



Soaltee Hotel Limited



**43rd ANNUAL REPORT
2016/2017 (2073/2074)
TAHACHAL, KATHMANDU**

PRESENT BOARD OF DIRECTORS



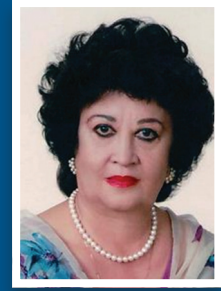
Mr. Dinesh Bahadur Bista,
Executive Chairman, Nominee,
Soaltee Enterprises Pvt. Ltd.



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. Ganesh Bahadur Chand
Nominee
Nepal Airlines Corporation



Mr. Ananth Ramchandran
Nominee
Holiday Inns Investment (Nepal) Ltd.



Mr. Bijay Bahadur Shrestha
Elected from
General Public Shareholders



Mr. Sashi Raj Pandey
Elected from
General Public Shareholders



Mr. Niranjana Kumar Tibrewala
Elected from
General Public Shareholders



Mr. Rohit Narang
Nominee
Alternate Director to Mr. Ananth Ramchandran
Holiday Inns Investment (Nepal) Ltd.

Company Secretary



Mr. Lil Bahadur Khatri



NOTICE OF 43RD ANNUAL GENERAL MEETING

Dear Shareholder,

This is to inform all Shareholders of the Company that, as decided at the 213th Meeting of the Board of Directors of the Company held on Sunday, 22nd October, 2017 (5th Kartik 2074), the 43rd 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, 14TH DECEMBER 2017 (28TH MANGSIR 2074)

TIME : 11 AM

VENUE : TRIBHUWAN ARMY OFFICER'S CLUB, TUDIKHEL, SUNDHARA, KATHMANDU, NEPAL.

2 AGENDA:

A) ORDINARY RESOLUTIONS

- 1 To receive, consider and adopt the **Directors' Report** for the Fiscal Year 2073/74 (2016/2017);
- 2 To receive, consider and adopt the Audited Financial Statements (Final Accounts) comprising the **Balance Sheet as at 31 Ashad 2074** (15 July 2017), **Income Statement** (Profit and Loss Account) and **Cash Flow Statement** and **Statement of Changes in Equity** for the year ended 31 Ashad 2074 (15 July 2017) along with the **Auditors' Report** to the shareholders for the fiscal year 2073/74 (2016/2017);
- 3 To consider and adopt the Cash **Dividend** Proposed by the Board of Directors at the rate of **Rs 6.05263158%** of the paid up capital for the fiscal year 2073/74 (2016/2017) to the shareholders;
- 4 To appoint the **Statutory Auditors** of the Company and fixed their remuneration for the Fiscal Year 2074/75 (2017/2018) as recommended by the Audit Committee of the Company;
- 5 To **elect three Directors from the Shareholders** other than the Corporate Shareholders who nominate Directors on the Board of the Company and confirmation of the nominated Directors from the Corporate Shareholders;

B) SPECIAL RESOLUTIONS

6. To consider and approve the Proposed issue of **15% Bonus Shares** i.e. **3 (three) Bonus Share for every 20 (twenty) equity shares** and increase in the subscribed and paid up capital to the extent of Bonus Shares issued to the shareholders of the Company;

C) OTHERS

7. 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 **43rd Annual General Meeting**, Proxy Application Form, and Admission Card.
- 2 The **Directors' Report** to the shareholders of the Company for the Fiscal Year 2016/17.
- 3 Audited **Annual Financial Statements** for the Fiscal year 2016/17 comprising of the Balance Sheet, Income Statement, and Cash Flow Statements along with the Auditors' Report.
- 4 Audited Annual Financial Statements of the subsidiary Company, **H I Soaltee Hotel Company Pvt. Ltd.** and **Soaltee Hospitality Limited** along with the Directors' and Auditors' Reports for the Fiscal year 2016/17.

GENERAL INFORMATION
RELATING TO THE 43RD ANNUAL GENERAL MEETING

1. The Shareholders' Register shall be closed from **Monday, 20th November 2017 to Thursday, 14th December 2017 (4th Mangsir 2074 to 28th Mangsir 2074)** or till the conclusion of the 43rd Annual General Meeting (AGM).
2. 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 **7th December 2017 (21st Mangsir 2074)** in order to enable the Company to prepare adequately. Nevertheless, any such issues will not be included as a resolution of the meeting for consideration and adoption.
3. Shareholders are requested to come to the meeting with the Admission Card sent along with the Notice. Shareholders who have not collected their Admission Card may collect it from the Registered Office of the Company at Tahachal, Kathmandu during the office hours from **24th November 2017 (8th Mangsir 2074)**. Admission shall be granted only upon producing an Admission Card or original share certificate or BOID statement (DMAT Account Number) and Proof of Identity.
4. Shareholders are hereby requested to be present for the meeting half an hour before the stipulated time for the meeting. Shareholder's attendance register will be opened from 9:30 am till 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.
6. Shareholders wishing to cancel the proxy form issued by them should register the cancellation within the office hours at the registered office of the Company at least **48 hours** before the start of the Annual General 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.
7. In the event of more than one proxy being nominated, the first proxy registered at the Office of the Company shall be considered valid and such representative shall be allowed to participate and cast a vote at the meeting.
8. Only the person whose name has been registered as the guardian of a minor shareholder in the Shareholders' Register shall be allowed to participate and cast a vote or a appoint proxy to the meeting.
9. Among joint shareholders, the shareholder who has been unanimously appointed amongst the joint shareholders or whose name appears first in the Shareholders' Register shall have the right to participate and vote at the meeting.
10. 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.
11. 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.

ELECTION INFORMATION

12. The notice of the Programme related to the election shall be as prescribed by the Election Officer and will be published the same at least 15 days ahead of the election day at the Office of the Election Officer, situated at the registered office of the Company, Tahachal, Kathmandu.
13. The Voters List may be obtained on payment of Rs 5 per page from the registered office of the Company at Tahachal, Kathmandu, Nepal.
14. A candidate shareholder should submit nomination paper in person to the Election Officer as notified by him at the registered office of the Company. A nomination paper must be signed by a shareholder each, whose name should be on the Voters' List as proposer and seconder. A shareholder may not propose or second more than one candidate.
15. Please contact the office of the Election Officer at Soaltee Hotel Limited, Tahachal, Kathmandu for details of the notice, the election Programme, and other information.

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 / VDC, Ward No.
....., being unable to be personally present and take part in the discussion and
decision at the **43rd Annual General Meeting** scheduled to be held on **Thursday,**
14th December 2017 (28th Mangsir 2074), hereby appoint
....., a shareholder of the Company and resident of
..... District Municipality/VDC, 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.

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 authorised to appoint the proxy if such guardian is mentioned as the authorised 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. Vijayananmaran Shanmugam	EAM
Mr. Sudarshan Chapagain	Director of Finance & Business Support
Mr. Samba B Shah	Director Strategic Planning
Mr. Sarju Ranjit	Director Human Resources
Mr. Anurag Dewan	Director Flight Services
Mr. Prakash Gupta	Chief Engineer
Mr. Yubraj Pokharel	Executive Chef
Ms. Binita Shrestha	Director Quality Assurance
Mr. Sagar Chandra B Rai	Director Sales (Corporate)
Mrs. Sumati Shakya	Crowne Meeting Director
Mrs. Ranu Thapa Bista	Associate Director of Sales

INTERNAL AUDITORS

Prabin Joshi & Co.

Chartered Accountants
Kathmandu.

LEGAL ADVISORS

Mr. Komal Prakash Ghimire

GHIMIRE & COMPANY
Kathmandu.

Mr. Arjun Prasad Lamsal

BIJAYA LAW FIRM
Kathmandu.

Mr. Samir Sharma

S S LEGAL PVT. LTD.
Kathmandu.

Mr. Mahesh K Thapa

SINHA VERMA LAW CONCERN
KATHMANDU.

AUDITORS

JOSHI & BHANDARY

Chartered Accountants
Kathmandu

BANKERS

NABIL BANK LIMITED

NEPAL INVESTMENT BANK LIMITED

EVEREST BANK LIMITED

GLOBAL IME BANK LIMITED

NEPAL SBI BANK LIMITED

Kathmandu

REGISTERED OFFICE

Tahachal, Kathmandu



CONTENTS

• Simplified Balance Sheet and Income Statement	1
• Directors' Report	2
• Major Financial Highlights	16
• Auditors' Report	23
• Balance Sheet	24
• Cash Flow Statement	25
• Statement of Changes in Equity	26
• Income Statement	27
• Schedules relating to Balance Sheet and Income Statement	28
• Annual Report with Financial Statements of Subsidiary Company H I Soaltee Hotel Company Private Limited	43
• Annual Report with Financial Statements of Subsidiary Company Soaltee Hospitality Limited	52

**SOALTEE HOTEL LIMITED****SIMPLIFIED BALANCE SHEET AS AT 15 JULY 2017 (31 ASHADH 2074)**

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
WHAT THE COMPANY OWNED		
ASSETS		
Fixed Assets	751,740,264	688,312,628
Intangible Assets	2,573,366	1,792,354
Capital Work in Progress	141,184,824	195,198,772
Investments	83,966,538	83,966,538
	979,464,992	969,270,292
Deferred Tax Assets	45,461,308	45,825,010
CURRENT ASSETS		
Stock, Sundry Debtors, Advances, Loans, Deposits, Cash and Bank Balances	951,687,397	863,748,334
Less: Proposed Dividend	35,055,710	58,194,986
Less: Current Liabilities and Provisions	592,711,798	610,496,854
WORKING CAPITAL	323,919,889	195,056,494
DEFERRED EXPENDITURES	31,133,746	2,754,337
TOTAL ASSETS (NET)	1,379,979,935	1,212,906,133
WHAT THE COMPANY OWED		
Medium and Long Term Loans	6,686,125	7,649,215
SHAREHOLDERS FUND	1,373,293,810	1,205,256,918
REPRESENTED BY		
Share Capital	579,181,300	526,526,060
General Reserve including accumulated Profits	794,112,510	678,730,858
	1,373,293,810	1,205,256,918
DEBT/EQUITY RATIO	0.01	0.01

SIMPLIFIED INCOME STATEMENT AS ON 15 JULY 2017 (31 ASHADH 2074)

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	INCREASE/ (DECREASE) %
INCOME			
Rooms, Restaurants, Banquets & Other Services & Income	1,636,891,473	1,244,093,462	31.57%
EXPENDITURE			
Salary, Wages & Other Employee's Cost	485,096,697	412,138,390	17.70%
Consumption of Food, Provisions and Beverages	282,810,051	208,161,043	35.86%
Power and Fuel	120,906,497	114,182,146	5.89%
Other Operation & Administration Expenses	350,811,026	269,311,848	30.26%
Interest	699,268	614,860	13.73%
Loss in Exchange	9,967,464	-	-
Depreciation & Amortization	92,003,103	80,764,507	13.92%
Corporate Social Responsibility	2,035,459	-	-
Employees' Housing	14,628,095	7,946,033	84.09%
Bonus	25,266,710	13,724,967	84.09%
Total Expenditure	1,384,224,370	1,106,843,794	25.06%
Profit for the year (before Taxes)	252,667,103	137,249,668	84.09%
Current Tax	(48,757,471)	(31,337,254)	55.59%
Deferred Tax	(363,702)	(6,028,177)	(93.97%)
Net Profit after Tax (Before Appropriation)	203,545,930	99,884,237	103.78%
Tax payment of prior years	(455,962)	(1,246,267)	
Balance of Profit brought forward	620,243,670	685,105,106	
Issue of Bonus Share	(52,655,240)	(105,308,380)	
Fraction of Bonus Share recovered/(paid) in cash	2,634	3,960	
Proposed Dividend	(35,055,710)	(58,194,986)	
TRANSFERRED TO GENERAL RESERVE	735,625,322	620,243,670	



SOALTEE HOTEL LIMITED

DIRECTORS' REPORT

DEAR RESPECTED SHAREHOLDERS,

The Board of Director takes immense pleasure in welcoming you all, respected shareholders at the 43rd Annual General meeting of the Company. We have the privilege of presenting before you the 43rd Annual Report and Audited Financial Statements for the fiscal year ended 15th July 2017 (31 Ashadh 2074).

REVIEW OF THE OPERATING ACTIVITIES

During the fiscal year 2073/74 (2016/17), an increase of 31.57% (previous year a decrease of 13.53 %) was recorded in the total revenue as compared to the previous fiscal year. Total revenue for the fiscal year was Rs. 1,636.89 million (previous year Rs. 1,244.09 million) which is an increase of Rs. 392.80 million (previous year a decrease of Rs. 194.75 million) compared to last fiscal year. During the year under review, your Company registered a Cash Profit of Rs. 343.32 million (previous year Rs. 217.09 million) which is an increase of Rs. 126.24 million (Previous year a decrease of Rs 132.77 million) with Net profit after tax being Rs. 203.55 million (previous year Rs. 99.88 million) which is an increase of Rs. 103.78 million (previous year a decrease of Rs 120.22 million).

PERFORMANCE HIGHLIGHTS

FINANCIAL RESULTS

The major performance indicators of the Company for the fiscal year 2073/74 (2016/17) and comparative figures are summarised as under:

RUPEES IN MILLION

PARTICULARS	FISCAL YEAR		INCREASE / (DECREASE) %
	2016/17	2015/16	
Total Income	1,636.89	1,244.09	31.57%
Total Expenditure	1,252.98	1,004.72	24.71%
Profit before Interest, Depreciation, Provisions & Taxes (Gross Profit)	383.91	239.37	60.39%
Less : Interest	0.70	0.61	13.73%
Profit before Depreciation, Provisions & Taxes	383.21	238.76	60.50%
Less: Depreciation	90.65	79.84	13.54%
Less: Provision for Employees Housing	14.63	7.95	84.09%
Less: Provision for Bonus	25.27	13.72	84.09%
Profit before Taxes	252.66	137.25	84.09%
Less: Provision for Income Tax	48.76	31.34	55.59%
Add: Deferred Tax	(0.36)	(6.03)	(93.37%)
Net Profit after Taxation (before appropriation)	203.55	99.88	103.78%
Net Transfer to Reserves for the year (Before appropriation)	203.55	99.88	103.78%



AWARDS AND RECOGNITION

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

TRIP ADVISOR CERTIFICATE OF EXCELLENCE 2016

The Trip Advisor has awarded the "Trip Advisor Certificate of Excellence Award 2016" for consistently receiving outstanding traveller's reviews on Trip Advisor, for its product and services offered.

HIGHEST FOREIGN CURRENCY INCOME FOR THE FISCAL YEAR 2016/17 IN HOTEL CATEGORY

The Government of Nepal has awarded the "Highest Foreign Currency Income for the F.Y. 2016/17 in Hotel Category" for earning the highest foreign currency for the fiscal year in the hotel category.

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

Year 2016 witnessed a sluggish global economic growth. Economic activity did gather some momentum in the second half of 2016, especially in advanced economies. Economic growth picked up in the United States, growth also remained steady in the United Kingdom post June 2016 referendum in favour of leaving the European Union (Brexit). Economic performance across emerging market and developing economies remained mixed. China, a key driver of the global economy, recorded economic growth of 6.7% reflecting continued policy support, whereas activity slowed in India because of the impact of the currency exchange initiative. As per World Economic Outlook April 2017 of International Monetary Fund (IMF), Global economic activity picked up with a long-awaited cyclical recovery in investment, manufacturing, and trade. World economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

As per UN World Travel Organization (UNWTO) Annual report, year 2016 was a momentous year for tourism. International tourist arrivals continued its growth trend in the seventh straight year of above-average growth despite many challenges, reaching 1.2 billion. The strongest growth was recorded in the Africa and Asia and the Pacific regions. The year saw growth in international arrivals of 4% over 2015. Growth in advanced economy destination was 5% and that of emerging economies was 2% in 2016.

As per the Economic Survey 2016/2017 of Ministry of Finance, Nepal's overall economic activity has been encouraging in fiscal year 2016/17. Economic activities have expanded due to favourable monsoon, increase in capital expenditure, energy management, and improvement in investment environment including overall supply situation. As a result, Gross Domestic Product (GDP) at basic price is estimated to grow by 6.94 percent in the current fiscal year. This growth rate is the highest since FY 1994/95 Vis-à-vis growth rate of 0.01 percent in the previous fiscal year. The economy that contracted due to the earthquake and disruption in border points is in the path of recovery and further expansion. As per the report, tourism sector has expanded with the improvement in overall economic activities in the current fiscal year. In 2016, the number of tourist arrival has increased by 40 percent to 753,000 as compared to the previous year 2015. Such number had decreased by 32 percent in 2015 as compared to 2014.

Nepal as a tourist destination is considered as one of the very resilient destinations, despite of being affected by frequent internal conflicts, turmoil and natural calamities, our tourism industry has sustained. Post massive Earthquake of 2015 followed by economic blockade the same year, tourism sector which had witnessed major setback slowly recovered as many as 753000 number of foreign tourists visited Nepal in 2016 compared to 538,970 in 2015. According to the Department of Immigration (DOI) data, Nepal received a total of 460,304 foreign tourists via air in the first six months of 2017, compared to 359,672 in the first half of 2016. This depicts a healthy growth of 28 percent in tourist arrival during the first half of 2017. India was the largest source market as Nepal received 93,049 tourists from the southern neighbour in the first six months of 2017 compared to 64,842 Indian tourists in the first half of 2016. Similarly, arrivals from China significantly improved to 54,090 in the



first half of 2017, compared to 39,609 in the same period of 2016. Tourism promotional activities contributed in this healthy growth in the first half of 2017. The challenge still lies in bringing tourism sector back to its original position and taking it further through reconstruction of tourists' destinations and archaeological heritages that were destroyed by the devastating earthquake and introducing and expanding quality of tourism products and services.

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 103.78% due to increase in room occupancy to 54.23% from 45.99% year under review compared to previous fiscal year. This was possible because of the effective control over the expenditures of the Company by constant review through management team, same coupled with regular focus by Board of Directors. The hotel had posted a revenue of Rs 1,636.89 million in the year under review compared to previous year Rs 1,244.09 million with an overall growth of 31.57%. The room night occupied was 55,820 in the fiscal year 2016/17 as compared to 47,341 in previous year. The Average Daily Rate (ADR) had improved by 9.88% from Rs 7,636 in the fiscal year 2015/16 to Rs 8,391 in the fiscal year 2016/17. This had resulted in room revenue of Rs 468.40 million as compared to Rs 361.52 million previous year. The Revenue per available room (RevPAR) accordingly had improved from Rs 3,512 to Rs 4,551. The food and beverage segment likewise showed a satisfactory growth of 39.83 % from Rs 758.80 million to Rs 1,061.03 million. The net profit after tax had improved by 103.78% in the fiscal year 2016/17 as compared to previous year.

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

During the current fiscal year 2017/18, the hotel has posted total revenue of Rs 257.00 million till 30th September 2017 against Rs 288.94 million compared to same period last year. The room occupancy till 30th September 2017 is 82.80% for 105 rooms as compare to 53.27% for 282 rooms same period last year. The Average Room Rate (ARR) and Revenue per Available Room (RevPAR) is Rs 9,385 and 7,771 for 105 rooms against Rs 7,921 and Rs 4,219 for 282 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 28.78 million compared to same period last year as 177 rooms of Himalayan Wing block have been under room renovation and Vertical Shaft (HVAC & Plumbing pipeline) renovation since June 2017.

World Travel & Tourism Council (WTTC), the global authority on the economic and social contribution of Travel & Tourism, in its Economic Impact report of 2017 stated that the Travel & Tourism directly contributed USD\$ 2.3 trillion and 109 million jobs worldwide. The forecast for 2017 is an increment by 3.8%, and is expected to rise by 4.0% per year, from 2017-2027. In 2016 Travel & Tourism directly supported 108,741,000 jobs (3.6% of total employment). This is expected to rise by 2.1% in 2017 and rise by 2.2% per year to 138,086,000 jobs (4.0% of total employment) in 2027. Travel & Tourism investment in 2016 was USD\$ 806.5 billion, or 4.4% of total investment. It is expected to rise by 4.1% in 2017, and rise by 4.5% per year over the next ten years.

In so far as Nepal's tourism scenario, as per the WTTC Travel & Tourism Economic Impact 2017 Nepal report, Nepal's travel and tourism sector pumped Rs. 177 billion into the economy and supported more than 427,000 jobs in 2016. As per the report, tourism sector accounts for 7.5% of Nepal's GDP and a forecast of rise by 4.3% annually to NRS 287.6 billion, or 8.3% of GDP in 2027. The direct contribution of travel and tourism to the GDP in 2016 was Rs. 85.2 billion or 3.6 % and is projected to rise by 6.8 percent to Rs. 91 billion in 2017. Nepal is ranked 37th in terms of travel and tourism's direct contribution to GDP among 185 countries surveyed.

On the investment front, travel and tourism investment in Nepal last year was Rs16.5 billion, 3 percent of the total investment. In 2016, the industry directly supported 427,000 jobs, or 2.9 percent of the total employment. This is expected to rise by 2.9 percent per annum to 604,000 jobs in 2027. An increase of 1395 rooms is expected in the five star category by the end of 2020. It is a considered view that Nepal's future lies in tourism sector after water resources, however we have not been able to develop basic infrastructure for tourism to exploit the immense potential the tourism industry could



offer. Our tourist destinations are very limited, though we have plenty to offer, we have not been able to diversify the areas and explore new possibilities to get optimum benefit from the tourism industry. Our only international airport needs up gradation and improvement in management is must otherwise our Country will not have the capacity to bring in more number of tourists via the air route. If other international airports such as those under construction at Bhairahawa and Pokhara are completed within the stipulated time, our air connectivity will improve. Up gradation and improvement of East west highway and other major highways is another important factor as proper road network is must for both domestic and international tourist movements inside the country.

PRODUCT AND SERVICE UP-GRADATION

Your Company has given continuity to its strategy of up-grading its products and services. The Company will complete renovation of one more guest floor of Himalayan Wing comprising of 36 clubrooms on Heritage theme during current fiscal year 2017/18 (2074/75). The Company has planned to commence the renovation of remaining two floors of Himalaya Wing by April 2018.

Further, as a part of continuous improvement, the Company has decided to change a complete HVAC and Plumbing pipeline of Himalayan Wing Block. The Company will change hot water, cold water, chill water, waste and drainage pipelines inside 18 vertical shafts of that Block. In addition, it will also change main header pipeline in Himalayan wing basement area and garden area to Regal Suites. The WC of all Himalayan Wing guest rooms will also be changed.

In order to enhance the arrival experience to hotel guests, the Company is planning to execute with heritage concept based driveway from main entrance gate to the hotel premise. The company has renovated the guest toilets at the lobby area and also refurbished the banquet halls and banquet lounge.

The Company is constructing a separate building designated for a top class Spa, Wellness centre, of which all RCC work has been completed, and interior work is under progress.

INVESTMENT DIVERSIFICATION

The Company has invested Rs. 64,000,000/- 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. 87,440,000/- 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 the hotel in Nepalgunj and Pokhara.

The Construction of the Hotel in Nepalgunj is already completed. The soft operation of the hotel would be started from the month of October 2017 and full operation by January 2018.

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.

Further, Soaltee Sibkrim Hotels & Resorts Pvt. Ltd has also registered a Division named Hospitality Vocational Training Center. The Division has been in operation since 16th August 2017 under GATE Vocational Westend in Nepalgunj, which is managed and operated by Global Academy of Tourism and Hospitality Education, GATE Vocational Private Limited under a management agreement with Soaltee Sibkrim Hotels & Resorts Pvt. Ltd.

**INVESTMENT IN HIMAL INTERNATIONAL POWER CORP (P) LTD**

The Company has investment in Bhote Koshi Power Company (P) Ltd (BKPC) through Himal International Power Corp (P) Ltd (HIPC). Every year dividend from BKPC used to flow through HIPC to the Company. Your Company received a dividend of Rs. 700,000/- (net of tax) for the fiscal year 2073/74 (2016/17).

Unfortunately, the disastrous Great Earthquake of April 25, 2015 and its major aftershock of April 26, 2015 extensively damaged BKPC's Power Plant. As a result, the BKPC Power Plant was under forced outage and no electricity was being generated since then. Further, a massive outburst flood occurred in the Bhote Koshi River on July 05, 2016 and severely damaged the Head works (Dam) structures of the Project.

Post disastrous great Earthquake and Flood disasters as reported, Bhote Koshi Power Company (P) Ltd (BKPC) is currently preparing to undertake rehabilitation works at the Dam and part of the Power House. While BKPC was preparing for reconstruction works, it was again hit by massive landslide disaster on 23rd July 2017, when Phulping Bridge on the Araniko highway section between the BKPC's Powerhouse and the Dam at Larcha collapsed completely due to a massive landslide.

The loss of the bridge is likely to delay the start of reconstruction activities. Due to the continuing Force Majeure events, BKPC's Power Plant continues to be under forced outage since 25th April 2015 and BKPC is earning no revenue since then. The reconstruction period is currently estimated as two years and the First Unit of the Plant is expected to resume operation by second quarter of year 2019. It is likely that there will be no dividend to the shareholders in the coming years until the BKPC Power Plant comes into 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 grow 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 the Associate member of Federation of Nepalese Chambers of Commerce & Industry (FNCCI), Member of Hotel Association of Nepal, Nepal India Chamber of Commerce & Industry, Nepal-China Chamber of Commerce & Industry, Nepal Britain Chamber of Commerce & Industry, and Nepal Institute of Company Secretaries.

CHANGES MADE IN THE BOARD OF DIRECTORS AND REASONS THEREFORE

During the Financial year under review, Mrs. Jaya Rajya Laxmi Shah, Mr. Ganesh Bahadur Chand, Mr. Ananth Ramachandran and Mr. Rohit Narang (Alternate Director) were nominated on 2nd September 2016, 21st December 2016, 12th June 2017, and 12th June 2017 respectively by the Corporate shareholders, Soaltee Enterprises Pvt. Ltd. (SEPL), Nepal Airlines Corporation (NAC), and Holiday Inns Investment (Nepal) Limited (HIINL) to represent them in the Board of the Company. We welcome them on behalf of all shareholders, the Board, and entire Soaltee family.

Further, we wish to record an appreciation and acknowledge the contributions made by former Directors, Late Dr. Ms. Prabha Basnet (SEPL), Mr. Ram Hari Sharma Sedhai (NAC), Mr. Shantha Asiri De Silva (HIINL) and Mr. Stephen John Carroll Alternate Director (HIINL) during their tenure as a



Director and Alternate Director of the Board of Directors of the Company.

COMPLETION OF THE TENURE OF THE BOARD AND ELECTION

The incumbent members of the Board of Directors of the Company will be completing their tenure of four years on 15th December 2017 (29th Mangsir 2074). There will have to be an election for three Directors from public shareholders during the ensuing 43rd Annual General Meeting.

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. 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 Board met six times during the fiscal year 2016/17 (2073/74).

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 2016/2017 (2073/2074) was Rs. 758,821/-.

MAJOR FACTORS AFFECTING THE BUSINESS OF THE COMPANY

After a dim outturn in 2016, World economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies, with global output projected to grow by 3.5 percent in 2017 and 3.6 percent in 2018. The World Bank states that the economic growth for Nepal for year 2018 is expected be lower than earlier forecasted and moderate thereafter, in line with the potential averaging 4.5 percent in the forecast period. Economic activity, which was expected to progress well in year 2018, has been set back by severe floods in mid-August 2017, which had caused severe disruptions and damages especially in the southern plains. As per the Nepal Development Update report of September 2017 of the World Bank Nepal's economic growth rebounded strongly in year 2017, reaching 7.5 percent year over year attributing to factors like good agricultural output due to a good monsoon, elimination of power cuts and higher government spending, among others, this growth rate is highest since fiscal year 1994/1995.

Year 2016 was excellent year for worldwide tourism industry, whereby international tourist arrival reached 1235 million in 2016 as per UNWTO's report. International tourist arrivals worldwide grew by 6% in January-April of 2017 compared to the same period last year, with business confidence reaching its highest levels in a decade, prospects for 2017 remains high. International arrivals reported by destinations around the world were positive overall, with very few exceptions. Most of 2016's strong performers maintained momentum, while destinations that struggled in previous years continued to rebound in the first part of 2017. This is especially reflected in the better results of the Middle East (+10%), Africa (+8%) and Europe (+6%), Asia and the Pacific (+6%) and the Americas (+4%) continued to enjoy robust growth. In Asia and the Pacific, international arrivals were up 6% through April with sound results across all four sub regions. South Asia (+14%) led growth, followed by Oceania (+7%), South-East Asia (+6%) and North-East Asia (+5%).

Tourist arrivals to Nepal was recorded 753,000 in 2016, however, 2016 arrivals was still 4.69 percent lower compared to 2014 when the country welcomed 790,118 foreign visitors. The Department of Immigration data shows a total number of 460,304 foreign tourists via air in the first six months of 2017. The tourism industry is bouncing back to its pre-earthquake growth level, still all stakeholders will have to play active role to reach out to new markets through partnerships, digital platforms, road shows and other various promotional activities in different destinations. Campaigns that were organized earlier to increase tourists arrival in Nepal, like 'Visit Nepal 1998', 'Destination Nepal Campaign' in 2002 and 2003, 'Visit Pokhara Year Campaign 2017', 'Nepal Tourism Year, 2011'; and Lumbini Visit Year in 2012 did leave a positive impact in attracting tourists. One of the major challenges is the lack of clear vision and mission on the part of the government. The Government of Nepal in consultation with concerned private sector's stakeholders should formulate a clear and



pragmatic vision for sustainable tourism development in Nepal.

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.

THE AMOUNT RECOMMENDED FOR DISTRIBUTION AS DIVIDEND

The Board has recommended a Cash Dividend distribution at the rate of 6.05263158% of the subscribed and paid up share capital aggregating Rs. 35,055,710 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, and Soaltee Hospitality Limited had reported that they had not started their business yet.

The Audited Financial Statements of both subsidiary Companies comprising the Directors' Report, the Balance Sheet, the Income Statement as at 15 July 2017 (31 Ashadh, 2074) and the Cash Flow Statements for the year ended 15 July 2017 (31 Ashadh, 2074) 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 Joshi & Bhandary, Chartered Accountants, Kathmandu, will be completing their tenure with the Company at the conclusion of the ensuring 43rd 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. The Current statutory auditors, M/s. Joshi & Bhandary, Chartered Accountants, completed three consecutive terms and hence are not eligible for 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 2017/2018 (2074/2075) and fix their remuneration.

On your behalf and on behalf of the Board, we place on record our sincere appreciation for the services rendered by M/s. Joshi & Bhandary, Chartered Accountants during its three-year's association with the Company.

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 met five times during the year, the Committee comprises of Mr. Ravi Bhakta Shrestha (Chairman), Mr. Sashi Raj Pandey (Member), and Mr. Bijaya Bahadur Shrestha (Member). The internal auditor reports functionally to the Audit Committee.



The Company Secretary acts as the Secretary of the Committee.

TENANT LAND REGISTRATION COMMITTEE

The Tenant Land Registration Committee consists of three Board Members viz. Mr Dinesh Bahadur Bista, Mr Ravi Bhakta Shrestha, and Mr Niranjana Kumar Tibrewala.

The Board of Director is glad to report that the Tenant Land Registration Committee had completed its objective to procure the ownership title registration of entire remaining tenant land within Soaltee premises from the owners in the name of the Company.

On behalf of the Board, we place on record our sincere thanks and appreciation for accomplishing the mandated task successfully by the Tenant Land Registration Committee, Management team, Owners and Legal Advisors.

ADDITIONAL DISCLOSURES

ADDITIONAL DISCLOSURE INFORMATION UNDER SECTION 109 (4) OF COMPANIES ACT, 2063 (2006) WITH AMENDMENTS.

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 2073/74 (2016/2017).

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 no such transactions. The Company has two subsidiary Companies both the subsidiaries have informed that they had not yet started their 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.

There is no significant change in the business of the Company and its subsidiaries during the fiscal year 2073/74 (2016/17).

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 2073/74 (2016/17).

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;

No information were received for the Shares of the Company owned or acquired or Shares relinquished (sold) by Officials of the Company during the Fiscal year 2073/74 (2016/17).

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 2016/17 (2073/74).

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 are 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 2016/17 (2073/74).

**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 2016/17 (2073/74). 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 2016/17 (2073/74)	Previous Year 2015/16 (2072/73)
1	Staff Expenses	485,096,697	412,138,390
2	Operating (Management) Expenses	177,430,787	137,703,725
	Total	662,527,484	549,842,115

The total management expenses for the fiscal year 2016/17 (2073/74) has increased by 20.49%.

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	Chairman
2	Mr. Bijay Bahadur Shrestha	Member
3	Mr. Sashi Raj Pandey	Member

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

The Audit Committee meets at least 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 2073/74 (2016/17) 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 2073/74 (2016/17)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 2073/74 (2016/17).
- (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 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 42ndAnnual General Meeting of the shareholders of the Company.

The Board of Directors are pleased to report that the management has implemented or 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 2073/74 (2016/17)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.

The Committee met five times during the fiscal year 2073/74 (2016/17). Total Audit Committee meeting sitting fee paid to the Chairman and Members of the Audit Committee of the Company during the fiscal year 2016/2017 (2073/2074) was Rs. 264,705/=.

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. 13.40 million (previous year Rs 17.56 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 meeting fees paid during the financial year 2016/17 (2073/74) to the non-executive Board of Directors was Rs. 1,023,526/-. The remuneration, allowances and other facilities paid to the Executive Chairman, the General Manager and Managers of the Company during the fiscal year 2016/17 (2073/74) was Rs. 107,555,753/-.

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. 6,062,351 (previous year Rs. 3,850,706/-) as on 15 July 2017 (31Ashadh 2074) for the fiscal year which include dividends not collected from the fiscal year 1992/93 to 2015/16 (2049/50 to 2072/73). Out of above mentioned unclaimed dividends, Rs. 1,102,304 (previous year Rs. 982,844/-) pertains to the fiscal years from 1992/93 to 2010/11 (2049/50 to 2067/68) - 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 2016/17 (2073/74).

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 2016/17 (2073/74).

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 2016/17 (2073/74).

OTHER NECESSARY MATTERS;

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

DISCLOSURES OF PARTICULAR IN THE ANNUAL REPORT RELATING TO SCHEDULE 15 OF SUB RULE(2) OF RULE 26 OF SECURITIES REGISTRATION AND ISSUANCE REGULATION, 2073 (2016):

REPORT OF BOARD OF DIRECTORS:

Report of the Board of Directors is included in the Annual Report 2016/17 (2073/74) under Director's Report section heading.

AUDITOR'S REPORT:

The Auditor's Report is included in the Annual Report 2016/17 (2073/74) 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 2016/17 (2073/74).

**LEGAL PROCEEDINGS:**

- (a) Law-suit filed by or against the corporate body during the quarterly period;
Lawsuits filed by / against the Company in respect to tenancy land during the fiscal year 2016/17 (2073/74).
- (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 2016/17 (2073/74).
- (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 2016/17 (2073/74).

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 2016/17 (2073/74) are under mentioned :-

Quarters of FY 2016/17 (2073/74)	Share Price (Rupees) 2016/17 (2073/74) Share Price (Face value of Rs. 10 each Share)			Fiscal Year 2016/17 (2073/74) Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
1st Quarter - Ashwin 2073 end	490	365	458	55	2,325	1,144,944
2nd Quarter - Poush 2073 end	467	294	314	54	986	457,726
3rd Quarter - Chaitra 2073 end	383	251	358	59	1,388	544,739
4th Quarter - Ashadh 2074 end	378	334	361	57	1,126	1,032,445
			Total	225	5,825	3,179,854

(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, such as irregular electricity supply, scarcity of potable water, increasing cost of human resources, goods and services, energy, and cost of products and



services;

- (ii) Adverse effects to the tourism because of unfavorable global incidents;
- (iii) Political instability and disturbances, and lack of tourism infrastructures and Government policy;
- (iv) 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 is 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 15 July 2017, 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 meeting 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.

**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 its 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
SASHI RAJ PANDEY
ANANTH RAMCHANDRAN
JAYA RAJYA LAXMI SHAH
BIJAY BAHADUR SHRESTHA
RAVI BHAKTA SHRESTHA
RAJESH KAZI SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Date: 22nd October 2017 (5th Kartik 2074)

Place: Kathmandu



FINANCIAL HIGHLIGHTS

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

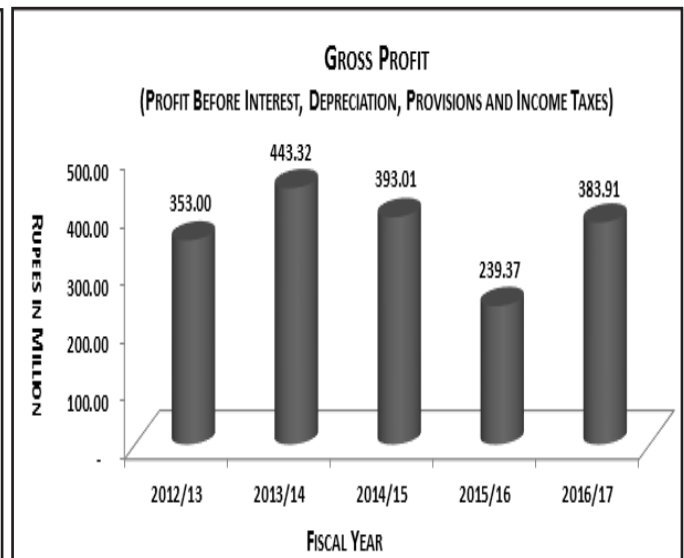
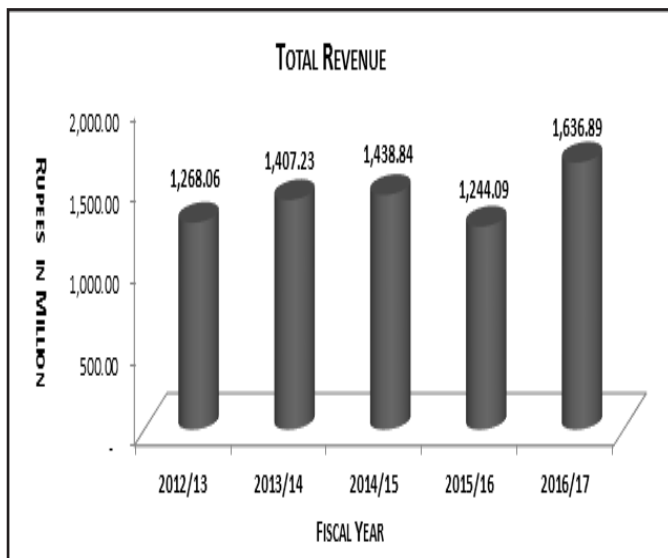
RUPEES IN MILLION

PARTICULARS	FINANCIAL YEAR				
	2016/17	2015/16	2014/15	2013/14	2012/13
Total Income	1,636.89	1,244.09	1,438.84	1,407.23	1,268.06
Total Expenditure	1,252.98	1,004.72	1,045.83	963.91	915.06
Profit before Interest, Depreciation, Provisions & Taxes (Gross Profit)	383.91	239.37	393.01	443.32	353.00
Less : Interest	0.70	0.61	0.27	-	0.61
Profit before Depreciation, Provisions & Taxes	383.21	238.76	392.73	443.32	352.39
Less: Depreciation	90.65	79.84	78.32	77.55	68.58
Less: Provision for Employees Housing	14.63	7.95	15.72	18.29	14.19
Less: Provision for Bonus	25.27	13.72	27.15	31.59	24.51
Profit before Taxes	252.66	137.25	271.54	315.89	245.11
Less: Provision for Income Tax	48.76	31.34	56.77	72.96	64.74
Add: Deferred Tax	(0.36)	(6.03)	5.32	1.05	7.71
Net Profit after Taxation (before appropriation)	203.55	99.88	220.09	243.98	188.08
Net Transfer to Reserves for the year (Before appropriation)	203.55	99.88	220.09	243.98	188.08

Financial Highlights - Graph

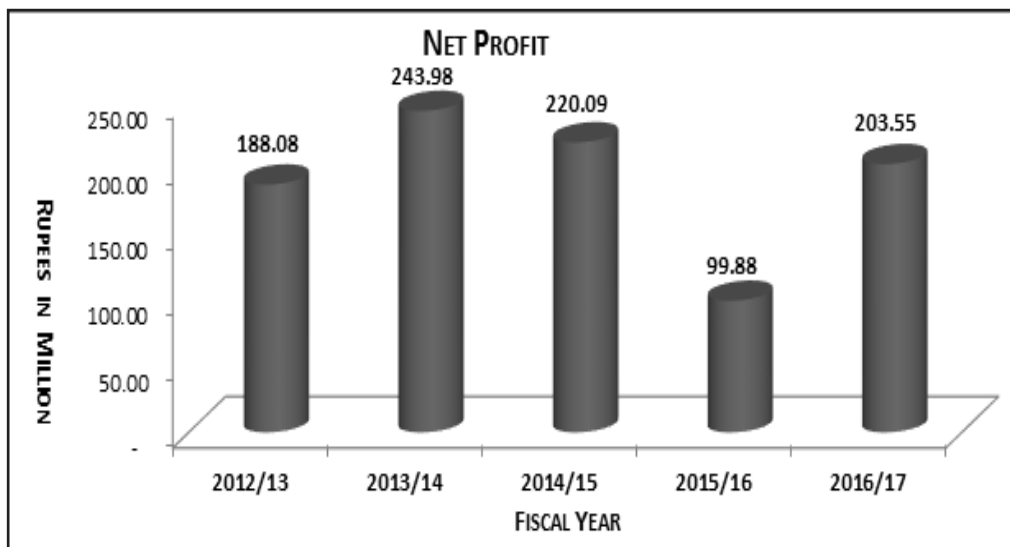
Total Revenue

Gross Profit



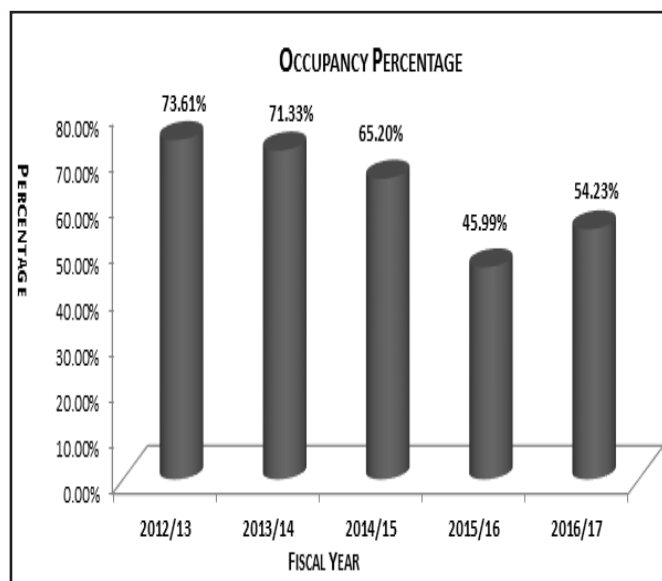
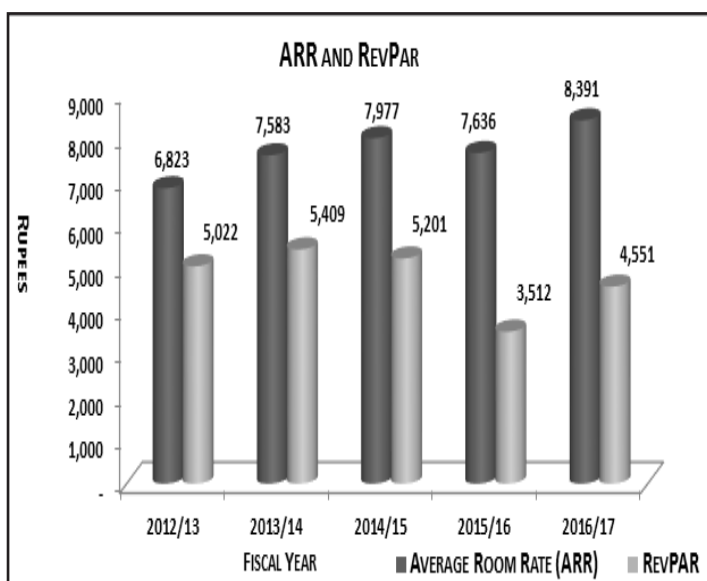


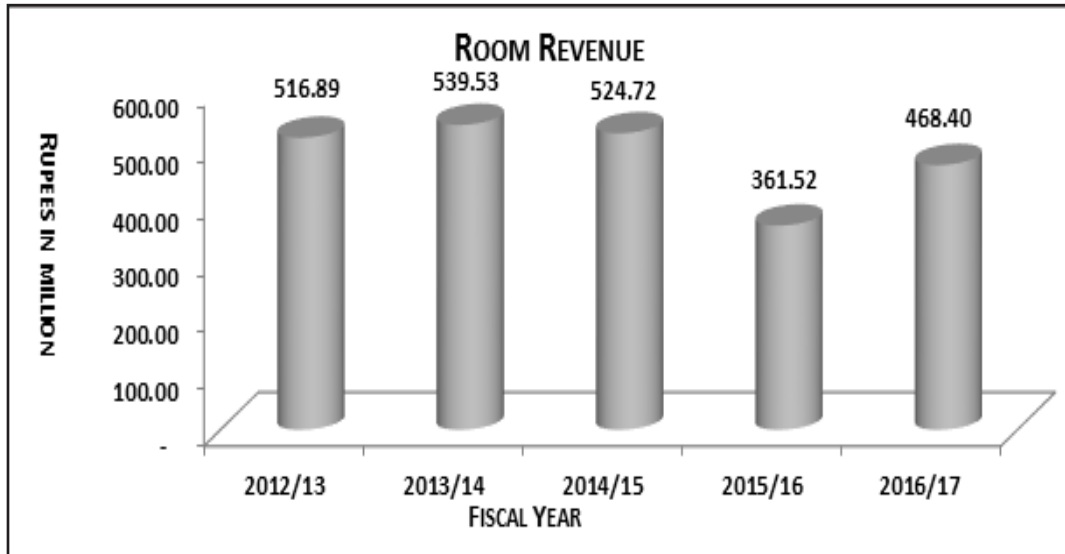
Net Profit



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

PARTICULARS	FINANCIAL YEAR					INCREASE/DECREASE) % (THIS FY Vs LAST FY)
	2016/17	2015/16	2014/15	2013/14	2012/13	
Room Count	282	282	282	282	282	-
Room Revenue (Rs. in millions)	468.40	361.52	524.72	539.53	516.89	29.56%
Room Available	102,930	102,930	100,884	99,747	102,930	-
Saleable Room	102,930	102,930	100,884	99,747	102,930	-
Room Occupied	55,820	47,341	65,781	71,148	75,763	17.91%
Occupancy Percentage	54.23%	45.99%	65.20%	71.33%	73.61%	8.24%
Average Room Rate (ARR) Rs.	8,391	7,636	7,977	7,583	6,823	9.88%
RevPAR (Revenue Per Available Room) Rs.	4,551	3,512	5,201	5,409	5,022	29.56%

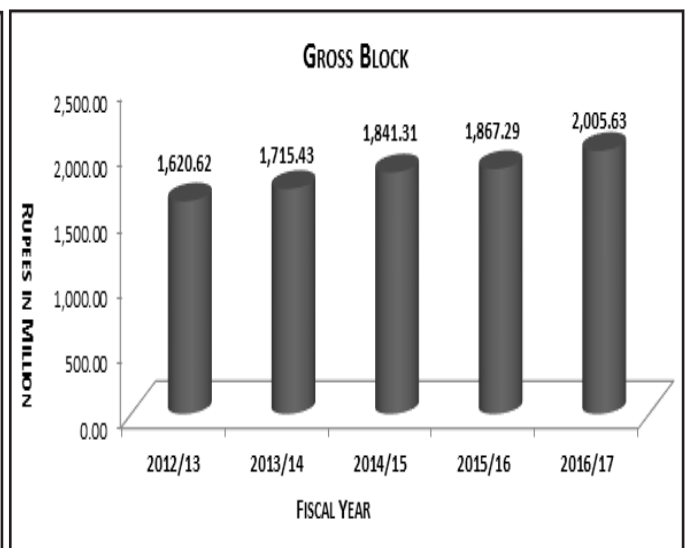
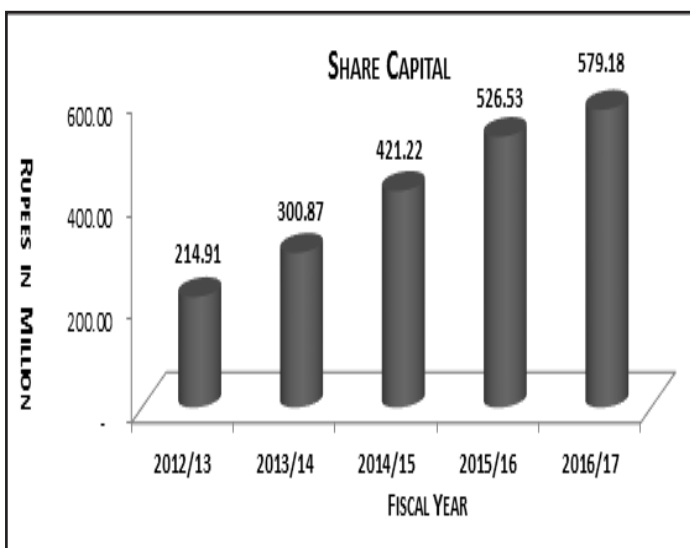




FINANCIAL HIGHLIGHTS

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

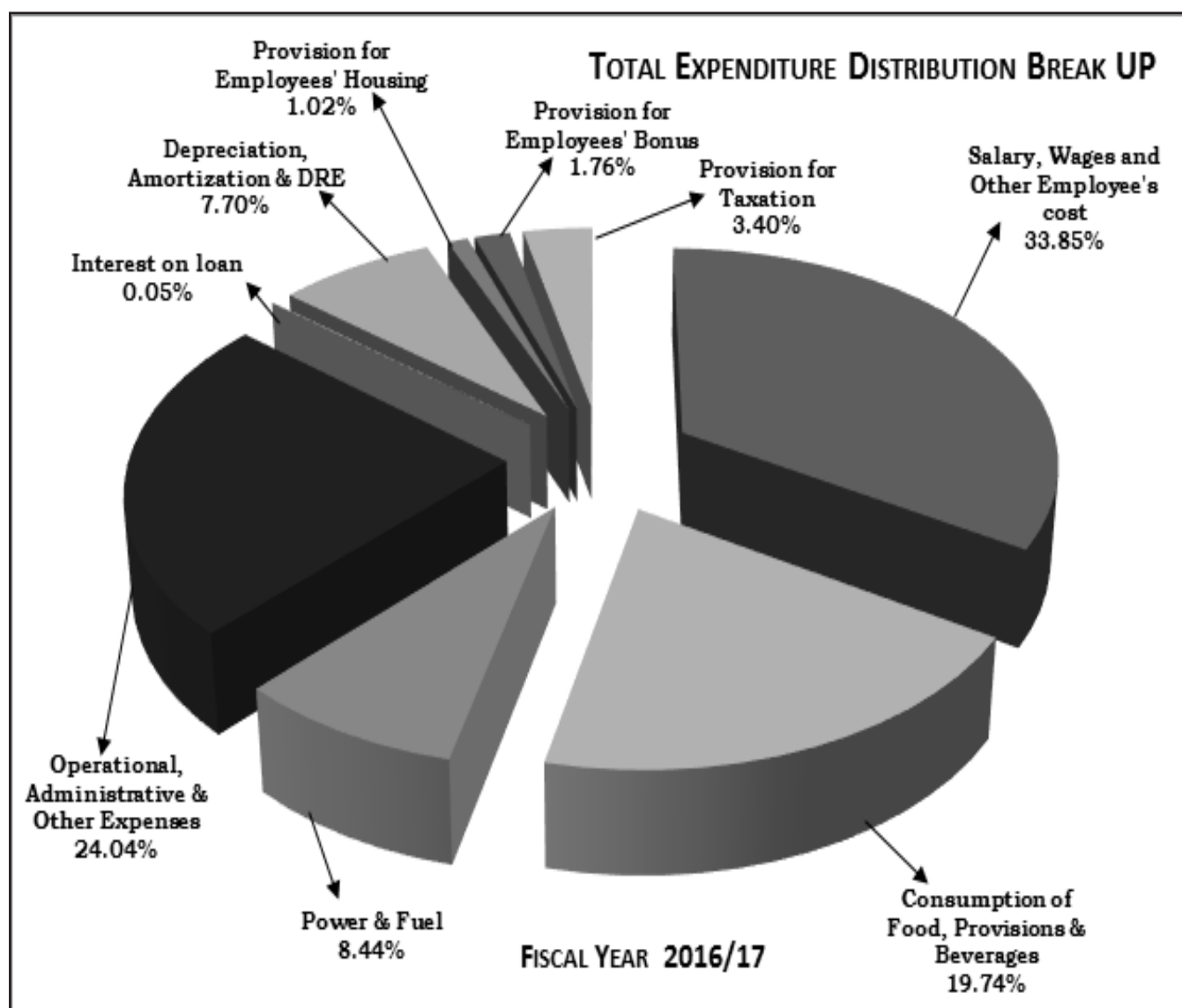
PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS F YEAR Vs LAST F Y 2015/16)
	2016/17	2015/16	2014/15	2013/14	2012/13	
SHARE CAPITAL	579.18	526.53	421.22	300.87	214.91	10.00%
FIXED ASSETS GROSS BLOCK	2,005.63	1,867.29	1,841.31	1,715.43	1,620.62	7.41%
TOTAL REVENUE	1,636.89	1,244.09	1,438.84	1,407.23	1,268.06	31.57%
PROFIT BEFORE INTEREST, DEPRECIATION, PROVISIONS AND TAXES	383.91	239.37	393.01	443.32	353.00	60.39%
NET PROFIT/ (Loss)	203.55	99.88	220.09	243.98	188.08	103.78%



**FINANCIAL HIGHLIGHTS – TOTAL EXPENDITURE DISTRIBUTION BREAK UP**

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

PARTICULARS	RUPEES IN MILLION	
	CURRENT YEAR 2016/17	
	RUPEES IN MILLION	PERCENTAGE (%) BREAK UP
SALARY, ALLOWANCES, WAGES & OTHER EMPLOYEES RELATED EXPENSES	485.10	33.85%
CONSUMPTION OF FOOD, PROVISIONS AND BEVERAGES	282.81	19.74%
POWER AND FUEL	120.91	8.44%
OPERATIONAL, ADMINISTRATION & OTHER EXPENSES	344.49	24.04%
INTEREST ON LOAN	0.70	0.05%
DEPRECIATION, AMORTIZATION & DEFERRED EXPENDITURES	110.32	7.70%
EMPLOYEES' HOUSING	14.63	1.02%
EMPLOYEES' BONUS	25.27	1.76%
TAXATION	48.76	3.40%
TOTAL EXPENDITURE	1,432.98	100.00%

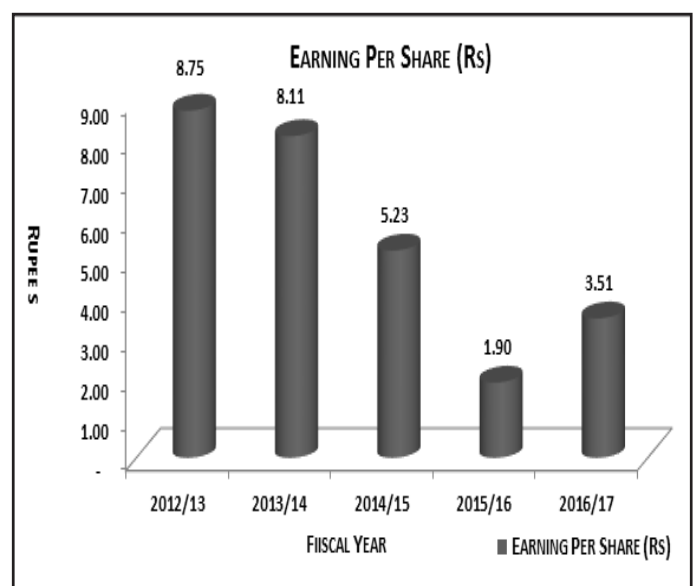
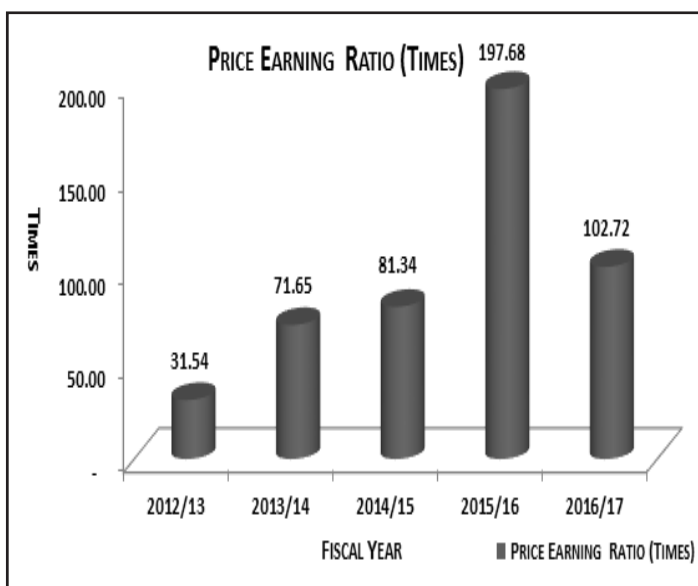
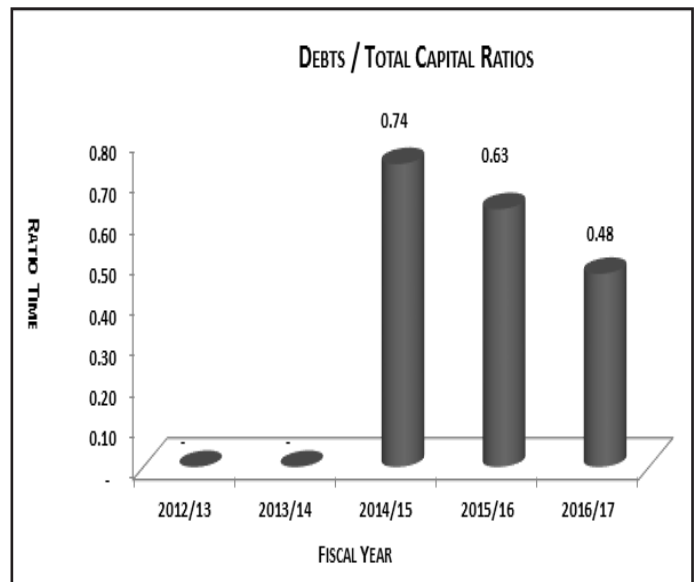
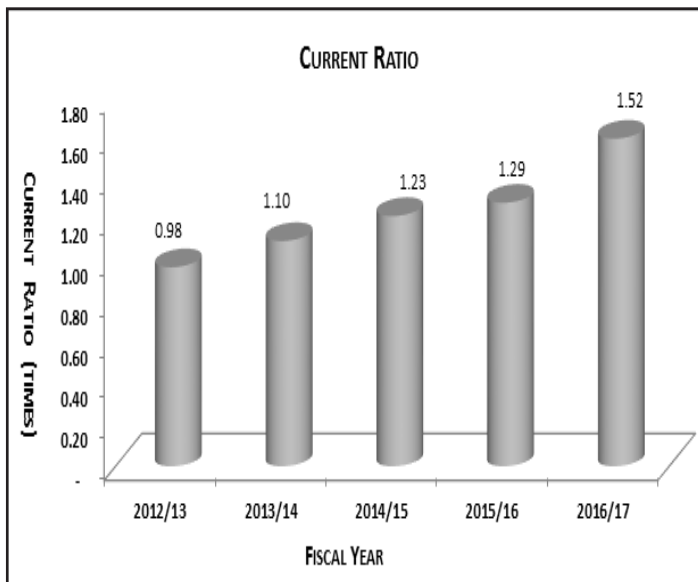


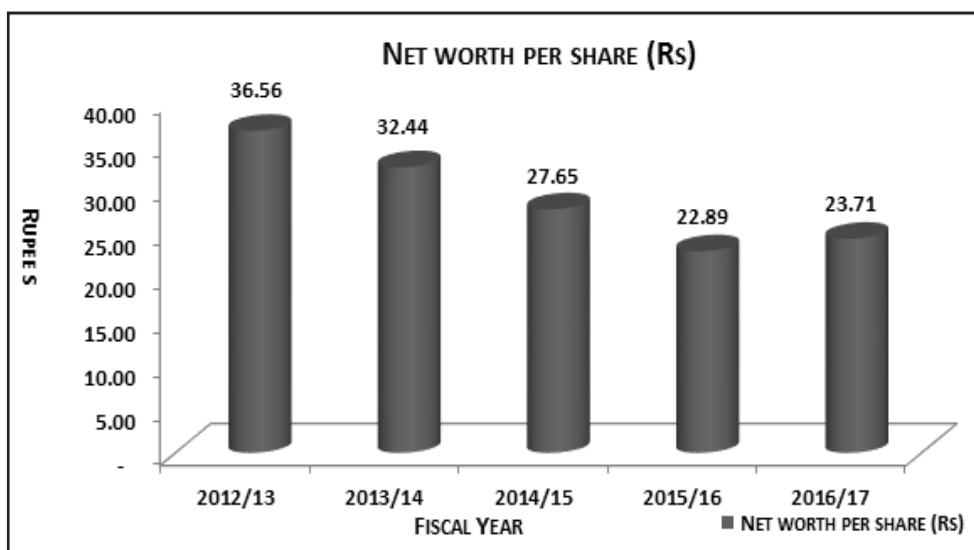


MAJOR FINANCIAL INDICATORS

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

PARTICULARS	FINANCIAL YEAR				
	2016/17	2015/16	2014/15	2013/14	2012/13
Debt Equity Ratio	0.01	0.01	0.01	-	-
Return on Equity Shareholders Fund	0.15	0.08	0.19	0.25	0.24
Earnings Per Share (Rs.)	3.51	1.90	5.23	8.11	8.75
Net worth per share (Rs.)	23.71	22.89	27.65	32.44	36.56
Gross assets value per share (Rs.)	34.13	35.68	43.54	52.84	60.77
Market Value Per Share (Share of Rs.10 each)	361.00	375.00	425.00	581.00	276.00
Price Earnings Ratio (Times)	102.72	197.68	81.34	71.65	31.54
Current Ratio	1.52	1.29	1.23	1.10	0.98
Debts/Capital Employed Ratio (Times)	0.48	0.63	0.74	-	-



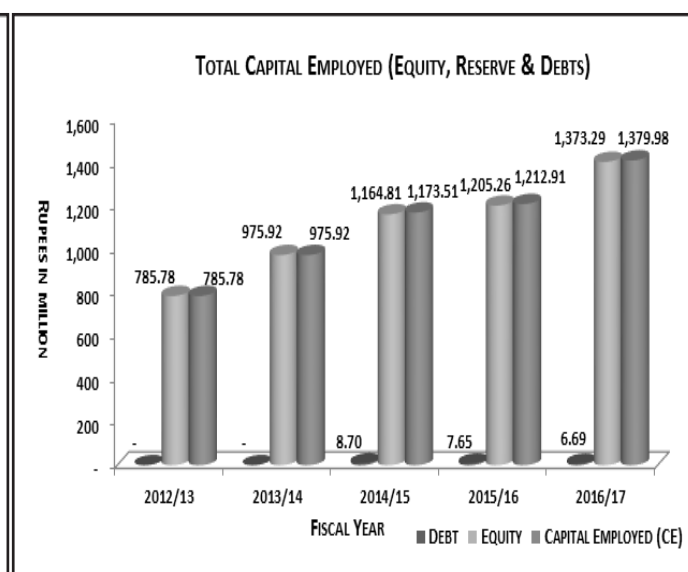
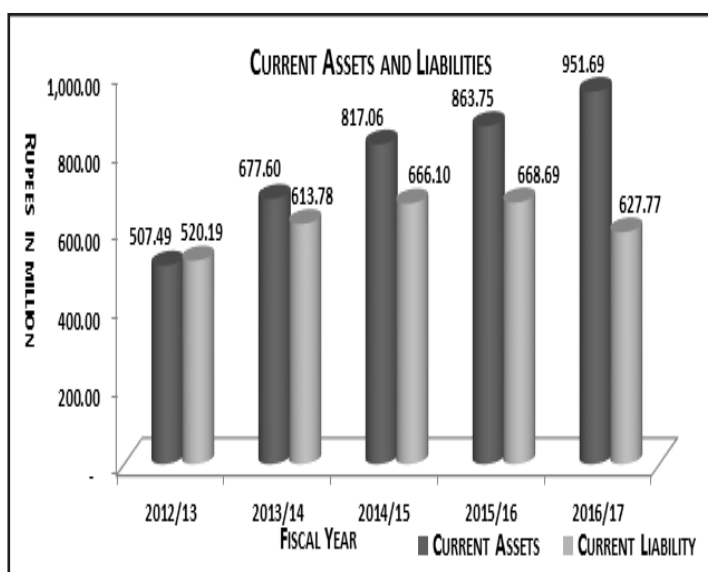


FINANCIAL HIGHLIGHTS - GEARING RATIO, CURRENT ASSETS, LIABILITIES AND CAPITAL EMPLOYED

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				
	2016/17	2015/16	2014/15	2013/14	2012/13
Current Assets	951.69	863.75	817.06	677.60	507.49
Current Liability	627.77	668.69	666.10	613.78	520.19
Debts	6.69	7.65	8.70	-	-
Total Equity	1,373.29	1,205.26	1,164.81	975.92	785.78
Capital Employed (CE) (Share Capital + Retained Earnings + Debts)	1,379.98	1,212.91	1,173.51	975.92	785.78

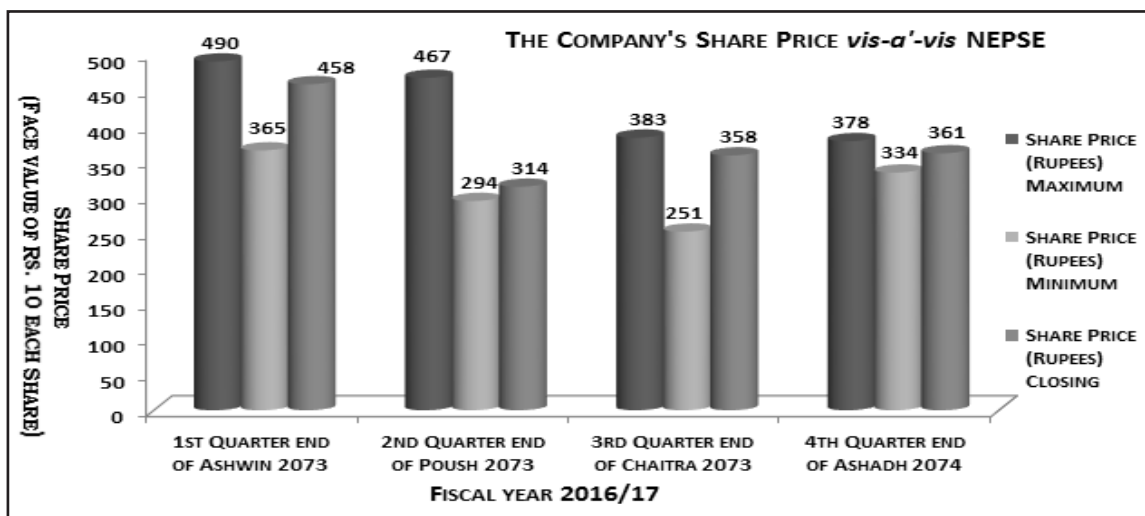




ANALYSIS OF SHARE TRANSACTIONS

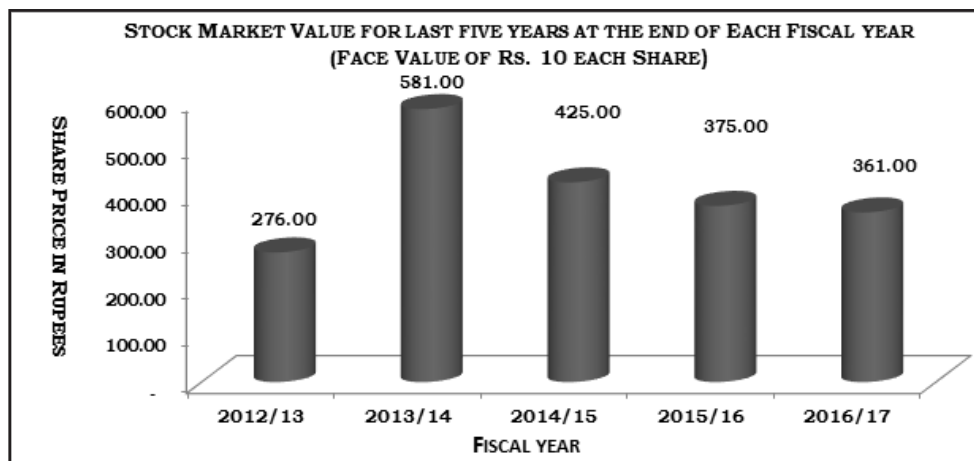
Maximum, Minimum and Closing price of the stocks of the Company, Total volume of transacted shares, Total number of transactions and Trading days during each quarter of the financial year are:-

Quarters of FY 2016/17	Share Price (Face value of Rs. 10 each Share)			Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
First Quarter (End of Aswin 2073)	490	365	458	55	2,325	1,144,944
Second Quarter (End of Poush 2073)	467	294	314	54	986	457,726
Third Quarter (End of Chaitra 2073)	383	251	358	59	1,388	544,739
Fourth Quarter (End of Ashadh 2074)	378	334	361	57	1,126	1,032,445
Total				225	5,825	3,179,854



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

Financial Year	Market Value Per Share (Rs)
2012/13	276.00
2013/14	581.00
2014/15	425.00
2015/16	375.00
2016/17	361.00



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SOALTEE HOTEL LIMITED, TAHACHAL, KATHMANDU, NEPAL**

Report on the Financial Statements

We have audited the accompanying financial statements of **Soaltee Hotel Limited** which comprise the balance sheet as at July 15, 2017 (corresponding to Asad 31, 2074), and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Report on Other Legal and Regulatory Requirements

As per Companies Act 2063, based on our audit carried out sampling basis, we report that, in our opinion:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit;
2. Proper books of accounts as required by law have been kept by the Company as far as appears from our examination of such books;
3. The Balance Sheet, Income Statement and the Cash Flow Statement are prepared as per the provisions of the Company Act 2063 and the same are in agreement with the books of accounts maintained by the Company;
4. The business of the Company has been conducted satisfactorily; and
5. To the best of our knowledge and in accordance with explanations given to us and from our examination of the books of accounts of the Company, necessary for the purpose of our audit, we have not come across cases where the Board of Directors, representative or any employee of the Company has acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Company deliberately.

Basis of Disclaimer of Opinion

The financial reporting framework for Soaltee Hotel Limited, being a listed company, though required to be presented as per Nepal Financial Reporting Standard [NFRS] effective FY 2016/17, continues to be presented as per the previous GAAP [Nepal Accounting Standards]. The cumulative effect of not restating, presenting, and disclosing financial information, as per applicable NFRS, though not considered, could be material.

Disclaimer of Opinion

Because of the significance of the matters described in the preceding "Basis of Disclaimer of Opinion" paragraph, we were unable to obtain sufficiently appropriate audit evidence to confirm the preparation and presentation of the financial statements as per Nepal Financial Reporting Standards, on which we were unable to express our opinion.

Opinion

In our opinion, except for the possible impact of matters referred to in the preceding 'Basis of Disclaimer of Opinion' paragraph for which no opinion is given, the financial statements subject to and read together with the Significant Accounting Policies and Other Explanatory Notes give a true and fair view, *in all material respects*, of the financial position of **Soaltee Hotel Ltd.** as of July 15, 2017, and of its financial performance and its cash flows for the year then ended in accordance with previous local GAAP (Nepal Accounting Standards).

Prabhu Ram Bhandary

Prabhu Ram Bhandary, FCA
Managing Partner

Dillibazar, Kathmandu
Date: October 22, 2017



SOALTEE HOTEL LIMITED
BALANCE SHEET
AS AT 15 JULY 2017 (31 ASHAD 2074)

Particulars	Schedule	Rupees	
		As at 15 July 2017	As at 15 July 2016
CAPITAL AND LIABILITIES			
CAPITAL AND RESERVES			
Share Capital	1	579,181,300	526,526,060
Reserves and Retained Earnings	2	794,112,510	678,730,858
		1,373,293,810	1,205,256,918
LONG TERM LOANS (AUTO LOAN)	3	6,686,125	7,649,215
Total		1,379,979,935	1,212,906,133
ASSETS			
FIXED ASSETS	4	751,740,264	688,312,628
INTANGIBLE ASSETS	5	2,573,366	1,792,354
CAPITAL WORK IN PROGRESS	6	141,184,824	195,198,772
INVESTMENTS	7	83,966,538	83,966,538
DEFERRED TAX ASSETS		45,461,308	45,825,010
CURRENT ASSETS			
Inventories	8	86,047,125	59,791,416
Sundry Debtors	9	211,084,250	233,907,398
Cash and Bank Balances	10	146,405,993	194,677,086
Call Account/Time Deposits		181,707,634	173,110,544
Prepaid, Advances, Loans and Deposits	11	326,442,395	202,261,890
		951,687,397	863,748,334
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	291,881,820	337,058,156
Proposed Dividend		35,055,710	58,194,986
Provisions	13	300,829,978	273,438,698
		627,767,508	668,691,840
NET CURRENT ASSETS		323,919,889	195,056,494
DEFERRED EXPENDITURES		31,133,746	2,754,337
Total		1,379,979,935	1,212,906,133
CONTINGENT LIABILITIES	14	11,576,249	11,526,249
SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES	21		

Schedules 1 to 14 & 21 referred to above form an integral part of the Balance Sheet

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

Ganesh Bahadur Chand
Sashi Raj Pandey
Ananth Ramchandran
Jaya Rajya Laxmi Shah
Bijay Bahadur Shrestha
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjana Kumar Tibrewala
DIRECTORS

This is the Balance Sheet referred to in our report of even date.

Prabhu Ram Bhandary
Prabhu Ram Bhandary
Managing Partner
For and on behalf of
Joshi & Bhandary
Chartered Accountants
Kathmandu
Date : 22 October 2017



SOALTEE HOTEL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 15 JULY 2017 (31 ASHAD 2074)

Particulars	Rupees	
	Current Year	Previous Year
A. Net Profit before Taxation	252,667,103	137,249,668
Adjustment for:		
Depreciation on Fixed Assets	90,653,321	79,840,884
Amortization of Intangible Assets	1,349,782	923,623
Deferred Expenditure written off	18,321,210	2,754,338
Write off of Fixed Assets	3,258,437	553,150
Investment Income	(700,000)	(6,500,000)
Provision for Bonus	25,266,710	13,724,967
Provision for Employees Housing	14,628,095	7,946,033
(Profit) / Loss on sale of Fixed Assets	(64,061)	(435,360)
Operating Profit before Working Capital changes	405,380,597	236,057,303
Adjustment for:		
Decrease / (Increase) in Current Assets	(127,613,066)	5,214,584
Increase / (Decrease) in Current Liabilities	(47,387,981)	716,970
Increase / (Decrease) in Provisions	(61,716,958)	(82,556,767)
Decrease / (Increase) in Deferred Expenditure	(46,700,619)	-
Net cash from Operating Activities	121,961,973	159,432,090
B. Cash Flow from Investing Activities:		
Dividend Income	700,000	6,500,000
Call Account/Time Deposits	(8,597,090)	(113,692,354)
Share Investment in Soaltee Hospitality Ltd.	-	(18,000,000)
Additions to Fixed Assets/Capital Work-in Progress	(106,907,158)	(71,867,384)
Proceeds on sale of Assets	1,514,979	4,897,282
Net cash used in Investing Activities	(113,289,269)	(192,162,457)
C. Cash Flow from Financing Activities:		
Secured Auto Loans	(963,090)	(1,047,497)
Fraction of Bonus Share (paid) / recovered in cash	2,634	3,960
Payment of Dividend	(55,983,341)	(28,015,687)
	(56,943,797)	(29,059,224)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(48,271,093)	(61,789,591)
Cash and Cash Equivalent as at 15 July 2016	194,677,086	256,466,677
Cash and Cash Equivalent as at 15 July 2017	146,405,993	194,677,086

**SIGNIFICANT ACCOUNTING POLICIES AND OTHER
EXPLANATORY NOTES - SCHEDULE**

21

Schedules 1 to 21 referred to above form an integral part of the Cash Flow Statement

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

Ganesh Bahadur Chand
Sashi Raj Pandey
Ananth Ramchandran
Jaya Rajya Laxmi Shah
Bijay Bahadur Shrestha
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

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

Prabhu Ram Bhandary
Prabhu Ram Bhandary
Managing Partner
For and on behalf of
Joshi & Bhandary
Chartered Accountants
Kathmandu
Date : 22 October 2017



SOALTEE HOTEL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 15 JULY 2017 (31 ASHAD 2074)

Particulars						Rupees
	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earnings	Total
Balance as at 16 July 2015	421,217,680	16,000,000	35,198,427	7,288,761	685,105,106	1,164,809,974
Changes in accounting policy	-	-	-	-	-	-
Restated Balance	421,217,680	16,000,000	35,198,427	7,288,761	685,105,106	1,164,809,974
Net Profit for the year	-	-	-	-	99,884,237	99,884,237
Tax payment of prior years	-	-	-	-	(1,246,267)	(1,246,267)
Bonus Share issue	105,308,380	-	-	-	(105,308,380)	-
Fraction of Bonus Share (paid)/ recovered in cash	-	-	-	-	3,960	3,960
Proposed Dividend	-	-	-	-	(58,194,986)	(58,194,986)
Balance as at 15 July 2016	526,526,060	16,000,000	35,198,427	7,288,761	620,243,670	1,205,256,918
Net Profit for the year	-	-	-	-	203,545,930	203,545,930
Tax payment of prior years	-	-	-	-	(455,962)	(455,962)
Bonus Share issue	52,655,240	-	-	-	(52,655,240)	-
Fraction of Bonus Share (paid)/ recovered in cash	-	-	-	-	2,634	2,634
Proposed Dividend	-	-	-	-	(35,055,710)	(35,055,710)
Balance as at 15 July 2017	579,181,300	16,000,000	35,198,427	7,288,761	735,625,322	1,373,293,810

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

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CHIEF ACCOUNTANT

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Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
 DIRECTORS

Prabhu Ram Bhandary
Prabhu Ram Bhandary
 Managing Partner
 For and on behalf of
Joshi & Bhandary
 Chartered Accountants
 Kathmandu
 Date : 22 October 2017

**SOALTEE HOTEL LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 15 JULY 2017 (31 ASHAD 2074)**

Particulars	Schedule	Rupees	
		2016 / 2017	2015 / 2016
REVENUE			
Sales	15	1,550,545,762	1,139,702,008
Other Income	16	85,581,650	88,767,142
Total Revenue		1,636,127,412	1,228,469,150
EXPENSES			
Upkeep & Services	17	77,739,665	66,060,029
Consumption of Food, Provisions and Beverages	18	282,810,051	208,161,043
Salary, Wages and Other Employee's cost	19	485,096,697	412,138,390
Power & Fuel		120,906,497	114,182,146
Repair & Maintenance		34,704,704	35,114,215
Administrative and Other Expenses	20	177,430,787	137,703,725
Management Fees (Refer Note 2.19 on Schedule 21)		42,614,660	27,679,541
Total Operating Cost and Expenses		1,221,303,061	1,001,039,089
Profit from Operation		414,824,351	227,430,061
Interest		699,268	614,860
(Profit)/Loss in Exchange		9,967,464	(8,688,952)
Deferred Expenditures (Refer Note 3.10 on Schedule 21)		18,321,210	2,754,338
Depreciation		90,653,321	79,840,884
Amortization of Intangible Assets (Refer Note 2.8 on Schedule 21)		1,349,782	923,623
Dividend Income (net) (Refer Note 2.5.3 on Schedule 21)		(700,000)	(6,500,000)
Corporate Social Responsibility (Refer Note 3.12 on Schedule 21)		2,035,459	-
(Profit)/Loss on sale of Fixed Assets		(64,061)	(435,360)
Employees' Housing		14,628,095	7,946,033
Bonus		25,266,710	13,724,967
Profit before Taxation		252,667,103	137,249,668
Current Tax		(48,757,471)	(31,337,254)
Deferred Tax (Refer Note 2.18 & 3.11 on Schedule 21)		(363,702)	(6,028,177)
Net Profit after Taxation		203,545,930	99,884,237
Tax payment of prior years		(455,962)	(1,246,267)
Balance of Profit brought forward		620,243,670	685,105,106
Issue of Bonus Share		(52,655,240)	(105,308,380)
Fraction of Bonus Share (paid)/recovered in cash		2,634	3,960
Profit available for appropriation		770,681,032	678,438,656
APPROPRIATION			
Proposed Dividend		(35,055,710)	(58,194,986)
Balance carried over to Balance Sheet		735,625,322	620,243,670

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES

21

Schedules 15 to 21 referred to above form an integral part of the Income Statement

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN**Durga Shrestha (Mrs)**
CHIEF ACCOUNTANT**Lil Bahadur Khatri**
COMPANY SECRETARY**Ganesh Bahadur Chand**
Sashi Raj Pandey
Ananth Ramchandran
Jaya Rajya Laxmi Shah
Bijay Bahadur Shrestha
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjana Kumar Tibrewala
DIRECTORS

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

Prabhu Ram Bhandary
Prabhu Ram Bhandary
Managing Partner
For and on behalf of
Joshi & Bhandary
Chartered Accountants
Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Particulars	Rupees	
	As at 15 July 2017	As at 15 July 2016
SCHEDULE 1: SHARE CAPITAL		
A. AUTHORISED		
150,000,000 Equity Shares of Rs. 10/- each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
B. ISSUED		
75,000,000 Equity Shares of Rs. 10/- each	<u>750,000,000</u>	<u>750,000,000</u>
C. SUBSCRIBED AND PAID-UP		
57,918,130 Equity Shares of Rs.10/- each (including Bonus Shares of 53,025,720 of 10/- each fully paid up capitalized from profits)	<u>579,181,300</u>	<u>526,526,060</u>
Total	<u>579,181,300</u>	<u>526,526,060</u>

SCHEDULE 2: RESERVES AND RETAINED EARNINGS

A. CAPITAL RESERVE		
Share Premium	16,000,000	16,000,000
Revaluation Reserve	35,198,427	35,198,427
Other Reserve	7,288,761	7,288,761
B. RETAINED EARNINGS		
Income Statement	<u>735,625,322</u>	<u>620,243,670</u>
Total	<u>794,112,510</u>	<u>678,730,858</u>

SCHEDULE 3: MEDIUM AND LONG TERM LOANS**SECURED LOANS****A. LONG TERM**

HIRE PURCHASE LOAN from Global IME Bank Ltd
(Secured by ownership transfer of vehicle Ford Figo &
Honda CRV)

6,686,125	7,649,215
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Total**6,686,125****7,649,215**

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
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DIRECTORS

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Prabhu Ram Bhandary
Managing Partner
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Chartered Accountants
Kathmandu
Date : 22 October 2017

SOALTEE HOTEL LIMITED
SCHEDULE: 4 - FIXED ASSETS
 (Refer Note 2.6 & 2.7 on Schedule 21)

Particulars	C O S T						D E P R E C I A T I O N				R U P E E S	
	A S A T 15 J U L Y 2016		A D J U S T M E N T S / S A L E D U R I N G T H E Y E A R		A S A T 15 J U L Y 2017		A S A T 15 J U L Y 2016		A S A T 15 J U L Y 2017		A S A T 15 J U L Y 2016	
	ADDITIONS DURING THE YEAR	ADJUSTMENTS/SALE DURING THE YEAR	AS AT 15 JULY 2017	ADDITIONS DURING THE YEAR	ADJUSTMENTS/SALE DURING THE YEAR	AS AT 15 JULY 2017	ADDITIONS DURING THE YEAR	ADJUSTMENTS/SALE DURING THE YEAR	AS AT 15 JULY 2017	ADJUSTMENTS/SALE DURING THE YEAR	AS AT 15 JULY 2016	Dep. Rate
LAND AND LANDSCAPING	-	3,258,437	70,096,902	-	-	-	-	-	-	70,096,902	73,355,339	-
BUILDING	59,848,679	4,180,286	640,183,214	16,742,387	3,054,507	316,392,181	302,704,301	16,742,387	3,054,507	323,791,033	281,810,520	5%
PLANT AND MACHINERY	50,057,154	5,453,636	892,998,838	45,132,267	6,383,073	349,383,683	590,255,408	45,464,310	5,281,237	262,560,357	258,139,912	15%
FURNITURE, FIXTURES AND OFFICE EQUIPMENT	3,752,212	1,174,252	52,966,247	3,752,212	1,174,252	52,966,247	32,792,552	3,866,986	1,052,216	17,358,925	17,595,735	20%
TOTAL	158,790,312	20,449,684	2,005,628,885	158,790,312	20,449,684	2,005,628,885	1,178,975,629	90,653,321	15,740,329	1,253,888,621	688,312,628	
PREVIOUS YEAR'S TOTAL	1,841,310,528	55,223,111	1,867,288,257	29,245,383	29,245,383	1,867,288,257	1,123,365,055	79,840,884	24,230,310	1,178,975,629	688,312,628	

SCHEDULE: 5 - INTANGIBLE ASSETS

(Refer Note 2.8 on Schedule 21)

Particulars	C O S T				A M O R T I S A T I O N				R U P E E S			
	A S A T 15 J U L Y 2016		A D J U S T M E N T D U R I N G T H E Y E A R		A S A T 15 J U L Y 2017		A S A T 15 J U L Y 2016		A S A T 15 J U L Y 2017			
	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	AS AT 15 JULY 2017	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	AS AT 15 JULY 2017	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	AS AT 15 JULY 2016	Amort. Rate		
COMPUTER SOFTWARE	2,130,794	-	12,926,443	1,349,782	-	10,353,077	9,003,295	1,349,782	-	2,573,366	1,792,354	20%
TOTAL	2,130,794	-	12,926,443	1,349,782	-	10,353,077	9,003,295	1,349,782	-	2,573,366	1,792,354	

Dinesh Bahadur Bista
 EXECUTIVE CHAIRMAN

Ganesh Bahadur Chand
Sashi Raj Pandey
Ananth Ramchandran
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Bijay Bahadur Shrestha
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Nirajan Kumar Tibrewala
 DIRECTORS

Durga Shrestha (Mrs)
 CHIEF ACCOUNTANT

Lil Bahadur Khatri
 COMPANY SECRETARY
Prabhu Ram Bhandary
Prabhu Ram Bhandary
 Managing Partner
 For and on behalf of
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 Kathmandu
 Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Particulars	Rupees	
	As at 15 July 2017	As at 15 July 2016
SCHEDULE 6: CAPITAL WORK-IN PROGRESS (Refer Note 3.8 on Schedule 21)		
A. CAPITAL WORK		
Balance Brought Forward	41,866,005	28,905,397
Additions during the year:		
Building	23,185,518	15,702,223
Plant and Machinery	1,760,453	3,041,984
Furniture and Fixture	784,035	1,040,168
	67,596,011	48,689,772
Less: Capitalized during the year	46,896,174	6,823,767
	20,699,837	41,866,005
	110,472,340	141,971,010
B. CAPITAL ADVANCE		
C. PROJECT OVERHEADS, FINANCIAL & OTHER COSTS PENDING ALLOCATION		
Balance Brought Forward	11,361,757	9,067,911
Expenses incurred during the year	5,481,548	3,888,271
	16,843,305	12,956,182
Less: Capitalized during the year	6,830,658	1,594,425
	10,012,647	11,361,757
Total	141,184,824	195,198,772

SCHEDULE 7: INVESTMENTS

(Refer Note 2.9 on Schedule 21)

Investment in Non-listed related Companies

A. H I SOALTEE MANAGEMENT CO. LIMITED (2,600 shares of HK\$ 1 each fully paid)	16,538	16,538
B. HIMAL INTERNATIONAL POWER CORP. PVT. LTD. (100,000 shares of Rs.100 each fully paid)	10,000,000	10,000,000
C. H I SOALTEE HOTEL COMPANY PVT. LTD., SUBSIDIARY COMPANY (99,500 shares of Rs. 100 each fully paid)	9,950,000	9,950,000
D. SOALTEE HOSPITALITY LTD., SUBSIDIARY COMPANY (640,000 shares of Rs.100 each fully paid)	64,000,000	64,000,000
Total	83,966,538	83,966,538

SCHEDULE 8: INVENTORIES

(Refer Note 2.10 on Schedule 21)

a. Stores and Spares	9,454,770	7,904,009
b. Provision, Beverage and Others	23,197,342	20,661,478
c. Uniform and Linen	28,724,105	8,991,949
d. Crockery, Cutlery, etc.	24,670,908	22,233,980
Total	86,047,125	59,791,416

Dinesh Bahadur Bista
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Ananth Ramchandran
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Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS**Prabhu Ram Bhandary**
Prabhu Ram Bhandary
Managing Partner
For and on behalf of
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Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Rupees

Particulars	As at 15 July 2017	As at 15 July 2016
SCHEDULE 9: SUNDRY DEBTORS		
(Refer Note 2.11 & 3.14 on Schedule 21)		
a. Sundry Debtors	178,130,324	194,100,919
b. More than 6 months due		
- From Related Companies	-	-
- Others	63,097,690	69,717,926
	241,228,014	263,818,845
Less:- Provision for Doubtful Debts	(30,143,764)	(29,911,447)
Total	211,084,250	233,907,398

SCHEDULE 10: CASH AND BANK BALANCES

(Refer note 2.12 on Schedule 21)

a. Cash in hand (including cheque in hand Rs. 294,300; previous year Rs. 14,278,089)	2,688,925	16,155,865
b. Bank Balance	143,717,068	178,521,221
Total	146,405,993	194,677,086

SCHEDULE 11: PREPAID, ADVANCES, LOANS AND DEPOSITS

a. Loans and Advances		
Employee	55,934,601	39,967,447
Others	27,194,859	5,732,303
b. Deposits	3,326,504	3,598,065
c. Advance to Contractors and Suppliers	39,512,850	15,688,094
d. Advance against Share Investment-Soaltee Hospitality Ltd	87,440,000	30,072,000
e. Gratuity Fund Account-Citizen Investment Trust	37,312,598	46,266,393
f. Prepaid Expenses	15,388,182	20,064,399
g. Advance Income Tax (net of Provision for Taxation up to Fiscal Year 2015/16)	50,289,299	30,829,687
h. Deposit against Tax Appeal - FY 2011/12	2,992,083	2,992,083
i. Other receivable (Refer Note 3.9 on Schedule 21)	7,051,419	7,051,419
Total	326,442,395	202,261,890

Dinesh Bahadur Bista
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Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Particulars	Rupees	
	As at 15 July 2017	As at 15 July 2016
SCHEDULE 12: CURRENT LIABILITIES		
a. Retention & Security Deposits from Contractors & Others	8,975,310	8,100,367
b. Sundry Creditors for Goods, Services and Expenses	148,932,890	165,421,004
c. Civil Aviation Fee Payable	6,365,372	13,757,228
d. Management Fees due to Manager	2,208,940	24,197,135
e. Advance Rent Received	32,071,719	31,960,767
f. Unclaimed Dividend	6,062,351	3,850,706
g. VAT Payable	59,159	466,908
h. Other Liabilities	87,206,079	89,304,041
Total	291,881,820	337,058,156

SCHEDULE 13: PROVISIONS

a. Current Year Tax (Refer Note 2.18 & 3.1.2 on Schedule 21)	48,757,471	31,337,254
b. Gratuity (Refer Note 2.14 & 3.6 on Schedule 21)	170,471,768	186,670,543
c. Bonus	25,266,710	13,724,967
d. Employees' Housing (Refer Note 2.16 & 3.4 on Schedule 21)	56,334,029	41,705,934
Total	300,829,978	273,438,698

SCHEDULE 14: CONTINGENT LIABILITIES

(Refer note 3.1 on Schedule 21)

a. Bank Guarantee Unexpired Bank Guarantee issued by the Company	2,600,000	2,550,000
b. Income Tax Matters Additional demand by the Large Tax Payer's Office for the Fiscal Year 2011/12	8,976,249	8,976,249
Total	11,576,249	11,526,249

Particulars	Rupees	
	2016/2017	2015/2016
SCHEDULE 15: SALES		
Room	468,399,915	361,518,676
Food	1,002,904,471	713,637,980
Beverage	58,128,708	45,166,190
Cigar and Cigarettes	409,075	401,570
Telephone	483,484	3,513,198
Laundry Income	10,909,230	8,023,850
Beauty Parlor	1,241,073	1,315,977
Swimming Pool, Health Club, Guest and Membership Fee	7,946,392	5,946,183
Business Centre	123,414	178,384
Total	1,550,545,762	1,139,702,008

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN**Durga Shrestha (Mrs)**
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DIRECTORS**Prabhu Ram Bhandary**
Prabhu Ram Bhandary
Managing Partner
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Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Rupees

Particulars	2016/2017	2015/2016
SCHEDULE 16: OTHER INCOME		
Premises Rental Charge	25,888,052	23,440,616
Interest on Loans and Advances	2,440,836	2,348,462
Interest on Call Account/Time Deposit	9,407,024	1,656,293
Miscellaneous Receipts	8,480,762	32,630,259
Income from Service charge	37,785,146	28,239,613
Unclaimed Balance Written Back	1,579,830	451,899
Total	85,581,650	88,767,142

SCHEDULE 17: UPKEEP AND SERVICES

Linen	5,358,600	5,288,540
Laundry Supplies	6,606,014	5,455,800
Crockery and Cutlery	2,805,297	2,902,408
Silverware	86,971	406,417
Cleaning Supplies	10,702,507	8,481,350
Food and Beverage Paper Supplies	8,752,360	5,587,229
Guest Supplies	19,280,653	15,103,248
Water and Water Treatment	21,122,209	19,514,302
Garden Maintenance	3,395	389,160
Pest Control	2,137,500	1,930,425
Waste Removal	884,159	1,001,150
Total	77,739,665	66,060,029

SCHEDULE 18: CONSUMPTION OF FOOD, PROVISION & BEVERAGE

Food	265,238,578	196,540,340
Beverage	17,404,454	11,478,655
Cigarettes	167,019	142,048
Total	282,810,051	208,161,043

SCHEDULE 19: SALARY, WAGES AND OTHER EMPLOYEE'S COST

Salary, Wages and Other Employee's cost	401,910,717	336,716,114
Gratuity (Refer Note 2.14 & 3.6 on Schedule 21)	61,931,295	53,777,708
Employer's Contribution to Provident Fund	19,300,893	17,317,981
Clinical Expenses	1,953,792	4,326,587
Total	485,096,697	412,138,390

Dinesh Bahadur Bista
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Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED**

Particulars	Rupees	
	2016/2017	2015/2016
SCHEDULE 20: ADMINISTRATIVE AND OTHER EXPENSES		
Rental Charges	1,135,844	1,528,730
Travelling	6,289,139	6,276,473
Transport and Conveyance	21,839,094	13,732,268
Audit Fee	399,300	399,300
Legal and Professional Fees	5,559,102	3,178,391
Directors' Meeting Fees	1,023,526	899,997
Licence and Taxes	25,433,764	26,639,401
Bank Charges	7,154,609	6,269,864
Annual General Meeting Expenses	1,124,457	754,486
Commissions	4,484,081	2,066,216
Insurance	19,808,863	16,582,823
Communication Expenses	5,358,515	5,622,810
Printing and Stationery	8,409,618	3,982,808
Advertisement and Sales Promotion	18,324,789	8,350,386
Marketing and Reservation Expenses	15,274,589	12,617,677
Training and Conference	1,411,006	1,286,150
Donation	30,000	70,000
Books and Newspaper	413,297	456,797
Membership and Subscription	1,295,820	1,286,535
Security Services	4,972,763	4,986,220
Uniform Expenses	1,249,784	2,709,206
Entertainment	1,371,001	1,864,432
Provision for Doubtful Debts	5,000,000	5,000,000
Software Service Charges	5,758,680	4,250,919
Assets Written Off	3,258,437	553,150
Banquet Expenses	2,742,427	819,728
Bad Debts Written Off	-	13,200
Kitchenette Expenses	102,514	176,291
Miscellaneous	8,205,768	5,329,467
Total	177,430,787	137,703,725

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

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Chartered Accountants
Kathmandu
Date : 22 October 2017

**SOALTEE HOTEL LIMITED****SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES****1. BACKGROUND**

Soaltee Hotel Limited (the Company) is a limited liability company registered with Office of Company Registrar. Its shares are enlisted with Security Board of Nepal (SEBON) and listed and traded at Nepal Stock Exchange Ltd. (NEPSE) through CDS & Clearing Limited and incorporated under the Companies Act of Nepal. The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal.

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.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Equity together with the Accounting Policies and Explanatory Notes of the Company as at 15 July 2017 and for the year then ended comply with the Generally Accepted Accounting Principles (GAAP) and Nepal Accounting Standards (NAS) except otherwise stated.

The Financial Statements are presented on historical cost convention and as per the presentation requirements of the Companies Act, 2063.

2.2 USE OF ESTIMATES

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles and Nepal Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of Balance Sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

2.3 GOING CONCERN

The financial statements are prepared on the assumption that the Company is a going concern.

2.4 COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Company during the year. Previous year figures have been regrouped and/or rearranged wherever necessary to facilitate comparison with current year figure.

Figures are rounded off to the nearest rupees.

2.5 REVENUE RECOGNITION

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. The following specific criteria are used for the purpose of recognition of revenue:



2.5.1 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.

2.5.2 INCOME FROM SERVICE CHARGES

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 the agreement reached between HAN and representatives of the Employees Union on 6 December 2006.

2.5.3 DIVIDEND INCOME

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

2.5.4 OTHER INCOME

Other income is recognized on accrual basis.

2.6 FIXED ASSETS

Fixed Assets are stated at historical cost (other than part of land which is stated at revalued cost) less accumulated depreciation and inclusive of all expenses up to the commissioning/putting the assets to use.

2.7 DEPRECIATION

Depreciation on fixed assets is provided on Written Down Value (WDV) method at rates prescribed in Schedule II of the Income Tax Act, 2058 with amendments thereafter. The policy of depreciating fixed assets at such rates is not in accordance with NAS-06, which requires assets to be depreciated over its useful life.

2.8 INTANGIBLES ASSETS

Intangible assets are amortized over their useful life, considered as five years, in equal annual installment.

2.9 INVESTMENTS

Investments are valued at cost.

2.10 INVENTORIES

Inventories are physically verified, at least once in each year by the Management, and reconciled with the inventory records. Inventories are carried at Cost (computed on weighted average basis) or Net Realizable Value, whichever is lower after providing for cost of obsolescence and other anticipated losses, where considered necessary.

**2.11 SUNDRY DEBTORS AND OTHER RECEIVABLES**

Sundry Debtors and other receivables are stated at book value after provision for bad and doubtful debts.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, bank balances and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and balance in banks including cheque in hand.

2.13 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at exchange rates prevailing as on the date of transactions. All exchange difference in respect of foreign currency transactions are recognized in the Income Statement. Foreign currency bank balances as on Balance Sheet date are restated at the exchange rates prevailing at that date.

2.14 RETIREMENT BENEFITS

The Company has schemes of retirement benefits comprising of provident fund and employee gratuity.

PROVIDENT FUND

All permanent employees are entitled to provident fund. The Company makes a matching contribution of 10% of basic salary to provident fund which is deposited into Employees Provident Fund along with the contribution of the employees. The company's obligations for contribution to provident fund are recognized as expense in income statement as incurred.

GRATUITY

Employees who have completed three years of service are eligible for gratuity. Gratuity is provided on actuarial basis as ascertained by an independent Registered Actuary for employees on the payroll as on the Balance Sheet date. A separate gratuity fund as required, under the Labor Rules, 2050 has set aside with the Citizen Investment Trust since FY 2013/14.

2.15 ACCUMULATED LEAVE

Accumulated leave is accounted for on cash basis.

2.16 EMPLOYEE HOUSING AND BONUS

Provision for employees' bonus and housing is accounted in accordance with provisions of the Bonus Act, 2030 and Labor Act 2048, respectively. The Company has a policy of providing housing loans to employees against the provisions made for employee housing fund through the Soaltee Staff Housing Loan Scheme Committee.

**2.17 BORROWING COSTS**

Borrowing costs are recognized as expenditure in the period in which they are incurred. Borrowing costs that are directly attributable to construction of a qualifying asset is capitalized as part of the cost of that asset.

2.18 INCOME TAXES

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments related thereto.

Deferred tax is provided on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted by the Balance Sheet date and are expected to apply when the related deferred tax assets is realized or the deferred tax liability is settled. The temporary difference arise from depreciation of fixed assets, provision for gratuity, provision for employee housing, provision for bad and doubtful debts.

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

2.19 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 Technical Assistance Agreements (TAA) for hotel management.

2.20 LICENSE FEE

License Fees are payable to:

- The technical collaborator, LSG Catering Hong Kong Limited, for Technical Assistance to operate the Flight Catering Unit under the brand name of 'LSG Sky Chefs'. The fee is based on a fixed percentage of the Net Sales Value as specified in the Technical Assistance Agreement.

2.21 LEASE

The Company leases premises under operating leases for a period of 15 year with an option to renew the lease after that date. Payments made under operating leases are recognized as an expense in the income statement on an accrual basis over the lease term.

2.22 CASH FLOW STATEMENT

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



3. EXPLANATORY NOTES

3.1 CONTINGENT LIABILITIES

(With reference to Schedule 14)

3.1.1 Bank Guarantee

Unexpired bank guarantee issued by the Company amounting to Rs 2,600,000/- (Previous year Rs 2,550,000/-).

3.1.2 Income Tax Matters

- a. Revenue Tribunal has decided the case in Company's favor against the appeal made by the Company for the FY 2011/12. However, reassessment for the same from the Large Tax Payer Office is still pending.
- b. The tax authorities have completed the final assessment up to the FY 2012/13 (2069/70).

3.1.3 Casino Royalty

The Company has filed writ petition in the Supreme Court of Nepal for Casino Royalty payable from the FY 2005/06 (2062/063) till 9 November 2012 (24 Kartik 2069) to the Government of Nepal by then lessee, Nepal Recreation Centre Pvt. Ltd. The case is under litigation in the Supreme Court of Nepal.

3.1.4 Arbitration

The Company had filed a writ petition in the Supreme Court of Nepal challenging the judgement of Honorable High Court Patan for the appointment of arbitrator in a case filed by Nepal Recreation Centre Pvt. Ltd. for the appointment of arbitrators pursuant to the Casino Lease Agreement. The matter is sub-judice before the Honorable Supreme Court of Nepal and Nepal Council of Arbitration (NEPCA).

3.2 CAPITAL COMMITMENTS

The capital commitments (net of advances) as on 15 July 2017 is as follows:

Contracts remaining to be executed on capital account net of advances is Rs 223,744,492/- (Previous year Rs 145,086,764/-).

3.3 LIEN ON COMPANY'S ASSETS

Company's fixed assets and current assets have been mortgaged / hypothecated in the name of its bankers for the purpose of credit facilities.

3.4 EMPLOYEE HOUSING AND BONUS

Provision for employee housing has not been invested in a separate fund as per the requirement of section 41(2) of the Labor Act, 2048. During the year, the Company has provided Rs 14,628,095/- (previous year Rs 7,946,033/-) for employee housing. Bonus for the year amounting to Rs 25,266,710/- (10% of net profit before tax) (previous year Rs 13,724,967/-) has been charged as per the Section 5 (1) of the Bonus Act 2030.



3.5 UNCLAIMED DIVIDEND

As on the balance sheet date unclaimed dividend amount is Rs 6,062,351/- (previous year Rs 3,850,706/-).

3.6 GRATUITY LIABILITY

During the year, provision for gratuity made was Rs 61,931,295/- (previous year Rs 53,777,708/-) from which Rs 78,130,070/- (previous year Rs 21,163,608/-) was paid out. The liability of employee gratuity of Rs 61,931,295/- attributable to the current year has been funded.

3.7 ACCUMULATED LEAVE

Liability on account of accumulated leave as on 15 July 2017 at Rs 96,579,895/- (Previous year Rs 87,415,664/-) is not provided for in the accounts which is not as per Nepal Accounting Standards (NAS).

3.8 CAPITAL WORK IN PROGRESS

Year end balance of Capital Work in Progress (CWIP) amounting to Rs 141,184,824/- comprises capital investment relating to a renovation projects carried out during the year (Refer Schedule 6).

3.9 CIVIL AVIATION FEE RECOVERABLE FROM AIRLINES

Civil Aviation Fees levied on In-Flight catering services provided on international flights by the hotel to three different airlines have been disputed and not paid by the respective airlines for Rs 7,051,419/- (Previous year Rs 7,051,419/-) is yet to be recovered for which no provision has been made by the Company and is included in Prepaid, Advances, Loans & Deposits – Other Receivables, Schedule 11 (k).

3.10 DEFERRED EXPENDITURE

Payments made under Voluntary Retirement Scheme (VRS) to employees Rs 8,263,013/- in FY 2014/15 and Rs. 46,700,619 in this fiscal year has been deferred for three years. Accordingly, Rs 18,321,210/- has been charged as deferred expenditure in this year and remaining amount Rs 31,133,746/- will be charged as deferred expenditure in next two years.

3.11 DEFERRED TAX

Deferred Tax Expense of Rs 363,702/- has been recognized in accordance with the NAS-9 after considering the effect of temporary differences. Deferred taxes are calculated on temporary differences using an effective tax rate of 21.25% (previous year rate: 22.5%). The items attributable to deferred tax assets/(liabilities) and their movement are as follows:



Amount in Rupees

Particulars	Carrying Amount	Tax Base Amount	Difference Asset/ (Liability)	Deferred Tax Asset/ (Liability)
Temporary Difference for:				
Property, Plant & Equipment (except Land)	684,216,728	678,515,329	(5,701,399)	(1,211,547)
Provision for Gratuity	133,159,170	Nil	133,159,170	28,296,324
Provision for Employee Housing	56,334,029	Nil	56,334,029	11,970,981
Provision for bad and doubtful debts	30,143,764	Nil	30,143,764	6,405,550
Net Deferred Tax Assets / (Liabilities) as on 15 July 2017				45,461,308
Net Deferred Tax Assets as on 15 July 2016				45,825,010
Adjustment in income statement				363,702

3.12 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company has provided Rs. 2,035,459/- (1% of net profit after tax) as Corporate Social Responsibility as per the Section 48 (1) of the Industrial Enterprises Act 2073.

3.13 OPERATING LEASES

- LEASE RENTAL EXPENSES**

The Company has entered into a lease arrangement of premises for a period of 15 years. The future minimum lease rental expenses under non-cancellable operating lease is as follows:

Particulars	Current Year (Rs)	Previous Year (Rs)
Due within one year from the balance sheet date	964,688	908,448
Due in the period between one year & five years	3,848,208	3,633,792
Due later than five years	2,527,693	3,295,302
Total	7,340,589	7,837,542

- LEASE RENTAL INCOME**

The Company has let out premises on lease, which are operating leases as per NAS 15 and income from such rentals as follows:

Particulars	Current Year (Rs)	Previous Year (Rs)
Not later than one year	26,315,433	23,893,930
Later than one year and not later than five years	88,766,816	88,125,682
Later than five years	450,032,622	471,220,878
Total	565,114,871	583,240,490



3.14 RELATED PARTY DISCLOSURES

SOALTEE HOTEL LTD RELATED PARTIES

1	Significant Influence	Soaltee Enterprises Pvt Ltd, Nepal Airlines Corporation and Sibkrim Land & Industrial Company Pvt Ltd
2	Manager	Holiday Inns (China) Ltd
3	Key Management Personnel	Executive Chairman and General Manager
4	Subsidiaries	Soaltee Hospitality Limited H I Soaltee Hotel Company Pvt. Ltd

In accordance with the disclosure requirements of NAS-16; Sundry Debtors and Loans and advances includes Rs 13,398,395/- (previous year Rs 17,266,912/-) due from related party Nepal Airlines Corporation having significant influence by share ownership.

The Company has regular business transaction (Catering onboard flight) with the Nepal Airlines Corporation.

COMPENSATION TO KEY MANAGEMENT PERSONNEL

Total compensation provided to Key Management Personnel during the year is Rs 29,205,862/- (Previous year Rs 24,214,799/-).

3.15 The Company has holding investment of Rs 83,966,538/- (previous year Rs 83,966,538/-) in equity shares of subsidiary and other companies.

3.16 During the year, the Company has paid an advance of Rs 57,368,000/- towards share capital in its subsidiary company Soaltee Hospitality Ltd in which the company has an equity investment of Rs 64,000,000/- divided into 640,000 shares of Rs. 100 each as on 15th July 2017 and the balance of Rs 87,440,000/- has been disclosed as advance against share capital (Refer Schedule 7 & 11).

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

Durga Shrestha (Mrs)
CHIEF ACCOUNTANT

Lil Bahadur Khatri
COMPANY SECRETARY

Ganesh Bahadur Chand
Sashi Raj Pandey
Ananth Ramchandran
Jaya Rajya Laxmi Shah
Bijay Bahadur Shrestha
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

Prabhu Ram Bhandary
Prabhu Ram Bhandary
Managing Partner
For and on behalf of
Joshi & Bhandary
Chartered Accountants
Kathmandu
Date : 22 October 2017



H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting before you the Financial Statement of the H I Soaltee Hotel Company Private Limited comprising the **BALANCE SHEET** as on 15 July 2017 (31 Ashad 2074), the **INCOME STATEMENT** and the **CASH FLOW STATEMENT** for the Fiscal Year ended 15 July 2017 (31 Ashad 2074), which have been duly audited and are accompanied by the **Auditor's Report** thereon.

1. REVIEW OF THE PERFORMANCE

FINANCIAL HIGHLIGHTS

The financial results of the Company for the fiscal year ended 15 July 2017 (31 Asadh 2074) are summarized below:-

PARTICULARS	Nepalese Rupees	
	FINANCIAL YEAR	
	2016/17	2015/16
Income	1,502,658	1,107,484
Expenditure	120,301	126,286
Profit before Tax	1,382,357	981,198
Less: Provision for Income Tax	(351,395)	(251,297)
Less: Tax Paid for earlier year	(4,037)	(2,000)
Net Profit after Tax (Transfer to Balance Sheet)	1,026,925	727,901

2. CHANGES IN THE BOARD OF DIRECTORS

During the Financial year under review, Mr. Ananth Ramchandran and Ms. Janice Gan Kha Hwe (Alternate Director to Mr. Ananth Ramchandran) was nominated by the corporate shareholders, Holiday Inns Investment (Nepal) Limited (HIINL) to represent them on the Board of the Company, which was effective from 12 June 2017. We welcome them on behalf of all shareholders, and the Board.

Further, we wish to record an appreciation and acknowledge the contributions made by former Directors, Mr. Shanta Asiri De Silva (HIINL) and Mr. Stephen John Carroll Alternate Director to Mr. Shanta Asiri De Silva (HIINL) during their tenure as a Director and Alternate Director of the Board of Directors of the Company.

3. STATUTORY AUDITORS

The current term of office of the Statutory Auditors, **M/s N Amatya & Company**, Chartered Accountants, Kathmandu, Nepal will be completing their tenure with the company at the conclusion of this Annual General Meeting. Messrs. N Amatya & Company, Chartered Accountants, are eligible for re-appointment pursuant to the Companies Act, 2006 (BS 2063). The shareholders are requested to approve the appointment of statutory Auditors for the Fiscal Year 2017/12018 (2074/2075) and fix their remuneration.

On your behalf and on behalf of the Board, we place on record our sincere appreciation for the services rendered by Messrs. N. Amatya & Company, Chartered Accountants to the Company.



4. DISCLOSURES IN PURSUANT TO THE SECTION 109 (4) OF THE COMPANIES ACT, 2006

1. PERFORMANCE OF THE COMPANY

The Company has yet to commence its' Operations.

2. IMPACTS OF NATIONAL & INTERNATIONAL SCENARIO

The Company has yet to commence its' Operations.

3. CURRENT YEAR ACHIEVEMENTS AND FUTURE OUTLOOK

The Company has yet to commence its' Operations.

4. INDUSTRIAL AND TRADE RELATIONS OF THE COMPANY

The Company continued to maintain a healthy working environment and cordial relationship with the employees.

5. MAIN FACTORS AFFECTING THE BUSINESS

The Company has yet to commence its' operation.

6. AUDITOR'S OBSERVATIONS

The Auditors have no remarks in there Audit Reports.

7. DIVIDENDS

No dividend has been recommended for the fiscal year.

8. FORFEITURE OF SHARES

No Shares have been forfeited nor re-issued in lieu thereof until date.

9. SUBSIDIARY COMPANY

The company has no subsidiaries.

10. DISCLOSURES MADE BY THE SUBSTANTIAL SHAREHOLDERS

No information was provided to the company by any substantial shareholders.

11. SHARE OWNERSHIP BY DIRECTORS AND OFFICIALS

No such transaction was reported to the company.

12. INFORMATION ON PERSONAL INTEREST OF DIRECTORS AND THEIR CLOSE RELATIVES

No such information was received during the year under review.

13. SHARES BUY BACK

The Company has not bought its own shares during the year; it has no such policy to buy back of own shares.

14. INTERNAL CONTROL SYSTEM

The Company has adequate Internal Control System.

15. CORE BUSINESS ACTIVITIES

Hotel Operation and Management

16. MANAGEMENT EXPENSES OF THE FINANCIAL YEAR 2016/2017 (2073/74)

Total Management Expenses during the fiscal year 2016/2017 (2073/74) was Rs. 120,301 (Previous Year Rs. 126,286).



17. AUDIT COMMITTEE

No such Committee

18. DUE FROM DIRECTORS, MANAGING DIRECTOR, CHIEF EXECUTIVE, SUBSTANTIAL SHAREHOLDERS AND THEIR CLOSE RELATIVE AND ASSOCIATED FIRMS, COMPANIES ETC.

Nil

19. REMUNERATION, ALLOWANCES AND FACILITIES GIVEN TO THE DIRECTORS, MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER AND OFFICERS

Nil

20. UNCLAIMED DIVIDENDS

No unclaimed dividend

21. TRANSACTIONS BETWEEN ASSOCIATED COMPANIES

No such transactions

22. DETAILS OF SALE OF PROPERTIES PURSUANT TO SECTION 141 OF THE COMPANIES ACT, 2006

None

23. OTHER DISCLOSURES REQUIRED UNDER THE COMPANIES ACT, 2006 AND THE PREVAILING LAW AND ANY OTHER RELEVANT MATTERS

None

24. ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Bank and Financial Institutions, investors, Government of Nepal, Company Registrar Office, Department of Industries, Department of Tourism and other regulatory authorities and look forward to their continued support.

We wish to express our appreciation for the continued support and co-operation received from the shareholders of the company and hope it will be continued in the years to come.

BOARD OF DIRECTORS

DINESH BAHADUR BISTA

CHAIRMAN

ROHIT NARANG

ANANTH RAMCHANDRAN

BIJAY BAHADUR SHRESTHA

NIRANJAN KUMAR TIBREWALA

DIRECTORS

DATE: 15TH SEPTEMBER 2017

(30TH BHADRA 2074)

PLACE: KATHMANDU

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
H.I. SOALTEE HOTEL COMPANY PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **H.I. Soaltee Hotel Company Private Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at Ashad 31, 2074 (July 15, 2017), the Income Statement, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of H.I. Soaltee Hotel Company Private Limited as at Ashad 31, 2074 (July 15, 2017), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards (previous GAAP).

However, the Company has not prepared the financial statement as per Nepal Financial Reporting Standard which has become mandatory from July 16, 2016. Hence, we are unable to express an opinion on financial position and of the financial performance of H. I. Soaltee Hotel Company Private Limited on Nepal Financial Reporting Standards.

Report on Company Act, 2063

We report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
- c. The enclosed Balance Sheet, Income Statement and Statement of Cash Flow have been prepared in conformity with provision of the Company Act 2063 and the same are in agreement with the books of account maintained by the Company.
- d. In our opinion and to the best of our information and according to the explanations given to us, the board or any member thereof or any employee of the Company has not acted against the provision of law relating the accounts nor caused loss or damage to the Company or misappropriated the funds of the Company.

Manish Amatya

Manish Amatya

Partner

For: N. Amatya & Co.

Chartered Accountants

Date: September 18, 2017

Place: Kathmandu

**H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED****BALANCE SHEET**

As At 15 JULY 2017 (31 ASHAD 2074)

Rupees

PARTICULARS	AS AT 15 JULY 2017	AS AT 15 JULY 2016
CAPITAL AND LIABILITIES		
SHARE CAPITAL		
AUTHORISED		
37,50,000 Shares of Rs.100 each	375,000,000	375,000,000
ISSUED		
270,271 Shares OF RS. 100 each	27,027,100	27,027,100
SUBSCRIBED AND PAID UP		
135,136 Shares of Rs.100 each Fully Paid up	13,513,600	13,513,600
Reserve and Surplus		
Profit as per Income Statement	11,630,936	10,604,011
Total	25,144,536	24,117,611
Current ASSETS		
In Current Account with Bank	529,511	681,522
Fixed/Call Deposit	24,236,421	23,485,464
Advance Income Tax	775,399	247,123
Total	25,541,331	24,414,109
CURRENT LIABILITIES		
Expenses Payable	45,400	45,201
Provision for Tax	351,395	251,297
Total	396,795	296,498
NET CURRENT ASSETS		
Total	25,144,536	24,117,611

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT FORMS
AN INTEGRAL PART OF THIS BALANCE SHEET**

DINESH BAHADUR BISTA
CHAIRMAN

LIL BAHADUR KHATRI
COMPANY SECRETARY

As per our attached report of
even date

ROHIT NARANG
ANANTH RAMCHANDRAN
BIJAY BAHADUR SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Manish Amatya
MANISH AMATYA
PARTNER
N. AMATYA & COMPANY
CHARTERED ACCOUNTANTS

Date: 18th September 2017
(2nd Ashwin 2074)
Place: Kathmandu

**H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED****STATEMENT OF CASH FLOW**

For the year ended 15 JULY 2017 (31 ASHAD 2074)

Rupees

	PARTICULARS	FOR THE YEAR ENDED 15 JULY 2017	FOR THE YEAR ENDED 15 JULY 2016
A.	Cash Flow from Operating Activities		
	Profit Before Tax	1,382,357	981,198
	Changes in Working Capital		
	Expenses Payable	199	18,613
	Cash Generated from Operations	1,382,556	999,811
	Income Tax paid	(783,610)	(253,587)
	Net Cash Flow from Operating Activities	(A) 598,946	746,224
B.	Cash Flow from Investment Activities		
	Fixed/Call Deposit	(750,957)	(1,509,689)
	Net Cash Flow from Investment Activities	(B) (750,957)	(1,509,689)
C.	Cash Flow from Financing Activities		
	Net Cash Flow from Financing Activities	(C) -	-
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(152,011)	(763,465)
	Cash and Bank Balance at the beginning of the year	681,522	1,444,987
	Cash and Bank equivalents at the end of the year	529,511	681,522

DINESH BAHADUR BISTA
CHAIRMANLIL BAHADUR KHATRI
COMPANY SECRETARY

As per our attached report of even date

ROHIT NARANG
ANANTH RAMCHANDRAN
BIJAY BAHADUR SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORSManish Amatya
MANISH AMATYA
PARTNER
N. AMATYA & COMPANY
CHARTERED ACCOUNTANTSDate: 18th September 2017
(2nd Ashwin 2074)
Place: Kathmandu

**H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED****STATEMENT OF CHANGES IN EQUITY**

For the year ended 15 JULY 2017 (31 ASHAD 2074)

Rupees

Particulars	Share Capital	Accumulated Profit	Total
Balance as at 16 July 2015 (31 Ashad 2072)	13,513,600	9,876,110	23,389,710
Adjustment for the year Net Profit/(Loss) for the year	-	727,901	727,901
Balance as at 15 July 2016 (31 Ashad 2073)	13,513,600	10,604,011	24,117,611
Adjustment for the year Net Profit/(Loss) for the year	-	1,026,925	1,026,925
Balance as at 15 July 2017 (31 Ashad 2074)	13,513,600	11,630,936	25,144,536

DINESH BAHADUR BISTA
CHAIRMANLIL BAHADUR KHATRI
COMPANY SECRETARYROHIT NARANG
ANANTH RAMCHANDRAN
BIJAY BAHADUR SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORSManish Amatya
MANISH AMATYA
PARTNER
N. AMATYA & COMPANY
CHARTERED ACCOUNTANTSDate: 18th September 2017
(2nd Ashwin 2074)
Place: Kathmandu

**H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED****INCOME STATEMENT****For the year ended 15 JULY 2017 (31 ASHAD 2074)****Rupees**

PARTICULARS	FOR THE YEAR ENDED 15 JULY 2017	FOR THE YEAR ENDED 15 JULY 2016
<u>INCOME</u>		
Interest from fixed/call deposit	1,502,658	1,107,484
Total Income	1,502,658	1,107,484
<u>EXPENDITURE</u>		
Office Rent	66,667	66,667
Audit Fee	45,200	45,200
Communication	2,769	10,393
Miscellaneous Expenses	415	26
Transport expenses	5,000	4,000
Bank Charges	250	-
Total Expenditure	120,301	126,286
PROFIT BEFORE TAX	1,382,357	981,198
Less: Tax Expenses		
Provision for tax	351,395	251,297
Tax paid for earlier year	4,037	2,000
PROFIT AFTER TAX	1,026,925	727,901
BALANCE OF PROFIT OF PREVIOUS YEAR	10,604,011	9,876,110
BALANCE CARRIED OVER TO BALANCE SHEET	11,630,936	10,604,011

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT FORM AN INTEGRAL PART OF THIS INCOME STATEMENT**DINESH BHADUR BISTA**
CHAIRMAN**LIL BAHADUR KHATRI**
COMPANY SECRETARY**As per our attached report of
even date****ROHIT NARANG**
ANANTH RAMCHANDRAN
BIJAY BAHADUR SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS**Manish Amatya**
MANISH AMATYA
PARTNER
N. AMATYA & COMPANY
CHARTERED ACCOUNTANTS**Date: 18th September 2017**
(2nd Ashwin 2074)
Place: Kathmandu



H. I. SOALTEE HOTEL COMPANY PRIVATE LIMITED

Significant Accounting Policies and Notes to Accounts

Schedule forming part of the Balance Sheet as at 15 July 2017 (31 Ashad 2074) and Income Statement for the year ended on that date.

A. COMPANY INFORMATION

H. I. Soaltee Hotel Company Pvt. Ltd. is a limited liability incorporated under Companies Act, 2063 of Nepal. The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal.

B. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the historical cost convention basis.

C. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with previous Nepal Accounting Standards (previous NAS) issued by the Institute of Chartered Accountants of Nepal. A summary of significant accounting policies is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063.

1. INTEREST INCOME

Interest income from call deposit and fixed deposit with Banks and financial institutions are accounted for on accrual basis

2. INCOME TAXES

Provision for current tax is made with reference to profit for the financial year based on the provisions of Income Tax Act, 2058.

3. CASH & CASH EQUIVALENT

Cash and cash equivalent represent cash and balance in bank accounts.

D. NOTES TO ACCOUNTS

1. THE COMPANY HAS NOT COME INTO OPERATION SINCE ITS INCORPORATION.

2. PREVIOUS YEAR'S FIGURES AND ROUNDING OFF

Previous years' figures have been regrouped/rearranged wherever necessary to make it comparable with the current year.

The figures in the accounts have been rounded off to nearest rupees.

DINESH BHADUR BISTA
CHAIRMAN

LIL BHADUR KHATRI
COMPANY SECRETARY

ROHIT NARANG
ANANTH RAMCHANDRAN
BIJAY BHADUR SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

MANISH AMATYA
MANISH AMATYA
PARTNER
N. AMATYA & COMPANY
CHARTERED ACCOUNTANTS

DATE: 18TH SEPTEMBER 2017
(2ND ASHWIN 2074)
PLACE: KATHMANDU



SOALTEE HOSPITALITY LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting before you the Financial Statements of the Company comprising the **BALANCE SHEET** as on 15 July 2017 (31 Ashad 2074), the **INCOME STATEMENT** and the **CASH FLOW STATEMENT** and **STATEMENT OF CHANGES IN EQUITY** for the Fiscal Year ended 15 July 2017 (31 Ashad 2074), which have been duly audited and are accompanied by the **Auditor's Report** thereon.

1. REVIEW OF THE PERFORMANCE

FINANCIAL HIGHLIGHTS

The financial results of the Company for the fiscal year ended **15 July 2017 (31 Ashad 2074)** are summarized below:-

PARTICULARS	FINANCIAL YEAR	
	2016/17	2015/16
Total Income	32,196	22,911
Total Expenditure	130,983	121,041
Loss before Tax	(98,787)	(98,130)
Provision for Income Tax	-	-
Net Profit/(Loss) after Tax (Transfer to Balance Sheet)	(98,787)	(98,130)

Rupees

2. CHANGES IN THE BOARD OF DIRECTORS

There are not any Changes in the Board of Directors during the year under review.

3. STATUTORY AUDITORS

The Auditors of the Company Messrs. Suresh Shrestha & Associates, Chartered Accountants, Kathmandu, will be completing their tenure with the company at the conclusion of the ensuing Annual General Meeting. Messrs. Suresh Shrestha & Associates, Chartered Accountants, are eligible for re-appointment pursuant to sub section 3 of section 111 of the Companies Act, 2006 (BS 2063). The shareholders are requested to approve the appointment of statutory Auditors for the Fiscal Year 2017/2018 (2074/2075) and fix their remuneration.

On your behalf and on behalf of the Board, we place on record our sincere appreciation for the services rendered by Messrs. Suresh Shrestha & Associates, Chartered Accountants to the Company.

4. DISCLOSURES IN PURSUANT TO THE SECTION 109 (4) OF THE COMPANIES ACT, 2006

1. PERFORMANCE OF THE COMPANY

The Company has an equity investment in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd., a local joint venture company with local partners with an objective of owning and /or operating new hotels in Nepalgunj, Pokhara and other parts of Nepal. Since the Company has not yet earn revenue from business activities there is a loss of Rs. 98,787 (Previous Year Rs. 98,130) being administrative expenses only.

2. IMPACTS OF NATIONAL & INTERNATIONAL SCENARIO

The Company has yet to commence its' Business Operations.

3. CURRENT YEAR ACHIEVEMENTS AND FUTURE OUTLOOK

The Company has yet to commence its' Business Operations.

4. INDUSTRIAL AND TRADE RELATIONS OF THE COMPANY

The Company has no employees yet except the Company Secretary.

5. MAIN FACTORS AFFECTING THE BUSINESS

The Company has not yet to commence its' revenue earning business activities.

6. AUDITOR'S OBSERVATIONS

The Auditors have no remarks in there Audit Reports.

**7. DIVIDENDS**

No dividend has been recommended for the fiscal year in the view of loss.

8. FORFEITURE OF SHARES

No Shares have been forfeited nor re-issued in lieu thereof until date.

9. SUBSIDIARY COMPANY

The company has no subsidiaries.

10. DISCLOSURES MADE BY THE SUBSTANTIAL SHAREHOLDERS

No information was provided to the company by any substantial shareholders.

11. SHARE OWNERSHIP BY DIRECTORS AND OFFICIALS

No such transaction was reported to the company.

12. INFORMATION ON PERSONAL INTEREST OF DIRECTORS AND THEIR CLOSE RELATIVES

No such information was received during the year under review.

13. SHARES BUY BACK

The Company has not bought its own shares during the year; it has no such policy to buy back of own shares.

14. INTERNAL CONTROL SYSTEM

The Company has adequate Internal Control System.

15. CORE BUSINESS ACTIVITIES

Hotel Operation and Management

16. MANAGEMENT EXPENSES OF THE FINANCIAL YEAR 2016/2017 (2073/74)

Total Management Expenses during the fiscal year 2016/2017 (2073/74) was Rs. 130,983 only.

17. AUDIT COMMITTEE

No such Committee

18. DUE FROM DIRECTORS, MANAGING DIRECTOR, CHIEF EXECUTIVE, SUBSTANTIAL SHAREHOLDERS AND THEIR CLOSE RELATIVE AND ASSOCIATED FIRMS, COMPANIES ETC.

Nil

19. REMUNERATION, ALLOWANCES AND FACILITIES GIVEN TO THE DIRECTORS, MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER AND OFFICERS

Nil

20. UNCLAIMED DIVIDENDS

No unclaimed dividend

21. TRANSACTIONS BETWEEN ASSOCIATED COMPANIES

None

22. DETAILS OF SALE OF PROPERTIES PURSUANT TO SECTION 141 OF THE COMPANIES ACT, 2006

None

23. OTHER DISCLOSURES REQUIRED UNDER THE COMPANIES ACT, 2006 AND THE PREVAILING LAW AND ANY OTHER RELEVANT MATTERS

None

We wish to express our appreciation for the continued support and co-operation received from the shareholders of the company and hope it will be continued in the years to come.

DINESH BHADUR BISTA

CHAIRMAN

**BIJAY BHADUR SHRESTHA
RAJESH KAZI SHRESTHA
DURGA SHRESTHA (MRS.)
NIRANJAN KUMAR TIBREWALA
DIRECTORS**

Date: 25th September 2017
(9th Ashwin 2074)

Place: Kathmandu

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Soaltee Hospitality Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at Ashad 31, 2074 (July 15, 2017), the Income Statement, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Soaltee Hospitality Limited** as at Ashad 31, 2074 (July 15, 2017), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

Report on Company Act, 2063

We report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
- c. The enclosed Balance Sheet, Income Statement and Statement of Cash Flow have been prepared in conformity with provision of the Company Act 2063 and the same are in agreement with the books of account maintained by the Company.
- d. In our opinion and to the best of our information and according to the explanations given to us, the board or any member thereof or any employee of the Company has not acted against the provision of law relating the accounts nor caused loss or damage to the Company or misappropriated the funds of the Company.

Suresh Chandra Shrestha

Suresh Chandra Shrestha

For: Suresh Shrestha & Associates

Chartered Accountants

Date: September 26, 2017

Place: Kathmandu



SOALTEE HOSPITALITY LIMITED

BALANCE SHEET

As At 15 July 2017 (31 Ashad 2074)

Rupees

PARTICULARS	AS AT 15 JULY 2017	AS AT 15 JULY 2016
CAPITAL AND LIABILITIES		
SHARE CAPITAL		
AUTHORISED		
5,000,000 Equity Shares of Rs. 100 each	500,000,000	500,000,000
ISSUED		
250,000 Equity Shares of Rs. 100 each	250,000,000	250,000,000
SUBSCRIBED AND PAID UP		
640,000 Equity Shares of Rs. 100 each fully paid up (Previous year 640,000 nos. of Shares of Rs. 100 each fully paid up)	64,000,000	64,000,000
Advance Received Against Share Capital from Soaltee Hotel Ltd.	87,440,000	30,072,000
Reserve and Surplus		
Profit/(Loss) as per annexed account	(434,911)	(336,124)
Total	151,005,089	93,735,876
INVESTMENT		
Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. 384,000 Equity Shares at Rs. 100 each	38,400,000	38,400,000
CURRENT ASSETS		
In Call Account with Bank	362,363	465,855
Deposit with Department of Industry	20,000	20,000
Advances	44,896,000	-
Advance for Investment (in Soaltee Sibkrim Hotels & Resorts Pvt. Ltd.)	67,344,000	54,872,000
Advance Income Tax	28,050	23,221
	112,650,413	55,381,076
CURRENT LIABILITIES		
Expenses Payable	45,324	45,200
NET CURRENT ASSETS	112,605,089	55,335,876
Total	151,005,089	93,735,876

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS FORM AN INTEGRAL PART OF THIS BALANCE SHEET

DINESH BHADUR BISTA
CHAIRMAN

LIL BHADUR KHATRI
COMPANY SECRETARY

As per our attached report of
even date

BIJAY BHADUR SHRESTHA
RAJESH KAZI SHRESTHA
DURGA SHRESTHA (MRS.)
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Suresh Chandra Shrestha
SURESH CHANDRA SHRESTHA
PARTNER
SURESH SHRESTHA & ASSOCIATES
CHARTERED ACCOUNTANTS

Date: 26th September 2017
(10th Ashwin 2074)
Place: Kathmandu

**SOALTEE HOSPITALITY LIMITED****CASH FLOW STATEMENT**

For the Year ended 15 JULY 2017 (31 ASHAD 2074)

Rupees

	PARTICULARS	FOR THE YEAR ENDED 15 JULY 2017	FOR THE YEAR ENDED 15 JULY 2016
A.	Cash Flow from Operating Activities		
	Profit / (Loss) before Income Tax	(98,787)	(98,130)
	Changes in Working Capital		
	Advances	(44,896,000)	-
	Expenses Payable	124	25,472
	Cash Generated from Operations	(44,994,663)	(72,658)
	Income Tax Paid	(4,829)	(3,437)
	Net Cash Flow from Operating Activities	(A) (44,999,492)	(76,095)
B.	Cash Flow from Investment Activities		
	Investment in Shares	-	-
	Advance for Investment Share	(12,472,000)	(35,972,000)
	Net Cash Flow from Investment Activities	(B) (12,472,000)	(35,972,000)
C.	Cash Flow from Financing Activities		
	Proceeds received from issue of Share Capital	-	18,000,000
	Advance received for Share Capital	57,368,000	12,072,000
	Net Cash Flow from Financing Activities	(C) 57,368,000	30,072,000
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(103,492)	(5,976,095)
	Cash and Bank Balance at the beginning of the year	465,855	6,441,950
	Cash and Cash equivalents at the end of the year	362,363	465,855

DINESH BHADUR BISTA
CHAIRMAN

LIL BHADUR KHATRI
COMPANY SECRETARY

BIJAY BHADUR SHRESTHA
RAJESH KAZI SHRESTHA
DURGA SHRESTHA (MRS.)
NIRANJAN KUMAR TIBREWALA
DIRECTORS

As per our attached report of
even date

Suresh Chandra Shrestha
SURESH CHANDRA SHRESTHA
PARTNER
SURESH SHRESTHA & ASSOCIATES
CHARTERED ACCOUNTANTS

Date: 26th September 2017
(10th Ashwin 2074)
Place: Kathmandu

SOALTEE HOSPITALITY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the Yearended 15 JULY 2017 (31 ASHAD 2074)

Particulars	Rupees			
	Share Capital	Advance for Shares	Accumulated Profit	Total
Balance As at 16 July 2015 (31 Ashadh 2072)	46,000,000	18,000,000	(237,994)	63,762,006
Adjustment for the year				
Shares Issued during the year	18,000,000	-	-	18,000,000
Capitalized to Share from Advance for Share Capital	-	(18,000,000)	-	(18,000,000)
Advance Received for Share Capital	-	30,072,000	-	30,072,000
Net Profit/(Loss) for the year	-	-	(98,130)	(98,130)
Balance as at 15 July 2016 (31 Ashad 2073)	64,000,000	30,072,000	(336,124)	93,735,876
Adjustment for the year				
Share Issued During the Year	-	-	-	-
Capitalized to Share from Advance for Share Capital	-	-	-	-
Advance Received for Share Capital	-	57,368,000	-	57,368,000
Net Profit/(Loss) for the year	-	-	(98,787)	(98,787)
Balance as at 15 July 2017 (31 Ashad 2074)	64,000,000	87,440,000	(434,911)	151,005,089

DINESH BAHADUR BISTA
CHAIRMAN

LIL BAHADUR KHATRI
COMPANY SECRETARY

BIJAY BAHADUR SHRESTHA
RAJESH KAZI SHRESTHA
DURGA SHRESTHA (MRS.)
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Suresh Chandra Shrestha
SURESH CHANDRA SHRESTHA
PARTNER
SURESH SHRESTHA & ASSOCIATES
CHARTERED ACCOUNTANTS

Date: 26th September 2017
(10th Ashwin 2074)
Place: Kathmandu

**SOALTEE HOSPITALITY LIMITED****INCOME STATEMENT****For the Year ended 15 JULY 2017 (31 ASHAD 2074)**

PARTICULARS	Rupees	
	FOR THE YEAR ENDED 15 JULY 2017	FOR THE YEAR ENDED 15 JULY 2016
<u>INCOME</u>		
Interest on Call Deposit	32,196	22,911
Total	32,196	22,911
<u>EXPENDITURE</u>		
Registration Expenses	3,000	-
Office rent	66,667	66,667
Printing and Stationery	-	165
Audit Fee	45,200	45,200
Miscellaneous Expenses	9,336	9,009
Communication and Postage	6,780	-
Total	130,983	121,041
PROFIT / (LOSS) BEFORE TAX	(98,787)	(98,130)
Income Tax	-	-
PROFIT / (LOSS) AFTER TAX	(98,787)	(98,130)
CARRIED FORWARD FROM PREVIOUS YEAR	(336,124)	(237,994)
BALANCE TRANSFER TO BALANCE SHEET	(434,911)	(336,124)

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT FORM AN INTEGRAL PART OF THIS INCOME STATEMENT**DINESH BAHADUR BISTA**
CHAIRMAN**LIL BAHADUR KHATRI**
COMPANY SECRETARYAs per our attached report of
even date**BIJAY BAHADUR SHRESTHA**
RAJESH KAZI SHRESTHA
DURGA SHRESTHA (MRS.)
NIRANJAN KUMAR TIBREWALA
DIRECTORS**Suresh Chandra Shrestha**
SURESH CHANDRA SHRESTHA
PARTNER
SURESH SHRESTHA & ASSOCIATES
CHARTERED ACCOUNTANTSDate: 26th September 2017
(10th Ashwin 2074)
Place: Kathmandu

**SOALTEE HOSPITALITY LIMITED****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

Schedule forming part of the Balance Sheet as at 15 July 2017 (31 Ashad 2074) and Income Statement for the year ended on that date.

A. COMPANY INFORMATION

Soaltee Hospitality Limited is a limited liability investment company fully owned by Soaltee Hotel Limited and incorporated under Companies Act, 2063 of Nepal. The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal.

B. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the historical cost convention basis.

C. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with previous Nepal Accounting Standards (previous NAS) issued by the Institute of Chartered Accountants of Nepal. A summary of significant accounting policies is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063.

1. INVESTMENTS

Investments are valued at cost.

2. INCOME TAXES

Since the company has carried forward loss from previous financial year, no provision for income tax has been made for the year.

3. CASH & CASH EQUIVALENT

Cash and cash equivalent represent cash and balance in bank accounts.

D. NOTES TO ACCOUNTS**1. RELATED PARTIES**

Nature of relationship and name of the related parties:

Holding Company - Soaltee Hotel Limited.

Disclosure of transactions between the Company and Holding Company and the status of outstanding balances as on 15 July 2017:-

Particulars	Current Year	Previous Year
Rent Paid	66,667	66,667
Advance received for Share Capital	57,368,000	12,072,000
Balance as on 15 July 2017 (31 Ashad 2074):-		
Creditors/Payables	-	-
Advance received for Share Capital	87,440,000	30,072,000

2. PREVIOUS YEAR'S FIGURES AND ROUNDING OFF

Previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

Figures in the financial statements are rounded off to the nearest rupee.

DINESH BHADUR BISTA
CHAIRMAN

LIL BHADUR KHATRI
COMPANY SECRETARY

BIJAY BHADUR SHRESTHA
RAJESH KAZI SHRESTHA
DURGA SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Suresh Chandra Shrestha
SURESH CHANDRA SHRESTHA
PARTNER
SURESH SHRESTHA & ASSOCIATES
CHARTERED ACCOUNTANTS

Date: 26th September 2017
(10th Ashwin 2074)
Place: Kathmandu



Soaltee Hotel Limited



ADMISSION CARD

Shareholder's Name :

Shareholder's Code No. :

Share Certificate No :

No of Shares Own :

Shareholder's Signature :

This Admission Card is issued for attending the **43rd Annual General Meeting** of the Company scheduled to be held on **14th December 2017 (28th Mangsir 2074)**.

COMPANY SECRETARY

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



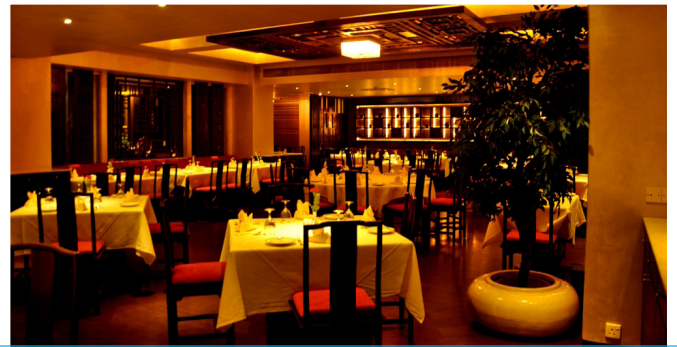
Soaltee Hotel Limited
★ ★ ★ ★ ★



SOALTEE
CROWNE PLAZA®
KATHMANDU



Poolside



Chinese Restaurant



Garden Terrace Restaurant



Kakori Restaurant



Regal Suites



Rodi Bar



Madhavi Multipurpose Hall



LSG Sky Chefs unit - Managed by Soaltee Crowne Plaza Kathmandu



Soaltee Hotel Limited
★ ★ ★ ★ ★

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Email : shl@soaltee.com.np