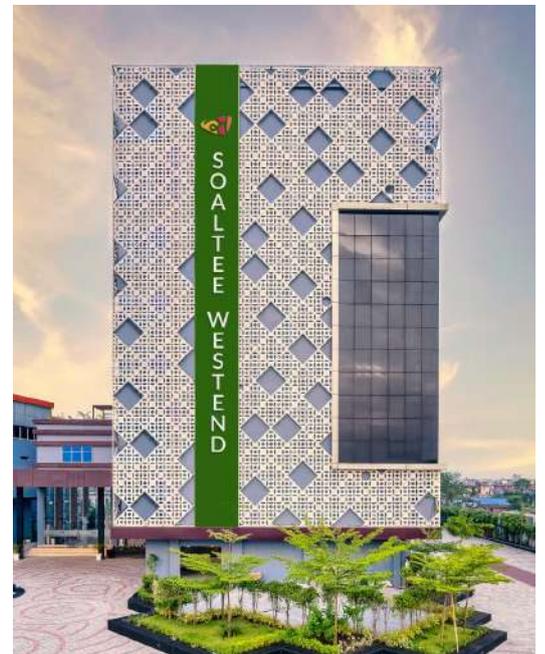




Soaltee Hotel Limited



49th
ANNUAL REPORT
2022/2023 (2079/2080)



 The Soaltee KATHMANDU	 SOALTEE WESTEND PREMIER NEPALGUNJ	 SOALTEE WESTEND RESORT CHITWAN	 SOALTEE WESTEND ITAHARI	 SOALTEE WESTEND RESORT NAGARKOT	 HORIZON LOUNGE	 The Soaltee Gategourmet
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SOALTEE HOTEL LIMITED, PO BOX. 3800, TAHACHAL, KATHMANDU, NEPAL

www.soalteehotel.com | www.soaltee.com

BOARD OF DIRECTORS | संचालक समिति



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



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



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



Director संचालक
Mrs. Jaya Rajya Laxmi Shah श्रीमती जया राज्य लक्ष्मी शाह
Nominee प्रतिनिधि
SOALTEE ENTERPRISES PVT. LTD. सोल्टी इन्टरप्राइजेज 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 बिक्रम खत्री
Elected निर्वाचित
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक
Mr. Ubaraj Adhikari श्री युवराज अधिकारी
Nominee प्रतिनिधि
NEPAL AIRLINES CORPORATION नेपाल वायुसेवा निगम



Independent Director स्वतन्त्र संचालक
Mr. Deepak Raj Joshi श्री दीपक राज जोशी

COMPANY SECRETARY | कम्पनी सचिव



Mr. Lil Bahadur Khatri श्री लिल बहादुर खत्री

Own and Operates



NOTICE TO THE SHAREHOLDERS OF SOALTEE HOTEL LIMITED FOR 49TH ANNUAL GENERAL MEETING

Dear Respected Shareholder,

This is to inform all Shareholders of the Company that, as decided at the 247th Meeting of the Board of Directors of the Company held on Friday, 17th November 2023 (1st Mangsir 2080), the 49th 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 a valid representative (proxy) through Physical and Virtual, video conference medium.

1 DATE, TIME, AND VENUE:

DATE : THURSDAY, 11TH JANUARY 2024 (26TH Poush 2080)
TIME : 10.30 AM
VENUE : NEPAL ACADEMY CONFERENCE HALL, KAMALADI, KATHMANDU.

The 49th Annual General Meeting of the Company will be conducted through physical and virtual video conferencing medium. The respected shareholders of the Company have been requested to attend/participate in the Annual General Meeting through physical or a virtual video conference online medium and the virtual video conference arrangements will be made accordingly.

2 AGENDA:

(A) ORDINARY RESOLUTIONS

1. To receive, consider and adopt the **Directors' Report** for the Fiscal Year 2022/23 (2079/80);
2. To Consider and Approve the **Financial Statements** for the Fiscal Year 2022/23 (2079/80) comprising of **Balance Sheet** (Statement of Financial Position) as on 16th July 2023 (31st Ashadh 2080); **Profit and Loss Account** (Statement of Profit or Loss and Other Comprehensive Income) for the year ended on 16th July 2023 (31st Ashadh 2080); **Cash Flow Statement** (Statement of Cash Flow) and **Statement of Changes in Equity** for the year ended on 16th July 2023 (31st Ashadh 2080); and **Notes to Financial Statement** along with the Auditors' Report and **Consolidated Financial Statement** for the fiscal year 2022/23 (2079/80); comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2022/23 (2079/80) of the Company;
3. To consider and adopt the **Cash Dividend** Proposed by the Board of Directors at the rate of **26.57894737%** of the Subscribed and **Paid-up Capital** to the shareholders from the Profit of the fiscal year 2022/23 (2079/80);
4. To appoint the **Statutory Auditors** of the Company and fix their remuneration for the Fiscal Year 2080/81 (2023/2024) as recommended by the Audit Committee of the Company;

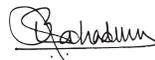
(B) SPECIAL RESOLUTIONS:

5. To consider and approve the Proposed issue of 5% Bonus Shares i.e. 1 (one) Bonus Share for every 20 (twenty) equity shares and an increase in the **Subscribed and Paid up Capital** to the extent of Bonus Shares issued to the shareholders of the Company;

(C) OTHERS

6. 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 **49th Annual General Meeting**, Proxy Application Form.
2. The **Directors' Report** to the shareholders of the Company for the Fiscal Year 2022/23 (2079/80)
3. Financial Statements of the Company along with Auditors' Report, and **Consolidated Financial Statement** for the fiscal year 2022/23 (2079/80) comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2022/23 (2079/80).

GENERAL INFORMATION RELATING TO THE 49TH ANNUAL GENERAL MEETING

1. The 49th Annual General Meeting (AGM) of the Company will be held on Thursday, 26th Poush 2080 corresponding to 11th January 2024 at 10.30 am at Nepal Academy, Pragma Sam Conference Hall, Kamaladi, Kathmandu.
2. The meeting of the 49th Annual General Meeting of the company will be conducted through physical as well as virtual video conferencing mediums. At the 49th Annual General Meeting of the Company, the facility to participate through virtual video conferencing will be provided to the shareholders on a **first come first serve** basis, or who register first will be served first and provided the link to virtual participation due to limited service of the service provider. Further, the virtual participation/presence through video conferencing of the shareholders at the meeting of the 49th Annual General Meeting (AGM) will be recognized and recorded as present in the AGM hall and considered while calculating the quorum as per Article 73 of the Companies Act, 2063.
3. The Shareholders' Register shall be closed for 22 days from **Thursday, 21st December 2023 (5th Poush 2080) to Thursday, 11th January 2024 (26th Poush 2080)** both days inclusive i.e., till the conclusion of the 49th Annual General Meeting (AGM) of the Company or till the conclusion of the 49th Annual General Meeting (AGM). Further, shareholders who have been duly shares transacted as per the regulations in Nepal Stock Exchange Limited (NEPSE) till Wednesday, 20th December 2023 (4th Poush 2080) and have been received by the Share Registrar of the Company, NIBL Ace Capital Limited, Lazimpat, Kathmandu will be valid for the updates in the Share Register of the Company and will be considered as a shareholder of the Company for purpose of 49th Annual General Meeting.
4. Respected Shareholders participating/attending through virtual video conferencing will be recognized as attending the ensuing 49th Annual General Meeting. Attendance of shareholders attending/participating through virtual video conferencing will be based on their virtual login. Arrangements will be made accordingly 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.
5. The **AGM Notice** of the 49th Annual General Meeting and the **abstracts (summarized) of the Annual Report comprising the summarized Financial Statement and Director's report to the shareholders** for the fiscal year 2079/80 (2022/23) under Section 84 of the Companies Act, 2063 will be sent to respected shareholders at their available email address maintained in the Company's Shareholder Register. The 49th Annual Report 2079/80 (2022/23) along with the AGM Notice of the 49th Annual General Meeting, Audited Financial Statements, and related information can be viewed on the website <http://www.soalteehotel.com> of the Company.
6. Shareholders wishing to discuss any matters under the agenda item of the 49th Annual General Meeting should notify the Executive Chairman of the Company in writing through the Company Secretary 7 days before the 49th Annual General Meeting, i.e., by Thursday, 4th January 2024 (19th Poush 2080). However, it will not be included as an agenda and Resolution of the meeting for consideration.
7. Shareholders who wish to appoint a representative (proxy) to attend the 49th Annual General Meeting, the letter of appointment of the representative (Proxy) should be registered by the shareholder at the Registered Office of the company, KMC-13, Tahachal, Kathmandu at least 48 hours before the start of the 49th Annual General Meeting.
8. Shareholders are kindly requested to produce a Share Certificate or Statement of Demat Beneficiary Account Number details along with proof of their Identity (such as a citizenship certificate or any other certificate issued by the government of Nepal with a photograph) must be presented compulsorily and shareholders will be allowed to enter the meeting hall only after Signing the Shareholder Attendance Register available at the AGM meeting hall. All shareholders are requested to attend the meeting room half an hour before the scheduled meeting time. The Shareholder Attendance Register will be open from 9 am morning until the end of the Annual General Meeting for the signatures of the shareholders.
9. Shareholders are requested to kindly cooperate with security personnel deployed at the AGM hall venue to comply with the security procedures arrangements of the Academy Hall. Due to security reasons, Respected Shareholders shall not be allowed to bring in any kind of bags, packets, etc. inside the Academy meeting hall.
10. For further information relating to the 49th Annual General Meeting of the Company, respected shareholders are kindly requested to contact the Registered Office of the Company at KMC-13, 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.
11. Shareholders may contact the Share Registrar of the Company NIBL Ace Capital Ltd., Lazimpat, Kathmandu for more information regarding shareholding and the 49th Annual General Meeting of the Company.

Information and guidelines to be followed by the respected shareholder to attend the 49th Annual General Meeting of the Company through the virtual medium using the Video Conferencing (Zoom) Application.

1. The participating shareholders are invited to attend the 49th 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 the 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 should inform in advance through email at least two days before the meeting by contacting 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, and mobile number should be made available to the company while registering as a speaker to the meeting.
3. As virtual participation in the 49th Annual General Meeting will depend on the limitations of technology, punctuality, availability, 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 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 a laptop for a technically good experience at the virtual participation in the 49th Annual General Meeting of the Company.
5. Respected Shareholders participating in the meeting through mobile devices or tablets or through Laptops connecting via mobile hotspots may experience Audio/Video loss due to fluctuation/deterioration in their respective networks. 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 49th 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 **49th Annual General Meeting** scheduled to be held on **Thursday, 11th January 2024 (26th Poush 2080)**, 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 (CA)	Executive Chairman
Mr. Sudarshan Chapagain (CA)	Vice President
Mr. Lil Bahadur Khatri	Chief of Corporate Affairs and Company Secretary
Mr. Mukti Nath Shrestha	Chief Accountant
Mr. Chudamani Parajuli	Senior Manager Administration and Public Relations
Mr. Suman Gwachha	Manager Projects
Mr. Leelam Karki	Deputy Manager Projects
Ms. Pratiksha Basnet	Manager - Executive Office

HOTEL OPERATION DIVISION | THE SOALTEE KATHMANDU

Mr. Rishi Chopra	General Manager
Mr. Rajiv Kumar Thakur	EAM - Rooms Division
Mr. Agnimitra Sharma	EAM – Food and Beverage
Mr. Indra Khadka Chhetri	Director - Food and Beverage
Mr. Khem Bahadur Poudel	Director of Human Resource
Mr. Narendra Neupane	Financial Controller
Mr. Harish Kumar Bhatt	Director of Sales and Marketing
Ms. Sumati Shakya	Sr. Director of Meetings & Events
Mr. Ranjit Singh Chauhan	Director of Sales (Leisure)
Mr. Manoj Yadav	Director of Sales - Corporate
Mr. Rupesh Shrestha	Director of Learning & Development
Mr. Akhilish Kumar Mishra	Cluster Director of Revenue
Mr. Niranjan Ratna Shakya	Cluster IT Manager
Ms. Pragya Shrestha	Sr. Associate Director of Sales
Ms. Namrata Khadka	Sr. Meeting & Events Manager
Mr. Naveen Dhakal	Revenue Manager
Ms. Srijana Nepali Ghale	House Keeping Manager
Mr. Srijan Prasad Sharma	Manager-Brand Compliance & Loyalty Program
Mr. Deepak Raj Pandey	Front Office Manager
Ms. Sampada Singh	Duty Manager
Mr. Ganesh Datt Awasthi	Banquet Chef de Cuisine
Mr. Anju Man Singh Basnet	Purchase Manager
Mr. Santosh Niraula	Finance Manager - Credit & Income
Mr. Suyash Mani Bajracharya	Meetings & Events Manager
Mr. Samman Devkota (CA)	Finance Manager - Cost Control & Audit
Mr. Nand Kumar Bhandari	Chief Engineer
Ms. Sujata Raut	Sales Manager
Mr. Ashish Timalena	Sales Manager
Mr. Binu K. Krishnankutty	Sr. Sous Chef
Mr. Bivek Bista	Manager Kitchen Stewarding
Mr. Sher Bahadur Chand	Security Manager

FLIGHT SERVICES DIVISION

Mr. Vivek T Nambiar,	Executive Manager- Flight Services
Mr. Yubraj Pokharel	Cluster Executive Chef – Flight Services
Ms. Binita Shrestha	Director Quality Assurance
Mr. Rajiv Baniya	Operation Manager – Flight Services
Mr. Ram Bahadur Budhathoki	Executive 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

Senior Advocate,

Sinha Varma Law Concern

Kathmandu.

AUDITORS

B K Agrawal & Co.

Chartered Accountants

Kathmandu

SHARE REGISTRAR

NIMB Ace Capital Market Limited

Lazimpat, Kathmandu

BANKERS

NABIL BANK LIMITED

NEPAL INVESTMENT MEGA BANK LIMITED

STANDARD CHARTERED BANK NEPAL LIMITED

NEPAL SBI BANK LIMITED

EVEREST BANK LIMITED

GLOBAL IME BANK LIMITED

HIMALAYAN BANK LIMITED

Kathmandu

REGISTERED OFFICE

Tahachal, Kathmandu

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SIMPLIFIED STATEMENT OF FINANCIAL POSITION AS AT 16 JULY 2023 (31 ASHADH 2080)

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
WHAT THE COMPANY OWNED		
NON-CURRENT ASSETS		
Property, Plant and Equipment	1,902,297,989	1,594,377,605
Intangible Assets	426,854	804,096
Investment Property	87,197,495	89,176,618
Investments	275,487,563	290,689,670
Trade and Other Receivables	23,389,414	28,942,901
	2,288,799,315	2,003,990,890
CURRENT ASSETS		
Inventories, Investments, Receivables, Prepayments, Cash and Cash Equivalents	538,970,418	445,742,251
Less: Current Liabilities	485,776,736	496,423,385
WORKING CAPITAL	53,193,682	(50,681,134)
TOTAL ASSETS	2,341,992,997	1,953,309,756
WHAT THE COMPANY OWED		
Non-Current Liabilities	235,580,260	223,985,258
SHAREHOLDERS FUND	2,106,412,737	1,729,324,498
REPRESENTED BY		
Share Capital	884,715,060	842,579,730
Retained Earnings and Reserves	1,221,697,677	886,744,768
	2,106,412,737	1,729,324,498
DEBT/EQUITY RATIO	0.01	0.04

SIMPLIFIED INCOME STATEMENT FOR THE PERIOD ENDED ON 16 JULY 2023 (31 ASHADH 2080)

Rupees

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	INCREASE/ (DECREASE) %
INCOME			
Rooms, Restaurants, Banquets & Other Services & Other Income	2,254,626,261	1,369,124,039	64.68%
EXPENDITURE			
Employee Benefit Expenses	502,368,131	323,394,618	55.34%
Consumption of Food and Beverages	380,083,406	260,192,048	46.08%
Operating Expenses	285,399,823	196,751,739	45.06%
Depreciation and Amortization Expense	113,641,170	100,355,101	13.24%
Other Expenses	277,343,565	154,715,113	79.26%
Finance Cost	8,660,738	18,544,171	(53.30%)
Total Expenditure	1,567,496,833	1,053,952,790	48.73%
Profit/(Loss) for the year (before Taxes)	687,129,428	315,171,249	118.02%
Current Tax	(124,608,113)	-	100.00%
Deferred Tax Income/(Expense)	(7,541,720)	(17,928,054)	(57.93%)
Net Profit/(Loss) for the year	554,979,595	297,243,195	86.71%
Balance of Profit Brought Forward	827,114,838	529,871,643	
Issue of Bonus Share	(42,135,330)	-	
Fraction of Bonus Share Recovered/(Paid) in Cash	6,344	-	
Payment of Dividend	(179,602,521)	-	
TRANSFERRED TO GENERAL RESERVE	1,160,362,926	827,114,838	



SOALTEE HOTEL LIMITED

DIRECTORS' REPORT

DEAR RESPECTED SHAREHOLDERS,

The Board of Directors takes immense pleasure in welcoming you all, respected shareholders at the 49th Annual General Meeting of the Company. We have the privilege of presenting before you the 49th Annual Report and Audited Financial Statements for the fiscal year ended 16th July 2023 (31st Ashadh 2080). In compliance with statutory requirements, your Company has prepared and presented its Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS).

REVIEW OF THE OPERATING ACTIVITIES

During the fiscal year 2079/80 (2022/23), total revenue increased by 64.68% (previous fiscal year an increase of 201.62%) as compared to the previous fiscal year. Total revenue for the fiscal year was Rs. 2,254.63 million (previous year Rs. 1,369.12 million) which is an increase of Rs. 885.50 million (previous fiscal year Rs. 915.20 million) compared to the previous fiscal year. During the year under review, your Company registered a Cash Profit of Rs 800.77 million as compared to the previous fiscal year's Cash Profit of Rs. 415.52 million with Net Profit after Tax being Rs. 554.98 million as compared to the previous fiscal year's Net Profit of Rs. 297.24 million.

PERFORMANCE HIGHLIGHTS

FINANCIAL RESULTS

The major performance indicators of the Company for the fiscal year 2079/80 (2022/23) and comparative figures are summarised as under:

Rupees in Million

PARTICULARS	FISCAL YEAR		VARIANCE	INCREASE / (DECREASE) %
	2022/23	2021/22		
Total Revenue	2,254.63	1,369.12	885.50	64.68%
Total Expenditure	1,558.84	1,035.41	523.43	50.55%
Profit from Operations	695.79	333.71	362.08	108.50%
Less: Finance Cost	8.66	18.54	(9.88)	(53.30%)
Profit before Taxes	687.13	315.17	371.96	118.02%
Less: Provision for Income Tax	124.61	-	124.61	100%
Less: Deferred Tax Expenses/(Income)	7.54	17.93	(10.39)	(57.93%)
Net Profit after Taxation (before appropriation)	554.98	297.24	257.74	86.71%
Net Profit Transfer to Reserves (before appropriation)	554.98	297.24	257.74	86.71%

AWARDS AND RECOGNITION

We are delighted and honored to inform you that your hotel **The Soaltee Kathmandu** has been awarded with the following Awards: -

LEADING LUXURY HOTEL/RESORT IN NEPAL

Your hotel, The Soaltee Kathmandu was awarded with South Asia's Most Prestigious Travel Industry Awards the **'Leading Luxury Hotel/Resort'** during the 6th South Asian Travel Awards (SATA) 2022, organized by the South Asian Travel Awards (SATA). SATA has been recognizing the best of South Asia's hospitality and travel industry since 2016. The 6th edition of the South Asian Travel Awards (SATA) 2022 was held at Adaaran Select Hudhuran Fushi on September 29 - 30 in Maldives.

INTERNATIONAL HOSPITALITY AND TRAVEL AWARD

Your hotel, The Soaltee Kathmandu was awarded with the **“Best Banquet/Event Hotel”** by 17th Annual International Hospitality and Travel Awards, held at Ashok Hotel, New Delhi on 11th November 2022. The awards were hosted and managed by Golden Tree Events, The International Travel Awards is the most prestigious award which rewards those businesses within the travel, tourism, and hospitality niches for the hard work they do.

MOST EXCLUSIVE WEDDING PRODUCT

Your hotel, The Soaltee Kathmandu was awarded with the **“Most Exclusive Wedding Product”** by Business Leisure Travel MICE (BLTM) Excellence Award, held at The Leela Ambience Convention Hotel Delhi held on 29th & 30th September, 2023.

BEST DESTINATION WEDDING HOTEL

Your hotel, The Soaltee Kathmandu was awarded with the **“Best Destination Wedding Hotel in Nepal”** by Subh Wedding and Lifestyle Awards (SWLA) Season 6, held at Hyatt Regency Gurgaon on 18th September, 2023.

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

The hotel industry in Nepal faces a dynamic landscape in 2023, influenced by various international, regional, and national factors. This brief delves into specific events and developments that are not generic to the hotel industry but have a significant impact on it.

INTERNATIONAL SCENARIO

In 2023, the international hotel industry is witnessing a robust recovery from the COVID-19 pandemic. After overcoming the challenges of the post COVID-19 pandemic, many countries have gradually reopened their borders to international travellers. Countries like the United States, the United Kingdom, and parts of Europe have eased travel restrictions, leading to an increase in international arrivals. The industry adapts to changing traveller’s behavioural preferences, while geopolitical factors and evolving regulations continue to impact performance.

1. Global Health Concerns

The ongoing global health landscape in 2023, post-COVID-19, continues to influence international travel. Vaccine mandates, health passports, and quarantine regulations can affect the flow of international tourists to Nepal, impacting hotel occupancy.

2. Geopolitical Shifts

The changing geopolitics in the region, including potential developments in the Indo-Pacific and Middle-East, can affect international relations. These geopolitical shifts may lead to changes in visa policies, potentially opening up new markets or restricting access for tourists to Nepal.

3. Climate Change Events

Increased global awareness of climate change leads to the possibility of extreme weather events worldwide. Nepal's vulnerability to climate change impacts like floods or landslides can disrupt tourism, affecting hotel industry at large.

REGIONAL SCENARIO

South Asian hotel industry in 2023, has made a strong comeback following the post COVID-19 pandemic. International tourism has surged as countries like India, Sri Lanka, and Nepal reopened their borders. Hotels continue to prioritize health and safety protocols. Sustainability and eco-tourism are major themes, and hotels are embracing eco-friendly practices. The region's rich cultural heritage and historical sites remain attractive to tourists, leading to a boost in hotel bookings near these locations.

BIMSTEC Initiatives

Nepal's participation in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) may lead to improved regional tourism cooperation, potentially boosting hotel bookings through cross-promotional initiatives.



NATIONAL SCENARIO

In Nepal, the hotel industry is rebounding following the COVID-19 pandemic. The country has successfully reopened its borders, with a focus on domestic tourism contributing to year-round hotel demand. Sustainability is paramount, with hotels adopting eco-friendly practices, while cultural and adventure tourism, digital transformation, and infrastructure development enhance guest experiences.

1. Rural Electrification Programs

The government's emphasis on rural electrification in 2023 could provide opportunities for hotels in remote areas to enhance their infrastructure and services, attracting tourists looking for unique off-grid experiences.

2. Heritage Restoration Projects

The restoration of heritage sites and cultural landmarks in Nepal can draw heritage enthusiasts and history buffs, increasing the demand for hotels in close proximity to these sites.

3. Economic Initiatives

Economic policies promoting small and medium-sized enterprises (SMEs) and entrepreneurship may lead to the emergence of boutique hotels and homestays, diversifying the lodging options available to tourists.

4. Sustainable Tourism Promotion

Government initiatives to promote sustainable tourism could encourage hotels to adopt eco-friendly practices, aligning with the global shift towards responsible travel.

5. Agritourism Trends

The focus on agritourism and promoting local agricultural experiences can create opportunities for hotels to collaborate with farmers and offer unique farm-to-table experiences for guests.

The hotel industry in Nepal in 2023 is subject to a range of specific and non-generic factors that have the potential to significantly impact its performance. These events and developments underscore the need for adaptability and strategic planning in the industry, as Nepal navigates a rapidly changing tourism landscape influenced by international, regional, and national dynamics.

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

During the current fiscal year 2023/24, the hotel has posted a total Revenue of Rs. 594.46 million until 31st October 2023 (14 Kartik 2080) against Rs.550.22 million compared to the same period last year. The room occupancy is 53.76% as compared to 58.69% same period last year. The Average Room Rate (ARR) and Revenue per Available Room (RevPAR) are Rs. 9,130 and Rs. 4,908 against Rs. 8,445 and Rs. 4,956 respectively compared to the same period last year.

PRODUCT AND SERVICE UP-GRADATION

In a commitment to delivering an enhanced experience to its guests, our company has embarked on a series of Renovation and Upgradation Projects aimed at continuous improvement. These strategic initiatives are a testament to the company's dedication to ensuring that the Hotel remains a prime destination for travellers seeking a memorable stay.

LOBBY RENOVATION

The first major milestone in this journey was the completion of the second phase of the lobby renovation. A welcoming and visually appealing lobby is the first impression for arriving guests, and this upgrade ensures that they are greeted with a warm and inviting atmosphere.

SPORTS LOUNGE

The newly opened Sports Lounge offers an exciting and comfortable space for guests to relax and enjoy their favourite games or socialize with fellow travellers. It's designed to cater to the diverse interests of our clientele, making it a versatile addition to the hotel's amenities.

RODI BAR

Another integral part of the hotel's offerings, has also been given a fresh look. This establishment is now a modern and stylish destination for those looking to unwind with a drink, offering a more sophisticated atmosphere for

guests.

INTRODUCTION OF NEW SUITES

Everest, Lhotse, and Pumori have been a significant enhancement in our accommodation offerings. These luxurious and well-appointed suites provide a heightened level of comfort and luxury for guests who seek the best in their stay.

EXTENSION AND COMPLETION OF THE PATIO

This area provides an attractive outdoor space where guests can enjoy the fresh air, relax, or dine al fresco. This enhancement increases the versatility of the hotel, catering to the diverse preferences of its patrons as casual seating.

LANDSCAPE UPGRADATION

Renovation of the swimming pool surroundings ensures that our guests have access to an aesthetically pleasing and tranquil outdoor environment. This area is perfect for guests who want to enjoy a dip in the pool or simply relax by the water.

The ongoing project and service upgradation undertaken by our company demonstrate a clear commitment to improving the guest experience and ensuring that our hotel remains a top choice for travellers. These enhancements in various aspects of the property make it a more attractive, comfortable, and welcoming place to stay. As our dedication to continuous improvement remains steadfast, we look forward to providing our guests with an even more memorable and enjoyable stay in the future.

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.

EXPANSION OF THE "SOALTEE" BRAND

Your Company's "Soaltee" brand has been under expansion of new five star standard hotels has been in operation under the Brand and Tradename "Soaltee Westend Resort Chitwan" in Chitwan Bharatpur, "Soaltee Westend Itahari" in Itahari, Sunsari, Soaltee Westend Resort Kaskikot, in Kaskikot, Pokhara, Gandaki Province and Soaltee Westend Resort Nagarkot, in Nagarkot, Bhaktapur Bagmati Province, Nepal.

Furthermore, two more Hotel and Resort are under pipeline and will be operated and managed with Soaltee Brand.

SOALTEE WESTEND RESORT, CHITWAN

Soaltee Westend Resort is located at Patihani Chitwan, Bagmati State of Nepal. It is a luxury resort hotel with a lush green garden. The resort features a total of 52 rooms including 10 Deluxe Villas and 2 Presidential Villas. With 2 restaurants for dining options and, 4 meeting rooms, the resort caters to all kinds of bookings including leisure, family & corporate. Outdoor swimming pool and full service Spa add to the charm of the resort for a comfortable and luxurious stay. The resort is being managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of Trademarks License Agreement between the Companies.

SOALTEE WESTEND, ITAHARI

Soaltee Westend located in Itahari, Koshi Province of Nepal is the first 5-star standard hotel in the Eastern Region of the Country, comfortable and inviting the hotel exudes modernity with stylish design and a contemporary look.



The hotel features 85 rooms, an all-day dining restaurant, one specialty restaurant, a business centre, a travel desk, and a banquet hall of approx. 5000 Sq. feet, a swimming pool, and a spa. The hotel will be managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of Trademarks License Agreement between the Companies.

SOALTEE WESTEND RESORT, NAGARKOT

Soaltee Westend Resort (Previously Operated under the brand of Tayo Eco Resort) is located at Nagarkot, Bagmati State of Nepal. It is the resort features a total of 42 rooms including 10 Villas and 2 Suite Villas offering luxury and comfort. Delightful dining experience at the restaurant and bar, with both indoor and outdoor seating. The Resort features an outdoor pool, a full-service spa, and meetings and events venue with a view of the mesmerizing mountain range. But the real highlight is the perfect sunset views, painting the sky and mountains in golden hues. The resort is being managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of Trademarks License Agreement between the Companies.

SOALTEE WESTEND RESORT, KASKIKOT (POKHARA)

Soaltee Westend Resort is located at Kaskikot, Gandaki Province of Nepal. Nestled in the picturesque hills of Pokhara, the Resort offers a luxurious retreat with 42 elegantly designed rooms, including Superior Rooms, Suites, and 2 Villas with private plunge pools, providing a variety of accommodation options. Guests can savour diverse culinary experiences at the all-day dining restaurant, specialty restaurant, tea house, and bar. The resort provides versatile event spaces, a full-service gym, spa facilities, and a jogging track for recreation. Electric buggies ensure convenient transportation within the resort, making it a perfect destination for travellers seeking serenity and luxury in the heart of the natural beauty of Pokhara. The resort will be managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of a Trademarks License Agreement between the Companies.

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 Nepalganj and Pokhara.

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

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

HIMAL INTERNATIONAL POWER CORP PVT. LTD.

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

The Company has an equity stake of 5.97% in the Share Capital of the Himal International Power Corp (P) Ltd (HIPC), the HIPC has an investment in Bhote Koshi Power Company (P) Ltd (BKPC) which owns and operates the Upper Bhote Koshi Hydroelectric Project (UBKHEP). As reported by the HIPC, the UBKHEP has been commercially operating and supplying electricity to the national grid. HIPC had distributed a dividend of Rs. 11 per ordinary share for the year ended 16th July 2022 (32nd Ashadh 2079) and accordingly your company received a cash dividend of Rs. 11,00,000/- during the year under review.

MAJOR FACTORS AFFECTING THE BUSINESS OF THE COMPANY

Tourism in Nepal, particularly its hotel industry, is influenced by several key factors. The country's breathtaking natural beauty, including the Himalayas, draws adventure enthusiasts, but is susceptible to changes in weather and natural disasters. Political stability is crucial, as instability can deter tourists and disrupt

hotel operations. Infrastructure improvements and accessibility play a vital role in facilitating travel to various destinations. Government policies, safety, and security measures impact the industry, while marketing and promotion strategies, seasonal variations, economic conditions in tourists' home countries, competition among hotels, environmental conservation efforts, cultural preservation, and technology advancements all shape the tourism landscape. Additionally, health concerns and epidemics can significantly affect tourism and necessitate health and safety adaptations. Successful tourism development in Nepal requires a keen awareness of and response to these factors to ensure the industry's sustainable growth and the prosperity of its hotel sector.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Soaltee Hotel Limited ("SHL") has been at the forefront of Corporate Social Responsibility (CSR) activities. The provisions of the Industrial Enterprises Act, 2076, and Industrial Enterprises Rules, 2078 have made it imperative to institutionalize CSR activities. The objective of the Company's CSR activities is to attain sustainable development of the society around the area of operations of the Company and to support the society. The Company's social responsibility activities focus on using the capabilities of business to improve lives and contribute to sustainable living, through contributions to local communities and society at large. The Company undertook various activities during the fiscal year 2022-23 under its CSR activities.

Soaltee Hotel Limited has made significant CSR contributions, donating a total of 50 lakh rupees to the Kathmandu Institute of Child Health (KIOCH). This generous support is divided into two parts: 25 lakh rupees for the construction and equipping of the KIOCH Damak Satellite Children's Hospital in the Jhapa district of Koshi province, and an additional 25 lakh rupees for the establishment of a children's hospital in Hepali Height, Budhanilkanth Municipality, Kathmandu. These contributions underscore Soaltee Hotel Limited's commitment to enhancing children's healthcare in Nepal.

In addition to above, Soaltee Hotel Limited has extended its CSR activities with a total contribution of NPR 33 lakh towards various initiatives. These initiatives reflect Soaltee Hotel Limited's commitment to various social and community causes, addressing issues related to awareness, safety, environment, healthcare, and sports support.

1. Short Documentary on Social Awareness

Soaltee Hotel Limited's CSR efforts include supporting the creation of a short documentary film aimed at promoting social awareness. This initiative was carried out based on a recommendation from the Kalimati Police Station. The documentary addresses important social issues, educates the public, and raises awareness on matters that require attention and action.

2. Installation of Street Lights, Fiber Splicing, and CCTV

Soaltee Hotel Limited has taken steps to enhance safety and security in the vicinity of The Soaltee Kathmandu compound, particularly around Tahachal and Bafal areas. This project has installed and tested street lights, conducted fiber splicing for improved communication infrastructure, and installed CCTV cameras. This collaborative effort with the Kalimati Police Station aims to create a safer environment for the local community and hotel guests.

3. Roadside Plantation in Coordination with KMC and Rotary Club

Soaltee Hotel Limited has joined hands with the Kathmandu Metropolitan City (KMC - 13) and the Rotary Club of Kathmandu to carry out a roadside plantation project. This initiative involves planting trees and greenery along the stretch from Soaltee Mode to Kalimati Bridge. It contributes to beautifying the area, improving air quality, and promoting environmental conservation.

4. Support for Vulnerable Women at Maternity Hospital

The company has provided support for vulnerable women at Maternity Hospital Prashuti Griha, following a request from the Rotary Club of Kupandole. This assistance includes financial aid, medical equipment, or other resources to help women in need, particularly in the context of maternal and child health.

5. Contribution to Basic Health Equipment

Soaltee Hotel Limited has made a contribution to provide basic health equipment to a public health post located in Sandhikhark Municipality Ward no 2, Kura, Argakhachi District. This support helps to improve



healthcare infrastructure in a rural area, enhancing access to medical services and health outcomes for the local community.

6. Sponsorship for the 3rd Jumla Marathon

Recognizing the importance of sports and community engagement, Soaltee Hotel Limited has sponsored the 3rd Jumla Marathon in response to a request from the Karnali Sports Club. This sponsorship supports the organization and execution of the marathon event, promoting sports, physical fitness, and community participation in the Jumla region.

SUSTAINABILITY

Sustainability for The Soaltee Kathmandu refers to the way in which operations of hotels are conducted which is responsible towards the environment and community as well. We are committing for the responsible use of resources with least possible impact on the natural resources. Incorporating sustainability in our hotel is a way to give back to the nature with management strategies that can lead to long-term profitability and brand reputation. For this, we have established dedicated sustainable department in our hotel to help us develop policies and also implement them in all of our properties. Our mission is to integrate the sustainable practices in all the facilities and services provided by the hotel through daily operation to redefine luxury hospitality with eco-conscious practices. We aim to contribute to the well-being of both the environment and the people dependent on the nature through mindful choices and use of the resources.

INSTALLATION OF ELECTRICAL HEAT PUMP

We have shifted from the use of tradition diesel generated steam boiler plant to the electric heat pump for water heating purpose. The heat pumps have higher energy efficiency so, it has less carbon emission than fuel generated boiler and also has lower running costs.

ALTERNATE USE OF ENERGY

For the use of alternative source of energy in the hotel, solar panels have been installed around the hotel premise like roofs of Princep Wing and Himalayan wing as well as parking area to promote the sustainable and cleaner solar energy in the hotel.

WASTE MANAGEMENT

As an initiative of waste management, we have started waste segregation at source. This will give us idea about the types of waste we are producing and its volume. Our objective is to minimize the food waste along with the single-use plastics as much as possible. Therefore, we are planning to install the compost plant within the hotel which will treat all the compostable waste like food waste, garden waste, papers which will produce organic, chemical free fertilizers to be used in the gardens and greenhouse garden of the hotel.

INSTALLATION OF WATER BOTTLING PLANT

The hotel is setting up water bottling plant to reduce the unnecessary plastic waste. This will encourage guest to use the refilled water bottles to help us reduce the use of single-use plastics harmful for the environment and aquatic health. Most of the water bottles end up in the water sources and pollutes the water quality.

GREENHOUSE GARDEN

The greenhouse garden of the hotel produces different types of vegetables and herbs like coriander, mint leaves, chilies, and green leafy vegetables. Around 30 kilograms of vegetables have been harvested and handed over to the kitchen in the last 2 months. The green house garden will be extended in the future to obtain fresher vegetables for the kitchen as it will reduce the carbon footprint of transportation.

We have been dedicated to become an example of sustainability luxury in hospitality sector of Nepal. For this, everyone at The Soaltee Kathmandu is determined to apply any such practices that ensure the health of the planet without compromising the comfort of the hotel. This will help create the balance between the luxury of the hotel and healthier environment. Hence, we have taken these initiative as a first step towards making eco-friendly choices for the sustainability.

INDUSTRIAL AND BUSINESS OR PROFESSIONAL RELATIONS OF THE COMPANY

The Board of Directors is 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 the greatest level of commitment and understanding, extending further cooperation to the Management team to help your Company to succeed in the future challenges for the professional growth and excellency.

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

Your Company is a Hospitality Member of the internationally acclaimed travel and tourism Pacific Asia Travel Association (PATA). The Company is an Associate member of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI), a Member of the 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 AND MANAGEMENT TEAM

The Company has been conducting regular town hall meetings to encourage interaction and work on the areas of action for better performance at work. The hotel has been consistently providing training, communicating guidelines on safety, and maintaining health protocols and practices for the employees to ensure safe working habits and working safely.

The Board of Directors is pleased to inform our valuable Shareholders that our employee's contributions to the Company have been immense and always set a high standard for the 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 time from each Employee of the Company.

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 nine members on the Board of Directors including one female Director and one Independent Director in compliance with the Company Act, 2063. All the Board members are non-executive Directors except the Executive Chairman and thus they do not take part in the day-to-day operation of the hotel. The Board of Directors are from diverse backgrounds and possess specialization and expertise in various fields like Tourism, Trade and Commerce, Insurance, Banking, and Industries.

The Board sets the strategic direction for the Company, reviews the hotel's performance and approves strategic hotel operation plans, sets quarterly and annual performance targets, quarterly operational budgets, and 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

There has been no change in the composition of the Board of Directors of your company during the year under review.

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 the Memorandum and Articles of Association of the Company. The General Manager of the hotel is a permanent invitee to 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 six (6) Board Meetings were held during the fiscal year 2022/23 (2079/80). A total Rs. 1,052,945 has been paid against Board Meeting sitting fees to the Board of Directors of the Company excluding the Executive Chairman who does not take the meeting fee.

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

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

THE AMOUNT RECOMMENDED FOR DISTRIBUTION AS A DIVIDEND

Taking into consideration that the company had posted a Net Profit for the fiscal year 2022/23 (2079/80) the Board of Directors of the Company has recommended a Cash Dividend distribution at the rate of 26.57894737% of the Subscribed and Paid-up Share Capital aggregating Rs. 23,51,47,950 and Bonus Shares at the rate of 5% of Subscribed and Paid up Share Capital held in the Company.

SUBSIDIARY COMPANY

H I SOALTEE HOTEL COMPANY PRIVATE LIMITED

The Subsidiary Companies of your Company M/s H I Soaltee Hotel Company Private Limited had reported that it had completed its Voluntary Liquidation of the Company under the Companies Act, 2063 as the Foreign Investor, Holiday Inns Investment Nepal Limited; Hong Kong had divested their investment during the year fiscal 2020/21. During the Period, the Subsidiary Company H I Soaltee Hotel Company Pvt. Ltd. has been liquidated on 20 February 2023. The Company had received Rs. 18,171,347 as dividend (net of tax) and Rs. 13,463,600 as repayment of Share Capital.

SOALTEE HOSPITALITY LIMITED

Soaltee Hospitality Limited, a fully owned Subsidiary of the Company had already been in the hospitality 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 of 16 July 2023 (31 Ashadh, 2080), and the Statement of Cash Flow for the year ended 16 July 2023 (31 Ashadh, 2080) along with the Auditors' Report are reflected under the Consolidated Financial Statement 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) and in accordance with Nepal Financial Reporting Standard (NFRS).

STATUTORY AUDITORS

The Auditors of the Company Messrs B. K. Agrawal & Co., Chartered Accountants, Kathmandu, will be completing their 3rd consecutive year tenure with the Company at the conclusion of the ensuing 49th 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 not eligible for their re-appointment pursuant to subsection 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 2023/24 (2080/81) 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 2022/23 (2079/80).

BOARD LEVEL COMMITTEES

The Board has delegated the authority to make decisions to Board Committees in line with the Companies Act, 2063 (2006), other prevailing Rules and Regulations and practiced corporate governance. The 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 Mr. Ravi Bhakta Shrestha (Chairman), Mr. Sashi Raj Pandey (Member), and Mr. Niranjana Kumar Tibrewala (Member). The internal auditor reports functionally to the Audit Committee. The Committee met five times during the fiscal year 2079/80 (2022/23).

A total of Rs. 3,70,590 has been paid against Meeting sitting fees to the Members of the Audit Committee of the Company.

The Company Secretary acts as the Secretary of the Committee.

CASINO PROPERTY LEASE COMMITTEE

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

The main function of the Casino Property Lease Committee is to decide and 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, Mr. Sashi Raj Pandey, Mr. Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri as Members of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The Remuneration Revision Committee was constituted with the objective to determine remunerations and perquisites of the Executive Chairman of the Company and report 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 four Board Members viz. Mr. Dinesh Bahadur Bista, Mr. Sashi Raj Pandey, Mr. Rajesh Kazi Shrestha, Mr. Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri. Mr. Dinesh Bahadur Bista is the Chairman of the Committee. The Committee reports to the Board of Directors of the Company.

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

The Company Secretary acts as the Secretary to the Committee.

INDUSTRIAL RELATIONS COMMITTEE

The Industrial Relations Committee consists of four Board Members viz. Mr. Dinesh Bahadur Bista, Mr. Rajesh



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

The main function of the Industrial Relations Committee is to review the industrial relations of the Company such as human resource relations and related sectors 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 Corporate Social Responsibility pursuant to Industrial Enterprises Act, 2076, and Industrial Enterprises Rules, 2078.

The Company has set up a Corporate Social Responsibility (CSR) Management Committee with the Convenorship of the Executive Chairman. The composition of the Committee consists of the Executive Chairman, Vice President, General Manager - TSK, Chief Accountant, Director of Human Resources, Company Secretary, Manager - Projects, and Senior Manager - Administration and Public Relations.

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 corporate social activities on behalf of the Company within the CSR fund provision made by the Company as per the Industrial Enterprises Act, 2076, and utilized such funds in compliance with the Industrial Enterprises Rules, 2078 and other relevant prevailing laws of Nepal. The CSR Management Committee of the Company reports to the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY ALLOCATION

The Company allocated one percent of Net Profit to CSR Fund in form of a statutory reserve in the fiscal year under review in compliance with the Industrial Enterprises Act, 2076 which is to be utilised in the Corporate Social Responsibility (CSR) initiatives pursuant to the Industrial Enterprises Rules, 2078 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 THE SALE OF SUCH SHARES AFTER THE FORFEITURE THEREOF, AND REFUND OF THE AMOUNT, IF ANY, MADE FOR SUCH FORFEITED SHARES;

The Company has not forfeited any shares during the fiscal year 2079/80 (2022/23).

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

The Company has one subsidiary Company, Soaltee Hospitality Limited, the subsidiary company. The financial statements of the subsidiary company have been incorporated under the Consolidated Financial Statement of the Company.

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 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 2079/80 (2022/23).

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;

To the knowledge of the Company, the Directors, and the Office Bearers of the Company had not taken any ownership of shares or acquired or relinquished shares (sold) of the company during the period of the Fiscal Year 2079/80 (2022/23) under review.

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 do 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 2079/80 (2022/23).

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 to the Company during the fiscal year 2079/80 (2022/23).

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

The Company has not purchased its own shares during the fiscal year 2079/80 (2022/23). The Company does not have the policy to buy back its own shares.

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

The hotel 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:-

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

PARTICULARS OF THE TOTAL MANAGEMENT EXPENSES DURING THE PREVIOUS FISCAL YEAR

Sln	Particulars	Amount Rs.		Increase / (Decrease) %
		This Year 2022/23 (2079/80)	This Year 2021/22 (2078/79)	
1	Staff Expenses	502,368,131	323,394,618	55.34%
2	Operating (Management) Expenses	277,343,565	154,715,113	79.26%
	Total	779,711,696	478,109,731	63.08%

The total Management Expenses for the fiscal year 2079/80 (2022/23) have increased by 63.08% due to a significant increase in the business and revenue of the Company.

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 the following members of the Board of Directors:-

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

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

The Audit Committee meets on a quarterly basis and reviews internal and external audit reports, control and compliance issues, the Company's financial condition, outstanding receivables, etc. The Audit Committee provides feedback to the 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, Financial Controller, Chief Accountant, Credit Manager to the its Meetings. The Preliminary Statutory Audit Report for the fiscal year 2079/80 (2022/23) was presented before the Audit Committee by the Independent Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

During the fiscal year, 2079/80 (2022/23) Audit Committee performed the following tasks:-

- (a) Quarterly reviews were conducted on outstanding receivables of the hotel and appropriate measures were advised to the Management to recover the old pending receivables and to deal properly with debtors, and necessary instructions were also given to the management to keep receivables under control.
- (b) The Audit Committee reviewed the Preliminary Statutory Audit Report of the Statutory Auditors along with the Annual Financial Statements for the fiscal year 2079/80 (2022/23) of the Company and recommended the Audited Financial Statements, the Abbreviated Abstract Financial Statement, the Report under section 78 and Corporate Governance Compliance Report, and Financial Highlights for the Fiscal Year ended on 16th July 2023 (31 Ashadh 2080) to the Board for adoption and approval.
- (c) Quarterly reviewed the Internal Audit reports and discussions made on the issues raised in the reports and directed the management for resolution.
- (d) The Audit Committee reviewed the performance of the Internal Auditors and made the recommendations for the appointment of the independent Internal Auditors of the Company and their remuneration for the fiscal year 2079/80 (2022/23).
- (e) The Committee informed the Board of Directors that the Management had taken all possible necessary actions to recover the old outstanding receivables and that the status of recovery of the old receivables had been satisfactory.
- (f) The Committee reported to the Board of Directors about its meeting and various recommendations and directions issued to the Management to be implemented on a quarterly basis.
- (g) The Audit Committee had recommended the appointment of Statutory Auditors and their remunerations to the 48th Annual General Meeting of the shareholders of the Company.

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

The Committee Members are glad to report that during the fiscal year 2079/80 (2022/23) 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, OR CORPORATE BODY IN

WHICH HE/SHE IS INVOLVED;

A sum of Rs. 50.44 million (previous year Rs. 43.23 million) is outstanding receivable to be received from Nepal Airlines Corporation (NAC) which has corporate share ownership of the Company. The amount pertains to dues receivables against catering to NAC on board flights by The Soaltee Gate Gourmet – Flight Catering Division of the Company. The Company has had a business relationship with NAC for many 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. 25,000/- net of taxes per sitting.

The total meeting fees paid during the financial year 2079/80 (2022/23) to the Non-Executive Board of Directors was Rs. 1,494,123.

The remuneration, allowances, and other facilities paid to the Executive Chairman, the Vice President, the General Manager, and the Managers of the Company during the fiscal year 2079/80 (2022/23) was Rs. 143,646,377/- (Previous fiscal year Rs. 68,604,972 /-).

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

AMOUNT OF DIVIDENDS REMAINING UNCLAIMED BY THE SHAREHOLDERS;

The dividend yet to be collected by the Shareholders amounts to a total of Rs.13,539,009/- (previous year Rs. 10,514,616/-) as on 16 July 2023 (31 Ashadh 2080) for the fiscal year which includes dividends not collected from the fiscal year 1992/93 to 2021/22 (2049/50 to 2078/79). Out of the above-mentioned unclaimed dividends, Rs. 3,281,979/- (previous year Rs. 2,876,304/-) pertains to the fiscal years from 1992/93 to 2016/17 (2049/50 to 2073/74) - 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 the resolution adopted by the Company in its Annual General Meeting to distribute the 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 Dividends 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 to collect the such unclaimed dividend.

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 2079/80 (2022/23).

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 pursuant to section 175 of the Companies Act, 2063 (2006) took place during the fiscal year 2079/80 (2022/23).

ANY OTHER MATTERS REQUIRED TO BE SET OUT IN THE REPORT OF THE 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 the fiscal year 2079/80 (2022/23).

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 2079/80 (2022/23) under Director's Report section heading.

AUDITOR'S REPORT:

The Auditor's Report is included in the Annual Report 2079/80 (2022/23) under the Auditors Report section heading.

AUDITED FINANCIAL REPORTS:

The Audited Financial Reports for the Fiscal Year 2079/80 (2022/23), comprising the Statement of Financial Position (Balance Sheet) as on 16th July 2023, 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 16th July 2023 and Notes to the Financial Statement of the Company appended under the respective section heading of the Annual Report 2079/80 (2022/23).

LEGAL PROCEEDINGS:

- (a) Lawsuit filed by or against the corporate body during the quarterly period.
- The Company had filed a petition application for revision before the Supreme Court of Nepal against the verdict of writ dismissal of Honourable Patan High for the appointment of an Arbitrator pursuant to the Hotel Management Agreement (HMA), the respondent are Permanent Court of Arbitration Netherlands, Secretary-General, Singapore International Arbitration Centre, and Holiday Inns (China) Limited, Hong Kong. This case is subjudice in the honorable Supreme Court.
 - The Company filed a writ petition before the High Court Patan against the respondent Labour Office Kathmandu and 11 labour during the year under review. The writ was dismissed by the honourable High Court.
 - The Company filed a petition before the Labour Court Kathmandu against the respondent 11 labour during the year under review. This case is subjudice in the honourable Labour Court Kathmandu.
 - The Company had filed a writ petition before the Supreme Court of Nepal against Casino Royalty claimed for the Casino Closed period by the Ministry of Finance on which the honourable Supreme Court had issued an interim order. The honourable Supreme Court dismissed the writ during the year under review on which the full text of the verdict awaited.
 - The Company had filed the appeal petitions at the Appellate Court Revenue Tribunal against the Ministry of Finance, Large Tax Payers' Office challenging the disallowance of expenses on Self-Assessment Income Tax Return orders for the Fiscal Year 2072/73, 2073/74, and 2074/75. The Tax case is under litigation and subjudice with the Appellate Court Revenue Tribunal.
- (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 2079/80 (2022/23).
- (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 2079/80 (2022/23).

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 the 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 THE TOTAL VOLUME OF TRADING OF SHARES AND NUMBER OF DAYS TRADED:-

Maximum, Minimum, and Closing price of the stocks of the Company, the total volume of transacted shares, and the total number of transactions and days transacted during each quarter of the Fiscal year 2079/80 (2022/23) are undermentioned: -

Quarters of FY 2079/80 (2022/23)	Share Price (Rs.) 2079/80 (2022/23) Share Price (Face value of Rs. 10 for each Share)			The fiscal Year 2079/80 (2022/23) Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
1 ST QUARTER (END OF ASHWIN 2079)	252.60	191.80	203.00	66	5,891	2,217,503
2 ND QUARTER (END OF POUISH 2079)	239.70	200.10	222.00	52	5,644	1,985,946
3 RD QUARTER (END OF CHAITRA 2079)	249.00	215.60	245.90	56	5,467	1,918,373
4 TH QUARTER (END OF ASHADH 2080)	536.00	247.00	485.00	62	40,811	12,931,470
			TOTAL	236	57,813	19,053,292

(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 rooms due to new properties coming into operation, however, demand is not growing accordingly. The gap between the supply and demand of rooms is ever widening.
- (iii) Adverse effects on tourism because of unfavourable global incidents;
- (iv) Political instability and disturbances, and lack of tourism infrastructures and Government policy;
- (v) Natural disasters such as earthquakes, the 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 a disciplined growth strategy;
- (iii) Develop innovative products and services that attract customers and market segments;
- (iv) Upgrade the infrastructures of the hotel and continue to develop products and services that reduce the cost of funds and explore new avenues for growth and profitability;
- (v) Explore the possibility of investing in 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 the Company



are pleased to report that during the year ended 16 July 2023, 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 the 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 a 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 with 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 reviews of the hotel.
- (g) Adequate compliance with the regulatory requirement of the Company to the Office of Company Registrar, SEBON, NEPSE, CDS & Clearing, Nepal Rastra Bank, and Ministry of Tourism and 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 as a Compliance Officer, who oversees the overall compliance function in the Company. For the period under review, the 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 a good level.

A 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 2079/80, 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, laws, 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 assessment of the 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 the election, the 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 with 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 duly complied.

(Note: This is only the executive summary of the report approved by the Board and Certified by the Statuary Auditor. The detailed report will be submitted to SEBON pursuant to the Corporate Good Governance Directives.)

APPRECIATIONS AND ACKNOWLEDGEMENTS

The Board of Directors places on record their deep appreciation to employees at all levels for their work, dedication, and commitment. The Board wishes to thank the Executive Chairman and his leadership team for their excellence and for leading the team during the difficult time of post-pandemic with the outstanding financial performance of the Company.

The Board of Directors wishes to express its gratitude to the respected shareholders at large for their valuable insight, guidance, cooperation, and support through their personal inputs and their active participation in our Annual General Meetings.

The Board of Directors places to record its sincere appreciation and gratitude for the support and cooperation the Company has received 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, and cooperation and look forward to their continued support in the future.

DINESH BAHADUR BISTA
EXECUTIVE CHAIRMAN

UBARAJ ADHIKARI
DEEPAK RAJ JOSHI (INDEPENDENT)
PRAKASH BIKRAM KHATRI
SASHI RAJ PANDEY
JAYA RAJYA LAXMI SHAH
RAVI BHAKTA SHRESTHA
RAJESH KAZI SHRESTHA
NIRANJAN KUMAR TIBREWALA
DIRECTORS

Date: 17th November 2023

(1st Mangsir 2080)

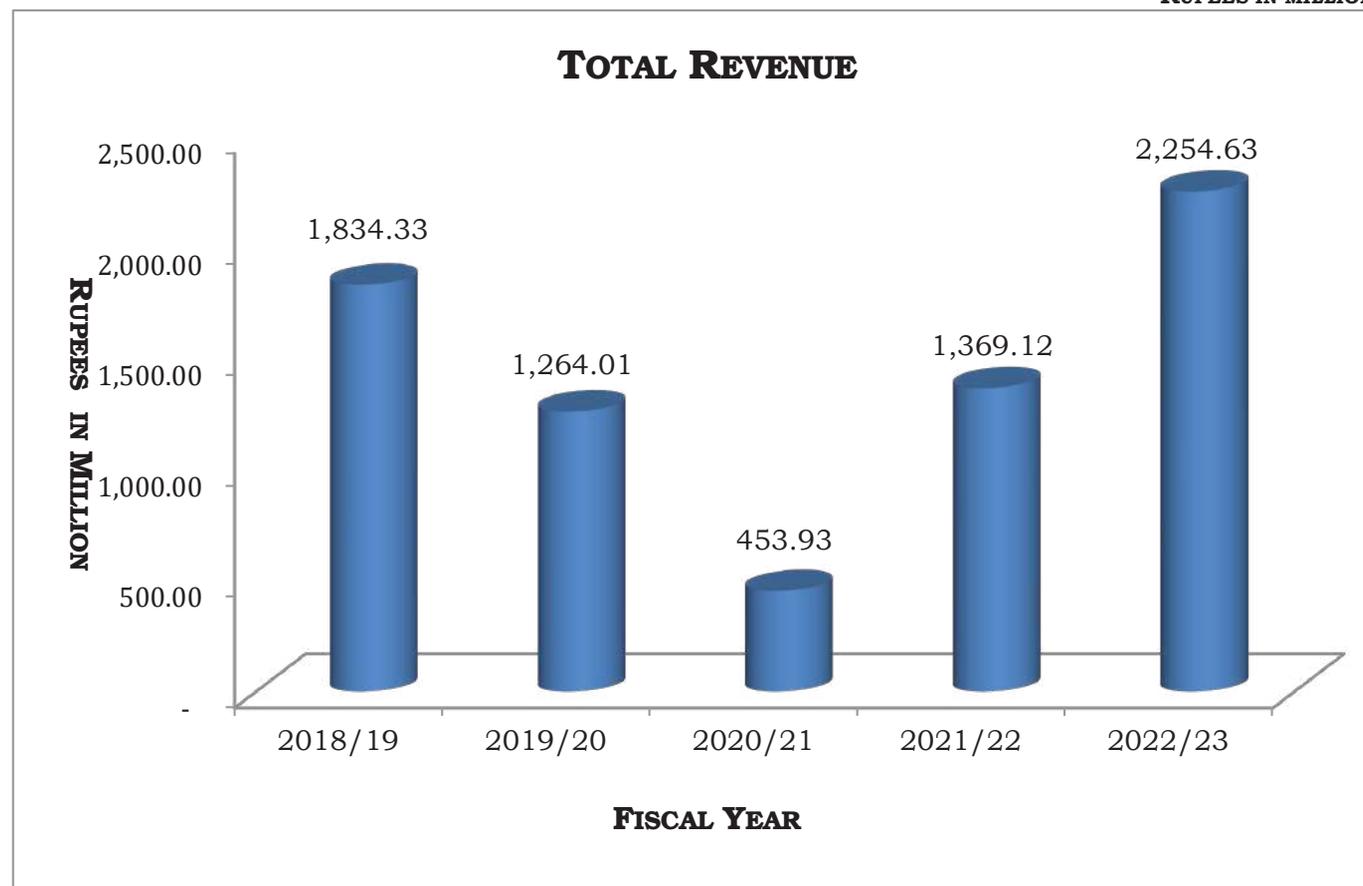
Place: Kathmandu

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

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

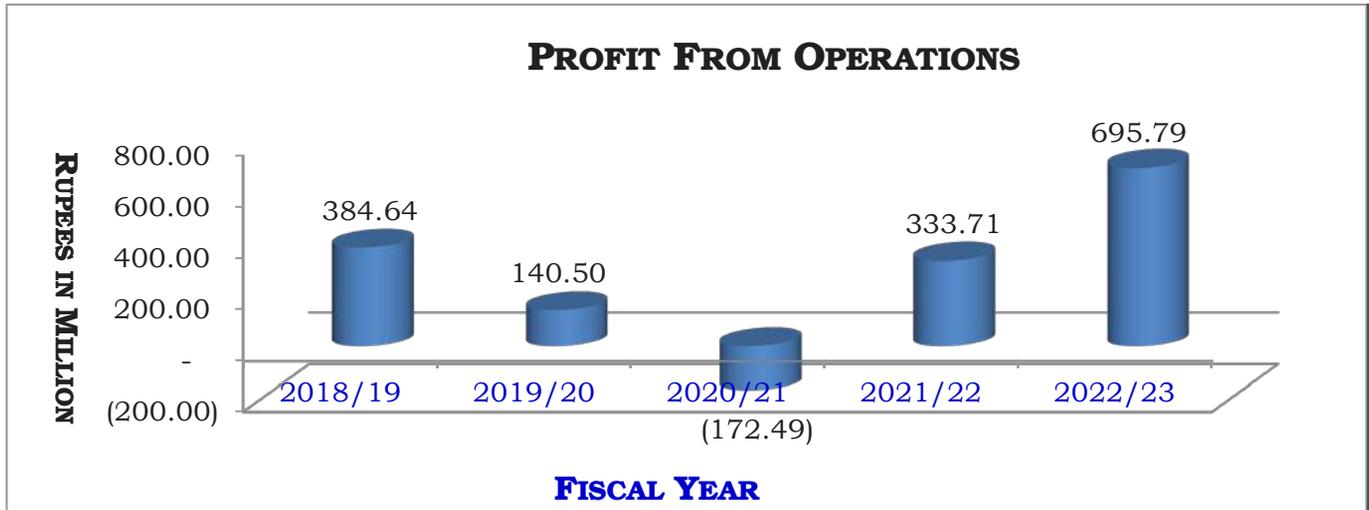
RUPEES IN MILLION

PARTICULARS	FINANCIAL YEAR				
	2022/23	2021/22	2020/21	2019/20	2018/19
TOTAL REVENUE	2,254.63	1,369.12	453.93	1,264.01	1,834.33
TOTAL EXPENDITURE	1,558.84	1,035.41	626.42	1,123.51	1,449.69
PROFIT FROM OPERATIONS	695.79	333.71	(172.49)	140.50	384.64
LESS: FINANCE COST	8.66	18.54	2.87	0.58	0.73
PROFIT BEFORE TAXES	687.13	315.17	(175.36)	139.92	383.91
LESS: PROVISION FOR INCOME TAX	124.61	-	-	15.90	78.00
LESS: DEFERRED TAX EXPENSES/(INCOME)	7.54	17.93	49.57	11.98	6.90
NET PROFIT AFTER TAXATION	554.98	297.24	(224.93)	112.04	299.01
NET TRANSFER TO RESERVES FOR THE YEAR	554.98	297.24	(224.93)	112.04	299.01

GRAPH: TOTAL REVENUE (TOTAL INCOME)**RUPEES IN MILLION**

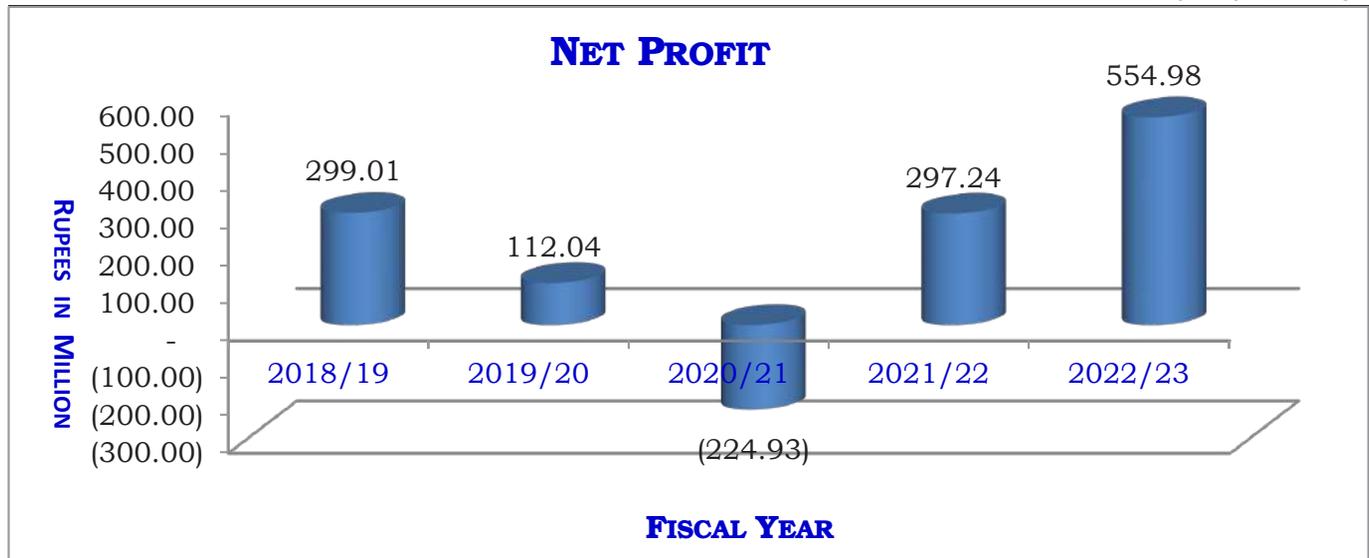
GRAPH: PROFIT FROM OPERATIONS

RUPEES IN MILLION



GRAPH: NET PROFIT

RUPEES IN MILLION



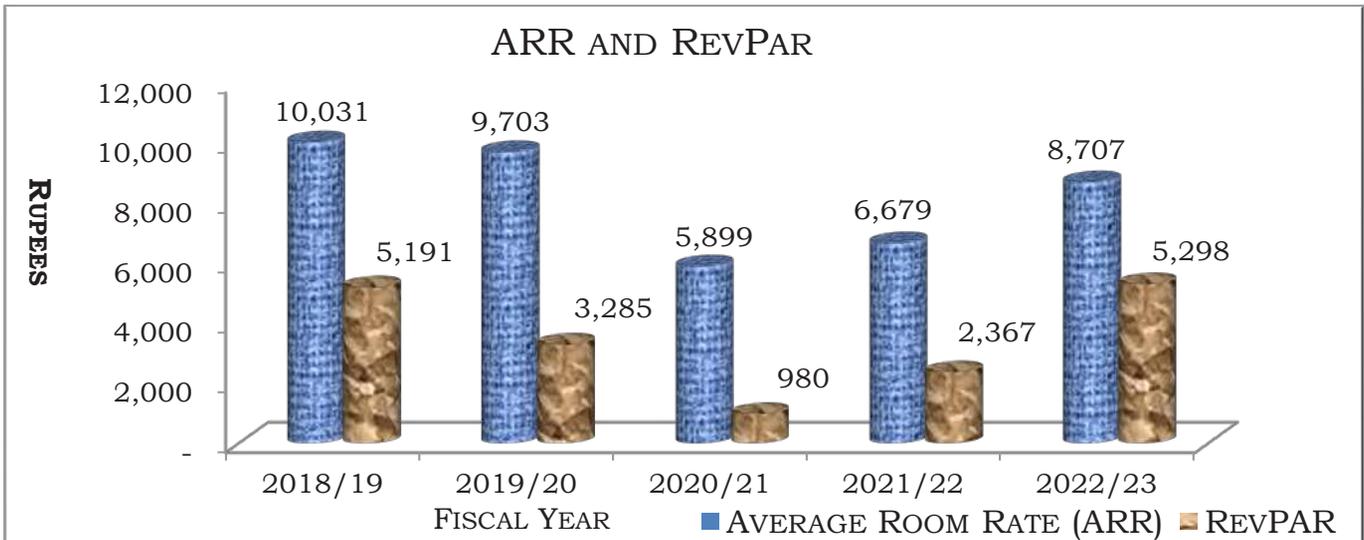
ROOM REVENUE, OCCUPANCY, AVERAGE ROOM RATE (ARR) AND RevPAR

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2021/22)
	2022/23	2021/22	2020/21	2019/20	2018/19	
ROOM COUNT	285	285	161	260	282	-
ROOM REVENUE (RS. IN MILLIONS)	551.09	246.99	57.43	311.35	534.34	123.12%
ROOM AVAILABLE	104,025	104,355	58,604	94,785	102,930	(0.32%)
SALEABLE ROOM	104,025	104,355	58,604	94,785	102,930	(0.32%)
ROOM OCCUPIED	63,290	36,982	9,736	32,088	53,271	71.14%
OCCUPANCY PERCENTAGE	60.84%	35.44%	16.61%	33.85%	51.75%	25.40%
AVERAGE ROOM RATE (ARR) Rs.	8,707	6,679	5,899	9,703	10,031	30.38%
RevPAR (REVENUE PER AVAILABLE ROOM) Rs.	5,298	2,367	980	3,285	5,191	123.83%



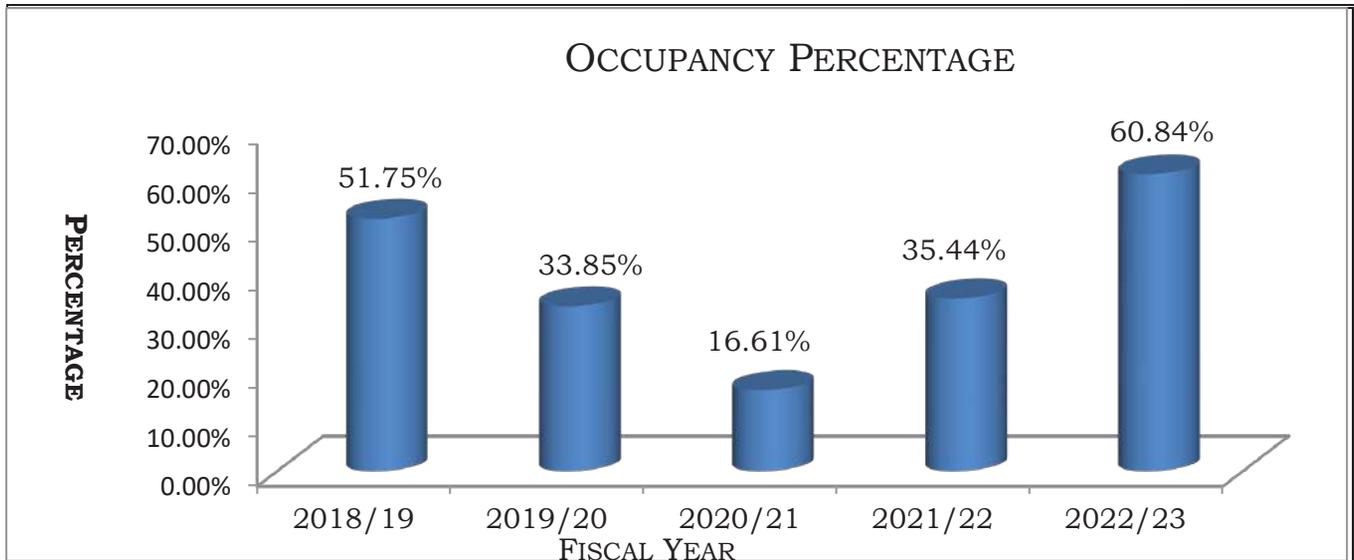
GRAPH- AVERAGE ROOM REVENUE (ARR) AND RevPAR

IN RUPEES



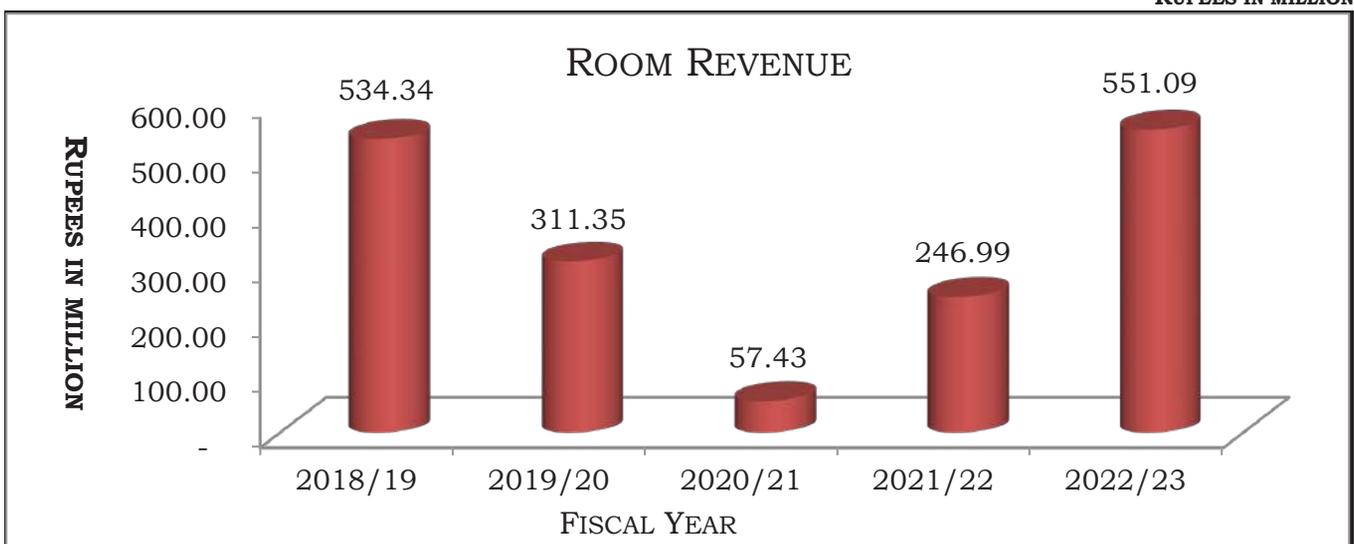
GRAPH - OCCUPANCY PERCENTAGE

IN PERCENTAGE



GRAPH - ROOM REVENUE

RUPEES IN MILLION



FINANCIAL HIGHLIGHTS

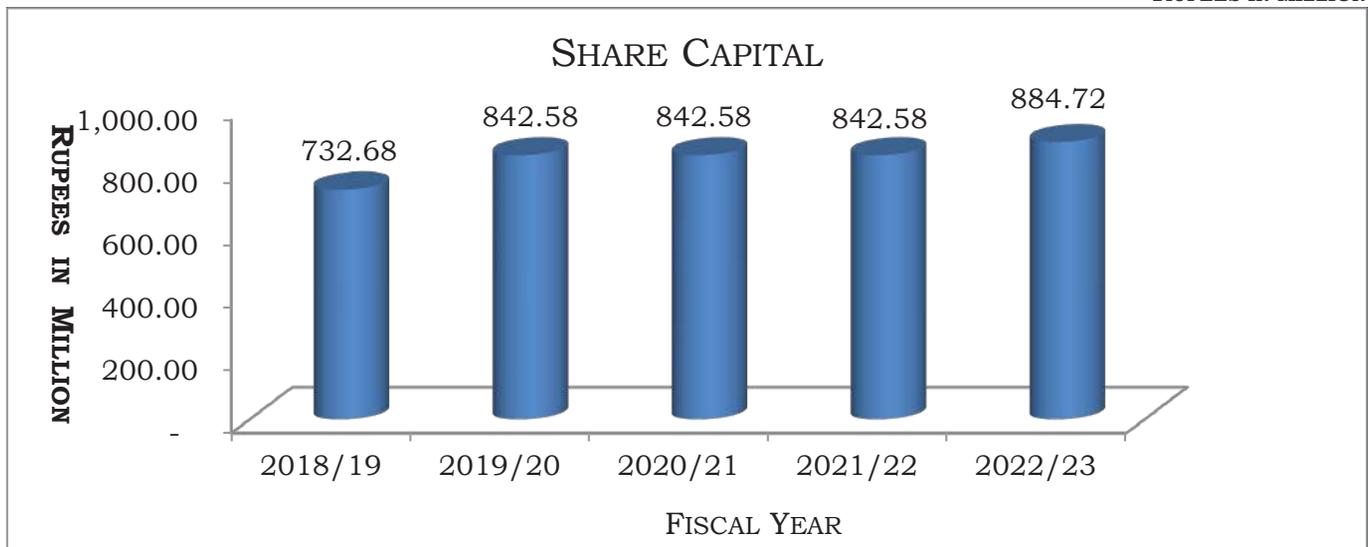
The following are the comparative figures which highlight the Company's performance for last five years: -

RUPEES IN MILLION

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2021/22)
	2022/23	2021/22	2020/21	2019/20	2018/19	
SHARE CAPITAL	884.72	842.58	842.58	842.58	732.68	5.00%
FIXED ASSETS GROSS BLOCK	3,281.28	2,909.57	2,826.83	2,722.99	2,483.09	12.78%
TOTAL REVENUE	2,254.63	1,369.12	453.93	1,264.01	1,834.33	64.68%
PROFIT FROM OPERATIONS	695.79	333.71	(172.49)	140.50	384.64	108.50%
NET PROFIT/ (LOSS)	554.98	297.24	(224.93)	112.04	299.01	86.71%

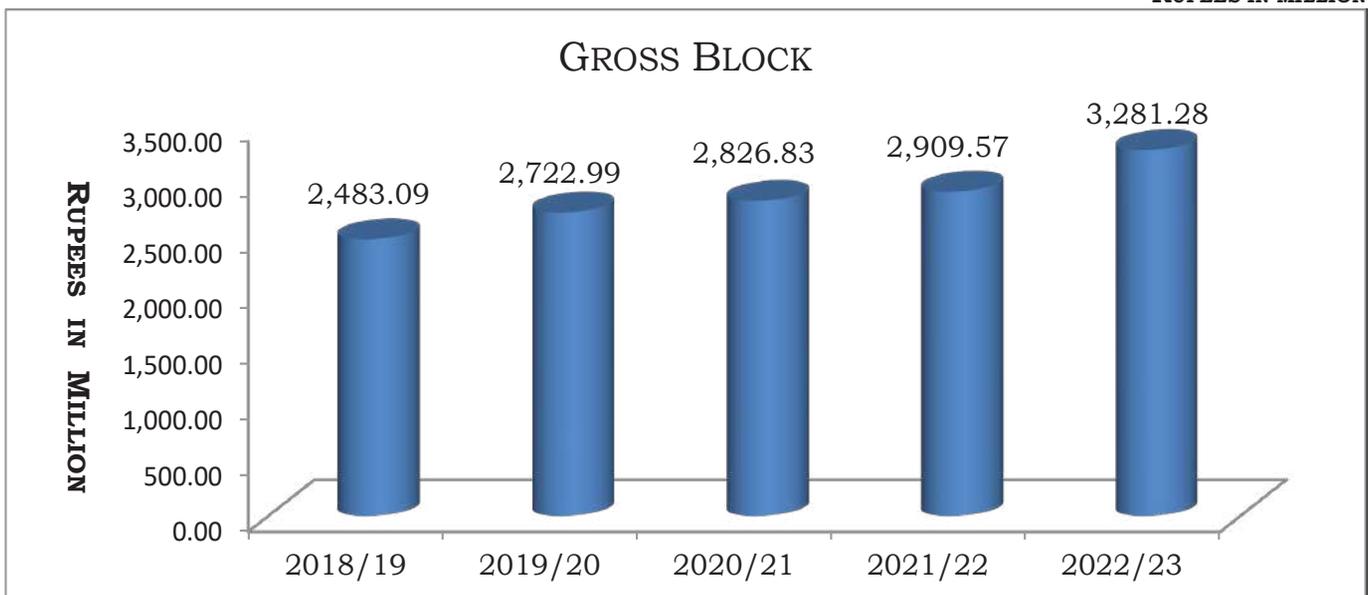
GRAPH: FINANCIAL HIGHLIGHTS SHARE CAPITAL

RUPEES IN MILLION



GRAPH: FINANCIAL HIGHLIGHTS – FIXED ASSETS GROSS BLOCK

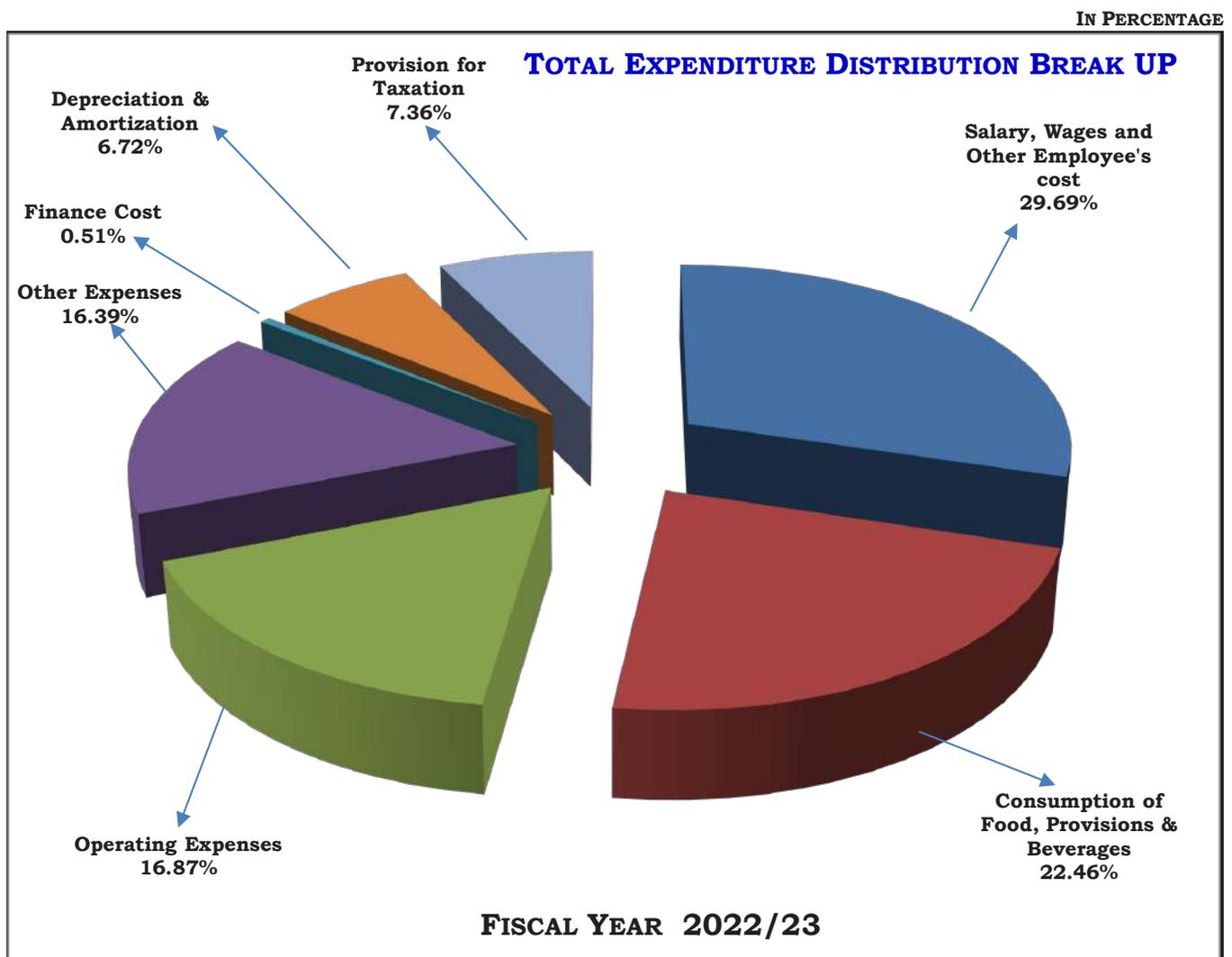
RUPEES IN MILLION



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

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

PARTICULARS	CURRENT YEAR (2022/23)	
	RUPEES IN MILLION	PERCENTAGE (%) IN BREAK UP
SALARY, ALLOWANCES, WAGES & OTHER EMPLOYEES RELATED EXPENSES	502.37	29.69%
CONSUMPTION OF FOOD, PROVISIONS AND BEVERAGES	380.08	22.46%
OPERATING EXPENSES	285.40	16.87%
OTHER EXPENSES	277.34	16.39%
FINANCE COST	8.66	0.51%
DEPRECIATION & AMORTIZATION	113.64	6.72%
PROVISION FOR TAXATION	124.61	7.36%
TOTAL EXPENDITURE	1,692.10	100.00%

GRAPH: FINANCIAL HIGHLIGHTS – DISTRIBUTION BREAK UP OF TOTAL EXPENSES

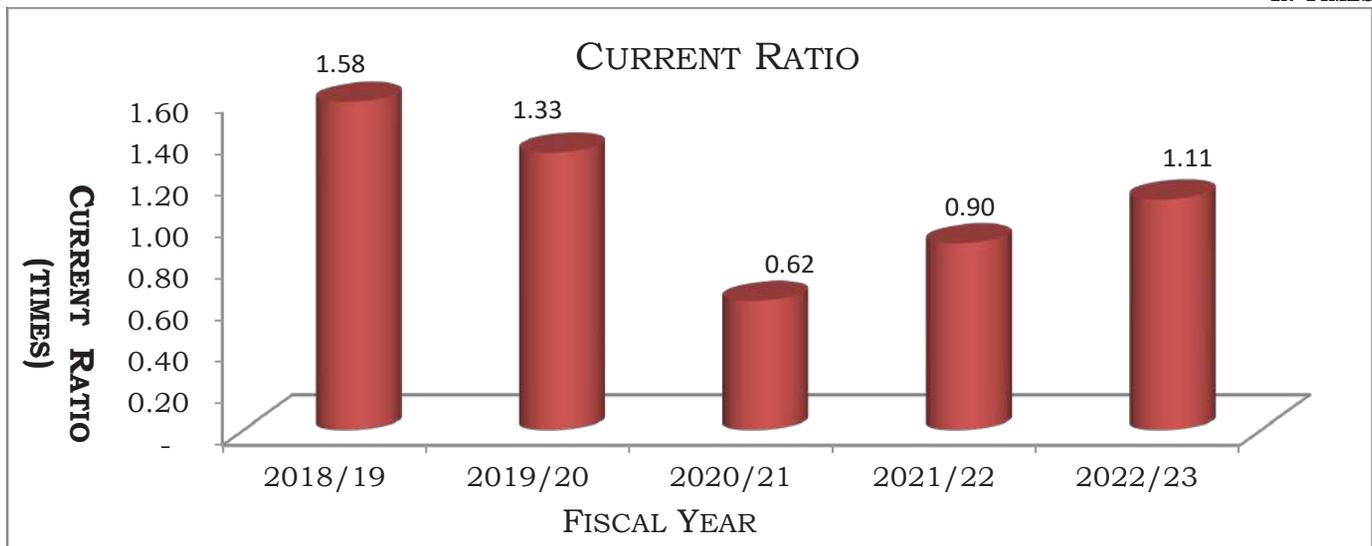
MAJOR FINANCIAL INDICATORS

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

PARTICULARS	FINANCIAL YEAR				
	2022/23	2021/22	2020/21	2019/20	2018/19
DEBT EQUITY RATIO	0.01	0.04	0.07	0.01	0.01
RETURN ON EQUITY SHAREHOLDERS FUND	0.26	0.17	(0.16)	0.07	0.18
EARNINGS PER SHARE (RS)	6.27	3.53	(2.67)	1.33	4.08
NET WORTH PER SHARE (RS)	23.81	20.52	17.00	19.67	22.22
GROSS ASSETS VALUE PER SHARE (RS)	31.96	29.07	26.06	29.83	33.76
MARKET VALUE PER SHARE (SHARE OF RS.10 EACH)	485.00	202.50	262.00	154.00	244.00
PRICE EARNINGS RATIO (TIMES)	77.32	57.40	(98.14)	115.81	59.79
CURRENT RATIO	1.11	0.81	0.62	1.33	1.58
DEBTS/CAPITAL EMPLOYED RATIO (TIMES)	0.44	3.51	6.26	0.23	0.30

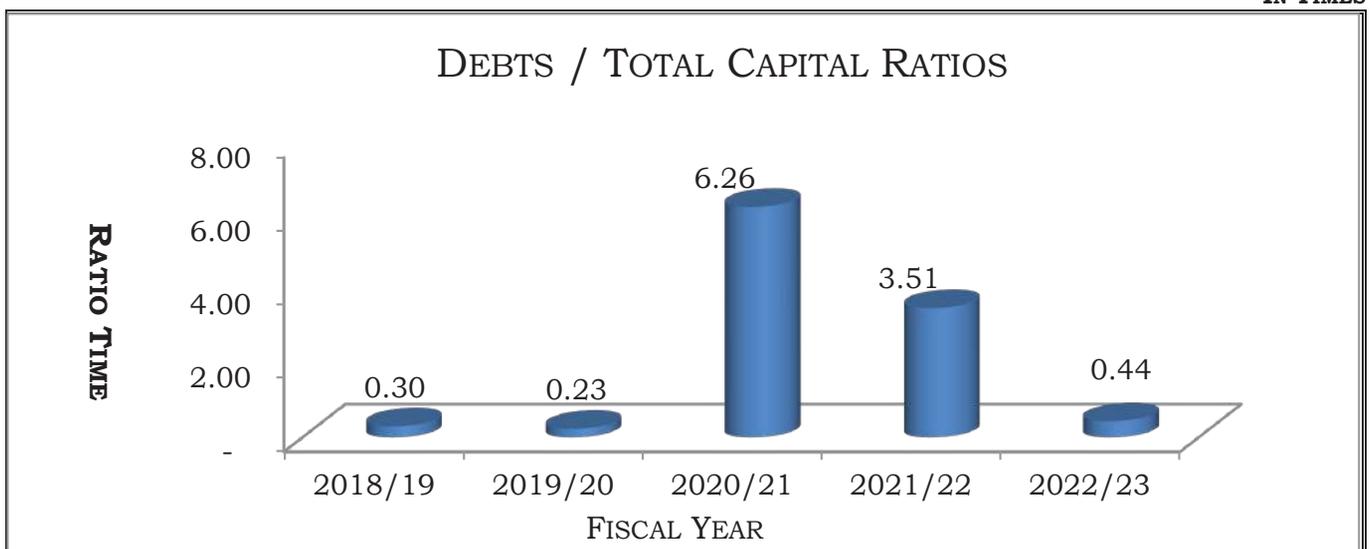
GRAPH: FINANCIAL HIGHLIGHTS - LIQUIDITY AND CASH POSITION: CURRENT RATIO

IN TIMES



GRAPH: FINANCIAL HIGHLIGHTS - DEBTS / TOTAL CAPITAL RATIO

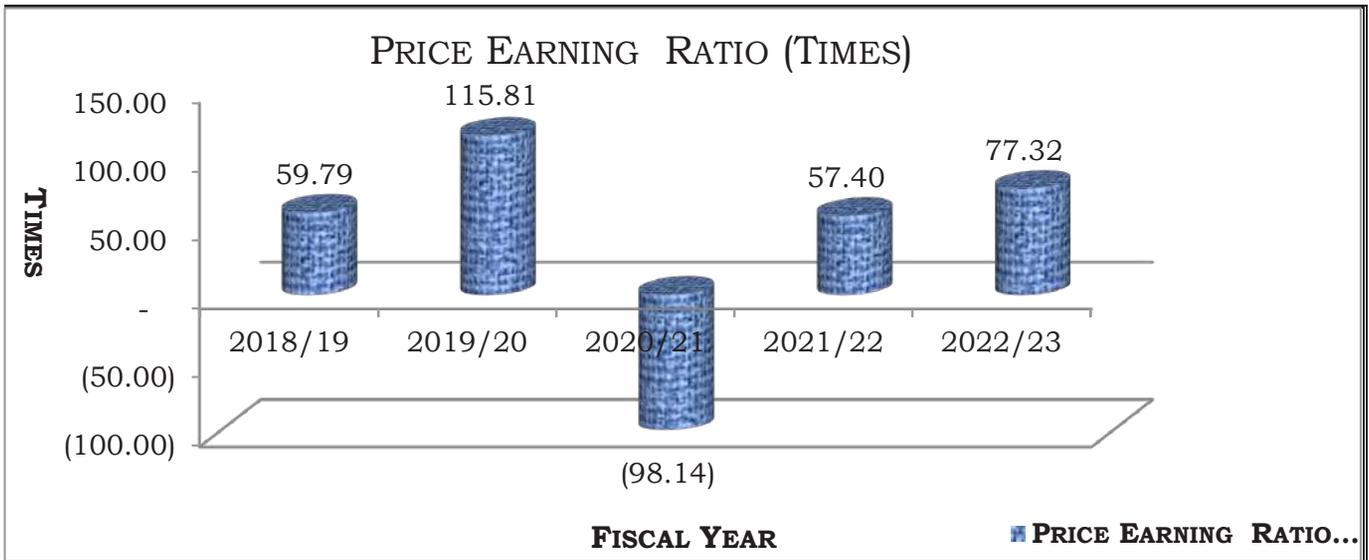
IN TIMES





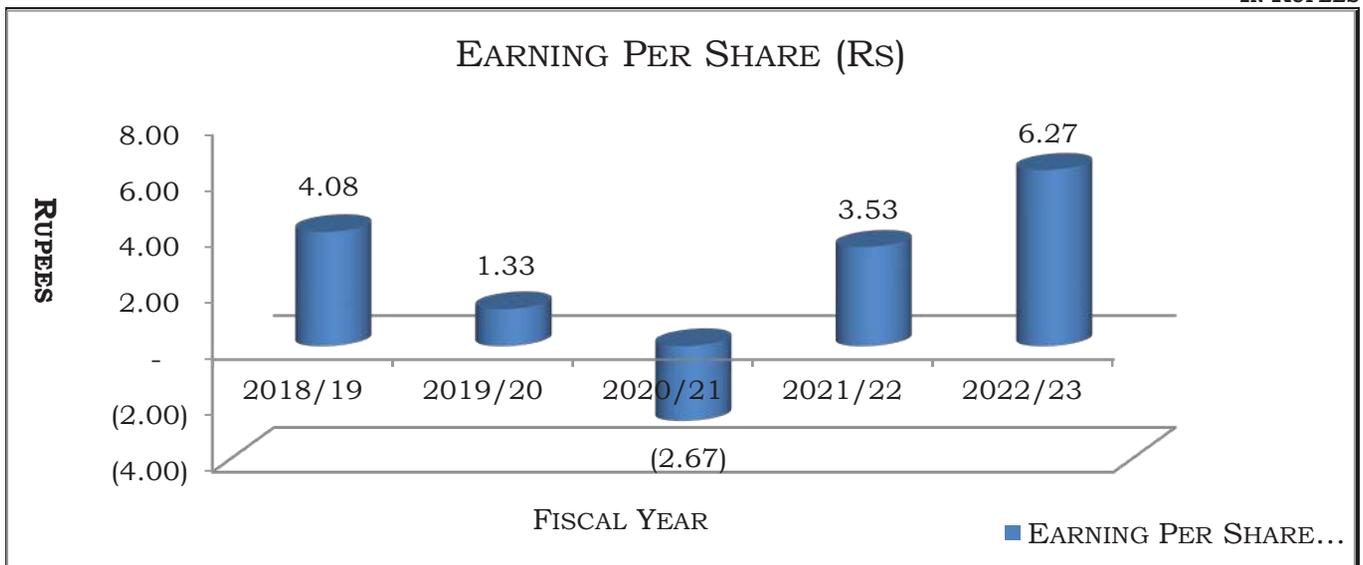
GRAPH: FINANCIAL HIGHLIGHTS – PRICE EARNINGS RATIO

IN TIMES



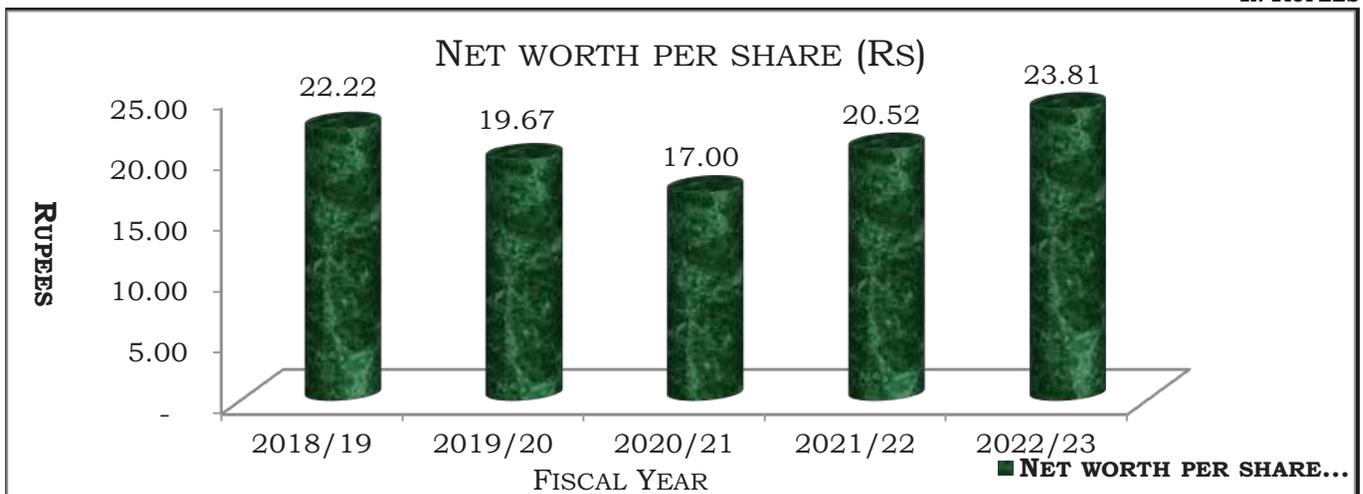
GRAPH: FINANCIAL HIGHLIGHTS – EARNINGS PER SHARE

IN RUPEES



GRAPH: FINANCIAL HIGHLIGHTS – NET WORTH PER SHARE

IN RUPEES



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

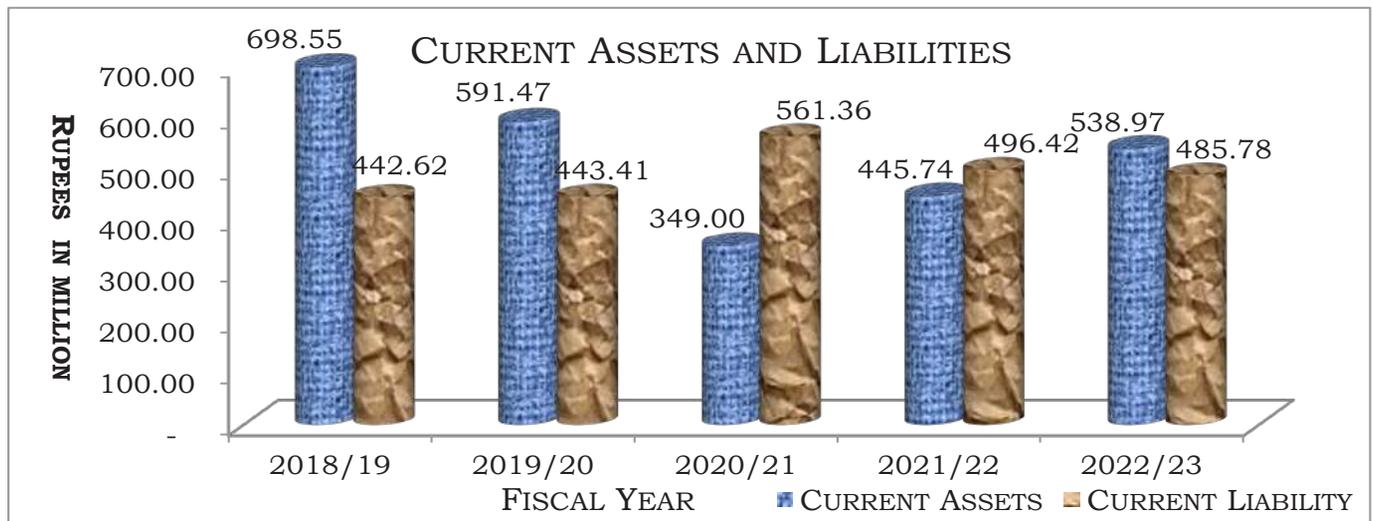
The Debts and total capital employed in the Company for last five years are enlisted below with a comparison on current ratio which shows the Company's ability to meet its current obligations: -

RUPEES IN MILLION

PARTICULARS	FINANCIAL YEAR				
	2022/23	2021/22	2020/21	2019/20	2018/19
CURRENT ASSETS	538.97	445.74	349.00	591.47	698.55
CURRENT LIABILITY	485.78	496.42	561.36	443.41	442.62
DEBTS	9.24	62.99	95.70	3.82	4.91
TOTAL EQUITY	2,106.41	1,729.32	1,432.24	1,657.18	1,628.05
CAPITAL EMPLOYED (CE) (SHARE CAPITAL + RESERVES + DEBTS)	2,115.65	1,792.32	1,527.95	1,661.00	1,632.96

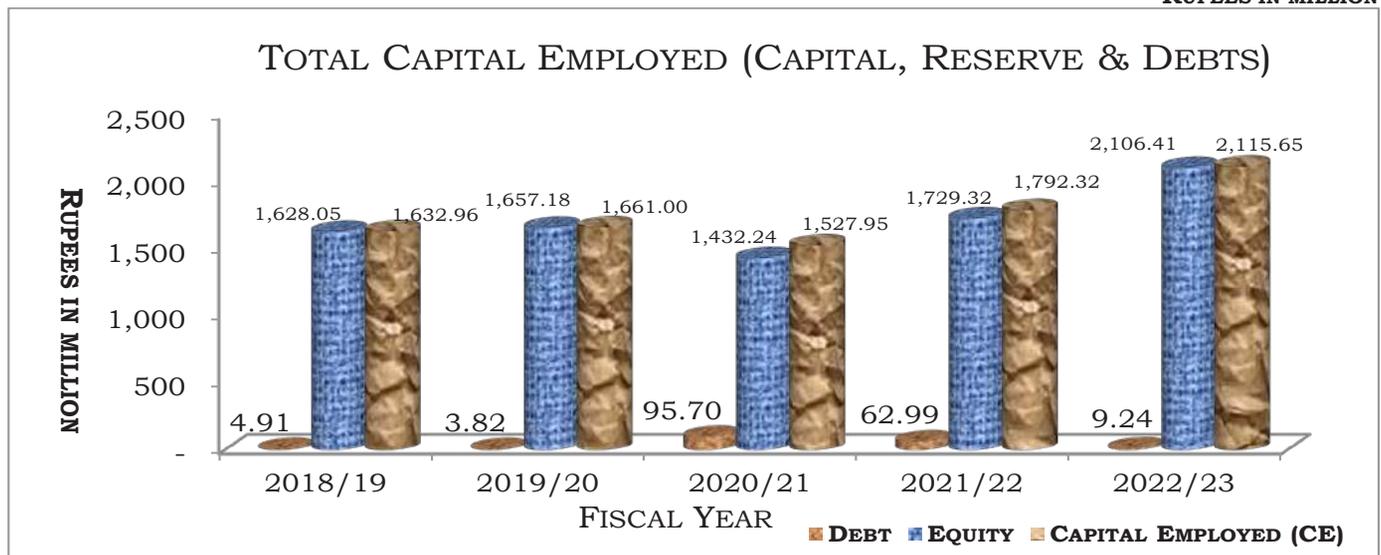
GRAPH: FINANCIAL HIGHLIGHTS - CURRENT ASSETS AND CURRENT LIABILITIES

RUPEES IN MILLION



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

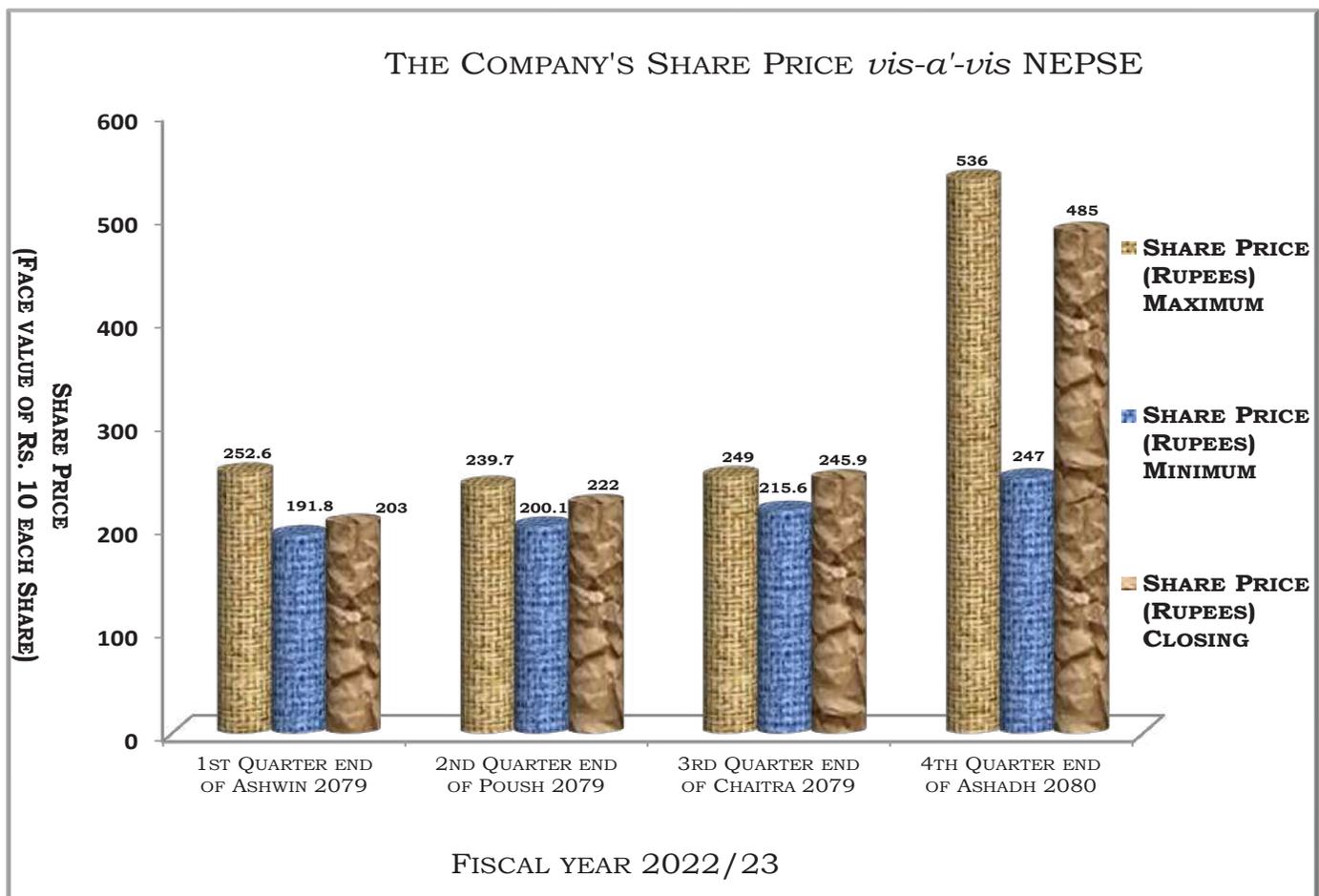
RUPEES IN MILLION



**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 2022/23	SHARE PRICE (FACE VALUE OF RS. 10 EACH SHARE)			TOTAL NUMBER OF		
	MAXIMUM	MINIMUM	CLOSING	TRADING DAYS	TRANSACTIONS	TRANSACTED SHARES
1ST QUARTER (END OF ASHWIN 2079)	252.60	191.80	203.00	66	5,891	2,217,503
2ND QUARTER (END OF POUSH 2079)	239.70	200.10	222.00	52	5,644	1,985,946
3RD QUARTER (END OF CHAITRA 2079)	249.00	215.60	245.90	56	5,467	1,918,373
4TH QUARTER (END OF ASHADH 2080)	536.00	247.00	485.00	62	40,811	12,931,470
			TOTAL	236	57,813	19,053,292

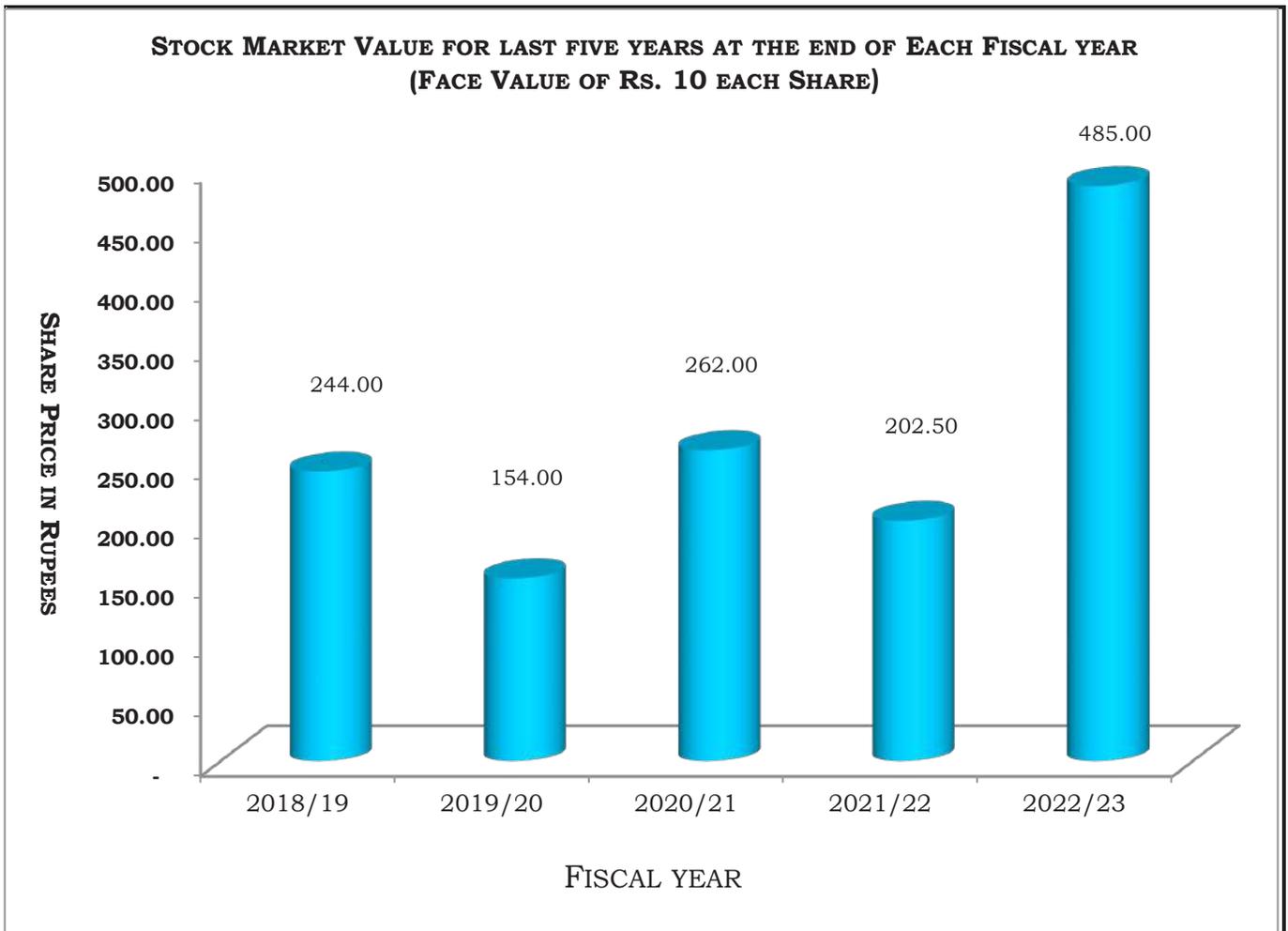
GRAPH: THE COMPANY'S SHARE PRICE VIS-À-VIS NEPSE

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

FINANCIAL YEAR	MARKET VALUE PER SHARE (RS)
2018/19	244.00
2019/20	154.00
2020/21	262.00
2021/22	202.50
2022/23	485.00

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

IN RUPEES





B.K. AGRAWAL & CO.
CHARTERED ACCOUNTANTS
MEMBER CROWE GLOBAL

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W: www.crowe.com/np

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, 2080 (July 16, 2023), 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, 2080 (July 16, 2023), its Profit/(Loss) including its Total Comprehensive Income, Cash Flows and the Changes in Equity for the year ended on that date.

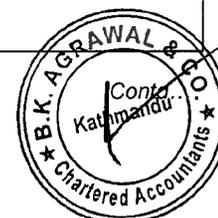
Basis for Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company 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.

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 NFRS 15 (Revenue from Contracts with Customers) and testing the accounting of revenue in books of accounts thereof.



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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	Property, 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 2079/80 (2022/23) 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 Company 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.



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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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 financial statements of the current period and are therefore the key audit matters.



B.K. AGRAWAL & CO.
CHARTERED ACCOUNTANTS

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

Report on Other Legal and Regulatory Requirements

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: 17 November, 2023 (01 Mangsir, 2080)



B.K. Agrawal, FCA
Managing Partner
For: **B.K. Agrawal & Co.**
Chartered Accountants

UDIN: 231122CA00018RjIMi



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

As at 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Note	As At Ashad 31, 2080 (July 16, 2023)	As At Ashad 32, 2079 (July 16, 2022)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,902,297,989	1,594,377,605
Intangible Assets	3.2	426,854	804,096
Investment Property	3.3	87,197,495	89,176,618
Investments	3.5	275,487,563	290,689,670
Trade and Other Receivables	3.6	23,389,414	28,942,901
Total Non-Current Assets		2,288,799,315	2,003,990,890
Current Assets:			
Inventories	3.7	122,203,519	84,943,960
Income Tax Receivable	3.13	-	33,536,069
Trade and Other Receivables	3.6	325,843,505	280,992,936
Prepayments		21,379,704	14,405,870
Cash and Cash Equivalent	3.8	69,543,690	31,863,416
Total Current Assets		538,970,418	445,742,251
Total Assets		2,827,769,733	2,449,733,141
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	884,715,060	842,579,730
Retained Earnings and Reserves	3.10	1,221,697,677	886,744,768
Total Equity		2,106,412,737	1,729,324,498
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.11	7,931,571	9,170,921
Employee Benefits	3.12	125,674,212	122,972,669
Deferred Tax Liabilities	3.4	24,328,458	16,786,738
Trade and Other Payables	3.14	77,646,019	75,054,930
Total Non-Current Liabilities		235,580,260	223,985,258
Current Liabilities:			
Loans and Borrowings	3.11	1,308,207	53,820,674
Employee Benefits	3.12	81,741,340	42,767,201
Income Tax Payable	3.13	14,883,487	-
Trade and Other Payables	3.14	387,843,702	399,835,510
Total Current Liabilities		485,776,736	496,423,385
Total Liabilities		721,356,996	720,408,643
Total Equity and Liabilities		2,827,769,733	2,449,733,141

Notes 1 to 4.21 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANTSudarshan Chapagain
VICE PRESIDENTDinesh Bahadur Bista
EXECUTIVE CHAIRMANCA. B.K. Agrawal
Managing Partner
B.K. Agrawal & Co.
Chartered AccountantsLil Bahadur Khatri
CHIEF OF CORPORATE AFFAIRS
& COMPANY SECRETARYUbaraj Adhikari
Deepak Raj Joshi
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORSDate: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For the period ended on 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Note	Year Ended Ashad 31, 2080 (July 16, 2023)	Year Ended Ashad 32, 2079 (July 16, 2022)
Revenue from Operation	3.15	2,156,216,621	1,292,561,306
Other Income	3.16	98,409,640	76,562,733
Total Revenue		2,254,626,261	1,369,124,039
Consumption of Foods and Beverage	3.17	380,083,406	260,192,048
Employee Benefit Expenses	3.18	502,368,131	323,394,618
Operating Expenses	3.19	285,399,823	196,751,739
Depreciation and Amortization Expense	3.1/3.2/3.3	113,641,170	100,355,101
Other Expenses	3.20	277,343,565	154,715,113
Total Expenditures		1,558,836,095	1,035,408,619
Profit/(Loss) from Operations		695,790,166	333,715,420
Finance Cost		8,660,738	18,544,171
Profit/(Loss) Before Tax		687,129,428	315,171,249
Income Tax		132,149,833	17,928,054
Current Tax		124,608,113	-
Deferred Tax Expenses/(Income)	3.4	7,541,720	17,928,054
Profit/(Loss) from Continuing Operations		554,979,595	297,243,195
Profit / (Loss) on Discontinued Operations (Net of tax)		-	-
Net Profit/(Loss) for the Year		554,979,595	297,243,195
Other Comprehensive Income			
Change in Fair Value of Equity Shares		1,704,821	(162,516)
Total Other Comprehensive Income		1,704,821	(162,516)
Total Comprehensive Income		556,684,416	297,080,679
Basic Earnings per Share (Rs.)	3.21	6.27	3.36
Diluted Earnings per Share (Rs.)		6.27	3.36

N Notes 1 to 4.21 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANT

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

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

Lil Bahadur Khatri
CHIEF OF CORPORATE AFFAIRS
& COMPANY SECRETARY

Ubaraj Adhikari
Deepak Raj Joshi
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

Date: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal

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

For the year ended on 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Year Ended Ashad 31, 2080 (July 16, 2023)	Year Ended Ashad 32, 2079 (July 16, 2022)
Cash Flows from Operating Activities		
Profit/(Loss) Before Tax for the Year	687,129,428	315,171,249
Adjustment for:		
Dividend Income	(19,271,347)	(1,222,517)
Loss/(Gain) on Sale of Property, Plant and Equipment	(4,506,502)	(3,110,365)
Interest Income on Term and Call Deposits	(147,395)	(133,166)
Incremental Interest Income on Staff Loans on Amortized Cost	-	(1,188,456)
Amortization of Deferred Employee Benefit Expenses	-	1,188,456
Impairment Allowance on Trade Receivable	5,000,061	5,000,000
Provision for Bonus	68,712,943	31,517,125
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	113,641,170	100,355,101
Finance Cost	8,660,738	18,544,171
Operating Cash Flow before changes in Working Capital	859,219,096	466,121,598
(Increase) / Decrease in Trade and Other Receivables	(44,297,143)	(69,707,675)
(Increase) / Decrease in Inventories	(37,259,559)	(10,812,455)
(Increase) / Decrease in Prepayment	(6,973,834)	(4,506,888)
Increase / (Decrease) in Trade and Other Payables	(12,425,112)	(9,958,874)
Increase/ (Decrease) in Employee Benefits	4,479,864	(47,965,633)
Cash generated from Operations	762,743,312	323,170,073
Bonus Paid	(31,517,125)	-
Income Tax Paid	(76,188,557)	(6,212,782)
Net Cash Flows from Operating Activities (A)	655,037,630	316,957,291
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	7,081,771	3,215,906
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(421,780,458)	(259,280,513)
(Increase)/Decrease in Investments	16,906,928	(6,956,928)
Dividend Income	19,271,347	1,222,517
Interest Income on Term and Call Deposits	147,395	133,166
Net Cash Flows from Investing Activities (B)	(378,373,017)	(261,665,852)
Cash Flow from Financing Activities		
Finance Cost	(8,660,738)	(18,544,171)
Increase/(Repayment) of Borrowings	(53,751,817)	(32,712,688)
Recovery/(Paid) of Cash for Fractional Bonus Shares	6,344	-
Dividend Paid Net	(176,578,128)	(861,855)
Net Cash Flows from Financing Activities (C)	(238,984,339)	(52,118,714)
Net Increase in Cash and Cash Equivalents (A+B+C)	37,680,274	3,172,725
Cash and Cash Equivalents at the Beginning	31,863,416	28,690,691
Cash and Cash Equivalents at the End	69,543,690	31,863,416

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANT**Sudarshan Chapagain**
VICE PRESIDENT**Dinesh Bahadur Bista**
EXECUTIVE CHAIRMAN**CA. B.K. Agrawal**
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants**Lil Bahadur Khatri**
CHIEF OF CORPORATE AFFAIRS
& COMPANY SECRETARY**Ubaraj Adhikari**
Deepak Raj Joshi
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjana Kumar Tibrewala
DIRECTORSDate: 17 November 2023
(01 Mangsir 2080)

Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

Statement of Changes in Equity
For the period ended on 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total
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
Change in Fair Value of Investment through OCI	-	-	-	-	-	(162,516)	(162,516)
Net Profit/(Loss) for Year 2078-79	-	-	-	-	297,243,195	-	297,243,195
Payment of Dividend for 2077-78	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	-	-	-
Closing Balance as at 32.03.2079	842,579,730	16,000,000	35,198,427	7,288,761	827,114,838	1,142,742	1,729,324,498
Change in Fair Value of Investment through OCI	-	-	-	-	-	1,704,821	1,704,821
Net Profit/(Loss) for Year 2079-80	-	-	-	-	554,979,595	-	554,979,595
Payment of Dividend for 2078-79	-	-	-	-	(179,602,521)	-	(179,602,521)
Issue of Bonus Shares	42,135,330	-	-	-	(42,135,330)	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	6,344	-	6,344
Closing Balance as at 31.03.2080	884,715,060	16,000,000	35,198,427	7,288,761	1,160,362,926	2,847,563	2,106,412,737

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANT

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

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

Lil Bahadur Khatri
CHIEF OF CORPORATE AFFAIRS
& COMPANY SECRETARY

Ubaraj Adhikari
Deepak Raj Joshi
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjana Kumar Tibrewala
DIRECTORS

Date: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal



SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2080 (16 July 2023)

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 56 years, SHL has been catering the Tourism sector services with five-star quality hotel facilities and flight catering kitchen since its commercial operation. SHL has invested in subsidiary Company 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.

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. The property (hotel) is owned and operated by the Company. The Soaltee Kathmandu has 285 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet, 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 17 November 2023 (01 Mangsir 2080) 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.

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 provident fund benefit 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 bet judgement.

General corporate tax rate is 25%. The Company is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058. Accordingly, tax rate applicable to the company for current fiscal year is 21.25% (previous year rate was 10.63%).

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 The Soaltee Gate Gourmet -Flight Catering Division 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 till 26 January 2023.

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.

License Fee

License fees payable in relation to technical assistance to Gate Gourmet Singapore Pte. Ltd, to operate the Flight Catering Unit under the brand name of 'The Soaltee Gate Gourmet' 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 The Soaltee Gate Gourmet. 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 2080 (16 July 2023)
Notes to the Financial Statements
Note 3.1: Property, Plant & Equipment

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixture	Office Equipment	Computers	Vehicles	Leasehold	Capital WIP	Total
Cost										
Balance at 01.04.2078	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
Addition	-	32,708,375	20,576,496	2,078,087	-	1,681,929	40,924,421	10,061,340	195,379,270	303,409,918
Disposal/Transfer	-	-	(17,948,770)	(933,405)	(200,927)	-	(6,212,585)	-	(44,129,405)	(69,425,092)
Balance at 32.03.2079	149,488,779	914,155,783	1,180,937,429	456,078,979	6,304,391	70,468,468	114,992,907	17,142,913	167,269,984	3,076,839,633
Addition	-	185,269,220	179,422,284	19,550,868	714,940	2,991,597	18,125,664	-	289,357,378	695,431,951
Disposal/Transfer	-	(1,262,458)	(25,135,424)	(1,239,068)	(370,000)	(5,130,696)	(1,225,000)	-	(273,651,493)	(308,014,139)
Balance at 31.03.2080	149,488,779	1,098,162,545	1,335,224,289	474,390,779	6,649,331	68,329,369	131,893,571	17,142,913	182,975,869	3,464,257,445
Depreciation and Impairment loss										
Balance at 01.04.2078	-	301,897,544	722,788,172	289,264,883	6,054,008	46,652,782	42,885,886	135,164	-	1,409,678,438
Charge for the year	-	21,790,875	36,609,381	24,729,285	101,666	4,906,167	4,604,800	5,231,562	-	97,973,736
Disposal	-	-	(17,931,263)	(933,275)	(200,927)	-	(6,124,681)	-	-	(25,190,146)
Balance at 32.03.2079	-	323,688,419	741,466,290	313,060,893	5,954,747	51,558,949	41,366,005	5,366,726	-	1,482,462,028
Charge for the year	-	25,436,935	42,363,007	24,711,275	108,195	5,042,022	7,518,353	6,105,018	-	111,284,805
Disposal	-	(802,227)	(23,022,084)	(1,239,068)	(368,302)	(5,130,696)	(1,225,000)	-	-	(31,787,377)
Balance at 31.03.2080	-	348,323,127	760,807,213	336,533,100	5,694,640	51,470,275	47,659,358	11,471,744	-	1,561,959,456
Net Book Value										
At 01.04.2078	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
At 32.03.2079	149,488,779	590,467,364	439,471,139	143,018,086	349,644	18,909,519	73,626,902	11,776,187	167,269,984	1,594,377,605
At 31.03.2080	149,488,779	749,839,418	574,417,076	137,857,679	954,691	16,859,094	84,234,213	5,671,169	182,975,869	1,902,297,989

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Royal Suite (777, 888 & 999) includes cost of assets Rs. 103.17 million, capital advance Rs. 77.30 million and other related costs Rs. 2.51 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 2080 (16 July 2023)

Notes to the Financial Statements

Note 3.2: Intangible Assets

Amount in Rs.

Particulars	Software	Total
Cost		
Balance at 01.04.2078	14,937,654	14,937,654
Addition	-	-
Disposal/Transfer	-	-
Balance at 32.03.2079	14,937,654	14,937,654
Addition	-	-
Disposal	-	-
Balance at 31.03.2080	14,937,654	14,937,654
Amortization		
Balance at 01.04.2078	13,731,316	13,731,316
Charge for the year	402,242	402,242
Disposal	-	-
Balance at 32.03.2079	14,133,558	14,133,558
Charge for the year	377,242	377,242
Disposal	-	-
Balance at 31.03.2080	14,510,800	14,510,800
Net Book Value		
At 01.04.2078	1,206,338	1,206,338
At 32.03.2079	804,096	804,096
At 31.03.2080	426,854	426,854

Note 3.3: Investment Property

Amount in Rs.

Particulars	Freehold Land	Building	Total
Cost			
Balance at 01.04.2078	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 32.03.2079	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal	-	-	-
Balance at 31.03.2080	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2078	-	79,698,359	79,698,359
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 32.03.2079	-	81,677,482	81,677,482
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2080	-	83,656,605	83,656,605
Net Book Value			
At 01.04.2078	4,707,287	86,448,453	91,155,741
At 32.03.2079	4,707,287	84,469,330	89,176,618
At 31.03.2080	4,707,287	82,490,207	87,197,495

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements**Note 3.4: Deferred Tax Assets/(Liabilities)**

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	01.04.2079	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2080
Fixed Assets	(53,303,422)	(8,967,206)	-	(62,270,628)
Gratuity Provision	16,203,871	(1,194,073)	-	15,009,798
Provision for Leave	10,406,635	1,557,059	-	11,963,694
Trade and Other Receivable	9,906,178	1,062,500	-	10,968,678
Total	(16,786,738)	(7,541,720)	-	(24,328,458)

Particulars	01.04.2078	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2079
Fixed Assets	(45,629,725)	(7,673,697)	-	(53,303,422)
Gratuity Provision	24,334,467	(8,130,596)	-	16,203,871
Provision for Leave	13,592,896	(3,186,261)	-	10,406,635
Trade and Other Receivable	8,843,678	1,062,500	-	9,906,178
Total	1,141,316	(17,928,054)	-	(16,786,738)

Note 3.5: Investments*Amount in Rs.*

Particulars	31.03.2080	32.03.2079
Non-Current		
At Amortized Cost		
At Fair Value Through Profit or Loss		
At Fair Value Through OCI	275,487,563	290,689,670
Total	275,487,563	290,689,670
Current		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
Total	-	-

Investment comprises the following:

At Amortized Cost (A)	31.03.2080	32.03.2079
Term Deposit	-	-
Total Investment at Amortized Cost	-	-
At Fair Value Through OCI (B)		
Investment in Subsidiaries		
H I Soaltee Hotel Company Pvt. Ltd. (99,500 shares of Rs. 100 each, 35,136 shares of Rs. 100 each at Premium of Rs. 98 each)	-	16,906,928
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	262,640,000	279,546,928
Investment in Other Entities		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	12,847,563	11,142,742
Sub-Total	12,847,563	11,142,742
Total Investment through OCI	275,487,563	290,689,670
Proportion of voting rights		
H I Soaltee Hotel Company Pvt. Ltd.	-	99.63%
Soaltee Hospitality Ltd.	100%	100%
Himal International Power Corp. Pvt. Ltd.	5.97%	5.97%

Additional Information of Investments is provided in Note 4.20.

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements

Note 3.6: Trade and Other Receivable

Particulars	Amount in Rs.	
	31.03.2080	32.03.2079
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	9,299,783	4,454,681
Deposits	7,065,592	4,338,095
Loans and Advances to Employees	6,982,735	18,921,585
Deferred Employee Benefit Expenses	41,304	1,228,540
Total	30,440,833	35,994,320
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	23,389,414	28,942,901
Current		
Trade Receivable		
Trade Receivable	266,725,614	248,716,457
Less: Allowance for Impairment	(44,565,887)	(39,565,887)
Trade Receivable-Net	222,159,727	209,150,570
Other Receivable		
Loans and Advances to Employees	13,814,856	11,634,470
Loans and Advances to Other	28,209,222	34,177,783
Advances to Contractor and Suppliers	54,267,965	18,939,147
VAT Recoverable	3,089,678	1,959,002
Management Fees Recoverable	4,036,281	4,036,281
Deferred Employee Benefit Expenses	265,776	1,095,683
Total Other Receivable	103,683,778	71,842,366
Total	325,843,505	280,992,936

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	31.03.2080	32.03.2079
Stores and Spares	21,790,412	12,230,616
Provision, Beverage and Others	37,221,699	23,253,071
Uniform and Linen	42,147,234	35,325,673
Crockery, Cutlery etc.	21,044,174	14,134,600
Total	122,203,519	84,943,960

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2080	32.03.2079
Cash in Hand	3,889,934	2,766,717
Cheques in Hand	700,000	-
Balances with Bank	64,953,756	29,096,699
Total	69,543,690	31,863,416

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

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

Particulars	Amount in Rs.	
	31.03.2080	32.03.2079
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		
88,471,506 Shares of Rs.10/- each	884,715,060	842,579,730
Total	884,715,060	842,579,730

Reconciliation of no. of shares outstanding

Particulars	31.03.2080	32.03.2079
Balance at the beginning of the year	84,257,973	84,257,973
Add: Bonus Issue	4,213,533	-
Balance at the end of year	88,471,506	84,257,973
Details of Shareholding		
Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2080	32.03.2079
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	2,847,563	1,142,742
Retained Earnings	1,160,362,926	827,114,838
Total	1,221,697,677	886,744,768

Note 3.11: Loans and Borrowings

Particulars	31.03.2080	32.03.2079
Non-Current		
Secured- Hire Purchase	7,931,571	9,170,921
Total	7,931,571	9,170,921
Current		
Overdraft and Working Capital Loan	-	51,611,159
Current Portion of Hire Purchase Loan	1,308,207	2,209,515
Total	1,308,207	53,820,674

Note 3.12: Employee Benefits

Particulars	31.03.2080	32.03.2079
Non-Current		
Gratuity	70,634,343	76,253,510
Less: Plan Assets	(1,259,866)	(2,253,240)
Net Gratuity Liability	69,374,477	74,000,270
Accumulated Leave	56,299,735	48,972,399
Total	125,674,212	122,972,669
Current		
Salary and Wages Payable	13,028,397	11,250,076
Bonus Payable	68,712,943	31,517,125
Total	81,741,340	42,767,201

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements

Note 3.13: Income Tax Receivable/(Payable)

Amount in Rs.

Particulars	31.03.2080	32.03.2079
Advance Income Tax	109,724,626	33,536,069
Income Tax Liability	(124,608,113)	-
Total	(14,883,487)	33,536,069

Note 3.14: Trade and Other Payable

Particulars	31.03.2080	32.03.2079
Non-Current		
Retention and Security Deposit	15,159,071	11,679,331
Advances Received	48,947,939	52,860,983
Unclaimed Dividend	13,539,009	10,514,616
Total	77,646,019	75,054,930
Current		
Sundry Creditors	236,545,187	220,263,657
Other Payable		
Advances Received	34,999,574	34,999,574
Civil Aviation Fee	-	394,695
Flight Kitchen Franchise Fee	1,148,430	6,487,466
Service Charge	12,102,566	54,648,520
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	8,431,238	10,189,783
Other Liabilities	68,282,678	46,517,786
Total	387,843,702	399,835,510

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

Note 3.15: Revenue from Operation

Particulars	2079-80	2078-79
Room	551,094,425	246,990,610
Food	1,496,892,775	972,822,567
Beverage	104,935,519	70,835,073
Cigar and Cigarettes	1,497,714	658,625
Telephone	10,026	11,201
Laundry Income	1,779,057	1,229,505
Business Centre	7,105	13,725
Total	2,156,216,621	1,292,561,306

Note 3.16: Other Income

Particulars	2079-80	2078-79
Premises Rental Charge	36,463,978	26,126,938
Interest on Loans & Advances at Amortized Cost	1,108,581	1,765,522
Interest on Call Account/Time Deposit	147,395	133,166
Miscellaneous Receipts	10,644,900	6,253,092
Income from Service Charge	21,403,302	25,267,588
Dividend Income	19,271,347	1,222,517
Profit on Sale of Assets	4,506,502	3,110,365
Profit on Sale of Investment	-	9,170,962
Exchange Gain	2,548,345	2,124,666
Reversal of Provision for Gratuity	2,315,290	-
Reversal of Provision for Leave	-	1,143,502
Unclaimed Balance Written Back	-	244,415
Total	98,409,640	76,562,733

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements**Note 3.17: Consumption of Food and Beverage**

Particulars	<i>Amount in Rs.</i>	
	2079-80	2078-79
Food	350,648,786	241,240,023
Beverage	28,830,695	18,544,340
Cigarettes	603,925	407,685
Total	380,083,406	260,192,048

Note 3.18: Employee Benefit Expenses

Particulars	2079-80	2078-79
Salary and Wages	250,363,992	159,441,674
Allowances	69,270,703	49,102,514
Festival Allowance	13,042,251	-
Overtime	8,510,124	1,709,000
Employees Meal	42,212,553	21,731,259
Soaltee Staff Welfare	2,468,229	2,496,617
Gratuity	13,593,805	10,188,080
Leave	11,095,599	-
Provident Fund	16,315,871	11,894,843
Clinic Expenses	2,806,557	2,025,427
Amortization of Staff Loan	-	1,188,456
Incentive Exit Scheme	3,975,504	32,099,623
Bonus	68,712,943	31,517,125
Total	502,368,131	323,394,618

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

Note 3.19: Operating Expenses

Particulars	2079-80	2078-79
Linen	11,354,900	5,740,121
Laundry Supplies	37,871,510	19,521,677
Crockery & Cutlery	3,913,305	2,422,010
Silverware	529,198	220,150
Cleaning Supplies	14,245,204	7,714,558
F & B Paper Supplies	17,328,664	10,311,020
Guest Supplies	32,244,290	12,919,885
Water & Water Treatment	10,413,839	16,115,702
Garden Maintenance	1,692,064	2,103,112
Pest Control	2,496,000	2,588,000
Waste Removal	1,243,300	823,100
Power and Fuel	115,138,899	91,558,812
Repair and Maintenance	36,928,650	24,713,592
Total	285,399,823	196,751,739

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements

Note 3.20: Other Expenses

Particulars	Amount in Rs.	
	2079-80	2078-79
Rental Charges	10,367,981	7,277,087
Travelling	24,778,318	7,715,747
Transport and Conveyance	34,364,718	18,575,916
Audit Fee	605,000	550,000
Legal and Professional Fees	9,303,004	10,750,454
Directors' Meeting Fees	1,494,123	423,528
Licence & Taxes	33,879,627	19,713,693
Bank Charges	8,794,279	4,809,477
Annual General Meeting Expenses	970,145	662,555
Commissions	16,110,637	3,208,662
Insurance	10,071,617	7,985,808
Communication Expenses	5,452,574	4,350,466
Printing and Stationery	7,551,309	4,833,654
Advertisement and Sales Promotion	16,795,825	9,349,531
Marketing and Reservation Expenses	7,717,702	4,210,684
Training and Conference	1,683,173	1,900,800
Books and Newspaper	186,937	92,282
Membership & Subscription	2,281,856	2,175,432
Security Services	15,204,998	9,760,149
Uniform Expenses	7,340,730	6,274,728
Entertainment	4,536,967	785,959
Allowance for Impairment	5,000,061	5,000,000
Software Service Charges	6,501,297	5,536,344
Investment Written Off	3,443,328	-
Banquet Expenses	9,421,467	2,570,683
Kitchenette Expenses	7,870,198	4,314,205
Corporate Social Responsibility	5,549,796	2,972,432
Miscellaneous	20,065,898	8,914,837
Total	277,343,565	154,715,113

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	2079-80	2078-79
Basic Earnings per Share		
Profit/(Loss) for the year	554,979,595	297,243,195
Number of shares	88,471,506	88,471,506
Basic Earnings per Share (Rs.)	6.27	3.36
Diluted Earnings per Share		
Profit for the year	554,979,595	297,243,195
Weighted average number of shares	88,471,506	88,471,506
Diluted Earnings per share (Rs.)	6.27	3.36

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

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 31.03.2080	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	348,925,839			348,925,839
Investment	-			-
Cash and Cash Equivalent	69,543,690			69,543,690
Total At Amortized Cost	418,469,529			418,469,529
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	275,487,563			275,487,563
Total Financial Assets	693,957,092	-	-	693,957,092
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	465,489,721			465,489,721
Loans and Borrowings	9,239,778			9,239,778
Total Financial Liabilities	474,729,499	-	-	474,729,499

As at 32.03.2079	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	307,611,614			307,611,614
Investment	-			-
Cash and Cash Equivalent	31,863,416			31,863,416
Total At Amortized Cost	339,475,030			339,475,030
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	290,689,670			290,689,670
Total Financial Assets	630,164,700	-	-	630,164,700
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	474,890,440			474,890,440
Loans and Borrowings	62,991,595			62,991,595
Total Financial Liabilities	537,882,035	-	-	537,882,035

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements

4 Additional Information

4.1 Share Capital

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

4.2 Dividend

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

Board of Directors have proposed 5% bonus shares and 26.57894737% cash dividend for the year 2079-80 (previous year 5% bonus shares and 21.31578947% cash dividend). Accordingly, the total distribution by the Company from the profits arising from 2079-80 is as follows:

Particulars	Bonus Shares	Cash Dividend
Proposed for 2079-80	44,235,753	235,147,950
Number of shares	4,423,575	
Paid for 2078-79 (Amount)	42,135,330	179,602,521
No. of shares	4,213,533	

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 its employees in Social Security Fund (SSF) in Chaitra 2076 and thereafter it has started making contribution towards Employee Gratuity in the fund.

Particulars	2079-80	2078-79
Opening Liability	76,253,510	114,515,139
Payment Made	(3,303,876)	(38,261,629)
Expenses Booked	13,593,805	10,188,080
Reversal of Excess Provision	(2,315,291)	-
Deposited in SSF	(13,593,805)	(10,188,080)
Closing Liability	70,634,343	76,253,510

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	2079-80	2078-79
Opening Liability	48,972,399	63,966,570
Service Cost	8,229,115	9,058,131
Interest Cost	4,022,294	4,858,469
Actuarial Gain/(Loss)	(1,152,677)	(15,060,102)
Benefit Paid	(3,771,396)	(13,850,669)
Closing Liability (A)	56,299,735	48,972,399
Liability recognized in the financial statements (B)	56,299,735	48,972,399

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

Particulars	2079-80	2078-79
Discount Rate	8.50%	8.50%
Rate of compensation increase	6%	6%
Average expected future service	14	13
Average duration of liabilities	10	10

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	2079-80	2078-79
Effect on:		
- Service Cost	(912,634)	(1,141,698)
- Interest Cost	473,209	571,583
- Leave Liability	(10,883,442)	(10,229,102)

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

Particulars	2079-80	2078-79
Effect on:		
- Service Cost	1,109,033	1,390,162
- Interest Cost	(473,209)	(571,583)
- Leave Liability	13,101,212	12,348,982

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	2079-80	2078-79
Up to one year	13,012,097	7,487,713
One to five years	11,185,354	5,633,377
Total	24,197,451	13,121,090

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	2079-80	2078-79
Up to one year	37,607,133	33,831,520
One to five years	291,633,300	255,970,344
Above five years	172,386,540	50,406,757
Total	501,626,973	340,208,621

4.6 Corporate Social Responsibility

During the year, the Company has provided Rs. 5.55 million (previous year Rs. 2.97 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 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 56 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 comprise of key management personnel, organization having significant influence on the company, subsidiaries of the company and Board of Directors.

a. Subsidiary Company

The Company has one subsidiary company. The Company has presence on the Board of this company in proportion of its shareholding. Company provides office space to the subsidiary on operating lease. Other than this, there is no any transaction with subsidiary company.

Name of Subsidiary	Holding %	Rental Charge		Outstanding balance	
		This Year	Last Year	This Year	Last Year
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. SHL has paid Rs. 1,102,500 to SEPL 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	274.49	188.21	50.44	43.23

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. Ubaraj Adhikari	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. Deepak Raj Joshi	Director	Independent Director

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

Board members are paid Rs. 25,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 1.49 million (previous year Rs. 0.40 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. 31.84 million (previous year Rs. 16.48 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. 13.54 million (previous year Rs. 10.51 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 and overdraft against a vehicle, movable and immovable properties amounting to Rs. 9.24 million (previous year Rs. 62.99 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. 26.04 million (previous year Rs. 12.52 million).

4.14 Litigations or Legal Cases

i. Income Tax Matters

Appeal Revenue Tribunal Fiscal Year 2068-69

The Inland Revenue Department has filed an appeal to review the verdict of the Revenue Tribunal in the Honorable Supreme Court for the Fiscal Year 2068-69 which had ruled in favor of the Company. The Honorable Supreme Court issued its final verdict in favor of the Company during this fiscal year. The Supreme Court upheld the Revenue Tribunal's verdict and dismissed the appeal by the Inland Revenue Department. The full text of the verdict of the Supreme Court is yet to be received after publication by the Supreme Court at a later date.

Appeal Revenue Tribunal Fiscal Year 2071-72

The Revenue Tribunal has issued a verdict in favor of the Company regarding the appeal for Review relating to the assessment for Fiscal Year 2071-72. Despite the requirement, the Inland Revenue Department has not yet conducted a reassessment in accordance with the Revenue Tribunal's decision. However, there would not be a significant obligation to the Company relating to Fiscal Year 2071-72. It is not expected that there will be a significant financial obligation for the Company concerning Fiscal Year 2071-72.

ii. Income Tax Assessment Status

The Company has appealed to Revenue Tribunal challenging the disallowance of expenses on Self-Assessment Income Tax Return for the FY 2072-73, 2073-74 and 2074-75. The appeals arise due to an additional income tax demand/claim of Rs. 2,413,333, Rs. 4,810,246 and Rs. 2,059,478 respectively as assessed by the Large Taxpayers Office during their administrative review. The Company's management believes that it should not incur a significant financial obligation to the Company due to these tax claims. If any tax claim does arise, such charges would be directly charged to Company's accumulated profit, in accordance with past practice.

Additionally, the Company has also submitted an appeal to Inland Revenue Department for Administrative Review, challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2075-76. This appeal is in response to an additional tax demand of Rs. 2,059,478 made by Large Taxpayers Office during their administrative review. The management does not anticipate a significant financial obligation arising from this claim, and any such obligation will

be directly charged to accumulated profit, consistent with the Company's established practice.

iii. Arbitration Suit

"The Company had filed a Writ Petition in the Honorable High Court Patan on the issue of Outstanding Receivable recovery pending settlement by the then Hotel Manager, Holiday Inns (China) Ltd (Manager) seeking the court's assistance for appointment of an arbitrator on behalf of Holiday Inns as they did not appoint their arbitrator. The High Court has appointed an arbitrator on behalf of Holiday Inns (China) Ltd. However, Holiday Inns (China) Ltd has challenged the appointment in the Supreme Court of Nepal stating that they have already appointed their arbitrator. The matter is sub-judiced in the Supreme Court.

Holiday Inns had requested the Permanent Court of Arbitration, Hague to appoint a third arbitrator or appoint an appointing authority to appoint a third arbitrator under UNCITRAL Rules of Arbitration. On their request, the Permanent Court of Arbitration has appointed the Singapore International Arbitration Centre (SIAC) as the appointing authority. The Company has challenged the appointment of SIAC as the appointing authority and the matter is also pending at the Supreme Court."

iv. Casino Royalty of the Closed down period

The Company had filed the writ petitions in the Honorable Supreme Court of Nepal against the Government of Nepal's demand for Casino Royalty for the period in which the casino was not in operation from Shrawan 2068 to Kartik 2069 due to the cancellation of Nepal Recreation Centre's Casino Operation permission. The Supreme Court has dismissed the writ. However, the Company has not yet received the full text of the verdict from the Honorable Supreme Court of Nepal.

v. Legal cases

The company has filed a few other cases to recover dues from some debtors and other parties 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. 175.33 million (Previous year Rs. 160.15 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 Labor laws. Owing to changes in Labor 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 of the Company provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.
- 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	674.18	715.49	107.22	1,496.89
- Room	551.09			551.09
- Beverage	62.44	11.95	30.55	104.94
- Others	3.29			3.29
Interest Income	1.26			1.26
Other Income	97.15			97.15
Total Revenue	1,389.42	727.44	137.77	2,254.63
Expenses*				
Consumption Cost	234.22	122.63	23.23	380.08
Employee Benefit Expenses	309.59	162.08	30.70	502.37
Management, Operating and Other Expenses	346.78	181.57	34.39	562.74
Depreciation and Amortization	101.86	4.51	7.27	113.64
Finance Cost	8.66			8.66
Total Expenses	1,001.12	470.79	95.59	1,567.50
Segment Result	388.30	256.65	42.18	687.13
Income Tax				132.15
Profit/(Loss) for the Period				554.98
Segment Assets	2,597.92	197.66	32.19	2,827.77
Segment Liabilities**				2,827.77

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

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

4.19 Capital Management

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

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

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

4.20 Liquidation of Subsidiary Company

During the Period, the Subsidiary Company H I Soaltee Hotel Company Pvt. Ltd. has been liquidated on 20 February 2023. The Company had received Rs. 18,171,347 as dividend (net of tax) and Rs. 13,463,600 as repayment of Share Capital. The balance amount Share Premium on Investment of Rs. 3,443,328 has been written off.

4.21 Regrouping and Round off

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



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MEMBER CROWE GLOBAL

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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, 2080 (July 16, 2023), 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, 2080 (July 16, 2023), its financial performance, changes in equity and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of The Group in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of Nepal (ICAN) 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.

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 3.16 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 Group's revenue recognition accounting policies in line with NFRS 15 (Revenue from Contracts with Customers) and testing the accounting of revenue in books of accounts thereof.




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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 Group'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	Property, 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 the 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 each company 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.



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

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.





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Other Matters

We did not audit the financial statements and other financial information of one subsidiary, "Soaltee Hospitality Ltd." whose financial statements reflect total assets of Rs.265.81 million and net assets of Rs.264.98 million as at July 16, 2023 and net profit of Rs.1.50 million and net cash outflows amounting to Rs.0.26 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: 17 November, 2023 (1 Mangsir, 2080)

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

UDIN: 231122CA00018wASF5



SOALTEE HOTEL LIMITED

Consolidated Statement of Financial Position

As at 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Note	As At Ashad 31, 2080 (July 16, 2023)	As At Ashad 32, 2079 (July 16, 2022)
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.1	1,902,297,989	1,594,377,605
Intangible Assets	3.2	426,854	804,096
Investment Property	3.3	87,197,495	89,176,618
Investments	3.5	274,687,563	272,982,742
Trade and Other Receivables	3.6	23,389,414	28,942,901
Total Non-Current Assets		2,287,999,315	1,986,283,962
Current Assets:			
Inventories	3.7	122,203,519	84,943,960
Income Tax Receivable	3.14	-	33,883,344
Investment	3.5	-	27,500,000
Trade and Other Receivables	3.6	326,337,348	282,000,330
Prepayments		21,379,704	14,405,870
Cash and Cash Equivalent	3.8	72,596,935	36,778,270
Total Current Assets		542,517,506	479,511,774
Total Assets		2,830,516,821	2,465,795,736
EQUITY AND LIABILITIES			
Equity and Reserves and Surplus:			
Share Capital	3.9	884,715,060	842,579,730
Retained Earnings and Reserves	3.10	1,224,040,511	906,030,301
Total Equity of Parent		2,108,755,571	1,748,610,031
Non-Controlling Interest	3.11	-	(3,324,563)
Total Equity		2,108,755,571	1,745,285,468
Liabilities			
Non-Current Liabilities:			
Loans and Borrowings	3.12	7,931,571	9,170,921
Employee Benefits	3.13	125,674,212	122,972,669
Deferred Tax Liabilities	3.4	24,328,458	16,786,738
Trade and Other Payables	3.15	77,646,019	75,054,930
Total Non-Current Liabilities		235,580,260	223,985,258
Current Liabilities:			
Loans and Borrowings	3.12	1,308,207	53,820,674
Employee Benefits	3.13	81,741,340	42,767,201
Income Tax Payable	3.14	14,970,517	-
Trade and Other Payables	3.15	388,160,926	399,937,135
Total Current Liabilities		486,180,990	496,525,010
Total Liabilities		721,761,250	720,510,268
Total Equity and Liabilities		2,830,516,821	2,465,795,736

Notes 1 to 4.21 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANT

Sudarshan Chapagain
VICE PRESIDENT

Dinesh Bahadur Bista
EXECUTIVE CHAIRMAN

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

Lil Bahadur Khatri
CHIEF OF CORPORATE AFFAIRS
& COMPANY SECRETARY

Ubaraj Adhikari
Deepak Raj Joshi
Prakash Bikram Khatri
Sashi Raj Pandey
Jaya Rajya Laxmi Shah
Ravi Bhakta Shrestha
Rajesh Kazi Shrestha
Niranjan Kumar Tibrewala
DIRECTORS

Date: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal

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

For the period ended on 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Note	Year Ended Ashad 31, 2080 (July 16, 2023)	Year Ended Ashad 32, 2079 (July 16, 2022)
Revenue from Operation	3.16	2,156,216,621	1,292,561,306
Other Income	3.17	100,484,458	79,333,375
Total Revenue		2,256,701,079	1,371,894,681
Consumption of Foods and Beverage	3.18	380,083,406	260,192,048
Employee Benefit Expenses	3.19	502,368,131	323,394,618
Operating Expenses	3.20	285,399,823	196,751,739
Depreciation and Amortization Expense	3.1/3.2/3.3	113,641,170	100,355,101
Other Expenses	3.21	277,399,001	154,841,538
Total Expenditures		1,558,891,531	1,035,535,044
Profit/(Loss) from Operations		697,809,548	336,359,637
Finance Cost		8,660,738	18,544,171
Profit/(Loss) Before Tax		689,148,810	317,815,466
Income Tax		132,662,215	18,599,109
Current Tax		125,120,495	671,055
Deferred Tax Expenses/(Income)	3.4	7,541,720	17,928,054
Net Profit/(Loss) for the Year		556,486,595	299,216,357
Other Comprehensive Income			
Change in Fair Value of Equity Shares		1,704,821	(162,516)
Total Other Comprehensive Income		1,704,821	(162,516)
Total Comprehensive Income		558,191,416	299,053,841

Net Profit/(Loss) Attributable to:

The Parent		556,486,595	299,211,981
Non-Controlling Interest		-	4,376

Other Comprehensive Income Attributable to:

The Parent		1,704,821	(162,516)
Non-Controlling Interest		-	-

Basic Earnings per Share (Rs.)		6.29	3.38
Diluted Earnings per Share (Rs.)	3.22	6.29	3.38

Notes 1 to 4.21 form an integral part of this statement

As per our report of even date

Mukti Nath Shrestha
CHIEF ACCOUNTANT**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
DIRECTORSDate: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

Consolidated Statement of Cash Flows

For the year ended on 31 Ashad 2080 (16 July 2023)

Amount in Rs.

Particulars	Year Ended Ashad 31, 2080 (July 16, 2023)	Year Ended Ashad 32, 2079 (July 16, 2022)
Cash Flows from Operating Activities		
Profit/(Loss) Before Tax for the Year	689,148,810	317,815,466
Adjustment for:		
Dividend Income	(19,271,347)	(1,222,517)
Loss/ (Gain) on Sale of Property, Plant and Equipment	(4,506,502)	(3,110,365)
Interest Income on Call and Term Deposit	(156,390)	(1,851,973)
Incremental Interest Income on Staff Loans on Amortized Cost	-	(1,188,456)
Amortization of Deferred Employee Benefit Expenses	-	1,188,456
Impairment Allowance on Trade Receivable	5,000,061	5,000,000
Provision for Bonus	68,712,943	31,517,125
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	113,641,170	100,355,101
Finance Cost	8,660,738	18,544,171
Operating Cash Flow Before changes in Working Capital	861,229,483	467,047,008
(Increase) / Decrease in Trade and Other Receivables	(43,783,592)	(70,088,532)
(Increase) / Decrease in Inventories	(37,259,559)	(10,812,455)
(Increase) / Decrease in Prepayment	(6,973,834)	(4,506,888)
Increase / (Decrease) in Trade and Other Payables	(12,209,513)	(10,242,841)
Increase/ (Decrease) in Employee Benefits	4,479,864	(47,965,633)
Cash generated from Operations	765,482,849	323,430,659
Bonus Paid	(31,517,125)	-
Income Tax Paid	(76,266,634)	(6,638,378)
Net Cash Flows from Operating Activities (A)	657,699,090	316,792,281
Cash Flow from Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	7,081,771	3,215,906
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(421,780,458)	(259,280,513)
(Increase) / Decrease in Investments	12,374,864	(24,466,928)
Dividend Income	19,271,347	1,222,517
Interest Income on Term and Call Deposits	156,390	1,851,973
Net Cash flows from Investing Activities (B)	(382,896,086)	(277,457,045)
Cash Flow from Financing Activities		
Finance Cost	(8,660,738)	(18,544,171)
Increase/(Repayment) of Borrowings	(53,751,817)	(32,712,688)
Recovery of Cash for Fractional Bonus Shares	6,344	-
Dividend Paid Net	(176,578,128)	(861,855)
Net Cash Flows from Financing Activities (C)	(238,984,339)	(52,118,714)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	35,818,665	(12,783,478)
Cash and Cash Equivalents at the Beginning	36,778,270	49,561,748
Cash and Cash Equivalents at the End	72,596,935	36,778,270

Mukti Nath Shrestha
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Niranjan Kumar Tibrewala
DIRECTORS

Date: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal



SOALTEE HOTEL LIMITED

Consolidated Statement of Changes in Equity
For the period ended on 31 Ashad 2080 (16 July 2023)

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 Equity
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
Change in Fair Value of Investment through OCI	-	-	-	-	-	(162,516)	(162,516)	-	(162,516)
Net Profit/(Loss) for Year 2078-79	-	-	-	-	299,211,981	-	299,211,981	4,376	299,216,357
Change in ownership in subsidiary	-	-	-	-	4,493,044	-	4,493,044	(11,449,972)	(6,956,928)
Payment of Dividend for 2077-78	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-
Adjustment of Fractional bonus shares received (paid)	-	-	-	-	-	-	-	-	-
Closing Balance as at 32.03.2079	842,579,730	16,000,000	35,198,427	7,288,761	846,400,371	1,142,742	1,748,610,031	(3,324,563)	1,745,285,468
Change in Fair Value of Investment through OCI	-	-	-	-	-	1,704,821	1,704,821	-	1,704,821
Net Profit/(Loss) for Year 2079-80	-	-	-	-	556,486,595	-	556,486,595	-	556,486,595
Liquidation of Subsidiary	-	-	-	-	(18,449,699)	-	(18,449,699)	3,324,563	(15,125,136)
Payment of Dividend for 2078-79	-	-	-	-	(179,602,521)	-	(179,602,521)	-	(179,602,521)
Issue of Bonus Shares	42,135,330	-	-	-	(42,135,330)	-	-	-	-
Adjustment of fractional bonus share received (paid)	-	-	-	-	6,344	-	6,344	-	6,344
Closing Balance as at 31.03.2080	884,715,060	16,000,000	35,198,427	7,288,761	1,162,705,760	2,847,563	2,108,755,571	-	2,108,755,571

As per our report of even date

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Niranjan Kumar Tibrewala
DIRECTORS

Date: 17 November 2023
(01 Mangsir 2080)
Place: Kathmandu, Nepal

SOALTEE HOTEL LIMITED

For the period ended on 31 Ashad 2080 (16 July 2023)

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 56 years, SHL has been catering the Tourism sector services with five-star quality hotel facilities and flight catering kitchen since its commercial operation. SHL has invested in subsidiary company namely Soaltee Hospitality Ltd. for expanding its hotel business. Through Soaltee Hospitality Ltd., a wholly owned subsidiary, it has also invested in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.

SHL owns and operates a 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. The property (hotel) is owned and operated by the SHL. The Soaltee Kathmandu has 285 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet, 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) 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 in hotels in Kathmandu and Nepalgunj.

The Consolidated Financial Statements were authorized for issue by the meeting of the Board of Directors on 17 November 2023 (01 Mangsir 2080) 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

The 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.

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, liabilities, 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) 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. Accordingly, tax rate applicable to the SHL for current fiscal year is 21.25% (previous year rate was 10.63%).

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 The Soaltee Gate Gourmet -Flight Catering Division 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 till 26 January, 2023.

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 fee, 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.

License Fee

License fees payable in relation to technical assistance to Gate Gourmet Singapore Pte. Ltd, to operate the Flight Catering Unit under the brand name of 'The Soaltee Gate Gourmet' 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 The Soaltee Gate Gourmet. 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 2080 (16 July 2023)
 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 01.04.2078	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
Addition	-	32,708,375	20,576,496	2,078,087	-	1,681,929	40,924,421	10,061,340	195,379,270	303,409,918
Disposal/Transfer	-	-	(17,948,770)	(933,405)	(200,927)	-	(6,212,585)	-	(44,129,405)	(69,425,092)
Balance at 32.03.2079	149,488,779	914,155,783	1,180,937,429	456,078,979	6,304,391	70,468,468	114,992,907	17,142,913	167,269,984	3,076,839,633
Addition	-	185,269,220	179,422,284	19,550,868	714,940	2,991,597	18,125,664	-	289,357,378	695,431,951
Disposal/Transfer	-	(1,262,458)	(25,135,424)	(1,239,068)	(370,000)	(5,130,696)	(1,225,000)	-	(273,651,493)	(308,014,139)
Balance at 31.03.2080	149,488,779	1,098,162,545	1,335,224,289	474,390,779	6,649,331	68,329,369	131,893,571	17,142,913	182,975,869	3,464,257,445
Depreciation and Impairment loss										
Balance at 01.04.2078	-	301,897,544	722,788,172	289,264,883	6,054,008	46,652,782	42,885,886	135,164	-	1,409,678,438
Charge for the year	-	21,790,875	36,609,381	24,729,285	101,666	4,906,167	4,604,800	5,231,562	-	97,973,736
Disposal	-	-	(17,931,263)	(933,275)	(200,927)	-	(6,124,681)	-	-	(25,190,146)
Balance at 32.03.2079	-	323,688,419	741,466,290	313,060,893	5,954,747	51,558,949	41,366,005	5,366,726	-	1,482,462,028
Charge for the year	-	25,436,935	42,363,007	24,711,275	108,195	5,042,022	7,518,353	6,105,018	-	111,284,805
Disposal	-	(802,227)	(23,022,084)	(1,239,068)	(368,302)	(5,130,696)	(1,225,000)	-	-	(31,787,377)
Balance at 31.03.2080	-	348,323,127	760,807,213	336,533,100	5,694,640	51,470,275	47,659,358	11,471,744	-	1,561,959,456
Net Book Value										
At 01.04.2078	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
At 32.03.2079	149,488,779	590,467,364	439,471,139	143,018,086	349,644	18,909,519	73,626,902	11,776,187	167,269,984	1,594,377,605
At 31.03.2080	149,488,779	749,839,418	574,417,076	137,857,679	954,691	16,859,094	84,234,213	5,671,169	182,975,869	1,902,297,989

Property, Plant and Equipment under construction

Assets under construction majorly comprises of the works related to Royal Suite (777, 888 & 999) includes cost of assets Rs. 103.17 million, capital advance Rs. 77.30 million and other related costs Rs. 2.51 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 2080 (16 July 2023)

Notes to the Consolidated Financial Statements**Note 3.2: Intangible Assets***Amount in Rs.*

Particulars	Software	Total
Cost		
Balance at 01.04.2078	14,937,654	14,937,654
Addition	-	-
Disposal/Transfer	-	-
Balance at 32.03.2079	14,937,654	14,937,654
Addition	-	-
Disposal	-	-
Balance at 31.03.2080	14,937,654	14,937,654
Amortization		
Balance at 01.04.2078	13,731,316	13,731,316
Charge for the year	402,242	402,242
Disposal	-	-
Balance at 32.03.2079	14,133,558	14,133,558
Charge for the year	377,242	377,242
Disposal	-	-
Balance at 31.03.2080	14,510,800	14,510,800
Net Book Value		
At 01.04.2078	1,206,338	1,206,338
At 32.03.2079	804,096	804,096
At 31.03.2080	426,854	426,854

Note 3.3: Investment Property*Amount in Rs.*

Particulars	Freehold Land	Building	Total
Cost			
Balance at 01.04.2078	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal/Transfer	-	-	-
Balance at 32.03.2079	4,707,287	166,146,812	170,854,100
Addition	-	-	-
Disposal	-	-	-
Balance at 31.03.2080	4,707,287	166,146,812	170,854,100
Amortization			
Balance at 01.04.2078	-	79,698,359	79,698,359
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 32.03.2079	-	81,677,482	81,677,482
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
Balance at 31.03.2080	-	83,656,605	83,656,605
Net Book Value			
At 01.04.2078	4,707,287	86,448,453	91,155,741
At 32.03.2079	4,707,287	84,469,330	89,176,618
At 31.03.2080	4,707,287	82,490,207	87,197,495

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Consolidated Financial Statements

Note 3.4: Deferred Tax Assets/(Liabilities)

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	01.04.2079	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2080
Fixed Assets	(53,303,422)	(8,967,206)	-	(62,270,628)
Gratuity Provision	16,203,871	(1,194,073)	-	15,009,798
Provision for Leave	10,406,635	1,557,059	-	11,963,694
Trade and Other Receivable	9,906,178	1,062,500	-	10,968,678
Total	(16,786,738)	(7,541,720)	-	(24,328,458)

Particulars	01.04.2078	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2079
Fixed Assets	(45,629,725)	(7,673,697)	-	(53,303,422)
Gratuity Provision	24,334,467	(8,130,596)	-	16,203,871
Provision for Leave	13,592,896	(3,186,261)	-	10,406,635
Trade and Other Receivable	8,843,678	1,062,500	-	9,906,178
Total	1,141,316	(17,928,054)	-	(16,786,738)

Note 3.5: Investments

Amount in Rs.

Particulars	31.03.2080	32.03.2079
Non-Current		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	274,687,563	272,982,742
Total	274,687,563	272,982,742
Current		
At Amortized Cost	-	27,500,000
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
Total	-	27,500,000

Investment comprises the following:

At Amortized Cost (A)	31.03.2080	32.03.2079
Term Deposit	-	27,500,000
Total Investment at Amortized Cost	-	27,500,000
At Fair Value Through OCI (B)		
Investment in Associates		
Soaltee Sibkrim 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)	12,847,563	11,142,742
Sub-total	12,847,563	11,142,742
Total Investment through OCI	274,687,563	272,982,742
Proportion of voting rights		
Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.	24%	24%
Himal International Power Corp. Pvt. Ltd.	5.97%	5.97%

Additional Information of Investments is provided in Note 4.20.

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

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

Particulars	<i>Amount in Rs.</i>	
	31.03.2080	32.03.2079
Non-Current		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	9,299,783	4,454,681
Deposits	7,065,592	4,338,095
Loans and Advances to Employees	6,982,735	18,921,585
Deferred Employee Benefit Expenses	41,304	1,228,540
Total	30,440,833	35,994,320
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
Total	23,389,414	28,942,901
Current		
Trade Receivable		
Trade Receivable	266,725,614	248,716,457
Less: Allowance for Impairment	(44,565,887)	(39,565,887)
Trade Receivable-Net	222,159,727	209,150,570
Other Receivable		
Loans and Advances to Employees	13,814,856	11,634,470
Loans and Advances to Other	28,209,222	34,177,783
Advances to Contractor and Suppliers	54,267,965	18,939,147
VAT Recoverable	3,089,678	1,959,002
Management Fees Recoverable	4,036,281	4,036,281
Others	493,843	1,007,394
Deferred Employee Benefit Expenses	265,776	1,095,683
Total Other Receivable	104,177,621	72,849,760
Total	326,337,348	282,000,330

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	31.03.2080	32.03.2079
Stores and Spares	21,790,412	12,230,616
Provision, Beverage and Others	37,221,699	23,253,071
Uniform and Linen	42,147,234	35,325,673
Crockery, Cutlery etc.	21,044,174	14,134,600
Total	122,203,519	84,943,960

Note 3.8: Cash and Cash Equivalent

Particulars	31.03.2080	32.03.2079
Cash in Hand	3,889,934	2,766,717
Cheques in Hand	700,000	-
Balances with Bank	68,007,001	34,011,553
Total	72,596,935	36,778,270

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Consolidated Financial Statements

Note 3.9: Share Capital

Amount in Rs.

Particulars	31.03.2080	32.03.2079
Authorized		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
Issued		
100,000,000 Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
Subscribed		
88,471,506 Shares of Rs.10/- each (Fully Paid Up)	884,715,060	842,579,730
Total	884,715,060	842,579,730

Reconciliation of no. of shares outstanding

Particulars	31.03.2080	32.03.2079
Balance at the beginning of the year	84,257,973	84,257,973
Add: Bonus Issue	4,213,533	-
Balance at the end of year	88,471,506	84,257,973
Details of Shareholding		
Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

Note 3.10: Retained Earning and Reserves

Particulars	31.03.2080	32.03.2079
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	2,847,563	1,142,742
Retained Earnings	1,162,705,760	846,400,371
Total	1,224,040,511	906,030,301

Note 3.11: Loans and Borrowings

Particulars	31.03.2080	32.03.2079
Non-Current		
Secured- Hire Purchase	7,931,571	9,170,921
Total	7,931,571	9,170,921
Current		
Overdraft and Working Capital Loan	-	51,611,159
Current portion of Hire Purchase Loan	1,308,207	2,209,515
Total	1,308,207	53,820,674

Note 3.12: Employee Benefits

Particulars	31.03.2080	32.03.2079
Non-Current		
Gratuity	70,634,343	76,253,510
Less: Plan Assets	(1,259,866)	(2,253,240)
Net Gratuity Liability	69,374,477	74,000,270
Accumulated Leave	56,299,735	48,972,399
Total	125,674,212	122,972,669
Current		
Salary and Wages Payable	13,028,397	11,250,076
Bonus Payable	68,712,943	31,517,125
Total	81,741,340	42,767,201

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

Notes to the Consolidated Financial Statements**Note 3.13: Income Tax Receivable/(Payable)***Amount in Rs.*

Particulars	31.03.2080	32.03.2079
Advance Income Tax	110,149,978	34,544,399
Income Tax Liability	(125,120,495)	(661,055)
Total	(14,970,517)	33,883,344

Note 3.14: Trade and Other Payable

Particulars	31.03.2080	32.03.2079
Non-Current		
Retention and Security Deposit	15,159,071	11,679,331
Advances Received	48,947,939	52,860,983
Unclaimed Dividend	13,539,009	10,514,616
Total	77,646,019	75,054,930
Current		
Sundry Creditors	236,584,587	220,308,257
Other Payable		
Advances Received	34,999,574	34,999,574
Civil Aviation Fee	-	394,695
Flight Kitchen Franchise Fee	1,148,430	6,487,466
VAT Payable	277,224	-
Service Charge	12,102,566	54,648,520
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	8,431,238	10,189,783
Other Liabilities	68,283,278	46,574,811
Total	388,160,926	399,937,135

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

Note 3.15: Revenue from Operation

Particulars	2079-80	2078-79
Room	551,094,425	246,990,610
Food	1,496,892,775	972,822,567
Beverage	104,935,519	70,835,073
Cigar and Cigarettes	1,497,714	658,625
Telephone	10,026	11,201
Laundry Income	1,779,057	1,229,505
Business Centre	7,105	13,725
Total	2,156,216,621	1,292,561,306

Note 3.16: Other Income

Particulars	2079-80	2078-79
Premises Rental Charge	36,397,311	25,993,604
Interest on Loans & Advances at Amortized Cost	1,108,581	1,765,522
Interest on Call Account/Time Deposit	156,390	1,851,973
Miscellaneous Receipts	10,644,900	6,253,092
Income from Service Charge	21,403,302	25,267,588
Dividend Income	19,271,347	1,222,517
Profit on Sale of Assets	4,506,502	3,110,365
Profit on Sale of Investment	-	9,170,962
Exchange Gain	2,548,345	2,124,666
Others	2,132,490	1,185,169
Reversal of Provision for Gratuity	2,315,290	-
Reversal of Provision for Leave	-	1,143,502
Unclaimed Balance Written Back	-	244,415
Total	100,484,458	79,333,375

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Financial Statements

Note 3.17: Consumption of Food and Beverage

Amount in Rs.

Particulars	2079-80	2078-79
Food	350,648,786	241,240,023
Beverage	28,830,695	18,544,340
Cigarettes	603,925	407,685
Total	380,083,406	260,192,048

Note 3.18: Employee Benefit Expenses

Particulars	2079-80	2078-79
Salary and Wages	250,363,992	159,441,674
Allowances	69,270,703	49,102,514
Festival Allowance	13,042,251	-
Overtime	8,510,124	1,709,000
Employees Meal	42,212,553	21,731,259
Soaltee Staff Welfare	2,468,229	2,496,617
Gratuity	13,593,805	10,188,080
Leave	11,095,599	-
Provident Fund	16,315,871	11,894,843
Clinic Expenses	2,806,557	2,025,427
Amortization of staff loan	-	1,188,456
Incentive Exit Scheme	3,975,504	32,099,623
Bonus	68,712,943	31,517,125
Total	502,368,131	323,394,618

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

Note 3.19: Operating Expenses

Particulars	2079-80	2078-79
Linen	11,354,900	5,740,121
Laundry Supplies	37,871,510	19,521,677
Crockery & Cutlery	3,913,305	2,422,010
Silverware	529,198	220,150
Cleaning Supplies	14,245,204	7,714,558
F & B Paper Supplies	17,328,664	10,311,020
Guest Supplies	32,244,290	12,919,885
Water & Water Treatment	10,413,839	16,115,702
Garden Maintenance	1,692,064	2,103,112
Pest Control	2,496,000	2,588,000
Waste Removal	1,243,300	823,100
Power and Fuel	115,138,899	91,558,812
Repair and Maintenance	36,928,650	24,713,592
Total	285,399,823	196,751,739

**SOALTEE HOTEL LIMITED**

As at 31 Ashad 2080 (16 July 2023)

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

Particulars	Amount in Rs.	
	2079-80	2078-79
Rental Charges	10,367,981	7,277,087
Travelling	24,778,318	7,715,747
Transport and Conveyance	34,364,718	18,581,566
Audit Fee	645,000	651,700
Legal and Professional Fees	9,303,004	10,756,574
Directors' Meeting Fees	1,494,123	423,528
Licence & Taxes	33,879,627	19,715,693
Bank Charges	8,794,279	4,809,477
Annual General Meeting Expenses	970,145	662,555
Commissions	16,110,637	3,208,662
Insurance	10,071,617	7,985,808
Communication Expenses	5,454,834	4,352,726
Printing and Stationery	7,551,309	4,836,654
Advertisement and Sales Promotion	16,795,825	9,349,531
Marketing and Reservation Expenses	7,717,702	4,210,684
Training and Conference	1,683,173	1,900,800
Books and Newspaper	186,937	92,282
Membership & Subscription	2,281,856	2,175,432
Security Services	15,204,998	9,760,149
Uniform Expenses	7,340,730	6,274,728
Entertainment	4,536,967	785,959
Allowance for Impairment	5,000,061	5,000,000
Software Service Charges	6,501,297	5,536,344
Investment Written Off	3,443,328	-
Banquet Expenses	9,421,467	2,570,683
Kitchenette Expenses	7,870,198	4,314,205
Corporate Social Responsibility	5,549,796	2,972,432
Miscellaneous	20,079,074	8,920,532
Total	277,399,001	154,841,538

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	2079-80	2078-79
Basic Earnings per Share		
Profit/(Loss) for the year	556,486,595	299,216,357
Number of shares	88,471,506	88,471,506
Basic Earnings per Share (Rs.)	6.29	3.38
Diluted Earnings per Share		
Profit/(Loss) for the year	556,486,595	299,216,357
Weighted average number of shares	88,471,506	88,471,506
Diluted Earnings per share (Rs.)	6.29	3.38

SOALTEE HOTEL LIMITED

As at 31 Ashad 2080 (16 July 2023)

Notes to the Consolidated 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:

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. 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 31.03.2080	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	349,419,682			349,419,682
Investment	-			-
Cash and Cash Equivalent	72,596,935			72,596,935
Total At Amortized Cost	422,016,617			422,016,617
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	274,687,563			274,687,563
Total Financial Assets	696,704,180	-	-	696,704,180
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	465,806,945			465,806,945
Loans and Borrowings	9,239,778			9,239,778
Total Financial Liabilities	475,046,723	-	-	475,046,723

As at 32.03.2079	Carrying Amount	Level 1	Level 2	Level 3
Financial Assets				
Financial Assets at Amortized Cost				
Trade and Other Receivable	308,619,008			308,619,008
Investment	27,500,000			27,500,000
Cash and Cash Equivalent	36,778,270			36,778,270
Total At Amortized Cost	372,897,278			372,897,278
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investment	272,982,742			272,982,742
Total Financial Assets	645,880,020	-	-	645,880,020
Financial Liabilities				
Financial Liabilities at Amortized Cost				
Trade and Other Payable	474,992,065			474,992,065
Loans and Borrowings	62,991,595			62,991,595
Total Financial Liabilities	537,983,660	-	-	537,983,660

**SOALTEE HOTEL LIMITED**

For the period ended on 31 Ashad 2080 (16 July 2023)

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 one subsidiary where holding is 100%. 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	2079-80	2078-79
Opening Liability	76,253,510	114,515,139
Payment Made	(3,303,876)	(38,261,629)
Expenses Booked	13,593,805	10,188,080
Reversal of Excess Provision	(2,315,291)	-
Deposited in SSF	(13,593,805)	(10,188,080)
Closing Liability	70,634,343	76,253,510

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	2079-80	2078-79
Opening Liability	48,972,399	63,966,570
Service Cost	8,229,115	9,058,131
Interest Cost	4,022,294	4,858,469
Actuarial Gain/(Loss)	(1,152,677)	(15,060,102)
Benefit Paid	(3,771,396)	(13,850,669)
Closing Liability (A)	56,299,735	48,972,399
Liability recognized in the financial statements (B)	56,299,735	48,972,399

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

Particulars	2079-80	2078-79
Discount Rate	8.50%	8.50%
Rate of Compensation Increase	6%	6%
Average Expected Future Service	14	13
Average Duration of Liabilities	10	10

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	2079-80	2078-79
Effect on:		
- Service Cost	(912,634)	(1,141,698)
- Interest Cost	473,209	571,583
- Leave Liability	(10,883,442)	(10,229,102)

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

Particulars	2079-80	2078-79
Effect on:		
- Service Cost	1,109,033	1,390,162
- Interest Cost	(473,209)	(571,583)
- Leave Liability	13,101,212	12,348,982

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	2079-80	2078-79
Up to one year	13,012,097	7,487,713
One to five years	11,185,354	5,633,377
Total	24,197,451	13,121,090

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	2079-80	2078-79
Up to one year	37,607,133	33,831,520
One to five years	291,633,300	255,970,344
Above five years	172,386,540	50,406,757
Total	501,626,973	340,208,621



4.6 Corporate Social Responsibility

During the year, SHL has provided Rs. 5.55 million (previous year Rs. 2.97 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 Group'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, due does not exist.

iv. Operational Risk

Group has been in operation since more than 53 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 SHL 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 SHL. 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. SHL has paid Rs. 1,102,500 to SEPL 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 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	274.49	188.21	50.44	43.23

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. Ubaraj Adhikari	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. Deepak Raj Joshi	Director	Independent Director

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

Board members are paid Rs. 25,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 1.49 million (previous year Rs. 0.4 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. 31.84 million (previous year Rs. 16.48 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. 13.54 million (previous year Rs. 10.51 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 and over draft against a vehicle, movable and immovable properties amounting to Rs. 9.24 million (previous year Rs. 62.99 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. 26.04 million (previous year Rs. 12.52 million)

4.14 Litigations or legal cases**i. Income tax Matters****Appeal Revenue Tribunal Fiscal Year 2068-69**

The Inland Revenue Department has filed an appeal to review the verdict of the Revenue Tribunal in the Honorable Supreme Court for the Fiscal Year 2068-69 which had ruled in favor of the SHL. The Honorable Supreme Court issued its final verdict in favor of the SHL during this fiscal year. The Supreme Court upheld the Revenue Tribunal's verdict and dismissed the appeal by the Inland Revenue Department. The full text of the verdict of the Supreme Court is yet to be received after publication by the Supreme Court at a later date.

Appeal Revenue Tribunal Fiscal Year 2071-72

The Revenue Tribunal has issued a verdict in favor of the SHL regarding the appeal for Review relating to the assessment for Fiscal Year 2071-72. Despite the requirement, the Inland Revenue Department has not yet conducted a reassessment in accordance with the Revenue Tribunal's decision. However, there would not be a significant obligation to the SHL relating to Fiscal Year 2071-72. It is not expected that there will be a significant financial obligation for the SHL concerning Fiscal Year 2071-72.

ii. Income Tax Assessment status

SHL has appealed to Revenue Tribunal challenging the disallowance of expenses on Self-Assessment Income Tax Return for the FY 2072-73, 2073-74 and 2074-75. The appeals arise due to an additional income tax demand/claim of Rs. 2,413,333, Rs. 4,810,246 and Rs. 2,059,478 respectively as assessed by the Large Taxpayers Office during their administrative review. SHL's management believes that it should not incur a significant financial obligation to the SHL due to these tax claims. If any tax claim does arise, such charges would be directly charged to SHL's accumulated profit, in accordance with past practice.

Additionally, SHL has also submitted an appeal to Inland Revenue Department for Administrative Review, challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2075-76. This appeal is in response to an additional tax demand of Rs. 2,059,478 made by Large Taxpayers Office during their administrative review. The management does not anticipate a significant financial obligation arising from this claim, and any such obligation will be directly charged to accumulated profit, consistent with the SHL's established practice.

iii. Arbitration Suit

SHL had filed a Writ Petition in the Honorable High Court Patan on the issue of Outstanding Receivable recovery pending settlement by the then Hotel Manager, Holiday Inns (China) Ltd (Manager) seeking the court's assistance for appointment of an arbitrator on behalf of Holiday Inns as they did not appoint their arbitrator. The High Court has appointed an arbitrator on behalf of Holiday Inns (China) Ltd. However, Holiday Inns (China) Ltd has challenged the appointment in the Supreme Court of Nepal stating that they have already appointed their arbitrator. The matter is sub-judiced in the Supreme Court.

Holiday Inns had requested the Permanent Court of Arbitration, Hague to appoint a third arbitrator or appoint an appointing authority to appoint a third arbitrator under UNCITRAL Rules of Arbitration. On their request, the Permanent Court of Arbitration has appointed the Singapore International Arbitration Centre (SIAC) as the appointing authority. SHL has challenged the appointment of SIAC as the appointing authority and the matter is also pending at the Supreme Court.

iv. Casino Royalty of the Closed down period

SHL had filed the writ petitions in the Honorable Supreme Court of Nepal against the Government of Nepal's demand for Casino Royalty for the period in which the casino was not in operation from Shrawan 2068 to Kartik 2069 due to the cancellation of Nepal Recreation Centre's Casino Operation permission. The Supreme Court has dismissed the writ. However, SHL has not yet received the full text of the verdict from the Honorable Supreme Court of Nepal.

v. Legal cases

SHL has filed a few other cases to recover dues from some debtors and other parties as a part of its regular business operation.

4.15 Capital Commitment

Capital contract of SHL remaining to be executed on capital accounts net of advances to Rs. 175.33 million (Previous year Rs. 160.15 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 the opening balance from 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 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	674.18	715.49	107.22	1,496.89
- Room	551.09			551.09
- Beverage	62.44	11.95	30.55	104.94
- Others	3.29			3.29
Interest Income	1.26			1.26
Other Income	99.22			99.22
Total Revenue	1,391.49	727.44	137.77	2,256.70
Expenses*				
Consumption cost	234.22	122.63	23.23	380.08
Employee Benefit Expenses	309.59	162.08	30.70	502.37
Management, Operating and Other Expenses	346.84	181.57	34.39	562.80
Depreciation and Amortization	101.86	4.51	7.27	113.64
Finance Cost	8.66	-		8.66
Total Expenses	1,001.17	470.79	95.59	1,567.55
Segment Result	390.32	256.65	42.18	689.15
Income Tax				132.66
Profit for the period				556.49
Segment Assets	2,600.67	197.66	32.19	2,830.52
Segment Liabilities**				2,830.52

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

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

4.19 Capital Management

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

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

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

4.20 Liquidation of Company

During the Period, H I Soaltee Hotel Company Pvt. Ltd., the Subsidiary Company of SHL has been liquidated on 20 February 2023. SHL had received Rs. 18,171,347 as dividend (net of tax) and Rs. 13,463,600 as repayment of Share Capital. The balance amount Share Premium on Investment of Rs. 3,443,328 has been written off.

4.21 Regrouping and Round off

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



Rodi Bar



Regal Suites



Patio



Megha Malhar Hall



Kakori Indian Restaurant



Garden Terrace restaurant



Everest Suite



Bao Xuan Chinese Restaurant





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