	Activities	2080-81
1.	Sales	180 Crore
2.	Gross Profit	32 Crore
3.	Net Profit	10 Crore
4.	EPS	More than 6%

### Proposed Equity Plan

The proposed equity plan includes the following:

Increment - Authorized and issued capital along with modification of Capital to the general public. Following this increment, the capital structure will be as follows:

S.No.	Particulars	Amount
1.	Promoter Share Holder	130.50 Crore
2.	Public Share	24.50 Crore
	Total	155 Crore

## Company Profile



**Establishment**

**SHREENAGAR  
SINCE 2002**



**Employment**

**300+  
EMPLOYEES**



**Farmer's Network**

**12000+  
FARMERS**



**Outreach**

**40+ DISTRICTS**

## Company's Establishments

### FARM

Land Area  
7.5 Bighas

Sheds / Buildings  
1,50,000 Sq Ft



### FEED

Land Area  
1.75 Bighas

Sheds / Buildings  
30,000 Sq Ft



### FOOD

Land Area  
1.75 Ropani (Leased)

Sheds / Buildings  
10,000 Sq Ft



**UNDER  
CONSTRUCTION  
NOW**

### FACILITATION

Buildings  
3,000 Sq Ft (Leased)



Corporate office site - Gahanapokhari, Kathmandu (6.25 anna Land with 6000 Sq. Ft. Building)

## Business Value Proposition -4Fs

### PELLET PLANT

4000 MT/month

### PELLET/MASH PLANT

2000 MT/month

### EXTRUSION PLANT

125 MT/month

### TRADING ACTIVITIES

1000 MT/month

### SLAUGHTERING /

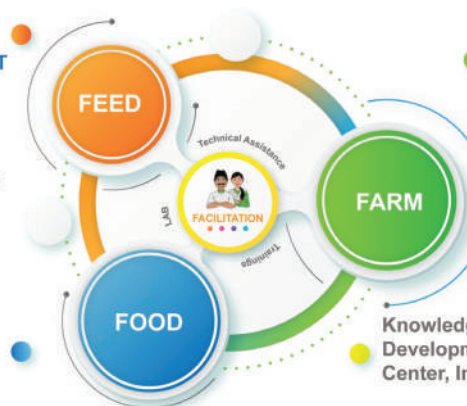
PROCESSING

3000 Birds / Day

### COLD ROOM

200 Mt.

### MEAT SHOPS /QSRs



### PARENT FARMS

30,000 Parent birds

### HATCHERY:

300,000 Chicks / month

### INTEGRATION FARM

30,000 Birds / month

### CONTRACT FARM:

170,000 Birds / month

Scale up to Fishery,  
Dairy, Piggery and Goat

Knowledge Center, Skill  
Development School, Incubation  
Center, Innovation Lab, Laboratory



CA. Prachand Dhoj Karki, (M.No. 952)  
Partner  
CA. Surej Timsina (M.No. 935)  
Partner  
Firm Regd. No - 617  
PAN: 615244842

**P.D.S. & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Head Office : Opposite to Chinese Embassy  
Kathmandu-4, Baluwatar, Nepal  
Ph: 01-4438930, 9851193278  
Email: info@pdsa.com.np

## INDEPENDENT AUDITOR'S REPORT

To,  
The Shareholders of,  
Shreenagar Agritech Industries Ltd.  
Sudhodhan-4, Rupandehi, Nepal

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Shreenagar Agritech Industries Ltd.** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> Ashadh 2081, and the statement of Profit & Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, or (give a true and fair view of) the financial position of the firm as at 31<sup>st</sup> Ashadh 2080, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

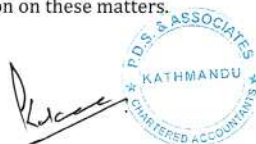
#### Basis for Opinion

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

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We have determined the matters described below to be the key audit matters to be communicated in our reports and to those charged with governance.

Key audit matters	How our audit addressed the key audit matter
<b>Capital Work In Progress (as described in Note 6 of the standalone financial statements)</b>	
<p>The company has capitalized all the expenses relating to the construction, installation and other expenses incurred for its Meat Processing Unit for the F.Y. 2080-81 and also advanced payment made against the land acquisition for the expansion of Farm Business also shown under the head CWIP. Total cost amounting to Rs. 16,39,60,168 is presented under the head "Capital Work-in progress" during the year.</p> <p>We focused on this area considering that this was a significant event during the year.</p>	<p>Our Audit Procedures included but not were limited to the following:</p> <ul style="list-style-type: none"> <li>• To gain comfort over the valuation and accuracy assertion, we have verified the amount paid to the vendors and contractors.</li> <li>• To gain comfort over the completeness and existence assertion, we have relied on the certification report of the consultant who has certified the progress made by the Company.</li> <li>• We have designed and performed several audit procedures to ensure the existence completeness and accuracy of expenses that are capitalized by the Company.</li> </ul> <p>We have obtained the reports of managements and relied on their reports over the internal control system in place.</p>
<b>Revenue recognition (as described in Note 24 of the standalone financial statements)</b>	
<p>The Company recognizes revenue when control of the goods is transferred to the customer at an amount the company expects to be entitled in exchange for those goods.</p> <p>During the year ended Ashadh 31, 2081, the Company has recognized the revenue amounting to Rs. 1,07,95,35,486. The term of sales arrangements, timing of transfer of control creates complexity and judgement in determining the timing of revenue recognition. The risk is, therefore, that the revenue may not be recognized in the correct period and in correct amount in according with NFRS.</p> <p>Accordingly, due to the risk associated with the timing and amount of revenue recognition, it was determined to be the key audit matter in our audit of Standalone financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated that the Company's revenue recognition policy is in compliance with NFRS 15 "Revenue from contracts with customers"</li> <li>• Evaluated the design and implementation of key controls operating around revenue recognition</li> <li>• Performed the test of individual sales transaction on sample basis and traced to sales invoice, sales agreement and other relevant documents.</li> <li>• Further for samples selected, ensured that rates in sales invoices are as per the agreement and also verified vehicle and consignment tracking system (VCTS) with respect of such sales.</li> </ul>

<b>Merger of Shreenagar Agro Farm Pvt. Ltd. (as described in Note 41 of the standalone financial statements)</b>	
<p>On Ashoj 19<sup>th</sup>, 2080 the Company completed the merger with Shreenagar Agro Farm Pvt. Ltd. As disclosed in Note 41 to the standalone financial statements, the merger is accounted for as a business combination under common control. The merger has a significant impact on the standalone financial statements of the Company including revenue, profit, tax, reserves and comparative numbers. We focused on this area considering that this was a significant event during the year.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures amongst others included the following:</li> <li>• Evaluated the design and tested the operating effectiveness of the controls over the accounting for business combination.</li> <li>• Instructed auditors of Shreenagar Agro Farm Pvt. Ltd. to perform specific audit procedures in respect of carve out of assets and liabilities pertaining to specified business Shreenagar Agro Farm Pvt. Ltd. as at Ashoj End, 2080 prepared by management and obtained their audit report on the carved out financial statements.</li> <li>• Traced the previous year (Ashad End, 2080) restated financial information of the Company to the carve out audited financial information of Shreenagar Agro Farm Pvt. Ltd. for the year ended Ashad End, 2080.</li> <li>• Tested the exchange restatements to check mathematical accuracy.</li> <li>• Read the approval obtained from Office of Company Registrar.</li> <li>• Tested supporting workings and evidence relating to the accounting as per the terms of the scheme of arrangement.</li> <li>• Evaluated the disclosures in the standalone financial statements.</li> </ul>
<b>Identification and disclosures of Related Parties (as described in Note 34 of the standalone financial statements)</b>	
<p>The Company has related party transactions which include, amongst others, sale and purchase of goods/services to its subsidiaries, associates, joint ventures and other related parties and lending and borrowing to its subsidiaries, associates and joint ventures.</p> <p>We focused on identification and disclosure of related parties in accordance with relevant accounting standards as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of controls over identification and disclosure of related party transactions.</li> <li>• Obtained a list of related parties from the Company's Management and traced the related parties to declarations given by directors, where applicable, and to</li> </ul>

	<p>Note 34 of the standalone financial statements.</p> <ul style="list-style-type: none"> <li>• Read minutes of the meetings of the Board of Directors and Audit Committee.</li> <li>• Tested material creditors/debtors, loan outstanding/loans taken to evaluate existence of any related party relationships; tested transactions based on declarations of related party transactions given to the Board of Directors and Audit Committee.</li> <li>• Evaluated the disclosures in the standalone financial statements for compliance with applicable NAS/NFRS.</li> </ul>
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#### OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Firm's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSA's we exercise professional judgement and maintain professional skepticism through the audit. We also:

- Identify and access the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting the material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 audit opinion. Our conclusion 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves the fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on financial statements. We are responsible for direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding 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.

**Report on Other Legal and Regulatory Requirements**

As per Companies Act, 2063, we report that, in our opinion;

- i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. Proper books of accounts as required by law have been kept by the Company as far as appears from our examination of such books.
- iii. The Balance Sheet, Profit and Loss Account, Cash Flow Statements and Statement of Change in Equity are prepared as per the provision of the Company Act, 2063 and same are in agreement with the books of accounts maintained by the Company.
- iv. The business of the Company has been conducted satisfactorily.
- v. To the best of our information and accordance to explanations given to us and from the examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where Directors or any employee of the company have acted contrary to the provision of law, or committed any misappropriation or caused loss or damaged to the company.

**Date: 2081.08.05**  
**Place: Kathmandu**  
**UDIN Number: 241201CA00952BfVHK**

  
**Prachand Dhoj Karki, FCA**  
**(Partner)**  
**P.D. S. & Associates**  
**Chartered Accountants**  
**M.No. 952 / COP No: 712**



**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi, Nepal


Statement of Financial Position as at 31st Ashad, 2081 (15th July, 2024)  
All amounts are in NPR, unless otherwise stated

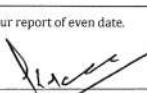
Particulars	Notes	Current Year	Previous Year
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	3.1	1,021,051,313	468,096,001
Capital WIP	3.2	165,460,168	-
<b>Financial assets</b>			
Investments in Subsidiaries	3.4	5,600,000	-
Equity investment at FVTOCI	3.5	50,000,000	-
Other financial assets	3.6	804,107	270,017
<b>Total Non Current Assets</b>		<b>1,242,915,588</b>	<b>468,366,018</b>
<b>Current Assets</b>			
Inventories	3.7	316,202,910	471,971,161
<b>Financial assets</b>			
Trade and other receivable	3.8	696,621,987	490,183,112
Cash and cash equivalents	3.9	9,277,528	20,027,412
<b>Other current assets</b>			
Prepaid Expenses & Advances	3.10	38,253,008	14,128,038
Current Tax Assets	3.11	10,346,061	146,859
Assets classified as held for sale	3.12	-	-
<b>Total Current Assets</b>		<b>1,070,701,494</b>	<b>996,456,582</b>
<b>Total Assets</b>		<b>2,313,617,083</b>	<b>1,464,822,601</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	3.13	1,001,000,000	285,065,000
Reserve and surplus	3.14	5,882,518	3,780,856
Share application money		-	114,935,000
<b>Total Equity</b>		<b>1,006,882,518</b>	<b>403,780,856</b>
<b>Non Current Liabilities</b>			
<b>Financial liabilities</b>			
Long term loan	3.15	836,495,000	623,499,610
<b>Deferred Tax Liabilities</b>	3.3	10,685,949	6,659,711
<b>Other Non Current Liabilities</b>	3.16	-	-
<b>Total Non Current Liabilities</b>		<b>847,180,949</b>	<b>630,159,321</b>
<b>Current Liabilities</b>			
<b>Financial liabilities</b>			
Short term loan	3.17	316,500,000	291,590,853
Other financial Liabilities	3.18	18,236,385	8,559,016
Trade and other Liabilities	3.19	124,482,731	130,306,478
<b>Short Term Provisions</b>	3.20	334,500	426,078
<b>Total Current Liabilities</b>		<b>459,553,616</b>	<b>430,882,424</b>
<b>Total Equity &amp; Liabilities</b>		<b>2,313,617,083</b>	<b>1,464,822,601</b>

The accompanying schedule and notes are an integral part of the financial statements.

  
Satish Chand Shrestha  
Chairperson

  
Moushumi Shrestha  
Director

  
Karan Singh  
GM-Corporate Finance

As per our report of even date.  
  
Prachand Pooj Karki, FCA  
Partner  
P.D.S. & Associates  
Chartered Accountants

Date: 05.08.2081  
Place: Kathmandu




**Shreenagar Agritech Industries Ltd.**  
**Sudhodhan-4, Rupandehi Nepal**

**Statement of Profit or Loss and other Comprehensive Income**  
**For the Year From 01st Shrawan, 2080 to 31st Ashad, 2081 (17th July, 2023 to 15th July, 2024)**  
**All amounts are in NPR, unless otherwise stated**

Particulars	Notes	Current Year	Previous Year
Revenue	3.21	1,079,535,486	800,357,283
Cost of sales	3.22	885,446,141	681,419,863
<b>Gross profit / (loss)</b>		<b>194,089,345</b>	<b>118,937,419</b>
Other income	3.23	12,998,408	802,847
Administrative expenses	3.24	19,692,518	15,216,241
Employee expense	3.25	41,344,639	19,324,605
Depreciation	3.26	15,327,977	11,443,789
<b>Operating profit / (loss)</b>		<b>130,722,619</b>	<b>73,755,632</b>
Finance Income	3.27	-	-
Finance costs	3.28	119,561,353	65,563,115
<b>Profit / (loss) before staff bonus</b>		<b>11,161,265</b>	<b>8,192,517</b>
Staff bonus	3.29	1,014,660	738,085
<b>Profit / (loss) before tax</b>		<b>10,146,605</b>	<b>7,454,433</b>
Income tax expenses of current year	3.30	-	(260,828)
Income tax expenses of previous years		2,333,426	-
Deferred tax-income (Expense)	3.30	(855,017)	(550,608)
Deferred tax-income (Reversal of SAF Liability)			
<b>Net profit / (loss) for the year</b>		<b>6,958,161</b>	<b>6,642,997</b>
<b>Other comprehensive income</b>			
a) Items that will not be reclassified to Profit or loss		-	-
b) Items that may be reclassified to Profit or loss		-	-
<b>Other comprehensive income / (loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>6,958,161</b>	<b>6,642,997</b>
<b>Profit for the Year attributable to :</b>			
Owner of the Company		6,958,161	6,642,997
Last Year Profit and Losses		3,780,856	(2,862,142)
<b>Total Comprehensive Income attributable to :</b>			
<b>Transfer to Reserve &amp; Surplus</b>		<b>10,739,017</b>	<b>3,780,856</b>
<b>Earning per Equity share</b>	3.31		
Basic (NPR.)		1.17	5.44
Diluted (NPR.)		1.17	5.44

The accompanying schedule and notes are an integral part of the financial statements.

As per our report of even date.

  
**Satish Chand Shrestha**  
Chairperson

  
**Moushumi Shrestha**  
Director

  
**Karan Singh**  
GM-Corporate Finance

  
**Prachand Dhoj Karki, FCA**  
Partner  
P.D.S. & Associates  
Chartered Accountants

Date: 05.08.2081  
Place: Kathmandu



**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Statement of Cash Flow**  
For the Year From 01st Shrawan, 2080 to 31st Ashad, 2081 (17th July, 2023 to 15th July, 2024)  
All amounts are in NPR, unless otherwise stated

Particulars	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	10,146,605	7,454,433
Adjustments for:		
Depreciation expenses	15,327,977	11,443,789
Finance cost	119,561,353	65,563,115
Change in other financial assets (Increase) / Decrease	(534,090)	55,634
Change in inventories (Increase) / Decrease	155,768,251	(219,111,100)
Change in prepayments (Increase) / Decrease	(24,124,970)	16,450,317
Change in trade and other receivables (Increase) / Decrease	(206,438,875)	71,088,335
Change in Current Tax Assets (Increase) / Decrease	(10,199,202)	(7,999)
Change in Other financial Liability Increase / (Decrease)	9,677,369	(40,210)
Change in Short term Provision Increase / (Decrease)	(91,577)	(57,749)
Merger Adjustment	(1,685,279)	-
Change in trade and other payables Increase / (Decrease)	(5,823,747)	(71,212,451)
Income tax Paid	(2,333,427)	-
<b>Net Cash Flow from Operating Activities (1)</b>	<b>59,250,389</b>	<b>(118,373,887)</b>
<b>B. Cash Flow from Financing Activities</b>		
Changes in Share Capital Increase / (Decrease)	715,935,000	61,065,000
Share application money received	(114,935,000)	114,935,000
Change in short term loan Increase / (Decrease)	24,909,147	(199,708,546)
Changes in Long Term Loan Increase / (Decrease)	212,995,390	489,475,000
Net finance cost	(119,561,353)	(65,563,115)
<b>Net Cash Flow from Financing Activities (2)</b>	<b>719,343,183</b>	<b>400,203,340</b>
<b>C. Cash Flow from Investing Activities</b>		
Sale/(Purchase) of Tangible Fixed Assets	(568,283,288)	(266,753,426)
Sale/(Purchase) of Intangible Assets	-	-
Sale/(Purchase)/Acquired of Investments	(55,600,000)	-
Change in CWIP	(165,460,168)	-
<b>Net Cash Flow from Investing Activities (3)</b>	<b>(789,343,457)</b>	<b>(266,753,426)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>(10,749,884)</b>	<b>15,076,027</b>
Cash and Cash Equivalents at beginning of the year/period	20,027,412	4,951,386
<b>Cash and Cash Equivalents at end of the year/period</b>	<b>9,277,528</b>	<b>20,027,412</b>
<b>Components of Cash and Cash Equivalents</b>	<b>9,277,528</b>	<b>20,027,412</b>
Cash in hand	910,646	62,097
Balance with Banks	8,366,882	19,965,315

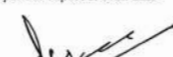
The accompanying schedule and notes are an integral part of the financial statements.

  
Satish Chand Shrestha  
Chairperson

  
Moushumi Shrestha  
Director

  
Karan Singh  
GM Corporate Finance

As per our report of even date

  
Prachand Dhok Karki, FCA  
Partner  
P.D.S. & Associates  
Chartered Accountants

Date: 05.08.2081  
Place: Kathmandu




**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi, Nepal

**Statement of Changes in Equity**  
**For the Year From 01st Shrawan, 2080 to 31st Ashad, 2081 (17th July, 2023 to 15th July, 2024)**  
All amounts are in NPR, unless otherwise stated

Particular	Share Capital	Accumulated Profit/ Loss	Share Application money	General Reserve	Total
Balance at the beginning of the period	224,000,000	(2,862,142)	-	-	221,137,858
Profit/ (loss) for the year	-	6,642,997	-	-	6,642,997
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	-	<b>6,642,997</b>	-	-	<b>6,642,997</b>
Issue of share capital	61,065,000	-	-	-	61,065,000
Increase during the year	-	-	114,935,000	-	114,935,000
<b>Balance at the End of the Year FY 2079/80</b>	<b>285,065,000</b>	<b>3,780,855</b>	<b>114,935,000</b>	<b>-</b>	<b>403,780,855</b>
Balance at the beginning of the period	285,065,000	3,780,855	114,935,000	-	403,780,855
Transfer on Merger	-	(4,856,499)	-	-	(4,856,499)
Profit/ (loss) for the year	-	6,958,161	-	-	6,958,161
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	-	<b>2,101,662</b>	-	-	<b>2,101,662</b>
Issue of share capital	715,935,000	-	-	-	715,935,000
Increase/(decrease) during the year	-	-	(114,935,000)	-	(114,935,000)
<b>Balance at the End of the Year FY 2080/81</b>	<b>1,001,000,000</b>	<b>5,882,518</b>	<b>-</b>	<b>-</b>	<b>1,006,882,518</b>

The accompanying schedule and notes are an integral part of the financial statements.

  
Satish Chand Shrestha  
Chairperson

  
Moushumi Shrestha  
Director



Date: 05.08.2081  
Place: Kathmandu

As per our report of even date



Prachand Dhoj Karki, FCA  
Partner  
P.D.S. & Associates  
Chartered Accountants



**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
All amounts are in NPR, unless otherwise stated

**3.2 Capital WIP**

Particulars	Current Year	Previous Year
Capital WIP - Land	109,329,075	-
Capital WIP - Civil	13,636,522	-
Capital WIP - Machinery	9,173,680	-
Borrowing Cost	33,320,892	-
<b>Total</b>	<b>165,460,168</b>	<b>-</b>

**3.3 Deferred tax asset / (liability)**

Particulars	Current Year	Previous Year
Opening Deferred tax asset / (liability)	(6,659,711)	(6,109,103)
Current Year	(4,026,237)	(550,608)
<b>Total</b>	<b>(10,685,949)</b>	<b>(6,659,711)</b>

**3.4 Investments in Subsidiaries**

Particulars	Current Year	Previous Year
<b>Investment in Unquoted Subsidiaries</b>		
Sunaulo Poultry Farm Pvt. Ltd.	5,600,000	-
<b>Total</b>	<b>5,600,000</b>	<b>-</b>

**3.5 Equity investment at FVTOCI**

Particulars	Current Year	Previous Year
Nepal Warehousing Company Ltd.	50,000,000	-
<b>Total</b>	<b>50,000,000</b>	<b>-</b>

**3.6 Other financial assets**

Particulars	Current Year	Previous Year
LC / BG margin	-	63,371
Margin - Lark Engineering	11,908	11,908
Security Deposit	36,700	8,500
BLBI.No. Margin	321,932	167,488
Insurance Claim Receivable	359,817	-
Bid Security Deposit	73,750	18,750
<b>Total</b>	<b>804,107</b>	<b>270,017</b>

**3.7 Inventories**

Particulars	Current Year	Previous Year
Inventories	316,202,910	471,971,161
<b>Total</b>	<b>316,202,910</b>	<b>471,971,161</b>

a) Inventories of all feeds, raw materials, parent birds, packaging materials, trading goods, and store & spare parts are measured at cost.




**Shreenagar Agritech Industries Ltd.**  
**Sudhodhan-4, Rupandehi Nepal**

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
**All amounts are in NPR, unless otherwise stated**

b) Closing Stock of the company includes biological assets. A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case described in paragraph 30 where the fair value cannot be measured reliably. Inventory valuation in accordance with "NAS 41- Agriculture".

c) Inventories other than biological assets are valued at lower of cost or Net realizable value, using the weighted average Method.

**3.8 Trade and other receivables (current)**

Particulars	Current Year	Previous Year
Sundry Debtors	686,708,054	490,183,112
Sundry Debtors- Doubtfull	9,913,934	-
<b>Total</b>	<b>696,621,987</b>	<b>490,183,112</b>

a) The trade receivables that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment. Credit allowances i.e. provision on debtors on debtors as per computed based on trend and aging analysis of past years data subject to the actual realisation of debtors.

**3.9 Cash and cash equivalents**

Particulars	Current Year	Previous Year
Cash in hand	910,646	62,097
Balances with Banks	8,366,882	19,965,315
<b>Total</b>	<b>9,277,528</b>	<b>20,027,412</b>

Cash and cash equivalents are measured at amortised cost in the statement of financial position. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Items under this head includes cash in transit ( bank transfers and cheques in collection which are collected in subsequent period, short term deposits with banks in the various forms such as call deposit, fixed call deposit etc. Provision for loss in lieu of shortage of cash and cash equivalents are made for, if any, in the value of such cash and cash equivalents.

**3.10 Prepayment & Advances**

Particulars	Current Year	Previous Year
Staff Advance	1,368,384	329,906
Guras Engineering Consultancy	-	1,045
Nathuni Thakur - Carpenter KTM	-	16,500
Expenses Related to Issue Mgmt/IPO	12,496,587	-
Pre- Paid Insurance/ expenses	3,842,596	635,379
Advance & Receivables	7,821,600	-
Advance to Parties	12,723,836	13,145,208
<b>Total</b>	<b>38,253,008</b>	<b>14,128,038</b>

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

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

c) The prepayment that are to be settled within a year is classified as current assets.




**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
All amounts are in NPR, unless otherwise stated

**3.11 Current Tax Assets**

Particulars	Current Year	Previous Year
<b>Current Tax Assets</b>		
Current year Income Tax Assets (Advance Tax)	249,627	146,859
Current year Income Tax Assets (Advance Tax-SAF)	10,096,434	
<b>Total</b>	<b>10,346,061</b>	<b>146,859</b>

Current tax includes current tax determined as the amount of tax payable in respect of taxable income for the year considering the applicable provisions of Income Tax Act.

**3.12 Assets classified as held for sale**

Particulars	Current Year	Previous Year
Opening Balance	-	-
Addition During the year	-	-
Disposal During the year	-	-
Other Adjustments	-	-
Less: Impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Under this head, assets held for sale is to be presented as per the Provisions of NFRS 5. However, Shreenagar Agritech Industries Pvt. Ltd. does not have any assets that is classified as held for sale as on date.

**3.13 Share Capital**

Particulars	Current Year	Previous Year
<b>Authorized</b>		
Ordinary shares		
12,000,000 (Prev. Year 40,00,000) equity shares of NPR 100 each	1,200,000,000	400,000,000
<b>Issued</b>		
Ordinary shares		
10,010,000 (Prev. Year 28,50,650) equity shares of NPR 100 each	1,001,000,000	285,065,000
<b>Subscribed and fully paid up</b>		
10,010,000 Ordinary share of NPR 100 each	1,001,000,000	285,065,000
<b>Balance as at the closing date</b>	<b>1,001,000,000</b>	<b>285,065,000</b>

Share capital includes amount received in the form capital contribution from the share holders and registered as Share Capital under Office of Company Registrar. Further authorized share capital has been increased to 1,450,000,000 after year end.

**3.13.1 Reconciliation of shares outstanding at the beginning and at the end**

Particulars	Current Year	Previous Year
<b>Share Capital</b>		
Opening Share Capital	2,850,650	2,240,000
Addition During the Year	7,159,350	610,650
<b>Balance as at the closing date</b>	<b>10,010,000</b>	<b>2,850,650</b>

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



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**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
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b) Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

**Substantial Shareholders**

Name of Shareholders	No of Share	No of Share
Satish Chand Shrestha	4,381,226	1,546,450
Moushumi Shrestha	219,200	219,200
Chandra Pankaj Developers Pvt. Ltd.	1,630,000	1,080,000

**3.14 Reserve and Surplus**

Particulars	Current year	Previous Year
Balance as at the opening date	3,780,856	(2,862,142)
Reserve and surplus of SAF (Merger)- Refer Note No.	(4,856,499)	-
Add: Profit during the year	6,958,161	6,642,997
<b>Total</b>	<b>5,882,518</b>	<b>3,780,856</b>

Reserves and surplus includes Accumulated profits, revaluation reserves, general reserves, etc.  
During amalgamation/merger/acquisition, the excess of net assets taken, over consideration paid, if any, is treated as Capital Reserve.

**3.15 Long Term Loan**

Particulars	Current year	Previous Year
Term Loan (Fixed)	511,495,000	252,222,004
Working Capital Term Loan	325,000,000	370,000,000
Unsecured Loan	-	1,277,606
<b>Total</b>	<b>836,495,000</b>	<b>623,499,610</b>

a) The long term loan are valued at amortized cost basis, calculated based on effective interest rates of individual loans.

b) The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability to the carrying amount of the financial liability.

c) The effective interest rates are calculated based on the repayments specified or indicated in the contract with the lender. Then the interest rates were applied to the actual borrowing receipts and repayments details (derived from loan and interest ledgers).

**3.16 Other Non Current Liabilities**

Particulars	Current year	Previous Year
Payable For Gratuity	-	-
Other Employee Liabilities	-	-
<b>Total</b>		

Other Non current Liabilities include obligations of Gratuity, pension, medical and leave.








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**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
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**3.17 Short term loan**

Particulars	Current year	Previous Year
HP Loan	-	914,565
OD Loan	100,000,000	100,000,000
STL Loan	174,500,000	181,058,543
BLC loan	-	9,617,746
Term Loan Payable within a year	42,000,000	-
<b>Total</b>	<b>316,500,000</b>	<b>291,590,853</b>

Short term borrowings includes borrowings from various banks which are of short term nature. i.e. due to be settled within 12 months. Further, such borrowings from banks has been classified as short term considering the provisions para 72 of NAS 1 "Presentation of Financial Statements". All kinds of overdraft, demand loan, trust receipt loan, cash credit, packing credit, bills discounted, force loan, the installments of long-term loan and other types of loan payable within 12 months from reporting date are categorized as short-term loan.

**3.18 Other financial Liabilities**

Particulars	Current year	Previous Year
CIT/PF Payable	3,728,426	2,003,646
Wages Payable	24,098	145,243
Deposits	527,700	1,094,703
Staff Payable	12,582,723	4,574,679
Bonus payable	1,014,660	738,085
Advance From Parties	358,778	2,660
<b>Total</b>	<b>18,236,385</b>	<b>8,559,016</b>

**3.19 Trade and Other Liabilities**

Particulars	Current year	Previous Year
Accounts Payable	116,363,328	122,958,904
TDS/VAT Payable	8,119,403	7,347,574
<b>Total</b>	<b>124,482,731</b>	<b>130,306,478</b>

Trade and other liabilities include creditors for purchase of materials, advances from customers, letter of credit, duties and tax payable and other short term payables which is required to be settled with 12 months. Such trade and other liabilities are measured at amortised cost which is the Fair value of consideration to be paid in future.

**3.20 Short Term Provisions**

Particulars	Current year	Previous Year
Provision for Audit Fee	334,500	165,250
Provisions for Income Tax	-	260,828
<b>Total</b>	<b>334,500</b>	<b>426,078</b>




**Shreenagar Agritech Industries Ltd.**  
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**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
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**3.21 Revenue**

Particulars	Current Year	Previous Year
Sales	1,079,535,486	800,357,283
<b>Total</b>	<b>1,079,535,486</b>	<b>800,357,283</b>

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Amounts disclosed as revenue are net of trade allowances, rebates and VAT amounts.  
There is no incident of goods sold but invoice not being raised during the cut-off period.

**3.22 Cost of Sales**

Particulars	Current Year	Previous Year
Opening Stock	471,971,161	252,860,061
Purchase and direct expenses	729,677,890	900,530,964
Less: Closing Stock	(316,202,910)	(471,971,161)
<b>Total</b>	<b>885,446,141</b>	<b>681,419,863</b>

Cost of sales includes all the costs and expenditure which are incurred and directly attributable for the generation of the revenue.

**3.23 Other Income**

Particulars	Current Year	Previous Year
Other Income	12,833,395	802,847
Social Support Activities	-	-
Gain on sale of fixed assets	165,013	-
<b>Total</b>	<b>12,998,408</b>	<b>802,847</b>

Other Income includes various income such as Commission, miscellaneous income generated by the company.  
Other incomes are recognized on accrual basis.

**3.23.1 Social Support Activities**

Particulars	Current Year	Previous Year
Reimbursement against Social Support Activities	67,330,893	6,422,394
<b>Expenses Against Social Support Activities</b>		
Less : Employee Benefit Expenses	(52,563,093)	-
Less : Administrative Expenses	(14,767,800)	(6,422,394)
<b>Total</b>	<b>-</b>	<b>-</b>

Social Support Activities includes various social program completely/partially funded by various donor organization.



**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
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**3.24 Administrative Expenses**

Particulars	Current Year	Previous Year
Repair & Maintenance	2,391,712	1,245,924
Audit fee Expenses	339,000	169,500
Bid/Tender Expenses	6,000	-
Canteen Expenses	1,431,855	885,803
Insurance Expense	335,170	-
Consultancy/AMC Fees	4,265,907	2,256,115
Recruitment / HR Expenses	35,595	122,900
Donation Expenses	45,895	29,050
Email / Internet/ Cloud Services Charges	319,095	599,952
Fine & Penalties	1,214,855	807,572
Miscellaneous Expenses	438,599	172,405
Office Expenses	55,626	566,189
Festival Expenses	135,155	62,000
Postage/ Courier Charges	29,139	10,098
Printing & Stationery Expenses	808,806	244,950
Registration & Renewal Fee	950,281	576,115
Rent Expenses	2,291,996	1,333,332
Round Off	2,326,552	809,033
Telephone / Communication Expenses	557,108	361,200
Advertisement / Business Promotion/ Goods	2,607,476	199,680
Legal expenses	289,389	207,506
Electricity expenses	334,707	214,886
Rate and Taxes	1,133,885	65,000
Distribution Expenses	1,105,894	613,084
Business Incentive	-	1,139,017
Loading Charges	233,785	-
Transportation/Delivery Expenses	864,305	589,005
Travelling Expenses	3,223,435	2,656,869
Vehicle Fuel	2,067,561	4,850,536
Membership & Certification	799,013	850,913
	30,637,795	21,638,634
Less : Expenses Transferred to Social Support Activities	(10,945,277)	(6,422,394)
<b>Total</b>	<b>19,692,518</b>	<b>15,216,241</b>

All the general administrative expenses are recognized when the benefit is received by the company. General and Administrative expenses are expenses unrelated to a specific business unit or function. This includes rent, rates and taxes, advertisement, repair and maintenance, audit fees etc.

Expenses related to Social Support Activities are transferred and presented under expenses related to Social Support activities funded by various international organization.

**3.25 Employee Expenses**

Particulars	Current Year	Previous Year
Salary, Overtime, Wages & Allowances	88,477,986	19,312,522
Salary-(Project Implementation Team)	5,409,866	-
Staff Welfare & Training/Medical	19,879	12,083
	93,907,731	19,324,605
Less : Expenses Transferred to Project	(52,563,093)	-
<b>Total</b>	<b>41,344,639</b>	<b>19,324,605</b>

Employee benefit cost is charged for the services rendered during the period and for the allowances and benefits pertaining to the period during which such services are rendered and the employee related expenses incurred for such period.

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**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2081**  
All amounts are in NPR, unless otherwise stated

**3.26 Depreciation and Amortisation Expenses**

Particulars	Current Year	Previous Year
Depreciation of Property, Plant and Equipment	15,327,977	11,443,789
<b>Total</b>	<b>15,327,977</b>	<b>11,443,789</b>

Depreciation is provided on Property Plant and equipment except for land on written down value method, based on the estimated useful lives of those assets. Depreciation is not provided on freehold land. On other assets it is provided for against the original cost (less any estimated residual value) in equal annual instalments over the estimated useful economic lives of the assets.

**3.27 Finance Income**

Particulars	Current Year	Previous Year
Interest Income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Finance Income includes Dividend Income, Interest Income and Accrued Interest income. Interest income from financial assets is included in finance income using the effective interest rate method. Since no transaction cost is involved in financial assets so the coupon rate and Effective interest rate is same.

**3.28 Finance cost**

Particulars	Current Year	Previous Year
Interest Expenses	151,444,777	63,881,546
Less : Transferred to CWIP	33,320,892	-
Less : Interest Rebate	3,511,048	-
Net Interest Expenses	114,612,838	63,881,546
Bank Charge	4,948,516	1,681,569
<b>Total</b>	<b>119,561,353</b>	<b>65,563,115</b>

**3.29 Staff Bonus**

Particulars	Current Year	Previous Year
Staff Bonus	1,014,660	738,085
<b>Total</b>	<b>1,014,660</b>	<b>738,085</b>

10% of the net profit before bonus is set aside as staff bonus.

**3.30 Income Tax expense**

Particulars	Current Year	Previous Year
Income Tax	-	(260,828)
<b>Total</b>	<b>-</b>	<b>(260,828)</b>
Deferred Tax		
Current Year Deferred Tax Expenses	(4,026,237)	(550,608)
Reversal of Deferred Tax from Merger	3,171,220	-
<b>Total</b>	<b>(855,017)</b>	<b>(550,608)</b>

**3.31 Earnings per share**

Particulars	Current Year	Previous Year
Profit after tax attributable to equity shareholders of the Company (a)	6,958,161	6,642,997
Weighted average number of shares for computing basic EPS (b)	5,954,959	1,222,128
Weighted average number of shares for computing diluted EPS (c)	5,954,959	1,222,128
Basic EPS (a/b)	1.17	5.44
Diluted EPS (a/c)	1.17	5.44




3.1 Property, Plant & Equipment

**Shreenagar Agritech Industries Ltd.**  
Sudhodhan-4, Rupandehi Nepal

Schedules to Financial Statement for the year ended on 31st Ashadh, 2081  
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Particulars	Life	Rate of Dep	Total Assets as on 2080/04/01	Accumulated Depreciation upto FY 2079/80	Net Value	Additions	Disposal	Depreciation for FY 2080/81	Accumulated Depreciation upto FY 2080/81	Closing Book Value for 80/81
Land			21,62,19,600	-	21,62,19,600	443,304,161		-	-	659,523,761
Building	50	2%	194,081,322	8,506,979	185,574,343	90,552,298		5,449,707	14,016,696	279,557,934
Computer & Networking	5	20%	1,984,546	1,266,300	638,166	1,292,298		320,483	1,586,862	1,612,881
Furniture & Fixture	10	10%	1,631,614	654,427	977,187	2,672,036		487,322	1,467,165	2,662,031
Office Equipments	5	20%	1,930,933	1,394,433	536,500	1,711,111		167,363	5,211,393	25,212,632
Vehicle	10	10%	1,186,423	434,429	751,994	1,711,111		167,363	5,211,393	25,212,632
Plant & Machinery	8	15%	118,464,751	55,099,548	63,365,202	17,614,844	(412,880)	7,999,071	62,762,699	50,080,991
Total			539,041,707	70,945,706	468,096,001	568,450,518	(412,880)	15,327,977	86,028,053	1,021,051,313



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**Shreenagar Agritech Industries Pvt. Ltd**  
Kakkanad, Kerala

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**Shreenagar Agritech Industries Ltd. (Formerly Shreenagar Agritech Industries Pvt. Ltd.)**  
Sudhodhan-4, Rupandehi Nepal

**Schedules to Financial Statement for the year ended on 31st Ashadh, 2080**  
All amounts are in NPR, unless otherwise stated

**3.28 Deferred Tax Calculation**

**F.Y. 2079-2080**

Particulars	Carrying Amount	Tax Base	Temporary Diff
Property, Plant & Equipment & Intangibles	468,096,001	434,797,445	33,298,556
Repair and Maintenance Expenses			-
Defined Benefit Plan Provision			
Leave Liability Provision			
<b>Total</b>			<b>33,298,556</b>
<b>Deferred Tax Liability / (Asset)</b>			<b>6,659,711.20</b>
<b>Deferred Tax Expenses/(Income)-PL (Recognized till last year)</b>			<b>6,109,103.45</b>
<b>Deferred Tax Expenses/(Income)-PL</b>			<b>550,608</b>
<b>Deferred Tax Expenses/(Income)-OCI</b>			

**F.Y. 2080-2081**

Particulars	Carrying Amount	Tax Base	Temporary Diff
Property, Plant & Equipment & Intangibles	1,021,051,313	967,621,570	53,429,743
Repair and Maintenance Expenses			-
Defined Benefit Plan Provision			
Leave Liability Provision			
<b>Total</b>			<b>53,429,743</b>
<b>Deferred Tax Liability / (Asset)</b>			<b>10,685,948.51</b>
<b>Deferred Tax Expenses/(Income)-PL (Recognized till last year)</b>			<b>6,659,711.20</b>
<b>Deferred Tax Expenses/(Income)-PL</b>			<b>4,026,237</b>
<b>Deferred Tax Expenses/(Income)-OCI</b>			




**Notes to the Financial Statements as of Ashad End 2081 (15<sup>th</sup> July 2024)**

**1. Overview of the Company**

Shreenagar Agritech Industries Ltd. is a limited liability public company domiciled in Nepal registered under the Company Act, 2063 of Nepal. The registered address of the company is Ward No. 4, Suddhodhan Gaupalika, Rupandehi, Nepal.

Shreenagar Agritech Industries (SAI) started in the year 2004 with a focus on producing feed for poultry (commercial and breeder), cattle, fish, pig, goats, pet dogs, and others. The company aims to provide quality compound feed to the farmers to increase the productivity and yield of the existing farms. The feed provided by SAI, sold under the brand name "Shreenagar, Sunaulo & Him Dana Feed" maintains the standard FCR and productivity which means less feed is required for more output, while animals that farmers raise become healthier. Feed products is prepared according to Quality Management System and undergoes extensive quality control so that the feed always remains of international standard.

SAI sells its feed through a wide range of dealers, sub-dealers, and directly through Shreenagar Agri Centers.

Shreenagar Agritech Industries also provides technical and managerial services to farmers and upcoming agri entrepreneurs. The factory is based in Rupandehi with the corporate office in Tangal, Kathmandu.

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

**1.1 Board of Directors**

The composition of Board of Directors as on Ashad end 2081 is as follow:

Name	Position
Mr Satish Chand Shrestha	Chairman
Mrs Moushami Shrestha	Director
Representation from Chandra Pankaj Developers Pvt. Ltd.	Director

**2. Statement of Compliance:**

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



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**Shreenagar Agritech Industries Ltd.**

**2.1 Approval of financial statements**

Accompanied financial statements have been adopted by the Board of Directors on its meeting held on 06.08.2081 and have been recommended for approval by shareholders in the Annual General Meeting.

**3. Basis of Preparation**

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

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

**3.1 Basis of Consolidation**

**a. Business Combination**

Business combinations are accounted for using the acquisition method adopted as prescribed by the NFRS-3 "Business Combination". The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- i. Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with applicable NAS related to Income Tax and Employee Benefits respectively.



The image shows three signatures and two circular stamps. The first stamp on the left is for 'SHREENAGAR AGRITECH INDUSTRIES LTD. NEPAL'. The second stamp on the right is for 'P.D.S. & ASSOCIATES KATHMANDU'. The signatures are in black ink.

**Shreenagar Agritech Industries Ltd.**

Business combinations arising from transfers of interests in entities that are under the common control are accounted at pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

**b. Subsidiaries**

Subsidiaries are all entities over which the company has control. Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date that control ceases. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated financial statement.

In case of Stand-alone Financials, the investment in shares of entities which qualify for recognition as subsidiary has been shown as Investment in Subsidiaries and has been measured at Fair Value of those which are listed whereas at cost of others non-listed entities.

During the period, company owned the 100% share of Sunaulo Agro Pvt. Ltd. (as transferred out of merger) and the subsidiary does not have active operation and no significant transaction are there. Hence, consolidation of books has not been done for the period.

**Non-controlling interests:**

Non-Controlling Interest has been recognized on the basis of the NCI's shares in the net assets of the subsidiaries.

**3.2 Reporting Pronouncements**

The company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013 which was applicable to Shreenagar Agritech Industries Ltd. from FY 2076/77.

**3.3 Accounting Conventions**

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

The financial statements have been prepared on a going concern basis where the accounting policies and judgments as required by the standards are consistently used and in case of deviations disclosed specifically. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections and profitability, cash flows and capital resources



**Shreenagar Agritech Industries Ltd.**

while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt on company's ability to go as a going concern and they do not intend to either liquidate or to cease operations of it.



### **3.4 Presentation**

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

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

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

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

#### **3.4.1 Presentation currency**

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

#### **3.4.2 Current and Non-Current classification**

##### **Assets**

An entity shall classify an asset as current when:

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent (as defined in NAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

##### **Liabilities**

An entity shall classify a liability as current when:

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

An entity shall classify all other liabilities as non-current.

### **3.5 Accounting Policies and accounting estimates**

The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgment in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially



**Shreenagar Agritech Industries Ltd.**

affect the financial statements. This may later be determined that a different choice could have been more appropriate.

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

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

The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are reflected in financial statements in the period in which the revisions are made and applied prospectively.

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

**3.6 Financial Periods**

The company follows the Nepalese financial year based on the Nepalese calendar.

**3.7 Discounting**

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

**3.8 Limitation of NFRS implementation**

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

**3.9 Determination of fair values**

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

**4. Financial Instruments**

**Initial recognition**

All financial instruments are initially recognized at fair value, which is normally the transaction price plus, for those financial assets and liabilities not carried at fair value through profit and loss, directly attributable transaction costs




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Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

The Company classifies its financial assets at initial recognition as subsequently measured at amortized cost; fair value through other comprehensive income and fair value through profit and loss based on the contractual cash flow characteristic and business model to manage them.

Financial liabilities are classified as at initial recognition as fair value through profit or loss, loans and borrowings, or as payables as appropriate.

**Subsequent measurement**

**Financial assets at Amortized cost**

A financial asset (debt instruments) is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principle amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

**Financial assets at other comprehensive income**

A financial asset (debt instruments) is classified as at the Fair Value Through Other Comprehensive income (FVTOCI) if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent 'solely payments of principal and interest (SPPI)'.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in



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the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

There are no financial measured at FVTOCI as at Ashad End 2081.

**Financial assets held at fair value through profit or loss**

Fair Value Through Profit and Loss (FVTPL) is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value Through Other Comprehensive income (FVTOCI), is classified as at FVTPL.

As at Ashad End 2081, there are no financial assets held at fair value through profit or loss.

**Financial liabilities held at fair value through profit or loss**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value.

There are no financial liabilities measured at fair value through profit or loss as at Ashad end 2081.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains or losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company has retained control, the assets continue to be recognized to the extent of the Company's continuing involvement.



**Shreenagar Agritech Industries Ltd.**

Financial liabilities are derecognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

**Explanatory Note**

**Current Year**

Financial Assets	Assets at		
	FVTPL	FVTOCI	Amortized cost
Cash and Cash equivalent	-	-	92,77,528
Trade & Other Receivables	-	-	69,66,91,987
Equity investment at FVTOCI		5,00,00,000	-
Investments in associates			56,00,000
Other financial assets	-	-	8,04,107
<b>Total</b>	-	5,00,00,000	71,23,73,622

Financial Liabilities	Liabilities at		Liabilities at amortized costs
	FVTPL	FVOCI	
Trade & Other Payables	-	-	12,45,52,731
Loans	-		1,15,29,95,000
Other financial Liabilities			1,81,03,336
<b>Total</b>	-	-	1,29,56,51,067

**Explanatory Note**

**Previous Year**

Financial Assets	Assets at		
	FVTPL	FVTOCI	Amortized cost
Cash and Cash equivalent	-	-	2,00,27,412
Trade & Other Receivables	-	-	49,01,83,112
Other financial assets	-	-	2,70,017
<b>Total</b>	-	-	51,04,80,541

Financial Liabilities	Liabilities at		Liabilities at amortized costs
	FVTPL	FVOCI	
Trade & Other Payables	-	-	13,03,06,478
Loans	-		91,50,90,464
Other financial Liabilities			85,59,016
<b>Total</b>	-	-	1,05,39,55,957







**Shreenagar Agritech Industries Ltd.**

**5. Property Plant and Equipment**

**Accounting Policy**

For the entire class of Land, revaluation model is applied and it is measured at Fair Market Value. Fair value of land is determined by authorized valuator. Increase in the carrying amount of the Land is recognized in the comprehensive income and accumulated in equity under a heading 'revaluation reserve'. On the other hand, if there is decrease in the carrying amount of an asset out of revaluation, the revaluation loss is charged to the Income Statement. If there exists any revaluation surplus (on the same asset), the revaluation of loss shall be charged to such revaluation surplus to the extent possible.

All other property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using written down method on the basis of effective useful life of the asset decided by the management. Accordingly, fixed assets are depreciated from the day the assets are ready to be used as intended by the Management applying the rates determined using following useful life:

Nature of Assets	Useful Life
Building and Structure	50 Years
Furniture & Fixtures	10 Years
Office Equipment, Computer and Accessories	5 Years
Vehicles	10 Years
Plant and Machinery	8 Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

At each reporting date, assets are also assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

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Assets with cost below NRs 5,000 are charged off as revenue expenditure. Gains and losses on disposal is included in the Statement of Profit or Loss.

**Explanatory Notes**



**Explanatory Notes**

**Shreenagar Agritech Industries Ltd.**

Property, Plant & Equipment	Land	Building	Computer Equipment	Furniture	Office Equipment	Vehicle	Plant & Machinery
<b>Cost</b>							
Balance as on 17th July 2023 (1st Shrawan 2080)	21,62,19,600	19,40,81,322	1,904,546	1,631,614	1,930,493	12,809,381	110,464,751
Addition	44,33,04,161	9,05,53,298	12,95,298	26,72,056	22,18,773	1,76,14,844	1,07,92,109
Deletion	-	-	-	-	-	-	4,12,880
Revaluation	-	-	-	-	-	-	-
<b>Balance at 15th July 2024 (31st Ashad 2081)</b>	<b>65,95,23,761</b>	<b>28,46,34,620</b>	<b>31,99,844</b>	<b>43,03,670</b>	<b>41,49,266</b>	<b>3,04,24,225</b>	<b>12,08,43,980</b>
<b>Accumulated Depreciation</b>							
Balance as on 17th July 2023 (1st Shrawan 2080)		85,86,979	12,66,380	6,54,427	9,94,343	43,44,029	5,50,99,548
Depreciation for FY 2080/81		54,49,707	3,20,483	2,88,431	4,92,922	8,67,363	79,09,071
Reversal on Dispose							245,630
<b>Balance at 15th July 2024 (31st Ashad 2081)</b>		<b>1,40,36,686</b>	<b>15,86,862</b>	<b>9,42,858</b>	<b>14,87,265</b>	<b>52,11,393</b>	<b>6,27,62,989</b>
<b>Carrying Value</b>							
Balance at 17th Jul 2023 (31st Ashad 2080)	21,62,19,600	18,54,94,343	6,38,166	9,77,187	9,36,151	84,65,352	5,53,65,202
Balance at 15th July 2024 (31st Ashad 2081)	65,95,23,761	27,05,97,934	16,12,981	33,60,812	26,62,001	2,52,12,832	5,80,80,991



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**6. Capital work in Progress**

Capital work in progress includes all those costs incurred till an item of Property, plant and equipment is ready and available for use intended by the management. Thus, all those costs that qualify for recognition as Property, plant and equipment constitutes the carrying value of Capital work in progress until that item can be recognized as PPE. Since no property plant and equipment has been recognized, capital work in progress is not depreciated.

Capital work in progress is stated at cost, less any impairment. Upon completion of activities necessary to bring the asset in the condition capable of being operated in the manner intended by management, capital work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Company's policies.

**Explanatory Notes**

As on Ashad End 2081, details of CWIP is as follows;

Particulars	Current Year	Previous Year
Capital WIP - Land	10,93,29,075	-
Capital WIP - Civil	1,36,36,522	-
Capital WIP - Machinery	91,73,680	-
Borrowing Cost	3,18,20,892	-
<b>Total</b>	<b>16,39,60,168</b>	-

**7. Intangible assets**

**Software**

Software acquired by Shreenagar Agritech Industries Ltd. is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when Shreenagar Agritech Industries Ltd. able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.



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Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

**Explanatory Notes**

As on Ashad End 2081, there are no intangible assets held at cost less accumulated amortization.

**8. Investments in Subsidiaries**

Subsidiaries are the entity in which Company has control. Unquoted subsidiaries are the entity which are not listed in stock exchanges. Unquoted subsidiaries are measured at cost. Impairment has not been computed on subsidiary measured at cost.

Particulars	Current Year	Previous Year
<b>Investment in Unquoted Subsidiaries</b>		
Sunaulo Poultry Farm Pvt. Ltd.	56,00,000	-
<b>Total</b>	<b>56,00,000</b>	<b>-</b>

The cost and carrying amount of unquoted subsidiaries is same.

**9. Equity investment at FVTOCI**

Strategic investments of the company without any intention to liquidate in foreseeable future. Any changes in fair value are reflected in OCI.

Particulars	Current Year	Previous Year
<b>Investment in quoted Equity Share</b>		
Nepal Warehousing Company Ltd.	5,00,00,000	-
<b>Total</b>	<b>500,00,000</b>	<b>-</b>

The cost and carrying amount of unquoted subsidiaries is same.

**9.1 Disclosure of Carrying Amount**

Particulars	Carrying Amount	Cost
<b>Investment in quoted Equity Share</b>		
Nepal Warehousing Company Ltd.	5,00,00,000	- 2,00,00,000
<b>Total</b>	<b>50,00,00,000</b>	<b>- 2,00,00,000</b>



**10. Other financial assets**

It includes various security deposits and margins.

Particulars	Current Year	Previous Year
LC / BG margin	-	63,371
Margin - Lark Engineering	11,908	11,908
Security Deposit	36,700	8,500
Bl.Bl.No. Margin	3,21,932	1,67,488
Insurance Claim Receivable	3,59,817	-
Bid Security Deposit	73,750	18,750
<b>Total</b>	<b>8,04,107</b>	<b>2,70,017</b>

**11. Cash & Cash Equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the statement of cash flows. Book overdraft are shown within other financial liabilities in the statement of financial position and forms part of operating activities in the statement of cash flows.



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

Particulars	Current Year	Previous Year
Cash in hand	1,61,166	1,59,837
Balances with Banks	5,70,869	18,72,923
<b>Total</b>	<b>7,32,035</b>	<b>20,32,760</b>

**12. Inventories**

a) Inventories of all feeds, raw materials, parent birds, packaging materials, trading goods, and store & spare parts are measured at cost.

b) Closing Stock of the company includes biological assets. A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case described in paragraph 30 where the fair value cannot be measured reliably. Inventory valuation in accordance with "NAS 41- Agriculture".

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- c) Inventories other than biological assets are valued at lower of cost or Net realizable value, using the weighted average Method.

**Inventories**

Particulars	Current Year	Previous Year
Inventories	31,62,02,910	47,19,71,161
<b>Total</b>	<b>31,62,02,910</b>	<b>47,19,71,161</b>

**13. Prepaid Expenses & Advances**

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

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

The prepayment that are to be settled within a year is classified as current assets.

Particulars	Current Year	Previous Year
Staff Advance	13,68,384	3,29,906
Guras Engineering Consultancy	-	1,045
Nathuni Thakur - Carpenter KTM	-	16,500
Pre- Paid Insurance/ expenses	38,42,596	6,35,379
Expenses Related to Issue Mgmt/IPO	1,24,96,587	-
Advance & Receivables	78,58,092	-
Advance to Parties	1,27,23,836	1,31,45,208
<b>Total</b>	<b>3,82,89,500</b>	<b>1,41,28,038</b>

**14. Trade Receivables**

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

The trade and other receivable are non-interest bearing.

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

- The receivables that are to be settled within a year is classified as current assets;
- The receivables that are not settled within a year is classified as non-current assets.




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	Current Year	Previous Year
Sundry Debtors- Unsecured	68,67,78,054	49,01,83,112
Sundry Debtors- Doubtfull	99,13,934	-
<b>Total</b>	<b>69,66,91,987</b>	<b>49,01,83,112</b>

**15. Share Capital**

**Accounting Policy**

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

Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

**Explanatory Notes**

**15.1 Share capital detail**

Share capital includes amount received in the form capital contribution from the shareholders and registered as Share Capital under Office of Company Registrar. The company's registered capital structure is as follows:

Particulars	Current Year	Previous Year
<b>Authorized</b>		
Ordinary shares 1,20,00,000 (Prev. Year 40,00,000) equity shares of NPR 100 each	1,20,00,00,000	40,00,00,000
<b>Issued</b>		
Ordinary shares 1,00,10,000 (Prev. Year 28,50,650) equity shares of NPR 100 each	1,00,10,00,000	28,50,65,000
<b>Subscribed and fully paid up</b>		
10,010,000 (Prev. Year 28,50,650) equity share of NPR 100 each	1,00,10,00,000	28,50,65,000
<b>Balance as at the closing date</b>	<b>1,00,10,00,000</b>	<b>28,50,65,000</b>

**Reconciliation of shares outstanding at the beginning and at the end**

Particulars	Current Year	Previous Year
<b>Share Capital</b>		
Opening Share Capital	28,50,650	22,40,000
Addition During the Year	71,59,350	6,10,650
<b>Balance as at the closing date</b>	<b>1,00,10,000</b>	<b>28,50,650</b>

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



**Shreenagar Agritech Industries Ltd.**

- b) Dividends on ordinary shares classified as equity are recognized in equity in the period in which they are declared.

**15.2 Substantial Shareholders**

Following are the shareholders of the company having shareholding exceeding 1% of the total paid up capital as on 31<sup>st</sup> Ashad 2081:

S. No	Name of Shareholders	No. of Shares	Amount (NRs.)
1	Satish Chand Shrestha	43,81,226	43,81,22,600
2	Moushumi Shrestha	2,19,200	2,19,20,000
3	Chandra Pankaj Developers Pvt. Ltd.	16,30,000	16,30,00,000

**16. Reserves and Surplus**

Reserves and surplus include Accumulated profits, capital reserves, general reserves, Fair value reserves etc.

Reserve and Surplus			
Particulars	Current Year	Previous year	
<b>Retained Earning</b>			
Opening Retained Earning	37,80,856	(2,862,142)	
Profit During the Year	7,423,882	66,42,997	
Adjustment During the Year	-	-	
<b>Closing Retained Earning</b>	<b>1,12,04,738</b>	<b>37,80,856</b>	
<b>Other reserves</b>			
General Reserve			
Capital Reserve	(48,56,499)	-	
Other Reserve			
<b>Total</b>	<b>63,48,239</b>	<b>37,80,856</b>	

- General Reserve includes amount set aside/transferred for other than specific purpose.
- Capital reserves is created from capital receipts in the form of non-revenue nature. This includes Consumer contribution and Capital gains, Contingency reserve, exchange reserve and revaluation reserve.
- During amalgamation/merger/acquisition, the excess of net assets taken, over consideration paid, if any, is treated as Capital Reserve.



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**17. Long Term Borrowings**

The long term loan are valued at amortized cost basis, calculated based on effective interest rates of individual loans.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability to the carrying amount of the financial liability.

The effective interest rates are calculated based on the repayments specified or indicated in the contract with the lender. Then the interest rates were applied to the actual borrowing receipts and repayments details (derived from loan and interest ledgers).

The installments payable within 12 months from the date of the reporting period is classified as short-term loan under current liability.

**Long Term Loan**

Particulars	Current Year	Previous Year
Term Loan (Fixed)	51,14,95,000	25,22,22,004
Working Capital Term Loan	32,50,00,000	37,00,00,000
Unsecured Loan	-	12,77,606
<b>Total</b>	<b>83,64,95,000</b>	<b>62,34,99,610</b>

**18. Retirement Benefit**

**Retirement benefit obligations (Provident Fund, Gratuity & Leave)**

The Company operates a defined contribution plan as provident fund contribution of its employees and defined benefit plans for the Gratuity payment requirement under its employee's byelaws.

For defined contribution plans, the Company pays contributions to the publicly administered provident fund plans (named Employee Provident Fund) on a mandatory basis, and such amounts are charged to operating expenses. The Company has no further payment obligations once the contributions have been paid.

**19. Short Term Loan**

Short term borrowings includes borrowings from various banks which are of short term nature. i.e. due to be settled within 12 months. Further, such borrowings from banks has been classified as short term considering the provisions para 72 of NAS 1 "Presentation of Financial Statements". All kinds of overdraft, demand loan, trust receipt loan, cash credit, packing credit, bills discounted, force loan, the installments of long-term loan and other types of loan payable within 12 months from reporting date are categorized as short-term loan.




**Shreenagar Agritech Industries Ltd.**

**Short term loan**

Particulars	Current Year	Previous Year
HP Loan	-	9,14,565
OD Loan	10,00,00,000	10,00,00,000
STL Loan	17,45,00,000	18,10,58,543
BLC loan	-	96,17,746
Term Loan Payable within a year	4,20,00,000	-
<b>Total</b>	<b>31,65,00,000</b>	<b>29,15,90,853</b>

**20. Trade & Other Payables**

**Accounting Policy**

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

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

The trade and other payables are non-interest bearing.

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

Particulars	Current Year	Previous Year
Accounts Payable	11,64,33,328	12,29,58,904
TDS/VAT Payable	81,19,403	73,47,574
<b>Total</b>	<b>12,45,52,731</b>	<b>13,03,06,478</b>

- b. The payables that are not settled within a year is classified as non-current liabilities.

**21. Short Term Provisions**

**Accounting Policy**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions as defined under NAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is included under this head.

Provision has been created for expenses based on estimated cost.

**Short Term Provisions**

Particulars	Current Year	Previous Year
Provision for Audit Fee	3,34,500	1,65,250
Provisions for Income Tax	-	2,60,828
<b>Total</b>	<b>3,34,500</b>	<b>4,26,078</b>



## 22. Valuation hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

**Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

### 22.1 Fair value of Financial Instruments held at Amortized Costs on recurring basis

The following table shows the carrying amounts and incorporates the Company's estimate of fair value of those financial assets and liabilities not presented on the Company's statement of financial position at fair value. For certain instruments, fair value may be determined using assumptions for which no observable prices are available.

#### 22.1.1 Fair value of Financial Assets held at amortised cost

NPR

Current Year	Level 1	Level 2	Level 3
Cash and cash equivalents			92,77,528
Trade Receivables			69,66,91,987
Other financial assets			8,04,107
<b>Total</b>			<b>70,67,73,622</b>

#### 22.1.2 Fair Value of Financial Liabilities held at amortised cost

NPR

Current Year	Level 1	Level 2	Level 3
Trade & Other Payable			12,45,52,731
Other financial Liabilities			1,82,36,385
Loans (Current)			31,65,00,000
Loans (Non-Current)			83,64,95,000
<b>Total</b>			<b>1,29,57,84,116</b>



## 22.2 Fair value Level 3 disclosures

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

### Fixed Deposits

For fixed deposits with the banks, the estimated fair value of fixed interest-bearing time deposits is based on discounted cash flows using the prevailing money market rates for debts with a similar credit risk and remaining maturity. These are generally the carrying amount of these assets.

### Trade Receivables

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

### Loans & Borrowings (Non-Current)

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest rate method. EIR is calculated based on the repayments specified or indicated in the contract with the lender.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 22.3 Reclassification of financial assets

Financial assets and liabilities have been classified in accordance with the requirements of NFRS. These have been presented consistently and there have been no reclassifications since 2076-77, when financial instruments were restated under first time adoption of NFRS.

## 22.4 Risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and



**Shreenagar Agritech Industries Ltd.**

adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The major risk areas and mitigation mechanism is as given below:

**22.4.1 Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer/patients or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. All the trade and other receivables as at the reporting date are not due for payment. The management accordingly, does not believe that the Company has any exposure to credit risk.

**22.4.2 Market risk management**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company currently has transactions which expose it primarily to the financial risks of changes in interest rates.

**22.4.3 Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**22.4.4 Reputational Risk**

Reputational risk is a risk of loss resulting from damages to reputation of company, in lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value.

Reputational risk is managed by the management committee which are responsible for protecting the institution's reputation locally and has the responsibility to ensure that the company does not undertake any activities that may cause damage to the reputation of institution.



#### 22.4.5 Employee Benefit Risk

Employee benefit risk is the potential risk of loss due to having to meet shortfall in the company's defined benefits gratuity and leave encashment schemes.

The gross obligation for gratuity is calculated at 8.33% of basis salary as per Labour Act 2074. The leave is paid in respective month and is not accumulated.

#### 22.4.6 Internal Control

The Board is committed to managing risks and in controlling its business and financial activities in a manner which enables it to reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, its Committees and Management.

#### 23. Impairment

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

##### Impairment of assets other than financial assets

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

#### 24. Revenue

##### Accounting Policy

##### Sales

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Amounts disclosed as revenue are net of trade allowances, rebates and VAT amounts.

There is no incident of goods sold but invoice not being raised during the cut-off period.




**Income from financial instruments**

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

For financial assets and liabilities held at amortized cost and fair value through other comprehensive income, interest income and interest expense are recognized using the effective interest method.

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

**Explanatory Notes**

**24.1 Sales**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Amounts disclosed as revenue are net of trade allowances, rebates and VAT amounts.

There is no incident of goods sold but invoice not being raised during the cut-off period.

**Revenue**

Particulars	Current Year	Previous Year
Sales	1,07,95,35,486	80,03,57,283
<b>Total</b>	<b>1,07,95,35,486</b>	<b>80,03,57,283</b>

**25. Cost of sales**

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

**Cost of Sales**

Particulars	Current Year	Previous year
Opening Stock	47,19,71,161	25,28,60,061
Purchase and direct expenses	72,96,77,890	90,05,30,964
Less: Closing Stock	(31,62,02,910)	(47,19,71,161)
<b>Total</b>	<b>88,54,46,141</b>	<b>68,14,19,863</b>

**26. Other Income**

Other Income includes various income such as Commission, miscellaneous income generated by the company. Other incomes are recognized on accrual basis. Details are;







**Shreenagar Agritech Industries Ltd.**

**Other Income**

Particulars	Current Year	Previous Year
Other Income	1,28,33,395	8,02,847
Gain on sale of fixed assets	165,013	-
<b>Total</b>	<b>12,998,408</b>	<b>72,25,241</b>

**a. Social Support Activities**

Particulars	Current Year	Previous Year
Reimbursement against Social Support Activities	6,73,30,893	64,22,394
<b>Expenses Against Social Support Activities</b>		
Less: Employee Benefit Expenses	(5,25,63,093)	-
Less: Administrative Expenses	(1,47,67,800)	(64,22,394)
<b>Total</b>	<b>-</b>	<b>-</b>

Social Support Activities includes various social program completely/partially funded by various donor organization.

**27. General Administrative Expenses**

**Accounting Policy**

All the general administrative expenses are recognized when the benefit is received by the company.

**Explanatory Notes**

Particulars	Current Year	Previous Year
Repair & Maintenance	23,91,712	12,45,924
Audit fee Expenses	3,39,000	1,69,500
Bid/Tender Expenses	6,000	-
Canteen Expenses	14,31,855	8,85,803
Insurance Expense	3,35,170	-
Consultancy/AMC Fees	42,65,907	22,56,115
Recruitment / HR Expenses	35,595	1,22,900
Donation Expenses	45,895	29,050
Email / Internet/ Cloud Services Charges	3,19,095	5,99,952
Fine & Penalties	12,14,855	8,07,572
Miscellaneous Expenses	4,38,599	1,72,405
Office Expenses	55,626	5,66,189
Festival Expenses	1,35,155	62,000
Postage/ Courier Charges	29,139	10,098
Printing & Stationery Expenses	8,08,806	2,44,950
Registration & Renewal Fee	9,50,281	5,76,115
Rent Expenses	22,91,996	13,33,332
Round Off	23,26,552	8,09,033

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**Shreenagar Agritech Industries Ltd.**

Telephone / Communication Expenses	5,57,108	3,61,200
Advertisement / Business Promotion/ Goods	26,07,476	1,99,680
Legal expenses	2,89,389	2,07,506
Electricity expenses	3,34,707	2,14,886
Rate and Taxes	11,33,885	65,000
Distribution Expenses	11,05,894	6,13,084
Business Incentive	-	11,39,017
Loading Charges	2,33,785	-
Transportation/Delivery Expenses	8,64,305	5,89,005
Travelling Expenses	32,23,435	26,56,869
Vehicle Fuel	20,67,561	48,50,536
Membership & Certification	7,99,013	8,50,913
	<b>3,06,37,795</b>	<b>2,16,38,634</b>
<b>Less:</b> Expenses Transferred to Social Support Activities	(1,09,45,277)	(64,22,394)
<b>Total</b>	<b>1,96,92,518</b>	<b>1,52,16,241</b>

All the general administrative expenses are recognized when the benefit is received by the company. General and Administrative expenses are expenses unrelated to a specific business unit or function. This includes rent, rates and taxes, advertisement, repair and maintenance, audit fees etc. .

Expenses related to Social Support Activities are transferred and presented under expenses related to Social Support activities funded by various international organization.

**28. Employee Benefits**

**Accounting Policy**

**Retirement benefit obligations (Provident Fund, Gratuity & Leave)**

The Company operates a defined contribution plan as provident fund contribution of its employees and defined benefit plans for the Gratuity payment requirement under its employee's byelaws.

For defined contribution plans, the Company pays contributions to the publicly administered provident fund plans (named Employee Provident Fund) on a mandatory basis, and such amounts are charged to operating expenses. The Company has no further payment obligations once the contributions have been paid.

For defined benefit plans (ie; Gratuity) and long term benefit plan (ie; accumulated leave), the liability recognized in the statement of financial position is the present value of the defined benefit obligation less the fair value of plan assets. Such



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obligations are estimated on the basis of actuarial valuation. Company has recognized the gratuity according to Labor Act 2074 (8.33% of basic salary) for first day of employment. Company provided the accumulated leave benefit as per the policy of the company. The home leave and sick leave is paid in respective month.

**Staff Bonus**

10% of the net profit before bonus is set aside as staff bonus.

Particulars	Current Year	Previous Year
Staff Bonus	10,17,896	7,38,085
<b>Total</b>	<b>10,17,896</b>	<b>7,38,085</b>

**28.1 Current Employee benefits**

Following employee benefits costs are charged to the Statement of Profit or Loss.

Particulars	Current Year	Previous Year
Salary, Overtime, Wages & Allowances	8,84,77,986	1,93,12,522
Salary-[Project Implementation Team]	54,09,866	-
Staff Welfare & Training/Medical	19,879	12,083
	9,39,07,731	1,93,24,605
Less: Expenses Transferred to Project	(5,25,63,093)	-
<b>Total</b>	<b>4,13,44,639</b>	<b>1,93,24,605</b>

Employee benefit cost is charged for the services rendered during the period and for the allowances and benefits pertaining to the period during which such services are rendered and the employee related expenses incurred for such period.

Expenses related to Social Support Activities are transferred and presented under expenses related to Social Support activities funded by various international organization.

The short-term benefits payables to employees are categorized as current liabilities.

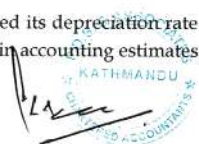
**29. Depreciation and Amortization including changes in estimates**

**Accounting Policy**

The Company's accounting policy related to the depreciation of property plant and equipment has been discussed in Note 5.

Amortization of expenses, wherever appropriate is apportioned on the basis of the pattern of the economic benefit derived, which is usually on the time apportioned basis.

The company (if required during the year) has revised its depreciation rate based on useful pattern of the assets and treated as change in accounting estimates.



**30. Net finance cost**

Finance costs include borrowing cost and other interest expenses & Charges on borrowings. Borrowing costs that are directly attributable to the construction of a qualifying asset are included in the cost of that asset. Other interest & charges on borrowing are treated as an expense in the period in which it occurs.

Particulars	Current Year	Previous Year
Interest Expenses	15,14,44,777	6,38,81,546
Less : Transferred to CWIP	3,33,20,892	-
Less : Interest Rebate	35,11,048	-
Net Interest Expenses	11,46,12,838	6,38,81,546
Bank Charge	49,48,516	16,81,569
<b>Total</b>	<b>11,95,61,353</b>	<b>6,55,63,115</b>

**Finance Income**

Finance Income includes Dividend income, Interest income and Accrued interest income. Interest income from financial assets is included in finance income using the effective interest rate method. Since no transaction cost is involved in financials assets so the coupon rate and Effective interest rate is same.

Particulars	Current Year	Previous Year
Interest Income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**31. Taxation**

**Accounting Policy**

Income tax payable on profits is based on the applicable provisions of the Income Tax Act 2058 and is recognized as an expense in the period in which profits arise.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rate applicable to the Company as at the reporting date which is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Current and deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognized in the statement of profit or loss together with the current or deferred gain or loss.



**Explanatory Notes**

**31.1 Taxes**

**31.1.1 Income Tax (Current Tax)**

Income tax expense consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognized in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

During the year there is no provision of Income Tax as per the self-assessment made by the company.

**31.1.2 Deferred Taxes**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Particulars	Carrying Amount	Tax Base	Temporary Diff
Property, Plant & Equipment & Intangibles	1,02,10,51,283	96,76,21,570	5,34,29,743
Repair and Maintenance Expenses			-
Defined Benefit Plan Provision			-

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**Shreenagar Agritech Industries Ltd.**

Leave Liability Provision			
<b>Total</b>			<b>5,34,29,743</b>
<b>Deferred Tax Liability / (Asset)</b>			<b>1,06,85,949</b>
Deferred Tax Expenses/(Income)-PL (Recognized till last year)			66,59,711
Deferred Tax Expenses/(Income)-PL			4,026,237
Deferred Tax Expenses/(Income)-OCI			

**31.2 Tax Settlement Status**

Final Tax Assessment has been made by Inland Revenue Department in the fiscal year 2080/81 up to fiscal year 2077/78. During the year Tax Liability of Rs. 23,33,426 as per the assessment made by the authority. Tax Assessment for the FY 2078-79 and 2079-80 was initiated by the authority and yet not finalized.

**32. Assets held for sale and discontinued operations**

**Accounting Policy**

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

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

**Explanatory Notes**

There are no assets that meet the recognition criteria for assets held for sale and discontinued operation.

**33. Foreign Currencies**

In preparing the financial statements of the Company, transaction in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.



**Shreenagar Agritech Industries Ltd.**

**34. Related Party Disclosures**

**Accounting Policy**

The Company identifies following as the related parties under the requirements of NAS 24.

- i) Shareholders having shareholding of 5% or more during the year.
- ii) Companies represented by the Directors.
- iii) Directors of the Company and their close family members if any
- iv) Key Managerial Personnel and their close family members if any

**Explanatory Notes**

The details of transactions with related party is given in table below;

Particulars	Relation	Transaction during the Year	Nature of Transaction	Closing Balance Dr/(Cr.)
Sunaulo Agro Farm P. Ltd	Sister Concern	-		1,47,68,682.16
Yum Yum Cafe Pvt. Ltd.	Sister Concern	46,107	Purchase	1,18,94,708.70
Shreenagar international pvt ltd	Sister Concern	2,14,35,170	Purchase	115,43,403
		3,93,44,075	Sales	
Satish Chand Shrestha	Key Managerial Person	89,99,200	Employee Benefit	(4,87,033)
Moushumi Shrestha	Key Managerial Person	78,00,000	Employee Benefit	(22,783)
Chirag Shrestha	Relative of KMP	24,00,000	Employee Benefit	(7,36,587)
Diya Shrestha	Relative of KMP	24,00,000	Employee Benefit	(1,46,770)

**35. Events after reporting period**

**Accounting Policy**

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

**36. Contingent Liabilities and Commitments**

**Explanatory Notes**

The Company seeks to comply with all applicable laws and regulations, but may be subject to regulatory actions and investigations, the outcome of which are generally difficult to predict and can be material to the Company. There is no court cases pending against the company.

Where appropriate, the Company recognizes a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation(s). As on Ashad End 2081 there is no Contingent Liabilities.



**Shreenagar Agritech Industries Ltd.**

**37. Cash Flow Statements**

**37.1 Cash and cash equivalents**

**Accounting Policy**

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with Banks.

**Explanatory Notes**

**Cash and cash equivalents**

Particulars	Current Year	Previous Year
Cash in hand	9,10,646	62,097
Balances with Banks	83,66,882	1,99,65,315
<b>Total</b>	<b>92,77,528</b>	<b>2,00,27,412</b>

**38. Mortgaged Properties**

The company has obtained long term loan and working capital loan from various banks and financial institutions by hypothecation of its Plant and Machinery, Assignment of account receivables, stock and mortgage of Land and building of the company.

**39. Dividends**

**Proposed Distributions (Dividends and Bonus Shares)**

The Company has not announced any proposed dividends for the year due to cumulative loss.

**40. Segment Reporting**

An operating segment is a component of an entity that engages in a business activity from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Based on the internal structure of the company, company is not segregated into different segments.



**Shreenagar Agritech Industries Ltd.**

**41. Merger/amalgamation**

The Board of Directors of the Company at their meeting held on Aashad 3rd, 2080 and Joint Extraordinary General Meeting of Shreenagar Agro Firm Pvt. Ltd. (Merged Company) and Shreenagar Agritech Industries Ltd. (Merging Company) held on Shrawan 4th, 2080 approved the proposed scheme of arrangement for amalgamation of Shreenagar Agro Firm Pvt. Ltd into the Company with effect from date of approval from the office of the Company Registrar, the approval date. On completion of all the formalities of the merger of the above companies with the Company, said merger became effective on 19<sup>th</sup> of Ashoj, 2080.

Consequent to the amalgamation prescribed by the Scheme, all the assets and liabilities of transferor companies were transferred to and vested in the Company with effect from 19<sup>th</sup> of Ashoj, 2080. ("the Approval Date")

The amalgamation was accounted under the "pooling of interest" method prescribed under NFRS - 3 Business Combinations, as prescribed by the Scheme. Accordingly, all the assets, liabilities and other reserves of transferor companies were aggregated with those of the Company at their respective book values. As prescribed by the Scheme equal number of shares has been issued to the shareholder of the merging company as a consideration. Accordingly, the resultant difference amounting to Rs. 4,856,499 was debited to capital reserve account.



The image shows three handwritten signatures and two official stamps. The first stamp is circular with the text "SHREENAGAR AGRITECH INDUSTRIES LTD. NEPAL" and a star. The second stamp is circular with the text "P.D.S. & ASSOCIATES KATHMANDU" and a star. The signatures are written in black ink over the stamps.

Date :

**Shreenagar**  
from Ideas to Impacts...





चल्ला

बजार

दाना

सेवा

करार खेती



**श्रीनगर एग्रीटेक इण्डस्ट्रिज लि.**

कार्पोरेट अफिस: टंगाल, काठमाण्डौ, नेपाल | फोन: +९७७-१-४५१२२१६/४५१२४०६  
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टोल फ्री नम्बर  
१६६०-०१-२०२०२