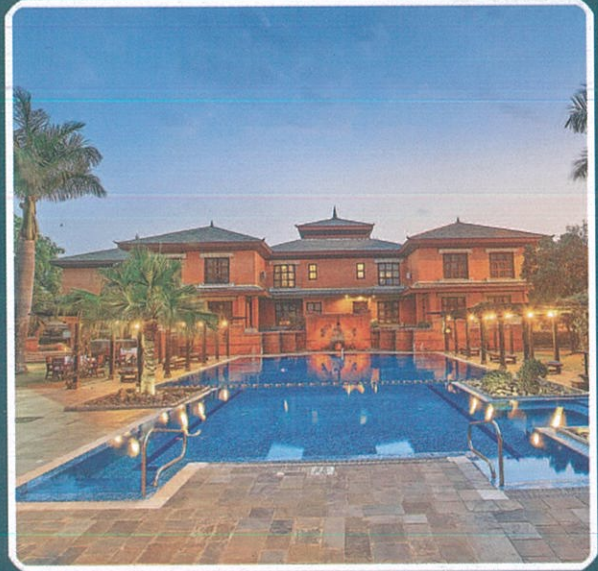




Soaltee Hotel Limited



**45th ANNUAL REPORT
2018/2019
(2075/2076)**

TAHACHAL, KATHMANDU



PRESENT BOARD OF DIRECTORS



Mr. Dinesh Bahadur Bista,
Executive Chairman
Nominee
Soaltee Enterprises Pvt. Ltd



Mr. Ravi Bhakta Shrestha
Nominee
Soaltee Enterprises Pvt. Ltd.



Mr. Rajesh Kazi Shrestha
Nominee
Soaltee Enterprises Pvt. Ltd.



Mrs. Jaya Rajya Laxmi Shah
Nominee
Soaltee Enterprises Pvt. Ltd.



Mr. Sashi Raj Pandey
Elected from
General Public Shareholders



Mr. Niranjan Kumar Tibrewala
Elected from
General Public Shareholders



Mr. Prakash Bikram Khatri
Elected from
General Public Shareholders



Ganesh Bahadur Chand
Nominee
Nepal Airlines Corporation



Mr. Venkatesh Gomatam
Nominee
Holiday Inns Investment (Nepal) Ltd.



Mr. Vivek Bhalla
Alternate Director to Mr. Venkatesh Gomatam
Holiday Inns Investment (Nepal) Ltd.

Company Secretary



Mr. Lil Bahadur Khatri



Soaltee Hotel Limited



NOTICE OF 45TH ANNUAL GENERAL MEETING

Dear Shareholder,

This is to inform all Shareholders of the Company that, as decided at the 226th Meeting of the Board of Directors of the Company held on Monday, 18th November, 2019 (2nd Mangsir 2076), the 45th Annual General Meeting of the Company will be held at the following date, time and venue to consider, approve and adopt the agenda:

1 DATE, TIME AND VENUE:

DATE : THURSDAY, 9TH JANUARY 2020 (24TH POUH 2076)

TIME : 11 AM

VENUE : ACADEMY HALL, KAMALADI, KATHMANDU, NEPAL.

2 AGENDA:

A) ORDINARY RESOLUTIONS

- 1 To receive, consider and adopt the **Directors' Report** for the Fiscal Year 2075/76 (2018/2019);
- 2 To Consider and Approve the **Financial Statements** for the fiscal year 2018/19 (2075/76) comprising of **Balance Sheet** (Statement of Financial Position) as on 16th July 2019 (31st Ashadh 2076); **Profit and Loss Account** (Statement of Profit or Loss and Other Comprehensive Income) for the year ended on 16th July 2019 (31st Ashadh 2076); **Cash Flow Statement** (Statement of Cash Flow) and **Statement of Changes in Equity** for the year ended on 16th July 2019 (31st Ashadh 2076) along with the Auditors' Report, and **Consolidated Financial Statement** for the fiscal year 2018/19 (2075/76) comprising the Financial Statement of the subsidiary Companies Soaltee Hospitality Limited and H I Soaltee Hotel Company Pvt. Ltd. for the fiscal year 2018/19 (2075/76) of the Company;
- 3 To consider and adopt the **Cash Dividend** Proposed by the Board of Directors at the rate **11.31578947%** of the paid-up capital for the fiscal year 2018/19 (2075/76) to the shareholders;
- 4 To appoint the **Statutory Auditors** of the Company and fixed their remuneration for the Fiscal Year 2076/77 (2019/2020) as recommended by the Audit Committee of the Company;

B) SPECIAL RESOLUTIONS

5. To consider and approve the Proposed issue of **15% Bonus Shares** i.e. **3 (three) Bonus Share for every 20 (ten) equity shares** and increase in the subscribed and paid up capital to the extent of Bonus Shares issued to the shareholders of the Company;
6. To consider and approve a special resolution to increase the **Issued Capital** from Rs. **750,000,000** (seven hundred fifty million) divided into 75,000,000 number of equity share of Rs. 10/- to **Rs. 1,000,000,000** (Rs. One billion) divided into 100,000,000 number of equity share of Rs. 10/- of the Company as proposed by the Board of Directors;
7. To consider and approve a special resolution to amend the **Memorandum of Association** and **Articles of Association** in accordance with the recommendation of the Board of Directors to increase in the **Issued Share Capital** of the Company and the authorize the Board of Directors or the official of the Company as delegated the authority by the Board to make required necessary changes / amendments or adjustments in this regard as the direction or advise / suggestion may be received from the Office of the Company Registrar or any other regulatory authorities;

C) OTHERS

8. Any **other matters** with the permission of the Chairman

By Order of the Board of Directors

Lil Bahadur Khatri
Company Secretary

Enclosed documents:-

- 1 Information relating to the **45th Annual General Meeting**, Proxy Application Form, and Admission Card.
- 2 The **Directors' Report** to the shareholders of the Company for the Fiscal Year 2018/19.
- 3 Auditors' Report, and **Consolidated Financial Statement** consolidating with the Financial Statements of the subsidiary Companies Soaltee Hospitality Limited and H I Soaltee Hotel Company Pvt. Ltd. for the fiscal year 2018/19.

GENERAL INFORMATION

RELATING TO THE 45TH ANNUAL GENERAL MEETING

1. The Shareholders' Register shall be closed from **Wednesday, 11th December 2019 to Thursday, 9th January 2020 (25th Mangsir 2076 to 24th Poush 2076)** or till the conclusion of the 45th Annual General Meeting (AGM) (in accordance with the Notice published in the national daily The Arthik Abhiyan dated 22th November 2019 i.e. 6th Mangsir 2076).
2. The Notice of the 45th Annual General Meeting and the **abstracts (summarized) of the Financial Statement to the shareholders** for the fiscal year 2018/19 (2075/76) pursuant to section 84 of the Companies Act, 2063 will be sent to the shareholders address available in the Company's shareholder register through post, and courier service and also published in the national Daily. Further, the information regarding the 45th Annual General Meeting along with the Annual Report 2018/19 (2075/76) can be viewed by visiting our website:<http://www.soalteehotel.com>.
3. Shareholders wishing to discuss any matters under the agenda should notify the Executive Chairman through the Company Secretary of such issues **7 days before** the Annual General Meeting, by **3rd January 2020 (18th Poush 2076)** not be included as a resolution of the meeting for consideration and adoption.
4. Shareholders are requested to come to the meeting with the Admission Card sent along with the Notice and abstracts (summarized) of the Financial Statement to the shareholders. Admission to hall shall be granted only upon compulsory producing of an Admission Card or original share certificate or BOID statement (DMAT Account Number) and Proof of Identity such as citizenship certificate or any other identity card with the photo of the shareholder. Shareholders are hereby requested to be present for the meeting hall half an hour before morning 11 a.m. at the meeting hall. Shareholder's attendance register will be opened from 9:30 am until the conclusion of AGM for attendance signature of shareholders.
5. Shareholders who wish to send a proxy to the meeting may appoint another shareholder and should register the completed proxy form within office hours at the Company's registered office at least **48 hours** before the start of the Annual General Meeting. In such an event, the proxy shall be allowed to attend and vote at the meeting. If the shareholder giving the proxy himself comes to attend the meeting the shareholder should cancel the proxy and may participate and vote at the meeting. The proxy appointing by the institutional / corporate body should submit their proxy signed by the authorized person of such institutions fixing stamp.
6. Keeping security in consideration, shareholders are kindly requested to co-operate with the security personnel posted at the meeting area. Shareholders are also kindly requested as far as possible not to bring any bags, packets etc. to the meeting venue.
7. For further information relating to the Annual General Meeting, shareholders are requested to contact the registered office of the Company, Tahachal, Kathmandu, Nepal from Monday to Friday between 10:00 AM to 4:00 PM.

**SPECIAL RESOLUTION****SOALTEE HOTEL LIMITED****AMENDMENTS IN THE MEMORANDUM OF ASSOCIATION**

Special Resolution for the amendment in the Memorandum of Association of Soaltee Hotel Limited

The Issued Share Capital as mentioned under second paragraph of section 5 (five) of the Memorandum of Association of the Company is recommended to be amended as under mentioned:-

SECTION	EXISTING		PROPOSED AMENDMENTS	REASON FOR AMENDMENT
5	The Issued Share Capital of the Company shall be Rs. 750,000,000/- (Rupees seven hundred fifty million) that shall be divided into 75,000,000 (Seventy five million) ordinary equity shares of Rs. 10 (ten) each.	5	The Issued Share Capital of the Company of the Company shall be Rs. 1,000,000,000/- (Rupees one billion) that shall be divided into 100,000,000 (one hundred million) ordinary equity shares of Rs. 10 (ten) each.	It is necessary to increase the Issued Share Capital to issue the Bonus Shares.

SOALTEE HOTEL LIMITED**AMENDMENTS IN THE ARTICLES OF ASSOCIATION**

Special Resolution for the amendment in the Articles of Association of Soaltee Hotel Limited

The Issued Share Capital as mentioned under second paragraph of section 6 (six) of the Memorandum of Association of the Company is recommended to be amended as under mentioned:-

RULE	EXISTING	SEC	PROPOSED AMENDMENTS	REASON FOR AMENDMENT
6	The Issued Share Capital of the Company shall be Rs. 750,000,000/- (Rupees seven hundred fifty million) that shall be divided into 75,000,000 (Seventy five million) ordinary equity shares of Rs. 10 (ten) each.	6	The Issued Share Capital of the Company of the Company shall be Rs. 1,000,000,000/- (Rupees one billion) that shall be divided into 100,000,000 (one hundred million) ordinary equity shares of Rs. 10 (ten) each.	It is necessary to increase the Issued Share Capital to issue the Bonus Shares.

APPLICATION TO APPOINT PROXY

THE BOARD OF DIRECTORS
SOALTEE HOTEL LIMITED
TAHACHAL, KATHMANDU.

Subject: Appointment of Proxy

Dear Sirs

In the capacity of a shareholder of your Company, I/We resident(s) of District, Municipality/Rural Municipality, Ward No., being unable to be personally present and take part in the discussion and decision at the **45th Annual General Meeting** scheduled to be held on **Thursday, 9th January 2020 (24th Poush 2076)**, hereby appoint....., a shareholder of the Company and resident of District Municipality/Rural Municipality, Ward No. as my/our representative to participate and vote on my/our behalf in the said General Meeting.
Applicant,

Signature

Name:

Address:

Share Certificate No.:

Share Serial Nos from..... to.....

Date:

Note: This Proxy application should be submitted to the Registered Office of the Company at Tahachal, Kathmandu before 48 hours of the Annual General Meeting.



Soaltee Hotel Limited
* * * * *

ADMISSION CARD

Shareholder's Name :
Shareholder's Code No. :
Share Certificate No./BOID No. :
No of Shares Own :
Shareholder's Signature :

This Admission Card is issued for attending the **45th Annual General Meeting** of the Company scheduled to be held on **9th January 2020 (24th Poush 2076)**.

COMPANY SECRETARY

(This card must be produced for admission to the Meeting Hall)

GENERAL RULES RELATING TO APPOINTMENT OF PROXY

1. Shareholders desirous to send a proxy to the meeting may appoint another shareholder to attend the Annual General Meeting as a representative should register the completed proxy form within office hours in the Company's Registered Office at Tahachal, Kathmandu, at least 48 hours before the commencement of the Annual General Meeting. In such event, the representation through the proxy shall be allowed to participate and vote at the Annual general Meeting.
2. The proxy appointment by a private firm to represent them in the Annual General Meeting shall only be valid if such proxy is appointed by the owner of a private firm. Such proxy appointment application should also be accompanied by a copy of the private firm registration certificate of the shareholder. The proxy appointment by a partnership firm to represent them in the Annual General Meeting shall only be considered valid if such proxy is unanimously appointed and the application is duly signed by all the partners of the firm for proxy appointment. Such appointment of the proxy application should also be accompanied by a copy of the partnership firm registration.
3. Amongst the registered joint owners, the proxy appointed by such shareholders shall only be considered valid if all shareholders jointly sign in the proxy appointment application form. In case of the shareholders not being able to appoint unanimous proxy amongst them, the person whose name is on the top of list among them in the Register Book of the shareholder of the company will be considered to legitimate to submit the proxy application to appoint the proxy.
4. The shares owned by the minor shareholder, the guardian of such minor shareholder is authorized to appoint the proxy if such guardian is mentioned as the authorized person of the minor shareholder in the Shareholder Registration Book maintained by the Company, such guardian should have the right to sign the Proxy Form which will be considered valid.
5. In case, the Company receives more than one Proxy Form appointing a person as a proxy, the Company will treat the first application of proxy registered at its registered office, as valid and such appointed proxy shall have the right to attend the Annual General Meeting and exercise the voting right.
6. The appointment of the proxy by the shareholder shall only be acceptable and considered to be valid only if the signature in Proxy application Form is verified with the signature maintained in the company's shareholders Register Book.
7. If any shareholder desires to cancel the proxy appointed to attend the Annual General Meeting such shareholder shall have to inform in writing the cancellation of proxy 48 hours before the commencement of Annual General Meeting to the registered office of the Company such cancellation letter should be registered within the office hour. A shareholder who had already appointed a proxy and is present in the Annual General Meeting can only attend and participate in the meeting once such shareholder duly cancels earlier Proxy appointment.



CORPORATE INFORMATION

OPERATORS OF THE SOALTEE CROWNE PLAZA KATHMANDU
Holiday Inns (China) Limited, Hong Kong

MANAGEMENT TEAM - CORPORATE

Mr. Dinesh Bahadur Bista	Executive Chairman
Mrs. Durga Shrestha	Chief Accountant
Mr. Lil Bahadur Khatri	Company Secretary
Mr. Kiran Lal Joshi	Director - Business Dev. & Projects
Mr. Mukti Nath Shrestha	Manager – Finance
Mr. Chudamani Parajuli	Manager – Legal & Liaison

HOTEL OPERATIONS

Mr. Upaul Majumdar	General Manager
Mr. Vijayanaman Shanmugam	Executive Assistant Manager (EAM)
Mr. Sudarshan Chapagain	Director of Finance & Business Support
Mr. Sudeep Mukherjee	Director Sales & Marketing
Mr. Sarju Ranjit	Director Human Resources
Mr. Anurag Dewan	Senior Director Flight Services
Mr. Prakash Gupta	Chief Engineer
Mr. Yubraj Pokharel	Executive Chef
Ms. Binita Shrestha	Director Quality Assurance
Mrs. Sumati Shakya	Crowne Meeting Director

INTERNAL AUDITORS

Prabin Joshi & Co.
Chartered Accountants
Kathmandu.

LEGAL ADVISORS

Mr. Komal Prakash Ghimire
Senior Advocate,
GHIMIRE & COMPANY
Kathmandu.

Mr. Madhab Prasad Bhattarai
Senior Advocate,
Bhattarai & Associates
Kathmandu.

Mr. Samir Sharma
Advocate,
S S LEGAL PVT. LTD.
Kathmandu.

Mr. Mahesh K Thapa
Advocate,
SINHA VERMA LAW CONCERN PVT. LTD.
KATHMANDU.

AUDITORS

PKF T R UPADHYA & Co.
Chartered Accountants
Kathmandu

BANKERS

NABIL BANK LIMITED
NEPAL INVESTMENT BANK LIMITED
EVEREST BANK LIMITED
GLOBAL IME BANK LIMITED
NEPAL SBI BANK LIMITED
STANDARD CHARTERED BANK NEPAL LTD.
Kathmandu

REGISTERED OFFICE

Tahachal, Kathmandu



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**SOALTEE HOTEL LIMITED****SIMPLIFIED STATEMENT OF FINANCIAL POSITION AS AT 16 JULY 2019 (31 ASHADH 2076)**

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
WHAT THE COMPANY OWNED		
NON-CURRENT ASSETS		
Property, Plant and Equipment	1,288,652,633	1,151,063,841
Intangible Assets	927,319	1,809,677
Investment Property	95,113,987	39,530,332
Deferred Tax Assets	62,688,382	69,587,627
Investments	283,898,980	284,377,323
Trade and Other Receivables	43,624,104	51,177,354
	1,774,905,405	1,597,546,154
CURRENT ASSETS		
Inventories, Investments, Receivables, Prepayments, Cash and Cash Equivalents	698,550,778	629,858,022
Less: Current Liabilities	442,624,257	409,298,526
WORKING CAPITAL	255,926,521	220,559,496
TOTAL ASSETS	2,030,831,926	1,818,105,650
WHAT THE COMPANY OWED		
Non-Current Liabilities	402,782,176	380,115,588
SHAREHOLDERS FUND	1,628,049,750	1,437,990,062
REPRESENTED BY		
Share Capital	732,675,370	666,063,740
Retained Earnings and Reserves	895,374,380	771,926,322
	1,628,049,750	1,437,990,062
DEBT/EQUITY RATIO	0.01	0.01

SIMPLIFIED INCOME STATEMENT FOR THE PERIOD ENDED ON 16 JULY 2019 (31 ASHADH 2076)

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	INCREASE/ (DECREASE) %
INCOME			
Rooms, Restaurants, Banquets & Other Services & Other Income	1,834,328,549	1,664,204,838	10.22%
EXPENDITURE			
Employee Benefit Expenses	551,006,843	499,410,727	10.33%
Consumption of Food and Beverages	301,546,775	287,556,985	4.87%
Management Fees	49,897,420	44,297,133	12.64%
Operating Expenses	246,059,785	221,281,004	11.20%
Depreciation and amortization expense	80,367,208	60,276,017	33.33%
Other Expenses	220,807,028	188,466,756	17.16%
Finance Cost	730,350	816,518	(10.55%)
Total Expenditure	1,450,415,409	1,302,105,140	11.39%
Profit for the year (before Taxes)	383,913,140	362,099,698	6.02%
Current Tax	(78,002,937)	(70,321,990)	10.92%
Deferred Tax Income/(Expense)	(6,899,245)	(12,539,502)	(44.98%)
Net Profit for the year	299,010,958	279,238,206	7.08%
Balance of Profit brought forward	711,651,810	555,127,025	
Tax payment of prior years	195,365	(780,516)	
Issue of Bonus Share	(66,611,630)	(86,882,440)	
Fraction of Bonus Share recovered/(paid) in cash	5,265	5,245	
Payment of Dividend	(108,673,557)	(35,055,710)	
TRANSFERRED TO GENERAL RESERVE	835,578,211	711,651,810	

SOALTEE HOTEL LIMITED DIRECTORS' REPORT

DEAR RESPECTED SHAREHOLDERS,

The Board of Directors takes immense pleasure in welcoming you all, respected shareholders at the 45th Annual General Meeting of the Company. We have the privilege of presenting before you the 45th Annual Report and Audited Financial Statements for the fiscal year ended 16th July 2019 (31st Ashadh 2076). In compliance with statutory requirement, your Company has prepared and presented its Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS).

REVIEW OF THE OPERATING ACTIVITIES

During the fiscal year 2075/76 (2018/19), an increase of 10.22% (previous year 1.44%) was recorded in the total revenue as compared to the previous fiscal year. Total revenue for the fiscal year was Rs. 1,834.33 million (previous year Rs. 1,664.20 million) which is an increase of Rs. 170.13 million (previous year Rs. 23.68 million) compared to last fiscal year. During the year under review, your Company registered a Cash Profit of Rs. 464.28 million (previous year Rs. 422.38 million) which is an increase of Rs. 41.90 million (Previous year Rs 150.45 million) with Net profit after tax being Rs. 299.01 million (previous year Rs. 279.23 million) which is an increase of Rs. 19.78 million (previous year Rs 140.49 million).

PERFORMANCE HIGHLIGHTS

FINANCIAL RESULTS

The major performance indicators of the Company for the fiscal year 2075/76 (2018/19) and comparative figures are summarised as under:

Rupees in Million

PARTICULARS	FISCAL YEAR		INCREASE / (DECREASE) %
	2018/19	2017/18	
Total Revenue	1,834.33	1,664.20	10.22%
Total Expenditure	1,449.69	1,301.29	11.40%
Profit from Operations	384.64	362.91	5.99%
Less: Finance Cost	0.73	0.82	(10.98%)
Profit before Tax	383.91	362.09	6.03%
Provision for Income Tax	78.00	70.32	10.92%
Deferred Tax Expenses/(Income)	6.90	12.54	(44.98%)
Net Profit after Taxation	299.01	279.23	7.08%
Net Transfer to Reserves for the year	299.01	279.23	7.08%



AWARDS AND RECOGNITION

We are delighted and proud to inform that your hotel continuously over the period of time has been awarded with the following Awards:-

Letter of Appreciation for the Highest Contribution in Employment Generation

Your Company has been awarded with the Letter of Appreciation on the occasion of 40th World Tourism day for the highest contribution in the Employment Generation for Fiscal Year 2075/2076-awarded by the Government of Nepal, Ministry of Culture Tourism and Civil Aviation.

Safari India South Asia Travel Awards 2019 – Best Resort Hotel for Luxury

Your hotel has been awarded with the Safari India - South Asia Travel Awards 2019, under the Category – Best Resort Hotel for Luxury, at a Safari India South Asia Travel Awards event held at the Ashok hotel New Delhi. Safari India is a prestigious regional tourism magazine covering India, Nepal, Sri Lanka, Bangladesh, Pakistan and South East Asia.

Award for Best Mice Destination Hotel in Nepal

Your hotel has been awarded with the “Best MICE Destination Hotel in Nepal” at the 15th Annual International Hospitality and Travel Awards event held at the Ashok Hotel Convention Hall New Delhi, India on 15 November 2019. The event was organized by leading travel magazine Hospitality India in association with Nepal Year 2020 Secretariat and Air India.

Award for Soaltee Westend Premier Hotel Nepalgunj

Your Company’s first hotel outside of Kathmandu, Soaltee Westend Premier Hotel Nepalgunj, has been awarded with following awards;

Nepal’s First Green Hotel

Soaltee Westend Premier Hotel Nepalgunj has been awarded with “Nepal’s First Green Hotel” award on 14th February 2019 at the Stars of the Industry Awards event held at Taj Lands End Hotel, Mumbai. This award was presented by Business Television India (BTVI), India’s Premier English Business News Channel and endorsed by CMO Asia and the World Federation of Hospitality.

Nepal’s First Certified Green Hotel

Soaltee Westend Premier Hotel Nepalgunj been awarded with the “Nepal’s First Certified Green Hotel” award at the 15th Annual International Hospitality and Travel Awards event held at the Ashok Hotel Convention Hall New Delhi, India on 15th November 2019. The event was organized by leading travel magazine Hospitality India in association with Nepal Year 2020 Secretariat and Air India.

Letter of Appreciation to Soaltee Westend Premier Hotel Nepalgunj

Soaltee Westend Premiere Hotel Nepalgunj has been awarded with the “**Letter of Appreciation**” on 4th July 2019 from Nepalgunj Sub-Metropolitan City Office in recognition of Soaltee Westend Premier's contribution to promote Nepalgunj as tourist destination.

INTERNATIONAL, REGIONAL AND NATIONAL SCENARIOS AND THEIR IMPACTS ON THE BUSINESS

Global economic activity slowed notably in the second half of year 2018 after following a broad-based upswing in cyclical growth that lasted for nearly two years between the end of 2016 and early 2018, when growth picked up in most of the major economies. As per the International Monetary Fund (IMF) data, the global economic growth which peaked close to 4% in 2017, softened to 3.6% in 2018 and is projected to further decline to 3.2% in 2019.

The global economic activities softened in second half of 2018 because of the factors like trade tensions between US-China, decline in business confidence and uncertainty on Brexit. Against this backdrop, global growth is projected at 3.2% in 2019. Growth in advanced economies is projected to decline from



2.2% in 2018 to 1.8% in 2019. The emerging market and developing economy group is expected to grow at 4.1% in 2019. The outlook for emerging Asia remains favorable with China which recorded a growth of 6.6% in 2018 is projected to slow gradually at a forecast of 6.2% in 2019. India's growth in 2018 was 7.1% and is projected to pick up to 7.3% in 2019.

As per the Economic Survey 2018/2019 of Ministry of Finance, Government of Nepal the preliminary estimate of real Gross Domestic Product (GDP) growth is 7% in the Fiscal Year 2018/ 2019. Economic activities have expanded due to the factors like improvement in agricultural sector and production, energy availability, speedy reconstruction works and increased tourist arrivals. The real GDP growth was recorded at 6.7% in FY 2017/2018. As per the report, tourism sector has also scaled a new height with the improvement in overall economic activities in the current fiscal year. The Economic Survey Report 2018/2019 states that the number of tourist arrivals in 2018, excluding Indian tourist arrival by land, was 1,173,072, which is 25% more than in 2017. Number of tourist arrival in 2017 was 940,218. The top five countries by tourist arrivals are India, China, USA, Sri Lanka and UK respectively, making up 49% of total tourists arrival. The average length of tourist stay stood 12.4 days and per tourist expenses is USD 54 per day.

Travel & Tourism is an important economic activity in most countries around the world. United Nation World Travel Organization (UNWTO) states that tourism industry has been seeing continuous growth over the time and 2018 is the ninth consecutive year of sustained growth. International tourist arrivals grew by 5% in 2018 to reach the 1.4 billion mark. In 2017 International tourist arrivals was recorded 1.32 billion. Various factors like favourable economic environment, high demand for air travel, use of digital technologies and enhanced visa facilities contributed to this growth. Asia and the Pacific region recorded the highest growth with approximately 348 million tourist arrivals. South Asia played important role with double-digit growth in Iran, Nepal, Sri Lanka and India.

The overall result of the hotel has showed a satisfactory performance during the fiscal year under review. The Net Profit after Tax has increased by 7.08% in spite of decrease in room occupancy to 51.75% from 63.52% year under review compared to previous fiscal year. This was possible because of the effective control over the expenditures of the Company with constant monitoring by the Management team, coupled with regular focus by the Board of Directors. The hotel had posted a revenue of Rs. 1,834.33 million in the fiscal year under review compared to previous fiscal year Rs. 1,664.20 million with an overall growth of 10.22%. The Room Night Occupied was 53,271 in the fiscal year 2018/19 as compared to 48,779 in previous fiscal year. The Average Daily Rate (ADR) had improved by 10.59% from Rs 9,070 in the fiscal year 2017/18 to Rs. 10,031 in the fiscal year 2018/19. This had resulted in room revenue of Rs. 534.34 million as compared to Rs. 442.42 million previous fiscal year.

The Revenue Per Available Room (RevPAR) accordingly had decreased from Rs. 5,761 to Rs. 5,191. The food and beverage segment likewise showed a satisfactory growth of 6.83 % from Rs. 1,113.20 million to Rs. 1,189.26 million. The net profit after tax had improved by 7.08% in the fiscal year 2018/19 as compared to previous fiscal year.

We would like to inform our Shareholders that our Nepalgunj hotel **The Soaltee Westend Premier**, Nepal's first Green hotel, started its formal operation from April 2019. This landmark five star hotel located at Nepalgunj has received local guests, international visitors and notable personalities. Furthermore, the live casino has also come into operation from September 2019, operated by Casino Imperial. The performance of the hotel is gradually picking up, and it has started making cash profits from this fiscal year, and the overall business outlook of the hotel looks promising in the days to come.

**CURRENT YEAR PERFORMANCE AS AT THE DATE OF REPORT AND FUTURE OUTLOOK**

During the current fiscal year 2019/20, the hotel has posted total revenue of Rs. 489.51 million till 31st October 2019 against Rs. 515.45 million compared to the same period last year. The room occupancy till 31st October 2019 is 43.61% for 282 rooms as compare to 59.37% for 228 rooms same period last year. The Average Room Rate (ARR) and Revenue Per Available Room (RevPAR) is Rs. 11,216 and Rs. 4,891 for 282 rooms against Rs. 11,430 and Rs. 6,786 for 228 rooms respectively compared to same period last year. The decrease in total revenue in current year is mainly attributed due to decrease in room revenue by Rs. 18.15 million as compared to same period last year. It is evident that the room supply in the city will see biggest growth over the next two years with the entry of international chain hotels, some of which have already come into operation, however the demand portion remains more or less static. With the entry of new international hotels resulting increment in room inventory, it is inevitable that there will be unhealthy competition leading to possible price war. All these factors might negatively affect the overall business of your hotel putting pressure on our revenue and profit. However, the Board and Management of the hotel is fully aware and is committed in minimizing the possible business de-growth adopting the suitable strategies such as focus on new markets, retain existing market share with appropriate marketing practices, continuous upgradation of existing product and services combined with most importantly innovative cost control practices to enable to sustain the profitability of your hotel.

World Travel & Tourism Council (WTTC), Economic Impact annual report of 2019 states that the direct contribution of Travel & Tourism to GDP in 2018 was USD 2,750.7 billion (3.2% of GDP), and is expected to rise by 3.6% to USD 2,849.2 billion in 2019. Travel & Tourism generated approximately 123 million jobs directly in 2018 (3.8% of total employment) and this is forecast to grow by 2.2% in 2019 to approximately 126 million (3.9% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services. It also includes the activities of the restaurant and leisure industries directly supported by tourists. Further, Travel & Tourism attracted capital investment of USD 940.9 billion in 2018 which is expected to rise by 4.4% in 2019.

WTTC states that in case of Nepal, the direct contribution of Travel and Tourism to GDP is expected to rise by 4.9 % in 2018 and to increase by 3.8% per annum from 2018 to 2028. In 2017 the contribution to GDP was 4% of total GDP. Similarly, the direct contribution of this sector to employment in 2017 was 3.2% of total employment supporting approximately 498 thousand jobs which is expected to rise by 3.9 % in the year 2018. Likewise, the travel and tourism sector investment is expected to rise by 7.6 % in 2018. Total investment in this sector in 2017 was NPR 17.3 billion, 2.3 % of the total investment.



Tourism is an important driver of economic growth, it is one the main income sources for any developing countries. Nepal has tremendous potential for tourism sector's growth and expansion, which can further strengthen economic growth and development of the country. In view of this to promote and boost tourism sector, the Ministry of Culture, Tourism and Civil Aviation is organizing 'Visit Nepal Year 2020' with an aim of receiving two million tourists by the year 2020. New tourist destinations are identified, construction of many luxurious hotels is underway, the government has planned to complete the expansion of the one and only international airport 'Tribhuvan International Airport' Kathmandu and finish the construction of Gautama Buddha International Airport in Bhairahawa before 2020, along with the reconstruction of major heritage sites.

PRODUCT AND SERVICE UP-GRADATION

As a strategy of continuous improvement and up gradation of the product, the Company has recently completed construction of all black-topped large parking area beside the Casino building and Corporate office building. This parking area can cater to the parking for more than 250 cars and about 100 two wheelers at a time.

Similarly, in order to enhance the arrival experience of hotel guests, the Company has also constructed another parking space near the tennis court, which is capable of accommodating more than 50 cars and 25 two wheelers at a time.

The Company has constructed a contemporary **Spa and Wellness Centre** next to the swimming pool which includes health club facilities, gymnasium, saloon, steam and sauna rooms, yoga, massage etc.

The Company has built a separate shopping arcade matching with the architecture of the hotel building along the drive -way which currently houses six shops.

The Company is developing at Himalaya Wing basement area to create additional meeting and conference halls along with sunken court.

The Company has a plan to renovate existing lobby area that includes bar and reception area. While renovating lobby all three water fountains will also be remodelled with energy efficient heritage theme.

INVESTMENT DIVERSIFICATION

The Company has invested Rs. 250,000,000/- (Rupees Two Hundred Fifty million) in the equity of its wholly owned subsidiary Company Soaltee Hospitality Limited, incorporated under the Companies Act, 2006 (2063) as a strategic decision taken by the Company for investment in hotels outside the Kathmandu valley to be operated under the Company's trademark and brand. Further, the Company has paid aggregating Rs. 12,640,000/- against further equity in its subsidiary Company Soaltee Hospitality Limited as an advance against share Investment. Accordingly, the Company has invested the above amount through its subsidiary, Soaltee Hospitality Limited; to Soaltee Sibkrim Hotels & Resorts Pvt. Ltd., a Nepalese joint venture Company incorporated with other local corporate promoters to construct and operate hotels in Nepalgunj and Pokhara.

The Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. will be operating all its hotel under registered three brands, trade names and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company, “**Soaltee Westend**”, “**Soaltee Westend Premier**” and “**Soaltee Westend Resorts**”, under the arrangement of Trademarks License Agreement between both Companies.

INVESTMENT IN HIMAL INTERNATIONAL POWER CORP (P) LTD

The Company has an investment in Bhote Koshi Power Company (P) Ltd (BKPC) through Himal International Power Corp (P) Ltd (HIPC).

As informed in the previous year, BKPC is currently in the process of rehabilitating its Upper Bhote Koshi Hydroelectricity Project that was damaged by Gorkha Earthquake of 25 April 2015 and Glacial Lake Outburst Flood of 5 July 2016. It is undertaking the entire reconstruction works through an Engineering, Procurement and Construction (EPC) contract with a renowned contractor. The EPC contract includes all the civil, hydro-mechanical and electro- mechanical works that need restoration in the Headworks and Powerhouse except for the rehabilitation of the Generator and Turbines at the Powerhouse, which is being done separately by the Original Equipment Manufacturers (OEM).

The work progress has been satisfactorily and BKPC team is working closely with Contractors and relevant stakeholders to bring the project on line within December 2019.

It is likely that there will be no dividend to the shareholders in the coming year until the BKPC Power Plant resumes its full operation.

INDUSTRIAL AND BUSINESS OR PROFESSIONAL RELATIONS OF THE COMPANY

The Board of Directors are pleased to report that the Company's relations with employees have been very cordial and excellent throughout the year. Both the Management and employees work in close harmony with a common goal to provide high standard services to the guests of the hotel and to offer the best place to meet.

We would like to place on record our commendation and appreciation to our Soaltee family of employees, and we are confident that all our employees would demonstrate greatest level of commitment and understanding, extending further cooperation to the Management team to help your Company progress further.

Your Company maintains a good professional relationship with its customers, suppliers, and service provider, banks and other agencies, contractors and consultants, travel agencies and airlines, government authorities and regulators.

Your Company is Hospitality Member of internationally acclaimed travel and tourism Pacific Asia Travel Association (PATA). The Company is the Associate member of Federation of Nepalese Chambers of Commerce & Industry (FNCCI), Member of Hotel Association of Nepal (HAN), Nepal India Chamber of Commerce & Industry (NICCI), Nepal- China Chamber of Commerce & Industry (NCCCI), Nepal Britain Chamber of Commerce & Industry (NBCCI), and Nepal Institute of Company Secretaries (NICS).

THE BOARD AND CHANGES IN THE BOARD OF DIRECTORS

STRUCTURE OF THE BOARD

There are nine members in the Board of Directors including the Executive Chairman. All the Board members are non-executive Directors except the Executive Chairman and thus they do not take part in day to day operation of the hotel. The Board of Directors are from diverse



background and possess specialization and expertise in various fields like Tourism, Trade and Commerce, Insurance, Banking and Industries.

The Board sets strategic direction for the Company, identifies core business, reviews hotel's performance and approve strategic hotel operation plans, quarterly and annual performance targets, quarterly operational budgets, annual financial statements and provides constructive guidance to the hotel and Corporate Management for achieving the targeted goals and its objectives.

The Board exercises its authority within the framework of regulatory provisions, Companies Act, Securities Acts and Regulations, Memorandum and Articles of Association of the Company and other relevant Laws and Regulations of Nepal. A total of six Board Meetings were held during the fiscal year 2018/19.

CHANGES IN THE BOARD OF DIRECTORS

During the fiscal year 2018/19, there has been a change in the Board of Directors of the Company.

Mr. Vivek Bhalla has been appointed as an Alternate Director to Mr. Venkatesh Gomatam as the Alternate Nominee Director from Holiday Inns Investment (Nepal) Limited, Hong Kong. We welcome Mr. Bhalla to the Board as an Alternate Director to Mr. Gomatam.

MEETING OF THE BOARD OF DIRECTORS

The Meeting of the Board of Directors of the Company is conducted in accordance with the Companies Act, 2006 (with amendments) of Nepal and Memorandum and Articles of Association of the Company. The General Manager of Soaltee Crowne Plaza Kathmandu is a permanent invitee on the performance meetings of the Board of Directors of the Company.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2006 (2063). Total Board meeting sitting fee paid to the members of the Board of Directors of the Company during the fiscal year 2075/76 (2018/19) was Rs. 811,762/-.

MAJOR FACTORS AFFECTING THE BUSINESS OF THE COMPANY

The global economies activity remained subdued even in the first half of 2019 with trade war between US-China which started during the March 2018 still ongoing, and whose effect is spilling over even in Europe with the Germany being affected more, and the impact of Brexit in the long run remains uncertain. Economists have warned that all these factors could further slowdown the global economic growth, IMF projects a global growth at 3.2% in 2019, picking up to 3.6% in 2020. For advanced economies, growth is projected at 1.8% in 2019 and 1.7% in 2020. The emerging market and developing economy group is expected to grow at 4.1 % in 2019, rising to 4.7% in 2020. The outlook for emerging Asia remains favorable with China's growth projected to slow gradually at a forecast of 6.2% in 2019 and 6.0% in 2020 and India's growth forecast is 7.3 % in 2019 and 7.5% in 2020.

As per the World Bank's Nepal Development Update June 2019 Gross domestic product (GDP) growth in Nepal is estimated at 7.1 % in Fiscal Year 2018/19, supported by factors like speedy post-earthquake reconstruction, favorable monsoon, improved electricity supply and

increased tourists' arrivals. The service sector is likely to grow by 7.5 % due to a boost in the retail, hotel, and restaurant subsectors, driven by high tourist arrivals and remittance-fueled private consumption. In addition, high number of tourist arrivals is expected under the Visit Nepal 2020 Programme.

Travel & Tourism has dynamic role to play in economic development and job creation. In 2018 travel and tourism's direct contribution to World's GDP was 3.2% and Travel & Tourism generated approximately 123 million jobs directly in 2018 (3.8% of total employment). International tourism continues to outpace the global economy. As per the latest UNWTO World Tourism Barometer of September 2019, destinations worldwide received 671 million international tourist arrivals between January and June 2019, almost 30 million more than the same period last year. International arrivals grew by 4% in the first quarter of 2019.

Looking at Nepal's scenarios, in recent years, after being affected by the devastating earthquake of 2015, country's tourism industry is experiencing increase in tourist arrival reaching one million. Year 2018 was remarkable year for tourism sector when Nepal received one million plus tourists, the total number of foreign tourists visiting Nepal stood 1,173,072, which is 25% more than in 2017 and the total Revenue in USD from tourism stood in USD 703,179 thousand. As per the recent tourist arrival data of Nepal Tourism Board (NTB), a total of 585,531 tourists visited Nepal in the first six months of this year 2019, 12.6% more than the same period of last year, when it was recorded 490,534. Furthermore, there is an increasing trend of domestic tourists visiting different parts of the country. Needless to say, Nepal is blessed with natural beauty, heritage sites, religious places and cultural diversity. However the country is still lagging behind in attracting higher number of tourists. Factors like easy transport systems, improvement in aviation sector, easy access to tourist friendly information, innovative marketing and promotional techniques will further contribute in the growth of tourism sector. The upcoming Visit Nepal Year 2020 campaign is expected to boost the expansion of tourism services and product in new areas and help in creating new image of Nepal as the one of best tourist destinations in international tourism market thus attracting more tourists in Nepal and sustaining the growth of tourism industry.

BOARD OF DIRECTOR'S REACTION TO REMARKS MADE, IF ANY, IN THE AUDIT

The Auditors Report shows that the Company's operation, its profitability and financial position during the fiscal year under review was satisfactory. The Management has been advised to implement recommendations and suggestions of the Auditors to further improve the operating efficiency of the Company.

Further, regarding the auditors remark on balance provision of accumulated leave liability recognition, the Company has the policy to recognize the leave liability and accordingly it has been recognized in the fiscal year under review. The additional balance increased accumulated leave due to further increase in the accumulated leave of the employees shall be recognized / adjusted during the current fiscal year.



THE AMOUNT RECOMMENDED FOR DISTRIBUTION AS DIVIDEND

The Board has recommended a **Cash Dividend** distribution at the rate of **11.31578947 %** of the subscribed and paid up share capital aggregating **Rs. 82,908,002** and **Bonus Shares** at the rate of **15%** of Subscribed and Paid up Share Capital held in the Company.

SUBSIDIARY COMPANY

The Subsidiary Companies of your Company M/s H I Soaltee Hotel Company Private Limited had reported that it had not started the business yet.

Soaltee Hospitality Limited, a fully owned Subsidiary of the Company had started its business.

The Audited Financial Statements of both subsidiary Companies comprising the Directors' Report, the Balance Sheet, the Income Statement as at 16 July 2019 (31 Ashadh, 2076) and the Cash Flow Statements for the year ended 16 July 2019 (31 Ashadh, 2076) along with the Auditors' Report are appended as a part of this Annual Report for the information of shareholders in compliance with section 143 and other applicable provisions, if any, of the Companies Act, 2006 (2063).

STATUTORY AUDITORS

The Auditors of the Company Messrs **PKF T. R. Upadhya & Co.**, Chartered Accountants, Kathmandu, will be completing their consecutive 2nd year tenure with the Company at the conclusion of the ensuring 45th Annual General Meeting.

In terms of the provisions of the Companies Act, 2006 (BS 2063), Statutory auditors need to be rotated on completion of three consecutive terms. They are eligible for their re-appointment pursuant to sub section 3 of section 111 of the Companies Act, 2006 (BS 2063).

Based on due consideration and recommendation of the Audit Committee of the Board, respected shareholders are requested to approve the appointment of statutory Auditors for the Fiscal Year 2019/20 (2076/77) and fix their remuneration.

On your behalf and on behalf of the Board of Directors, we place on record our sincere appreciation for the services rendered by M/s. **PKF T. R. Upadhya & Co.**, Chartered Accountants during the fiscal year 2018/19 (2075/76).

BOARD LEVEL COMMITTEES

The Board has delegated the authority to make decisions to Board Committees in line with the Companies Act, prevailing rules and regulations and practiced corporate governance. Major Sub Committees of the Board are as follows: -

AUDIT COMMITTEE

The Audit Committee is constituted in accordance with the provisions of section 164 of the Companies Act, 2006 (BS 2063). The primary objective of the Audit Committee is to review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements, to review the internal financial control system and risk management system, to monitor, provide effective supervision and review the internal auditing activity, to recommend the names of auditor, fix the remuneration, terms and conditions of appointment of the statutory auditor and present the same in the general meeting for the ratification thereof and to perform such other terms as prescribed by the Board of Directors in respect of the accounts, financial management and audit of the Company.

The Committee comprises of **Mr. Ravi Bhakta Shrestha (Chairman)**, **Mr. Sashi Raj Pandey (Member)**, and **Mr. Niranjana Kumar Tibrewala (Member)**. The internal auditor reports functionally to the Audit Committee. The Committee met **six times** during the fiscal year 2018/19.



Total Audit Committee meeting sitting fee paid to the members of the Audit Committee of the Company during the fiscal year 2075/76 (2018/19) was Rs. 299,999/-.

The Company Secretary acts as the Secretary of the Committee.

CASINO PROPERTY LEASE COMMITTEE

The Casino Property Lease Committee consists of the four Board Members viz. Mr Dinesh Bahadur Bista, Mr Niranjana Kumar Tibrewala, Mr Rajesh Kazi Shrestha and Mr. Prakash Bikram Khatri. Mr Dinesh Bahadur Bista is the Chairman of the Casino Property Lease Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The main function of the Casino Property Lease Committee is to decide, review the Casino lease of the Company and report to the Board of Directors with its recommendation.

REMUNERATION REVISION COMMITTEE

The Remuneration Revision Committee consists of four non-executive Board Members viz. Mr Ravi Bhakta Shrestha, Convenor and, Mr Sashi Raj Pandey, Mr Niranjana Kumar Tibrewala and Mr. Prakash Bikram Khatri as Members of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The main function of the Remuneration Revision Committee is to determine the remuneration of the Executive Chairman of the Company and to report it to the Board of Directors for the recommendation to the Annual General Meeting of the shareholders for its approval.

The Committee met one time during the fiscal year 2018/19. A total Remuneration Revision Committee meeting sitting fee paid to the members during the fiscal year 2075/76 (2018/19) was Rs. 70,588/-.

INVESTMENT COMMITTEE

The Investment Committee consists of the four Board Members viz. Mr Dinesh Bahadur Bista, Mr Sashi Raj Pandey, Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri. Mr Dinesh Bahadur Bista is the Chairman of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The Investment Committee was constituted with an objective to explore and identify the possibility of investing in and operating hotels of different categories outside the valley.

INDUSTRIAL RELATIONS COMMITTEE

The Industrial Relations Committee consists of the four Board Members viz. Mr Dinesh Bahadur Bista, Mr Rajesh Kazi Shrestha, Mr Niranjana Kumar Tibrewala and Mr. Prakash Bikram Khatri. Mr Dinesh Bahadur Bista is the Chairman of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The main function of the Industrial Relations Committee is to review the industrial relations of the Company such as human resource relation and related sector of the Company and report to the Board of Directors with its recommendations.

MANAGEMENT LEVEL COMMITTEES

CORPORATE SOCIAL RESPONSIBILITY (CSR) MANAGEMENT COMMITTEE

The Board has delegated authority to the Executive Chairman to constitute a Management Level Committee for the Corporate Social Responsibility pursuant to Industrial Enterprises Act, 2074 and Regulation 2076.

A CSR Management Committee has been constituted and approved by the Board of Directors with the Convenorship of the Executive Chairman. The composition of the Committee is as under: -

1. Executive Chairman - Convener
2. The General Manager, Soaltee Crowne Plaza - Member
3. Director Finance & Business Supports, Soaltee Crowne Plaza- Member
4. Director Human Resources, Soaltee Crowne Plaza, - Member
5. Chief Accountant, Corporate Office- Member
6. Company Secretary, Corporate Office - Member
7. Director Business Development and Projects, Corporate Office - Member
8. Asst. Manager HR & Administration, Corporate Office - Member

The Company Secretary acts as the Member Secretary of the CSR Management Committee.

The main function of the CSR Management Committee is to conduct the various social activities on behalf of the Company within the CSR fund provision by the Company as per the rules and directive of the prevailing laws under Corporate Social Responsibility pursuant to Industrial Enterprises Act, Regulations and prevailing laws of Nepal. The CSR Management Committee of the Company reports to the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The Company allocated one percent of Net Profit to CSR Fund in form of Statutory reserve in the fiscal year under review in compliance with Industrial Enterprises Act , 2074 which will be utilised in the corporate social responsibility initiatives pursuant to the Industrial Enterprises Rules, 2076 and directives as may be issued by the Department of Industries.



**ADDITIONAL DISCLOSURE INFORMATION UNDER SECTION 109 (4) OF
THE COMPANIES ACT, 2063 (2006)**

IN THE EVENT OF FORFEITURE OF SHARES, DETAILS REGARDING THE NUMBER OF FORFEITED SHARES, FACE VALUE OF SUCH SHARES, TOTAL AMOUNT RECEIVED BY THE COMPANY FOR SUCH SHARES PRIOR TO THE FORFEITURE THEREOF, PROCEEDS OF SALE OF SUCH SHARES AFTER THE FORFEITURE THEREOF, AND REFUND OF AMOUNT, IF ANY, MADE FOR SUCH FORFEITED SHARES;

The Company has not forfeited any shares during the fiscal year 2075/76 (2018/19).

PROGRESS OF TRANSACTIONS OF THE COMPANY AND OF ITS SUBSIDIARY COMPANY IN THE PREVIOUS FISCAL YEAR AND REVIEW OF THE SITUATION EXISTING AT THE END OF THAT FISCAL YEAR.

The Company has two subsidiary Companies M/s H I Soaltee Hotel Company Private Limited and Soaltee Hospitality Limited, amongst the two M/s H I Soaltee Hotel Company Private Limited has not yet started operational activities.

MAJOR TRANSACTIONS CARRIED OUT BY THE COMPANY AND ITS SUBSIDIARY COMPANY DURING THE FISCAL YEAR AND ANY MATERIAL CHANGE IN THE BUSINESS OF THE COMPANY

The hospitality business as envisaged in the Memorandum of Association of the Company remained the core business of the Company; there was no change in business activities during the year, nor was there any change in the core objectives of the subsidiary Company.

INFORMATION FURNISHED TO THE COMPANY BY ITS SUBSTANTIAL SHAREHOLDERS TO THE COMPANY DURING THE FISCAL YEAR UNDER REVIEW

There has been no information received or disclosure made by the substantial shareholders of the Company to the Company during the fiscal year 2075/76 (2018/19).

PARTICULARS OF THE OWNERSHIP OF SHARES TAKEN BY THE DIRECTORS AND OFFICE-BEARERS OF THE COMPANY DURING THE PREVIOUS FISCAL YEAR, AND IN THE EVENT OF THEIR INVOLVEMENT IN SHARE TRANSACTIONS OF THE COMPANY, INFORMATION RECEIVED BY THE COMPANY FROM THEM ABOUT THEIR INVOLVEMENT;

Details of the Shares of the Company owned or acquired or Shares relinquished (sold) by the Directors and close relatives / associates of Board of Directors and Officials of the company through the Nepal Stock Exchange Limited during the Financial Year 2075/76 (2018/19) are mentioned below:-

S No	Name of the Director	Shareholders' Name	Number of Shares sold or relinquished during the Financial Year 2018/19 (2075/76)
1	Mr. Ravi Bhakta Shrestha	Mr. Ravi Bhakta Shrestha	2,00,000

To the Knowledge of the Company, the Directors, and the office bearers of the Company had not been involved in the share transactions of the Company, nor they have any information regarding any involvement in the share transactions of the Company's shares in contravention of the prevailing laws of Nepal during the fiscal year 2075/76 (2018/19).

PARTICULARS OF DISCLOSURES FURNISHED BY ANY DIRECTOR OR ANY OF HIS /HER CLOSE RELATIVES ABOUT HIS PERSONAL INTEREST IN ANY AGREEMENT CONNECTED WITH THE COMPANY DURING THE PREVIOUS FISCAL YEAR;

There is no such information furnished by the Directors and any of their close relatives in any agreements/contracts related with the Company during the fiscal year 2075/76 (2018/19).

IN THE EVENT THAT THE COMPANY HAS BOUGHT ITS OWN SHARES (BUY-BACK), THE REASONS FOR SUCH BUYBACK, NUMBER AND FACE VALUE OF SUCH SHARES, AND AMOUNT PAID BY THE COMPANY FOR SUCH BUY-BACK;

The Company has not purchased its own shares during the fiscal year 2075/76 (2018/19). The Company does not have a policy to buy back its own shares.

WHETHER OR NOT THERE IS AN INTERNAL CONTROL SYSTEM IN PLACE, IF THERE IS ANY SUCH SYSTEM DETAILS THEREOF;

The hotel, SOALTEE CROWNE PLAZA KATHMANDU follows the guidelines and system prescribed by the InterContinental Hotels Group for its Internal Control System as practiced internationally. The Company is also guided by detailed financial procedures for the Internal Control System. The following Internal Control Systems are in practice in the Company:-

- (a) Operation Manuals, Procedures and Guidelines for systematic conduct of Operations of the Hotel
- (b) Financial Policies and Accounting Guidelines
- (c) Monthly Reporting on Internal Checks and Control System of InterContinental Hotels Groups
- (d) Internal Audit Unit of the hotel to exercise adequate control on financial transactions
- (e) Internal Audit carried out by outside Independent Certified Auditors.
- (f) Periodic review of Internal Control System by the Management and Audit Committee
- (g) Computerized system of operation for front office, reservations, accounting, and inventory
- (h) Control Self-Assessment conducted by InterContinental Hotels Group every six months.

PARTICULARS OF THE TOTAL MANAGEMENT EXPENSES DURING THE PREVIOUS FISCAL YEAR

Sln	Particulars	Amount Rs.	
		This Year 2018/19 (2075/76)	Previous Year 2017/18 (2074/75)
1	Staff Expenses	551,006,843	499,410,727
2	Operating (Management) Expenses	220,807,028	188,466,756
	Total	771,813,871	687,877,483

The total Management expenses for the fiscal year 2075/76 (2018/19) has increased by 12.20%.



A LIST OF THE MEMBERS OF THE AUDIT COMMITTEE, REMUNERATIONS, ALLOWANCES AND FACILITIES BEING RECEIVED BY THEM, PARTICULARS OF FUNCTIONS DISCHARGED BY THE COMMITTEE, AND DETAILS OF SUGGESTIONS, IF ANY, MADE BY THAT COMMITTEE;

The Company has an Audit Committee comprising of the following members of the Board of Directors:-

Sln	Particulars	Capacity / Position
1	Mr. Ravi Bhakta Shrestha	Chairperson
2	Mr. Sashi Raj Pandey	Member
3	Mr. Niranjana Kumar Tibrewala	Member

All other members of the Audit Committee are non-executive Director thus ensuring complete independence.

The Audit Committee meets on quarterly basis and reviews internal and external audit reports, control and compliance issues, the Company's financial condition, outstanding receivable etc. The Audit Committee provides feedback to Board of Directors by tabling Audit Committee meeting minutes at the subsequent Board meeting for review.

During the fiscal year under review, the Audit Committee invited the Independent Statutory Auditors, the Independent Internal Auditors, the Executive Chairman, the General Manager, Chief Accountant, Director of Finance and Business Supports, Manager Finance (Corporate), Credit Manager / Assistant Credit Manager to the its Meetings. The preliminary statutory audit report is presented before the Audit Committee by the Independent Statutory Auditors. The Company Secretary acts as the Secretary to the Committee.

During the fiscal year 2075/76 (2018/19) Audit Committee performed the following tasks:-

- (a) Quarterly review were conducted on outstanding receivables of the hotel and appropriate measures were advised to the Management to recover the old pending receivable and to deal properly with debtors; and necessary instructions were also given to the management to keep receivable under control.
- (b) The Audit Committee reviewed the preliminary statutory audit report of the statutory auditors along with the Annual Financial Statements of the fiscal year 2075/76 (2018/19) of the Company and recommended to the Board for adoption.
- (c) Quarterly reviewed the Internal Audit reports and discussions made on the issues raised in the reports and directed the management for resolution.
- (d) The Audit Committee reviewed the performance of the Internal Auditors and made recommendation for the appointment of the independent Internal Auditors of the Company and their remuneration for the fiscal year 2075/76 (2018/19).
- (e) The Committee informed the Board of Directors that the Management had taken all possible necessary actions to recover the old outstanding receivables and the status on recovery of the old receivables had been satisfactory.
- (f) The Committee reported to the Board of Directors about its meeting and various recommendations and directions issued to the Management to be implemented in quarterly basis.



- (g) The Audit Committee recommended the appointment of Statutory Auditors and their remunerations to the 44th Annual General Meeting of the shareholders of the Company.

The Board of Directors are pleased to report that the Management has implemented or is in the process of the implementation of most of the recommendations; and its status is found to be satisfactory.

The Committee Members are glad to report that during the fiscal year 2075/76 (2018/19) no major issues have been reported in the Internal Audit Reports of the Company. The Internal Control System of the Company has been reported to be satisfactory.

PAYMENTS DUE, IF ANY, TO THE COMPANY FROM ANY DIRECTOR, MANAGING DIRECTOR CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR CLOSE RELATIVES, OR FROM ANY FIRM, COMPANY, CORPORATE BODY IN WHICH HE/SHE IS INVOLVED;

A sum of Rs. 31.71 million (previous year Rs. 23.31 million) is outstanding receivable to be received from Nepal Airlines Corporation (NAC) which has got corporate share ownership of the Company. The amount pertains to dues receivables against catering to NAC on board flights by LSG Sky Chef – Flight Catering Unit of the Company. The Company has business relationship with NAC for over a number of years in the past.

AMOUNT OF REMUNERATIONS, ALLOWANCES, AND FACILITIES PAID TO THE DIRECTORS, THE MANAGING DIRECTOR, THE CHIEF EXECUTIVE, AND OFFICE-BEARERS;

The Directors have not been paid any remuneration, allowances, and facilities except meeting fees of Rs. 15,000/- net of taxes per sitting. The total meeting fees paid during the financial year 2075/76 (2018/19) to the non-executive Board of Directors was Rs. 1,182,349/-. The remuneration, allowances and other facilities paid to the Executive Chairman, the General Manager and Managers of the Company during the fiscal year 2075/76 (2018/19) was Rs. 143,628,278/-.

The Company also provides an office car to the Executive Chairman and the General Manager with a driver, fuel, and maintenance as other facilities.

AMOUNT OF DIVIDENDS REMAINING UNCLAIMED BY THE SHAREHOLDERS;

The dividend yet to be collected by the Shareholders amounts to total Rs. 9,078,785/- (previous year Rs. 6,534,596 /-) as on 16 July 2019 (31 Ashadh 2076) for the fiscal year which include dividends not collected from the fiscal year 1992/93 to 2017/18 (2049/50 to 2074/75). Out of above mentioned unclaimed dividends, Rs. 1,408,833/- (previous year Rs. 1,323,175 /-) pertains to the fiscal years from 1992/93 to 2012/13 (2049/50 to 2069/70) - periods more than five years from the dates of declaration.

Under the Companies law, the dividend not claimed / received by any shareholder even after a period of five years from the date of resolution adopted by the Company in its Annual General Meeting to distribute dividend should be deposited to the Investor Protection Fund to be



established by the Government of Nepal. Therefore, shareholders who have not yet collected their Dividend relating to the above fiscal years are requested to kindly contact the Registered Office of the Company at Tahachal, Kathmandu, Nepal.

DETAILS OF SALE AND PURCHASE OF PROPERTIES PURSUANT TO SECTION 141 OF THE COMPANIES ACT, 2006 (2063);

No Acquisition and Sales of properties in pursuant to section 141 of the Companies Act, 2006 (2063) took place during the Fiscal year 2075/76 (2018/19).

DETAILS OF THE TRANSACTIONS CARRIED ON BETWEEN THE ASSOCIATED COMPANIES PURSUANT TO SECTION 175 OF THE COMPANIES ACT, 2006 (2063);

No transaction between associated Companies in pursuant to section 175 of the Companies Act, 2006 (2063) took place during the fiscal year 2075/76 (2018/19).

ANY OTHER MATTERS REQUIRED TO BE SET OUT IN THE REPORT OF BOARD OF DIRECTORS UNDER THE COMPANIES ACT, 2006 (2063) AND THE PREVAILING LAWS OF NEPAL;

There are no other matters to be disclosed in the Director's Report of the Board of Directors in pursuant to the Companies Act, 2006 (2063) and the prevailing law of Nepal during fiscal year 2075/76 (2018/19).

OTHER NECESSARY MATTERS;

There are no other necessary matters to be disclosed by the Board of Directors.

DISCLOSURES RELATED TO SUB RULE (2) OF RULE 26 OF SECURITIES REGISTRATION AND ISSUANCE REGULATION, 2073 (2016) (SCHEDULE 15):

REPORT OF BOARD OF DIRECTORS:

Report of the Board of Directors is included in the Annual Report 2075/76 (2018/19) under Director's Report section heading.

AUDITOR'S REPORT:

The Auditor's Report is included in the Annual Report 2075/76 (2018/19) under Auditors Report section heading.

AUDITED FINANCIAL REPORTS:

The Audited Financial Reports comprising the Balance Sheet, Income Statement (Profit and Loss Account), and Cash Flow Statement, Changes in Equity and Notes to Accounts and related Schedules of the Financial Statements of the Company appended under respective section heading of the Annual Report 2075/76 (2018/19).

LEGAL PROCEEDINGS:

- (a) No Law-suit filed by or against the corporate body during the quarterly period.
- (b) Law-suit filed by or against the promoter or director of the corporate body involving violations of statutory regulations or criminal offences;

The Company has not received any such information during the fiscal year 2075/76 (2018/19).



(c) Law-suit filed against any promoters or directors for committing economic crimes;

The Company has not received any such information during the fiscal year 2075/76 (2018/19).

ANALYSIS OF STOCK TRANSACTION PERFORMANCE OF THE CORPORATE BODY:

(a) **MANAGEMENT'S VIEW ON THE PERFORMANCE OF THE STOCKS OF THE CORPORATE BODY IN THE STOCK EXCHANGE:-**

Since price and transactions of the shares of the Company are, being determined by the open share market operations through Nepal Stock Exchange Ltd. (NEPSE) Management's view on the performance of the stocks of the Company is neutral.

(b) **MAXIMUM, MINIMUM AND CLOSING PRICE OF THE STOCKS OF THE CORPORATE BODY DURING EACH QUARTER OF THE PRECEDING YEAR ALONG WITH TOTAL VOLUME OF TRADING OF SHARES AND NUMBER OF DAYS TRADED:-**

Maximum, Minimum, and Closing price of the stocks of the Company, total volume of transacted shares, total number of transactions and days transacted during each quarter of the Fiscal year 2075/76 (2018/19) are under mentioned: -

Quarters of FY 2075/76 (2018/19)	Share Price (Rupees) 2075/76 (2018/19) Share Price (Face value of Rs. 10 each Share)			Fiscal Year 2075/76 (2018/19) Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
1ST QUARTER (END OF ASHWIN 2075)	259	230	248	61	444	440,983
2ND QUARTER (END OF POUISH 2075)	265	199	205	59	755	470,945
3RD QUARTER (END OF CHAITRA 2075)	215	200	206	59	444	264,933
4TH QUARTER (END OF ASHADH 2076)	259	206	244	64	1,568	622,380
	TOTAL			243	3,211	1,799,241

(SOURCE: NEPAL STOCK EXCHANGE LTD.)

PROBLEMS AND CHALLENGES:-

(A) INTERNAL

The Company has got no internal problems.

(B) EXTERNAL

- (i) Rise in cost of operation, scarcity of potable water, increasing cost of human resources, goods and services, energy, and cost of products and services;
- (ii) Over supply of rooms due to new properties coming in operation, however demand is not growing accordingly. The gap between supply and demand of rooms is ever widening.
- (iii) Adverse effects to the tourism because of unfavorable global incidents;
- (iv) Political instability and disturbances, and lack of tourism infrastructures and Government policy;
- (v) Natural disasters such as earthquake and other catastrophes;

**STRATEGY:**

- (i) Develop a customer oriented services culture – emphasis on customer care and convenience;
- (ii) Increase market share by following disciplined growth strategy;
- (iii) Develop innovative products and services that attracts customers and market segments;
- (iv) Upgrade the infrastructures of the hotel and continue to develop products and services that reduce cost of funds and explore new avenues for growth and profitability;
- (v) Explore possibility of investing or operating hotels outside Kathmandu;
- (vi) Achieve service excellence and continue enhancement in products and services to exceed customer expectations;

CORPORATE GOVERNANCE:**MANAGEMENT'S INITIATIVES TOWARDS GOOD CORPORATE GOVERNANCE:**

Transparency and accountability are the two basic tenets of Corporate Governance. The Board of Directors are committed to sound principles of Corporate Governance in the Company. The Board of Directors of Company are pleased to report that during the year ended 16 July 2019, the Company had complied and followed the corporate governance, which includes: -

- (a) The Company has been complying with the Acts, Directives, Guidelines, and Regulations and Byelaws issued by Government of Nepal, Security Board of Nepal, Nepal Stock Exchange Ltd., and CDS & Clearing Ltd. regarding Corporate Governance.
- (b) Board of Directors and its Committees' (Audit Committee of the Board) meeting are held on regular basis.
- (c) Adequately experienced core Management team
- (d) Regular Executive Committee meetings to review the operational activities and progress in various areas of hotel operation
- (e) Adequate Internal Control System, policies, procedures, manuals of the Company and InterContinental Hotels Group and compliance of the relevant laws
- (f) The Company has an external independent Internal Auditors who carries out an internal audit for the review, checking the compliances and internal control system, procedures and policies of the Company and provide independent information on the internal control. The independent Internal Auditors reports directly to the Audit Committee. The Company also has its own Internal Audit unit, which carries out internal review of the hotel.
- (g) Adequate compliances of the regulatory requirement of Company to the Office of Company Registrar, SEBON, NEPSE, CDS & Clearing, Nepal Rastra Bank and Ministry of Tourism & Civil Aviation etc.



SUMMARY OF THE COMPLIANCE REPORT CONTAINING MAJOR POINTS OF REPORT UNDER CLAUSE 20(3) OF THE CORPORATE GOOD GOVERNANCE DIRECTIVES ISSUED FOR LISTED INSTITUTION, 2074 TO BE PLACED IN THE ANNUAL REPORT

The Company Secretary acts a Compliance Officer, who oversees overall compliance function in the Company. For the period under review, compliance status of the Company with respect to the Companies Act, 2063, Securities Act, 2063, its rules and Corporate Governance Directives issued for listed Institutions, 2074 has been found at good level.

Glimpse of compliance status as per the compliance report is furnished below:

- The Company did not make any public offering or right issue in the FY 2075/76, hence the provisions to be fulfilled in those respects are not applicable.
- The bonus share issued by the Company is listed with SEBON.
- The Company has submitted requisite reports to the concerned regulatory bodies within the specified timeline and in the manner as prescribed in the relevant directives, law, rules and regulations. The Company has maintained proper recording of the transactions as per the prevailing laws.
- The Company has disclosed all the information with regulators which supplements and requires for assessment of financial position of the Company.
- None of the Directors, employees, shareholders or professional service providers to the Company or any other person having direct or indirect contact with them has been found involved in insider trading.
- The Company has published quarterly financial statements along with the information required to be disclosed.
- Provisions regarding election, nomination of directors/independent directors and their tenure have been found as per the provisions of prevailing laws applicable for the Company and Articles Association and Memorandum of Association of the Company.
- Compliance to the Directions and Directives issued by the regulatory body from time to time and all the requirements of prevailing acts and regulations including directions have been duly complied.

(Note: This is only the summary of the report approved by the Board and Certified by the Statuary Auditor. The Detail Report has been submitted to SEBON.)

ACKNOWLEDGEMENTS

The Board of Directors wishes to express its gratitude to the respected shareholders at large for their valuable insight, guidance, co-operation and support through their personal inputs and their active participation in our Annual General Meetings. The Board of Directors extends sincere appreciation and gratitude to all our valued customers, travel agencies, airlines, vendors, consultants, contractors, suppliers, service providers, banks, business associates, and other agencies for their continued supports, cooperation and patronage to the Company during the fiscal year. We place on record our appreciation of the contribution made by employees at all levels for their dedicated services to this Company.

The Board of Directors would like to express its gratitude to the Government of Nepal, Nepal



Rastra Bank, and other Government agencies and regulatory authorities for their support, guidance, cooperation and look forward to their continued support in the future.

DINESH BAHADUR BISTA
EXECUTIVE CHAIRMAN

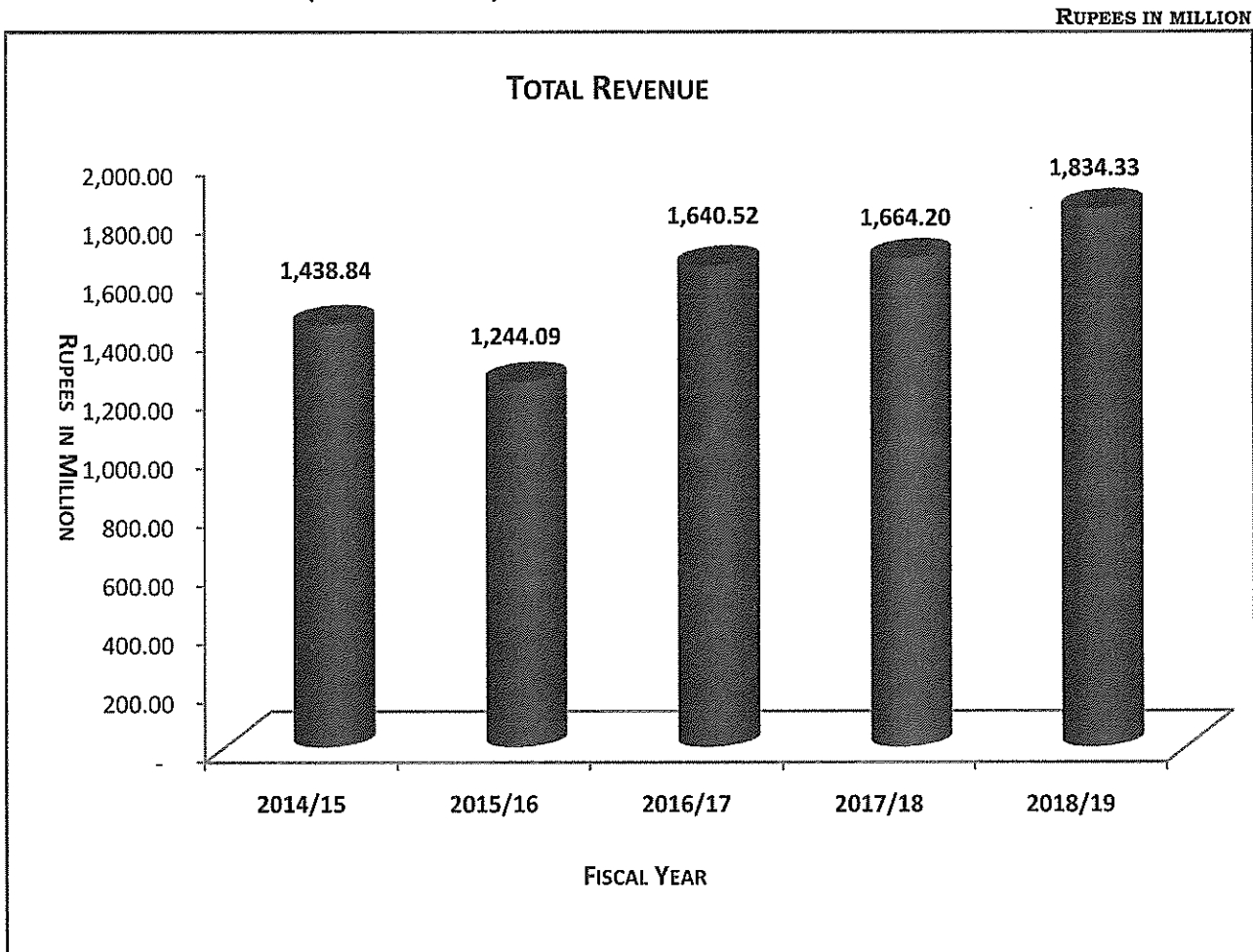
GANESH BAHADUR CHAND
VENKATESH GOMATAM
PRAKASH BIKRAM KHATRI
SASHI RAJ PANDEY
JAYA RAJYA LAXMI SHAH
RAVI BHAKTA SHRESTHA
RAJESH KAZI SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Date: 18th November 2019
(2nd Mangsir 2076)
Place: Kathmandu

**SOALTEE HOTEL LIMITED****FINANCIAL HIGHLIGHTS**

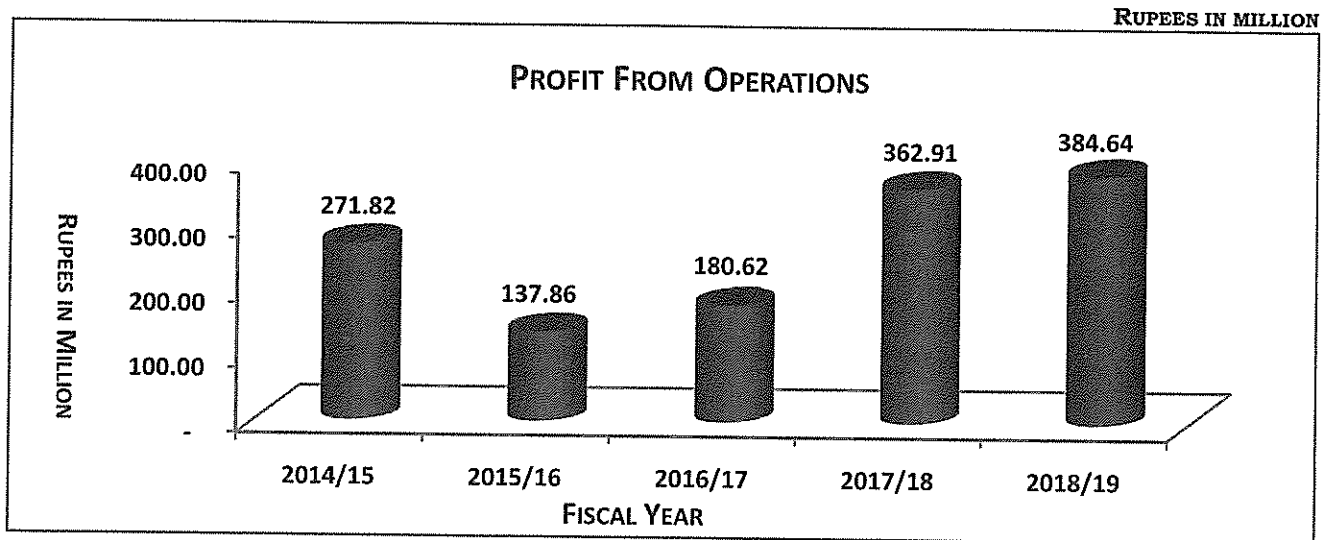
The major performance indicators comparative figures of the Company for the last five years are summarized as under:

PARTICULARS	RUPEES IN MILLION				
	FINANCIAL YEAR				
	2018/19	2017/18	2016/17	2015/16	2014/15
TOTAL REVENUE	1,834.33	1,664.20	1,640.52	1,244.09	1,438.84
TOTAL EXPENDITURE	1,449.69	1,301.29	1,459.90	1,106.23	1,167.02
PROFIT FROM OPERATIONS	384.64	362.91	180.62	137.86	271.82
LESS: FINANCE COST	0.73	0.82	0.70	0.61	0.27
PROFIT BEFORE TAXES	383.91	362.09	179.92	137.25	271.55
LESS: PROVISION FOR INCOME TAX	78.00	70.32	48.76	31.34	56.77
LESS: DEFERRED TAX EXPENSES/(INCOME)	6.90	12.54	(7.57)	6.03	(5.32)
NET PROFIT AFTER TAXATION	299.01	279.23	138.73	99.88	220.10
NET TRANSFER TO RESERVES FOR THE YEAR	299.01	279.23	138.73	99.88	220.10

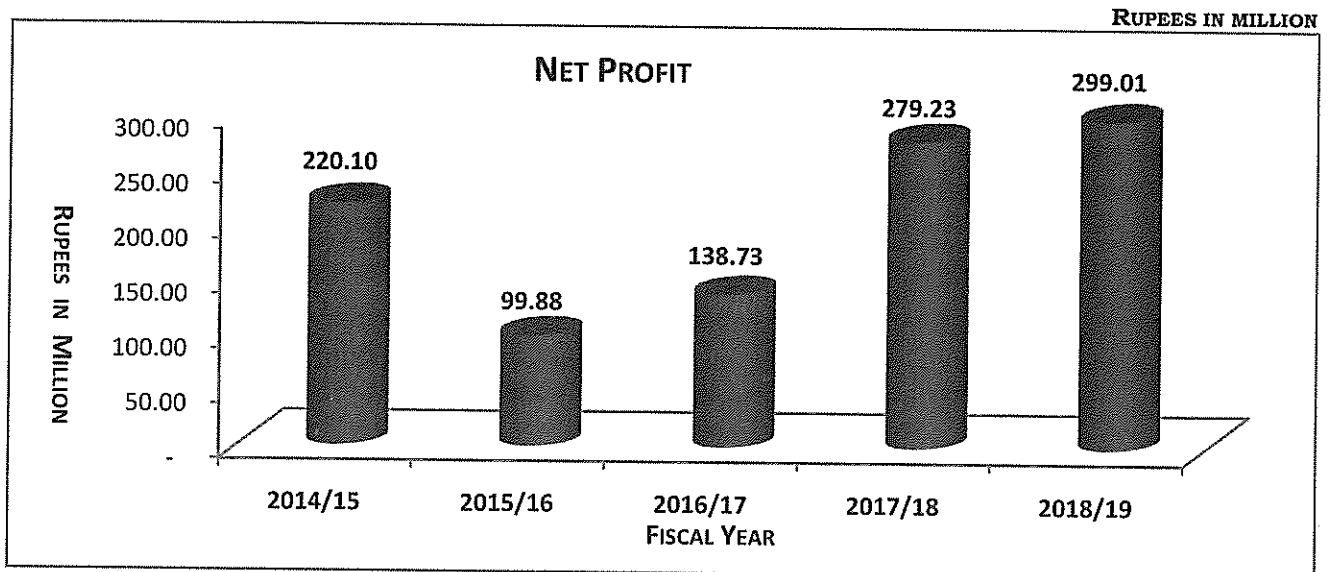
GRAPH: TOTAL REVENUE (TOTAL INCOME)



GRAPH: PROFIT FROM OPERATIONS



GRAPH: NET PROFIT



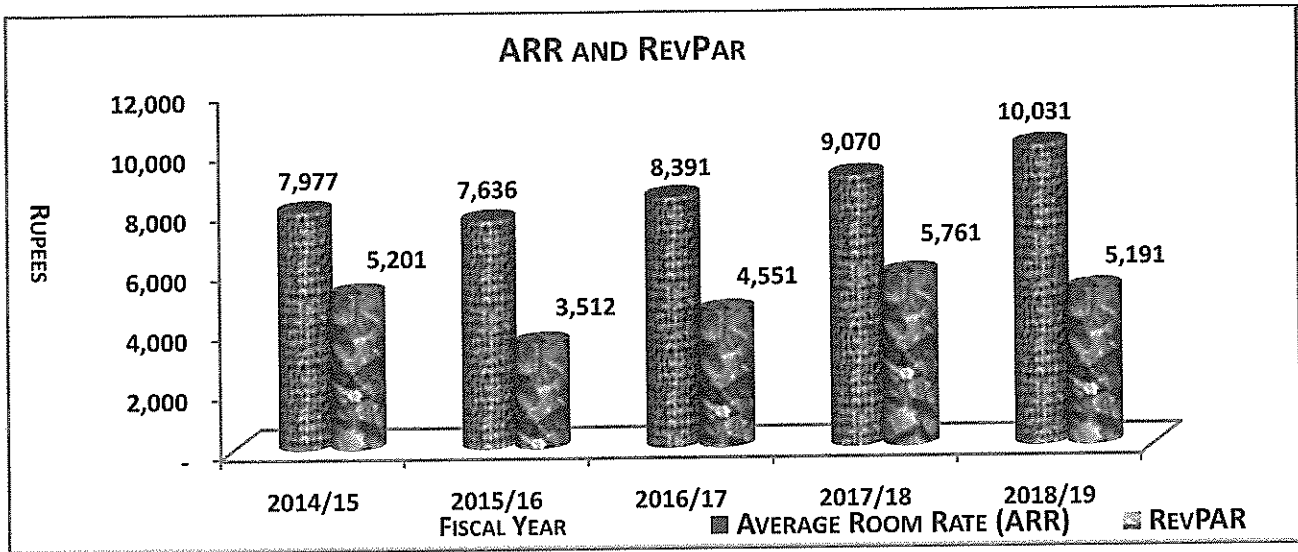
ROOM REVENUE, OCCUPANCY, AVERAGE ROOM RATE (ARR) AND REVPAR

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2017/18)
	2018/19	2017/18	2016/17	2015/16	2014/15	
ROOM COUNT	282	210	282	282	282	34.29%
ROOM REVENUE (RS. IN MILLIONS)	534.34	442.42	468.40	361.52	524.72	20.78%
ROOM AVAILABLE	102,930	76,797	102,930	102,930	100,884	34.03%
SALEABLE ROOM	102,930	76,797	102,930	102,930	100,884	34.03%
ROOM OCCUPIED	53,271	48,779	55,820	47,341	65,781	9.21%
OCCUPANCY PERCENTAGE	51.75%	63.52%	54.23%	45.99%	65.20%	(11.76%)
AVERAGE ROOM RATE (ARR) Rs.	10,031	9,070	8,391	7,636	7,977	10.59%
REVPAR (REVENUE PER AVAILABLE ROOM) Rs.	5,191	5,761	4,551	3,512	5,201	(9.89%)



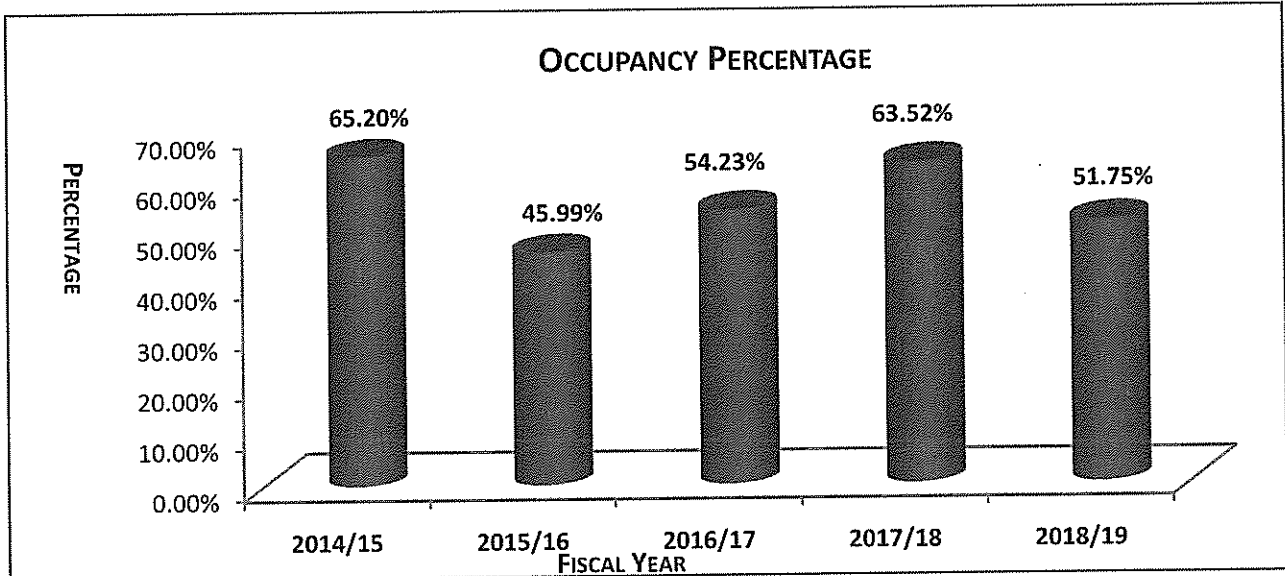
GRAPH- AVERAGE ROOM REVENUE (ARR) AND REVPAR

IN RUPEES



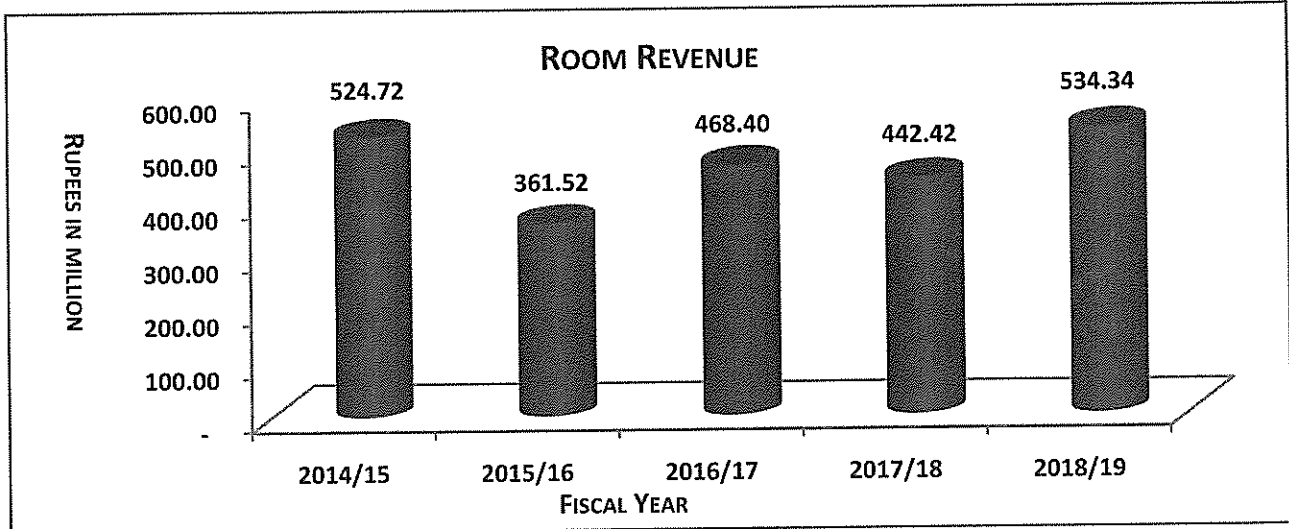
GRAPH - OCCUPANCY PERCENTAGE

IN PERCENTAGE



GRAPH - ROOM REVENUE

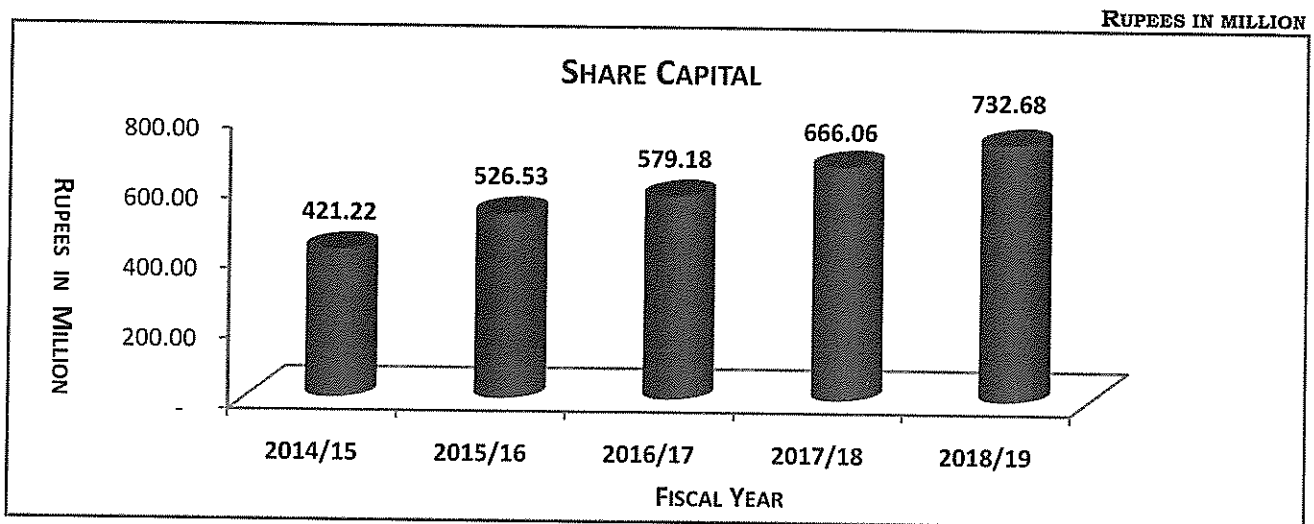
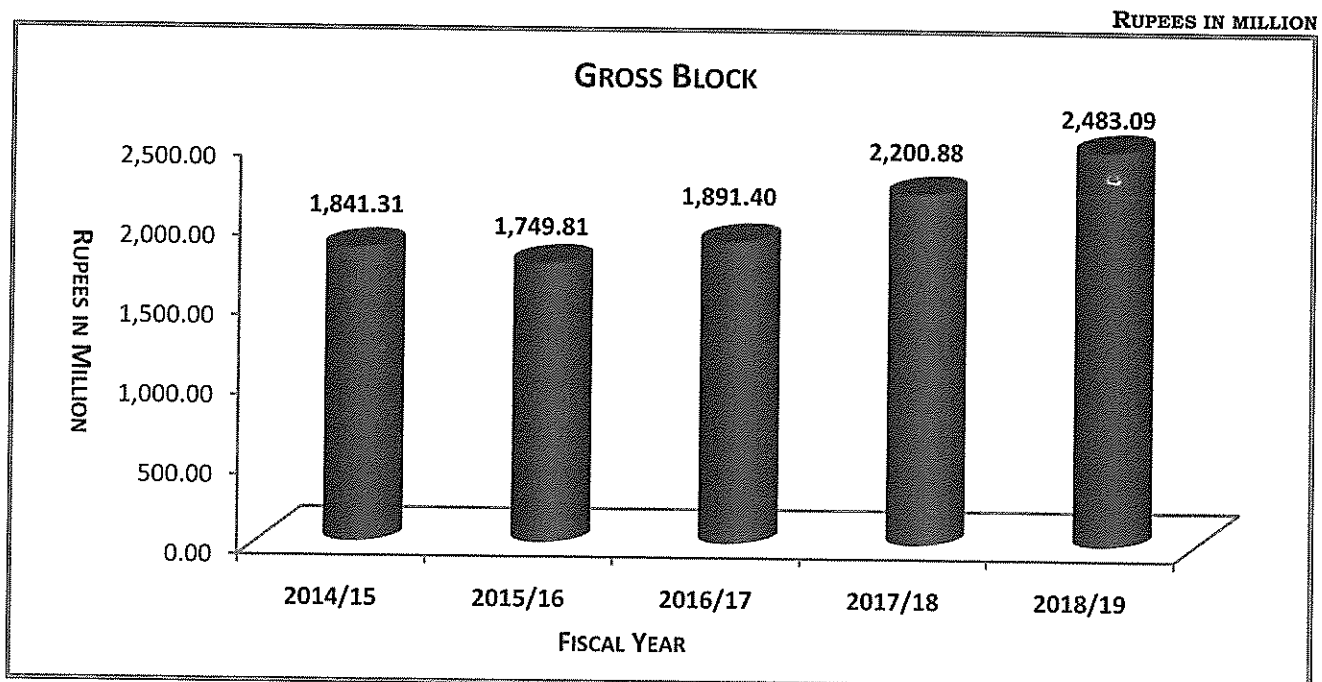
RUPEES IN MILLION



**FINANCIAL HIGHLIGHTS**

The following are the comparative figures which highlight the Company's performance for last five years: -

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2017/18)
	2018/19	2017/18	2016/17	2015/16	2014/15	
SHARE CAPITAL	732.68	666.06	579.18	526.53	421.22	10.00%
FIXED ASSETS GROSS BLOCK	2,483.09	2,200.88	1,891.40	1,749.81	1,841.31	12.82%
TOTAL REVENUE	1,834.33	1,664.20	1,640.52	1,244.09	1,438.84	10.22%
PROFIT FROM OPERATIONS	384.64	362.91	180.62	137.86	271.82	5.99%
NET PROFIT/ (Loss)	299.01	279.23	138.73	99.88	220.10	7.08%

GRAPH: FINANCIAL HIGHLIGHTS SHARE CAPITAL**GRAPH: FINANCIAL HIGHLIGHTS – FIXED ASSETS GROSS BLOCK**

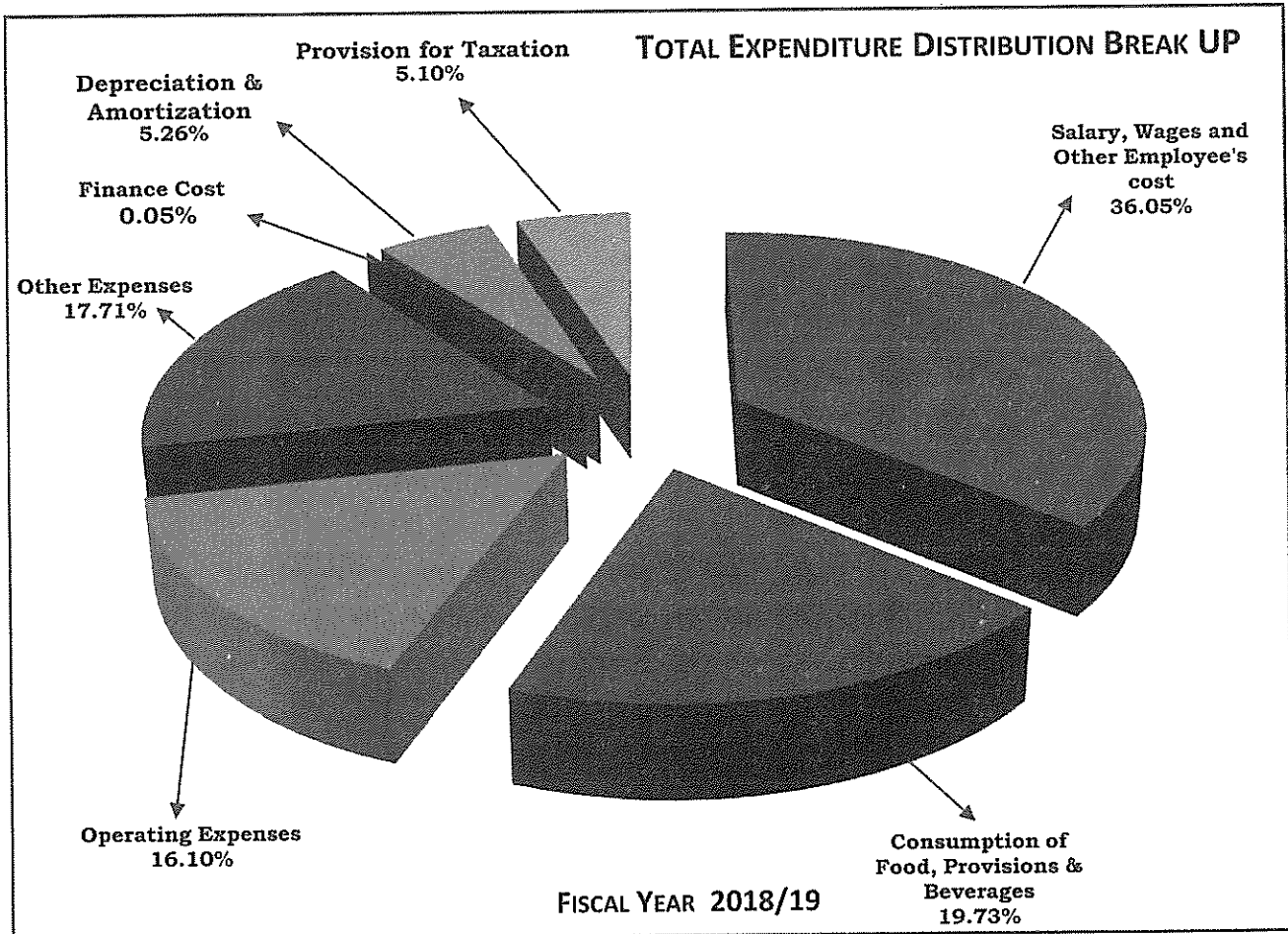
FINANCIAL HIGHLIGHTS – TOTAL EXPENDITURE DISTRIBUTION BREAK UP

The following are the break up for Total Expenses made: -

PARTICULARS	CURRENT YEAR (2018/19)	
	RUPEES IN MILLION	PERCENTAGE (%) IN BREAK UP
SALARY, ALLOWANCES, WAGES & OTHER EMPLOYEES RELATED EXPENSES	551.01	36.05%
CONSUMPTION OF FOOD, PROVISIONS AND BEVERAGES	301.55	19.73%
OPERATING EXPENSES	246.06	16.10%
OTHER EXPENSES	270.70	17.71%
FINANCE COST	0.73	0.05%
DEPRECIATION & AMORTIZATION	80.37	5.26%
PROVISION FOR TAXATION	78.00	5.10%
TOTAL EXPENDITURE	1,528.42	100.00%

GRAPH: FINANCIAL HIGHLIGHTS –DISTRIBUTION BREAK UP OF TOTAL EXPENSES

IN PERCENTAGE

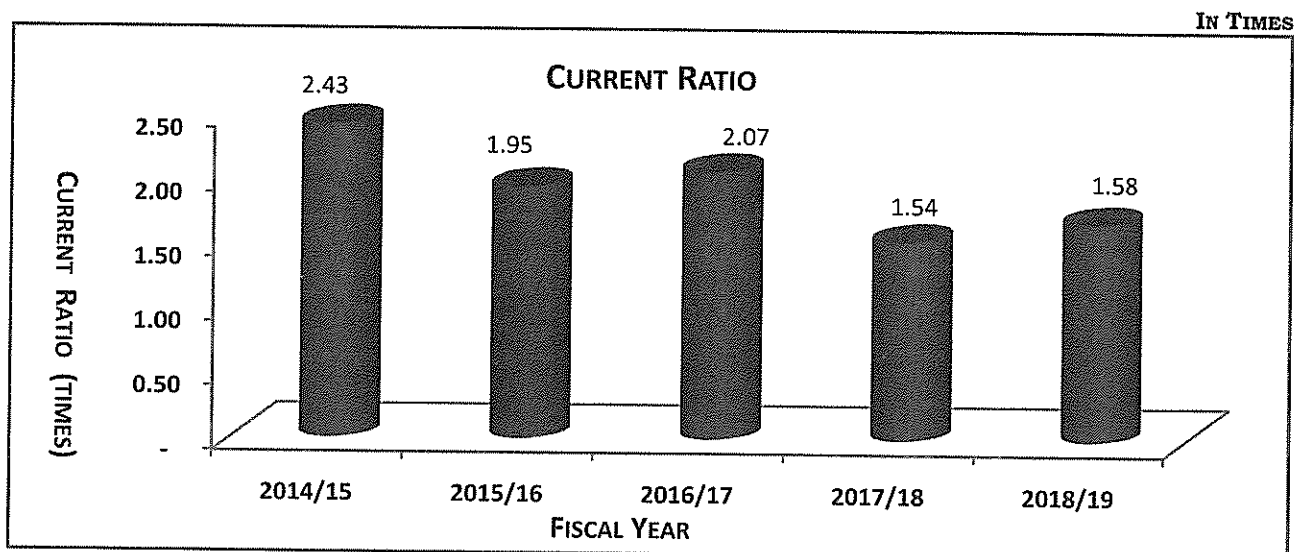


**MAJOR FINANCIAL INDICATORS**

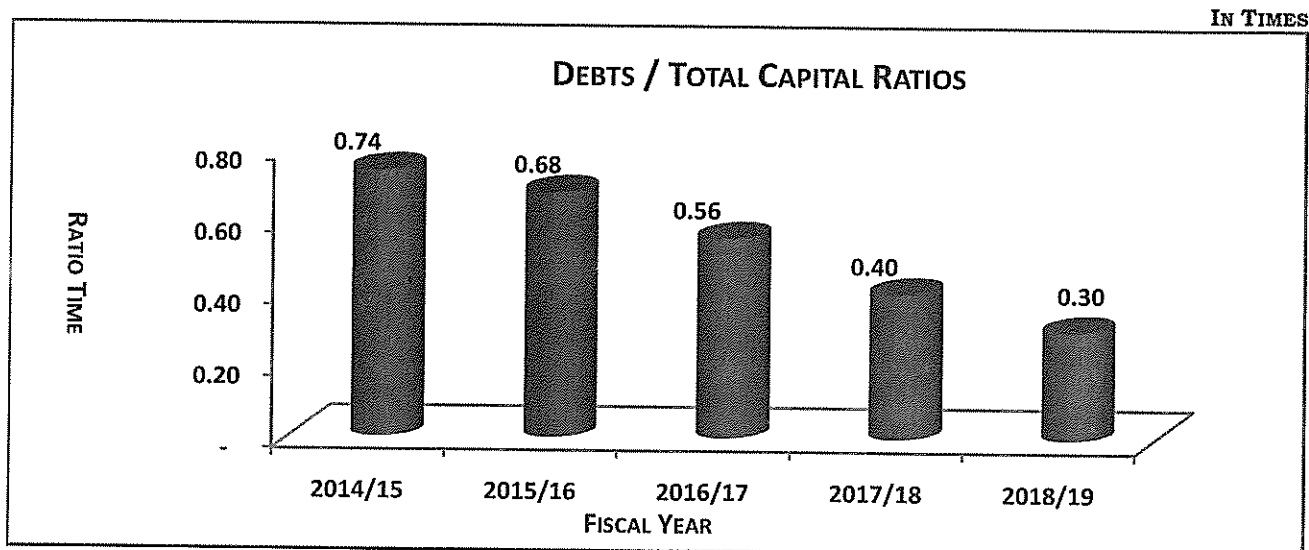
The following are the comparative figures for major Financial Indicators which show the performance of the Company for last five years: -

PARTICULARS	FINANCIAL YEAR				
	2018/19	2017/18	2016/17	2015/16	2014/15
DEBT EQUITY RATIO	0.01	0.01	0.01	0.01	0.01
RETURN ON EQUITY SHAREHOLDERS FUND	0.18	0.19	0.12	0.09	0.19
EARNINGS PER SHARE (Rs)	4.08	4.19	2.40	1.90	5.23
NET WORTH PER SHARE (Rs)	22.22	21.59	20.63	21.17	27.65
GROSS ASSETS VALUE PER SHARE (Rs)	33.76	33.44	33.33	34.80	43.54
MARKET VALUE PER SHARE (SHARE OF RS. 10 EACH)	244.00	243.00	361.00	375.00	425.00
PRICE EARNINGS RATIO (TIMES)	59.79	57.96	150.71	197.68	81.34
CURRENT RATIO	1.58	1.54	2.07	1.95	2.43
DEBTS/CAPITAL EMPLOYED RATIO (TIMES)	0.30	0.40	0.56	0.68	0.74

GRAPH: FINANCIAL HIGHLIGHTS - LIQUIDITY AND CASH POSITION: CURRENT RATIO



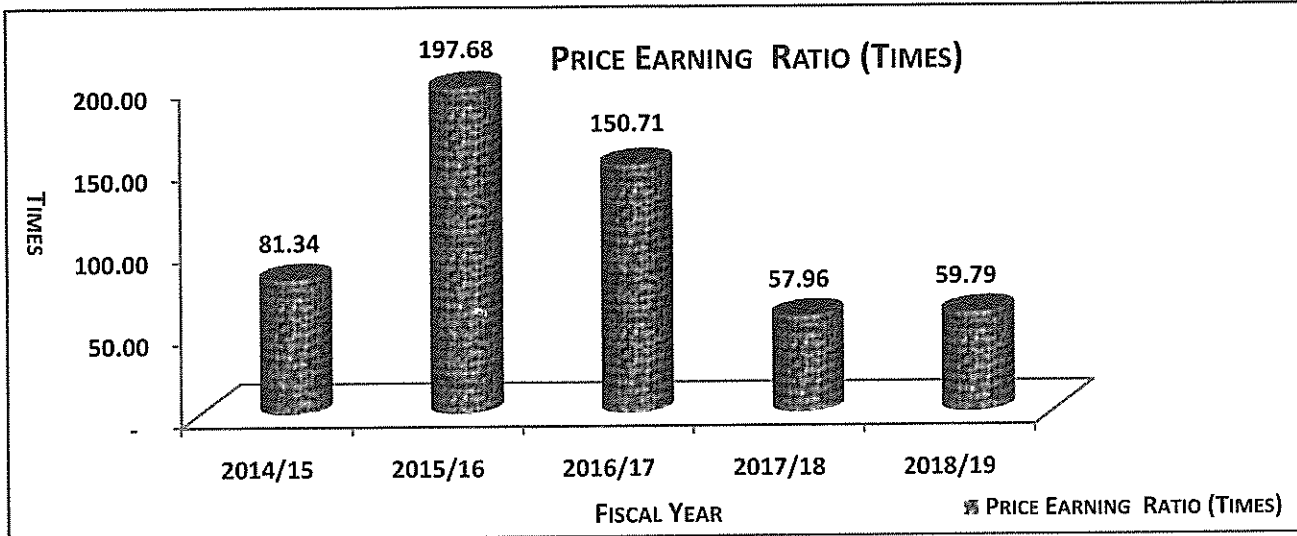
GRAPH: FINANCIAL HIGHLIGHTS - DEBTS / TOTAL CAPITAL RATIO





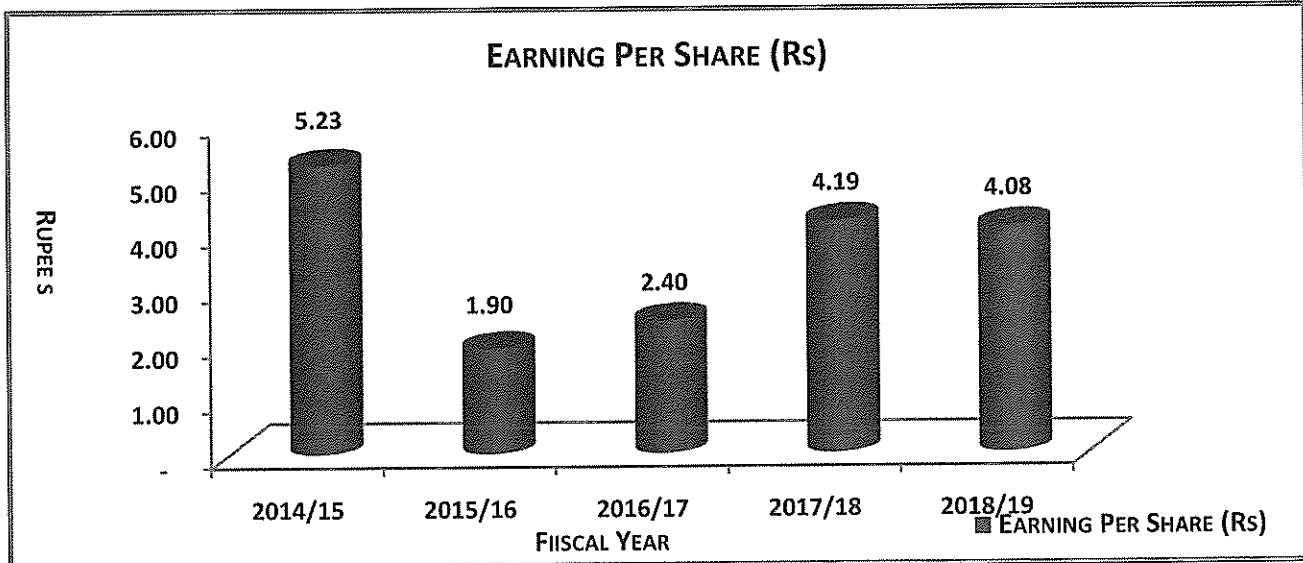
GRAPH: FINANCIAL HIGHLIGHTS – PRICE EARNINGS RATIO

IN TIMES



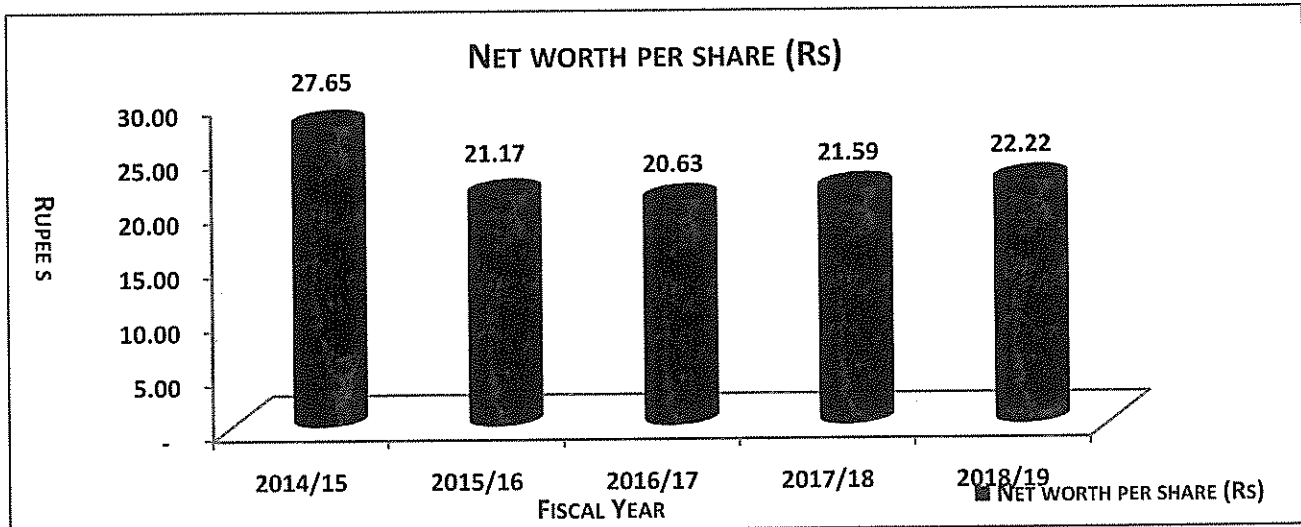
GRAPH: FINANCIAL HIGHLIGHTS – EARNINGS PER SHARE

IN RUPEES



GRAPH: FINANCIAL HIGHLIGHTS – NET WORTH PER SHARE

IN RUPEES



**FINANCIAL HIGHLIGHTS - GEARING RATIO, CURRENT ASSETS, LIABILITIES AND CAPITAL EMPLOYED**

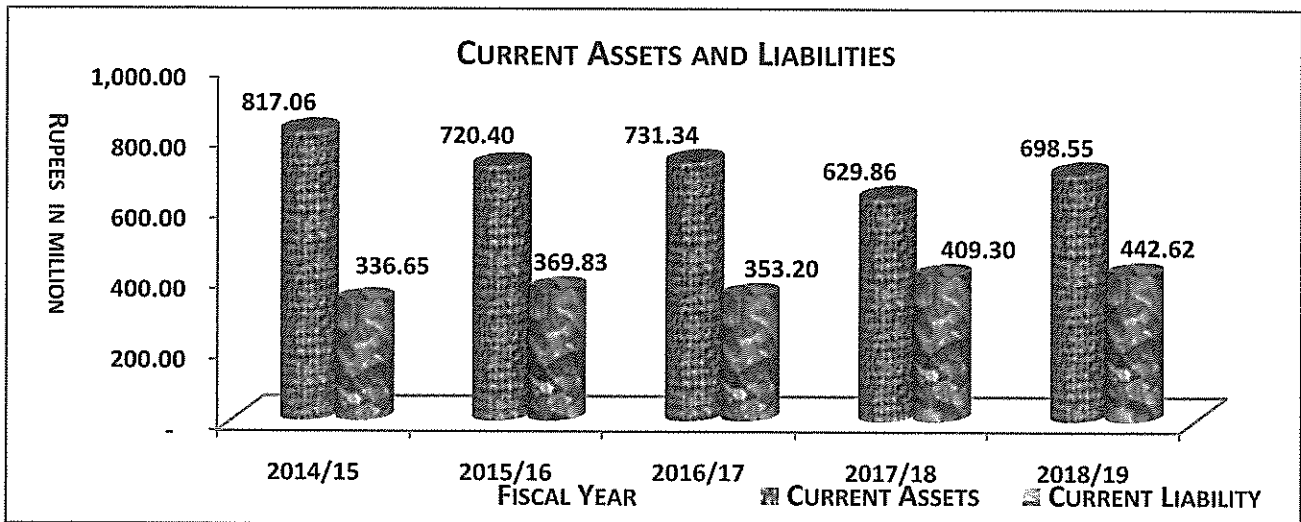
The Debts and total capital employed in the Company for last five years are enlisted below with a comparison on current ratio which shows the Company's ability to meet its current obligations: -

RUPEES IN MILLION

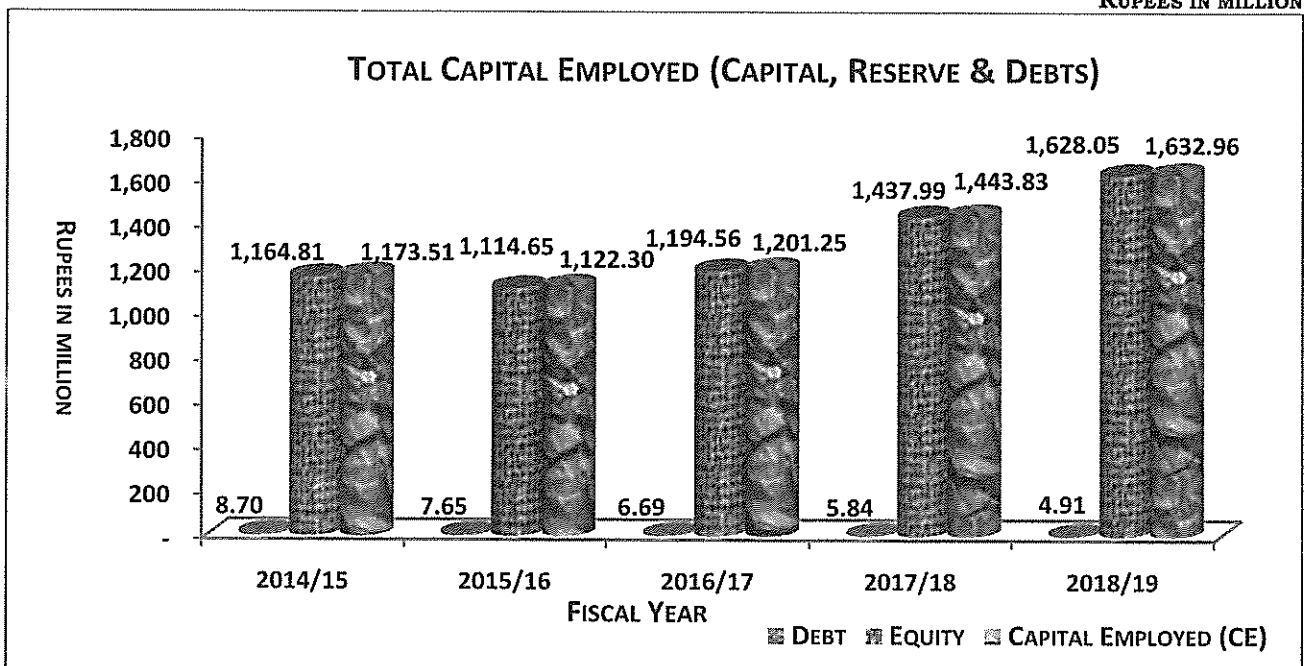
PARTICULARS	FINANCIAL YEAR				
	2018/19	2017/18	2016/17	2015/16	2014/15
CURRENT ASSETS	698.55	629.86	731.34	720.40	817.06
CURRENT LIABILITY	442.62	409.30	353.20	369.83	336.65
DEBTS	4.91	5.84	6.69	7.65	8.70
TOTAL EQUITY	1,628.05	1,437.99	1,194.56	1,114.65	1,164.81
CAPITAL EMPLOYED (CE) (SHARE CAPITAL + RESERVES + DEBTS)	1,632.96	1,443.83	1,201.25	1,122.30	1,173.51

GRAPH: FINANCIAL HIGHLIGHTS - CURRENT ASSETS AND CURRENT LIABILITIES

RUPEES IN MILLION

**GRAPH: FINANCIAL HIGHLIGHTS - TOTAL CAPITAL EMPLOYED (SHARE CAPITAL, RESERVE & DEBTS)**

RUPEES IN MILLION



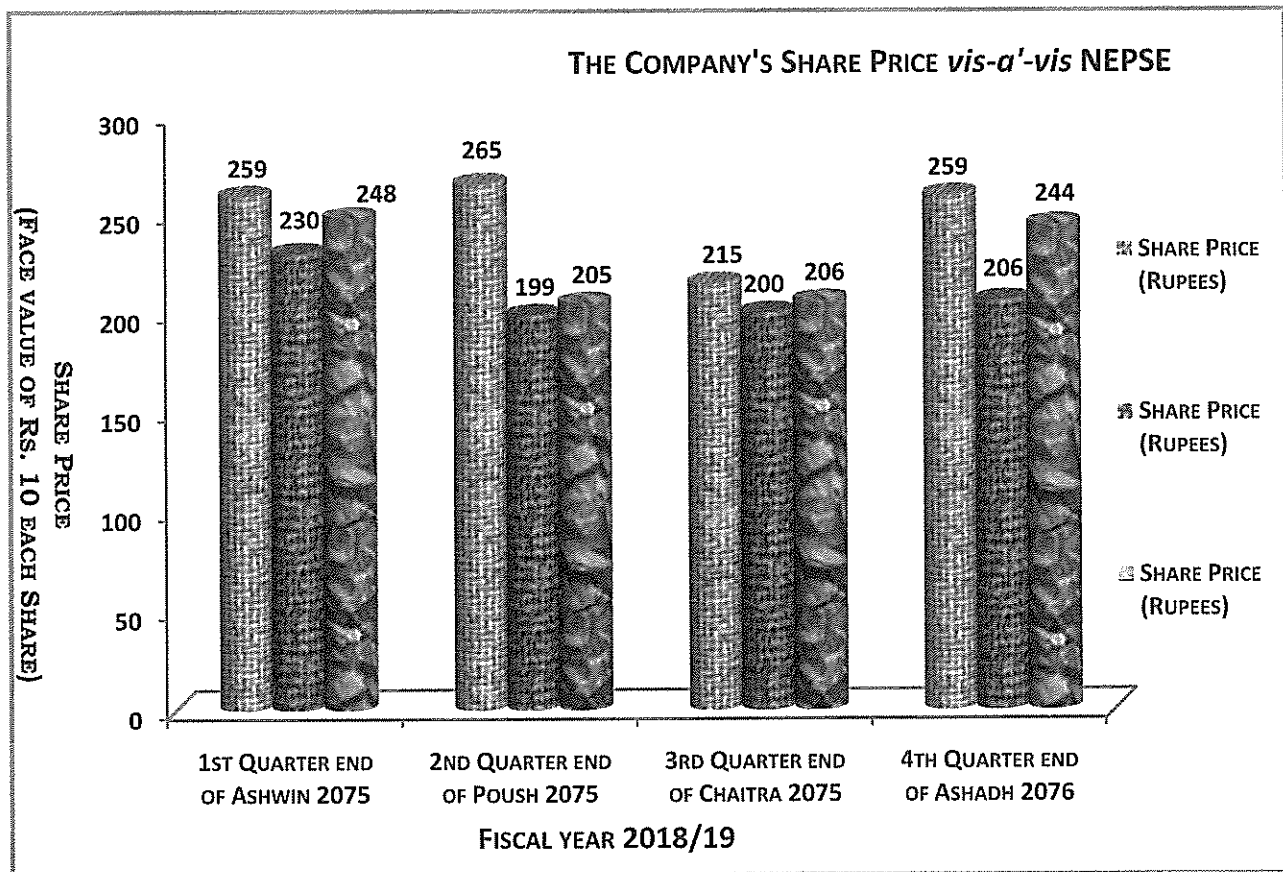


ANALYSIS OF SHARE TRANSACTIONS

Maximum, Minimum and Closing price of the stocks of the Company, Total volume of transacted shares, Total number of transactions and Trading days during each quarter of the financial year are: -

QUARTERS OF FY 2018/19	SHARE PRICE (FACE VALUE OF RS. 10 EACH SHARE)			TOTAL NUMBER OF		
	MAXIMUM	MINIMUM	CLOSING	TRADING DAYS	TRANSACTIONS	TRANSACTIONED SHARES
1ST QUARTER (END OF ASHWIN 2075)	259	230	248	61	444	440,983
2ND QUARTER (END OF POUH 2075)	265	199	205	59	755	470,945
3RD QUARTER (END OF CHAITRA 2075)	215	200	206	59	444	264,933
4TH QUARTER (END OF ASHADH 2076)	259	206	244	64	1,568	622,380
			TOTAL	243	3,211	1,799,241

GRAPH: THE COMPANY'S SHARE PRICE VIS-À-VIS NEPSE

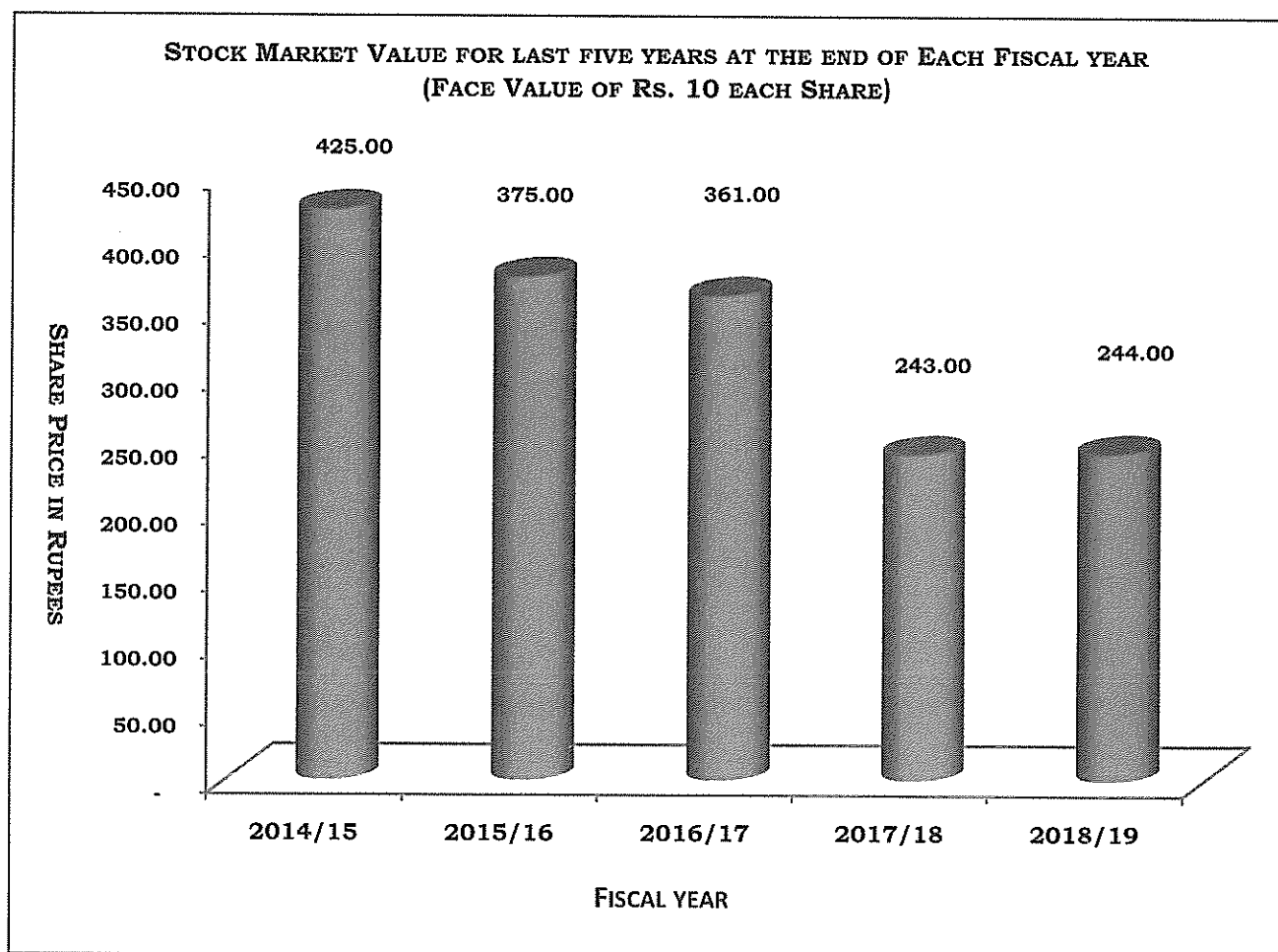



STOCK MARKET VALUE PER SHARE FOR LAST FIVE YEARS AT THE END OF FINANCIAL YEAR

FINANCIAL YEAR	MARKET VALUE PER SHARE (Rs)
2014/15	425.00
2015/16	375.00
2016/17	361.00
2017/18	243.00
2018/19	244.00

GRAPH: FINANCIAL HIGHLIGHTS – MARKET VALUE PER SHARE (SHARE OF RS. 10 EACH)

IN RUPEES



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SOALTEE HOTEL LIMITED**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Soaltee Hotel Limited (the "Company"), which comprise the statement of financial position as at 31 Ashad 2076 (16 July 2019), the statement of profit or loss and other comprehensive income, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashad 2076 (16 July 2019), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Qualified Opinion

As explained in Note 4.4 b, out of the total leave liability of Rs 122,289,649 as on 16 July 2019 determined by the actuary, only Rs 114,216,378 has been recognized in the financial statements and balance of Rs 8,073,271 has been deferred to be recognized in the future years as per the decision of the management. This is not in line with the accounting policy adopted by the Company to account for long term liabilities on accrual basis. Had the total leave liability determined by the actuary been recognized in the financial statements, the total expenses would have increased by Rs 8,073,271 with a corresponding decrease in bonus and profits for the year and increase in non-current liabilities by Rs 8,073,271.

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 Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of financial statements 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

Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of 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 statements that are free from material misstatement, whether due to fraud or error.

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



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 NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

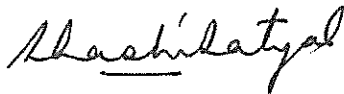
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, statement of financial position as at 31 Ashad 2076 (16 July 2019), the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended have been prepared in accordance with the requirements of the Companies Act, 2063, are in agreement with the books of account of the Company, except for the matter described in the basis for qualified opinion paragraph; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.



Shashi Satyal
Partner



PKF T R Upadhy & Co.
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal
Date: 18 November 2019 (2 Mangsir 2076)

UDIN No: 191118CA00008Abxxl

**SOALTEE HOTEL LIMITED****Statement of Financial Position**

As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	Note	31.03.2076 (16.07.2019)	32.03.2075 (16.07.2018)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,288,652,633	1,151,063,841
Intangible Assets	3.2	927,319	1,809,677
Investment Property	3.3	95,113,987	39,530,332
Deferred Tax Assets	3.4	62,688,382	69,587,627
Investments	3.5	283,898,980	284,377,323
Trade and Other Receivables	3.6	43,624,104	51,177,354
Total Non-Current Assets		1,774,905,405	1,597,546,154
Current Assets:			
Inventories	3.7	97,395,770	88,585,937
Income Tax Receivable	3.13	8,780,356	-
Investment	3.5	90,000,000	70,000,000
Trade and Other Receivables	3.6	287,118,178	283,912,969
Prepayments		20,102,651	17,975,969
Cash and Cash Equivalent	3.8	195,153,823	169,383,147
Total Current Assets		698,550,778	629,858,022
Total Assets		2,473,456,183	2,227,404,176
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	732,675,370	666,063,740
Retained Earnings and Reserves	3.10	895,374,380	771,926,322
Total Equity		1,628,049,750	1,437,990,062
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.11	3,746,371	4,994,449
Employee Benefits	3.12	376,168,231	354,133,877
Trade and Other Payables	3.14	22,867,574	20,987,262
Total Non-Current Liabilities		402,782,176	380,115,588
Current Liabilities:			
Loans and Borrowings	3.11	1,161,908	845,838
Employee Benefits	3.12	56,942,016	52,420,680
Income Tax Payable	3.13	-	10,398,592
Trade and Other Payables	3.14	384,520,333	345,633,416
Total Current Liabilities		442,624,257	409,298,526
Total Liabilities		845,406,433	789,414,114
Total Equity and Liabilities		2,473,456,183	2,227,404,176

Notes 1 to 4.20 form an integral part of this statement

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

Ganesh Bahadur Chand
Venkatesh Gomatam
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

As per our report of even date
Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

Date: 18 November 2019 (2 Mangsir 2076)

Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED****Statement of Profit or Loss and Other Comprehensive Income
As at 31 Ashad 2076 (16 July 2019)**

Amount in Rs.

Particulars	Note	2075-76 (2018-19)	2074-75 (2017-18)
Revenue from operation	3.15	1,734,157,040	1,568,907,931
Other Income	3.16	100,171,509	95,296,907
Total Revenue		1,834,328,549	1,664,204,838
Consumption of Foods and Beverage	3.17	301,546,775	287,556,985
Employee Benefit Expenses	3.18	551,006,843	499,410,727
Management Fees		49,897,420	44,297,133
Operating Expenses	3.19	246,059,785	221,281,004
Depreciation and Amortization Expense	3.1/3.2/3.3	80,367,208	60,276,017
Other Expenses	3.20	220,807,028	188,466,756
Total Expenditures		1,449,685,059	1,301,288,622
Profit from Operations		384,643,490	362,916,216
Finance Cost		730,350	816,518
Profit Before Tax		383,913,140	362,099,698
Income Tax		84,902,182	82,861,492
Current Tax		78,002,937	70,321,990
Deferred Tax Expenses/(Income)	3.4	6,899,245	12,539,502
Profit from Continuing Operations		299,010,958	279,238,206
Profit/(Loss) on Discontinued Operations (Net of tax)		-	-
Net Profit for the Year		299,010,958	279,238,206
Other Comprehensive Income			
Change in Fair Value of Equity Shares		(478,343)	20,628
Total Other Comprehensive Income		(478,343)	20,628
Total Comprehensive Income		298,532,615	279,258,834
Basic Earnings per Share (Rs.)	3.21	4.08	3.81
Diluted Earnings per Share (Rs.)		4.08	3.81

Notes 1 to 4.20 form an integral part of this statement

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COMPANY SECRETARY**Ganesh Bahadur Chand**
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Partner
PKF T R Upadhyaya & Co.
Chartered AccountantsDate: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED****Statement of Cash Flows**

As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	2075-76 (2018-19)	2074-75 (2017-18)
Cash Flows from Operating Activities		
Profit before tax for the Year	383,913,140	362,099,698
Adjustment for:		
Dividend Income	(500,000)	(500,000)
Loss / (Gain) on Sale of Property, Plant and Equipment	(2,095,046)	(1,325,488)
Interest Income on Term and Call Deposits	(9,219,153)	(8,503,569)
Incremental Interest Income on Staff Loans on Amortized Cost	(1,566,544)	(3,666,491)
Amortization of Deferred Employee Benefit Expenses	4,735,935	2,484,437
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	38,391,314	36,209,969
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	80,367,208	60,276,017
Finance Cost	730,350	816,518
Operating Cash Flow before changes in Working Capital	499,757,204	452,891,091
(Increase) / Decrease in Trade and Other Receivables	(3,821,350)	9,906,281
(Increase) / Decrease in Inventories	(8,809,833)	(2,538,812)
(Increase) / Decrease in Prepayment	(2,126,682)	(2,587,787)
Increase / (Decrease) in Trade and Other Payables	38,223,040	37,273,849
Increase / (Decrease) in Employee Benefits	24,374,345	(4,943,375)
Cash generated from Operations	547,596,724	490,001,247
Bonus Paid	(36,209,969)	(25,266,710)
Income Tax Paid	(96,986,520)	(59,172,086)
Net Cash Flows from Operating Activities (A)	414,400,235	405,562,451
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	5,951,765	2,507,566
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(276,514,019)	(358,363,490)
Increase in Investments	(20,000,000)	(81,200,000)
Dividend Income	500,000	500,000
Interest Income on Term and Call Deposits	9,219,153	8,503,569
Net Cash Flows from Investing Activities (B)	(280,843,101)	(428,052,355)
Cash Flow from Financing Activities		
Finance Cost	(730,350)	(816,518)
Repayment of Borrowings	(932,008)	(845,838)
Recovery of Cash for Fractional Bonus Shares	5,265	5,245
Dividend Paid Net	(106,129,368)	(34,583,465)
Net Cash Flows from Financing Activities (C)	(107,786,458)	(36,240,576)
Net Increase in Cash and Cash Equivalents (A+B+C)	25,770,676	(58,730,480)
Cash and Cash Equivalents at the Beginning	169,383,147	228,113,627
Cash and Cash Equivalents at the End	195,153,823	169,383,147

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Chartered Accountants

Date: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED
Statement of Changes in Equity
As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total
Restated Balance as at 01.04.2073	526,526,060	16,000,000	35,198,427	7,288,761	527,696,086	1,940,110	1,114,649,444
Adjustments:							
Change in fair value of investment through OCI	-	-	-	-	-	(173,414)	(173,414)
Net profit readjusted for year 2073-74	-	-	-	-	138,734,492	-	138,734,492
Payment of Dividend of 2072-73	-	-	-	-	(58,194,986)	-	(58,194,986)
Bonus Shares	52,655,240	-	-	-	(52,655,240)	-	-
Tax payments of earlier year	-	-	-	-	(455,960)	-	(455,960)
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	2,634	-	2,634
Restated Closing Balance as at 31.03.2074	579,181,300	16,000,000	35,198,427	7,288,761	555,127,025	1,766,696	1,194,562,209
Change in fair value of investment through OCI	-	-	-	-	-	20,628	20,628
Net profit for year 2074-75	-	-	-	-	279,238,206	-	279,238,206
Payment of Dividend for 2073-74	-	-	-	-	(35,055,710)	-	(35,055,710)
Bonus Shares	86,882,440	-	-	-	(86,882,440)	-	-
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	5,245	-	5,245
Tax payments of earlier year	-	-	-	-	(780,516)	-	(780,516)
Closing Balance as at 32.03.2075	666,063,740	16,000,000	35,198,427	7,288,761	711,651,810	1,787,324	1,437,990,062
Change in fair value of investment through OCI	-	-	-	-	-	(478,343)	(478,343)
Net profit for year 2075-76	-	-	-	-	299,010,958	-	299,010,958
Payment of Dividend for 2074-75	-	-	-	-	(108,673,557)	-	(108,673,557)
Bonus Shares	66,611,630	-	-	-	(66,611,630)	-	-
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	5,265	-	5,265
Tax payments of earlier year	-	-	-	-	195,365	-	195,365
Closing Balance as at 31.03.2076	732,675,370	16,000,000	35,198,427	7,288,761	835,578,211	1,308,981	1,628,049,750

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Niranjana Kumar Tibrewala
DIRECTORS

Date: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

As per our report of even date
Shashi Satyal
Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants



SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

1. General Information

Soaltee Hotel Limited (the Company or SHL) is a limited liability company registered with Office of Company Registrar as per erstwhile Company Act. Its shares are enlisted with Security Board of Nepal (SEBON) and listed and traded at Nepal Stock Exchange Ltd. (NEPSE). The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal. Since its incorporation more than 50 years, SHL has been catering the Tourism sector services with five star quality hotel facilities from the date of commercial operation. SHL has invested in two subsidiaries namely H I Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd. for expanding its hotel business. Through Soaltee Hospitality Ltd., wholly owned subsidiary, it has also invested in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd. with 24% share in the company.

Holiday Inns (China) Limited, an Intercontinental Hotels Group (IHG) owned company operates the 282 saleable rooms ranging from Deluxe, Club to Suites under the Hotel Management Agreement with the Company. The Company also operates a LSG Sky Chef - Flight Catering Unit under a Technical Assistance Agreement with LSG Catering Hong Kong Limited, Hong Kong.

The Financial Statements were authorized for issue by the meeting of the Board of Directors on 18 November 2019 (02Mangsir 2076) and has recommended for approval by shareholders in the Annual General Meeting.

2. Significant Accounting Policies

2.1. Basis of Preparation

2.1.1. Statement of Compliance

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standard Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal.

2.1.2. Basis of Measurement

These financial statements are prepared under historical cost convention except for the following material items:

- Investment in shares of entities other than subsidiaries, which have been measured at fair value
- Staff loans provided at subsidized interest rate, which have been measured at amortized cost.
- Other long term liabilities (leave liability), which has been measured at present value of the obligation.

2.1.3. Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a) Useful life of property, plant and equipment

Management reviews the useful life and residual values of property, plant and equipment at the end of each reporting period. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs.

b) Impairment of property plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply,

economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on the carrying value of assets.

c) Recognition of deferred tax

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

Deferred tax is calculated on temporary differences using a known future tax rate (21.25%). Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

d) Other long term employee benefits

Significant judgment is required to determine the estimated liability that shall arise on part of unused/accumulated leave by the staff and which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company.

2.1.4. Functional and Presentation Currency

The financial statements are prepared and presented in Nepalese Rupees (Rs.), which is also the company's functional currency.

2.2. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in relevant areas.

2.2.1. Standalone financial statements

This financial statement is the standalone financial statement of the company. Consolidated financial statement as per NFRS 10 is prepared separately.

2.2.2 Associates

Profits or losses arising on transactions between the company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

2.2.3 Financial Assets and Financial Liabilities

i. Recognition

The company initially recognizes financial assets on trade date which is the date on which the company becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.



ii. Classification and Measurement

Financial Assets

The classification and measurement of financial assets depend on how these are managed (the entity's business model) and their contractual cash-flows characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL').

- **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Company has intent and ability to hold till maturity. They are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.
- **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the company manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to revenue.
- **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to retained earnings.

Financial Liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

iii. Derecognition

Financial Assets

The Company derecognizes a financial assets when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Company neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in retained earnings.

Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

iv. Offsetting

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Amortized cost measurement

The 'amortized cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

vi. Fair value measurement

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction. Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques.

vii. Identification and measurement of impairment

Financial assets

At each reporting date the Company assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor
- breach of contract, such as default or delinquency by a debtor
- observable data relating to a group of assets such as adverse changes in the payment status of debtor

The amount of loss is measured as the difference between the asset's carrying amount and amount the management considers it as recoverable on the basis of financial position of the party and appropriate estimation made by the management. Receivables considered as less likely to be received are provided allowance for loss and charged to Statement of Profit or Loss.

In addition, for an investment in an unquoted equity security, a significant or prolonged decline in its net worth is objective evidence of impairment.

Impairment losses are recognized in Statement of Profit or Loss and reflected in an allowance account against debtors. Impairment losses on equity investment are routed through Statement of OCI. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through income statement (OCI in case of available for sale investment).

If, in a subsequent period, the fair value of an equity investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairing loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI.

2.2.4 Impairment of Non Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. An impairment loss is recognized in Statement of Profit or Loss. Provisions against impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in Other Comprehensive Income.

2.2.5 Foreign Currency

Transactions entered into by the company entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.2.6 Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Company. Ongoing repair and maintenance are expensed as incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.



The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

Company has assessed the salvage value of all its property, plant and equipment to be 5% of its original cost.

Depreciation

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property, plant and equipment are depreciated on Straight Line Method over their useful life.

Management of the company has assessed useful life of the following category of assets as mentioned.

Category of Assets	Estimated useful life
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years

There are assets whose useful life is complete on the date of first time adoption of NFRS (1 Shrawan 2074) which are still in use. Management expects that such assets shall be used for three more years; accordingly, the remaining amount of assets on the date of transition to NFRS is depreciated in subsequent three years.

2.2.7 Intangible Assets

Computer Software

Purchased computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated useful lives.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of computer software is considered to be five years.

2.2.8 Investment Property

The Company holds certain assets (land and building) for purpose other than its core operating function. Such assets are classified as investment property.

Items of investment property are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the company. Ongoing repair and maintenance are expensed as incurred.

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in statement of profit or loss.

Incomes arising from use of investment property by third parties are recognized as lease income from operating lease. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.



Salvage Value

Company has assessed the salvage value of its depreciable investment property to be 5% of its original cost.

Depreciation

Land that form part of investment property is not depreciated. Depreciation is provided on other items of investment property so as to write-off their carrying value over the expected useful economic lives. Depreciable investment properties are depreciated on Straight Line Method over their useful life. Management considered the useful life of investment property to be of 55 years.

2.2.9 Investments

Investments in shares of the companies are classified as either at amortized cost or at fair value. The classification of investment and its subsequent measurement is dependent on the business model for managing such investments and contractual cash flow characteristics.

Investments are measured at fair value unless measured at amortized cost. Investments are measured at amortized cost if such investment is held with in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent changes in the investments measured at amortized cost are charged to Profit or Loss. Investments measured at fair value opting the routing through Other Comprehensive Changes, at initial recognition, for adjusting the changes in fair value are charged through Other Comprehensive that forms part of the equity of the Company. Changes in fair value of other investments are charged to Profit or Loss.

2.2.10 Inventories

Stock of food, beverages, store and operating supplies are initially recognized at cost and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on weighted average method and includes expenditure incurred directly in acquiring the inventories and bringing them to their present location and condition.

2.2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days from the date of transaction is considered as cash equivalent.

2.2.12 Trade and other receivables

Trade and other receivables are stated at transaction value less allowance for impairment. Staff loan are measured at amortized cost. Discounting rate has been arrived by considering comparable market rates of similar types of loan. Difference of amortized value and book value of loan is charged to profit or loss for the period of staff loan.

2.2.13 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

2.2.14 Employee Benefits

Employee benefits are either defined benefit plan or defined contribution plan. Employee benefits of the company comprise of gratuity, provident fund and accumulated leave. These benefits are provided as per the Employee Service Manual and Collective Bargaining Agreement between Employee Union and the Company.

Provident Fund-Defined Contribution Plan

The Company pays pre-defined amount to Employee Provident Fund and does not have any legal or constructive obligation to pay additional amount in future. Contributions to Provident fund are charged to the statement of profit or loss in the year to which they relate.

Gratuity-Defined Contribution Plan

The Company is required to pay pre-defined amount to Social Security Fund as gratuity to employees. The Company accrues 8.33% of basic salary of staff as gratuity benefits in accordance with Labor Law of Nepal. The amount presented in financial statements is the actual liability of gratuity at each reporting date.



Short term and long-term employment benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accumulated leaves, encashment of which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

2.2.15 Income Tax

Deferred Tax

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in subsequent periods.

Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the reporting date and any adjustment to tax payable in respect of previous years. Current tax is calculated reasonably in accordance with the provisions of Income tax Act as per management assumption and bet judgement.

General corporate tax rate is 25%. The Company is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058, accordingly, tax rate applicable for the company is 21.25% (previous year rate was 21.25%).

2.2.16 Revenue

Revenue is recognized only when it is probable that the future economic benefits will flow to the Company and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes, Civil Aviation Fee and Service Charges where applicable.

Revenue from Sale of Services

Revenue is recognized at the time of delivery of services and is stated net of Value Added Tax (VAT) and Service Charges. Revenue from LSG Sky Chef -Flight Catering Unit sales is stated net of Civil Aviation Fee & Service charge.

Revenue from package sales is disclosed net of credits and refunds, included as part of the package.

Service Charge

Income from service charges is recognized on accrual basis net of contribution to be made to the Hotel Association Nepal (HAN) and the Employees as per Labour Rules as per the previous agreement between HAN and representatives of the Employees Union.

Dividend

Dividend income from investment in shares is recognized when the right to receive the payment is established.

Other Income

Other income are recognized on accrual basis when there are reasonable basis to ascertain the amount and there is reasonable basis for recoverability except for certain privilege membership fee and training fees, which are insignificant to the total revenue.



2.2.17 Expenses

Expenses are accounted on accrual basis where there are reasonable basis to estimate ascertain the obligation and rationality of such obligation.

Management Fee

Management fee payable to Holiday Inns (China) Limited for hotel operation is based on fixed percentage of the adjusted Gross Revenue and Gross Operating Profit as specified in the Hotel Management Agreement.

License Fee

License fees payable in relation to technical assistance to LSG Catering Hong Kong Limited, to operate the Flight Catering Unit under the brand name of 'LSG Sky Chefs' is based on a fixed percentage of the Net Sales Value as specified in the Technical Assistance Agreement.

Employee Bonus

Employee bonus is provided in line with the provisions of Bonus Act 2030 BS.

2.2.18 Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

The Company has entered into operating lease arrangement for use of property at LSG Flight Kitchen. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease expenses, which the Company believes is more representative than the straight line method, in line with para 33 of NAS 17: Leases.

The Company has entered into operating lease arrangement allowing to use its facilities and infrastructures to third parties. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

2.2.19 Provisions

The Company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.

2.2.20 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.21 Segment Reporting

The Company's segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Company's management, which is responsible for allocating resources and assessing performance of the operating segments. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated centrally. Income and expenses directly associated with each segment are included in determining business segment performance.

2.2.22 Operating Cycle

The Company considers its operating cycle to be of 12 months.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

Note 3.1: Property, Plant & Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and fixture	Office Equipment	Computers	Vehicles	Under Construction	Total
Cost									
Balance at 01.04.2074	65,389,615	530,666,580	892,998,838	297,207,487	7,315,205	44,860,992	52,966,247	141,184,824	2,032,589,790
Addition	84,099,164	79,119,059	102,463,014	65,739,761	87,246	1,631,477	12,942,478	127,119,077	473,201,276
Disposal/Transfer	-	(57,797)	(29,123,361)	(7,293,160)	(135,400)	-	-	(114,962,786)	(151,572,504)
Balance at 32.03.2075	149,488,779	609,727,842	966,338,491	355,654,088	7,267,051	46,492,469	65,908,725	153,341,115	2,354,218,561
Addition	-	71,315,324	104,236,070	112,505,609	-	19,379,568	13,565,090	110,413,291	431,414,952
Disposal/Transfer	-	(6,993,408)	(15,308,984)	(11,460,891)	(503,323)	(1,277,961)	(3,244,093)	(211,531,111)	(250,319,771)
Balance at 31.03.2076	149,488,779	674,049,758	1,055,265,577	456,698,806	6,763,728	64,594,076	76,229,722	52,223,295	2,535,313,741
Depreciation and Impairment loss									
Balance at 01.04.2074	-	242,699,556	630,438,481	232,352,070	6,621,779	32,476,789	35,607,322	-	1,180,195,997
Charge for the year	-	1,138,661	30,169,377	11,840,236	129,988	2,628,209	2,479,892	-	58,386,363
Disposal	-	(41,912)	(27,983,735)	(7,267,150)	(134,840)	-	-	-	(35,427,638)
Balance at 32.03.2075	-	253,796,305	632,624,123	236,925,156	6,616,927	35,104,998	38,087,214	-	1,203,154,722
Charge for the year	-	13,519,377	36,596,852	22,508,837	128,457	2,744,996	2,939,808	-	78,438,927
Disposal	-	(4,176,173)	(14,711,674)	(11,100,238)	(502,024)	(1,257,932)	(3,183,900)	-	(34,931,941)
Balance at 31.03.2076	-	263,139,509	654,509,301	248,333,755	6,243,360	36,592,062	37,843,122	-	1,246,661,108
Net Book Value									
At 01.04.2074	65,389,615	287,967,024	262,560,357	64,855,417	693,426	12,384,203	17,358,925	141,184,824	852,393,794
At 32.03.2075	149,488,779	355,931,537	333,714,368	118,728,932	650,124	11,387,471	27,821,511	153,341,115	1,151,063,841
At 31.03.2076	149,488,779	410,910,249	400,756,276	208,365,051	520,368	28,002,014	38,386,600	52,223,295	1,288,652,633

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Himalayan Wing Basement Project and Parking Project, includes cost of assets Rs. 16.63 million, capital advance Rs. 28.36 million and other related costs Rs. 7.23 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements**Note 3.2: Intangible Assets**

Particulars	Amount in Rs.	
	Software	Total
Cost		
Balance at 01.04.2074	12,926,443	12,926,443
Addition	125,000	125,000
Disposal/Transfer	-	-
Balance at 32.03.2075	13,051,443	13,051,443
Addition	-	-
Disposal	-	-
Balance at 31.03.2076	13,051,443	13,051,443
Amortization		
Balance at 01.04.2074	10,353,077	10,353,077
Charge for the year	888,689	888,689
Disposal	-	-
Balance at 32.03.2075	11,241,766	11,241,766
Charge for the year	882,358	882,358
Disposal	-	-
Balance at 31.03.2076	12,124,124	12,124,124
Net Book Value		
At 01.04.2074	2,573,366	2,573,366
At 32.03.2075	1,809,677	1,809,677
At 31.03.2076	927,319	927,319

Note 3.3: Investment Property

Particulars	Amount in Rs.		
	Freehold Land	Building	Total
Cost			
Balance at 01.04.2074	4,707,287	109,516,634	114,223,921
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 32.03.2075	4,707,287	109,516,634	114,223,922
Addition	-	56,630,178	56,630,178
Disposal	-	-	-
Balance at 31.03.2076	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2074	-	73,692,625	73,692,625
Charge for the year	-	1,000,965	1,000,965
Disposal	-	-	-
Balance at 32.03.2075	-	74,693,590	74,693,590
Charge for the year	-	1,046,523	1,046,523
Disposal	-	-	-
Balance at 31.03.2076	-	75,740,113	75,740,113
Net Book Value			
At 01.04.2074	4,707,287	35,824,009	40,531,296
At 32.03.2075	4,707,287	34,823,044	39,530,332
At 31.03.2076	4,707,287	90,406,699	95,113,987

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

Note 3.4: Deferred Tax Assets

Deferred tax is calculated on temporary differences using known future tax rate effective to the Company (21.25%). Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

Amount in Rs.

Particulars	01.04.2075	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2076
Fixed Assets	(12,382,800)	(11,583,245)	-	(23,966,045)
Gratuity Provision	53,114,795	2,549,974	-	55,664,769
Provision for Leave	22,138,654	2,132,326	-	24,270,980
Trade and Other Receivable	6,716,978	1,700	-	6,718,678
Total	69,587,627	(6,899,245)	-	62,688,382

Particulars	01.04.2074	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2075
Fixed Assets	(1,211,548)	(11,171,252)	-	(12,382,800)
Gratuity Provision	56,409,899	(3,295,104)	-	53,114,795
Provision for Leave	20,523,228	1,615,426	-	22,138,654
Trade and Other Receivable	6,405,550	311,428	-	6,716,978
Total	82,127,129	(12,539,502)	-	69,587,627

Note 3.5: Investments

Amount in Rs.

Particulars	31.03.2076	32.03.2075
Non-Current		
At Amortized Cost		
At Fair Value Through Profit or Loss		
At Fair Value Through OCI	283,898,980	284,377,323
Total	283,898,980	284,377,323
Current		
At Amortized Cost	90,000,000	70,000,000
At Fair Value Through Profit or Loss		
At Fair Value Through OCI		
Total	90,000,000	70,000,000

Investment comprises the following:

At Amortized Cost (A)	31.03.2076	32.03.2075
Term Deposit	90,000,000	70,000,000
Total Investment at Amortized Cost	90,000,000	70,000,000
At Fair Value Through OCI (B)		
Investment in Subsidiaries		
H I Soaltee Hotel Company Pvt. Ltd. (99,500 shares of Rs. 100 each)	9,950,000	9,950,000
Soaltee Hospitality Ltd. (2,500,000 shares of Rs. 100 each)	250,000,000	250,000,000
Advance for Investment in Soaltee Hospitality Ltd.	12,640,000	12,640,000
Sub-total	272,590,000	272,590,000
Investment in Associates		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	16,538	16,538
Less: Allowance for Impairment	(16,538)	(16,538)
Sub-total	-	-
Investment in other Entities		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,308,980	11,787,323
Sub-total	11,308,980	11,787,323
Total Investment through OCI	283,898,980	284,377,323
Proportion of voting rights		
H I Soaltee Hotel Company Pvt. Ltd.	73.63%	73.63%
Soaltee Hospitality Ltd.	100%	100%
H I Soaltee Management Co. Limited	26%	26%
Himal International Power Corp. Pvt. Ltd.	5.97%	5.97%

The net worth of H I Soaltee Management Co. Ltd. is negative since many years and accordingly, impairment has been accounted.

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

Note 3.6: Trade and Other Receivable

Particulars	Amount in Rs.	
	31.03.2076	32.03.2075
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	2,992,083	2,992,083
Deposits	3,722,464	3,401,504
Loans and Advances to Employees	35,397,323	41,030,583
Deferred Employee Benefit Expenses	1,512,234	3,753,184
Total	50,675,523	58,228,773
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	43,624,104	51,177,354
Current		
Trade Receivable		
Trade Receivable	225,814,901	260,668,900
Less: Allowance for Impairment	(24,565,887)	(24,557,890)
Trade Receivable-Net	201,249,014	236,111,010
Other Receivable		
Loans and Advances to Employees	32,061,729	14,953,517
Loans and Advances to Other	25,271,484	13,213,876
Advances to Contractor and Suppliers	7,229,735	10,206,963
VAT Recoverable	19,669,757	-
Management Fees Recoverable	-	8,047,756
Deferred Employee Benefit Expenses	1,636,459	1,379,847
Total Other Receivable	85,869,164	47,801,959
Total	287,118,178	283,912,969

Additional information on Other receivable included in non-current receivable is provided in Note 4.10.1. Trade receivables are normally collected as per credit terms with the parties, generally within a period of 90 days. Trade receivable is non-interest bearing. Additional information on Trade Receivable included in Current Receivable is provided in Note 4.10.2.

Note 3.7: Inventories

Particulars	31.03.2076	32.03.2075
Stores and Spares	11,918,313	14,167,943
Provision, Beverage and Others	22,937,641	21,811,802
Uniform and Linen	34,808,046	24,059,452
Crockery, Cutlery etc.	27,731,770	28,546,740
Total	97,395,770	88,585,937

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2076	32.03.2075
Cash in Hand	2,006,422	2,954,082
Cheques in Hand	-	236,398
Balances with Bank	193,147,401	166,192,667
Total	195,153,823	169,383,147

**SOALTEE HOTEL LIMITED**
As at 31 Ashad 2076 (16 July 2019)
Notes to the Financial Statements**Note 3.9: Share Capital**

Amount in Rs.

Particulars	31.03.2076	32.03.2075
Authorized Share Capital		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
Issued Share Capital		
75,000,000 Shares of Rs. 10/- each	750,000,000	750,000,000
Subscribed and Fully Paid up		
73,267,537 Shares of Rs.10/- each	732,675,370	666,063,740
Total	732,675,370	666,063,740

Reconciliation of no. of shares outstanding

Particulars	31.03.2076	32.03.2075
Balance at the beginning of the year	66,606,374	57,918,130
Add: Bonus Issue	6,661,163	8,688,244
Add: Right Issue	-	-
Balance at the end of year	73,267,537	66,606,374

Details of Shareholding

Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2076	32.03.2075
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,308,981	1,787,324
Retained Earnings	835,578,211	711,651,810
Total	895,374,380	771,926,322

Note 3.11: Loans and Borrowings

Particulars	31.03.2076	32.03.2075
Non-Current		
Bank loans		
Secured- Hire Purchase	3,746,371	4,994,449
Total	3,746,371	4,994,449
Current		
Current portion of Hire Purchase Loan	1,161,908	845,838
Total	1,161,908	845,838

Note 3.12: Employee Benefits

Particulars	31.03.2076	32.03.2075
Non-Current		
Gratuity	329,414,263	317,491,891
Less: Plan Assets	(67,462,410)	(67,539,915)
Net Gratuity Liability	261,951,853	249,951,976
Accumulated Leave	114,216,378	104,181,901
Total	376,168,231	354,133,877
Current		
Salary and Wages Payable	18,550,702	16,210,711
Bonus Payable	38,391,314	36,209,969
Total	56,942,016	52,420,680

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

Note 3.13: Income Tax Receivable/(Payable)

Amount in Rs.

Particulars	31.03.2076	32.03.2075
Advance Income Tax	86,783,293	59,923,398
Income Tax liability	(78,002,937)	(70,321,990)
Total	8,780,356	(10,398,592)

Note 3.14: Trade and Other Payable

Particulars	31.03.2076	32.03.2075
Non-Current		
Retention and Security Deposit	13,788,789	14,452,666
Unclaimed Dividend	9,078,785	6,534,596
Total	22,867,574	20,987,262
Current		
Sundry Creditors	156,483,135	137,525,647
Other Payable		
Advances Received	94,527,613	67,251,560
Management Fee	2,555,982	-
Flight Kitchen Franchise Fee	989,489	1,185,308
VAT Payable	-	3,535,496
Service Charge	47,808,817	44,905,028
Housing Fund	26,334,029	36,334,029
Corporate Social Responsibility	7,817,951	4,827,841
Other Liabilities	48,003,317	50,068,507
Total	384,520,333	345,633,416

Trade and other payable are non-interest bearing in nature.
Please refer Note 4.5 for additional information on advances received.

Note 3.15: Revenue from Operation

Particulars	2075-76	2074-75
Room	534,342,033	442,420,291
Food	1,136,519,383	1,060,626,267
Beverage	52,743,322	52,574,848
Cigar and Cigarettes	628,875	391,715
Telephone	190,837	237,225
Laundry Income	7,808,738	7,500,632
Beauty Parlor	130,430	640,343
Swimming Pool, Health Club, Guest Membership Fee	1,684,252	4,410,641
Business Centre	109,170	105,969
Total	1,734,157,040	1,568,907,931

Note 3.16: Other Income

Particulars	2075-76	2074-75
Premises Rental Charge	31,977,130	26,799,554
Interest on Loans & Advances at Amortized Cost	4,585,201	4,412,861
Interest on Call Account/Time Deposit	9,219,153	8,503,569
Miscellaneous Receipts	18,975,076	10,584,539
Income from Service Charge	31,472,247	35,811,425
Dividend Income	500,000	500,000
Profit on sale of assets	2,095,046	1,325,488
Exchange gain	-	7,255,019
Unclaimed Balance Written Back	1,347,656	104,452
Total	100,171,509	95,296,907

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements

Note 3.17: Consumption of Food and Beverage

Amount in Rs.

Particulars	2075-76	2074-75
Food	287,549,636	273,864,950
Beverage	13,784,769	13,530,000
Cigarettes	212,370	162,035
Total	301,546,775	287,556,985

Note 3.18: Employee Benefit Expenses

Particulars	2075-76	2074-75
Salary and Wages	270,059,262	240,053,552
Allowances	115,106,356	95,243,801
Festival Allowance	23,322,234	19,689,532
Overtime	14,381,603	12,324,673
Employees Meal	26,263,856	22,413,330
Soaltee Staff Welfare/SSF Contribution	5,373,590	4,882,792
Gratuity	18,585,224	31,231,538
Leave	11,833,952	15,290,670
Provident Fund	21,820,967	18,249,957
Clinic Expenses	1,132,550	1,336,476
Amortization of Staff Loan	4,735,935	2,484,437
Bonus	38,391,314	36,209,969
Total	551,006,843	499,410,727

Note 3.19: Operating Expenses

Particulars	2075-76	2074-75
Linen	9,303,312	10,062,645
Laundry Supplies	4,526,790	2,889,990
Crockery & Cutlery	2,397,354	3,584,437
Silverware	1,473,529	744,468
Cleaning Supplies	9,124,431	9,602,449
F & B Paper Supplies	9,815,901	9,116,335
Guest Supplies	19,330,124	18,442,064
Water & Water Treatment	17,791,246	16,787,737
Garden Maintenance	308,373	-
Pest Control	2,277,000	2,160,000
Waste Removal	895,700	1,004,637
Power and Fuel	129,655,816	121,044,061
Repair and Maintenance	39,160,209	25,842,181
Total	246,059,785	221,281,004

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements
Note 3.20: Other Expenses

Particulars	Amount in Rs.	
	2075-76	2074-75
Rental Charges	1,017,420	976,484
Travelling	7,413,021	9,230,378
Transport and Conveyance	25,056,031	22,852,007
Audit Fee	525,000	399,300
Legal and Professional Fees	4,720,825	8,400,067
Directors' Meeting Fees	1,182,349	1,005,879
Licence& Taxes	32,199,456	27,206,321
Bank Charges	9,983,203	8,765,808
Annual General Meeting Expenses	858,574	1,091,772
Commissions	4,314,115	4,950,194
Insurance	22,645,808	16,475,883
Communication Expenses	7,243,321	7,071,529
Printing and Stationery	5,858,684	4,997,589
Advertisement and Sales Promotion	20,405,513	16,256,633
Marketing and Reservation Expenses	17,146,661	14,586,891
Training and Conference	3,152,514	2,527,774
Donation	-	30,000
Books and Newspaper	414,359	425,687
Membership & Subscription	2,005,802	1,695,777
Security Services	7,073,255	5,182,422
Uniform Expenses	3,976,793	6,670,145
Entertainment	739,436	1,641,247
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	4,219,370	4,918,756
Banquet Expenses	15,530,231	5,587,500
Kitchenette Expenses	2,771,371	4,273,462
Exchange Loss	1,915,126	-
Corporate Social Responsibility	2,990,110	2,792,382
Miscellaneous	10,448,680	3,454,869
Total	220,807,028	188,466,756

Note 3.21: Earnings per Share

Basic earnings per share is calculated by dividing the total profit or loss attributable to equity shareholders. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by weighted average number of equity shares for the effects of all dilutive potential equity shares. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

The Company has issued bonus shares in previous years. Calculation of basic and diluted earnings per share has been done as stated above.

Particulars	2075-76	2074-75
Basic Earnings per Share		
Profit for the year	299,010,958	279,238,206
Number of shares	73,267,537	73,267,537
Basic Earnings per Share (Rs.)	4.08	3.81
Diluted Earnings per Share		
Profit for the year	299,010,958	279,238,206
Weighted average number of shares	73,267,537	73,267,537
Diluted Earnings per share (Rs.)	4.08	3.81

**SOALTEEHOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements**Note 3.22: Financial Instruments Classification and Fair Value Measurement**

Financial Instruments are classified in accordance with Note 2.2.3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values are determined according to the following hierarchy:

The Company has used fair value model for measurement of its financial assets and financial liabilities. Fair value hierarchy levels presented represent the available inputs considered to arriving at the fair value of category of financial assets/liabilities.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

Amount in Rs.

As at 31.03.2076	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	327,593,589			327,593,589
Investment	90,000,000			90,000,000
Cash and Cash Equivalent	195,153,823			195,153,823
Total At Amortized Cost	612,747,412			612,747,412
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	283,898,980			283,898,980
Total Financial Assets	896,646,392	-	-	896,646,392
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	407,387,907			407,387,907
Loans and Borrowings	4,908,279			4,908,279
Total Financial Liabilities	412,296,186	-	-	412,296,186

As at 32.03.2075	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	329,957,292			329,957,292
Investment	70,000,000			70,000,000
Cash and Cash Equivalent	169,383,147			169,383,147
Total At Amortized Cost	569,340,439			569,340,439
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	284,377,323			284,377,323
Total Financial Assets	853,717,762	-	-	853,717,762
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	366,620,678			366,620,678
Loans and Borrowings	5,840,287			5,840,287
Total Financial Liabilities	372,460,965	-	-	372,460,965

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2076 (16 July 2019)

Notes to the Financial Statements
4 Additional Information
4.1 Share Capital

The Company has single class of equity shares having face value of Rs. 10 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

4.2 Dividend

Dividend is proposed by the Board of Directors and approved by shareholders in the Annual General Meeting.

Board of Directors have proposed 15% bonus shares and 11.31578947% cash dividend for the year 2075-76 (previous year approved 10% bonus shares and 16.31578947% cash dividend). Accordingly, the total distribution by the company from the profits arising from 2075-76 is as follows:

Particulars	Bonus Shares	Cash Dividend
Proposed for 2075-76	109,901,306	82,908,002
Number of shares	10,990,131	
Paid for 2074-75 (Amount)	66,611,630	108,673,558
No. of shares	6,661,163	

4.3 Reserves and Retained Earnings
a. Share premium

The Company had issued shares in premium on 1992-93. The amount collected by the company in excess of its face value is credited to this account. Use of share premium shall be as provided in Company Act 2063.

b. Other Reserves

The Company had created other reserves out of capital profits on 1995. There is no movement on this reserve since then.

c. Retained Earning

Net profit for each year is added to this reserve. Company uses this to provide dividend to its shareholders.

d. Fair Value Reserve

This reserve is created to account for changes in fair value of investments for those investments that are opted to be measured at fair value through Other Comprehensive Income.

e. Revaluation Reserve

Revaluation Reserve was created in 1986 when the land of the company was revalued. For the first time adoption of NFRS (1 Shrawan 2074), the revalued amount of land has been considered at deemed cost which as allowed by NFRS 1 and accordingly, this reserve has remain intact.

4.4 Employee Benefits
a. Gratuity

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which Company was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labour laws has changed the nature of gratuity and this is now a defined contribution plan whereby Company is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. Such amount is required to be paid / deposited to Social Security Fund.

Particulars	2075-76	2074-75
Opening Liability	317,491,891	302,770,945
Payment Made	(6,662,852)	(16,510,592)
Additional Provision (as per then existing provision)	-	17,671,099
Additional Provision @8.33%	18,585,224	13,560,439
Closing liability	329,414,263	317,491,891

The Company is yet to make payout of the gratuity in Social Security Fund.

b. Leave

Leave is classified as other long term employee liability. Liability is measured by way of actuarial valuation for accumulated leave balance at the end of reporting periods. Changes in value of liability is as follows:

Particulars	2015-16	2014-15
Opening Liability	104,181,901	96,579,895
Service Cost	7,084,177	10,817,879
Interest Cost	7,229,749	6,491,488
Plan Amendment	-	(342,102)
Actuarial Gain/(Loss)	5,593,297	(1,676,595)
Benefit Paid	(1,799,475)	(7,688,664)
Closing Liability (A)	122,289,649	104,181,901
Liability recognized in the financial statements (B)	114,216,378	104,181,901
Deferred Liability (A-B)	8,073,271	-

Out of the total leave liability of Rs. 122,289,649 as on 16 July 2019 determined by the actuary, only Rs. 114,216,378 has been recognized in the financial statements and balance of Rs. 8,073,271 has been deferred to be recognized in the future years as per the decision of the management. This is not in line with the accounting policy adopted by the Company to account for long term liabilities.

Basic assumptions considered for measurement of leave liability related to leave are as follows:

Particulars	2015-16	2014-15
Discount rate	7%	7%
Rate of compensation increase	6%	6%
Average expected future service	15	15
Average duration of liabilities	17	16

Plan assets have not been created for funding of payment of leave liability.

Sensitivity Analysis

The following table demonstrates the impact of 1% increase in discount rate considered for calculating the present value of long term leave liability.

Particulars	2015-16	2014-15
Effect on:		
- Service Cost	(913,985)	(1,507,740)
- Interest Cost	1,032,820	927,623
- Leave Liability	(12,582,707)	(11,310,316)

The following table demonstrates the impact of 1% decrease in discount rate considered for calculating the present value of long term leave liability.

Particulars	2015-16	2014-15
Effect on:		
- Service Cost	1,113,886	1,858,466
- Interest Cost	(1,032,820)	(927,353)
- Leave Liability	14,932,148	13,468,773



4.5 Lease

The Company has entered into a lease arrangement of premises for a period of 15 years. The future minimum lease rental payment to be made is as follows:

Period	2075-76	2074-75
Up to one year	1,045,560	962,052
One to five years	4,182,240	4,810,260
Above five years	648,476	598,317
Total	5,876,276	6,370,629

The Company has entered into operating lease arrangement allowing to use some part of its assets on lease. Minimum lease amount receivable under such lease is as follows:

Period	2075-76	2074-75
Up to one year	36,382,104	25,680,027
One to five years	120,225,566	110,299,348
Above five years	470,367,452	399,517,808
Total	626,975,122	535,497,183

Health Club/Spa property under construction

The Company has entered into a leasing arrangement allowing to use some part of its assets with cancellable condition and clauses with Dhanwantari Spa And Wellness Pvt. Ltd. (party) for construction and subsequent use of wellness center (building for Health Club-Spa) at the premise of the Company. As per the arrangement, all the construction works of the building is being done by the party on behalf of the Company and such assets being developed is included in Investment Property of the company. The party will operate the Spa for the defined period under the agreement for which the party shall pay some portion of its total lease rental in cash and remaining portion is adjusted against the cost incurred by the party for construction. The rental income as per the lease agreement has been commenced w.e.f. 1 January 2019, however, the capitalization of the property was made on 30 June 2019 upon receipt of completion certificate from the contractor.

4.6 Corporate Social Responsibility

During the year, the Company has provided Rs. 2.99 million (previous year Rs. 2.79 million) (1% of net profit after tax) as Corporate Social Responsibility as per the Section 48 (1) of the Industrial Enterprises Act 2073.

4.7 Risk Management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. 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 adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Market Risk

Inspite of having a very high potentiality of Tourism Sector and its related to services, it is volatile to geopolitical and domestic incidents. With stabilization in the geopolitical and domestic issues, the tourism sector looks for bright future. However there is risk that any domestic/international or geopolitical incidents would impact the business of the company. However, the company through years of operations has sustained through such risks over the years in the past.

ii. Credit Risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from it creditors as well. In impact on tourism sector may have impact of company debtors' ability to pay the company within reasonable credit period allowed. Accordingly there exist the credit risks to that extent. The company through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.



iii. Liquidity Risk

The Company has very less amount of debt funding and will not be impacted significantly. The Company monitors its liquidity position on regular basis through effective planning and forecasting.

The company current assets aggregate positively against the current liabilities and accordingly, the liquidity risk or risk that the company may not be able to settle its liabilities as they become, due does not exist.

iv. Operational Risk

The Company has been in operation since more than 50 years and have prepared and implemented various Standard Operating Procedures (SOPs) in the form of clear cut delegation of authority for the activities, guidelines regulations etc. Beside the company is required to also follow specific operating guidelines issued by its franchise. Company believes that the controls implemented by the company have minimized the operational risk to acceptably low level. The franchise also carries out Control Self Assessment at reasonable interval where the company scored high level marks placing it as one among better managed hotel among hotels being managed by Franchise.

v. Exchange Rate Fluctuation Risk

The Company's revenue will be impacted coming from any fluctuation of exchange rate fluctuation so be on the certain level of supplies of the company as such exchange rate fluctuation will contribute certain level of inflations. Since its tariffs are quoted in USD, any rate fluctuation will have the risk of impacting the income of the company. It has been the tendency that the exchange rate fluctuation has generally been upward movement except of occasional down turn movement as well. The Company has practiced not to hold foreign currency monetary assets and liabilities for substantial period so as to minimize the risk of exchange rate fluctuation.

4.8 Related Party Transactions

Related parties of the company comprises of key management personnel, organization having significant influence on the company, subsidiaries of the company and Board of Directors.

a. Subsidiary Companies

The Company has made investment in two subsidiary companies. The Company has presence on the Board of these two companies in proportion of its shareholding. Company provides office space to the two subsidiaries on operating lease. Other than this, there is no any transaction with subsidiary companies.

Name of Subsidiary	Holding %	Rental Charge		Outstanding balance	
		This Year	Last Year	This Year	Last Year
H I Soaltee Hotel Company Pvt. Ltd.	73.63				
Lease rental income		66,667	66,667	-	-
Soaltee Hospitality Ltd.	100				
Lease rental income		66,667	66,667	-	-

b. Significant Influence

Entities having significant influence over the Company is as follows:

i. Soaltee Enterprise Pvt. Ltd. (SEPL)

Soaltee Enterprise Pvt. Ltd. is major shareholder of the company. This company has four representatives in the current Board of Soaltee Hotel Ltd. (SHL). SEPL has paid Rs. 66,667 (previous year Rs. 66,667) to SHL as operating lease rent. There is no outstanding balance at the year end.

c. Other related entities

i. Nepal Airlines Corporation (NAC)

Nepal Airlines Corporation is institutional shareholder of the company. NAC has one representative in the Board of SHL.

SHL provides flight catering services to the international flights of Nepal Airlines Corporation. Transactions and outstanding balance with Nepal Airlines Corporation are as follows:

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	182.03	110.19	31.71	23.31
Tickets Purchase	-	1.56		



ii. Sibkrim Holdings Pvt. Ltd.

There is no transaction of this company with SHL.

d. Those charged with Governance

Those charged with governance include the Board of Directors of the Company. The composition of Board on the reporting date is as follows:

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director	Nepal Airlines Corporation
Mr. Venkatesh Gomatam	Director	Holiday Inns Investment (Nepal) Ltd.
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjana Kumar Tibrewala	Director	Public Shareholder
Mr. Vivek Bhalla	Alternate Director to Mr. Venkatesh Gomatam	Holiday Inns Investment (Nepal) Ltd.

Mr. Lil Bahadur Khatri serves as Company Secretary of the Company.

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 1.18 million (previous year Rs. 1.00 million).

e. Key Management Personnel

The company's key management personnel are Executive Chairman and General Manager.

Total compensation to key management personnel during the year is Rs. 37.49 million (previous year Rs. 32.03 million). The compensation paid to Executive Chairman also includes the performance incentive paid based on the profit of the Company.

4.9 Unpaid Dividend

Total unpaid dividend amounted to Rs. 9.08 million (previous year Rs. 6.53 million).

4.10 Trade and Other Receivable

4.10.1 Civil Aviation Fee recoverable from Airlines

Civil Aviation Fees levied on In flight catering services provided on international flights by the company to three different airlines have been disputed and not paid by the respective airlines which amounted to Rs 7.051 million (previous year Rs. 7.051 million) is still pending recovery. This has been reflected under Non-current Trade and other receivables.

4.10.2 Trade Receivable from Jet Airways

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the insolvency proceeding is yet to be decided, separate impairment allowance has not been created.

4.11 Lien on company's assets

The company current and non-current assets where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 4.90 million (previous year Rs. 5.84 million).

4.12 Contingent Liability

The Company recognizes contingent liability when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or company as a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. All adjusting events are considered for appropriate reflection in the current financial year.



4.13 Bank Guarantee

Unexpired bank guarantee issued by the company amounted to Rs. 2.9 million (previous year Rs. 2.9 million)

4.14 Litigations or legal cases

i. Income tax Matters

Revenue Tribunal has decided in company's favour against the appeal made relating to assessment pertaining to FY 2068-69. However, Revenue Office has filed appeal in the Honourable Supreme Court. Decision of such appeal is still pending. The company is of the opinion that there would not be significant obligation relating such appeal being considered at the Court.

ii. Assessment status

The Company has appealed to Revenue Tribunal challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2071-72 and additional demand of tax Rs. 1,837,680 made by Large Taxpayers Office. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

iii. Casino Royalty

Pursuant to the litigation case filed by the company against Government of Nepal for its demand of Casino Royalty for the financial year 2005/06 (2062/63) till November 2012 (24 Kartik 2069) from the company instead of then Lessee, Nepal Recreation Centre Pvt. Ltd, the verdict was issued in favour of the company from Honourable Supreme Court of Nepal. Accordingly, the management considers that no further obligation arises under such demand by the GON for such Royalty and no provisions for the additional claim has been made.

iv: Arbitration

The company has filed a writ petition in the Supreme Court of Nepal challenging the judgment of Honourable High Court, Patan for the appointment of arbitrator in a case filed by the Nepal Recreation Centre Pvt Ltd. for the appointment of arbitrators pursuant to the Casino Lease Agreement. The matter is sub-judice before the Honourable Supreme Court. Another case is pending in the Honourable High Court, Patan in pursuant to appointment of Arbitrator.

v. Legal cases

The company has filed a few cases for recovery of dues from some debtors in the course of its regular business.

4.15 Capital Commitment

Capital contract remaining to be executed on capital accounts net of advances to Rs. 110.92 million (Previous year Rs. 131.55 million).

4.16 Letter of Credit

There is no outstanding letter of credit as at the reporting date.

4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law in previous fiscal year, this fund is no longer required and no provision has been made. The Company has paid Rs. 10 million (previous year Rs. 20 million) during the year out of this fund to a separate entity called Employee Housing.

4.18 Operating Segment

Management of the company has considered the total operation to be segregable into two operating segment based on the nature of operation and services rendered.

i. Core hotel business segment: The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.

ii. Flight catering segment: The Company provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.

The financial information about the identified segments are as follows:

(Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Total
Revenue			
- Food	529.96	606.56	1,136.52
- Room	534.34		534.34
- Beverage	50.55	2.19	52.74
- Others	6.16	4.39	10.55
Interest Income	13.81		13.81
Other Income	86.37		86.37
Total Revenue	1,221.19	613.14	1,834.33
Expenses*			
Consumption Cost	154.38	147.17	301.55
Employee Benefit Expenses	451.01	100.00	551.01
Management, Operating and Other Expenses	279.43	237.33	516.76
Depreciation and Amortization	73.37	7.00	80.37
Finance Cost	0.73		0.73
Total Expenses	958.92	491.50	1,450.42
Segment Result	262.27	121.64	383.91
Income Tax			84.90
Profit for the period			299.01
Segment Assets	2,344.25	129.21	2,473.46
Segment Liabilities**			2,473.46

* Directly associated and identifiable segment cost has been reported on actual basis while common segment costs are allocated based on ratio of segment revenue.

** Segment wise liabilities have not been prepared due to absence internal reporting system of segment liability.

4.19 Capital Management

Capital includes issued capital and all other reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim is to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company's will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies or processes for managing capital during all the years reported in this financial statement.

4.20 Regrouping and around off

Figures have been regrouped and rearranged and rounded off to nearest rupee. Insignificant rounding off differences may exist.

PKF T. R. Upadhy & Co.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SOALTEE HOTEL LIMITED**

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Soaltee Hotel Limited and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 Ashad 2076 (16 July 2019), the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 Ashad 2076 (16 July 2019), and their consolidated financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Qualified Opinion

As explained in Note 4.4 b, out of the total leave liability of Rs 122,289,649 as on 16 July 2019 determined by the actuary, only Rs 114,216,378 has been recognized in the consolidated financial statements and balance of Rs 8,073,271 has been deferred to be recognized in the future years as per the decision of the management. This is not in line with the accounting policy adopted by the Company to account for long term liabilities on accrual basis. Had the total leave liability determined by the actuary been recognized in the consolidated financial statement, the total expenses would have increased by Rs 8,073,271 with corresponding decrease in bonus and profits for the year and increase in non-current liabilities by Rs 8,073,271.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with ICAN's Handbook of Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with 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 qualified opinion.

Key Audit Matters

Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Matters

We did not audit the financial statements and other financial information of 2 subsidiaries, "HI Soaltee Hotel Company Pvt Ltd and Soaltee Hospitality Ltd" whose financial statements reflect total assets of Rs 290.73 million and net assets of Rs 290.44 million as at 16 July 2019 and net profit of Rs 1.64 million and net cash inflows amounting to Rs 1.45 million for the year then ended. These financial statements and other financial information have been audited by other auditors who expressed an unmodified opinion on those statements on 27 September 2019 and 18 November 2019, respectively. Those reports have been furnished to us by the management, and our opinion on the consolidated financial statements in so far as it relates to the accounts and disclosures included in respect of these subsidiaries, are based solely on the report of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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PKF T. R. Upadhy & Co. is a member of the PKF international Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any other individual member or firms.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



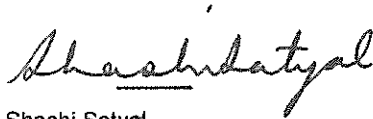
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the consolidated statement of financial position as at 31 Ashad 2076 (16 July 2019), the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been prepared in accordance with the requirements of the Companies Act, 2063, and are in agreement with the books of account maintained by Parent Company except for the matter described in the basis for qualified opinion paragraph; and proper books of account as required by law maintained by the Parent Company and its subsidiaries included in the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Parent Company and the reports of the other auditors.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Parent Company and the audit reports issued by other auditors necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Parent Company and its subsidiaries have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Group relating to the accounts in the Parent Company and its subsidiaries.



Shashi Satyal
 Partner



PKF T R Upadhy & Co.
 Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal
 Date: 18 November 2019 (2 Mangsir 2076)

UDIN No: 191118CA00008Abxxl

**SOALTEE HOTEL LIMITED**Consolidated Statement of Financial Position
As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	Note	31.03.2076 (16.07.2019)	32.03.2075 (16.07.2018)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,288,652,633	1,151,063,841
Intangible Assets	3.2	927,319	1,809,677
Investment Property	3.3	95,113,987	39,530,332
Deferred Tax Assets	3.4	62,688,382	69,587,628
Investments	3.5	273,148,980	273,627,323
Trade and Other Receivables	3.6	43,624,104	51,197,354
Total Non-Current Assets		1,764,155,405	1,586,816,155
Current Assets:			
Inventories	3.7	97,395,770	88,585,937
Income Tax Receivable	3.14	8,967,672	-
Investment	3.5	100,000,000	80,000,000
Trade and Other Receivables	3.6	287,495,465	284,207,100
Prepayments		20,102,651	17,975,969
Cash and Cash Equivalent	3.8	213,476,056	186,252,719
Total Current Assets		727,437,614	657,021,725
Total Assets		2,491,593,019	2,243,837,880
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	732,675,370	666,063,740
Retained Earnings and Reserves	3.10	905,739,509	781,046,149
Total Equity of Parent		1,638,414,879	1,447,109,889
Non-Controlling Interest	3.11	7,481,132	7,082,125
Total Equity		1,645,896,011	1,454,192,014
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.12	3,746,371	4,994,449
Employee Benefits	3.13	376,168,231	354,133,877
Trade and Other Payables	3.15	22,867,574	20,987,262
Total Non-Current Liabilities		402,782,176	380,115,588
Current Liabilities:			
Loans and Borrowings	3.12	1,161,908	845,838
Employee Benefits	3.13	56,942,016	52,420,680
Income Tax Payable	3.14	-	10,144,439
Trade and Other Payables	3.15	384,810,908	346,119,321
Total Current Liabilities		442,914,832	409,530,278
Total Liabilities		845,697,008	789,645,866
Total Equity and Liabilities		2,491,593,019	2,243,837,880

Notes 1 to 4.20 form an integral part of this statement

Dinesh Bahadur Bista
EXECUTIVE CHAIRMANDurga Shrestha (Mrs)
CHIEF ACCOUNTANTLil Bahadur Khatri
COMPANY SECRETARYGanesh Bahadur Chand
Venkatesh Gomatam
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjana Kumar Tibrewala
DIRECTORSAs per our report of even date
Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered AccountantsDate: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED****Consolidated Statement of Profit or Loss and Other Comprehensive Income**

As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	Note	2075-76 (2018-19)	2074-75 (2017-18)
Revenue from Operation	3.16	1,734,157,040	1,568,907,931
Other Income	3.17	102,682,865	97,794,072
Total Revenue		1,836,839,905	1,666,702,003
Consumption of Foods and Beverage	3.18	301,546,775	287,556,985
Employee Benefit Expenses	3.19	551,006,843	499,410,727
Management Fees		49,897,420	44,297,133
Operating Expenses	3.20	246,059,785	221,281,004
Depreciation and Amortization Expense	3.1/3.2/3.3	80,367,208	60,276,017
Other Expenses	3.21	221,166,418	188,973,236
Total Expenditures		1,450,044,449	1,301,795,102
Profit from Operations		386,795,456	364,906,901
Finance Cost		730,350	816,518
Profit Before Tax		386,065,106	364,090,383
Income Tax		85,409,842	83,409,847
Current Tax		78,510,597	70,870,345
Deferred Tax Expenses/(Income)	3.4	6,899,245	12,539,502
Profit from Continuing Operations		300,655,264	280,680,536
Net Profit for the Year		300,655,264	280,680,536
Other Comprehensive Income			
Change in Fair Value of Equity Shares		(478,343)	20,628
Total Other Comprehensive Income		(478,343)	20,628
Total Comprehensive Income		300,176,921	280,701,164

Net Profit Attributable to:

The Parent		300,256,257	280,246,725
Non-Controlling Interest		399,007	433,811

Other Comprehensive Income Attributable to:

The Parent		(478,343)	20,628
Non-Controlling Interest		-	-

Basic Earnings per Share (Rs.)		4.10	3.83
Diluted Earnings per Share (Rs.)	3.22	4.10	3.83

Notes 1 to 4.20 form an integral part of this statement

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN**Durga Shrestha (Mrs)**
CHIEF ACCOUNTANT**Lil Bahadur Khatri**
COMPANY SECRETARY**Ganesh Bahadur Chand**
Venkatesh Gomatam
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORSAs per our report of even date
Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered AccountantsDate: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED****Consolidated Statement of Cash Flows**
As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	2075-76 (2018-19)	2074-75 (2017-18)
Cash Flows from Operating Activities		
Profit Before Tax for the Year	386,065,106	364,090,383
Adjustment for:		
Dividend Income	(500,000)	(500,000)
Loss/ (Gain) on Sale of Property, Plant and Equipment	(2,095,046)	(1,325,488)
Interest Income on Term and Call Deposits	(11,419,976)	(10,839,938)
Incremental Interest Income on Staff Loans on Amortized Cost	(1,566,544)	(3,666,491)
Amortization of Deferred Employee Benefit Expenses	4,735,935	2,484,437
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	38,391,314	36,209,969
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	80,367,208	60,276,017
Finance Cost	730,350	816,518
Operating Cash Flow Before changes in Working Capital	499,708,347	452,545,407
(Increase) / Decrease in Trade and Other Receivables	(3,884,506)	9,612,150
(Increase) / Decrease in Inventories	(8,809,833)	(2,538,812)
(Increase) / Decrease in Prepayment	(2,126,682)	(2,587,787)
Increase / (Decrease) in Trade and Other Payables	38,027,710	37,669,030
Increase/ (Decrease) in Employee Benefits	24,374,345	(4,943,376)
Cash generated from Operations	547,289,381	489,756,612
Bonus Paid	(36,209,969)	(25,266,710)
Income Tax Paid	(97,427,343)	(59,522,543)
Net Cash Flows from Operating Activities (A)	413,652,069	404,967,359
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	5,951,765	2,507,566
Acquisition of Property, plant and Equipment, Investment Property and Intangible assets	(276,514,019)	(358,363,490)
Increase in Investments	(20,000,000)	(81,200,000)
Dividend Income	500,000	500,000
Interest Income on Term and Call Deposits	11,419,976	10,839,938
Net Cash flows from Investing Activities (B)	(278,642,271)	(425,715,986)
Cash Flow from Financing Activities		
Finance Cost	(730,350)	(816,518)
Repayment of Borrowings	(932,008)	(845,838)
Recovery of Cash for Fractional Bonus Shares	5,265	5,245
Dividend Paid Net	(106,129,368)	(34,583,465)
Net Cash Flows from Financing Activities (C)	(107,786,461)	(36,240,576)
Net Increase in Cash and Cash Equivalents (A+B+C)	27,223,337	(56,989,203)
Cash and Cash Equivalents at the Beginning	186,252,719	243,241,922
Cash and Cash Equivalents at the End	213,476,056	186,252,719

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN**Durga Shrestha (Mrs)**
CHIEF ACCOUNTANT**Lil Bahadur Khatri**
COMPANY SECRETARY

Ganesh Bahadur Chand
Venkatesh Gomatam
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Nirajan Kumar Tibrewala
 DIRECTORS

As per our report of even date
Shashi Satyal
 Partner
 PKF T R Upadhyaya & Co.
 Chartered Accountants

Date: 18 November 2019 (2 Mangsir 2076)
 Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED
Consolidated Statement of Changes in Equity
As at 31 Ashad 2076 (16 July 2019)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total Equity of Parent	Non-Controlling Interest	Total
Restated Balance as at 01.04.2073	526,526,060	16,000,000	35,198,427	7,288,761	535,150,064	1,940,110	1,122,103,422	6,377,509	1,128,480,931
Adjustments:									
Change in fair value of investment through OCI	-	-	-	-	-	(173,414)	(173,414)	-	(173,414)
Net profit readjusted for the year 2073-74	-	-	-	-	139,391,824	-	139,391,824	270,805	139,662,629
Payment of Dividend of 2072-73	-	-	-	-	(58,194,986)	-	(58,194,986)	-	(58,194,986)
Bonus Shares	52,655,240	-	-	-	(52,655,240)	-	-	-	-
Tax payments of earlier year	-	-	-	-	(455,960)	-	(455,960)	-	(455,960)
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	2,634	-	2,634	-	2,634
Restated Closing Balance as at 31.03.2074	579,181,300	16,000,000	35,198,427	7,288,761	563,238,336	1,766,696	1,202,673,520	6,648,314	1,209,321,834
Change in fair value of investment through OCI	-	-	-	-	-	20,628.00	20,628	-	20,628
Net profit for the year 2074-75	-	-	-	-	280,246,725	-	280,246,725	433,811	280,680,536
Payment of Dividend for 2073-74	-	-	-	-	(35,055,710)	-	(35,055,710)	-	(35,055,710)
Bonus Shares	86,882,440	-	-	-	(86,882,440)	-	-	-	-
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	5,245	-	5,245	-	5,245
Tax payments of earlier year	-	-	-	-	(780,519)	-	(780,519)	-	(780,519)
Closing Balance as at 32.03.2075	666,063,740	16,000,000	35,198,427	7,288,761	720,771,637	1,787,324	1,447,109,889	7,082,125	1,454,192,014
Change in fair value of investment through OCI	-	-	-	-	-	(478,343)	(478,343)	-	(478,343)
Net profit for the year 2075-76	-	-	-	-	300,256,257	-	300,256,257	399,007	300,655,264
Payment of Dividend for 2074-75	-	-	-	-	(108,673,557)	-	(108,673,557)	-	(108,673,557)
Bonus Shares	66,611,630	-	-	-	(66,611,630)	-	-	-	-
Adjustment of fractional bonus shares received/(paid)	-	-	-	-	5,265	-	5,265	-	5,265
Tax payments of earlier year	-	-	-	-	(195,365)	-	(195,365)	-	(195,365)
Closing Balance as at 31.03.2076	732,675,370	16,000,000	35,198,427	7,288,761	845,943,340	1,308,981	1,638,414,879	7,481,132	1,645,896,011

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Ganesh Bahadur Chand
Venkatesh Gomatam
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Nirajan Kumar Tibrewala
DIRECTORS

Date: 18 November 2019 (2 Mangsir 2076)
Place: Kathmandu, Nepal

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

As per our report of even date
Shashi Satyal
Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements

1. General Information

Soaltee Hotel Limited (the Company or SHL) is a limited liability company registered with Office of Company Registrar as per erstwhile Company Act. Its shares are enlisted with Security Board of Nepal (SEBON) and listed and traded at Nepal Stock Exchange Ltd. (NEPSE). The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal. Since its incorporation more than 50 years, SHL has been catering the Tourism sector services with five star quality hotel facilities from the date of commercial operation. SHL has invested in two subsidiaries namely H I Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd. for expanding its hotel business. Through Soaltee Hospitality Ltd., wholly owned subsidiary, it has also invested in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd. with 24% share in the company.

Holiday Inns (China) Limited, an Intercontinental Hotels Group (IHG) owned company operates the 282 saleable rooms ranging from Deluxe, Club to Suites under the Hotel Management Agreement with the Company. The Company also operates a LSG Sky Chef - Flight Catering Unit under a Technical Assistance Agreement with LSG Catering Hong Kong Limited, Hong Kong.

The consolidated financial statements is prepared by consolidating the financial statements of Soaltee Hotel Limited (the Parent or SHL), H I Soaltee Hotel Company Pvt. Ltd. (Subsidiary with 72.63% holding) and Soaltee Hospitality Ltd. (100% Subsidiary), collectively stated as "the Group" hereinafter. The Group's principal activity is to invest in hotel industry. The Group has invested hotels in Kathmandu and Nepalgunj.

The Consolidated Financial Statements were authorized for issue by the meeting of the Board of Directors on 18 November 2019 (02Mangsir 2076) and has recommended for approval by shareholders in the Annual General Meeting.

2. Significant Accounting Policies

2.1. Basis of Preparation

2.1.1. Statement of Compliance

The consolidated financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standard Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal.

2.1.2. Basis of Measurement

These consolidated financial statements are prepared under historical cost convention except for the following material items:

- Investment in shares of entities other than subsidiaries, which have been measured at fair value
- Staff loans provided at subsidized interest rate, which have been measured at amortized cost.
- Other long term liabilities (leave liability), which has been measured at present value of the obligation

2.1.3. Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The Group makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a) Useful life of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant and equipment at the end of each reporting period. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs.

b) Impairment of Property, Plant and Equipment

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an



impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on the carrying value of assets.

c) Recognition of deferred tax

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

Deferred tax is calculated on temporary differences using a known future tax rate. Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

d) Other long term employee benefits

Significant judgment is required to determine the estimated liability that shall arise on part of unused/accumulated leave by the staff and which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the Group.

2.1.4. Functional and Presentation Currency

The Consolidated financial statements are prepared and presented in Nepalese Rupees (Rs.), which is also the Group's functional currency.

2.2. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in relevant areas.

2.2.1. Basis of Consolidation

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity.

Consolidation of financial statements of subsidiaries has been done in line with NFRS 10: Consolidated Financial Statements. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, equity, income, expenses and cash flows of the parent with those of its subsidiaries. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated. All intra group assets and liabilities, equity, income, expenses and cash flows relating to SHL has opted for carve out alternative accounting treatment issued by ICAN relation to use uniform accounting policies for like transactions in consolidation of financial statements. Under the carve out alternative treatment, the investment made in associate by SHL's fully owned subsidiary is measured at cost instead of measuring it using equity method.

2.2.2 Associates

Profits or losses arising on transactions between the Group and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Investment in associates of the subsidiaries are recorded at cost in line with the carve out issued by ICAN for alternative accounting treatment as described in note 2.2.1.

2.2.3 Financial Assets and Financial Liabilities

i. Recognition

The Group initially recognizes financial assets on trade date which is the date on which the Group becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

ii. Classification and Measurement

Financial Assets

The classification and measurement of financial assets depend on how these are managed (the entity's business model) and their contractual cash-flows characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL').

- At amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Group has intent and ability to hold till maturity. They are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

- At fair value through profit or loss:

Financial assets are classified at fair value through profit or loss if the company manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to revenue.

- At fair value through other comprehensive income:

Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to retained earnings.

Financial Liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

iii. Derecognition

Financial Assets

The Group derecognizes a financial assets when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Group neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in retained earnings.

Financial Liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

iv. Offsetting

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Amortized cost measurement

The 'amortized cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

vi. Fair value measurement

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction. Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques.

vii. Identification and measurement of impairment

Financial assets

At each reporting date the Group assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor
- breach of contract, such as default or delinquency by a debtor
- observable data relating to a group of assets such as adverse changes in the payment status of debtor

The amount of loss is measured as the difference between the asset's carrying amount and amount the management considers it as recoverable on the basis of financial position of the party and appropriate estimation made by the management. Receivables considered as less likely to be received are provided allowance for loss and charged to Statement of Profit or Loss.

In addition, for an investment in an unquoted equity security, a significant or prolonged decline in its net worth is objective evidence of impairment.

Impairment losses are recognized in Statement of Profit or Loss and reflected in an allowance account against debtors. Impairment losses on equity investment are routed through Statement of OCI. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through income statement (OCI in case of available for sale investment).

If, in a subsequent period, the fair value of an equity investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairing loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI.

2.2.4 Impairment of Non Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. An impairment loss is recognized in Statement of Profit or Loss. Provisions against impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in Other Comprehensive Income.

2.2.5 Foreign Currency

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.2.6 Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Group. Ongoing repair and maintenance are expensed as incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.



The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

The Group has assessed the salvage value of all its property, plant and equipment to be 5% of its original cost.

Depreciation

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property, plant and equipment are depreciated on Straight Line Method over their useful life.

Management of the Group has assessed useful life of the following category of assets as mentioned.

Category of Assets	Estimated useful life
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years

There are assets whose useful life is complete on the date of first time adoption of NFRS (1 shrawan 2074) which are still in use. Management expects that such assets shall be used for three more years; accordingly, the remaining amount of assets on the date of transition to NFRS is depreciated in subsequent three years.

2.2.7 Intangible Assets

Computer Software

Purchased computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated useful lives.

Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of computer software is considered to be five years.

2.2.8 Investment Property

The Group holds certain assets (land and building) for purpose other than its core operating function. Such assets are classified as investment property.

Items of investment property are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Group. Ongoing repair and maintenance are expensed as incurred.

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in statement of profit or loss.

Incomes arising from use of investment property by third parties are recognized as lease income from operating lease. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Group believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.



Salvage Value

Group has assessed the salvage value of its depreciable investment property to be 5% of its original cost.

Depreciation

Land that form part of investment property is not depreciated. Depreciation is provided on other items of investment property so as to write-off their carrying value over the expected useful economic lives.

Depreciable investment properties are depreciated on Straight Line Method over their useful life. Management considered the useful life of investment property to be of 55 years.

2.2.9 Investments

Investments in shares of the companies are classified as either at amortized cost or at fair value. The classification of investment and its subsequent measurement is dependent on the business model for managing such investments and contractual cash flow characteristics.

Investments are measured at fair value unless measured at amortized cost. Investments are measured at amortized cost if such investment is held with in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent changes in the investments measured at amortized cost are charged to Profit or Loss. Investments measured at fair value opting the routing through Other Comprehensive Changes, at initial recognition, for adjusting the changes in fair value are charged through Other Comprehensive that forms part of the equity of the Company. Changes in fair value of other investments are charged to Profit or Loss.

2.2.10 Inventories

Stock of food, beverages, store and operating supplies are initially recognized at cost and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on weighted average method and includes expenditure incurred directly in acquiring the inventories and bringing them to their present location and condition.

2.2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days from the date of transaction is considered as cash equivalent.

2.2.12 Trade and other receivables

Trade and other receivables are stated at transaction value less allowance for impairment.

Staff loan are measured at amortized cost. Discounting rate has been arrived by considering comparable market rates of similar types of loan. Difference of amortized value and book value of loan is charged to profit or loss for the period of staff loan.

2.2.13 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's equity shares are classified as equity instruments.

2.2.14 Employee Benefits

Employee benefits are either defined benefit plan or defined contribution plan. Employee benefits of the company comprise of gratuity, provident fund and accumulated leave. These benefits are provided as per the Employee Service Manual and Collective Bargaining Agreement between Employee Union and the Company.

Provident Fund-Defined Contribution Plan

Companies of the Group pays pre-defined amount to Employee Provident Fund and does not have any legal or constructive obligation to pay additional amount in future. Contributions to Provident fund are charged to the statement of profit or loss in the year to which they relate.

Gratuity-Defined Contribution Plan

Group is required to pay pre-defined amount to Social Security Fund as gratuity to employees. The Group accrues 8.33% of basic salary as gratuity benefits in accordance with the Labor Law of Nepal. The amount presented in financial statements is the actual liability of gratuity at each reporting date.

Short term and long-term employment benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accumulated leaves, encashment of which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

2.2.15 Income Tax

Deferred Tax

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in subsequent periods.

Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the reporting date and any adjustment to tax payable in respect of previous years. Current tax is calculated reasonably in accordance with the provisions of Income tax Act as per management assumption and bet judgement.

General corporate tax rate is 25%. The Company is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058, accordingly, tax rate applicable for the company is 21.25% (previous year rate was 21.25%).

2.2.16 Revenue

Revenue is recognized only when it is probable that the future economic benefits will flow to the group and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes, Civil Aviation Fee and Service Charges where applicable.

Revenue from Sale of Services

Revenue is recognized at the time of delivery of services and is stated net of Value Added Tax (VAT) and Service Charges. Revenue from LSG Sky Chef -Flight Catering Unit sales is stated net of Civil Aviation Fee & Service charge.

Revenue from package sales is disclosed net of credits and refunds, included as part of the package.

Service Charge

Income from service charges is recognized on accrual basis net of contribution to be made to the Hotel Association Nepal (HAN) and the Employees as per Labor Rules as per the previous agreement between HAN and representatives of the Employees Union.

Dividend

Dividend income from investment in shares is recognized when the right to receive the payment is established.

Other Income

Other income are recognized on accrual basis when there are reasonable basis to ascertain the amount and there is reasonable basis for recoverability except for certain privilege membership fee and training fees, which are insignificant to the total revenue.

2.2.17 Expenses

Expenses are accounted on accrual basis where there are reasonable basis to estimate ascertain the obligation and rationality of such obligation.



Management Fee

Management fee payable to Holiday Inns (China) Limited for hotel operation is based on fixed percentage of the adjusted Gross Revenue and Gross Operating Profit as specified in the Hotel Management Agreement.

License Fee

License fees payable in relation to technical assistance to LSG Catering Hong Kong Limited, to operate the Flight Catering Unit under the brand name of 'LSG Sky Chefs' is based on a fixed percentage of the Net Sales Value as specified in the Technical Assistance Agreement.

Employee Bonus

Employee bonus is provided in line with the provisions of Bonus Act 2030 BS.

2.2.18 Lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

SHL has entered into operating lease arrangement for use of property at LSG Flight Kitchen. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease expenses, which the Group believes is more representative than the straight line method, in line with para 33 of NAS 17: Leases.

Group has entered into operating lease arrangement allowing to use its facilities and infrastructures to third parties. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

2.2.19 Provisions

The Group applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.

2.2.20 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Group classifies an asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Group classifies a liability as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.2.21 Segment Reporting**

The Group's segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Company's management of the Group, which is responsible for allocating resources and assessing performance of the operating segments. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated centrally. Income and expenses directly associated with each segment are included in determining business segment performance.

2.2.22 Operating Cycle

The Company considers its operating cycle to be of 12 months.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements

Note 3.1: Property, Plant & Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and fixture	Office Equipment	Computers	Vehicles	Under Construction	Total
Cost									
Balance at 01.04.2074	65,389,615	530,666,580	892,998,838	297,207,487	7,315,205	44,860,992	52,966,247	141,184,824	2,032,589,790
Addition	84,099,164	79,119,059	102,463,014	65,739,761	87,246	1,631,477	12,942,478	127,119,077	473,201,276
Disposal/Transfer	-	(57,797)	(29,123,361)	(7,293,160)	(135,400)	-	-	(114,962,786)	(151,572,504)
Balance at 32.03.2075	149,488,779	609,727,842	966,338,491	355,654,088	7,267,051	46,492,469	65,908,725	153,341,115	2,354,218,561
Addition	-	71,315,324	104,236,070	112,505,609	-	19,379,568	13,565,090	110,413,291	431,414,952
Disposal/Transfer	-	(6,993,408)	(15,308,984)	(11,460,891)	(503,323)	(1,277,961)	(3,244,093)	(211,531,111)	(250,319,771)
Balance at 31.03.2076	149,488,779	674,049,758	1,055,265,577	456,698,806	6,763,728	64,594,076	76,229,722	52,223,295	2,535,313,741
Depreciation and Impairment loss									
Balance at 01.04.2074	-	242,699,556	630,438,481	232,352,070	6,621,779	32,476,789	35,607,322	-	1,180,195,997
Charge for the year	-	11,138,661	30,169,377	11,840,236	129,988	2,628,209	2,479,892	-	58,386,363
Disposal	-	(41,912)	(27,983,735)	(7,267,150)	(134,840)	-	-	-	(35,427,638)
Balance at 32.03.2075	-	253,796,305	632,624,123	236,925,156	6,616,927	35,104,998	38,087,214	-	1,203,154,722
Charge for the year	-	13,519,377	36,596,852	22,508,837	128,457	2,744,996	2,939,808	-	78,438,327
Disposal	-	(4,176,173)	(14,711,674)	(11,100,238)	(502,024)	(1,257,932)	(3,183,900)	-	(34,931,941)
Balance at 31.03.2076	-	263,139,509	654,509,301	248,333,755	6,243,360	36,592,062	37,843,122	-	1,246,661,108
Net Book Value									
At 01.04.2074	65,389,615	287,967,024	262,560,357	64,855,417	693,426	12,384,203	17,358,925	141,184,824	852,393,794
At 32.03.2075	149,488,779	355,931,537	333,714,368	118,728,932	650,124	11,387,471	27,821,511	153,341,115	1,151,063,841
At 31.03.2076	149,488,779	410,910,249	400,756,276	208,365,051	520,368	28,002,014	38,386,600	52,223,295	1,288,652,633

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Himalayan Wing Basement Project and Parking Project, includes cost of assets Rs. 16.63 million, capital advance Rs. 28.36 million and other related costs Rs. 7.23 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements**Note 3.2: Intangible Assets**

Amount in Rs.

Particulars	Software	Total
Cost		
Balance at 01.04.2074	12,926,443	12,926,443
Addition	125,000	125,000
Disposal/Transfer	-	-
Balance at 32.03.2075	13,051,443	13,051,443
Addition	-	-
Disposal	-	-
Balance at 31.03.2076	13,051,443	13,051,443
Amortization		
Balance at 01.04.2074	10,353,077	10,353,077
Charge for the year	888,689	888,689
Disposal	-	-
Balance at 32.03.2075	11,241,766	11,241,766
Charge for the year	882,358	882,358
Disposal	-	-
Balance at 31.03.2076	12,124,124	12,124,124
Net Book Value		
At 01.04.2074	2,573,366	2,573,366
At 32.03.2075	1,809,677	1,809,677
At 31.03.2076	927,319	927,319

Note 3.3: Investment Property

Amount in Rs.

Particulars	Freehold Land	Building	Total
Cost			
Balance at 01.04.2074	4,707,287	109,516,634	114,223,921
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 32.03.2075	4,707,287	109,516,634	114,223,922
Addition	-	56,630,178	56,630,178
Disposal	-	-	-
Balance at 31.03.2076	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2074	-	73,692,625	73,692,625
Charge for the year	-	1,000,965	1,000,965
Disposal	-	-	-
Balance at 32.03.2075	-	74,693,590	74,693,590
Charge for the year	-	1,046,523	1,046,523
Disposal	-	-	-
Balance at 31.03.2076	-	75,740,113	75,740,113
Net Book Value			
At 01.04.2074	4,707,287	35,824,009	40,531,296
At 32.03.2075	4,707,287	34,823,044	39,530,332
At 31.03.2076	4,707,287	90,406,699	95,113,987



SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements

Note 3.4: Deferred Tax Assets

Deferred tax is calculated on temporary differences using known future tax rate effective to the Company. Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

Amount in Rs.

Particulars	01.04.2075	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2076
Fixed Assets	(12,382,800)	(11,583,245)	-	(23,966,045)
Gratuity Provision	53,114,795	2,549,974	-	55,664,769
Provision for Leave	22,138,654	2,132,326	-	24,270,980
Trade and Other Receivable	6,716,978	1,700	-	6,718,678
Total	69,587,627	(6,899,245)	-	62,688,382

Particulars	01.04.2074	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2075
Fixed Assets	(1,211,548)	(11,171,252)	-	(12,382,800)
Gratuity Provision	56,409,899	(3,295,104)	-	53,114,795
Provision for Leave	20,523,228	1,615,426	-	22,138,654
Trade and Other Receivable	6,405,550	311,428	-	6,716,978
Total	82,127,129	(12,539,502)	-	69,587,627

Note 3.5: Investments

Amount in Rs.

Particulars	31.03.2076	32.03.2075
Non-Current		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	273,148,980	273,627,323
Total	273,148,980	273,627,323
Current		
At Amortized Cost	100,000,000	80,000,000
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
Total	100,000,000	80,000,000

Investment comprises the following:

	31.03.2076	32.03.2075
At Amortized Cost (A)		
Term Deposit	100,000,000	80,000,000
Total Investment at Amortized Cost	100,000,000	80,000,000
At Fair Value Through OCI (B)		
Investment in Associates		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	16,538	16,538
Less: Allowance for Impairment	(16,538)	(16,538)
Net investment	-	-
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	261,840,000	261,840,000
Sub-total	261,840,000	261,840,000
Investment in other Entities		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,308,980	11,787,323
Sub-total	11,308,980	11,787,323
Total Investment through OCI	273,148,980	273,627,323
Proportion of voting rights		
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	24%	24%
H I Soaltee Management Co. Limited	26%	26%
Himal International Power Corp. Pvt. Ltd.	6%	6%

The net worth of H I Soaltee Management Co. Ltd. is negative since many years and accordingly, impairment has been accounted.

SOALTEE HOTEL LIMITED

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Notes to the Consolidated Financial Statements**Note 3.6: Trade and Other Receivable**

Particulars	Amount in Rs.	
	31.03.2076	32.03.2075
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	2,992,083	2,992,083
Deposits	3,722,464	3,421,504
Loans and Advances to Employees	35,397,323	41,030,583
Deferred Employee Benefit Expenses	1,512,234	3,753,184
Total	50,675,523	58,248,773
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	43,624,104	51,197,354
Current		
Trade Receivable		
Trade Receivable	225,814,901	260,668,900
Less: Allowance for Impairment	(24,565,887)	(24,557,890)
Trade Receivable-Net	201,249,014	236,111,010
Other Receivable		
Loans and Advances to Employees	32,061,729	14,953,517
Loans and Advances to Other	25,271,484	13,213,876
Advances to Contractor and Suppliers	7,229,735	10,206,963
VAT Recoverable	19,669,757	-
Management Fees Recoverable	-	8,047,756
Others	377,287	294,130
Deferred Employee Benefit Expenses	1,636,459	1,379,847
Total Other Receivable	86,246,451	48,096,089
Total	287,495,465	284,207,099

Additional information on other receivable included in non-current receivable is provided in Note 4.10.1. Trade receivables are normally collected as per credit terms with the parties, generally within a period of 90 days. Trade receivable is non-interest bearing. Additional information on Trade receivable included in Current receivable is provided in Note 4.10.2.

Note 3.7: Inventories

Particulars	31.03.2076	32.03.2075
Stores and Spares	11,918,313	14,167,943
Provision, Beverage and Others	22,937,641	21,811,802
Uniform and Linen	34,808,046	24,059,452
Crockery, Cutlery etc.	27,731,770	28,546,740
Total	97,395,770	88,585,937

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2076	32.03.2075
Cash in Hand	2,006,422	2,954,082
Cheque in Hand	-	236,398
Balances with Bank	211,469,634	183,062,239
Total	213,476,056	186,252,719

SOALTEE HOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements

Note 3.9: Share Capital

Particulars	Amount in Rs.	
	31.03.2076	32.03.2075
Authorized Share Capital		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
Issued Share Capital		
75,000,000 Shares of Rs. 10/- each	750,000,000	750,000,000
Subscribed and Fully Paid up		
72,267,537 Shares of Rs.10/- each	732,675,370	666,063,740
Total	732,675,370	666,063,740

Reconciliation of no. of shares outstanding

Particulars	31.03.2076	32.03.2075
Balance at the beginning of the year	66,606,374	57,918,130
Add: Bonus Issue	6,661,163	8,688,244
Add: Right Issue	-	-
Balance at the end of year	73,267,537	66,606,374

Details of Shareholding

Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2076	32.03.2075
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,308,981	1,787,324
Retained Earnings	845,943,340	720,771,637
Total	905,739,509	781,046,149

Note 3.11: Non-Controlling Interest

Particulars	31.03.2076	32.03.2075
Share Capital	3,563,600	3,563,600
Retained Earnings	3,917,532	3,518,525
Total	7,481,132	7,082,125

Note 3.12: Loans and Borrowings

Particulars	31.03.2076	32.03.2075
Non-Current		
Bank loans		
Secured- Hire Purchase	3,746,371	4,994,449
Total	3,746,371	4,994,449
Current		
Current portion of Hire Purchase Loan	1,161,908	845,838
Total	1,161,908	845,838

Note 3.13: Employee Benefits

Particulars	31.03.2076	32.03.2075
Non-Current		
Gratuity	329,414,263	317,491,891
Less: Plan Assets	(67,462,410)	(67,539,915)
Net Gratuity Liability	261,951,853	249,951,976
Accumulated Leave	114,216,378	104,181,901
Total	376,168,231	354,133,877
Current		
Salary and Wages Payable	18,550,702	16,210,711
Bonus Payable	38,391,314	36,209,969
Total	56,942,016	52,420,680

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)
Notes to the Consolidated Financial Statements

Note 3.14: Income Tax Receivable/(Payable)

Amount in Rs.

Particulars	31.03.2076	32.03.2075
Advance Income Tax	87,476,269	60,725,906
Income Tax liability	(78,508,597)	(70,870,345)
Total	8,967,672	(10,144,439)

Note 3.15: Trade and Other Payable

Particulars	31.03.2076	32.03.2075
Non-Current		
Retention and Security Deposit	13,788,789	14,452,666
Unclaimed Dividend	9,078,785	6,534,596
Total	22,867,574	20,987,262
Current		
Sundry Creditors	156,727,911	137,960,498
Other Payable		
Advances Received	94,527,613	67,251,560
Management Fee	2,555,982	-
Flight Kitchen Franchise Fee	989,489	1,185,308
VAT Payable	-	3,535,496
Service Charge	47,808,817	44,905,028
Housing Fund	26,334,029	36,334,029
Corporate Social Responsibility	7,817,951	4,827,841
Other Liabilities	48,049,117	50,119,561
Total	384,810,908	346,119,321

Trade and other payable are non-interest bearing in nature.
Please refer Note 4.5 for additional information on advances received.

Note 3.16: Revenue from Operation

Particulars	2075-76	2074-75
Room	534,342,033	442,420,291
Food	1,136,519,383	1,060,626,267
Beverage	52,743,322	52,574,848
Cigar and Cigarettes	628,875	391,715
Telephone	190,837	237,225
Laundry Income	7,808,738	7,500,632
Beauty Parlor	130,430	640,343
Swimming Pool, Health Club, Guest Membership Fee	1,684,252	4,410,641
Business Centre	109,170	105,969
Total	1,734,157,040	1,568,907,931

Note 3.17: Other Income

Particulars	2075-76	2074-75
Premises Rental Charge	31,843,796	26,666,220
Interest on Loans & Advances at Amortized Cost	4,585,201	4,412,861
Interest on Call Account/Time Deposit	11,419,976	10,839,938
Miscellaneous Receipts	18,975,076	10,584,539
Income from Service Charge	31,472,247	35,811,425
Dividend Income	500,000	500,000
Profit on Sale of Assets	2,095,046	1,325,488
Exchange Gain	-	7,255,019
Others	443,867	294,130
Unclaimed Balance Written Back	1,347,656	104,452
Total	102,682,865	97,794,072

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements**Note 3.18: Consumption of Food and Beverage**

Amount in Rs.

Particulars	2075-76	2074-75
Food	287,549,636	273,864,950
Beverage	13,784,769	13,530,000
Cigarettes	212,370	162,035
Total	301,546,775	287,556,985

Note 3.19: Employee Benefit Expenses

Particulars	2075-76	2074-75
Salary and Wages	270,059,262	240,053,552
Allowances	115,106,356	95,243,801
Festival Allowance	23,322,234	19,689,532
Overtime	14,381,603	12,324,673
Employees Meal	26,263,856	22,413,330
Soaltee Staff Welfare/SSF Contribution	5,373,590	4,882,792
Gratuity	18,585,224	31,231,538
Leave	11,833,952	15,290,670
Provident Fund	21,820,967	18,249,957
Clinic Expenses	1,132,550	1,336,476
Amortization of staff loan	4,735,935	2,484,437
Bonus	38,391,314	36,209,969
Total	551,006,843	499,410,727

Note 3.20: Operating Expenses

Particulars	2075-76	2074-75
Linen	9,303,312	10,062,645
Laundry Supplies	4,526,790	2,889,990
Crockery & Cutlery	2,397,354	3,584,437
Silverware	1,473,529	744,468
Cleaning Supplies	9,124,431	9,602,449
F & B Paper Supplies	9,815,901	9,116,335
Guest Supplies	19,330,124	18,442,064
Water & Water Treatment	17,791,246	16,787,737
Garden Maintenance	308,373	-
Pest Control	2,277,000	2,160,000
Waste Removal	895,700	1,004,637
Power and Fuel	129,655,816	121,044,061
Repair and Maintenance	39,160,209	25,842,181
Total	246,059,785	221,281,004

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements**Note 3.21: Other Expenses**

Particulars	Amount in Rs.	
	2075-76	2074-75
Rental Charges	1,017,420	976,484
Travelling	7,413,021	9,230,378
Transport and Conveyance	25,061,681	22,852,007
Audit Fee	615,400	489,700
Legal and Professional Fees	4,777,325	8,795,567
Directors' Meeting Fees	1,182,349	1,005,879
Licence & Taxes	32,349,456	27,206,321
Bank Charges	9,983,203	8,765,808
Annual General Meeting Expenses	858,574	1,091,772
Commissions	4,314,115	4,950,194
Insurance	22,645,808	16,475,883
Communication Expenses	7,245,581	7,073,789
Printing and Stationery	5,858,684	5,000,598
Advertisement and Sales Promotion	20,405,513	16,256,633
Marketing and Reservation Expenses	17,146,661	14,586,891
Training and Conference	3,152,514	2,527,774
Donation	-	30,000
Books and Newspaper	414,359	425,687
Membership & Subscription	2,005,802	1,695,777
Security Services	7,073,255	5,182,422
Uniform Expenses	3,976,793	6,670,145
Entertainment	739,436	1,641,247
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	4,219,370	4,918,756
Banquet Expenses	15,530,231	5,587,500
Kitchenette Expenses	2,771,371	4,273,462
Exchange Loss	1,915,126	-
Corporate Social Responsibility	2,990,110	2,792,382
Miscellaneous	10,503,260	3,470,180
Total	221,166,418	188,973,236

Note 3.22: Earnings per Share

Basic earnings per share is calculated by dividing the total profit or loss attributable to equity shareholders. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by weighted average number of equity shares for the effects of all dilutive potential equity shares. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

SHL has issued bonus shares in previous years. Calculation of basic and diluted earnings per shall has been done as stated above.

Particulars	2075-76	2074-75
Basic Earnings per Share		
Profit for the year	300,655,264	280,680,536
Number of shares	73,267,537	73,267,537
Basic Earnings per Share (Rs.)	4.10	3.83
Diluted Earnings per Share		
Profit for the year	300,655,264	280,680,536
Weighted average number of shares	73,267,537	73,267,537
Diluted Earnings per share (Rs.)	4.10	3.83



SOALTEEHOTEL LIMITED

As at 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements

Note 3.23: Financial Instruments Classification and Fair Value Measurement

Financial Instruments are classified in accordance with Note 2.2.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values are determined according to the following hierarchy:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exist factors that would otherwise result in changes to the book value of assets or liabilities.

As at 31.03.2076	Carrying Amount	Amount in Rs.		
		Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	327,970,876			327,970,876
Investment	100,000,000			100,000,000
Cash and Cash Equivalent	213,476,056			213,476,056
Total At Amortized Cost	641,446,932			641,446,932
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	273,148,980			273,148,980
Total Financial Assets	914,595,912	-	-	914,595,912
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	407,678,482			407,678,482
Loans and Borrowings	4,908,279			4,908,279
Total Financial Liabilities	412,586,761	-	-	412,586,761

As at 32.03.2075	Carrying Amount	Amount in Rs.		
		Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	330,271,423			330,271,423
Investment	80,000,000			80,000,000
Cash and Cash Equivalent	186,252,719			186,252,719
Total At Amortized Cost	596,524,142			596,524,142
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	273,627,323			273,627,323
Total Financial Assets	870,151,465	-	-	870,151,465
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	367,106,583			367,106,583
Loans and Borrowings	5,840,287			5,840,287
Total Financial Liabilities	372,946,870	-	-	372,946,870

**SOALTEE HOTEL LIMITED**

For the period ended on 31 Ashad 2076 (16 July 2019)

Notes to the Consolidated Financial Statements**4 Additional Information****4.1 Share Capital**

The Group has single class of equity shares where shares of Soaltee Hotel Limited have face value of Rs. 10 per share and subsidiaries have face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

4.2 Non-Controlling Interest

Soaltee Hotel Ltd. has made investment in two subsidiaries where holding in one is 100% and on the other is 73.63%. Upon consolidation of the financial statements, total portion of financial statements is added by eliminating the portion of other shareholders by way of non-controlling interest.

4.3 Reserves and Retained Earnings**a. Share premium**

SHL had issued shares in premium on 1992-93. The amount collected by SHL in excess of its face value is credited to this account. Use of share premium shall be as provided in Company Act 2063.

b. Other Reserves

SHL had created other reserves out of capital profits on 1995. There is no movement on this reserve since then.

c. Retained Earning

Net profit for each year is added to this reserve. Group uses this to provide dividend to its shareholders.

d. Fair Value Reserve

This reserve is created to account for changes in fair value of investments for those investments that are opted to be measured at fair value through Other Comprehensive Income.

e. Revaluation Reserve

Revaluation Reserve was created in 1986 when the land of SHL was revalued. For the first time adoption of NFRS (1 Shrawan 2074), the revalued amount of land has been considered at deemed cost which as allowed by NFRS 1 and accordingly, this reserve has remain intact.

4.4 Employee Benefits**a. Gratuity**

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which SHL was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labor law has changed the nature of gratuity and this is now a defined contribution plan whereby SHL is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. Such amount is required to be paid / deposited to Social Security Fund.

Particulars	2075-76	2074-75
Opening liability	317,491,891	302,770,945
Payment made	(6,662,852)	(16,510,592)
Additional provision (as per then existing provision)	-	17,671,099
Additional provision @8.33%	18,585,224	13,560,439
Closing liability	329,414,263	317,491,891

SHL is yet to make payout of the gratuity in Social Security Fund.

b. Leave

Leave is classified as other long term employee liability. Liability is measured by way of actuarial valuation for accumulated leave balance at the end of reporting periods. Changes in value of liability is as follows:

Particulars	2075-76	2074-75
Opening liability	104,181,901	96,579,895
Service Cost	7,084,177	10,817,879
Interest Cost	7,229,749	6,491,488
Plan Amendment	-	(342,102)
Actuarial Gain/(Loss)	5,593,297	(1,676,595)
Benefit Paid	(1,799,475)	(7,688,664)
Closing Liability (A)	122,289,649	104,181,901
Liability recognized in the financial statements (B)	114,216,378	104,181,901
Deferred Liability (A-B)	8,073,271	-

Out of the total leave liability of Rs. 122,289,649 as on 16 July 2019 determined by the actuary, only Rs. 114,216,378 has been recognized in the financial statements and balance of Rs. 8,073,271 has been deferred to be recognized in the future years as per the decision of the management. This is not in line with the accounting policy adopted by the Group to account for long term liabilities.

Basic assumptions considered for measurement of leave liability related to leave are as follows:

Particulars	2075-76	2074-75
Discount rate	7%	7%
Rate of compensation increase	6%	6%
Average expected future service	15	15
Average duration of liabilities	17	16

Plan assets have not been created for funding of payment of leave liability.

Sensitivity Analysis

The following table demonstrates the impact of 1% increase in discount rate considered for calculating the present value of long term leave liability.

Particulars	2075-76	2074-75
Effect on:		
- Service Cost	(913,985)	(1,507,740)
- Interest Cost	1,032,820	927,623
- Leave Liability	(12,582,707)	(11,310,316)

The following table demonstrates the impact of 1% decrease in discount rate considered for calculating the present value of long term leave liability.

Particulars	2075-76	2074-75
Effect on:		
- Service Cost	1,113,886	1,858,466
- Interest Cost	(1,032,820)	(927,353)
- Leave Liability	14,932,148	13,468,773

4.5 Lease

SHL has entered into a lease arrangement of premises for a period of 15 years. The future minimum lease rental payment to be made is as follows:

Period	2075-76	2074-75
Up to one year	1,045,560	962,052
One to five years	4,182,240	4,810,260
Above five years	648,476	598,317
Total	5,876,276	6,370,629

SHL has entered into operating lease arrangement allowing to use some part of its assets on lease. Minimum lease amount receivable under such lease is as follows:

Period	2075-76	2074-75
Up to one year	36,382,104	25,546,693
One to five years	120,225,566	110,266,106
Above five years	470,367,452	399,517,808
Total	626,975,122	535,330,607

Health Club/Spa property under construction

SHL has entered into a leasing arrangement allowing to use some part of its assets with cancellable condition and clauses with Dhanwantari Spa And Wellness Pvt. Ltd. (party) for construction and subsequent use of wellness centre (building for Health Club-Spa) at the premise of SHL. As per the arrangement, all the construction works of the building is being done by the party on behalf of SHL and such assets being developed is included in Investment Property of the Group. The party will operate the Spa for the defined period under the agreement for which the party shall pay some portion of its total lease rental in cash and remaining portion is adjusted against the cost incurred by the party for construction. The rental income as per the lease agreement has been commenced w.e.f. 1 January 2019, however, the capitalization of the property was made on 30 June 2019 upon receipt of completion certificate from the contractor.

4.6 Corporate Social Responsibility

During the year, SHL has provided Rs. 2.99 million (previous year Rs. 2.79 million) (1% of net profit after tax) as Corporate Social Responsibility as per the Section 48 (1) of the Industrial Enterprises Act 2073.

4.7 Risk Management objectives and policies

The Group's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Board of each Group and senior management has overall responsibility for the establishment and oversight of the Group's risk management. The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Market Risk

Inspite of having a very high potentiality of Tourism Sector and its related to services, it is volatile to geopolitical and domestic incidents. With stabilization in the geopolitical and domestic issues, the tourism sector looks for bright future. However there is risk that any domestic/international or geopolitical incidents would impact the business of the company. However, the group through years of operations has sustained through such risks over the years in the past.

ii. Credit Risk

The Group (SHL, in particular) provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. In impact on tourism sector may have impact of company debtors' ability to pay SHL within reasonable credit period allowed. Accordingly there exist the credit risks to that extent. The Group through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

iii. Liquidity Risk

The Group has very less amount of debt funding and will not be impacted significantly. Group monitors its liquidity position on regular basis through effective planning and forecasting.

The Group's current assets aggregate positively against the current liabilities and accordingly, the liquidity risk or risk that the company may not be able to settle its liabilities as they become, due does not exist.

iv. Operational Risk

Group has been in operation since more than 50 years and have prepared and implemented various Standard Operating Procedures (SOPs) in the form of clear cut delegation of authority for the activities, guidelines regulations etc. Beside the companies of Group is required to also follow specific operating guidelines issued by its franchise. Group believes that the controls implemented by the company have minimized the operational risk to acceptably low level. The franchise also carries out Control Self Assessment at reasonable interval where the SHL scored high level marks placing it as one among better managed hotel among hotels being managed by Franchise.

v. Exchange Rate Fluctuation Risk

SHL's revenue will be impacted coming from any fluctuation of exchange rate fluctuation so be on the certain level of supplies of the company as such exchange rate fluctuation will contribute certain level of inflations. Since its tariffs are quoted in USD, any rate fluctuation will have the risk of impacting the income of the company. It has been the tendency that the exchange rate fluctuation has generally been upward movement except of occasional down turn movement as well. The Group has practiced not to hold foreign currency monetary assets and liabilities for substantial period so as to minimize the risk of exchange rate fluctuation.

4.8 Related Party Transactions

Related parties of the Group comprises of key management personnel, organization having significant influence and Board of Directors.

a. Significant Influence

Entities having significant influence over the Group is as follows:

i. Soaltee Enterprise Pvt. Ltd. (SEPL)

Soaltee Enterprise Pvt. Ltd. is major shareholder of SHL. SEPL has four representatives in the current Board of Soaltee Hotel Ltd. (SHL). SEPL has paid Rs. 66,667 (previous year Rs. 66,667) to SHL as operating lease rent. There is no outstanding balance at the year end.



Entity where the Group has significant influence is:

i. Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.

Soaltee Sibkrim Hotels and Resorts Pvt. Ltd. is associate of the Group. One of the subsidiary of SHL, Soaltee Hospitality Ltd. has 24% shares in this company with investment of Rs. 261.84 million. There is no transaction or outstanding balance of this company with the Group.

b. Other related entities

i. Nepal Airlines Corporation (NAC)

Nepal Airlines Corporation is institutional shareholder of SHL. NAC has one representative in the Board of SHL.

SHL provides flight catering services to the international flights of Nepal Airlines Corporation. Transactions and outstanding balance with Nepal Airlines Corporation are as follows:

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	182.03	110.19		
Tickets Purchase	-	1.56	31.71	23.31

ii. Sibkrim Holdings Pvt. Ltd.

There is no transaction of this company with SHL.

c. Those charged with Governance

Those charged with governance include the Board of Directors of the each company. As SHL is the major shareholder of all subsidiaries, the Board of those companies is ultimately controlled by Board of SHL. The composition of Board of SHL on the reporting date is as follows:

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director	Nepal Airlines Corporation
Mr. Venkatesh Gomatam	Director	Holiday Inns Investment (Nepal) Ltd.
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjana Kumar Tibrewala	Director	Public Shareholder
Mr. Vivek Bhalla	Alternate Director to Mr. Venketash Gomatam	Holiday Inns Investment (Nepal) Ltd.

Mr. Lil Bahadur Khatri serves as Company Secretary of the Company.

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 1.18 million (previous year Rs. 1.00 million).

d. Key Management Personnel

The Group's key management personnel are Executive Chairman and General Manager of SHL. Total compensation to key management personnel during the year is Rs. 37.49 million (previous year Rs. 32.03 million). The compensation paid to Executive Chairman of SHL also includes the performance incentive paid based on the profit of the Hotel.

4.9 Unpaid Dividend

Total unpaid dividend of SHL amounted to Rs. 9.08 million (previous year Rs. 6.53 million).

4.10 Trade and Other Receivable

4.10.1 Civil Aviation Fee recoverable from Airlines

Civil Aviation Fees levied on In flight catering services provided on international flights by SHL to three different airlines have been disputed and not paid by the respective airlines which amounted to Rs 7.051 million (previous year Rs. 7.051 million) is still pending recovery. This has been reflected under Non-current Trade and other receivables.

4.10.2 Trade Receivable from Jet Airways

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the insolvency proceeding is yet to be decided, separate impairment allowance has not been created.

4.11 Lien on company's assets

Current and non-current assets of SHL, where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 4.90 million (previous year Rs. 5.84 million).

4.12 Contingent Liability

Group recognizes contingent liability when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or company as a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. All adjusting events are considered for appropriate reflection in the current financial year.

4.13 Bank Guarantee

Unexpired bank guarantee issued by Group amounted to Rs. 2.9 million (previous year Rs. 2.9 million)

4.14 Litigations or legal cases**i. Income tax Matters**

Revenue Tribunal has decided in SHL's favour against the appeal made relating to assessment pertaining to FY 2068-69. However, Revenue Office has filed appeal in the Honourable Supreme Court. Decision of such appeal is still pending. SHL is of the opinion that there would not be significant obligation relating such appeal being considered at the Court.

ii. Assessment status

SHL has appealed to Revenue Tribunal challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2071-72 and additional demand of tax Rs. 1,837,680 made by Large Taxpayers Office. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

iii. Casino Royalty

Pursuant to the litigation case filed by SHL against Government of Nepal for its demand of Casino Royalty for the financial year 2005/06 (2062/63) till November 2012 (24 Kartik 2069) from SHL instead of then Lessee, Nepal Recreation Centre Pvt. Ltd, the verdict was issued in favour of SHL from Honourable Supreme Court of Nepal. Accordingly, the management considers that no further obligation arises under such demand by the GON for such Royalty and no provision for the additional claim has been made.

iv: Arbitration

SHL has filed a writ petition in the Supreme Court of Nepal challenging the judgment of Honourable High Court, Patan for the appointment of arbitrator in a case filed by the Nepal Recreation Centre Pvt Ltd. for the appointment of arbitrators pursuant to the Casino Lease Agreement. The matter is sub-judice before the Honourable Supreme Court. Another case is pending in the Honourable High Court, Patan in pursuant to appointment of Arbitrator.

v. Legal cases

SHL has filed a few cases for recovery of dues from some debtors in the course of its regular business.

4.15 Capital Commitment

Capital contract of SHL remaining to be executed on capital accounts net of advances to Rs. 110.92 million (Previous year Rs. 131.55 million).

4.16 Letter of Credit

There is no outstanding letter of credit as at the reporting date.

4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law in previous fiscal year, this fund is no longer required and no provision has been made. SHL has paid Rs. 10 million (previous year Rs. 20 million) during the year out of this fund to a separate entity called Employee Housing.

4.18 Operating Segment

Management of the companies of the Group has considered the total operation to be segregable into two operating segment based on the nature of operation and services rendered.

- i. **Core hotel business segment:** The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.
- ii. **Flight catering segment:** The Company provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.

The financial information about the identified segments are as follows:

(Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Total
Revenue			
- Food	529.96	606.56	1,136.52
- Room	534.34		534.34
- Beverage	50.55	2.19	52.74
- Others	6.17	4.39	10.56
Interest Income	16.01		16.01
Other Income	86.68		86.68
Total Revenue	1,223.70	613.14	1,836.84
Expenses*			
Consumption cost	154.38	147.17	301.55
Employee Benefit Expenses	451.01	100.00	551.01
Management, Operating and Other Expenses	279.80	237.33	517.13
Depreciation and Amortization	73.37	7.00	80.37
Finance Cost	0.73		0.73
Total Expenses	959.28	491.50	1,450.78
Segment Result	264.42	121.64	386.06
Income Tax			85.41
Profit for the period			300.65
Segment Assets	2,362.38	129.21	2,491.59
Segment Liabilities**			2,491.59

* Directly associated and identifiable segment cost has been reported on actual basis while common segment costs are allocated based on ratio of segment revenue.

** Segment wise liabilities have not been prepared due to absence internal reporting system of segment liability.

4.19 Capital Management

Capital includes issued capital and all other reserves attributable to the equity holders of the Group. The Companies of the Group manage their capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

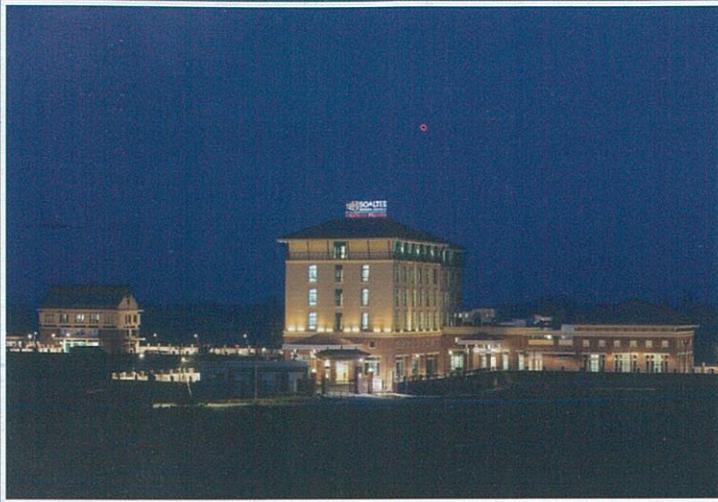
The Group's aim is to translate profitable growth to superior cash generation through efficient capital management. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Group's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Group. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies or processes for managing capital during all the years reported in this financial statement.

4.20 Regrouping and around off

Figures have been regrouped and rearranged and rounded off to nearest rupee. Insignificant rounding off differences may exist.





Soaltee Westend Premier Nepalgunj Associate Star level hotel



China Garden Restaurant



Garden Terrace Restaurant



Kakori Restaurant



Conference Hall



Regal Suites



Madhavi Multipurpose Hall



LSG Sky Chef - Flight Catering Unit



Soaltee Hotel Limited
★ ★ ★ ★ ★

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