



Soaltee Hotel Limited
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55 GLORIOUS YEARS PIONEERING HOSPITALITY.



SOALTEE HOTEL LIMITED, PO BOX. 3800, TAHACHAL, KATHMANDU, NEPAL

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Present Board of Directors

वर्तमान संचालक समिति



Executive Chairman कार्यकारी अध्यक्ष
Mr. Dinesh Bahadur Bista श्री दिनेश बहादुर बिष्ट
Nominee प्रतिनिधि
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक
Mr. Ravi Bhakta Shrestha श्री रवि भक्त श्रेष्ठ
Nominee प्रतिनिधि
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक
Mr. Rajesh Kazi Shrestha श्री राजेश काजि श्रेष्ठ
Nominee प्रतिनिधि
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक
Mrs. Jaya Rajya Laxmi Shah श्रीमती जया राज्य लक्ष्मी शाह
Nominee प्रतिनिधि
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक
Mr. Sashi Raj Pandey श्री शशिराज पाण्डे
Elected निर्वाचित
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक
Mr. Niranjana Kumar Tibrewala श्री निरञ्जन कुमार टिबरेवाला
Elected निर्वाचित
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक
Mr. Prakash Bikram Khatri श्री प्रकाश विक्रम खत्री
Elected निर्वाचित
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक
Mr. Ganesh Bahadur Chand श्री गणेश बाहादुर चन्द
Nominee प्रतिनिधि
NEPAL AIRLINES CORPORATION नेपाल वायुसेवा निगम

COMPANY SECRETARY कम्पनी सचिव



Mr. Lil Bahadur Khatri श्री लिल बहादुर खत्री



Registered Office

Kathmandu Metropolitan City
Ward No- 13 Tahachal, Kathmandu
Tel 97714673299
Email : Legal@Soaltee.com.np
Website : www.Soalteehotel.com



The Soaltee | Sategourmet
Owned and Operated by Soaltee Hotel Limited
Tel : +977-1-4273999
Email : info@soaltee.com
Website : www.soaltee.com



NOTICE TO THE SHAREHOLDERS OF SOALTEE HOTEL LIMITED FOR 47TH ANNUAL GENERAL MEETING

Dear Respected Shareholder,

This is to inform all Shareholders of the Company that, as decided at the 235th Meeting of the Board of Directors of the Company held on Friday, 8th October 2021 (3rd Aswin 2078), the 47th Annual General Meeting of Soaltee Hotel Limited (the Company) is scheduled to be held on the following date, time and venue to consider, approve and adopt the agenda. All the shareholders of the Company are hereby notified and requested to present himself / herself or present through Valid representative (proxy) through Virtually, video conference medium.

1 DATE, TIME AND VENUE:

DATE : TUESDAY, 14TH DECEMBER 2021 (28TH MANGSIR 2078)

TIME : 11 AM

VENUE : REGISTERED OFFICE OF THE COMPANY, TAHACHAL, KATHMANDU.

The 47th Annual General Meeting of the Company will be conducted from the Registered Office of the Company at Tahachal, Kathmandu through virtually, video conferencing medium due to the unprecedented circumstances of Coronavirus (Covid-19) pandemics prevailing in Nepal, which has spread Globally. The presence of shareholders of the Company in the Annual General Meeting will be through virtually, video conferencing medium. It will be ensured that the Essential Public Health Protocol Guidelines on Control and Prevention of Coronavirus (Covid-19) issued by the Government of Nepal should be strictly adhere for the physical presence of the shareholders at the meeting and arrangements will be made accordingly.

2 AGENDA:

A) ORDINARY RESOLUTIONS

1. To receive, consider and adopt the **Directors' Report** for the Fiscal Year 2020/21 (2077/78);
2. To Consider and Approve the **Financial Statements** for the fiscal year Fiscal Year 2020/21 (2077/78) comprising of **Balance Sheet** (Statement of Financial Position) as on 15th July 2021 (31st Ashadh 2078); **Profit and Loss Account** (Statement of Profit or Loss and Other Comprehensive Income) for the year ended on 15th July 2021 (31st Ashadh 2078); **Cash Flow Statement** (Statement of Cash Flow) and **Statement of Changes in Equity** for the year ended on 15th July 2021 (31st Ashadh 2078); and **Notes to Financial Statement** along with the Auditors' Report and **Consolidated Financial Statement** for the fiscal year 2020/21 (2077/78) comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2020/21 (2077/78) of the Company;
3. To appoint the **Statutory Auditors** of the Company and fixed their remuneration for the Fiscal Year 2021/22 (2078/79) as recommended by the Audit Committee of the Company.
4. To **elect three Directors from the Public 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 and to appoint independent director.

B) OTHERS

5. 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 **47th Annual General Meeting**, Proxy Application Form.
- 2 The **Directors' Report** to the shareholders of the Company for the Fiscal Year 2020/21.
- 3 Financial Statements of the Company along with Auditors' Report, and **Consolidated Financial Statement** for the fiscal year 2020/21 (2077/78) comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2020/21 (2077/78).

GENERAL INFORMATION RELATING TO THE 47TH ANNUAL GENERAL MEETING

1. The meeting of the 47th Annual General Meeting of the company will be conducted through virtual video conferencing due to the unprecedented outbreak of the Coronavirus (COVID-19) pandemic worldwide. At the 47th Annual General Meeting of the Company the facility to participate through virtual video conferencing will be provided to the shareholders on the basis of **first come first serve** basis or who register first will be serve first and provided the link to virtually participation due to limited service of the service provider. Further, the virtually participation / presence through video conferencing of the shareholders at the meeting of the 47th Annual General Meeting (AGM) will be recognized and recorded as present in the AGM hall and considered while calculating the quorum as per the Article 73 of the Companies Act, 2063.
2. The Shareholders' Register shall be closed from **Monday, 22nd November 2021 to Tuesday, 14th December 2021 (6th Mangsir 2078 to 28th Mangsir 2078)** or till the conclusion of the 47th Annual General Meeting (AGM). Further, shares transacted as per the regulations in Nepal Stock Exchange Limited till 21st November 2021 (5th Mangsir 2078) and validly applied for the updates in the Share Register of the Company will be considered as shareholder of the Company for purpose of this Annual General Meeting.
3. Respected Shareholders participating / attending through virtual video conferencing will be recognized as attending the 47th Annual General Meeting. Attendance of shareholders attending / participating through virtual video conferencing will be based on their virtual login. Arrangements will be made for the shareholders to send the video conferencing link to the official email ID of the shareholders from the email legal@soaltee.com.np of the company for the participation of the shareholders.
4. The Notice of the 47th Annual General Meeting and the **abstracts (summarized) of the Annual Report comprising the summarized Financial Statement and Directors report to the shareholders** for the fiscal year 2077/78 (2020/21) pursuant to section 84 of the Companies Act, 2063 will be sent to respected shareholders' email address maintained in the Company's shareholder register. The 47th Annual Report 2077/78 (2020/21) along with the Notice of the Annual General Meeting, Audited Financial Statements and related information can be viewed on the website <http://www.soalteehotel.com> of the Company.
5. Shareholders wishing to discuss any matters under the agenda item of the Annual General Meeting they should notify the Executive Chairman of the Company in writing through the Company Secretary 7 days before the Annual General Meeting, i.e., by Wednesday 7th December 2021 (21st Mangsir 2078). However, it will not be included as a resolution of the meeting for the consideration.
6. Shareholders who wish to appoint a representative (proxy) to attend the annual general meeting, the letter of appointment of the representative (proxy) should be registered at the registered office of the company, Tahachal, Kathmandu at least 48 hours before the start of the Annual General Meeting.
7. 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.
8. The Election of Board of Directors representing from the General Public Shareholders will be conducted in accordance with the election schedules at the Annual General Meeting venue and voting will be done by the physical presence of the shareholders themselves or their authorised representatives (proxies) at the meeting place by strictly adhering to the Essential Public Health Protocol Guidelines on Control and Prevention of Coronavirus (Covid-19) for public health safety standards issued by the Government of Nepal and arrangements will be made accordingly.
9. For the further information relating to the 47th Annual General Meeting of the Company, respected shareholders are kindly requested to contact the registered office of the Company at Soaltee Hotel Premises, Tahachal, Kathmandu between 10:00 am to 4:00 pm (except 1:00 pm to 2:00 pm) during office hours from Sunday to Friday.
10. We would like to inform to the Shareholders that the Share Registrar of the Company is NIBL Ace Capital Ltd., Lazimpat.

Information and guidelines to be followed by the respected shareholder to attend the 47th Annual General Meeting of the Company through virtual medium using the Video Conferencing (Zoom) Application.

1. The participating shareholders are invited to attend the 47th Annual General Meeting to be held at the registered office of the Company, Soaltee Hotel premises, Tahachal, Kathmandu through video conferencing (virtual) medium using zoom Applications. All the shareholders are requested to obtain the confirmation by registering their name in advance through the link provided by the company in the respective valid official email ID of the Shareholders available in the Shareholders register or as may be received from the shareholder. After registration, the participating shareholders will receive a confirmation email from the company's system support, which will include a link to the virtual presence / participation at the meeting along with information and process of joining the meeting.
2. Respected Shareholder who wish to present and participate in the discussions at the meeting in a virtual medium and wish to express their views at the meeting they should inform in advance through email at least two days before the meeting by contacting to the Company Secretary or the company's official email ID legal@soaltee.com.np. The shareholders are requested to provide their name, shareholder's Code Number or BOID number for Demat shares, number of Shares owned, email id of the Shareholder, mobile number should be made available to the company while registering as speaker to the meeting.
3. As the virtual participation in the 47th Annual General Meeting will depend on the limitations of technology, punctuality, availability and continuity and interruption of the Internet, the shareholders are requested to make comments within the stipulated time. The link will be automatically disconnected if there is any technical glitch or unnecessary background sound or unusual activities on the part of the participating shareholders through the virtual medium.
4. We encourage shareholders to participate in the meeting through laptop for a technically good experience at the virtual participation in the 47th Annual General Meeting of the Company.
5. Respected Shareholder participating the meeting through mobile devices or tablets or through Laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation / deterioration in their respective network. It is therefore recommended to use stable Wi-Fi and LAN connection to mitigate any kind of aforesaid glitches.

APPLICATION TO APPOINT PROXY

DATE:

**THE BOARD OF DIRECTORS
SOALTEE HOTEL LIMITED
TAHACHAL, KATHMANDU.**

Appointment of Proxy

Sub: Representation at 47th Annual General Meeting

Dear Sirs

In the capacity of a shareholder of your Company, I/We resident(s) of District, Metropolitan City/ Sub Metropolitan City / Municipality/Rural Municipality, Ward No., being unable to be personally present and take part in the discussion and decision at the **47th Annual General Meeting** scheduled to be held on **Tuesday, 14th December 2021 (28th Mangsir 2078)**, hereby appoint Mr./Ms....., a shareholder of the Company having Shareholder code No. or BO Account No.and a resident of District Metropolitan City / Municipality/Rural Municipality, Ward No. as my/our representative to participate and vote on my/our behalf in the said General Meeting.

Applicant,

Signature of the Shareholder

Name of Shareholder:

Address:

Demat share - BO Account No.:

Shareholder Code No. (If holding Physical Share certificate)

Total No. of Shares Owned

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 authorized to appoint the proxy if such guardian is mentioned as the authorized person of the minor shareholder in the Shareholder Registration Book maintained by the Company, such guardian should have the right to sign the Proxy Form which will be considered valid.
5. In case, the Company receives more than one Proxy Form appointing a person as a proxy, the Company will treat the first application of proxy registered at its registered office, as valid and such appointed proxy shall have the right to attend the Annual General Meeting and exercise the voting right.
6. The appointment of the proxy by the shareholder shall only be acceptable and considered to be valid only if the signature in Proxy application Form is verified with the signature maintained in the company's shareholders Register Book.
7. If any shareholder desires to cancel the proxy appointed to attend the Annual General Meeting such shareholder shall have to inform in writing the cancellation of proxy 48 hours before the commencement of Annual General Meeting to the registered office of the Company such cancellation letter should be registered within the office hour. A shareholder who had already appointed a proxy and is present in the Annual General Meeting can only attend and participate in the meeting once such shareholder duly cancels earlier Proxy appointment.

CORPORATE INFORMATION

MANAGEMENT TEAM

Mr. Dinesh Bahadur Bista	Executive Chairman
Mr. Sudarshan Chapagain	Vice President
Mr. Lil Bahadur Khatri	Company Secretary
Mr. Mukti Nath Shrestha	Manager Finance
Mr. Chudamani Parajuli	Manager Legal & Liaison
Mr. Suman Gwachha	Project Manager
Ms. Pratikcha Basnet	Manager Executive Office

THE SOALTEE KATHMANDU

Mr. Vijayanaman Shanmugam	General Manager
Mr. Indra Khadka Chhetri	Director - Food and Beverage
Mr. Yubraj Pokharel	Executive Chef
Mrs. Sumati Shakya	Crowne Meeting Director
Mr. Prakash Gupta	Chief Engineer
Mr. Dhan Kumar Tumbapo(Limbu)	Chinese Master Chef
Mr. Indra Prasad Upreti	Executive Pastry Chef
Mr. Laxman Pandey	Executive Sous-Chef
Mr. Narendra Neupane	Manager Finance
Mr. Hitesh Bista	Meetings & Events Manager
Mr. Nirajan Ratna Shakya	Sr. IT Manager
Mr. Namrata Khadka	Sr. Quality & Cont. Improvement Manager
Mr. Rajiv Kumar Thakur	Rooms Division Manager
Ms. Pranisha Dhungel	Manager Guest Relation
Mr. Ashish Timalsena	Manager Sales
Ms. Anita Basnet	Manager Sales
Mr. Nawaraj Nepal	Manager Sales
Mr. Bikas Belbase	Housekeeping Manager
Mr. Sher Bahadur Chand	Manager Security
Mr. Arbinda Rajbahak	HR Manager
Mr. Anju Man Singh Basnyat	Purchase Manager
Ms. Rosheen Shrestha	Manager Sales
Mr. Srijan Prasad Sharma	Reservation Manager
Mr. Ujjwol KC	Restaurant Manager
Mr. Bivek Bista	Manager – Kitchen/Stewarding
Mr. Deepak Raj Pandey	Asst. Front Office Manager

THE SOALTEE | GATE GOURMET KATHMANDU AND HORIZON LOUNGE

Mr. Anurag Dewan	General Manager - Flight Services
Ms. Binita Shrestha	Director Quality Assurance
Mr. Mahanaam Muni Shakya	Executive Sous-Chef
Ms. Sushma Shrestha	Manager – Operations Flight Services
Mr. Ranjan Sitaula	Lounge Manager
Mr. Ram Bahadur Budhathoki	Sous Chef

INTERNAL AUDITORS

Prabin Joshi & Co.

Chartered Accountants

Kathmandu.

LEGAL ADVISORS

Mr. Komal Prakash Ghimire

Senior Advocate,

GHIMIRE & COMPANY

Kathmandu.

Mr. Samir Sharma

Advocate,

S S LEGAL PVT. LTD.

Kathmandu.

Mr. Mahesh K Thapa

Advocate,

SINHA VERMA LAW CONCERN

KATHMANDU.

AUDITORS

B.K. AGRAWAL & Co.

Chartered Accountants

Kathmandu

SHARE REGISTRAR

NIBL ACE CAPITAL MARKET LIMITED

Lazimpat, Kathmandu

BANKERS

NABIL BANK LIMITED

GLOBAL IME BANK LIMITED

NEPAL INVESTMENT BANK LIMITED

EVEREST BANK LIMITED

NEPAL SBI BANK LIMITED

Kathmandu

REGISTERED OFFICE

Tahachal, Kathmandu

CONTENTS	PAGE NO
• Simplified Statement of Financial Position and Income Statement	1
• Directors' Report	2
• Major Financial Highlights	16
• Auditors' Report	26
• Statement of Financial Position	30
• Statement of Profit or Loss and Other Comprehensive Income	31
• Statement of Cash Flow	32
• Statement of Changes in Equity	33
• Notes to the Financial Statements	34
• Consolidated Financial Statements	61

SOALTEE HOTEL LIMITED

SIMPLIFIED STATEMENT OF FINANCIAL POSITION AS AT 15 JULY 2021 (31 ASHADH 2078)

PARTICULARS	Rupees	
	CURRENT YEAR	PREVIOUS YEAR
WHAT THE COMPANY OWNED		
NON-CURRENT ASSETS		
Property, Plant and Equipment	1,433,176,369	1,433,964,637
Intangible Assets	1,206,338	2,034,739
Investment Property	91,155,741	93,134,864
Deferred Tax Assets	1,141,316	50,710,454
Investments	283,895,258	283,899,180
Trade and Other Receivables	36,273,481	58,319,135
	1,846,848,503	1,922,063,009
CURRENT ASSETS		
Inventories, Investments, Receivables, Prepayments, Cash and Cash Equivalents	348,999,146	591,466,634
Less: Current Liabilities	561,362,993	443,413,184
WORKING CAPITAL	(212,363,847)	148,053,450
TOTAL ASSETS	1,634,484,656	2,070,116,459
WHAT THE COMPANY OWED		
Non-Current Liabilities	202,240,837	412,935,219
SHAREHOLDERS FUND	1,432,243,819	1,657,181,240
REPRESENTED BY		
Share Capital	842,579,730	842,579,730
Retained Earnings and Reserves	589,664,089	814,601,510
	1,432,243,819	1,657,181,240
DEBT/EQUITY RATIO	0.07	0.01

SIMPLIFIED INCOME STATEMENT FOR THE PERIOD ENDED ON 15 JULY 2021 (31 ASHADH 2078)

PARTICULARS	Rupees		
	CURRENT YEAR	PREVIOUS YEAR	INCREASE/ (DECREASE) %
INCOME			
Rooms, Restaurants, Banquets & Other Services & Other Income	453,926,589	1,264,008,867	(64.09%)
EXPENDITURE			
Employee Benefit Expenses	213,983,858	443,505,402	(51.75%)
Consumption of Food and Beverages	123,890,975	206,239,644	(39.93%)
Management Fees	2,457,852	28,525,611	(91.38%)
Operating Expenses	94,894,586	187,141,188	(49.29%)
Depreciation and Amortization Expense	93,995,245	91,953,037	2.22%
Other Expenses	97,196,849	166,142,659	(41.50%)
Finance Cost	2,871,584	578,458	396.42%
Total Expenditure	629,290,949	1,124,085,999	(44.02%)
Profit/(Loss) for the year (before Taxes)	(175,364,360)	139,922,868	(225.33%)
Current Tax	-	(15,902,793)	(100.00%)
Deferred Tax Income/(Expense)	(49,569,138)	(11,977,928)	313.84%
Net Profit/(Loss) for the year	(224,933,498)	112,042,147	(300.76%)
Balance of Profit Brought Forward	754,805,141	835,578,211	
Issue of Bonus Share	-	(109,904,360)	
Fraction of Bonus Share Recovered/(Paid) in Cash	-	(2,855)	
Payment of Dividend	-	(82,908,002)	
TRANSFERRED TO GENERAL RESERVE	529,871,643	754,805,141	

SOALTEE HOTEL LIMITED

DIRECTORS' REPORT

DEAR RESPECTED SHAREHOLDERS,

The Board of Directors takes immense pleasure in welcoming you all, respected shareholders at the 47th Annual General Meeting of the Company. We have the privilege of presenting before you the 47th Annual Report and Audited Financial Statements for the fiscal year ended 15th July 2021 (31st Ashadh 2078). In compliance with statutory requirement, your Company has prepared and presented its Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS).

REVIEW OF THE OPERATING ACTIVITIES

The entire tourism industry specially hospitality sector has been encountering very challenging period after outbreak of Covid-19 from March 2020, which continues to have a severe adverse impact to the tourism industry of Nepal. The hotel operation was severely disrupted and badly impacted in the post Covid 19. Many countries in the world regulated the travel movement and India, Nepal and other destination declared lockdown to contain the spreading of the Coronavirus Covid -19 second wave during the fiscal year under review resulting in almost closure of tourism industry at large.

During the fiscal year 2077/78 (2020/21), total revenue decreased by 64.09% (previous year a decrease of 31.09%) as compared to the previous fiscal year, which was anticipated due to nationwide Lockdown from 24 March 2020 and thereafter 26 April 2021 as preventing measure against Covid-19 spreading followed by worldwide restriction in international flights. Total revenue for the fiscal year was Rs. 453.93 million (previous year Rs. 1,264.01 million) which is a decrease of Rs. 810.08 million (previous year a decrease of Rs. 570.32 million) compared to last fiscal year. During the year under review, your Company registered a Cash Loss of Rs 81.37 million (previous year Cash Profit Rs. 231.88 million) with Net Loss after depreciation being Rs. 224.93 million (previous year Net Profit Rs. 112.04 million). Out of the Net Loss incurred for the fiscal year 2020/21, Rs. 67.86 million had been paid to the employees who left under the Incentive Exit Scheme of the Company, which however, will have the long-term benefits to the Company in the form less Payroll and related Costs.

PERFORMANCE HIGHLIGHTS

FINANCIAL RESULTS

The major performance indicators of the Company for the fiscal year 2077/78 (2020/21) and comparative figures are summarised as under:

PARTICULARS	FISCAL YEAR		INCREASE / (DECREASE) %
	2020/21	2019/20	
Total Revenue	453.93	1,264.01	(64.09%)
Total Expenditure	626.42	1,123.51	(44.24%)
Profit / (Loss) from Operations	(172.49)	140.50	(222.77%)
Less: Finance Cost	2.87	0.58	394.83%
Profit / (Loss) before Taxes	(175.36)	139.92	(225.33%)
Less: Provision for Income Tax	-	15.90	(100.00%)
Less: Deferred Tax Expenses/(Income)	49.57	11.98	(313.78%)
Net Profit / (Loss) after Taxation	(224.93)	112.04	(300.76%)
Net Profit / (Loss) Transfer to Reserves for the year	(224.93)	112.04	(300.76%)

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

The COVID-19 pandemic has had unprecedented impact on global economic activity continued from March 2020 till date of this report to the tourism industry specially hospitality sector of the economy has been badly affected, which is more than anticipated, and the recovery is projected to be more gradual than previously forecasted. In 2021 global growth is projected at 6.0 percent and 4.9 percent in 2022 respectively.

As per the International Monetary Fund (IMF) World Economic Outlook (WEO), the economic prospects have diverged further across countries since April 2021. The Global economic recovery from Covid-19 impact has been divided into two parts. The advanced economies have the prospects of some normalization in their economic activities due to Covid-19 vaccination, while the emerging markets economies and developing economies will still face resurgent infections and rising Covid -19 death tolls. The unprecedented convulsion in the global economy since last year continues to trigger aftershocks that weigh on the recovery in some parts of the world economy.

According to the World Tourism Barometer published by United Nation World Tourism Organisation (UNWTO) international tourist arrivals dropped by 85% in January to May 2021 compared to the same period of pre-pandemic year 2019, and 65% over 2020, as travel restrictions remained high due to Covid-19 pandemic. This follows an unprecedented drop of 73% in 2020, the most challenging year on record for international tourism.

By regions, Asia and the Pacific continued to suffer the largest decline with a 95% drop in international arrivals in the first five months of 2021 over the same period in 2019. Europe (-85%) recorded the second largest decline in arrivals, followed by the Middle East (-83%) and Africa (-81%). The Americas (-72%) saw a comparatively smaller decrease.

The future outlook is still unknown about the pace of tourism recovery. Travelers' desire and ability to travel abroad may continue to face headwinds going into 2021 due to the continued pandemic, leaving an uncertain outlook for tourism industry. Despite a small uptick in May, 2021 the emergence of COVID-19 variants and the continued imposition of restrictions are weighing on the recovery of international travel. Meanwhile, domestic tourism continues to rebound in many parts of the world.

This slight upward trend in the international tourism emerging as some destinations started to ease restrictions and accordingly the consumers' confidence is rising gradually. International tourism is slowly picking up, though recovery remains very fragile, uneven and uncertain. The rising concerns over the Covid-19 Delta variant of the virus have led several countries to reimpose travel restrictive measures.

However, vaccination programmes around the world, together with softer restrictions for vaccinated travellers and the use of digital tools for Covid-19 vaccinated Certificate contributing to the gradual normalization of tourism sector followed by increase in the domestic travel, which is driving the recovery in many destinations, especially those with larger population.

The economic growth of Nepal is expected to grow by 2.9 percent in the year 2021 as compared to degrowth 1.9 percent in 2020. As per the Nepal's Economic Survey 2020/2021 published by Ministry of Finance, Government of Nepal, the per capita Gross Domestic Product (GDP) is estimated to have increased by 5.8% compared to the last fiscal year. The aggregate economic indicators were satisfactory till the end of the Fiscal Year 2077/78. The Covid-19 has significantly affected the economy of Nepal, most suffered industry are tourism and hospitality sector, distorting supply chains, disrupting domestic demand and slowing down overall economic growth.

According to the Economic Survey 2020/21, the pandemic-induced economic crisis will further aggravate unemployment and poverty.

The Economic Survey Report 2020/2021 states that the consumer price inflation during the year 2020 was 6.1 percent which will be reduced to 4.2 percent in the year 2021 as projected by the International Monetary Fund (IMF). Inflation, foreign trade, balance of payments, investment and financial indicators are becoming favourable to economic stability. The Survey Report predicted that the tourism sector will decline the most in the current fiscal year due to abrupt halt in global travel and hospitality activities. The tourist arrival in Nepal recorded approximately 1.2 million in the year 2019 was declined to 231,000 in the year 2020 due to Covid-19 pandemics which is decrease by 81 percent as compared to previous year 2019.

The overall result of the hotel has shown a Net Loss during the fiscal year under review amid escalation of Coronavirus (Covid – 19) pandemic and lockdown. The company had posted a Net Loss of Rs. 224.93 million as compared to previous year Net Profit After Tax Rs. 112.04 million. The room occupancy was 16.61% (previous year 33.85%) for the year under review. The Company had posted a revenue of Rs. 453.93 million in the fiscal year under review compared to previous fiscal year Rs. 1,264.01 million. The Room Nights Occupied was 9,736 in the fiscal year 2020/21 as compared to 32,088 in previous fiscal year. The Average Daily Rate (ADR) had decreased by 39.21% from Rs 9,703 in the fiscal year 2019/20 (2076/77) to Rs. 5,899 in the fiscal year 2020/21 (2077/78). This had resulted in a decrease in room revenue to Rs. 57.43 million as compared to Rs. 311.35 million previous fiscal year 2019/20 (2076/77).

Accordingly, the Revenue Per Available Room (RevPAR) of the hotel had decreased from Rs. 3,285 to Rs. 980. The food and beverage segment likewise showed a degrowth of 56.78% from Rs. 834.57 million to Rs. 360.76 million. The net profit after tax had decreased by 300.76% (previous year a decrease of

62.53%) in the fiscal year 2020/21 (2077/78) as compared to previous fiscal year.

We would like to inform to our respected Shareholders that your Nepalgunj Hotel the Soaltee Westend Premier, Nepal's first LEED certified green hotel's operation was also hugely impacted due to Coronavirus (Covid – 19) pandemic and countrywide lockdown imposed by the Government of Nepal during the fiscal year. Before Covid-19 escalation in Nepal and worldwide, the performance of the hotel was gradually improving, and it had started generating cash profits from the fiscal year under review. We expect the overall future business outlook of the hotel would be promising in the days to come post the containment of the Covid-19 pandemics.

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

During the current fiscal year 2021/22, the hotel has posted total revenue of Rs. 90.50 million till 16th September 2021 (2078 Bhadra 31) against Rs. 41.27 million compared to the same period last year. The room occupancy till 16th September 2021 (2078 Bhadra 31) is 17% as compared to 10.27% same period last year. The Average Room Rate (ARR) and Revenue Per Available Room (RevPAR) is Rs. 5,225 and Rs. 888 against Rs. 7,502 and Rs. 770.52 respectively compared to same period last year. The increase in total revenue during the current year is expected due to gradual containment in the Covid-19 to some extent.

The Covid-19 coronavirus pandemic will have severe impact on the global economy. At the early stage, it was predicated that most major economies will lose at least 2.9 percent of their gross domestic product (GDP) over 2020. This forecast was already restated to a GDP loss of 4.5 percent. To put this number in perspective, global GDP was estimated at around a 4.5 percent drop.

The Organization for Economic Cooperation and Development (OECD) assessment report OECD Economic Out Look published in May 2021 has clearly indicated that the global economic outlook has considerable uncertainty until the end of December 2022. OECD economist projected that the global output rise by nearly 6% in the year 2021, an impressive surge after the 3.5 per cent contraction in 2020. It is predicted that the recovery of world economy from the Covid-19 impact will take place by the end of 2022. Until then, the global economy remains below its pre-pandemic growth path.

In the national scenario, it is expected that the room supply in Kathmandu will witness biggest growth and pressure to grow business in Five-star segment will increase. With the entry of international chain hotels, the market is expecting unhealthy competition followed by price war in the hospitality sector. All these factors are likely to negatively affect the overall business of your hotel putting pressure on the revenue and profit.

The Board of Director and Management Team of the Company are fully aware and are committed in minimizing the possible negative impact adopting the suitable strategies of survival and focus on new markets, retain existing market with application of robust marketing practices, continuous upgradation of existing product and services combined with most importantly innovative cost control practices to enable to sustain the profitability of your hotel during post Covid - 19 pandemic.

Amid the current socio-economic context and the ever-evolving demand landscape, businesses and destinations will require significant support from Governments to turn current obstacles into opportunities for recovery.

Long-haul travel will take long time to recover. However, the destinations close to home, domestic and regional travel have started to move.

In light of growing health and safety concerns, travelers will increasingly turn to authorities they trust for timely and accurate information before planning their travels. Once destinations have been able to contain COVID-19 and are ready for visitors once again, Government should focus their attention and resources to destination promotion to help boost demand.

REBRANDING OF HOTEL

The Board would like to inform to the respected shareholders that hotel previously known as "Soaltee Crowne Plaza" hotel has been rebranded as "**The Soaltee Kathmandu**" after the Hotel Management Agreement with Holiday Inns (China) Limited, a wholly owned subsidiary company of InterContinental Hotels Group (IHG) expired on 14th May 2021.

REBRANDING OF AIRLINES INFLIGHT CATERING DIVISION

The Board would like to inform to the respected shareholders that besides, rebranding its hotel as **The Soaltee Kathmandu**, the Company has also rebranded its Airlines Inflight Catering Division, Nepal's only state of art facility in-flight catering service division that matches up to a world class and International Standards as **The Soaltee I Gate Gourmet** by executing a Technical Assistance Agreement with Gate Gourmet Singapore Pte Ltd. a wholly owned subsidiary company of Gate Gourmet Switzerland GmbH, Switzerland doing business globally under the Brand name of Gategourmet with effect from 11th July 2021, after expiry of Technical Assistance Agreement with LSG Flight Catering Hong Kong Limited, a subsidiary of LSG Lufthansa for operation of LSG Sky Chefs on 10th July 2021.

COMMENCEMENT OF AIRPORT LOUNGE UNDER BRAND NAME 'HORIZON LOUNGE'

The Board is pleased to inform to respected shareholders that the Company had started operation of VVIP Executive Airport Lounge with brand name Horizon Lounge with effect from 1st April 2021 by signing a Lease Agreement with Civil Aviation Authority of Nepal Tribhuvan International Airport Office.

PRODUCT AND SERVICE UP-GRADATION

As a strategy of your Company to continuous improvement and up gradation of the product, the Hotel has recently completed construction of additional meeting halls and conferencing facilities including renovation of Megha Malhar Conference Hall.

The Company has a plan to renovate the existing lobby area in current fiscal year which includes bar and reception area. While renovating lobby, all three existing water fountains will also be remodelled with energy efficient heritage theme, an additional Sports Bar and an exclusive lift to the Presidential Suite will be constructed and installed at the Lobby respectively.

In additions, the Company is planning to upgrade its engineering services including replacement of engineering service equipment and installations, which will support to the reduction of Carbon Emissions as well as operational cost.

INVESTMENT DIVERSIFICATION

SOALTEE HOSPITALITY LIMITED

The Company has invested Rs. 250,000,000/- (Rupees Two Hundred Fifty million) in the equity of its wholly owned subsidiary Company Soaltee Hospitality Limited, incorporated under the Companies Act, 2006 (2063) as a strategic decision taken by the Company for investment in hotels outside the Kathmandu valley to be operated under the Company's trademark and brand. Further, the Company has paid aggregating Rs. 12,640,000/- against further equity in its subsidiary Company Soaltee Hospitality Limited as an advance against share Investment.

SOALTEE SIBKRIM HOTELS AND RESORTS PVT. LTD

The Company has invested through its subsidiary, Soaltee Hospitality Limited to Soaltee Sibkrim Hotels & Resorts Pvt. Ltd., a Nepalese joint venture Company incorporated with local corporate promoters to own and operate hotels in Nepalgunj and Pokhara.

The Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. will be operating all its hotels 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.

Currently, the Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. operating "Soaltee Westend Premier" a five star LEED certified Green hotel in Nepalgunj, Lumbini State, Nepal.

HIMAL INTERNATIONAL POWER CORP (P) LTD

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

As reported in the previous year, the reconstruction works of the Upper Bhote Koshi Hydroelectric Project (UBKHEP), damaged due to natural catastrophe, was completed and the plant has been operating commercially and supplying electricity to the national grid from 22nd December 2019.

As the UBKHEP reconstruction works was partly funded by a term loan from a Financial Institution, the BKPC has informed that they intend to continue with the pre-payment of USD loan to the extent feasible during the year given the continuing natural challenges being faced in the project site and may consider a certain dividend payout also for the financial year 2077/78 (2020/21) based on the cash flow projections of the Company.

MAJOR FACTORS AFFECTING THE BUSINESS OF THE COMPANY

The world has and continues to suffer unprecedented level of losses and setbacks due to Coronavirus COVID-19 pandemic since beginning of the year 2020 followed by coronavirus variants second wave in April 2021. The travel and tourism sector of Nepal has been tremendously impacted since March 2020 due to outbreak of Covid-19. International Borders have shut down, social distancing has required citizens to isolate to their homes, travel restrictions and with the fear the virus itself, the travel and tourism sector came to a near-total standstill. While many other industries have been impacted, the travel and tourism industry has been impacted the most.

World Bank's Nepal Development Update July 2021 reported that the Gross Domestic Product (GDP) in Nepal was worth 33.66 billion US dollars in 2020, according to official data from the World Bank. The GDP of Nepal represents 0.03 percent of the world economy. GDP is anticipated to grow by 3.1% in fiscal year (FY) 2021 from a contraction of 1.9% in FY2020. Developing Asia's growth is forecasted to rebound to 7.2% in 2021, following renewed virus outbreaks in some Asian economies and moderate to 5.3% to 5.4% in 2022. The economic outlook of Asia might be affected by new Covid-19 virus

outbreaks or delays in Covid-19 vaccine procurement and administration.

In South Asia, new waves of infections cause a lower growth forecast of 8.9% for 2021, followed by growth at 7.0% in 2022. India's 2021 growth projection is downgraded from 11.0% in April to 10.0%, followed by 7.5% growth in 2022. Asian regional inflation is expected to remain benign up marginally for 2021 from 2.3% to 2.4% but unchanged at 2.7% for 2022.

Vaccine rollouts are progressing in many economies, but developing Asia is still far from achieving herd immunity. Vaccination progress varies widely across the region.

The economic outlook for South Asia is dampened by new waves of COVID-19 hitting the subregion from March to June 2021. The adverse economic impact of these new waves is expected to be limited, with businesses and consumers better able to adapt to the pandemic and containment measures now than they were a year ago. Regional tourism, by contrast, shows little sign of bouncing back. Tourist arrivals have remained depressed since April 2020, languishing at 80%–100% below normal.

Nepal officially forecast *Gross Domestic Product* growth in fiscal year 2020/21 (ended 15 July 2021) at 4.0%, higher than the *Asian Development Outlook 2021* projection of 3.1% with stronger growth across the board. This preliminary estimate was issued in late April, just as containment measures were reimposed amid resurging COVID-19 infections. Earlier, in FY2020, Nepal actually contracted by 2.1%, somewhat more than previously estimated. The economic uncertainty is compounded by the unprecedented nature of the Covid -19 pandemic with its new variants.

Tourism industry of Nepal has been facing many crises and obstacles since its inception, which has been officially open for international tourist since 1951. The tourism industry of Nepal had been severely affected by great earthquake on 25th April 2015, trade blockade from 23rd September 2015 to 5th February 2016 and currently COVID-19 pandemic since 24th March 2020.

Nepal is blessed with abundance of natural beauty, great culture, heritage sites, religious places, wild adventures, stunning views, friendly people, and cultural diversity. It is one of the most culturally appealing nation with unparalleled natural beauty and diverse geological structure on the globe. However, the country is still lagging behind in attracting higher number of tourists. Factors like easy transport systems, improvement in aviation sector, easy access to tourist friendly information, innovative marketing and promotional activities should further help contribute to the growth of tourism industry.

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 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 to face the unprecedented level of ongoing challenge post March 2020.

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

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

EMPLOYEE CONNECT, MANAGEMENT TEAM AND MINIMIZING THE IMPACT OF COVID – 19

The Company have been conducting regular townhall meetings to encourage interaction and work on area of action for better performance at the work. The hotel has been consistently providing training, communicating guidelines on safety and maintaining health protocols practices to the employees during Covid – 19 to ensure safe working habits and working safely during the Covid – 19 pandemics.

The Board of Directors are pleased to inform to our valuable Shareholders that our employees' contribution to the Company have been immense always setting a high standard of working environment. The Board wishes to keep on record its great appreciation that the Company has been receiving full support and cooperation during the difficult period Covid – 19 pandemics from each and every Employee of the Company.

As agreed with the national level trade union and Hotel Association Nepal (HAN), the Employees of the Company have been receiving salary limited to the days they come to work while all facilities and benefits have been suspended from 13th April 2020 to date. The employees staying at home due to limited operating activities have been paid Rs. 10,000 per month from 13th April to 31st December 2020

and from 1 January 2021 those employees had been receiving Rs. 5,000 per month as per agreement of HAN.

The Executive Chairman has been contributing whole of his salary emoluments and facilities and benefits to the Company and receiving only Rs. 10,000/= per month from 13th April to 31st December 2020 and Rs. 5,000/= per month from 1 January 2021 to date, while continuing to work from home and office as per requirement and nature of the work regularly and attending all meetings at office as and when required during the fiscal year under review.

The Vice President and Senior Management Team comprising of the General Manager, the Company Secretary, Director Human Resource and General Manager Flight Services have contributed their 50% emoluments with no other facilities and benefits from 13th April to 31st December 2020 while they have been working full time and working from home during lockdown period. Further, The Vice President has contributed his 25% emoluments with no other facilities and benefits from 1 January 2021 to date while he has been working full time from office including during lockdown period.

THE BOARD AND CHANGES IN THE BOARD OF DIRECTORS

STRUCTURE OF THE BOARD

The structure of the Board consists of nine members of the Board of Directors. However, currently there are eight members in the Board of Directors including one female Director in compliance with section 86(2) of the Company Act, 2063 since 27th September 2020. All the Board members are non-executive Directors except the Executive Chairman and thus they do not take part in day-to-day operation of the hotel. The Board of Directors are from diverse background and possess specialization and expertise in various fields like Tourism, Trade and Commerce, Insurance, Banking, and Industries.

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

The Board exercises its authority within the framework of regulatory provisions, Companies Act, Securities Acts and Regulations, Memorandum and Articles of Association of the Company and other relevant Laws and Regulations of Nepal.

CHANGES IN THE BOARD OF DIRECTORS

During the fiscal year under review, Holiday Inns Investment (Nepal) Limited, foreign investor had withdrawn their nominee Director, Mr. Venkatesh Gomatam and Mr. Vivek Bhalla, Alternate Director to Mr. Venkatesh Gomatam from the Board of the Company with effect from 27th September 2020 after selling their entire shares in the Company. Accordingly, Mr. Gomatam and Mr. Bhalla had resigned from the Director and Alternate Director respectively and ceases to be the Director of the Company.

The Board of Directors places on record their appreciation for the contributions and guidance provided by Mr. Venkatesh Gomatam, the Director and Mr. Vivek Bhalla, Alternate Director during their tenure as Director and Alternate Director of the Company.

No nomination of Director for the remaining period has been received from Soaltee Enterprises Pvt. Ltd. in place of one vacant seat of Board Member resulting total number of seating Members of the Board of Directors eight.

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 14th December 2021 (28th Mangsir 2078). There will have to be an election for three Directors from public shareholders during the ensuing 47th 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 and Memorandum and Articles of Association of the Company. The General Manager of hotel is a permanent invitee on the performance meetings of the Board of Directors of the Company. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2006 (2063).

A total of 5 Board Meetings were held during the fiscal year 2020/21 due to Covid-19 lockdown imposed by the Government of Nepal to contain the spreading of Coronavirus for the period from 26th April 2021 to 8th July 2021. It was not possible to hold any Board Meeting during the lockdown period.

No Board meeting sitting fee had been paid to the Members of the Board of Directors of the Company during the fiscal year 2077/78 (2020/21) as the Board of Director unanimously decided not to take the Board Meeting fee during the period of Covid - 19 impacts on hotel's performance effective from 24th March 2020.

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 considering the Covid-19 impact on the business after 24th March 2020 including second wave of Coronavirus variant spread in April 2021. 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

Taking into consideration that the company had posted a Net Loss for the fiscal year 2020/21 (2077/78) due to severe impact of the Coronavirus Covid-19 pandemic, no dividend has been recommended for the year 2020/21 (2077/78). The loss had been anticipated due to the closure of hotel on account of lockdown declared by the Government of Nepal to contain the Coronavirus Covid-19 from 24th March 2020, and April 2021 coupled with most importantly travel restrictions national, regional, and international level by the Governments.

SUBSIDIARY COMPANY

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

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

The Audited Financial Statements of both subsidiary Companies comprising the Directors' Report, the Statement of Financial Position, the Statement of Profit or Loss and other Comprehensive Income as at 15 July 2021 (31 Ashadh, 2078) and the Statement of Cash Flow for the year ended 15 July 2021 (31 Ashadh, 2078) 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, 2063 (2006).

STATUTORY AUDITORS

The Auditors of the Company Messrs **B. K. Agrawal & Co.**, Chartered Accountants, Kathmandu, will be completing their 1st year tenure with the Company at the conclusion of the ensuring 47th Annual General Meeting.

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

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 2021/22 (2078/79) and fix their remuneration.

On your behalf and on behalf of the Board of Directors, we place on record our sincere appreciation for the services rendered by M/s. **B. K. Agrawal & Co.**, Chartered Accountants during the fiscal year 2020/21 (2077/78) midst Covid -19.

BOARD LEVEL COMMITTEES

The Board has delegated the authority to make decisions to Board Committees in line with the Companies Act, 2063 (2006) prevailing Rules and Regulations and practiced corporate governance. Major Sub Committees of the Board are as follows: -

AUDIT COMMITTEE

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

The Committee comprises of **Mr. Ravi Bhakta Shrestha (Chairman), Mr. Sashi Raj Pandey (Member), and Mr. Niranjan Kumar Tibrewala (Member)**. The internal auditor reports functionally to the Audit Committee. The Committee met **three times** during the fiscal year 2077/78 (2020/21).

The Audit Committee had not taken any meeting sitting fee since last year 24th March 2020 in line with the decisions of the Board, not to take any Board Meeting fee during the period of coronavirus Covid - 19 impacts on hotel's performance.

The Company Secretary acts as the Secretary of the Committee.

CASINO PROPERTY LEASE COMMITTEE

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

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

REMUNERATION REVISION COMMITTEE

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

The Remuneration Revision Committee was constituted with an objective to determine remunerations and perquisites of the Executive Chairman of the Company and to report it to the Board of Directors for the recommendations to the Annual General Meeting of the shareholders for its approval.

INVESTMENT COMMITTEE

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

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

INDUSTRIAL RELATIONS COMMITTEE

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

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

MANAGEMENT LEVEL COMMITTEES

CORPORATE SOCIAL RESPONSIBILITY(CSR) MANAGEMENT COMMITTEE

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

A CSR Management Committee has been constituted and approved by the Board of Directors with the Convenorship of the Executive Chairman. The composition of the Committee consist Executive Chairman, Convener and Members are Vice President, The General Manager, Manager Finance, Director Human Resources, Company Secretary, Manager Projects, and Manager Legal & Liaison.

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

The main function of the CSR Management Committee is to conduct the various social activities on behalf of the Company within the CSR fund provision by the Company as per the rules and directive of the prevailing laws under Corporate Social Responsibility pursuant to Industrial Enterprises Act, 2076, Industrial Enterprises Rules 2076 and prevailing laws of Nepal. The CSR Management Committee of the Company reports to the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The Company allocated one percent of Net Profit to CSR Fund in form of Statutory reserve in the fiscal year under review in compliance with Industrial Enterprises Act, 2076 which is to be utilised in the Corporate Social Responsibility (CSR) initiatives pursuant to the Industrial Enterprises Rules, 2076 and Directives as may be issued by the Department of Industries, Ministry of Industries, Government of Nepal.

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

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 2077/78 (2020/21).

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

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

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

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

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

There has been no information received or disclosure made by the substantial shareholders of the Company to the Company during the fiscal year 2077/78 (2020/21).

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

Details of the Shares of the Company owned or acquired or Shares relinquished (sold) by the Directors and close relatives / associates of Board of Directors and Officials of the company through the Nepal Stock Exchange Limited during the Financial Year 2077/78 (2020/21) are mentioned below:-

S No	Name of the Director	Shareholders' Name	Relation	Number of Shares Financial 2077/78 (2020/21)	
				Sold or Relinquished	Owned or Acquired
1	Mr. Sashi Raj Pandey	Mr. Sashi Raj Pandey		-	22,466

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 2077/78 (2020/21).

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

There is no such information furnished by the Directors and any of their close relatives in any agreements/contracts related with the Company during the fiscal year 2077/78 (2020/21).

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 2077/78 (2020/21). 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 had followed the guidelines and system prescribed by the hotel manager for its Internal Control System. 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:-

- Operation Manuals, Procedures and Guidelines for systematic conduct of Operations of the Hotel
- Financial Policies and Accounting Guidelines
- Monthly Reporting on Internal Checks and Control System
- Internal Audit Unit of the hotel to exercise adequate control on financial transactions
- Internal Audit carried out by outside Independent Certified Auditors.
- Periodic review of Internal Control System by the Management and Audit Committee
- Computerized system of operation for front office, reservations, accounting, and inventory
- Control Self-Assessment conducted by hotel manager every six months.

PARTICULARS OF THE TOTAL MANAGEMENT EXPENSES DURING THE PREVIOUS FISCAL YEAR

Slno	Particulars	Amount Rupees		Increase / (Decrease) %
		This Year 2020/21 (2077/78)	Previous Year 2019/20 (2076/77)	
1	Staff Expenses	213,983,858	443,505,402	(51.76%)
2	Operating (Management) Expenses	97,196,849	166,142,659	(41.50%)
	Total	311,180,707	609,648,061	(48.96%)

The total Management expenses for the fiscal year 2077/78 (2020/21) has decreased by 48.96%.

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:-

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

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

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

During the fiscal year under review, the Audit Committee invited the Independent Statutory Auditors, the Independent Internal Auditors, the Executive Chairman, the Vice President, the General Manager, Manager Finance, Manager Finance (Corporate, 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 2077/78 (2020/21) Audit Committee performed the following tasks:-

- 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.
- The Audit Committee reviewed the preliminary statutory audit report of the statutory auditors along with the Annual Financial Statements of the fiscal year 2077/78 (2020/21) of the Company and recommended to the Board for adoption.
- Quarterly reviewed the Internal Audit reports and discussions made on the issues raised in the reports and directed the management for resolution.
- 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 2077/78 (2020/21).
- 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.
- The Committee reported to the Board of Directors about its meeting and various recommendations and directions issued to the Management to be implemented in quarterly basis.
- The Audit Committee had recommended the appointment of Statutory Auditors and their remunerations to the 46th Annual General Meeting of the shareholders of the Company.

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

The Committee Members are glad to report that during the fiscal year 2077/78 (2020/21) no major issues have been reported in the Internal Audit Reports of the Company. The Internal Control System of the Company has been reported to be satisfactory.

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

A sum of Rs. 31.21 million (previous year Rs. 52.77 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 The Soaltee Gate Gourmet (previously known as LSG Sky Chef) – Flight Catering Division 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 Board of Directors had not taken any meeting fees due to impact of Covid-19 to the Company during the fiscal year under review. The total meeting fees paid during the financial year 2077/78 (2020/21) to the non-executive Board of Directors was Nil.

The remuneration, allowances and other facilities paid to the Executive Chairman, the Vice President, the General Manager and Managers of the Company during the fiscal year 2077/78 (2020/21) was Rs. 49,392,003 /- (Previous year Rs. 126,023,694/-).

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

The Executive Chairman has not taken any of the facilities after the Covid – 19 pandemics impact with effect from 13th April 2020 except Rs. 10,000 per month from 13th April 2020 to 31st December 2020 and Rs. 5,000 per month from 1st January 2021 to date.

Furthermore, the Vice President, General Manager, Company Secretary, Director Human Resources and General Manager Flight Services had contributed 50% remuneration and allowances from 13th April 2020 to 31st December 2020. Vice President had contributed 25% remuneration and allowances from 1st January 2021 to date.

AMOUNT OF DIVIDENDS REMAINING UNCLAIMED BY THE SHAREHOLDERS;

The dividend yet to be collected by the Shareholders amounts to total Rs. 11,376,471/- (previous year Rs. 20,795,451/-) as on 15 July 2021 (31 Ashadh 2078) for the fiscal year which include dividends not collected from the fiscal year 1992/93 to 2018/19 (2049/50 to 2075/76). Out of above-mentioned unclaimed dividends, Rs. 1,946,432/- (previous year Rs. 1,668,254/-) pertains to the fiscal years from 1992/93 to 2014/15 (2049/50 to 2071/72) - 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 Share Registrar of the Company, NIBL Ace Capital Market Limited, Lazimpat, Kathmandu, Nepal.

DETAILS OF SALE AND PURCHASE OF PROPERTIES PURSUANT TO SECTION 141;

No Acquisition and Sales of properties in pursuant to section 141 of the Companies Act, 2063 (2006) took place during the Fiscal Year 2077/78 (2020/21).

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

No transaction between associated Companies in pursuant to section 175 of the Companies Act, 2063 (2006) took place during the fiscal year 2077/78 (2020/21).

ANY OTHER MATTERS REQUIRED TO BE SET OUT IN THE REPORT OF BOARD OF DIRECTORS UNDER THE COMPANIES ACT, 2063 (2006) 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, 2063 (2006) and the prevailing law of Nepal during fiscal year 2077/78 (2020/21).

OTHER NECESSARY MATTERS;

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

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

REPORT OF BOARD OF DIRECTORS:

Report of the Board of Directors is included in the Annual Report 2077/78 (2020/21) under Director's Report section heading.

AUDITOR'S REPORT:

The Auditor's Report is included in the Annual Report 2077/78 (2020/21) under Auditors Report section heading.

AUDITED FINANCIAL REPORTS:

The Audited Financial Reports for the Fiscal Year 2077/78 (2020/21), comprising the Statement of Financial Position (Balance Sheet) as on 15th July 2021, Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account), and Statement Cash Flow, and Statement of Changes in Equity for the year ended 15th July 2021 and Notes to the Financial Statement of the Company appended under respective section heading of the Annual Report 2077/78 (2020/21).

LEGAL PROCEEDINGS:

- (a) Lawsuit filed by or against the corporate body during the quarterly period.
The Company was a respondent in a case filed by the Orient Hotels Limited against Civil Aviation Authority of Nepal (CAAN) at honourable Kathmandu District Court on operation of Airport Lounge under lease agreement with Tribhuvan International Airport (TIA).
- (b) Lawsuit 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 2077/78 (2020/21).
- (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 2077/78 (2020/21).

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 2077/78 (2020/21) are under mentioned: -

Quarters of FY 2077/78 (2020/21)	Share Price (Rs.) 2077/78 (2020/21) Share Price (Face value of Rs. 10 each Share)			Fiscal Year 2077/78 (2020/21) Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
1ST QUARTER (END OF ASHWIN 2077)	211	148	185	63	5,462	10,474,214
2ND QUARTER (END OF POUH 2077)	232	179	197	58	6,212	2,460,484
3RD QUARTER (END OF CHAITRA 2077)	228	195	200	59	6,027	2,307,369
4TH QUARTER (END OF ASHADH 2078)	321	182	262	65	24,463	6,702,312
	TOTAL			245	42,164	21,944,379

(SOURCE: NEPAL STOCK EXCHANGE LTD.)

PROBLEMS AND CHALLENGES:-**(A) INTERNAL**

The Company has got no internal problems.

(B) EXTERNAL

- (i) Rise in cost of operation, scarcity of potable water, increasing cost of human resources, goods and services, energy, and cost of products and services;
- (ii) Over supply of rooms due to new properties coming in operation, however demand is not growing accordingly. The gap between supply and demand of rooms is ever widening.
- (iii) Adverse effects to the tourism because of unfavorable global incidents;
- (iv) Political instability and disturbances, and lack of tourism infrastructures and Government policy;
- (v) Natural disasters such as earthquake, spreading of Coronavirus Covid -19 and other catastrophes;

STRATEGY:

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

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

Transparency and accountability are the two basic tenets of Corporate Governance. The Board of Directors are committed to sound principles of Corporate Governance in the Company. The Board of Directors of Company are pleased to report that during the year ended 15 July 2021, the Company had complied and followed the corporate governance, which includes: -

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

SUMMARY OF THE COMPLIANCE REPORT CONTAINING MAJOR POINTS OF REPORT UNDER CLAUSE 20(4) OF THE CORPORATE GOOD GOVERNANCE DIRECTIVES ISSUED FOR LISTED INSTITUTION, 2074 TO BE PLACED IN THE ANNUAL REPORT

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

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

- The Company did not make any public offering or right issue in the FY 2077/78, hence the provisions to be fulfilled in those respects are not applicable.
- The bonus share issued by the Company is listed with SEBON.
- The Company has submitted requisite reports to the concerned regulatory bodies within the specified timelines and in the manner as prescribed in the relevant directives, law, rules and regulations. The Company has maintained proper recording of the transactions as per the prevailing laws.
- The Company has disclosed all the information with regulators which supplements and requires for assessment of financial position of the Company.
- None of the Directors, employees, shareholders or professional service providers to the Company or any other person having direct or indirect contact with them has been found involved in insider trading.
- The Company has published quarterly financial statements along with the information required to be disclosed.
- Provisions regarding election, nomination of directors/independent directors and their tenure have been found as per the provisions of prevailing laws applicable for the Company and Articles Association and Memorandum of Association of the Company.
- Compliance to the Directions and Directives issued by the regulatory body from time to time and all the requirements of prevailing acts and regulations including directions have been duly complied.

(Note: This is only the summary of the report approved by the Board and Certified by the Statutory Auditor. The detail report to be submitted to SEBON.)

APPRECIATIONS AND ACKNOWLEDGEMENTS

The Board of Directors place on record their deep appreciation to employees at all levels for their work, dedication and commitment. The Board wishes to thank the Executive Chairman his leadership team for their excellence and leading the team during the difficult time, Covid -19 pandemics.

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 place record its sincere appreciation and gratitude for the support and cooperation the Company has receiving from all our valued customers, travel agencies, airlines, vendors, consultants, contractors, suppliers, service providers, banks, business associates, and other agencies.

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
PRAKASH BIKRAM KHATRI
SASHI RAJ PANDEY
JAYA RAJYA LAXMI SHAH
RAVI BHAKTA SHRESTHA
RAJESH KAZI SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTOR

Date: 8th October 2021
(22nd Aswin 2078)
Place: Kathmandu

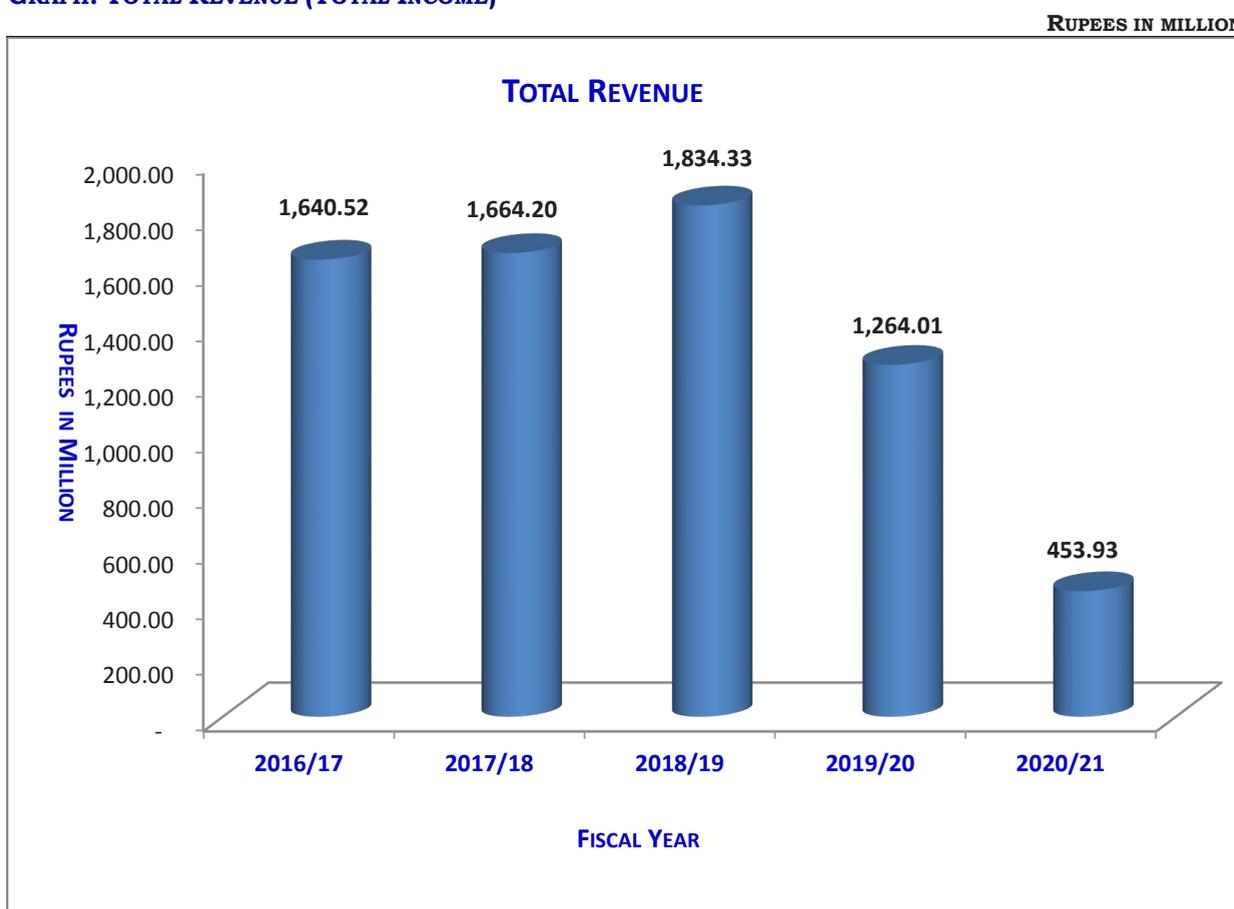
SOALTEE HOTEL LIMITED

FINANCIAL HIGHLIGHTS

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

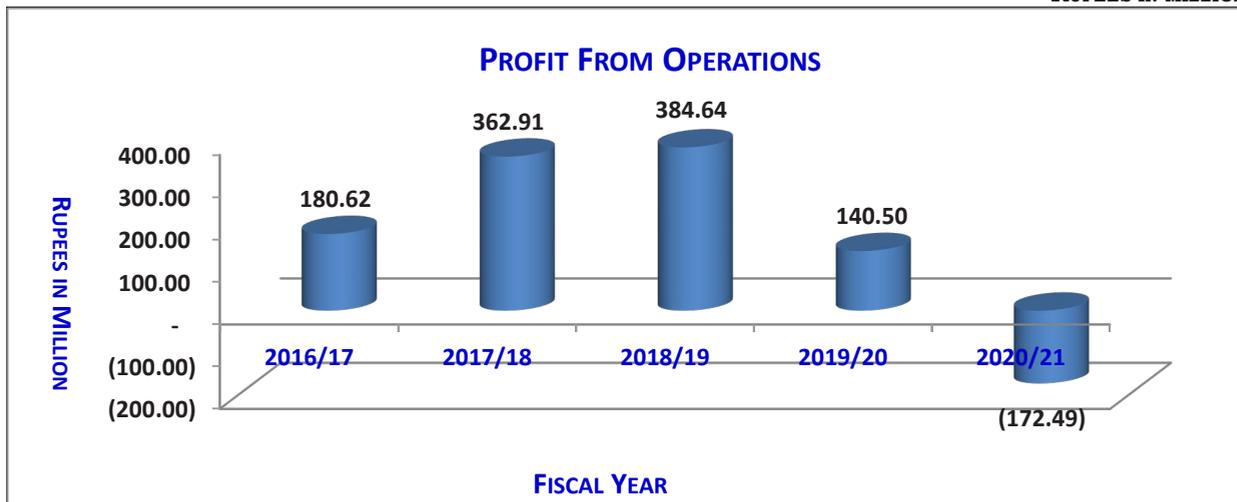
PARTICULARS	FINANCIAL YEAR				
	2020/21	2019/20	2018/19	2017/18	2016/17
TOTAL REVENUE	453.93	1,264.01	1,834.33	1,664.20	1,640.52
TOTAL EXPENDITURE	626.42	1,123.51	1,449.69	1,301.29	1,459.90
PROFIT FROM OPERATIONS	(172.49)	140.50	384.64	362.91	180.62
LESS: FINANCE COST	2.87	0.58	0.73	0.82	0.70
PROFIT BEFORE TAXES	(175.36)	139.92	383.91	362.09	179.92
LESS: PROVISION FOR INCOME TAX	-	15.90	78.00	70.32	48.76
LESS: DEFERRED TAX EXPENSES/(INCOME)	49.57	11.98	6.90	12.54	(7.57)
NET PROFIT AFTER TAXATION	(224.93)	112.04	299.01	279.23	138.73
NET TRANSFER TO RESERVES FOR THE YEAR	(224.93)	112.04	299.01	279.23	138.73

GRAPH: TOTAL REVENUE (TOTAL INCOME)



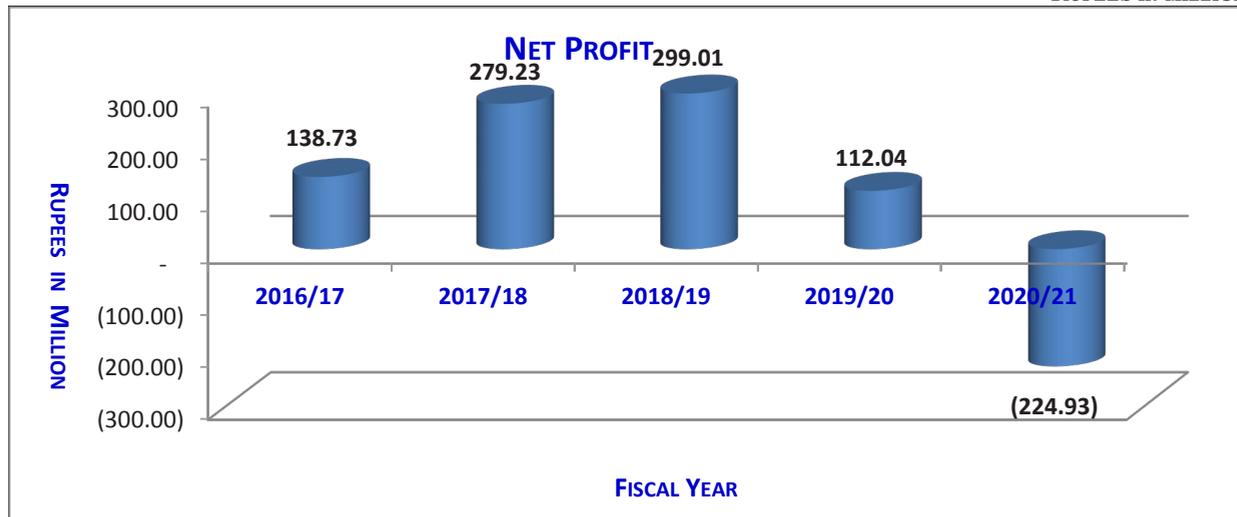
GRAPH: PROFIT FROM OPERATIONS

RUPEES IN MILLION



GRAPH: NET PROFIT

RUPEES IN MILLION

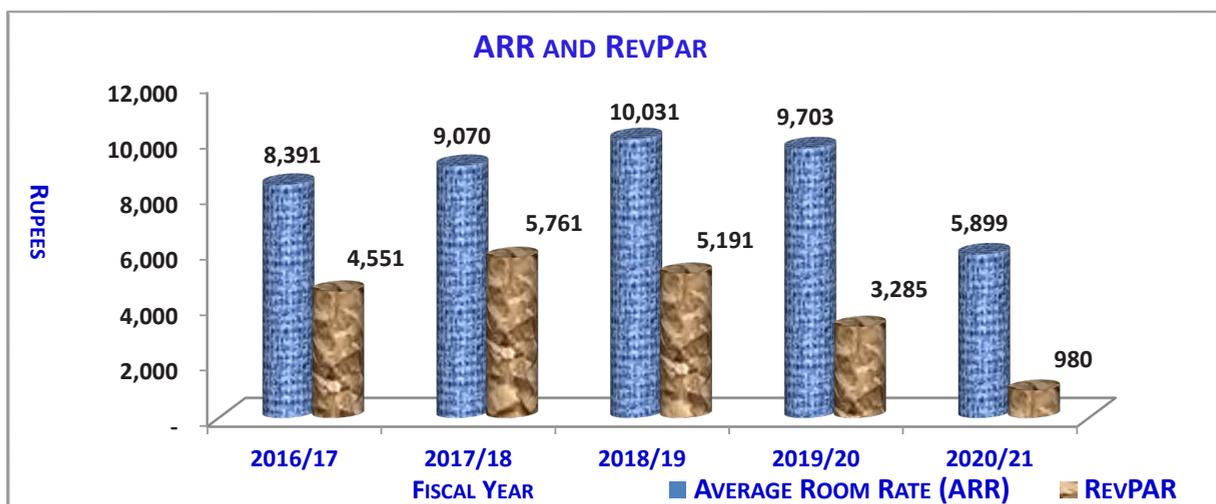


ROOM REVENUE, OCCUPANCY, AVERAGE ROOM RATE (ARR) AND REVPAR

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2019/20)
	2020/21	2019/20	2018/19	2017/18	2016/17	
ROOM COUNT	161	260	282	210	282	(38.08%)
ROOM REVENUE (RS. IN MILLIONS)	57.43	311.35	534.34	442.42	468.40	(81.56%)
ROOM AVAILABLE	58,604	94,785	102,930	76,797	102,930	(38.17%)
SALEABLE ROOM	58,604	94,785	102,930	76,797	102,930	(38.17%)
ROOM OCCUPIED	9,736	32,088	53,271	48,779	55,820	(69.66%)
OCCUPANCY PERCENTAGE	16.61%	33.85%	51.75%	63.52%	54.23%	(17.24%)
AVERAGE ROOM RATE (ARR) RS.	5,899	9,703	10,031	9,070	8,391	(39.21%)
REVPAR (REVENUE PER AVAILABLE ROOM) RS.	980	3,285	5,191	5,761	4,551	(70.17%)

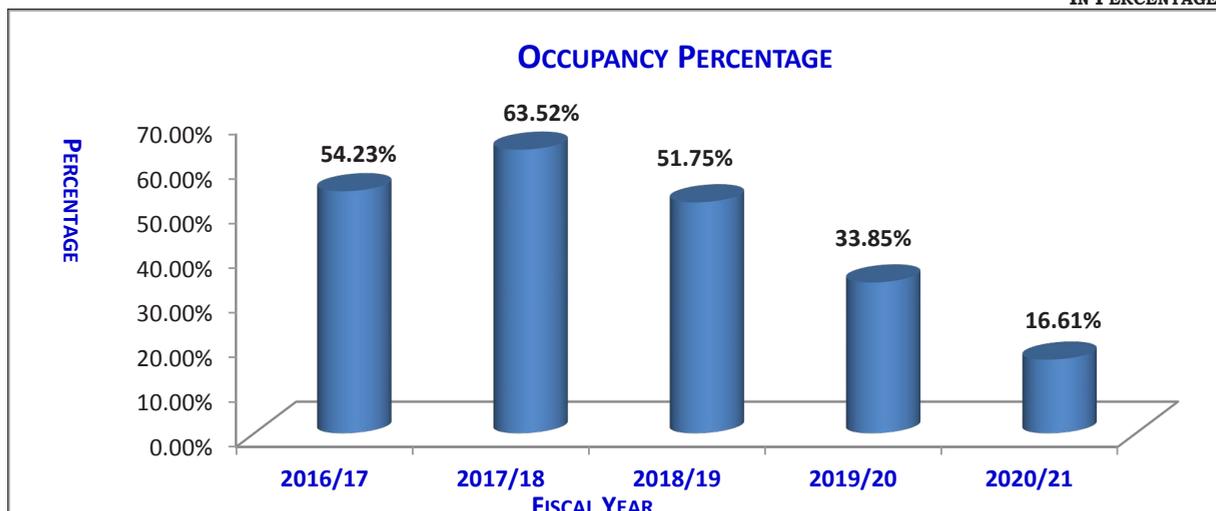
GRAPH- AVERAGE ROOM REVENUE (ARR) AND REVPAR

IN RUPEES



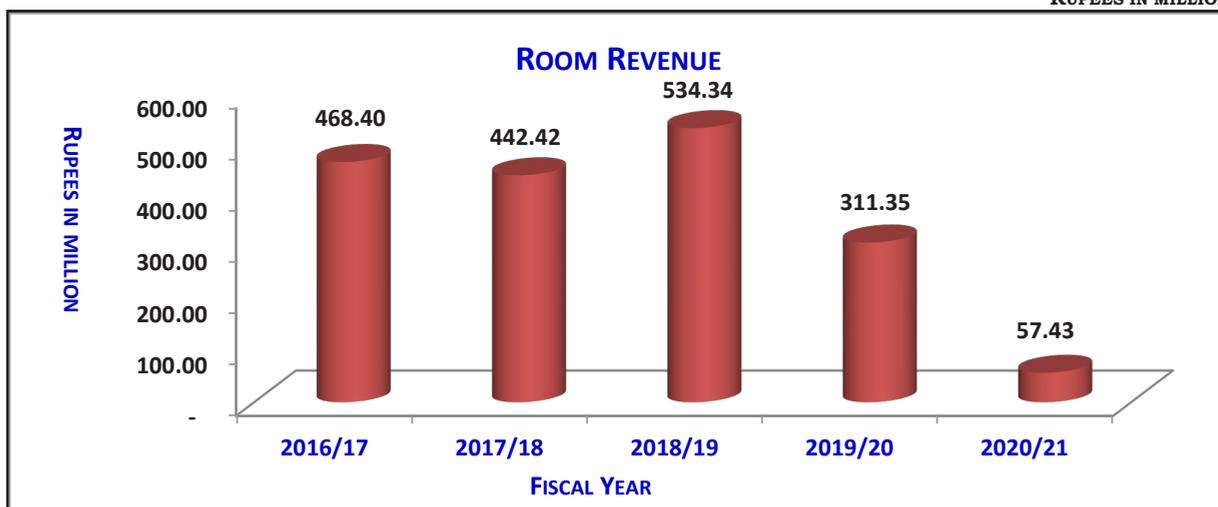
GRAPH - OCCUPANCY PERCENTAGE

IN PERCENTAGE



GRAPH - ROOM REVENUE

RUPEES IN MILLION

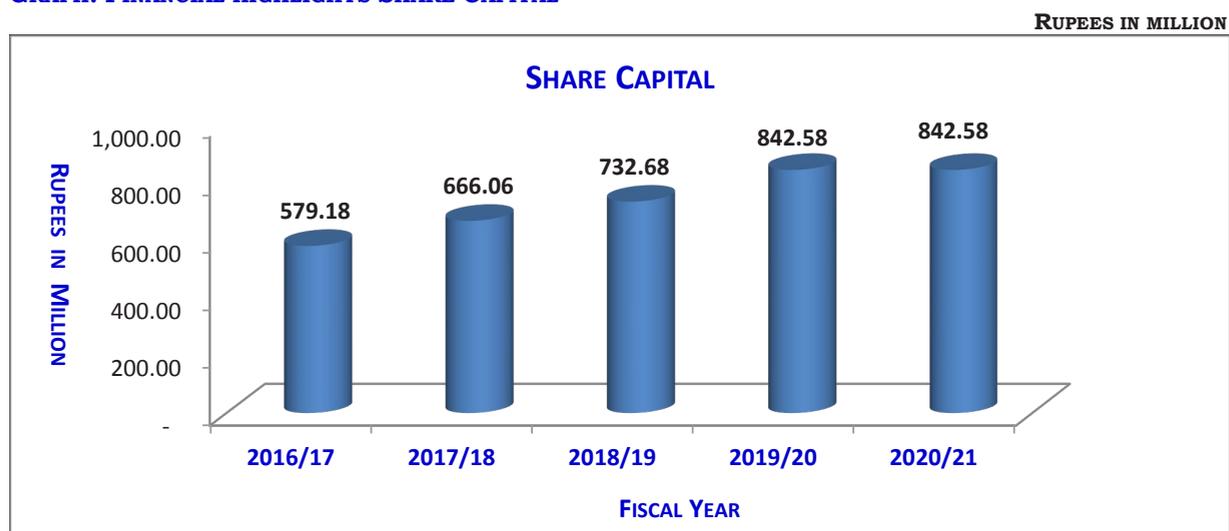


FINANCIAL HIGHLIGHTS

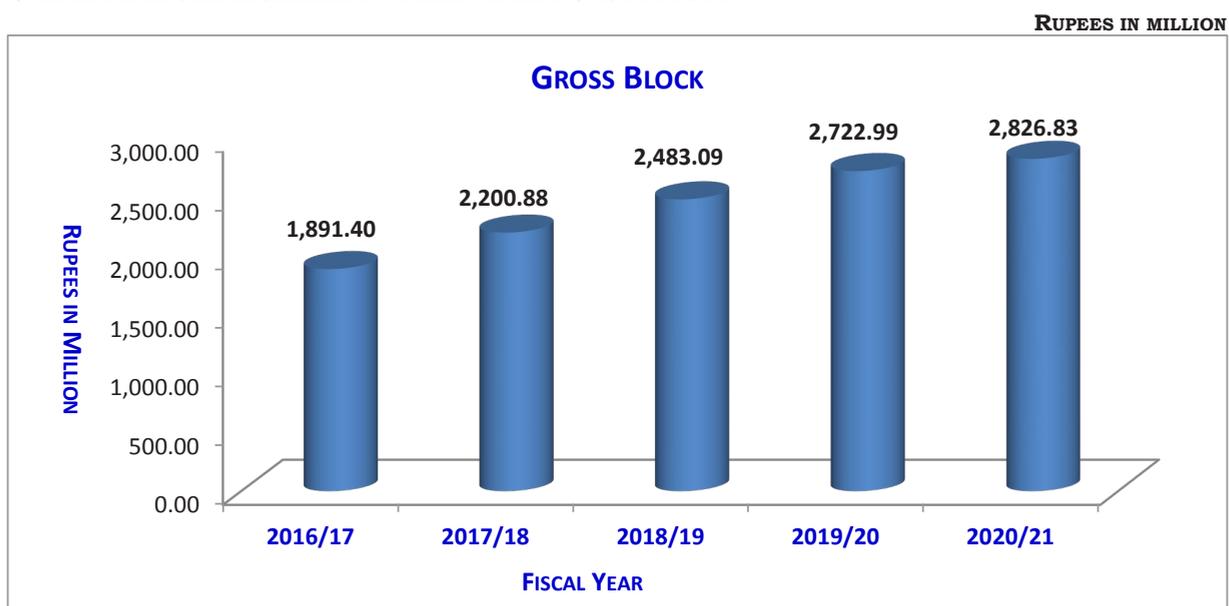
The following are the comparative figures which highlight the Company's performance for last five years: -

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2019/20)
	2020/21	2019/20	2018/19	2017/18	2016/17	
SHARE CAPITAL	842.58	842.58	732.68	666.06	579.18	-
FIXED ASSETS GROSS BLOCK	2,826.83	2,722.99	2,483.09	2,200.88	1,891.40	3.81%
TOTAL REVENUE	453.93	1,264.01	1,834.33	1,664.20	1,640.52	(64.09%)
PROFIT FROM OPERATIONS	(172.49)	140.50	384.64	362.91	180.62	(222.77%)
NET PROFIT/ (LOSS)	(224.93)	112.04	299.01	279.23	138.73	(300.76%)

GRAPH: FINANCIAL HIGHLIGHTS SHARE CAPITAL



GRAPH: FINANCIAL HIGHLIGHTS – FIXED ASSETS GROSS BLOCK



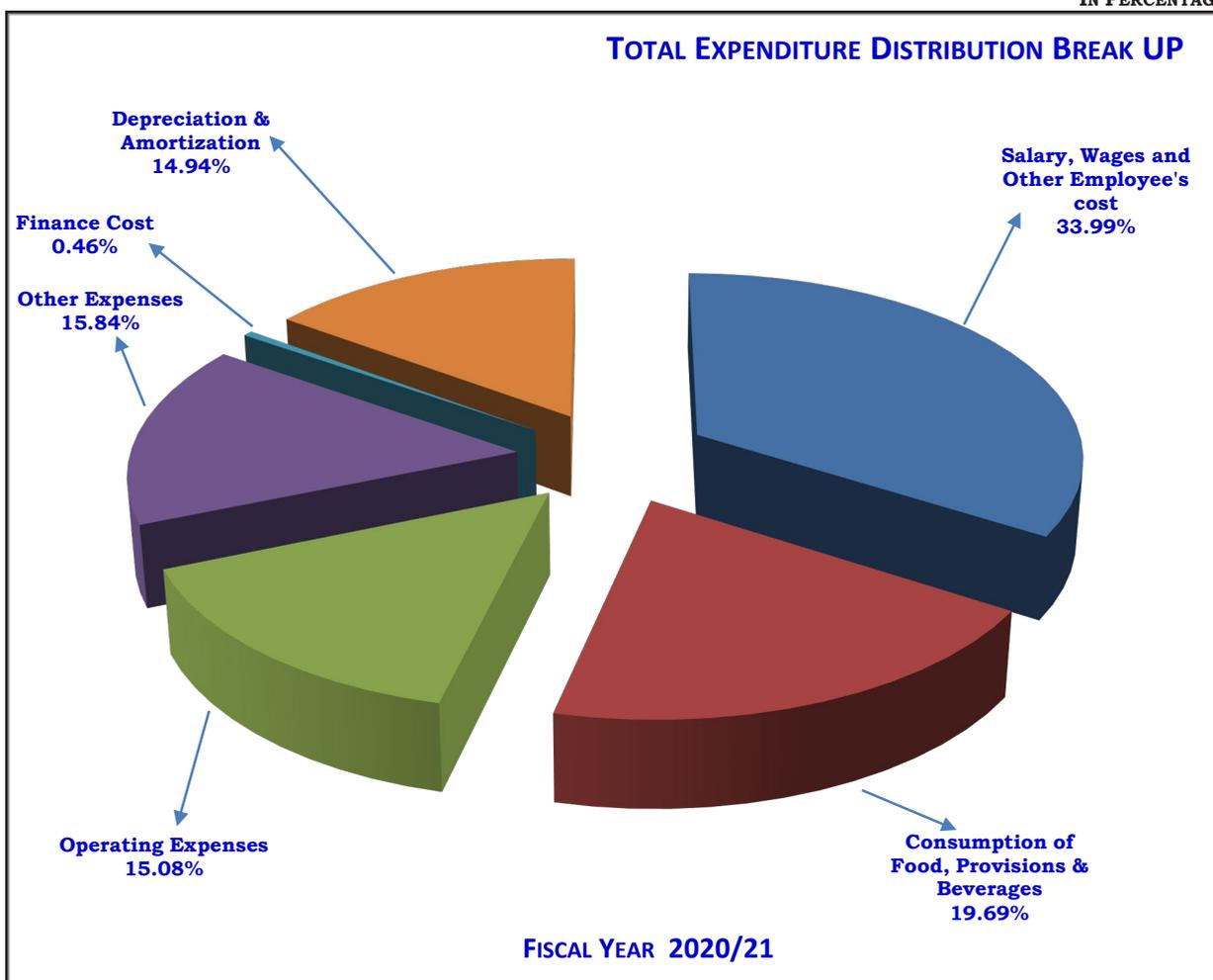
FINANCIAL HIGHLIGHTS – TOTAL EXPENDITURE DISTRIBUTION BREAK UP

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

PARTICULARS	CURRENT YEAR (2020/21)	
	RUPEES IN MILLION	PERCENTAGE (%) IN BREAK UP
SALARY, ALLOWANCES, WAGES & OTHER EMPLOYEES RELATED EXPENSES	213.98	33.99%
CONSUMPTION OF FOOD, PROVISIONS AND BEVERAGES	123.89	19.69%
OPERATING EXPENSES	94.89	15.08%
OTHER EXPENSES	99.65	15.84%
FINANCE COST	2.87	0.46%
DEPRECIATION & AMORTIZATION	94.00	14.94%
TOTAL EXPENDITURE	629.29	100.00%

GRAPH: FINANCIAL HIGHLIGHTS – DISTRIBUTION BREAK UP OF TOTAL EXPENSES

IN PERCENTAGE



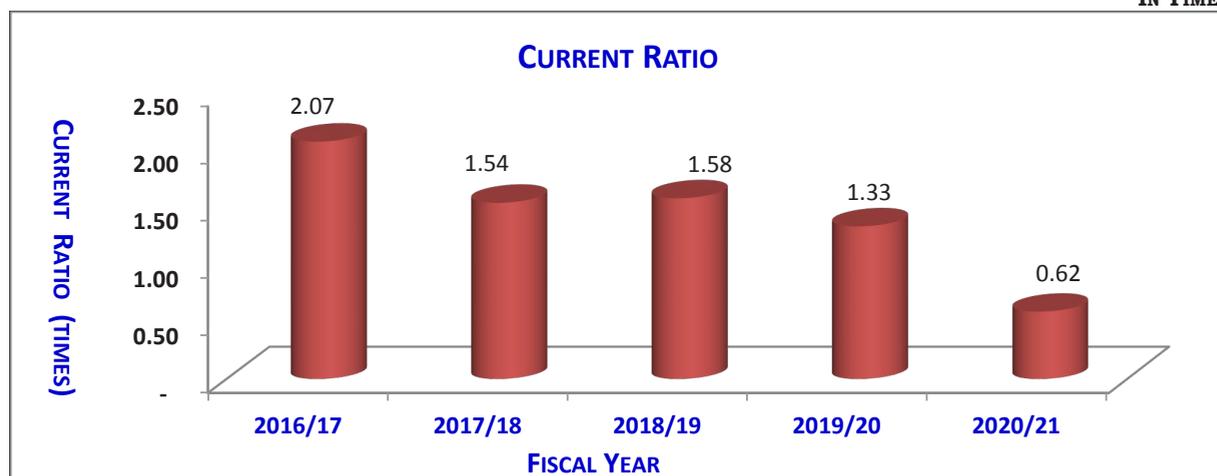
MAJOR FINANCIAL INDICATORS

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

PARTICULARS	FINANCIAL YEAR				
	2020/21	2019/20	2018/19	2017/18	2016/17
DEBT EQUITY RATIO	0.07	0.01	0.01	0.01	0.01
RETURN ON EQUITY SHAREHOLDERS FUND	(0.16)	0.07	0.18	0.19	0.12
EARNINGS PER SHARE (RS)	(2.67)	1.33	4.08	4.19	2.40
NET WORTH PER SHARE (RS)	17.00	19.67	22.22	21.59	20.63
GROSS ASSETS VALUE PER SHARE (RS)	26.06	29.83	33.76	33.44	33.33
MARKET VALUE PER SHARE (SHARE OF RS. 10 EACH)	262.00	154.00	244.00	243.00	361.00
PRICE EARNINGS RATIO (TIMES)	(98.14)	115.81	59.79	57.96	150.71
CURRENT RATIO	0.62	1.33	1.58	1.54	2.07
DEBTS/CAPITAL EMPLOYED RATIO (TIMES)	6.26	0.23	0.30	0.40	0.56

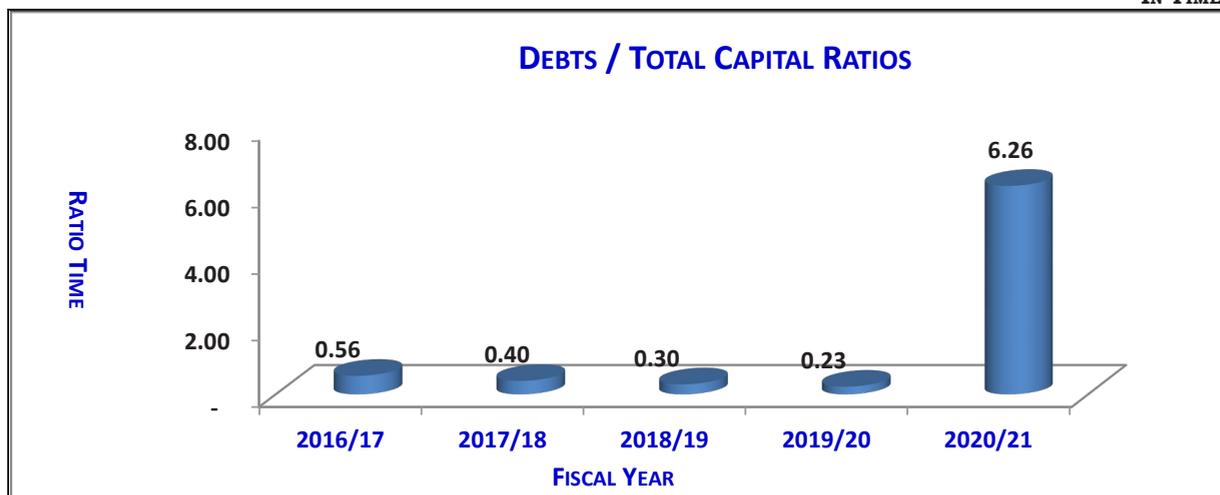
GRAPH: FINANCIAL HIGHLIGHTS - LIQUIDITY AND CASH POSITION: CURRENT RATIO

IN TIMES



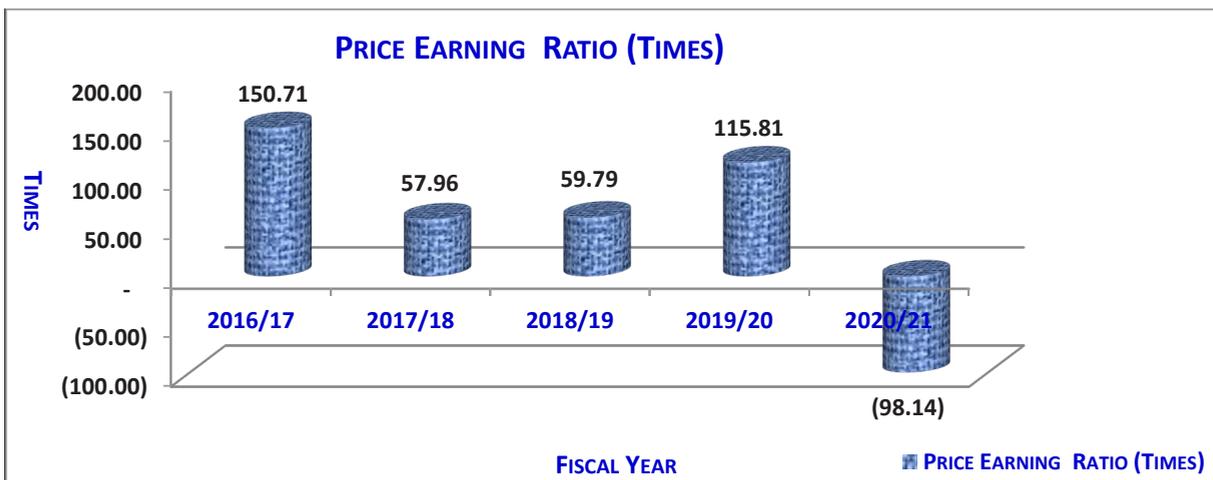
GRAPH: FINANCIAL HIGHLIGHTS – DEBTS / TOTAL CAPITAL RATIO

IN TIMES



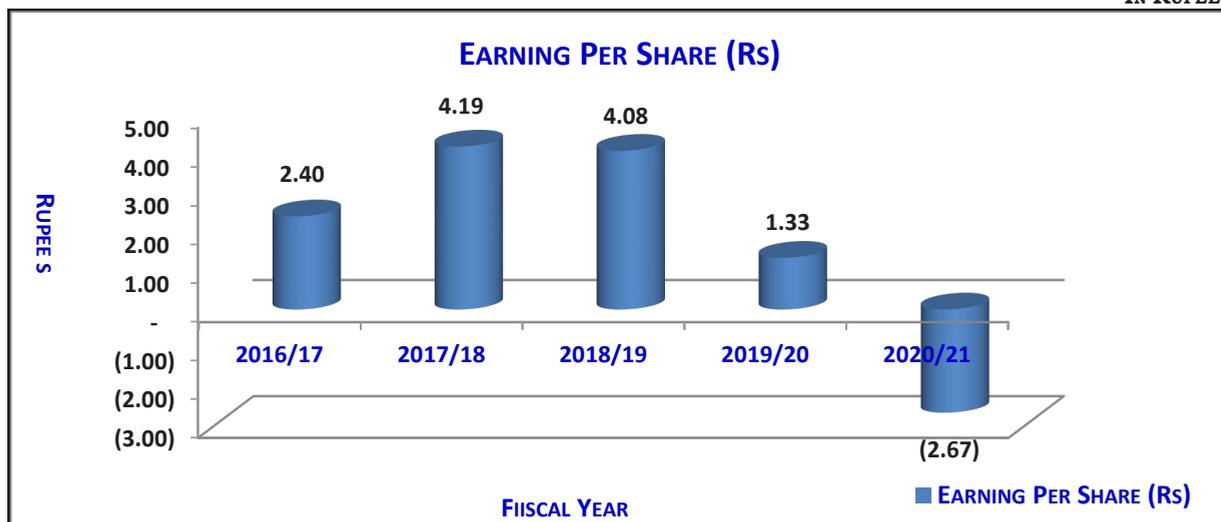
GRAPH: FINANCIAL HIGHLIGHTS – PRICE EARNINGS RATIO

IN TIMES



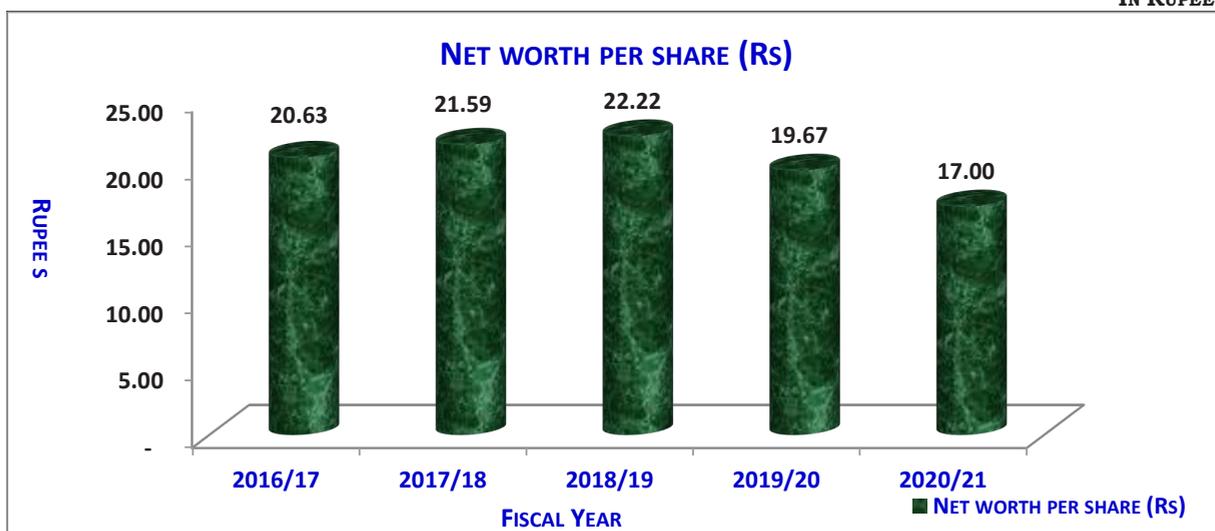
GRAPH: FINANCIAL HIGHLIGHTS – EARNINGS PER SHARE

IN RUPEES



GRAPH: FINANCIAL HIGHLIGHTS – NET WORTH PER SHARE

IN RUPEES



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

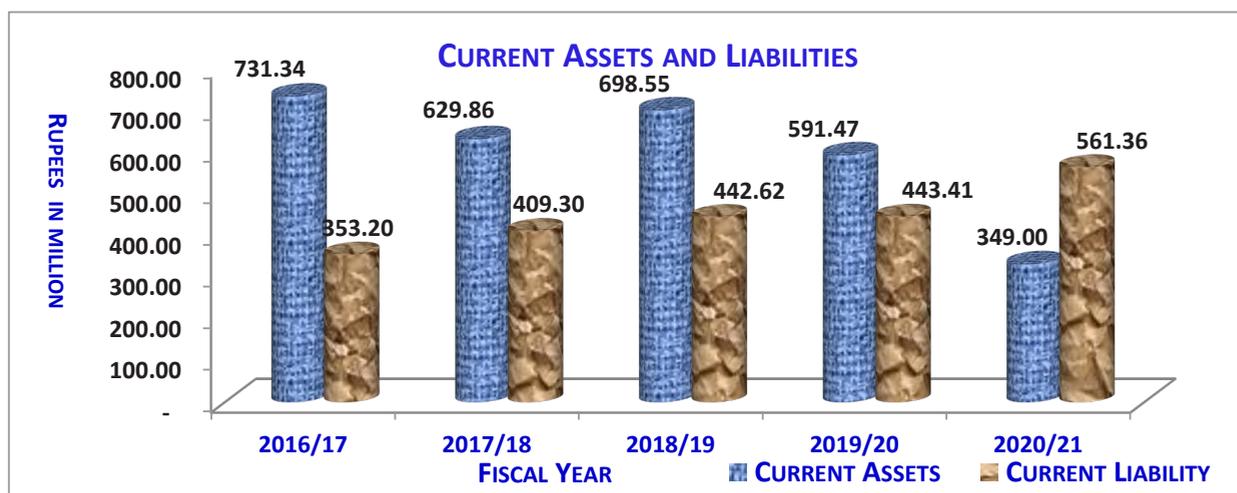
The Debts and total capital employed in the Company for last five years are enlisted below with a comparison on current ratio which shows the Company's ability to meet its current obligations: -

RUPEES IN MILLION

PARTICULARS	FINANCIAL YEAR				
	2020/21	2019/20	2018/19	2017/18	2016/17
CURRENT ASSETS	349.00	591.47	698.55	629.86	731.34
CURRENT LIABILITY	561.36	443.41	442.62	409.30	353.20
DEBTS	95.70	3.82	4.91	5.84	6.69
TOTAL EQUITY	1,432.24	1,657.18	1,628.05	1,437.99	1,194.56
CAPITAL EMPLOYED (CE) (SHARE CAPITAL + RESERVES + DEBTS)	1,527.95	1,661.00	1,632.96	1,443.83	1,201.25

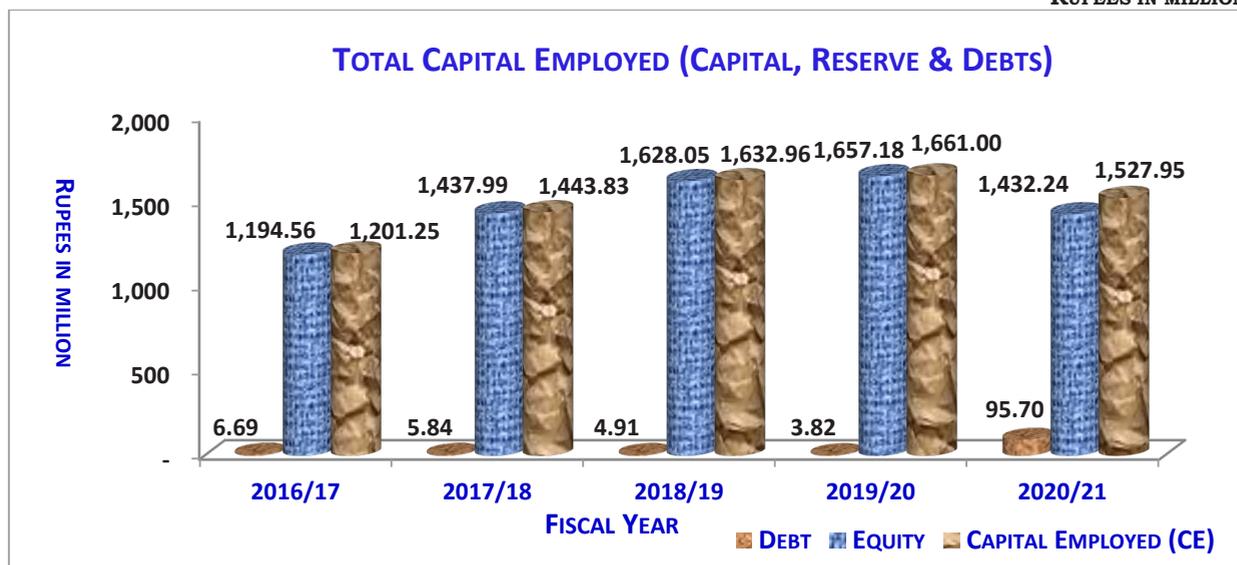
GRAPH: FINANCIAL HIGHLIGHTS - CURRENT ASSETS AND CURRENT LIABILITIES

RUPEES IN MILLION



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

RUPEES IN MILLION

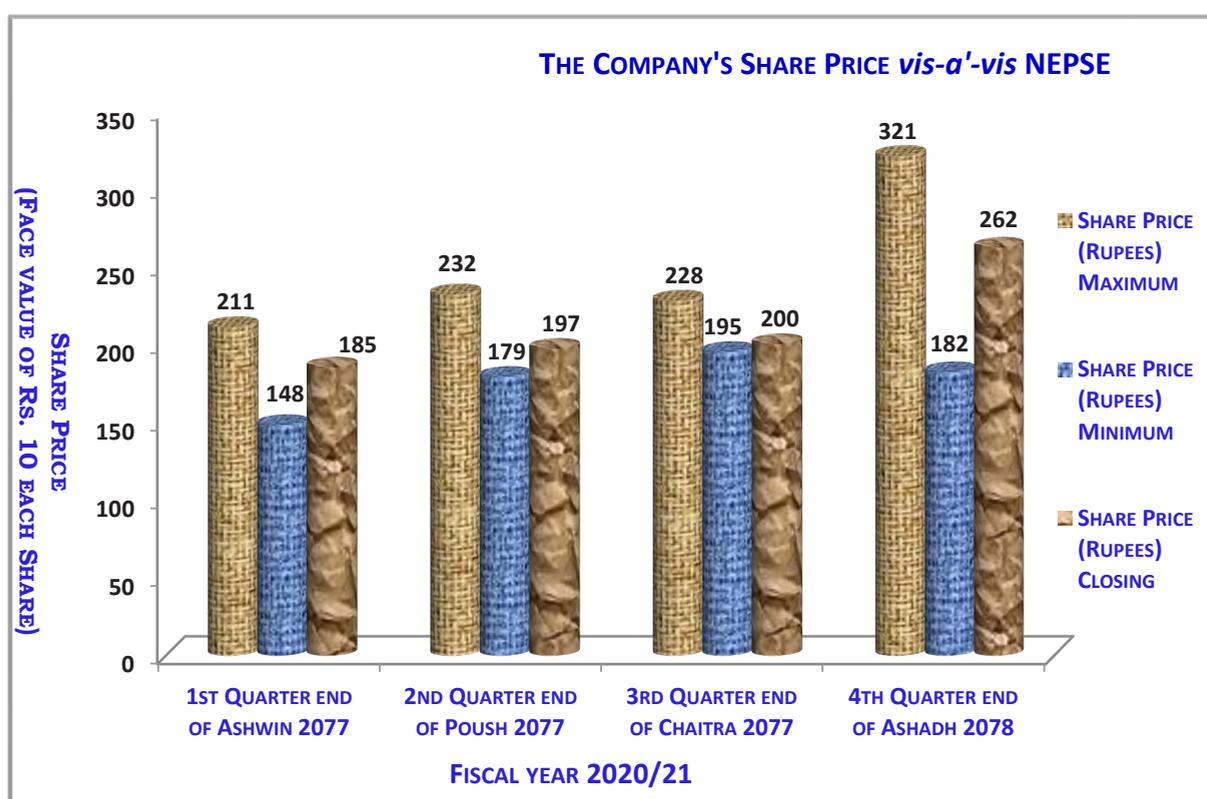


ANALYSIS OF SHARE TRANSACTIONS

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

QUARTERS OF FY 2020/21	SHARE PRICE (FACE VALUE OF RS. 10 EACH SHARE)			TOTAL NUMBER OF		
	MAXIMUM	MINIMUM	CLOSING	TRADING DAYS	TRANSACTIONS	TRANSCATED SHARES
1ST QUARTER (END OF ASHWIN 2077)	211	148	185	63	5,462	10,474,214
2ND QUARTER (END OF POUH 2077)	232	179	197	58	6,212	2,460,484
3RD QUARTER (END OF CHAITRA 2077)	228	195	200	59	6,027	2,307,369
4TH QUARTER (END OF ASHADH 2078)	321	182	262	65	24,463	6,702,312
	TOTAL			245	42,164	21,944,379

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

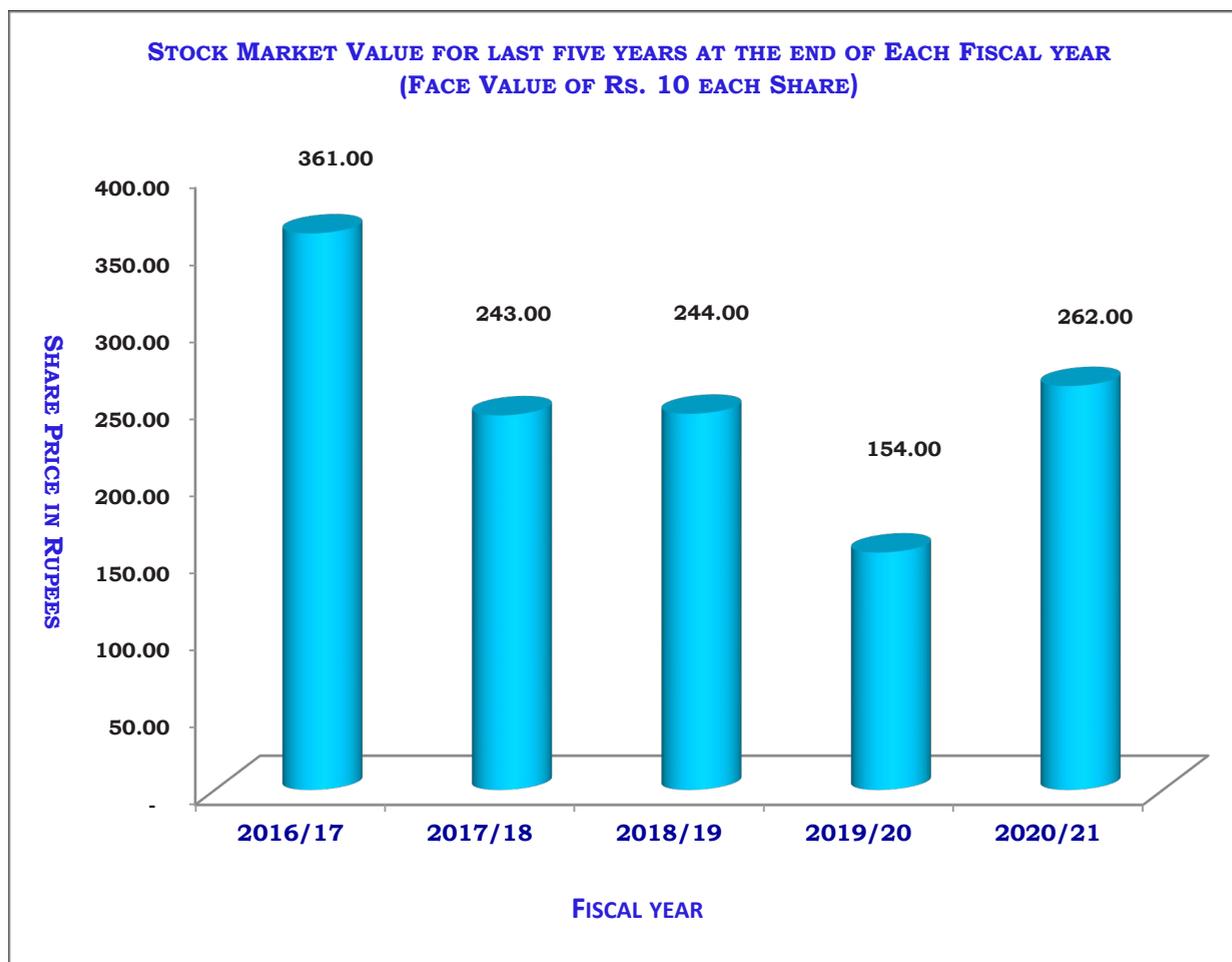


STOCK MARKET VALUE PER SHARE FOR LAST FIVE YEARS AT THE END OF FINANCIAL YEAR

FINANCIAL YEAR	MARKET VALUE PER SHARE (RS)
2016/17	361.00
2017/18	243.00
2018/19	244.00
2019/20	154.00
2020/21	262.00

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

IN RUPEES



Independent Auditors' Report to the Shareholders of Soaltee Hotel Limited

Opinion:

We have audited the accompanying Financial Statements of M/s Soaltee Hotel Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 31, 2078 (July 15, 2021), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement give the information required by the provisions of Nepal Companies Act, 2006, as amended ("the Act") in the manner so required and, give a true and fair view in conformity with the Nepal Financial Reporting Standards (NFRS), of the state of affairs of the Company as at Ashad 31, 2078 (July 15, 2021), its Profit/(Loss) including its Total Comprehensive Income, Cash Flows and the Changes in Equity for the year ended on that date.

Basis of Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs) issued by the Auditing Standard Board of Nepal. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement under the provisions of the Companies Act, 2006 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

The effect of COVID-19 pandemic is visible from the incurred losses by the company during the current year. However, the management has assessed the impact from such uncertainties on its financial performance which has been mentioned in Note 2.1.3 (e) & 4.21. We do not modify our opinion in this regard.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Based on the circumstances and facts of the audit, we consider following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1	<p>Revenue Recognition (Refer Note 2.2.16 "Revenue" and Note 3.15 of the financial statements)</p> <p>Revenue from sale of service (hereinafter referred to as "Revenue") is recognized at the time of delivery of services and 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 and no any performance obligation is pending with respect to revenue recognized.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Company's revenue recognition accounting policies in line with NAS 18 (Revenue) and testing the accounting of revenue in books of accounts thereof.



S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
	<p>Revenue is key driver of the business and recorded in complex IT system and environment. Likewise, revenue also includes high number of individual and low value transaction therefore in respect of services provided there is risk that revenue is recorded inappropriately relative to the provision of the underlying service.</p> <p>Therefore, due to significant risk embedded in revenue we have identified revenue recognition as a Key Audit Matter for the current period.</p>	<ul style="list-style-type: none"> Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over revenue recognition, the detailed process flow of sales, segregation of duties for the process followed, automated steps and manually intervened processes. Performed detailed analysis of Revenue, analytical testing with sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions. Tested a sample of revenue transactions in relation to the provision of services room sales and assessing them against relevant supporting documentation/sales contracts to determine income has been appropriately recognized.
2	Properly, Plant and Equipment and Investment Property (refer Note 2.2.6,2.2.8, 3.1 and 3.3 of the Financial Statements)	
	<p>There are areas where management judgement impacts the carrying value of property, plant and equipment and investment property and their respective depreciation or amortization rates. These include the decision to capitalize or expense the costs, the annual asset life review: the timeliness of the capitalization of assets and the use of management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgment and estimates required, we consider this to be a Key Audit Matter.</p>	<p>We assessed the controls in place over the fixed asset, evaluated the appropriateness of capitalization process, performed tests on costs capitalized, the timeliness of the capitalization of the assets and the derecognition criteria for assets retired from active use. In performing these procedures, we reviewed the judgments made by the management including the nature of underlying costs capitalized, impairment, determination of realizable value of the assets retired from the active use, the appropriateness of useful life of assets. We have observed that the management has regularly reviewed the aforesaid judgements and there are no material misstatement of impairment and capitalization of assets</p>

Other Information:

The directors are responsible for the other information such as "Report of Board of Director's/Chairman's Statement" to be presented in the Annual Report and Accounts for FY 2077/78 (2020-21) of the Soaltee Hotel Limited. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express any audit opinion or, except as explicitly stated above, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the information therein is materially misstated or inconsistent with the Financial Statements. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements:

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



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

Auditors' Responsibility for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

Report on Other Legal and Regulatory Requirements

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

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

Kathmandu
Date: 8th October, 2021



B.K. Agrawal, FCA
Managing Partner
For: B.K. Agrawal & Co.
Chartered Accountants
UDIN: 211011CA00018zQ9OH



SOALTEE HOTEL LIMITED**Statement of Financial Position****As at 31 Ashad 2078 (15 July 2021)**

Amount in Rs.

Particulars	Note	As At Ashad 31, 2078 (July 15, 2021)	As At Ashad 31, 2077 (July 15, 2020)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,433,176,369	1,433,964,637
Intangible Assets	3.2	1,206,338	2,034,739
Investment Property	3.3	91,155,741	93,134,864
Deferred Tax Assets	3.4	1,141,316	50,710,454
Investments	3.5	283,895,258	283,899,180
Trade and Other Receivables	3.6	36,273,481	58,319,135
Total Non-Current Assets		1,846,848,503	1,922,063,009
Current Assets:			
Inventories	3.7	74,131,505	68,752,246
Income Tax Receivable	3.13	27,323,287	20,710,820
Investment	3.5	-	80,000,000
Trade and Other Receivables	3.6	208,954,681	202,867,080
Prepayments		9,898,982	9,220,491
Cash and Cash Equivalent	3.8	28,690,691	209,915,997
Total Current Assets		348,999,146	591,466,634
Total Assets		2,195,847,649	2,513,529,643
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	842,579,730	842,579,730
Retained Earnings and Reserves	3.10	589,664,089	814,601,510
Total Equity		1,432,243,819	1,657,181,240
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.11	1,124,779	2,601,024
Employee Benefits	3.12	172,307,353	372,735,083
Trade and Other Payables	3.14	28,808,705	37,599,112
Total Non-Current Liabilities		202,240,837	412,935,219
Current Liabilities:			
Loans and Borrowings	3.11	94,579,504	1,223,356
Employee Benefits	3.12	9,881,025	35,604,935
Trade and Other Payables	3.14	456,902,464	406,584,893
Total Current Liabilities		561,362,993	443,413,184
Total Liabilities		763,603,830	856,348,403
Total Equity and Liabilities		2,195,847,649	2,513,529,643

Notes 1 to 4.22 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

CA. B.K. Agrawal
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Lil Bahadur Khatri
COMPANY SECRETARY

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

Date: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

**Statement of Profit or Loss and Other Comprehensive Income
For the period ended on 31 Ashad 2078 (15 July 2021)**

Amount in Rs.

Particulars	Note	Year Ended Ashad 31, 2078 (July 15, 2021)	Year Ended Ashad 31, 2077 (July 15, 2020)
Revenue from Operation	3.15	420,212,377	1,151,942,847
Other Income	3.16	33,714,212	112,066,020
Total Revenue		453,926,589	1,264,008,867
Consumption of Foods and Beverage	3.17	123,890,975	206,239,644
Employee Benefit Expenses	3.18	213,983,858	443,505,402
Management Fees		2,457,852	28,525,611
Operating Expenses	3.19	94,894,586	187,141,188
Depreciation and Amortization Expense	3.1/3.2/3.3	93,995,245	91,953,037
Other Expenses	3.20	97,196,849	166,142,659
Total Expenditures		626,419,365	1,123,507,541
Profit/(Loss) from Operations		(172,492,776)	140,501,326
Finance Cost		2,871,584	578,458
Profit/(Loss) Before Tax		(175,364,360)	139,922,868
Income Tax		49,569,138	27,880,721
Current Tax		-	15,902,793
Deferred Tax Expenses/(Income)	3.4	49,569,138	11,977,928
Profit/(Loss) from Continuing Operations		(224,933,498)	112,042,147
Profit/(Loss) on Discontinued Operations (Net of tax)		-	-
Net Profit/(Loss) for the Year		(224,933,498)	112,042,147
Other Comprehensive Income			
Change in Fair Value of Equity Shares		(3,923)	200
Total Other Comprehensive Income		(3,923)	200
Total Comprehensive Income		(224,937,421)	112,042,347
Basic Earnings per Share (Rs.)	3.21	(2.67)	1.33
Diluted Earnings per Share (Rs.)		(2.67)	1.33

Notes 1 to 4.22 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Sudarshan Chapagain
VICE PRESIDENT

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Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

Date: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED**Statement of Cash Flows****For the year ended on 31 Ashad 2078 (15 July 2021)**

Amount in Rs.

Particulars	Year Ended Ashad 31, 2078 (July 15, 2021)	Year Ended Ashad 31, 2077 (July 15, 2020)
Cash Flows from Operating Activities		
Profit/(Loss) Before Tax for the Year	(175,364,360)	139,922,868
Adjustment for:		
Loss/(Gain) on Sale of Property, Plant and Equipment	(518,509)	(584,201)
Interest Income on Term and Call Deposits	(828,138)	(19,029,760)
Incremental Interest Income on Staff Loans on Amortized Cost	(206,009)	(2,150,598)
Amortization of Deferred Employee Benefit Expenses	206,009	2,150,598
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	-	13,992,287
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	93,995,245	91,953,037
Finance Cost	2,871,584	578,458
Operating Cash Flow before changes in Working Capital	(74,844,178)	231,832,689
(Increase) / Decrease in Trade and Other Receivables	10,958,053	64,556,067
(Increase) / Decrease in Inventories	(5,379,259)	28,643,524
(Increase) / Decrease in Prepayment	(678,491)	10,882,160
Increase / (Decrease) in Trade and Other Payables	50,946,144	25,079,432
Increase/ (Decrease) in Employee Benefits	(212,159,353)	(371,202)
Cash generated from Operations	(231,157,084)	360,622,670
Bonus Paid	(13,992,287)	(38,391,314)
Income Tax Paid	(6,612,467)	(27,833,257)
Net Cash Flows from Operating Activities (A)	(251,761,838)	294,398,099
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	1,287,492	1,069,253
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(91,168,436)	(236,878,390)
(Increase)/Decrease in Investments	80,000,000	10,000,000
Interest Income on Term and Call Deposits	828,138	19,029,760
Net Cash Flows from Investing Activities (B)	(9,052,807)	(206,779,377)
Cash Flow from Financing Activities		
Finance Cost	(2,871,584)	(578,458)
Increase/(Repayment) of Borrowings	91,879,903	(1,083,899)
Recovery/(Paid) of Cash for Fractional Bonus Shares	-	(2,855)
Dividend Paid Net	(9,418,980)	(71,191,336)
Net Cash Flows from Financing Activities (C)	79,589,339	(72,856,548)
Net Increase in Cash and Cash Equivalents (A+B+C)	(181,225,306)	14,762,174
Cash and Cash Equivalents at the Beginning	209,915,997	195,153,823
Cash and Cash Equivalents at the End	28,690,691	209,915,997

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

CA. B.K. Agrawal
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Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

Date: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED
Statement of Changes in Equity
For the period ended on 31 Ashad 2078 (15 July 2021)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total
Balance as at 31.03.2076	732,675,370	16,000,000	35,198,427	7,288,761	835,578,211	1,308,981	1,628,049,750
Change in Fair Value of Investment through OCI	-	-	-	-	-	200	200
Net Profit for Year 2076-77	-	-	-	-	112,042,147	-	112,042,147
Payment of Dividend for 2075-76	-	-	-	-	(82,908,002)	-	(82,908,002)
Issue of Bonus Shares	109,904,360	-	-	-	(109,904,360)	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	(2,855)	-	(2,855)
Closing Balance as at 31.03.2077	842,579,730	16,000,000	35,198,427	7,288,761	754,805,141	1,309,181	1,657,181,240
Change in Fair Value of Investment through OCI	-	-	-	-	-	(3,923)	(3,923)
Net Profit/(Loss) for Year 2077-78	-	-	-	-	(224,933,498)	-	(224,933,498)
Payment of Dividend for 2076-77	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	-	-	-
Closing Balance as at 31.03.2078	842,579,730	16,000,000	35,198,427	7,288,761	529,871,643	1,305,258	1,432,243,819

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Lil Bahadur Khatri
COMPANY SECRETARY

Date: 08 October 2021
(22 Ashwin 2078)

Place: Kathmandu, Nepal

Sudarshan Chapagain
VICE PRESIDENT

Ganesh Bahadur Chand
Prakash Bikram Khatri
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Jaya Rajya Laxmi Shah
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Chartered Accountants

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements

1. General Information

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

The Company owns and operates a deluxe luxurious property classified under Five Star category by the Government of Nepal with business name and brand "The Soaltee Kathmandu" hotel at Tahachal, Kathmandu Metropolitan City ward No 13, Kathmandu, Nepal. Previously, this property (hotel) was managed and operated with the name and brand of The Soaltee Crowne Plaza Kathmandu by Holiday Inns (China) Limited, a subsidiary company of Intercontinental Hotels Group (IHG) under the Hotel Management Agreement which had been expired and discontinued with effect from 15th May 2021 on its expiration date. Thereafter, the property (hotel) has been rebranded as The Soaltee Kathmandu and managed and operated by the Company. The Soaltee Kathmandu has 282 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet (previously known as LSG Sky Chef under the Technical Assistance Agreement which expired on 11th July 2021) an Inflight Catering Division under a Technical Assistance Agreement with Gate Gourmet Singapore Pte. Limited, Singapore.

The Financial Statements were authorized for issue by the meeting of the Board of Directors on 08 October 2021 (22 Ashwin 2078) and has recommended for approval by shareholders in the Annual General Meeting.

2. Significant Accounting Policies

2.1. Basis of Preparation

2.1.1. Statement of Compliance

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

2.1.2. Basis of Measurement

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

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

2.1.3. Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the

future events. Estimates and judgements are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a) Useful life of Property, Plant and Equipment

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

b) Impairment of Property, Plant and Equipment

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

c) Recognition of Deferred Tax

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

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

d) Other long term employee benefits

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

e) Estimation uncertainty due to COVID-19

On 11 March 2020, the World Health Organization declared Covid-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, The Nepal Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from 24 March 2020, and the operations restriction was applicable to the hotels till 21 July 2020.

In current fiscal year 2020/21, while the impact of the Covid-19 continues to the tourism sector, specially hospitality sector performance has been sluggish. Furthermore, the lockdown to contain the out-break of second wave of Covid-19 was again announced by the Government of Nepal from 26th April 2021 which continued until 8th July 2021.

The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to all the businesses of the company. Lockdown guidelines mandated closure of hotel operations and cessation of air traffic and other forms of public transport. This has resulted in low occupancies / shutdowns of hotel.

The hotel was majorly shut down entirely during the lockdown phase as expect for very limited operation of flight catering and operation few of isolation rooms. With the lifting of the partial lockdown restrictions, the hotel has started re-opening after establishing thorough and well-rehearsed safety protocols. The hotel expects the demand for its services to pick up albeit at a slower pace after lockdown was lifted and recovery in business to be driven by domestic leisure tourism, vacations, domestic business travel and limited international travel.

The company has assessed the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, prospect possible alternatives for financing arrangements, supply chain and demand for its services. The company stands at comfortable liquidity position to meet its commitments for the year ended 15 July 2021. The company does not foresee any disruption in materials supplies for the hotel operations.

The company has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, intangible assets, investments, trade receivables, inventories, and other current assets appearing in the financial statements of the company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the company as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic conditions.

2.1.4. Functional and Presentation Currency

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

2.2. Accounting Policies

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

2.2.1. Standalone financial statements

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

2.2.2 Associates

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

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

2.2.3 Financial Assets and Financial Liabilities

i. Recognition

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

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

ii. Classification and Measurement

Financial Assets

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

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

Financial Liabilities

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

iii. Derecognition

Financial Assets

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

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

Financial Liabilities

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

iv. Offsetting

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

v. Amortized cost measurement

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

vi. Fair value measurement

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

vii. Identification and measurement of impairment

Financial assets

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

Objective evidence that financial assets are impaired includes:

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

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

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

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

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

2.2.4 Impairment of Non-Financial Assets

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

2.2.5 Foreign Currency

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

2.2.6 Property, Plant and Equipment

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

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

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

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

Capital Work in Progress

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

Salvage Value

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

Depreciation

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

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

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

Category of Assets	Estimated useful life
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years
Leasehold Development	3 years

2.2.7 Intangible Assets

Computer Software

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

2.2.8 Investment Property

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

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

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

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

Salvage Value

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

Depreciation

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

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

2.2.9 Investments

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

Investments are measured at fair value unless measured at amortized cost. Investments are measured at amortized cost if such investment is held with in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent changes in the investments measured at amortized cost are charged to Profit or Loss. Investments measured at fair value opting the routing through Other Comprehensive Income, at initial recognition, for adjusting the changes in fair value are charged through Other Comprehensive Income that forms part of the equity of the Company. Changes in fair value of other investments are charged to Profit or Loss.

2.2.10 Inventories

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

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

2.2.11 Cash and cash equivalents

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

2.2.12 Trade and other receivables

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

2.2.13 Share capital

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

2.2.14 Employee Benefits

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

Provident Fund-Defined Contribution Plan

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

Gratuity-Defined Contribution Plan

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

Short term and long-term employment benefits

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

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Accumulated leaves, encashment of which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

2.2.15 Income Tax

Deferred Tax

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of

deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Current Tax

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

General corporate tax rate is 25%. The Company is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058. Additionally, for FY 2077/78, the Finance Act 2078 has declared corporate tax rate is only 1% on tax liability to hotel business affected by COVID-19. Accordingly, tax rate applicable to the company for current fiscal year is 1% (previous year rate was 17%).

2.2.16 Revenue

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

Revenue from Sale of Services

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

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

Service Charge

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

Dividend

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

Other Income

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

2.2.17 Expenses

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

Management Fee

Management fee payable to Holiday Inns (China) Limited for hotel operation is based on fixed

percentage of the adjusted Gross Revenue and Gross Operating Profit as specified in the Hotel Management Agreement.

License Fee

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

Employee Bonus

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

2.2.18 Lease

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

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

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

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

2.2.19 Provisions

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

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

2.2.20 Current versus non-current classification

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

The Company classifies an asset as current when it is:

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

All other assets are classified as non-current.

The Company classifies a liability as current when:

- It is expected to be settled in normal operating cycle

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

The Company classifies all other liabilities as non-current.

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

2.2.21 Segment Reporting

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

2.2.22 Government Grant

Government grants, including non-monetary grants at fair value, is recognized when there is reasonable assurance that the Company will comply with the conditions attaching to grant and the grants will be received. Government grants is recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

2.2.23 Operating Cycle

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

SOALTEE HOTEL LIMITED
As at 31 Ashad 2078 (15 July 2021)
Notes to the Financial Statements
Note 3.1: Property, Plant & Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixture	Office Equipment	Computers	Vehicles	Leasehold	Capital WIP	Total
Cost										
Balance at 01.04.2076	149,488,779	674,049,758	1,055,265,577	456,698,806	6,763,728	64,594,076	76,229,722	-	52,223,295	2,535,313,741
Addition	-	174,196,368	67,871,182	2,834,878	-	3,609,365	6,350,000	-	90,233,689	345,095,482
Disposal/Transfer	-	(4,322,294)	(4,322,294)	(8,220,483)	(116,913)	-	(2,298,651)	-	(110,103,303)	(125,061,644)
Balance at 31.03.2077	149,488,779	848,246,126	1,118,814,465	451,313,201	6,646,815	68,203,441	80,281,071	-	32,353,681	2,755,347,579
Addition	-	33,201,282	61,667,805	4,849,245	118,995	583,098	-	7,081,573	39,581,854	147,083,852
Disposal/Transfer	-	-	(2,172,567)	(1,228,149)	(260,492)	-	-	-	(55,915,416)	(59,576,624)
Balance at 31.03.2078	149,488,779	881,447,408	1,178,309,703	454,934,297	6,505,318	68,786,539	80,281,071	7,081,573	16,020,119	2,842,854,807
Depreciation and Impairment loss										
Balance at 01.04.2076	-	263,139,509	654,509,301	248,333,755	6,243,360	36,592,062	37,843,122	-	-	1,246,661,108
Charge for the year	-	18,003,821	36,904,003	25,309,043	97,915	5,245,568	3,634,773	-	-	89,195,123
Disposal	-	-	(4,230,829)	(7,828,582)	(116,899)	-	(2,296,979)	-	-	(14,473,289)
Balance at 31.03.2077	-	281,143,330	687,182,475	265,814,216	6,224,376	41,837,630	39,180,916	-	-	1,321,382,942
Charge for the year	-	20,754,214	37,009,281	24,678,816	90,124	4,815,152	3,704,970	135,164	-	91,187,721
Disposal	-	-	(1,403,584)	(1,228,149)	(260,492)	-	-	-	-	(2,892,225)
Balance at 31.03.2078	-	301,897,544	722,788,172	289,264,883	6,054,008	46,652,782	42,885,886	135,164	-	1,409,678,438
Net Book Value										
At 01.04.2076	149,488,779	410,910,249	400,756,276	208,365,051	520,368	28,002,014	38,386,600	-	52,223,295	1,288,652,633
At 31.03.2077	149,488,779	567,102,796	431,631,990	185,498,985	422,439	26,365,811	41,100,155	-	32,353,681	1,433,964,637
At 31.03.2078	149,488,779	579,549,864	455,521,531	165,669,414	451,310	22,133,757	37,395,185	6,946,409	16,020,119	1,433,176,369

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Himalayan Wing Project includes cost of assets Rs. 11.06 million, capital advance Rs. 4.07 million and other related costs Rs. 0.88 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

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

Amount in Rs.

Particulars	Software	Total
Cost		
Balance at 01.04.2076	13,051,443	13,051,443
Addition	1,886,211	1,886,211
Disposal/Transfer	-	-
Balance at 31.03.2077	14,937,654	14,937,654
Addition	-	-
Disposal	-	-
Balance at 31.03.2078	14,937,654	14,937,654
Amortization		
Balance at 01.04.2076	12,124,124	12,124,124
Charge for the year	778,791	778,791
Disposal	-	-
Balance at 31.03.2077	12,902,915	12,902,915
Charge for the year	828,401	828,401
Disposal	-	-
Balance at 31.03.2078	13,731,316	13,731,316
Net Book Value		
At 01.04.2076	927,319	927,319
At 31.03.2077	2,034,739	2,034,739
At 31.03.2078	1,206,338	1,206,338

Note 3.3: Investment Property

Amount in Rs.

Particulars	Freehold Land	Building	Total
Cost			
Balance at 01.04.2076	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 31.03.2077	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal	-	-	-
Balance at 31.03.2078	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2076	-	75,740,113	75,740,113
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2077	-	77,719,236	77,719,236
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2078	-	79,698,359	79,698,359
Net Book Value			
At 01.04.2076	4,707,287	90,406,699	95,113,987
At 31.03.2077	4,707,287	88,427,576	93,134,864
At 31.03.2078	4,707,287	86,448,453	91,155,741

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements

Note 3.4: Deferred Tax Assets

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

Amount in Rs.

Particulars	01.04.2077	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2078
Fixed Assets	(36,276,929)	(9,352,796)	-	(45,629,725)
Gratuity Provision	53,629,411	(29,294,944)	-	24,334,467
Provision for Leave	25,576,794	(11,983,898)	-	13,592,896
Trade and Other Receivable	7,781,178	1,062,500	-	8,843,678
Total	50,710,454	(49,569,138)	-	1,141,316

Particulars	01.04.2076	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2077
Fixed Assets	(23,966,045)	(12,310,884)	-	(36,276,929)
Gratuity Provision	55,664,769	(2,035,358)	-	53,629,411
Provision for Leave	24,270,980	1,305,814	-	25,576,794
Trade and Other Receivable	6,718,678	1,062,500	-	7,781,178
Total	62,688,382	(11,977,928)	-	50,710,454

Note 3.5: Investments

Amount in Rs.

Particulars	31.03.2078	31.03.2077
Non-Current		
At Amortized Cost		
At Fair Value Through Profit or Loss		
At Fair Value Through OCI	283,895,258	283,899,180
Total	283,895,258	283,899,180
Current		
At Amortized Cost	-	80,000,000
At Fair Value Through Profit or Loss		
At Fair Value Through OCI		
Total	-	80,000,000

Investment comprises the following:

At Amortized Cost (A)	31.03.2078	31.03.2077
Term Deposit	-	80,000,000
Total Investment at Amortized Cost	-	80,000,000
At Fair Value Through OCI (B)		
Investment in Subsidiaries		
H I Soaltee Hotel Company Pvt. Ltd. (99,500 shares of Rs. 100 each)	9,950,000	9,950,000
Soaltee Hospitality Ltd. (2,500,000 shares of Rs. 100 each)	250,000,000	250,000,000
Advance for Investment in Soaltee Hospitality Ltd.	12,640,000	12,640,000
Sub-Total	272,590,000	272,590,000
Investment in Associates		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	16,538	16,538
Less: Allowance for Impairment	(16,538)	(16,538)
Sub-Total	-	-
Investment in Other Entities		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,305,258	11,309,180
Sub-Total	11,305,258	11,309,180
Total Investment through OCI	283,895,258	283,899,180
Proportion of voting rights		
H I Soaltee Hotel Company Pvt. Ltd.	73.63%	73.63%
Soaltee Hospitality Ltd.	100%	100%
H I Soaltee Management Co. Limited	26%	26%
Himal International Power Corp. Pvt. Ltd.	5.97%	5.97%

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

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

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

Amount in Rs.

Particulars	31.03.2078	31.03.2077
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	4,454,681	2,992,083
Deposits	3,714,814	3,427,464
Loans and Advances to Employees	26,088,551	49,556,592
Deferred Employee Benefit Expenses	2,015,435	2,342,996
Total	43,324,900	65,370,554
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	36,273,481	58,319,135
Current		
Trade Receivable		
Trade Receivable	163,320,827	193,654,762
Less: Allowance for Impairment	(34,565,887)	(29,565,887)
Trade Receivable-Net	128,754,940	164,088,875
Other Receivable		
Loans and Advances to Employees	15,749,658	13,715,243
Loans and Advances to Other	24,600,047	6,033,967
Advances to Contractor and Suppliers	1,857,037	7,907,740
VAT Recoverable	32,298,270	10,330,274
Management Fees Recoverable	4,036,281	-
Deferred Employee Benefit Expenses	1,658,448	790,981
Total Other Receivable	80,199,741	38,778,205
Total	208,954,681	202,867,080

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

Note 3.7: Inventories

Particulars	31.03.2078	31.03.2077
Stores and Spares	10,196,803	9,388,916
Provision, Beverage and Others	16,792,221	22,720,971
Uniform and Linen	32,650,435	17,624,454
Crockery, Cutlery etc.	14,492,046	19,017,905
Total	74,131,505	68,752,246

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2078	31.03.2077
Cash in Hand	1,396,489	2,201,601
Balances with Bank	27,294,202	207,714,396
Total	28,690,691	209,915,997

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements

Note 3.9: Share Capital

Particulars	Amount in Rs.	
	31.03.2078	31.03.2077
Authorized Share Capital		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
Issued Share Capital		
100,000,000 Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Subscribed and Fully Paid up		
84,257,973 Shares of Rs.10/- each	842,579,730	842,579,730
Total	842,579,730	842,579,730

Reconciliation of no. of shares outstanding

Particulars	31.03.2078	31.03.2077
Balance at the beginning of the year	84,257,973	73,267,537
Add: Bonus Issue	-	10,990,436
Balance at the end of year	84,257,973	84,257,973

Details of Shareholding

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

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2078	31.03.2077
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,305,258	1,309,181
Retained Earnings	529,871,643	754,805,141
Total	589,664,089	814,601,510

Note 3.11: Loans and Borrowings

Particulars	31.03.2078	31.03.2077
Non-Current		
Secured- Hire Purchase	1,124,779	2,601,024
Total	1,124,779	2,601,024
Current		
Overdraft and Working Capital Loan	93,179,658	-
Current Portion of Hire Purchase Loan	1,399,846	1,223,356
Total	94,579,504	1,223,356

Note 3.12: Employee Benefits

Particulars	31.03.2078	31.03.2077
Non-Current		
Gratuity	114,515,139	319,639,442
Less: Plan Assets	(6,174,356)	(67,265,742)
Net Gratuity Liability	108,340,783	252,373,700
Accumulated Leave	63,966,570	120,361,383
Total	172,307,353	372,735,083
Current		
Salary and Wages Payable	9,881,025	21,612,648
Bonus Payable	-	13,992,287
Total	9,881,025	35,604,935

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements
Note 3.13: Income Tax Receivable/(Payable)

Amount in Rs.

Particulars	31.03.2078	31.03.2077
Advance Income Tax	27,323,287	36,613,613
Income Tax Liability	-	(15,902,793)
Total	27,323,287	20,710,820

Note 3.14: Trade and Other Payable

Particulars	31.03.2078	31.03.2077
Non-Current		
Retention and Security Deposit	17,432,234	16,803,661
Unclaimed Dividend	11,376,471	20,795,451
Total	28,808,705	37,599,112
Current		
Sundry Creditors	246,716,787	158,709,933
Other Payable		
Advances Received	90,632,297	90,632,297
Civil Aviation Fee	484,061	27,242,547
Management Fee	-	4,208,002
Flight Kitchen Franchise Fee	1,834,241	393,211
Service Charge	18,495,028	22,264,683
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	8,134,351	8,938,372
Other Liabilities	64,271,670	67,861,819
Total	456,902,464	406,584,893

Trade and other payable are non-interest bearing in nature.

Note 3.15: Revenue from Operation

Particulars	2077-78	2076-77
Room	57,427,873	311,347,423
Food	350,303,640	799,069,674
Beverage	10,458,605	35,496,562
Cigar and Cigarettes	40,180	495,025
Telephone	4,837	70,071
Laundry Income	1,977,242	5,346,392
Business Centre	-	117,700
Total	420,212,377	1,151,942,847

Note 3.16: Other Income

Particulars	2077-78	2076-77
Premises Rental Charge	1,544,451	26,325,633
Interest on Loans & Advances at Amortized Cost	1,474,942	4,619,240
Interest on Call Account/Time Deposit	828,138	19,029,760
Miscellaneous Receipts	2,704,113	15,933,794
Income from Service Charge	6,532,211	20,733,269
Profit on Sale of Assets	518,509	584,201
Exchange Gain	-	2,840,975
Government Grant towards Social Security Fund (SSF)	4,483,750	11,429,057
Reversal of Incentive Management Fee	7,835,582	-
Reversal of Provision for Gratuity	-	10,570,091
Reversal of Provision for Leave	7,792,516	-
Total	33,714,212	112,066,020

Additional information on Government Grant towards SSF is provided in Note 4.19

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements

Note 3.17: Consumption of Food and Beverage

Particulars	Amount in Rs.	
	2077-78	2076-77
Food	121,164,519	196,965,468
Beverage	2,705,874	9,121,826
Cigarettes	20,582	152,350
Total	123,890,975	206,239,644

Note 3.18: Employee Benefit Expenses

Particulars	2077-78	2076-77
Salary and Wages	90,066,478	228,549,105
Allowances	27,437,676	84,921,801
Festival Allowance	-	24,707,436
Overtime	196,050	9,106,009
Employees Meal	7,657,809	19,184,745
Soaltee Staff Welfare	3,100,862	4,540,067
Gratuity	7,339,553	18,566,486
Leave	-	12,561,696
Provident Fund	8,684,671	23,262,207
Clinic Expenses	1,437,148	1,962,965
Amortization of Staff Loan	206,009	2,150,598
Incentive Exit Scheme	67,857,602	-
Bonus	-	13,992,287
Total	213,983,858	443,505,402

Additional information on Gratuity is provided in Note 4.4.a.

Note 3.19: Operating Expenses

Particulars	2077-78	2076-77
Linen	6,195,138	19,906,762
Laundry Supplies	21,801	3,481,665
Crockery & Cutlery	1,203,511	4,647,491
Silverware	4,068,270	5,074,915
Cleaning Supplies	3,339,523	6,392,432
F & B Paper Supplies	6,456,701	7,812,471
Guest Supplies	4,415,274	9,819,281
Water & Water Treatment	6,438,017	7,291,330
Garden Maintenance	7,035	28,050
Pest Control	1,330,745	2,098,800
Waste Removal	304,000	658,500
Power and Fuel	47,796,067	93,595,204
Repair and Maintenance	13,318,504	26,334,287
Total	94,894,586	187,141,188

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements**Note 3.20: Other Expenses**

Amount in Rs.

Particulars	2077-78	2076-77
Rental Charges	2,533,105	1,045,560
Travelling	777,206	5,067,243
Transport and Conveyance	6,287,138	18,455,161
Audit Fee	550,000	550,000
Legal and Professional Fees	5,154,837	6,170,497
Directors' Meeting Fees	-	547,057
Licence & Taxes	18,832,228	20,909,155
Bank Charges	1,414,177	6,203,465
Annual General Meeting Expenses	528,665	874,831
Commissions	3,088,619	3,728,824
Insurance	9,148,448	18,901,813
Communication Expenses	3,875,751	4,602,991
Printing and Stationery	2,786,183	3,465,073
Advertisement and Sales Promotion	5,781,445	14,370,366
Marketing and Reservation Expenses	2,419,812	10,983,444
Training and Conference	1,986,300	2,257,586
Books and Newspaper	27,758	237,213
Membership & Subscription	988,770	1,483,483
Security Services	3,470,528	5,376,389
Uniform Expenses	1,470,925	2,320,743
Entertainment	306,302	1,708,278
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	7,529,464	6,059,644
Banquet Expenses	604,787	12,175,225
Kitchenette Expenses	1,878,942	2,639,804
Exchange Loss	573,735	-
Corporate Social Responsibility	-	1,120,421
Miscellaneous	10,181,724	9,888,393
Total	97,196,849	166,142,659

Note 3.21: Earnings per Share

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

Calculation of basic and diluted earnings per share has been done as stated above.

Particulars	2077-78	2076-77
Basic Earnings per Share		
Profit/(Loss) for the year	(224,933,498)	112,042,147
Number of shares	84,257,973	84,257,973
Basic Earnings per Share (Rs.)	(2.67)	1.33
Diluted Earnings per Share		
Profit for the year	(224,933,498)	112,042,147
Weighted average number of shares	84,257,973	84,257,973
Diluted Earnings per share (Rs.)	(2.67)	1.33

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Financial Statements

Note 3.22: Financial Instruments Classification and Fair Value Measurement

Financial Instruments are classified in accordance with Note 2.2.3.

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

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

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

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

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

Amount in Rs.

As at 31.03.2078	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	241,554,279			241,554,279
Investment	-			-
Cash and Cash Equivalent	28,690,691			28,690,691
Total At Amortized Cost	270,244,970			270,244,970
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	283,895,258			283,895,258
Total Financial Assets	554,140,228	-	-	554,140,228
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	485,711,169			485,711,169
Loans and Borrowings	95,704,283			95,704,283
Total Financial Liabilities	581,415,452	-	-	581,415,452

As at 31.03.2077	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	258,052,238			258,052,238
Investment	80,000,000			80,000,000
Cash and Cash Equivalent	209,915,997			209,915,997
Total At Amortized Cost	547,968,235			547,968,235
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	283,899,180			283,899,180
Total Financial Assets	831,867,415	-	-	831,867,415
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	444,184,005			444,184,005
Loans and Borrowings	3,824,380			3,824,380
Total Financial Liabilities	448,008,385	-	-	448,008,385

SOALTEE HOTEL LIMITED
For the period ended on 31 Ashad 2078 (15 July 2021)
Notes to the Financial Statements
4 Additional Information
4.1 Share Capital

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

4.2 Dividend

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

Board of Directors have not proposed any bonus shares and cash dividend for the year 2077-78 (previous year NIL).

Particulars	Bonus Shares	Cash Dividend
Proposed for 2077-78	-	-
Number of shares	-	-
Paid for 2076-77 (Amount)	-	-
No. of shares	-	-

4.3 Reserves and Retained Earnings
a. Share premium

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

b. Other Reserves

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

c. Retained Earning

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

d. Fair Value Reserve

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

e. Revaluation Reserve

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

4.4 Employee Benefits
a. Gratuity

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which Company was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labour laws has changed the nature of gratuity and this is now a defined contribution plan whereby Company is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. The Company has enrolled itself and it's employees in Social Security Fund (SSF) in Chaitra 2076 and thereafter it has started making contribution towards Employee Gratuity in the fund.

Particulars	2077-78	2076-77
Opening Liability	319,639,442	329,414,263
Payment Made	(203,256,821)	(13,011,014)
Expenses Booked	7,339,553	18,566,486
Reversal of Excess Provision	-	(10,570,091)
Deposited in SSF	(7,339,553)	-
Government Grant towards SSF for Gratuity	(1,867,482)	(4,760,202)
Closing Liability	114,515,139	319,639,442

b. Leave

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

Particulars	2077-78	2076-77
Opening Liability	120,361,383	122,289,649
Service Cost	20,230,280	3,472,909
Interest Cost	6,243,913	7,656,926
Actuarial Gain/(Loss)	(34,266,709)	(6,641,410)
Benefit Paid	(48,602,297)	(6,416,691)
Closing Liability (A)	63,966,570	120,361,383
Liability recognized in the financial statements (B)	63,966,570	120,361,383

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

Particulars	2077-78	2076-77
Discount Rate	6.50%	6.43%
Rate of compensation increase	6%	6%
Average expected future service	14	13.5
Average duration of liabilities	12.5	16.5

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

Sensitivity Analysis

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

Particulars	2077-78	2076-77
Effect on:		
- Service Cost	(2,465,544)	(210,828)
- Interest Cost	960,600	1,190,810
- Leave Liability	(13,610,076)	(11,435,257)

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

Particulars	2077-78	2076-77
Effect on:		
- Service Cost	2,957,603	254,876
- Interest Cost	(960,600)	(1,191,440)
- Leave Liability	8,907,455	13,503,921

4.5 Lease

The Company has entered into a lease arrangement of premises for a period of 2-3 years. The future minimum lease rental payment to be made is as follows:

Period	2077-78	2076-77
Up to one year	7,265,833	1,050,000
One to five years	12,343,552	1,102,500
Above five years	-	-
Total	19,609,385	2,152,500

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

Period	2077-78	2076-77
Up to one year	36,007,149	33,509,181
One to five years	228,502,545	190,894,061
Above five years	310,150,800	351,517,808
Total	574,660,494	575,921,050

The Board of Directors of the Company has decided to grant waiver for the lease payments of lessees whose business was significantly and adversely affected by COVID-19 outbreak and subsequent government imposed lockdown.

4.6 Corporate Social Responsibility

During the year, the Company has provided Rs. NIL million (previous year Rs. 1.12 million) (1% of net profit after tax) as Corporate Social Responsibility as per the Section 54 (1) of the Industrial Enterprises Act 2073.

4.7 Risk Management objectives and policies

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

i. Market Risk

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

ii. Credit Risk

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

iii. Liquidity Risk

The Company has very less amount of debt funding and will not be impacted significantly. The Company monitors its liquidity position on regular basis through effective planning and forecasting. The company current assets aggregate positively against the current liabilities and accordingly, the liquidity risk or risk that the company may not be able to settle its liabilities as they become, due does not exist.

iv. Operational Risk

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

v. Exchange Rate Fluctuation Risk

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

4.8 Related Party Transactions

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

a. Subsidiary Companies

The Company has made investment in two subsidiary companies. The Company has presence on the Board of these two companies in proportion of its shareholding. Company provides office space

to the two subsidiaries on operating lease. Other than this, there is no any transaction with subsidiary companies.

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

b. Significant Influence

Entities having significant influence over the Company is as follows:

i. Soaltee Enterprise Pvt. Ltd. (SEPL)

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

c. Other related entities

i. Nepal Airlines Corporation (NAC)

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

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

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	141.96	211.79	31.21	52.77

ii. Sibkrim Holdings Pvt. Ltd.

There is no transaction of this company with SHL.

d. Those charged with Governance

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

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director	Nepal Airlines Corporation
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjan Kumar Tibrewala	Director	Public Shareholder

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

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. NIL (previous year Rs. 0.55 million).

e. Key Management Personnel

The company's key management personnel are Executive Chairman & Vice President of SHL and General Manager of The Soaltee Kathmandu.

Total compensation to key management personnel during the year is Rs. 12.59 million (previous year Rs. 29.68 million). The compensation paid to Executive Chairman also includes the performance incentive paid based on the profit of the Company.

4.9 Unpaid Dividend

Total unpaid dividend amounted to Rs. 11.38 million (previous year Rs. 20.79 million).

4.10 Trade and Other Receivable

4.10.1 Civil Aviation Fee Recoverable from Airlines

Civil Aviation Fees levied on In flight catering services provided on international flights by the company

to three different airlines have been disputed and not paid by the respective airlines which amounted to Rs 7.051 million (previous year Rs. 7.051 million) is still pending recovery. This has been reflected under Non-current Trade and other receivables.

4.10.2 Trade Receivable from Jet Airways

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. In October 2020, a revival takeover plan of potential investors has been approved by the Committee of Creditors of Airlines. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the proceeding and business revival is yet to be known.

4.11 Lien on Company's Assets

The company current and non-current assets where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 94.57 million (previous year Rs. 3.82 million).

4.12 Contingent Liability

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

4.13 Bank Guarantee

Unexpired bank guarantee issued by the company amounted to Rs. 8.45 million (previous year Rs. 2.9 million).

4.14 Litigations or legal cases

i. Income tax Matters

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

ii. Assessment status

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

The Company has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2072-73 and additional demand of tax Rs. 2,413,333 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

The Company has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2073-74 and additional demand of tax Rs. 134,155 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

iii. Casino Royalty

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

iv: Arbitration

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

v. Legal cases

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

4.15 Capital Commitment

Capital contract remaining to be executed on capital accounts net of advances to Rs. 18.07 million (Previous year Rs. 2.62 million).

4.16 Letter of Credit

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

4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law, this fund is no longer required and no provision has been made. The Company has not paid during the year out of this fund to a separate entity called Employee Housing.

4.18 Operating Segment

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

- i. Core hotel business:** The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.
- ii. Flight catering:** The Flight Catering Division provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.
- iii. Horizon Lounge:** Horizon Lounge Unit provides airport lounge services to the travelers at Tribhuvan International Airport (TIA).

The financial information about the identified segments are as follows: (Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Horizon Lounge	Total
Revenue				
- Food	88.08	260.13	2.09	350.30
- Room	57.43			57.43
- Beverage	9.04	0.80	0.62	10.46
- Others	2.02		0.02	2.04
Interest Income	2.30			2.30
Other Income	31.41			31.41
Total Revenue	190.28	260.93	2.73	453.93
Expenses*				
Consumption Cost	35.22	88.23	0.44	123.89
Employee Benefit Expenses	168.01	45.19	0.78	213.98
Management, Operating and Other Expenses	99.82	92.06	2.67	194.55
Depreciation and Amortization	89.39	4.40	0.20	94.00
Finance Cost	2.87			2.87
Total Expenses	395.32	229.88	4.09	629.29
Segment Result	(205.04)	31.05	(1.36)	(175.36)
Income Tax				49.57
Profit/(Loss) for the Period				(224.93)
Segment Assets	2,052.31	121.72	21.82	2,195.85
Segment Liabilities**				2,195.85

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

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

4.19 Government Grant towards Social Security Fund (SSF)

The Government of Nepal (GoN) announced that it would contribute 31% of the basic salary to Social Security Fund (SSF) on behalf of the registered contributors (20% employer's contribution and 11% employees) as a relief to employers and employees impacted during the countrywide lockdown period due to COVID-19. The Company started contributing to SSF after its enrolment in Chaitra 2076 and qualifies for the Grant related to Income. Accordingly, the Company has recognized such contributions of Rs. 4.84 million in employee's SSF for the month Jestha and Ashad 2078 as Government Grant and recognized the corresponding amount as employee cost in the financial statements.

4.20 Capital Management

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

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

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

4.21 Going Concern

Impact of COVID-19

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the start of the fiscal year. Management has assessed the impact of existing and anticipated effects of COVID-19 on the future cash flow projections and has prepared a range of scenarios to estimate possible financing requirements. Nonetheless, management is confident of its ability to generate cash inflows from operations and also raise long term funds to meet its obligations on due date.

Also refer note 2.1.3 (e) Estimation uncertainty relating to the global health pandemic on COVID-19. Based on aforesaid assessment, management believes that as per estimates made conservatively, the Company will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on 15 July 2021.

4.22 Regrouping and Round off

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

Independent Auditors' Report to the Shareholders of Soaltee Hotel Limited (Group)

Opinion:

We have audited the consolidated financial statements of Soaltee Hotel Limited and its subsidiaries (collectively referred to as the "Group"), which comprise of Statement of Financial Position as at Ashad 31, 2078 (July 15, 2021), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements, read together with significant accounting policies and notes to the accounts forming part of the accounts, present fairly, in all material respects, the financial position of the Group as on Ashad 31, 2078 (July 15, 2021), its financial performance, changes in equity and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis of Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs), issued by the Auditing Standard Board of Nepal. Our responsibilities under those Standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter:

The effect of COVID-19 pandemic is visible from the incurred losses by the Group during the current year. However, the management has assessed the impact from such uncertainties on its financial performance which has been mentioned in Note 2.1.3 (e) & 4.21. We do not modify our opinion in this regard.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Based on the circumstances and facts of the audit, we consider following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1	Revenue Recognition (Refer Note 2.2.16 "Revenue" and Note 3.15 of the financial statements)	
	Revenue from sale of service (hereinafter referred to as "Revenue") is recognized at the time of delivery of services and 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 and no any performance obligation is pending with respect to revenue recognized.	Our audit procedures included the following: <ul style="list-style-type: none"> Assessed the appropriateness of the Company's revenue recognition accounting policies in line with NAS 18 (Revenue) and testing the accounting of revenue in books of accounts thereof.



S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
	<p>Revenue is key driver of the business and recorded in complex IT system and environment. Likewise, revenue also includes high number of individual and low value transaction therefore in respect of services provided there is risk that revenue is recorded inappropriately relative to the provision of the underlying service.</p> <p>Therefore, due to significant risk embedded in revenue we have identified revenue recognition as a Key Audit Matter for the current period.</p>	<ul style="list-style-type: none"> • Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over revenue recognition, the detailed process flow of sales, segregation of duties for the process followed, automated steps and manually intervened processes. • Performed detailed analysis of Revenue, analytical testing with sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions. • Tested a sample of revenue transactions in relation to the provision of services room sales and assessing them against relevant supporting documentation/sales contracts to determine income has been appropriately recognized.
2	Properly, Plant and Equipment and Investment Property (refer Note 2.2.6, 2.2.8, 3.1 and 3.3 of the Financial Statements)	
	<p>There are areas where management judgement impacts the carrying value of property, plant and equipment and investment property and their respective depreciation or amortization rates. These include the decision to capitalize or expense the costs, the annual asset life review: the timeliness of the capitalization of assets and the use of management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgment and estimates required, we consider this to be a Key Audit Matter.</p>	<p>We assessed the controls in place over the fixed asset, evaluated the appropriateness of capitalization process, performed tests on costs capitalized, the timeliness of the capitalization of the assets and the derecognition criteria for assets retired from active use. In performing these procedures, we reviewed the judgments made by the management including the nature of underlying costs capitalized, impairment, determination of realizable value of the assets retired from the active use, the appropriateness of useful life of assets. We have observed that the management has regularly reviewed the aforesaid judgements and there are no material misstatement of impairment and capitalization of assets</p>

Other Information:

The management of Group are responsible for the other information such as "Report of Board of Director's/Chairman's Statement" to be presented in the Annual Report and Accounts. Our opinion on the consolidated Financial Statements does not cover the other information and, accordingly, we do not express any audit opinion or, except as explicitly stated above, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on consolidated financial statement, the information therein is materially misstated or inconsistent with the consolidated Financial Statements. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements:

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



In preparing the consolidated financial statement, the respective management and Board of Directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Other Matters

We did not audit the financial statements and other financial information of two subsidiaries, "HI Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd." whose financial statements reflect total assets of Rs.293.59 million and net assets of Rs.293.25 million as at July 15, 2021 and net profit of Rs.1.19 million and net cash inflows amounting to Rs.0.72 million for the year then ended. These financial statements and other financial information have been audited by other auditors who have expressed an unmodified opinion on those statements. Those reports have been furnished to us by the management, and our opinion on the consolidated financial statements in so far as it relates to the accounts and disclosures included in respect of these subsidiaries, are based solely on the report of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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

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

Kathmandu
Date: 8th October, 2021



B.K. Agrawal, FCA
Managing Partner
For: B.K. Agrawal & Co.
Chartered Accountants
UDIN: 211011CA00018oMDMy



SOALTEE HOTEL LIMITED

Consolidated Statement of Financial Position
As at 31 Ashad 2078 (15 July 2021)

Amount in Rs.

Particulars	Note	As At Ashad 31, 2078 (July 15, 2021)	As At Ashad 31, 2077 (July 15, 2020)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,433,176,369	1,433,964,637
Intangible Assets	3.2	1,206,338	2,034,739
Investment Property	3.3	91,155,741	93,134,864
Deferred Tax Assets	3.4	1,141,316	50,710,454
Investments	3.5	273,145,258	273,149,180
Trade and Other Receivables	3.6	36,273,481	58,319,135
Total Non-Current Assets		1,836,098,503	1,911,313,009
Current Assets:			
Inventories	3.7	74,131,505	68,752,246
Income Tax Receivable	3.14	27,906,021	20,784,680
Investment	3.5	10,000,000	90,000,000
Trade and Other Receivables	3.6	209,581,218	203,331,736
Prepayments		9,898,982	9,220,491
Cash and Cash Equivalent	3.8	49,561,748	230,070,228
Total Current Assets		381,079,474	622,159,381
Total Assets		2,217,177,977	2,533,472,390
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	842,579,730	842,579,730
Retained Earnings and Reserves	3.10	602,456,175	826,487,389
Total Equity of Parent		1,445,035,905	1,669,067,119
Non-Controlling Interest	3.11	8,152,650	7,872,122
Total Equity		1,453,188,555	1,676,939,241
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.12	1,124,779	2,601,024
Employee Benefits	3.13	172,307,353	372,735,083
Trade and Other Payables	3.15	28,808,705	37,599,112
Total Non-Current Liabilities		202,240,837	412,935,219
Current Liabilities:			
Loans and Borrowings	3.12	94,579,504	1,223,356
Employee Benefits	3.13	9,881,025	35,604,935
Trade and Other Payables	3.15	457,288,056	406,769,639
Total Current Liabilities		561,748,585	443,597,930
Total Liabilities		763,989,422	856,533,149
Total Equity and Liabilities		2,217,177,977	2,533,472,390

Notes 1 to 4.22 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

CA. B.K. Agrawal
Managing Partner
B.K. Agrawal & Co.
Chartered Accountant

Lil Bahadur Khatri
COMPANY SECRETARY

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

Date: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended on 31 Ashad 2078 (15 July 2021)**

Amount in Rs.

Particulars	Note	Year Ended Ashad 31, 2078 (July 15, 2021)	Year Ended Ashad 31, 2077 (July 15, 2020)
Revenue from Operation	3.16	420,212,377	1,151,942,847
Other Income	3.17	35,043,129	114,613,301
Total Revenue		455,255,506	1,266,556,148
Consumption of Foods and Beverage	3.18	123,890,975	206,239,644
Employee Benefit Expenses	3.19	213,983,858	443,505,402
Management Fees		2,457,852	28,525,611
Operating Expenses	3.20	94,894,586	187,141,188
Depreciation and Amortization Expense	3.1/3.2/3.3	93,995,245	91,953,037
Other Expenses	3.21	97,317,568	166,262,651
Total Expenditures		626,540,084	1,123,627,533
Profit/(Loss) from Operations		(171,284,578)	142,928,615
Finance Cost		2,871,584	578,458
Profit/(Loss) Before Tax		(174,156,162)	142,350,157
Income Tax		49,710,491	28,396,270
Current Tax		141,353	16,418,342
Deferred Tax Expenses/(Income)	3.4	49,569,138	11,977,928
Net Profit/(Loss) for the Year		(223,866,653)	113,953,887
Other Comprehensive Income			
Change in Fair Value of Equity Shares		(3,923)	200
Total Other Comprehensive Income		(3,923)	200
Total Comprehensive Income		(223,870,576)	113,954,087
Net Profit/(Loss) Attributable to:			
The Parent		(224,115,564)	113,562,897
Non-Controlling Interest		248,911	390,990
Other Comprehensive Income Attributable to:			
The Parent		(3,923)	200
Non-Controlling Interest		-	-
Basic Earnings per Share (Rs.)		(2.66)	1.35
Diluted Earnings per Share (Rs.)	3.22	(2.66)	1.35

Notes 1 to 4.22 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE**Sudarshan Chapagain**
VICE PRESIDENT**Dinesh Bahadur Bista**
EXECUTIVE CHAIRMAN**CA. B.K. Agrawal**
Managing Partner
B.K. Agrawal & Co.
Chartered Accountant**Lil Bahadur Khatri**
COMPANY SECRETARY**Ganesh Bahadur Chand**
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORSDate: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

Consolidated Statement of Cash Flows

For the year ended on 31 Ashad 2078 (15 July 2021)

Amount in Rs.

Particulars	Year Ended Ashad 31, 2078 (July 15, 2021)	Year Ended Ashad 31, 2077 (July 15, 2020)
Cash Flows from Operating Activities		
Profit/(Loss) Before Tax for the Year	(174,156,162)	142,350,157
Adjustment for:		
Loss/ (Gain) on Sale of Property, Plant and Equipment	(518,509)	(584,201)
Interest Income on Term and Call Deposits	(2,041,118)	(21,163,720)
Incremental Interest Income on Staff Loans on Amortized Cost	(206,009)	(2,150,598)
Amortization of Deferred Employee Benefit Expenses	206,009	2,150,598
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	-	13,992,287
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	93,995,245	91,953,037
Finance Cost	2,871,584	578,458
Operating Cash Flow Before changes in Working Capital	(74,848,960)	232,126,018
(Increase) / Decrease in Trade and Other Receivables	10,796,172	64,468,698
(Increase) / Decrease in Inventories	(5,379,259)	28,643,524
(Increase) / Decrease in Prepayment	(678,491)	10,882,160
Increase / (Decrease) in Trade and Other Payables	51,146,990	24,973,603
Increase/ (Decrease) in Employee Benefits	(212,159,353)	(371,202)
Cash generated from Operations	(231,122,901)	360,722,801
Bonus Paid	(13,992,287)	(38,391,314)
Income Tax Paid	(7,142,805)	(28,235,350)
Net Cash Flows from Operating Activities (A)	(252,257,993)	294,096,137
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	1,287,492	1,069,253
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(91,168,436)	(236,878,390)
(Increase) / Decrease in Investments	80,000,000	10,000,000
Interest Income on Term and Call Deposits	2,041,118	21,163,720
Net Cash flows from Investing Activities (B)	(7,839,826)	(204,645,417)
Cash Flow from Financing Activities		
Finance Cost	(2,871,584)	(578,458)
Increase/(Repayment) of Borrowings	91,879,903	(1,083,899)
Recovery/(Paid) of Cash for Fractional Bonus Shares	-	(2,855)
Dividend Paid Net	(9,418,980)	(71,191,336)
Net Cash Flows from Financing Activities (C)	79,589,339	(72,856,548)
Net Increase in Cash and Cash Equivalents (A+B+C)	(180,508,480)	16,594,172
Cash and Cash Equivalents at the Beginning	230,070,228	213,476,056
Cash and Cash Equivalents at the End	49,561,748	230,070,228

As per our report of even date

Mukti Nath Shrestha
MANAGER-FINANCE

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

CA. B.K. Agrawal
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Lil Bahadur Khatri
COMPANY SECRETARY

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

Date: 08 October 2021
(22 Ashwin 2078)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED
 Consolidated Statement of Changes in Equity
 For the period ended on 31 Ashad 2078 (15 July 2021)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total Equity of Parent	Non-Controlling Interest	Total
Balance as at 31.03.2076	732,675,370	16,000,000	35,198,427	7,288,761	845,943,340	1,308,981	1,638,414,879	7,481,132	1,645,896,011
Change in Fair Value of Investment through OCI	-	-	-	-	-	200	200	-	200
Net Profit for Year 2076-77	-	-	-	-	113,562,897	-	113,562,897	390,990	113,953,887
Payment of Dividend for 2075-76	-	-	-	-	(82,908,002)	-	(82,908,002)	-	(82,908,002)
Issue of Bonus Shares	109,904,360	-	-	-	(109,904,360)	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	(2,855)	-	(2,855)	-	(2,855)
Closing Balance as at 31.03.2077	842,579,730	16,000,000	35,198,427	7,288,761	766,691,020	1,309,181	1,669,067,119	7,872,122	1,676,939,241
Change in Fair Value of Investment through OCI	-	-	-	-	-	(3,923)	(3,923)	-	(3,923)
Net Profit/(Loss) for Year 2077-78	-	-	-	-	(224,115,564)	-	(224,115,564)	248,911	(223,866,653)
Payment of Dividend for 2076-77	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	-	-	-	-	-
Tax Payment of Earlier Year	-	-	-	-	119,890	-	119,890	-	119,890
Closing Balance as at 31.03.2078	842,579,730	16,000,000	35,198,427	7,288,761	542,695,346	1,305,258	1,445,067,522	8,121,033	1,453,188,555

As per our report of even date

Mukti Nath Shrestha
 MANAGER-FINANCE

Sudarshan Chapagain
 VICE PRESIDENT

Dinesh Bahadur Bista
 EXECUTIVE CHAIRMAN

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Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Nirajan Kumar Tibrewala
 DIRECTORS

Date: 08 October 2021
 (22 Ashwin 2078)

Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

1. General Information

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

SHL owns and operates a deluxe luxurious property classified under Five Star category by the Government of Nepal with business name and brand "The Soaltee Kathmandu" hotel at Tahachal, Kathmandu Metropolitan City ward No 13, Kathmandu, Nepal. Previously, this property (hotel) was managed and operated with the name and brand of The Soaltee Crowne Plaza Kathmandu by Holiday Inns (China) Limited, a subsidiary company of Intercontinental Hotels Group (IHG) under the Hotel Management Agreement which had been expired and discontinued with effect from 15th May 2021 on its expiration date. Thereafter, the property (hotel) has been rebranded as The Soaltee Kathmandu and managed and operated by the SHL. The Soaltee Kathmandu has 282 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet (previously known as LSG Sky Chef under the Technical Assistance Agreement which was on 11th July 2021) an Inflight Catering Division under a Technical Assistance Agreement with Gate Gourmet Singapore Pte. Limited, Singapore.

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

The Consolidated Financial Statements were authorized for issue by the meeting of the Board of Directors on 08 October 2021 (22 Ashwin 2078) and has recommended for approval by shareholders in the Annual General Meeting.

2. Significant Accounting Policies

2.1. Basis of Preparation

2.1.1. Statement of Compliance

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

2.1.2. Basis of Measurement

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

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

2.1.3. Critical Accounting Estimates

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

a) Useful life of Property, Plant and Equipment

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

b) Impairment of Property, Plant and Equipment

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

c) Recognition of deferred tax

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

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

d) Other long term employee benefits

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

e) Estimation uncertainty due to COVID-19

On 11 March 2020, the World Health Organization declared Covid-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, The Nepal Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from 24

March 2020, and the operations restriction was applicable to the hotels 21 July 2020. In current fiscal year 2020/21, while the impact of the Covid-19 continues to the tourism sector, specially hospitality sector performance has been sluggish. Furthermore, the lockdown to contain the out-break of second wave of Covid-19 was again announced by the Government of Nepal from 26th April 2021 which continued until 8th July 2021.

The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemics have posed challenges to all the businesses of the Group. Lockdown guidelines mandated closure of hotel operations and cessation of air traffic and other forms of public transport. This has resulted in low occupancies / shutdowns of hotel.

The hotel was majorly shut down entirely during the lockdown phase as expect for very limited operation of flight catering and operation few of isolation rooms. With the lifting of the partial lockdown restrictions, the hotel has started re-opening after establishing thorough and well-rehearsed safety protocols. The hotel expects the demand for its services to pick up albeit at a slower pace after lockdown was lifted and recovery in business to be driven by domestic leisure tourism, vacations, domestic business travel and limited international travel.

The Group has assessed the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, prospect possible alternatives for financing arrangements, supply chain and demand for its services. The Group stands at comfortable liquidity position to meet its commitments for the year ended 15 July 2020. The Group does not foresee any disruption in materials supplies for the hotel operations.

The Group has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, intangible assets, investments, trade receivables, inventories, and other current assets appearing in the financial statements of the Group. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Group as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

2.1.4. Functional and Presentation Currency

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

2.2. Accounting Policies

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

2.2.1. Basis of Consolidation

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

Consolidation of financial statements of subsidiaries has been done in line with NFRS 10: Consolidated Financial Statements. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, equity,

income, expenses and cash flows of the parent with those of its subsidiaries. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in preparation of the consolidated financial statements. SHL has opted for carve out alternative accounting treatment issued by ICAN relation to use uniform accounting policies for like transactions in consolidation of financial statement. Under the carve out alternative treatment, the investment made in associate by SHL's fully owned subsidiary is measured at cost instead of measuring it using equity method.

2.2.2 Associates

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

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

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

2.2.3 Financial Assets and Financial Liabilities

i. Recognition

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

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

ii. Classification and Measurement

Financial Assets

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

– At amortized cost:

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

– At fair value through profit or loss:

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

– At fair value through other comprehensive income:

Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are recognized initially at

fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to retained earnings.

Financial Liabilities

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

iii. Derecognition

Financial Assets

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

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

Financial Liabilities

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

iv. Offsetting

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

v. Amortized cost measurement

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

vi. Fair value measurement

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

vii. Identification and measurement of impairment

Financial assets

At each reporting date the Group assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of

the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

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

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

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

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

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

2.2.4 Impairment of Non-Financial Assets

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

2.2.5 Foreign Currency

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

2.2.6 Property, Plant and Equipment

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

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

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

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

Capital Work in Progress

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

Salvage Value

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

Depreciation

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

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

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

Category of Assets	Estimated useful life
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years
Leasehold Development	3 years

2.2.7 Intangible Assets

Computer Software

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

2.2.8 Investment Property

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

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

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

Incomes arising from use of investment property by third parties are recognized as lease income from operating lease. The lease rental is adjusted for inflation rate periodically and

the same amount is booked as operating lease income, which the Group believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

Salvage Value

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

Depreciation

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

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

2.2.9 Investments

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

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

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

2.2.10 Inventories

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

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

2.2.11 Cash and cash equivalents

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

2.2.12 Trade and other receivables

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

2.2.13 Share capital

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

2.2.14 Employee Benefits

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

Provident Fund-Defined Contribution Plan

SHL pays pre-defined Provident Fund benefit to Social Security Fund (SSF) (prior to Chaitra 2076 provident fund were contributed to employee provident fund) and SHL does not have any legal or constructive obligation to pay additional amount in future. Contributions to Provident fund are charged to the statement of profit or loss in the year to which they relate.

Gratuity-Defined Contribution Plan

SHL is required to pay pre-defined amount to Social Security Fund as gratuity to employees. SHL accrues 8.33% of basic salary of staff as gratuity benefits in accordance with the Labor Law of Nepal till Falgun 2076 while SHL has deposited Employee Gratuity in SSF from Chaitra 2076. The amount presented in financial statements is the actual liability of gratuity at each reporting date.

Short term and long-term employment benefits

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

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

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

2.2.15 Income Tax

Deferred Tax

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

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

Current Tax

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

General corporate tax rate is 25%. SHL is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058. Additionally, for FY 2077/78, the Finance Act 2078 has declared Corporate tax rate is only 1% on tax liability to hotel business affected by COVID-19. Accordingly, tax rate applicable to the company for current fiscal year is 1% (previous year rate was 17%).

2.2.16 Revenue

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

Revenue from Sale of Services

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

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

Service Charge

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

Dividend

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

Other Income

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

2.2.17 Expenses

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

Management Fee

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

License Fee

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

Employee Bonus

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

2.2.18 Lease

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

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

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

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

2.2.19 Provisions

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

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

2.2.20 Current versus non-current classification

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

The Group classifies an asset as current when it is:

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

All other assets are classified as non-current.

The Group classifies a liability as current when:

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

The Group classifies all other liabilities as non-current.

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

2.2.21 Segment Reporting

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

2.2.22 Government Grant

Government grants, including non-monetary grants at fair value, is recognized when there is reasonable assurance that the Group will comply with the conditions attaching to grant and the grants will be received. Government grants is recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

2.2.23 Operating Cycle

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

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

Note 3.1: Property, Plant & Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixture	Office Equipment	Computers	Vehicles	Leasehold	Capital WIP	Total
Cost										
Balance at 01.04.2076	149,488,779	674,049,758	1,055,265,577	456,698,806	6,763,728	64,594,076	76,229,722	-	52,223,295	2,535,313,741
Addition	-	174,196,368	67,871,182	2,834,878	-	3,609,365	6,350,000	-	90,233,689	345,095,482
Disposal/Transfer	-	-	(4,322,294)	(8,220,483)	(116,913)	-	(2,298,651)	-	(110,103,303)	(125,061,644)
Balance at 31.03.2077	149,488,779	848,246,126	1,118,814,465	451,313,201	6,646,815	68,203,441	80,281,071	-	32,353,681	2,755,347,579
Addition	-	33,201,282	61,667,805	4,849,245	118,995	583,098	-	7,081,573	39,581,854	147,083,852
Disposal/Transfer	-	-	(2,172,567)	(1,228,149)	(260,492)	-	-	-	(55,915,416)	(59,576,624)
Balance at 31.03.2078	149,488,779	881,447,408	1,178,309,703	454,934,297	6,505,318	68,786,539	80,281,071	7,081,573	16,020,119	2,842,854,807
Depreciation and Impairment Loss										
Balance at 01.04.2076	-	263,139,509	654,509,301	248,333,755	6,243,360	36,592,062	37,843,122	-	-	1,246,661,108
Charge for the year	-	18,003,821	36,904,003	25,309,043	97,915	5,245,568	3,634,773	-	-	89,195,123
Disposal	-	-	(4,230,829)	(7,828,582)	(116,899)	-	(2,296,979)	-	-	(14,473,289)
Balance at 31.03.2077	-	281,143,330	687,182,475	265,814,216	6,224,376	41,837,630	39,180,916	-	-	1,321,382,942
Charge for the year	-	20,754,214	37,009,281	24,678,816	90,124	4,815,152	3,704,970	135,164	-	91,187,721
Disposal	-	-	(1,403,584)	(1,228,149)	(260,492)	-	-	-	-	(2,892,225)
Balance at 31.03.2078	-	301,897,544	722,788,172	289,264,883	6,054,008	46,652,782	42,885,886	135,164	-	1,409,678,438
Net Book Value										
At 01.04.2076	149,488,779	410,910,249	400,756,276	208,365,051	520,368	28,002,014	38,386,600	-	52,223,295	1,288,652,633
At 31.03.2077	149,488,779	567,102,796	431,631,990	185,498,985	422,439	26,365,811	41,100,155	-	32,353,681	1,433,964,637
At 31.03.2078	149,488,779	579,549,864	455,521,531	165,669,414	451,310	22,133,757	37,395,185	6,946,409	16,020,119	1,433,176,369

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Himalayan Wing Project includes cost of assets Rs. 11.06 million, capital advance Rs. 4.07 million and other related costs Rs. 0.88 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

Note 3.2: Intangible Assets

Amount in Rs.

Particulars	Software	Total
Cost		
Balance at 01.04.2076	13,051,443	13,051,443
Addition	1,886,211	1,886,211
Disposal/Transfer	-	-
Balance at 31.03.2077	14,937,654	14,937,654
Addition	-	-
Disposal	-	-
Balance at 31.03.2078	14,937,654	14,937,654
Amortization		
Balance at 01.04.2076	12,124,124	12,124,124
Charge for the year	778,791	778,791
Disposal	-	-
Balance at 31.03.2077	12,902,915	12,902,915
Charge for the year	828,401	828,401
Disposal	-	-
Balance at 31.03.2078	13,731,316	13,731,316
Net Book Value		
At 01.04.2076	927,319	927,319
At 31.03.2077	2,034,739	2,034,739
At 31.03.2078	1,206,338	1,206,338

Note 3.3: Investment Property

Amount in Rs.

Particulars	Freehold Land	Building	Total
Cost			
Balance at 01.04.2076	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 31.03.2077	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal	-	-	-
Balance at 31.03.2078	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2076	-	75,740,113	75,740,113
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2077	-	77,719,236	77,719,236
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2078	-	79,698,359	79,698,359
Net Book Value			
At 01.04.2076	4,707,287	90,406,699	95,113,987
At 31.03.2077	4,707,287	88,427,576	93,134,864
At 31.03.2078	4,707,287	86,448,453	91,155,741

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements**Note 3.4: Deferred Tax Assets**

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

Amount in Rs.

Particulars	01.04.2077	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2078
Fixed Assets	(36,276,929)	(9,352,796)	-	(45,629,725)
Gratuity Provision	53,629,411	(29,294,944)	-	24,334,467
Provision for Leave	25,576,794	(11,983,898)	-	13,592,896
Trade and Other Receivable	7,781,178	1,062,500	-	8,843,678
Total	50,710,454	(49,569,138)	-	1,141,316

Particulars	01.04.2076	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2077
Fixed Assets	(23,966,045)	(12,310,884)	-	(36,276,929)
Gratuity Provision	55,664,769	(2,035,358)	-	53,629,411
Provision for Leave	24,270,980	1,305,814	-	25,576,794
Trade and Other Receivable	6,718,678	1,062,500	-	7,781,178
Total	62,688,382	(11,977,928)	-	50,710,454

Note 3.5: Investments

Amount in Rs.

Particulars	31.03.2078	31.03.2077
Non-Current		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	273,145,258	273,149,180
Total	273,145,258	273,149,180
Current		
At Amortized Cost	10,000,000	90,000,000
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
Total	10,000,000	90,000,000

Investment comprises the following:

At Amortized Cost (A)	31.03.2078	31.03.2077
Term Deposit	10,000,000	90,000,000
Total Investment at Amortized Cost	10,000,000	90,000,000
At Fair Value Through OCI (B)		
Investment in Associates		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	16,538	16,538
Less: Allowance for Impairment	(16,538)	(16,538)
Net investment	-	-
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	261,840,000	261,840,000
Sub-total	261,840,000	261,840,000
Investment in other Entities		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,305,258	11,309,180
Sub-total	11,305,258	11,309,180
Total Investment through OCI	273,145,258	273,149,180
Proportion of voting rights		
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	24%	24%
H I Soaltee Management Co. Limited	26%	26%
Himal International Power Corp. Pvt. Ltd.	6%	6%

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

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

Note 3.6: Trade and Other Receivable

Particulars	Amount in Rs.	
	31.03.2078	32.03.2077
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	4,454,681	2,992,083
Deposits	3,714,814	3,427,464
Loans and Advances to Employees	26,088,551	49,556,592
Deferred Employee Benefit Expenses	2,015,435	2,342,996
Total	43,324,900	65,370,554
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	36,273,481	58,319,135
Current		
Trade Receivable		
Trade Receivable	163,320,827	193,654,762
Less: Allowance for Impairment	(34,565,887)	(29,565,887)
Trade Receivable-Net	128,754,940	164,088,875
Other Receivable		
Loans and Advances to Employees	15,749,658	13,715,243
Loans and Advances to Other	24,600,047	6,033,967
Advances to Contractor and Suppliers	1,857,037	7,907,740
VAT Recoverable	32,298,270	10,330,274
Management Fees Recoverable	4,036,281	-
Others	626,537	464,656
Deferred Employee Benefit Expenses	1,658,448	790,981
Total Other Receivable	80,826,278	39,242,861
Total	209,581,218	203,331,736

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

Note 3.7: Inventories

Particulars	31.03.2078	31.03.2077
Stores and Spares	10,196,803	9,388,916
Provision, Beverage and Others	16,792,221	22,720,971
Uniform and Linen	32,650,435	17,624,454
Crockery, Cutlery etc.	14,492,046	19,017,905
Total	74,131,505	68,752,246

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2078	31.03.2077
Cash in Hand	1,396,489	2,201,601
Balances with Bank	48,165,259	227,868,627
Total	49,561,748	230,070,228

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements**Note 3.9: Share Capital**

Amount in Rs.

Particulars	31.03.2078	31.03.2077
Authorized Share Capital		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
Issued Share Capital		
100,000,000 Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Subscribed and Fully Paid up		
84,257,973 Shares of Rs.10/- each	842,579,730	842,579,730
Total	842,579,730	842,579,730

Reconciliation of no. of shares outstanding

Particulars	31.03.2078	31.03.2077
Balance at the beginning of the year	84,257,973	73,267,537
Add: Bonus Issue	-	10,990,436
Balance at the end of year	84,257,973	84,257,973

Details of Shareholding

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

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2078	31.03.2077
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,305,258	1,309,181
Retained Earnings	542,663,729	766,691,020
Total	602,456,175	826,487,389

Note 3.11: Non-Controlling Interest

This represents portion of minority shareholders' interest (26.37%) in the financial statements of HI Soaltee Hotel Company Pvt. Ltd.

Particulars	31.03.2078	31.03.2077
Share Capital	3,563,600	3,563,600
Retained Earnings	4,589,050	4,308,522
Total	8,152,650	7,872,122

Note 3.12: Loans and Borrowings

Particulars	31.03.2078	31.03.2077
Non-Current		
Secured- Hire Purchase	1,124,779	2,601,024
Total	1,124,779	2,601,024
Current		
Overdraft and Working Capital Loan	93,179,658	-
Current portion of Hire Purchase Loan	1,399,846	1,223,356
Total	94,579,504	1,223,356

Note 3.13: Employee Benefits

Particulars	31.03.2078	31.03.2077
Non-Current		
Gratuity	114,515,139	319,639,442
Less: Plan Assets	(6,174,356)	(67,265,742)
Net Gratuity Liability	108,340,783	252,373,700
Accumulated Leave	63,966,570	120,361,383
Total	172,307,353	372,735,083
Current		
Salary and Wages Payable	9,881,025	21,612,648
Bonus Payable	-	13,992,287
Total	9,881,025	35,604,935

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

Note 3.14: Income Tax Receivable/(Payable)

Particulars	Amount in Rs.	
	31.03.2078	31.03.2077
Advance Income Tax	28,047,374	37,203,022
Income Tax Liability	(141,353)	(16,418,342)
Total	27,906,021	20,784,680

Note 3.15: Trade and Other Payable

Particulars	31.03.2078	31.03.2077
Non-Current		
Retention and Security Deposit	17,432,234	16,803,661
Unclaimed Dividend	11,376,471	20,795,451
Total	28,808,705	37,599,112
Current		
Sundry Creditors	246,761,387	158,833,893
Other Payable		
Advances Received	90,632,297	90,632,297
Civil Aviation Fee	484,061	27,242,547
Management Fee	-	4,208,002
Flight Kitchen Franchise Fee	1,834,241	393,211
Service Charge	18,495,028	22,264,683
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	8,134,351	8,938,372
Other Liabilities	64,612,662	67,922,605
Total	457,288,056	406,769,639

Trade and other payable are non-interest bearing in nature.

Note 3.16: Revenue from Operation

Particulars	2077-78	2076-77
Room	57,427,873	311,347,423
Food	350,303,640	799,069,674
Beverage	10,458,605	35,496,562
Cigar and Cigarettes	40,180	495,025
Telephone	4,837	70,071
Laundry Income	1,977,242	5,346,392
Business Centre	-	117,700
Total	420,212,377	1,151,942,847

Note 3.17: Other Income

Particulars	2077-78	2076-77
Premises Rental Charge	1,411,117	26,192,299
Interest on Loans & Advances at Amortized Cost	1,474,942	4,619,240
Interest on Call Account/Time Deposit	2,041,118	21,163,720
Miscellaneous Receipts	2,704,113	15,933,794
Income from Service Charge	6,532,211	20,733,269
Profit on Sale of Assets	518,509	584,201
Exchange Gain	-	2,840,975
Others	249,271	546,655
Government Grant towards Social Security Fund (SSF)	4,483,750	11,429,057
Reversal of Incentive Management Fee	7,835,582	-
Reversal of Provision for Gratuity	-	10,570,091
Reversal of Provision for Leave	7,792,516	-
Total	35,043,129	114,613,301

Additional information on Government Grant towards SSF is provided in Note 4.19.

SOALTEE HOTEL LIMITED
As at 31 Ashad 2078 (15 July 2021)
Notes to the Consolidated Financial Statements

Note 3.18: Consumption of Food and Beverage

Particulars	Amount in Rs.	
	2077-78	2076-77
Food	121,164,519	196,965,468
Beverage	2,705,874	9,121,826
Cigarettes	20,582	152,350
Total	123,890,975	206,239,644

Note 3.19: Employee Benefit Expenses

Particulars	2077-78	2076-77
Salary and Wages	90,066,478	228,549,105
Allowances	27,437,676	84,921,801
Festival Allowance	-	24,707,436
Overtime	196,050	9,106,009
Employees Meal	7,657,809	19,184,745
Soaltee Staff Welfare	3,100,862	4,540,067
Gratuity	7,339,553	18,566,486
Leave	-	12,561,696
Provident Fund	8,684,671	23,262,207
Clinic Expenses	1,437,148	1,962,965
Amortization of staff loan	206,009	2,150,598
Incentive Exit Scheme	67,857,602	-
Bonus	-	13,992,287
Total	213,983,858	443,505,402

Additional information on Gratuity is provided in Note 4.4.a.

Note 3.20: Operating Expenses

Particulars	2077-78	2076-77
Linen	6,195,138	19,906,762
Laundry Supplies	21,801	3,481,665
Crockery & Cutlery	1,203,511	4,647,491
Silverware	4,068,270	5,074,915
Cleaning Supplies	3,339,523	6,392,432
F & B Paper Supplies	6,456,701	7,812,471
Guest Supplies	4,415,274	9,819,281
Water & Water Treatment	6,438,017	7,291,330
Garden Maintenance	7,035	28,050
Pest Control	1,330,745	2,098,800
Waste Removal	304,000	658,500
Power and Fuel	47,796,067	93,595,204
Repair and Maintenance	13,318,504	26,334,287
Total	94,894,586	187,141,188

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

Note 3.21: Other Expenses

Amount in Rs.

Particulars	2077-78	2076-77
Rental Charges	2,533,105	1,045,560
Travelling	777,206	5,067,243
Transport and Conveyance	6,292,788	18,460,761
Audit Fee	651,700	651,700
Legal and Professional Fees	5,154,837	6,170,497
Directors' Meeting Fees	-	547,057
Licence & Taxes	18,832,228	20,909,155
Bank Charges	1,414,177	6,203,465
Annual General Meeting Expenses	528,665	874,831
Commissions	3,088,619	3,728,824
Insurance	9,148,448	18,901,813
Communication Expenses	3,883,425	4,609,988
Printing and Stationery	2,786,183	3,465,073
Advertisement and Sales Promotion	5,781,445	14,370,366
Marketing and Reservation Expenses	2,419,812	10,983,444
Training and Conference	1,986,300	2,257,586
Books and Newspaper	27,758	237,213
Membership & Subscription	988,770	1,483,483
Security Services	3,470,528	5,376,389
Uniform Expenses	1,470,925	2,320,743
Entertainment	306,302	1,708,278
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	7,529,464	6,059,644
Banquet Expenses	604,787	12,175,225
Kitchenette Expenses	1,878,942	2,639,804
Exchange Loss	573,735	-
Corporate Social Responsibility	-	1,120,421
Miscellaneous	10,187,419	9,894,088
Total	97,317,568	166,262,651

Note 3.22: Earnings per Share

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

Calculation of basic and diluted earnings per share has been done as stated above.

Particulars	2077-78	2076-77
Basic Earnings per Share		
Profit/(Loss) for the year	(223,866,653)	113,953,887
Number of shares	84,257,973	84,257,973
Basic Earnings per Share (Rs.)	(2.66)	1.35
Diluted Earnings per Share		
Profit/(Loss) for the year	(223,866,653)	113,953,887
Weighted average number of shares	84,257,973	84,257,973
Diluted Earnings per share (Rs.)	(2.66)	1.35

SOALTEE HOTEL LIMITED

As at 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements**Note 3.23: Financial Instruments Classification and Fair Value Measurement**

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

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

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

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exist factors that would otherwise result in changes to the book value of assets or liabilities. Such factors did not exist as per management evaluation and accordingly, book value has been considered as fair value.

Amount in Rs.

As at 31.03.2078	Carrying Amount	Level 1	Level 2	Level 3
<u>Financial Assets</u>				
<u>Financial Assets at Amortized Cost</u>				
Trade and Other Receivable	242,180,816			242,180,816
Investment	10,000,000			10,000,000
Cash and Cash Equivalent	49,561,748			49,561,748
Total At Amortized Cost	301,742,564			301,742,564
<u>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</u>				
Investment	273,145,258			273,145,258
Total Financial Assets	574,887,822	-	-	574,887,822
<u>Financial Liabilities</u>				
<u>Financial Liabilities at Amortized Cost</u>				
Trade and Other Payable	486,096,761			486,096,761
Loans and Borrowings	95,704,283			95,704,283
Total Financial Liabilities	581,801,044	-	-	581,801,044
<u>As at 31.03.2077</u>				
<u>Financial Assets</u>				
<u>Financial Assets at Amortized Cost</u>				
Trade and Other Receivable	258,516,894			258,516,894
Investment	90,000,000			90,000,000
Cash and Cash Equivalent	230,070,228			230,070,228
Total At Amortized Cost	578,587,122			578,587,122
<u>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</u>				
Investment	273,149,180			273,149,180
Total Financial Assets	851,736,302	-	-	851,736,302
<u>Financial Liabilities</u>				
<u>Financial Liabilities at Amortized Cost</u>				
Trade and Other Payable	444,368,751			444,368,751
Loans and Borrowings	3,824,380			3,824,380
Total Financial Liabilities	448,193,131	-	-	448,193,131

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2078 (15 July 2021)

Notes to the Consolidated Financial Statements

4 Additional Information

4.1 Share Capital

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

4.2 Non-Controlling Interest

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

4.3 Reserves and Retained Earnings

a. Share premium

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

b. Other Reserves

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

c. Retained Earning

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

d. Fair Value Reserve

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

e. Revaluation Reserve

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

4.4 Employee Benefits

a. Gratuity

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which SHL was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labor law has changed the nature of gratuity and this is now a defined contribution plan whereby SHL is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. SHL has enrolled itself and it's employees in Social Security Fund (SSF) in Chaitra 2076 and thereafter it has started making contribution towards Employee Gratuity in the fund.

Particulars	2077-78	2076-77
Opening Liability	319,639,442	329,414,263
Payment Made	(203,256,821)	(13,011,014)
Expenses Booked	7,339,553	18,566,486
Reversal of Excess Provision	-	(10,570,091)
Deposited in SSF	(7,339,553)	-
Government Grant towards SSF for Gratuity	(1,867,482)	(4,760,202)
Closing Liability	114,515,139	319,639,442

b. Leave

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

Particulars	2077-78	2076-77
Opening Liability	120,361,383	122,289,649
Service Cost	20,230,280	3,472,909
Interest Cost	6,243,913	7,656,926
Actuarial Gain/(Loss)	(34,266,709)	(6,641,410)
Benefit Paid	(48,602,297)	(6,416,691)
Closing Liability (A)	63,966,570	120,361,383
Liability recognized in the financial statements (B)	63,966,570	120,361,383

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

Particulars	2077-78	2076-77
Discount Rate	6.50%	6.43%
Rate of Compensation Increase	6%	6%
Average Expected Future Service	14	13.5
Average Duration of Liabilities	12.5	16.5

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

Sensitivity Analysis

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

Particulars	2077-78	2076-77
Effect on:		
- Service Cost	(2,465,544)	(210,828)
- Interest Cost	960,600	1,190,810
- Leave Liability	(13,610,076)	(11,435,257)

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

Particulars	2077-78	2076-77
Effect on:		
- Service Cost	2,957,603	254,876
- Interest Cost	(960,600)	(1,191,440)
- Leave Liability	8,907,455	13,503,921

4.5 Lease

SHL has entered into a lease arrangement of premises for a period of 2-3 years. The future minimum lease rental payment to be made is as follows:

Period	2077-78	2076-77
Up to one year	7,265,833	1,050,000
One to five years	12,343,552	1,102,500
Above five years	-	-
Total	19,609,385	2,152,500

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

Period	2077-78	2076-77
Up to one year	36,007,149	33,509,181
One to five years	228,502,545	190,894,061
Above five years	310,150,800	351,517,808
Total	574,660,494	575,921,050

The Board of Directors of SHL has decided to grant waiver for the lease payments of lessees whose business was significantly and adversely affected by COVID-19 outbreak and subsequent government-imposed lockdown.

4.6 Corporate Social Responsibility

During the year, SHL has provided Rs. NIL (previous year Rs. 1.12 million (1% of net profit after tax) as Corporate Social Responsibility as per the Section 54 (1) of the Industrial Enterprises Act 2076.

4.7 Risk Management objectives and policies

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

i. Market Risk

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

ii. Credit Risk

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

iii. Liquidity Risk

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

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

iv. Operational Risk

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

v. Exchange Rate Fluctuation Risk

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

4.8 Related Party Transactions

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

a. Significant Influence

Entities having significant influence over the Group is as follows:

i. Soaltee Enterprise Pvt. Ltd. (SEPL)

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

Entity where the Group has significant influence is:

i. Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.

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

b. Other related entities

i. Nepal Airlines Corporation (NAC)

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

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

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	141.96	211.79	31.21	52.77

ii. Sibkrim Holdings Pvt. Ltd.

There is no transaction of this company with SHL.

c. Those charged with Governance

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

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director	Nepal Airlines Corporation
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjana Kumar Tibrewala	Director	Public Shareholder

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

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. NIL (previous year Rs. 0.55 million).

d. Key Management Personnel

The Groups' key management personnel include are Executive Chairman & Vice President of SHL and General Manager of The Soaltee Kathmandu.

Total compensation to key management personnel during the year is Rs. 12.59 million (previous year Rs. 29.68 million). The compensation paid to Executive Chairman of SHL also includes the performance incentive paid based on the profit of Hotel.

4.9 Unpaid Dividend

Total unpaid dividend of SHL amounted to Rs. 11.38 million (previous year Rs. 20.79 million).

4.10 Trade and Other Receivable

4.10.1 Civil Aviation Fee recoverable from Airlines

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

4.10.2 Trade Receivable from Jet Airways

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. In October 2020, a revival takeover plan of potential investors has been approved by the Committee of Creditors of Airlines. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the proceeding and business revival is yet to be known.

4.11 Lien on company's assets

Current and non-current assets of SHL, where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 94.57 million (previous year Rs. 3.82 million).

4.12 Contingent Liability

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

4.13 Bank Guarantee

Unexpired bank guarantee issued by Group amounted to Rs. 8.45 million (previous year Rs. 2.90 million)

4.14 Litigations or legal cases

i. Income tax Matters

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

ii. Assessment status

SHL has appealed to Revenue Tribunal challenging the disallowance of expenses on Self-

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

SHL has appealed to Inland Revenue Department challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2072-73 and additional demand of tax Rs. 2,413,333 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

SHL has appealed to Inland Revenue Department challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2073-74 and additional demand of tax Rs. 134,155 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

iii. Casino Royalty

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

iv: Arbitration

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

v. Legal cases

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

4.15 Capital Commitment

Capital contract of SHL remaining to be executed on capital accounts net of advances to Rs. 18.07 million (Previous year Rs. 2.62 million).

4.16 Letter of Credit

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

4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law, this fund is no longer required and no provision has been made. SHL has not paid during the year out of this fund to a separate entity called Employee Housing.

4.18 Operating Segment

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

- i. **Core hotel business:** The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.
- ii. **Flight catering:** The Flight Catering Division provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.
- iii. **Horizon Lounge:** Horizon Lounge Unit provides airport lounge services to the travelers at Tribhuwan International Airport (TIA).

The financial information about the identified segments are as follows: (Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Horizon Lounge	Total
Revenue				
- Food	88.08	260.13	2.09	350.30
- Room	57.43			57.43
- Beverage	9.04	0.80	0.62	10.46
- Others	2.02		0.02	2.04
Interest Income	3.52			3.52
Other Income	31.53			31.53
Total Revenue	191.61	260.93	2.73	455.26

Consumption cost	35.22	88.23	0.44	123.89
Employee Benefit Expenses	168.01	45.19	0.78	213.98
Management, Operating and Other Expenses	99.94	92.06	2.67	194.67
Depreciation and Amortization	89.39	4.40	0.20	94.00
Finance Cost	2.87			2.87
Total Expenses*	395.44	229.88	4.09	629.41
Segment Result	(203.83)	31.05	(1.36)	(174.15)
Income Tax				49.71
Profit/(Loss) for the period				(223.87)
Segment Assets	2,073.64	121.72	21.82	2,217.18
Segment Liabilities**				2,217.18

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

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

4.19 Government Grant towards Social Security Fund (SSF)

The Government of Nepal (GoN) announced that it would contribute 31% of the basic salary to Social Security Fund (SSF) on behalf of the registered contributors (20% employer's contribution and 11% employees) as a relief to employers and employees impacted during the countrywide lockdown period due to COVID-19. SHL started contributing to SSF after its enrolment in Chaitra 2076 and qualifies for the Grant related to Income. Accordingly, SHL has recognized such contributions of Rs. 4.84 million in employee's SSF for the month Jestha and Ashad 2078 as Government grant and recognized the corresponding amount as employee cost in the financial statements.

4.20 Capital Management

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

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

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

4.21 Going Concern

Impact of COVID-19

The Group faces significant uncertainties due to COVID-19 which have impacted the operations of the Group adversely starting from the start of the fiscal year. Management has assessed the impact of existing and anticipated effects of COVID-19 on the future cash flow projections and has prepared a range of scenarios to estimate possible financing requirements. Nonetheless, management is confident of its ability to generate cash inflows from operations and also raise long term funds to meet its obligations on due date.

Also refer note 2.1.3 (e) Estimation uncertainty relating to the global health pandemic on COVID-19. Based on aforesaid assessment, management believes that as per estimates made conservatively, the Group will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on 15 July 2021.

4.22 Regrouping and Round off

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





Soaltee Westend Premier Hotel Nepalgunj



Bao Xuan Restaurant



Garden Terrace Restaurant



Kakori Restaurant



Megha Malhar Conference Hall



Regal Suites



One of the Newly built Conference Hall – Sur Sudha



The Soaltee Gate Gourmet - Flight Catering Division



Soaltee Hotel Limited
★ ★ ★ ★ ★

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