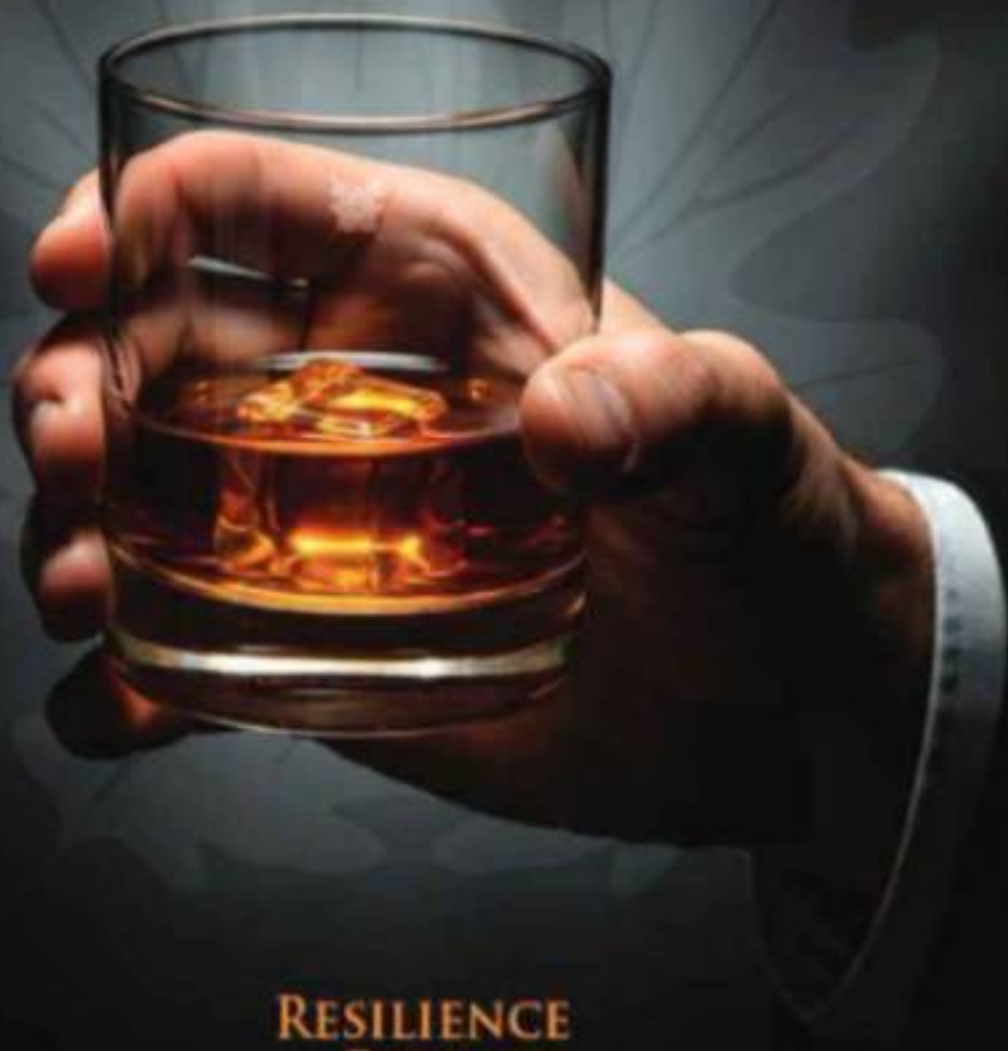




RESILIENCE
REFINED.
GROWTH
REDEFINED.



This year's Annual Report photohoot for the Board of Directors and Management Team of Himalayan Distillery Limited was held at the historic Durbar Square. By choosing this historic and culturally rich heritage site, we continue our tradition to celebrate and promote Nepal's legacy of art, architecture and tradition.

40
Years of Journey



FROM VISION TO LEGACY

For four decades, Himalayan Distillery Limited has stood as a symbol of quality, trust, and innovation in Nepal's spirits industry. Our 40-year journey reflects not just our growth, also unwavering commitment to craftsmanship, sustainability, and community. As we celebrate this milestone, we look forward to continuing our legacy, raising the bar higher with every pour.

Through changing times and evolving tastes, we have remained dedicated to creating world-class spirits that embody the essence of Nepal. This milestone is not just a reflection of our past achievements, but a celebration of the people behind our success—our employees, partners, and loyal consumers who have been part of our journey. Together, we toast to 40 years of excellence and to an even brighter future ahead.



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RESILIENCE REFINED. GROWTH REDEFINED.



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Board of Director's Report

DISCLAIMER

This publication is intended
for information purpose only.







OVERVIEW

Himalayan Distillery Ltd. (HDL) is a dominant and revered name in the Nepalese manufacturing industry that has been delivering exemplary products and performance each year. This has been an outcome of the Company's high priority and investment in areas of research and development, manufacturing and operations, finance and investment and marketing and branding of its international quality alcoholic beverages while strictly abiding by the principles of fair competition, higher standards of corporate governance and business ethics and above all an uncompromised financial accountability and transparency.

Rs. 1,237

FY 2024Q2
Closing Market
Price

Rs.
3.71 B

FY 2024Q2
Net Sales





VISION

To be the most respected liquor company in Nepal in terms of profit and shareholders value.



MISSION

Research, develop, manufacture and market quality alcoholic products profitably in a responsible manner through continuous improvement and professionalism.



STRATEGIC DIRECTION

HDL aims to achieve above 75% market share in the segment, guided by the following strategies:

- Remain competitive with a balanced portfolio in a stagnating industry.
- Build on the equity of existing brands to ensure HDL continues producing the brands of first choice of consumers and maintain price leadership, and
- Ensure our efforts trade in consumers from other segments.

OUR OBJECTIVES

HDL's objectives are:

- Attain efficiencies in production and marketing through automation and consumer-focused business operations.
- Comply with existing laws and continue to advocate for enhancing the business environment.
- Ensure transparent operations and accountability, respect, competition and stay ahead with fair marketing practices.
- Enhance employee experience through continuous employee development and a strong focus on health and safety, and
- Increase profitability and share value.

CODE OF CONDUCT

HDL has unwavering adherence to its stringent and comprehensive Code of Conduct and this is taken to heart by all its staff and suppliers. This Code demonstrates the minimum acceptable behavior standards for its employees, stakeholders, and market. In addition to this, it also puts in place a consistent behavioral approach for all of its staff members so that they are empowered with

the right set of guidelines to maintain and further enhance HDL's goodwill. Apart from this, it also aims to foster healthy professional working relationships within the company and eventually create a respectful and harassment-free (including sexual harassment) workplace for its diverse staff members. HDL leaves no stone unturned when it comes to the investigation of any major or minor non-compliance with the Code of Conduct and does not step back from much-needed disciplinary actions and corrective measures as well as disciplinary action even up to the extent of termination of employment.



CORE VALUES

- Focus on customer satisfaction.
- Committed to stringent quality control.
- Diligent, innovative, and creative in achieving goals. Work with uncompromising integrity, teamwork and competitiveness.
- Foster an atmosphere of openness, motivation, and respect for each other.



THE GROWTH STORY OF HDL



1985

Established
In 1985 as a Private
Limited Company

Public Limited

Converted to Public
Limited Company by
issuing shares. First
company in the Alco-
holic Industry in
Nepal to be listed in
stock-exchange

2000



2000

MNC

Agreement with
MNC Pernod Ricard
for production of
Royal Stag, Blender's
Pride and other
brands



Golden Oak

Launched Golden Oak
in the 40 UP Whisky
segment; the most
successful brand in
terms of sales quantity
in Nepal till date, 6.5
million cases primary
sales till FY 2024-25

2014



A journey of strategic evolution driven by innovation, research & product development, from concept to market success.



Black Oak

Launched Black Oak at a more premium segment compared to Golden Oak. Has shown a CAGR of 42% over the period of 8 years.



Silver Oak

Launched Silver Oak to fulfil the growing demand in 40 UP Vodka segment.



2016

Royal Treasure

Launched Royal Treasure in 25 UP Whisky segment.

2018



2021

Blue Oak

Launched Blue Oak as the top premium brand in the Oak Whisky series.

2023



2025

Shlok

Being launched in the 25 UP premium whisky segment towards the end of 2025.



From Strength to Stability

Highs and lows in the financial journey of HDL over the past decade.

EPS approved by each year's AGM



FG Sales 1,522B Crs
PAT 104 B
EPS 13002
DPS 100%
Mkt Price Rs 5,352

Total Income
377 B



FY 2020-21
Although business affected by the 3rd wave of COVID-19 pandemic, GO again achieved the sales of 1M cases & strong growth of Black Oak (BO) crossing 100k cases & sales.

FG Sales 1,544B Crs
PAT 106 B
EPS 6943
DPS 90%
Mkt Price Rs 5,442

Total Income
4.06 B



FY 2021-22
The all time high profitability achieved due to the all time high & sales of GO and BO with GoO crossing 1M cases & BO selling more than 1M cases.

FG Sales 799B Crs
~~Total Income~~
EPS 7739
DPS 25%
Mkt Price Rs 7,248

1.98 B



FY 2022-23
Decrease in the & sales of GO during the year but BO being sold more than 1M cases.

FG Sales 400B Crs
PAT 365 M
EPS 1366
DPS 30%
Mkt Price Rs 1,184

Total Income
2.15 B



FY 2023-24
Decrease in & sales of GO, BO remaining strong with more than 50k cases sold during the year. Silver Oak launched in the AG IP Vodka Segment.

FG Sales 580B Crs
PAT 941 M
EPS 3043
DPS 25%
Mkt Price Rs 1,207

Total Income
3.78 B



FY 2024-25
Overall sales quantity increased by 39% due to which net sales increased by 18% than last year resulting.

BOARD OF DIRECTORS

Ghader Prasad
Director

Santoo Shrestha
Director

Ghader Raj Prasad
Chairperson



Yangkha Dilipraj Rai
Director

Prakash Mani Chandra
Independent Director

Prakash Mani Chandra
Director



BOARD OF DIRECTORS



SHAKER RAJ PANDEY
Chairman

Mr. Shaker Raj Pandey has been in the Board of HDL since 2009. He became Chairman in April 2025. He retired from a full-time job in December 2024 leaving a career of 40-plus years to a closure. His expertise is across sectors with wide experiences in the public, development, and private sectors especially in areas of commerce and industry, health, energy, and economic development. He is associated with several non-profit organizations working in the fields of education and mental health. Mr. Pandey is a graduate of Kathmandu University and Georgetown University and was a Humphrey Fellow at American University in 1997-98.



SANTOSH SHRESTHA
Director

Mr. Santosh Shrestha has been a Board member at HDL since 2009. He holds a bachelor's degree in International Business Management from University of Maryland. He is also a former Director of Summit Bank Ltd. He serves as the Vice-Chairperson of Everest School, Joint Managing Director Soorya Holdings Pvt. Ltd. and Director of Yoti Originals Pvt. Ltd.



YANGKILA (SHEREPA) RUIT
Director

Ms. Yangkila (Sherepa) Ruit joined the HDL Board in 2020. She is a tourism entrepreneur who has been recognized with various awards for her contributions to the sector. She is also a former State Minister of the Government of Nepal (2005/06) and former parliamentarian (2001-2007). Ms. Ruit is also former President at the Federation of Women Entrepreneurs of Nepal (FWEAN) and Trekking Agency's Association of Nepal (TAAN). She is a recipient of the Abraham Conservation Award from the World Wildlife Fund (WWF) and the Hyakushichi Award, an Outstanding Woman Entrepreneur of Nepal (2008), given by the Federation of International Women Entrepreneurs (2008).



SHISHIR PRASAD
Director

Mr. Shishir Prasad joined the HCL Board in 2025. A versatile entrepreneur with experience in travel, tourism, and hospitality, Mr. Prasad is Managing Director at Naraaj Tours & Travels and is the Founder of Trip Turbo. He is also Director in Manoj Trekking Pvt. Ltd. and Nagarkot Cottage Pvt. Ltd., and the President of the PP Prasad Foundation. Mr. Prasad is recognized for his strategic insight and hands-on leadership, and has successfully led multiple ventures.



BADRI KISHOR GHIMIRE
Director

Mr. Badri Kishor Ghimire joined the HCL Board in 2025. He brings extensive leadership experience, having served as Independent Director at the Akansa Hotel Ltd. and Sarina Hydropower Ltd., and as Director at Bishul Law Associates Pvt. Ltd. A legal professional, Mr. Ghimire is recognized for his expertise in corporate governance, strategic planning, and project management, where he has contributed to driving sustainable growth and organizational excellence at various companies.



PRAKASHMANI GHIMIRE
Independent Director

Mr. Prakashmani Ghimire, Independent Director. Mr. Ghimire has been an Independent Director at HCL since 2021. He has extensive experience in business consulting and in management field both in Nepal and abroad. He is a former General Manager of Biskuti Pulp & Paper Nepal Limited.

Financial Overview (5 years)

Amount in Bn. USD

PARTICULARS	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sales (Total)	642,332	682,389	476,537	259,670	582,806
Net Sales	3,695,668	4,259,420	2,970,334	2,095,897	3,794,754
COGS	1,674,722	1,572,740	1,213,750	858,208	1,573,026
Gross Profit	2,020,946	2,686,750	1,756,584	1,237,689	2,221,728
Indirect Expenses	825,464	1,075,379	830,596	760,018	864,278
EBITDA	1,435,486	1,971,381	926,027	477,671	1,357,450
Non-Operating Income	75,953	5,039	30,588	66,383	68,940
Depreciation	50,090	54,329	30,480	52,283	57,095
EBIT	1,421,344	1,922,091	895,135	431,421	1,313,245
Financial Expenses	37,208	2357	4,533	1,344	1,896
EBT	1,458,375	1,918,736	899,607	436,077	1,288,344
Tax	366,718	362,794	233,514	233,079	327,897
Net Profit	1,091,657	1,555,942	666,093	203,000	960,447
Share Capital	867,792	1,126,678	2,429,267	2,572,529	3,075,462
Reserved Earnings	1,136,893	1,326,131	975,237	683,899	1,093,836
Non-Current Borrowings	0	0	0	0	0
Non-Current Loans Payable	0	9,139	1,743	31,401	33,099
Deferred Tax Liabilities	26,625	32,396	29,832	28,943	31,572
Property, Plant and Equipment	323,856	437,484	458,662	484,888	596,289
Capital Work in Progress	0	0	35	30,430	173
Intangible Assets	432	567	1,006	1,060	903
Right to use assets	0	35,877	3,336	31,635	27,837
Other Non-Current Assets	23,436	20,093	42,869	48,333	64,338
Investment	990,746	101,303	371,303	131,300	34,200
Deferred Tax Assets	0	0	0	0	0
Inventory	36,494	201,127	477,224	324,205	546,767
Account Receivables	57,130	1,750,363	1,962,071	234	0
Cash and Cash Equivalents	809,028	1,085,422	468,381	1,279,233	1,611,825
Other Bank Balances	0	11,547	76,836	1,096,000	1,320,000
Other Current Assets	13,754	87,088	314,362	387,860	125,880
Current Borrowings	1,479	0	0	0	0
Current Liabilities	267,956	308,245	282,838	271,497	345,156
Net Current Assets/Working Capital	1,433,698	2,776,676	2,786,691	2,437,938	3,075,946
Total Assets	2,389,653	3,292,369	3,645,308	3,632,263	4,360,320
Total Capital & Liabilities	2,389,653	3,292,369	3,645,308	3,632,263	4,360,320
Capital Employed	2,016,078	2,844,612	3,354,304	3,355,403	4,363,238
Net Worth	1,014,185	2,844,612	3,354,304	3,355,403	4,363,238
Gross Profit Margin	31%	39%	39%	59%	59%
Operating Profit Margin	34%	36%	37%	37%	34%
Net Profit Margin	26%	29%	32%	38%	25%
Dividend Per Share (Cash)	35	33	35	5	5
Dividend Per Share (Dividend)	75	60	30	35	30
Dividend Per Share (Dividend)	0	0	0	0	0
Share Price Per Share (End of FY) (Rs.)	3,332	3,432	2,248	1,389	1,237
Earnings Per Share (Rs.)	120	13	27	14	31
Price Earning Ratio	46	49	83	33	40
Net Worth Per Share	236	387	138	126	135
Return on Equity	57%	37%	30%	17%	23%
Return on Capital Employed	71%	50%	37%	21%	33%
Return on Total Assets	47%	33%	38%	30%	23%
Current Ratio	6.32	6.36	13.82	12.30	9.89
Debt to Equity Ratio	0.00	0	0	0	0

Operational Overview

Himalayan Distillery Limited (HDL) sustains its leadership in the premium spirits segment through world-class production infrastructure aligned with international standards. The primary distillation facility, developed in partnership with KATELIN International (USA), maintains a capacity of 30 KLFD and delivers up to 6 million litres of high-purity Extra Neutral Alcohol (ENA) per annum.

During the fiscal year, HDL operationalized an advanced Malt Spirit Distillation plant, achieving seamless integration into commercial production. This initiative has enabled self-sufficient manufacturing and supply of superior malt spirits, which has lowered exposure to volatile import costs.

Enhancements in process control were realized through plant automation, ensuring consistency in Extra Neutral Alcohol (ENA) quality. Concurrently, the deployment of Zero Liquid Discharge (ZLD) technology has eliminated liquid effluent, reinforcing HDL's commitment to sustainable operations.

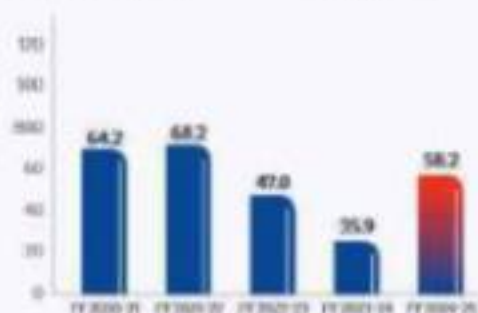
The year recorded increase in the ENA and finished liquor output compared to the past years. Supported by state-of-the-art quality control laboratories, HDL upholds uncompromising standards across its portfolio. With macroeconomic conditions stabilizing, the Company is strategically positioned to accelerate growth and establish new benchmarks in production efficiency.

• 7 million cases of Golden Oak (GO) sold for the 2nd time in a fiscal year • Started contract bottling of GO to another company • 14% Growth in the sales of Black Oak • Launched a premium brand in 40 UP segment, Blue Oak • Revenue growth by 14% • Net profit growth by 22% • Distributed cash dividend of 25% and 7% bonus shares amounting 330% dividend for that year in a row	• 1 million cases of Golden Oak (GO) sold for the 3rd time in a fiscal year • 33% Growth in the sales of Black Oak • 16% Growth in the sales of Blue Oak • Revenue growth by 30% • Net profit growth by 148% • Distributed cash dividend of 30% and 64% bonus shares	• Introduced new closure imported from Ukraine in 750ml Products of Oak Series and new bottle in Black Oak 750 ml to add premiumness. • Silver Award in "Best presented National Annual Reports 2022" in manufacturing category by ICAN. • Distributed final cash dividend of 15% and bonus share of 10%	• Launched a new product Silver Oak in 40 UP Vodka segment in the month of December 2023 • Impact of continued economic slowdown in Net sales revenue with a decrease of 30% than Last Year thus decreasing P&T by 43% • Gold Award in "Best presented National Annual Reports 2023" in manufacturing category by ICAN. • Distributed final cash dividend of 5% and bonus share of 18%	• Started production and sales of Malt Spirit during the year • Completed installation of Zero Liquid Discharge (ZLD) System. • Net profit more than doubled, reaching Rs. 941 million. • Proposed distribution of cash dividend of 5% and bonus shares of 20% to be approved in AGM of FY 2024-25. • Bronze Award in "Best presented National Annual Reports 2024" in manufacturing category by ICAN
2020-21	2021-22	2022-23	2023-24	2024-25

Financial Highlights (5 years)

SALES (CASES)*

in Ten Thousands



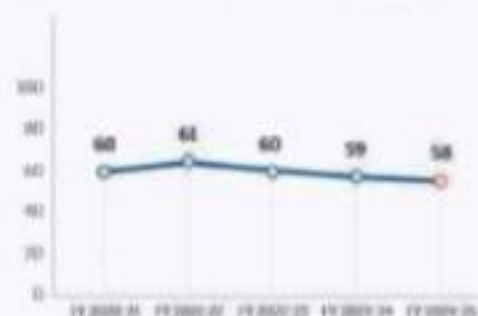
NET SALES

in Rs. Billion



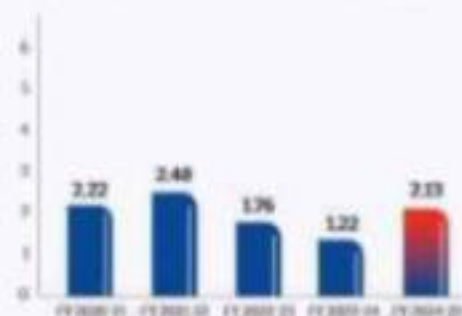
GROSS PROFIT MARGIN

in Percentage



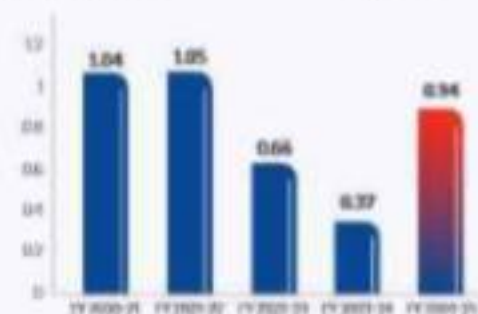
GROSS PROFIT

in Rs. Billion



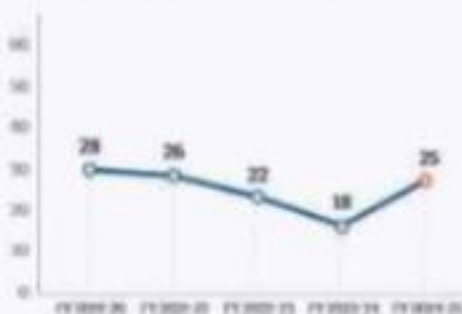
NET PROFIT

in Rs. Billion



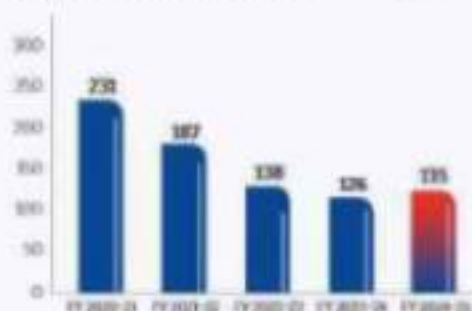
NET PROFIT MARGIN

in Percentage



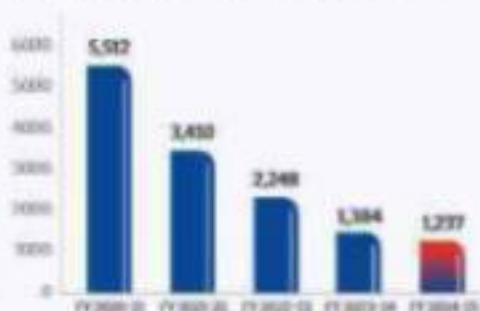
NET WORTH PER SHARE

in Rs.



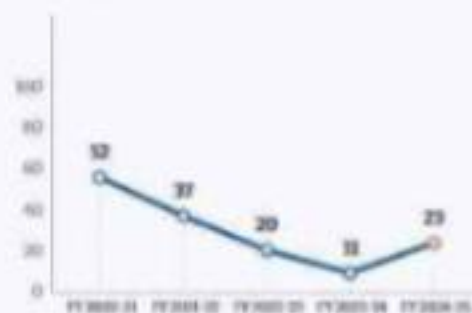
MARKET VALUE PER SHARE

in Rs.



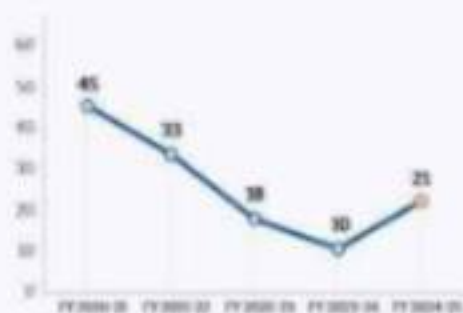
RETURN ON EQUITY

in Percentage



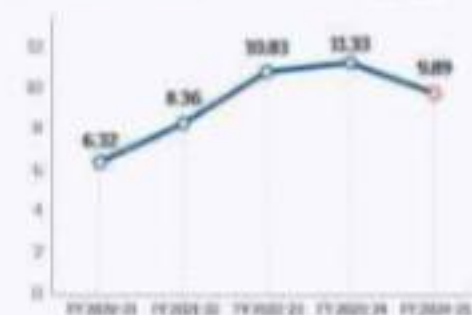
RETURN ON TOTAL ASSETS

in %



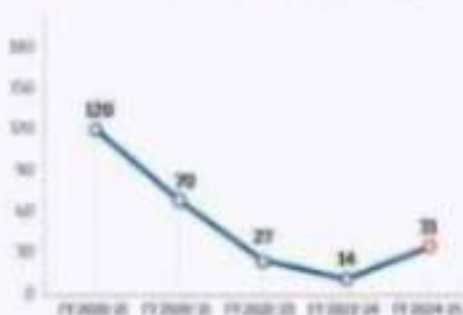
CURRENT RATIO

in Times



EARNING PER SHARE (EPS)

in Rs.



Vertical Analysis of Profit and Loss (Company)

STATEMENT OF PROFIT OR LOSS

(For the year ended month 12, 2024) (Unit: Jpy, 10,000)

(in Jpy, 10,000)

ITEM/CLASS	FT 2024-03	PERCENTAGE	FT 2023-03	PERCENTAGE	FT 2024-06	PERCENTAGE	FT 2024-09	PERCENTAGE	FT 2024-12	PERCENTAGE	FT 2024-03	PERCENTAGE
Net Sales Revenue	3,000,000,000	100%	2,800,000,000	100%	3,200,000,000	100%	3,500,000,000	100%	3,800,000,000	100%	3,000,000,000	100%
COGS	1,500,000,000	50%	1,400,000,000	50%	1,600,000,000	50%	1,700,000,000	49%	1,800,000,000	47%	1,500,000,000	50%
Gross Profit	1,500,000,000	50%	1,400,000,000	50%	1,600,000,000	50%	1,800,000,000	51%	2,000,000,000	53%	1,500,000,000	50%
Employee benefit expenses	200,000,000	7%	180,000,000	6%	220,000,000	7%	240,000,000	7%	260,000,000	7%	200,000,000	7%
Administrative and other expenses	300,000,000	10%	280,000,000	10%	320,000,000	10%	340,000,000	10%	360,000,000	9%	300,000,000	10%
Selling and distribution expenses	400,000,000	13%	380,000,000	14%	420,000,000	13%	440,000,000	13%	460,000,000	12%	400,000,000	13%
Operating Profit	1,000,000,000	33%	940,000,000	34%	1,060,000,000	33%	1,140,000,000	33%	1,220,000,000	32%	1,000,000,000	33%
Non-Operating Income	50,000,000	2%	40,000,000	1%	60,000,000	2%	70,000,000	2%	80,000,000	2%	50,000,000	2%
Depreciation	30,000,000	1%	25,000,000	1%	35,000,000	1%	40,000,000	1%	45,000,000	1%	30,000,000	1%
Financial Expenses	20,000,000	1%	15,000,000	1%	25,000,000	1%	30,000,000	1%	35,000,000	1%	20,000,000	1%
Profit Before Tax	1,080,000,000	36%	1,015,000,000	36%	1,155,000,000	36%	1,250,000,000	36%	1,345,000,000	35%	1,080,000,000	36%
Income Tax Expenses	100,000,000	3%	90,000,000	3%	110,000,000	3%	120,000,000	3%	130,000,000	3%	100,000,000	3%
Current Tax	80,000,000	3%	75,000,000	3%	90,000,000	3%	100,000,000	3%	110,000,000	3%	80,000,000	3%
Deferred Tax	20,000,000	1%	15,000,000	1%	20,000,000	1%	20,000,000	1%	20,000,000	1%	20,000,000	1%
Profit After Tax	980,000,000	33%	925,000,000	33%	1,045,000,000	33%	1,130,000,000	33%	1,215,000,000	32%	980,000,000	33%
Minority Interest	10,000,000	0%	10,000,000	0%	10,000,000	0%	10,000,000	0%	10,000,000	0%	10,000,000	0%
Net Profit	970,000,000	32%	915,000,000	33%	1,035,000,000	33%	1,120,000,000	33%	1,205,000,000	32%	970,000,000	32%

Accounting for Profit and Loss

Horizontal Analysis of Profit and Loss (Company)

STATEMENT OF PROFIT OR LOSS

For the years ended January 31, 2008, 2009, 2010, and 2011

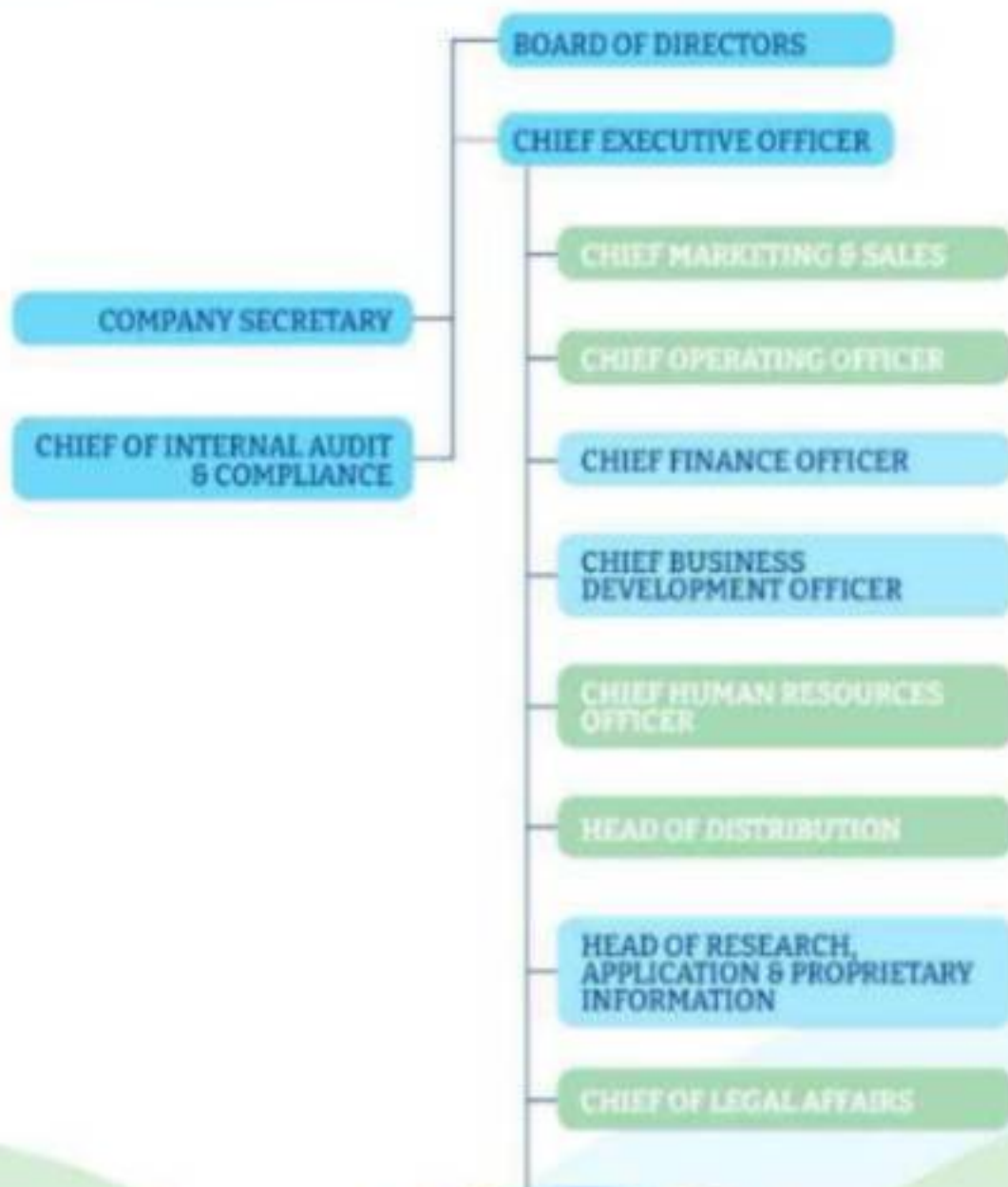
Values in \$ Bn

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net Sales/Revenue	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410	3,079,698,410
COGS	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449	1,474,573,449
Gross Profit	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960	1,605,124,960
Expenses for all expenses	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379	279,234,379
Administrative and other expenses	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076	192,042,076
Selling and distribution expenses	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303	87,192,303
Operating Profit	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580	1,325,890,580
Non-Operating Income	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239	70,351,239
Depreciation	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002	51,890,002
Financial Expenses	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237	18,461,237
Profit Before Tax	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855	1,466,592,855
Income Tax Expenses	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740
Income Tax	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740	363,694,740
Net Profit/Tax Adjustments	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115
Net Profit	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115	1,102,898,115

FY 2017-18 values in Bn have not been provided



HDL'S ORGANIZATIONAL CHART





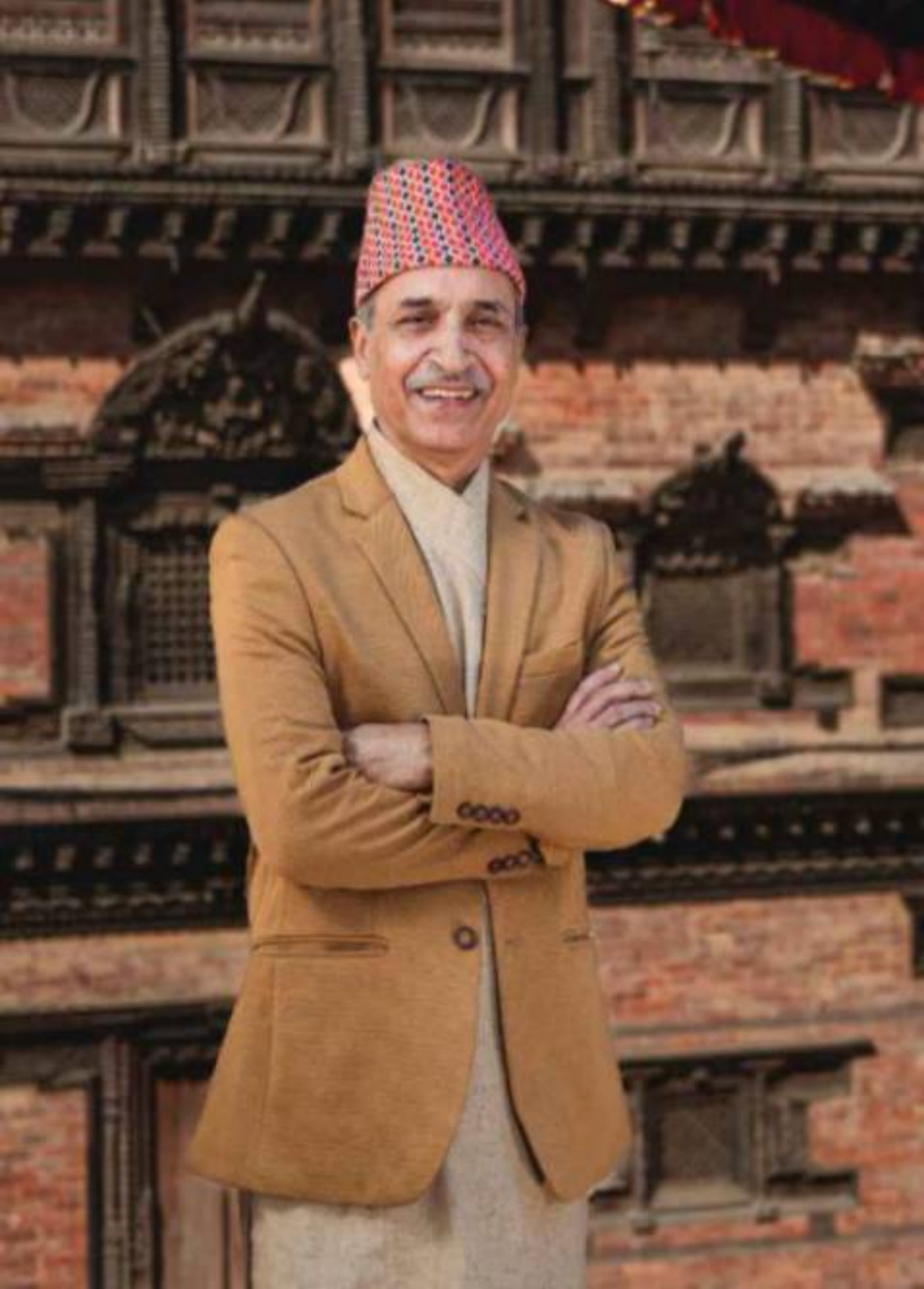
MANAGEMENT REPORT

HDL delivered a landmark year in 2024-25, with net sales surging 78% and net profit more than doubling to Rs. 941 million. Strategic investments in a Zero Liquid Discharge system, plant automation, robust CSR contributions, and the launch of malt spirit production supported by a near-complete maturation warehouse reinforce our sustainability leadership and accelerate long-term growth.

23%
RETURN
ON EQUITY

25%
NET PROFIT
MARGIN







CHAIRPERSON'S STATEMENT

ACTION IS THE ESSENCE OF GROWTH

Growth begins with action - thoughtful, consistent and courageous. It is through action that ideas take shape, teams unite and progress becomes real. Our journey is defined by this belief: that purposeful action is the foundation upon which lasting success is built.

Respected Shareholders,

It gives me immense pleasure, gratitude, and pride to welcome all the esteemed shareholders present at the 25th Annual General Meeting of Himalayan Distillery Limited, Paro, in my capacity as the Chairperson of the Board of Directors. Since its establishment, the company has gone through various ups and downs in its business operations. I would like to inform this meeting that your continued trust, support, and encouragement have been instrumental in sustaining the company's business operations. Your direct and indirect support has been indispensable for the company's financial progress, and I express my heartfelt gratitude for your contributions.

At the beginning of the fiscal year 2024-25, our business environment faced several challenges due to floods and landslides in the country, fluctuations in fuel prices, rising costs of raw materials, unhealthy market competition, declining consumer purchasing power, political instability, and an increase in the exchange rate of foreign currencies. These factors have adversely affected the overall business climate, including our operations. The rise in the price of our products and the mismatch between product pricing and consumer income levels have also impacted our business transactions.

During the first quarter of this fiscal year, the Gen-Z Movement led to damage to private property belonging to industrialists, and incidents such as arson and vandalism were seen as threats to the entire industrial sector. Moreover, natural disasters such as floods and landslides during the Dushain period had direct and indirect effects, resulting in a 10% decline in sales compared to the same period of the previous year.

We are pleased to inform you that the Malt Spirit Production has already commenced as part of our efforts to reduce production costs and enhance and expand our business. The sludge (grain residue) generated during the spirit production process is being processed into dry cake for sale and distribution.

The Plant Automation process has been completed to enhance productivity. Similarly, a Spirit Maturation Plant has been established within the factory compound with the aim of introducing high-quality liquor products to the market.

Additionally, for the purpose of maturing spirit under the unique temperature conditions of the Mount Everest Region, land has been acquired

and warehouse construction is nearly complete. In line with our commitment to expanding business operations, we have consistently developed and launched new brands. Continuing this trend, we are preparing to launch a premium whisky brand "SHLOK" and an RTD (Ready-to-Drink) product line in the market. We are confident that these initiatives will increase the company's sales revenue and positively enhance shareholder value. The company also expects your continued efforts and cooperation in achieving these goals.

From the profit earned this fiscal year, the company has proposed a 5% cash dividend (including dividend tax) and a 20% bonus share distribution for shareholders.

The credit for sustaining the company's business goes to our respected shareholders, distributors, wholesalers, retailers, consumers, management team, employees, factory workers, and the concerned agencies of the Government of Nepal. I express my sincere gratitude for their continued cooperation and invaluable contribution and look forward to similar support in the future.

I would also like to extend my thanks to our esteemed shareholders and regulatory bodies – the Office of the

Company Registrar, Securities Board of Nepal (SEBON), Nepal Stock Exchange (NEPSE), Department of Industry, Department/Office of Inland Revenue, Department of Labor and Employment, and all financial institutions and regulatory agencies associated with the company – for their valuable guidance and suggestions.

Finally, I express my hope that the management team, workers, shareholders, and other well-wishers will continue their trust, support, and goodwill towards the company. Once again, I warmly welcome all the distinguished shareholders present at this 25th Annual General Meeting and request you to actively participate in the discussions and approve the agenda items presented for deliberation.

Thank you.

Shanker Raj Pandey
Chairperson
Board of Directors

Date: November 16, 2025

CEO'S STATEMENT

A YEAR OF STRATEGIC GROWTH, RESILIENCE, AND VISION



The past year has been an inspiring journey of resurgence, resilience, and renewed ambition. We have not only achieved strong financial results but also set the stage for an exciting era of expansion and innovation.





Dear Valued Shareholders,

It is with great pride and gratitude that we present to you the Annual Report of Himalayan Distillery Limited (HDL) for the fiscal year 2024-25 – a transformative chapter in our storied journey – one defined by extraordinary resilience, bold strategic execution, and a renewed commitment to pioneering innovation in Nepal's distobes industry. This year marked a significant turnaround for the company – a period of strategic recovery, renewed focus, and significant growth. The year reflected a strong rebound and renewed business momentum, demonstrating our team's resilience, operational discipline, and commitment to value creation.

While Nepal's economy continues to face multiple headwinds – from sluggish domestic consumption and slow economic growth to the outward migration of youth and recent socio-political movements reshaping consumer sentiment – HDL has remained unwavering in its pursuit of sustainable growth, product innovation, and long-term value creation. HDL not only weathered the storm but emerged stronger, delivering significant financial results and laying the groundwork for sustainable, long-term value creation.

STRONG PERFORMANCE - BUILDING ON RESILIENCE AND EXECUTION

The fiscal year 2024-25 stands as a testament to HDL's operational excellence and strategic agility. The fiscal year under review was exceptionally strong for HDL, reflecting our ability to rebound from past challenges and capitalize on market opportunities.

Q Sales Revenue: NPR 175 billion, representing a 78% growth compared to NPR 100 billion in FY 2023-24. This surge was fueled by robust demand for our core brands, expanded market penetration, and the initial revenue streams from our new strategic assets.

Q Net Profit: NPR 341 million, an extraordinary 58% increase from NPR 215 million last year. This leap underscores our disciplined cost management, zero-leverage financial model, and a healthy cash position exceeding NPR 2 billion as of 30th July 2025, providing ample liquidity for future investments.

This strong performance underscores the strength of our brands, the dedication of our teams, and the success of our strategic initiatives aimed at brand-focused growth and operational excellence. Our flagship Oak Series – comprising Golden Oak, Black Oak, and Silver Oak – collectively recorded 7% growth in sales volume and retained a commanding 55% market share in the 400P whisky segment. While Golden Oak maintained its position as Nepal's most trusted 400P brand, Black Oak grew 18% in volume, gaining strong traction among emerging urban consumers. Silver Oak also recorded 24% growth in the 400P Vodka category, marking consistent progress in an increasingly competitive space.

These achievements reflect the robustness of our distribution network, targeted marketing initiatives, and the trust that our consumers continue to place in the HDL brand portfolio.

Strategic Product Diversification and Innovation

During the year, HDL made significant progress in expanding and diversifying its product portfolio to align with evolving consumer preferences and new growth segments.

1. SPIRIT MATURATION CENTER

The construction of our Spirit Maturation Center in the Khumbu Region continues to progress as part of HDL's vision to enter the premium-aged spirits category. Leveraging Nepal's unique Himalayan climate, this project will produce high-quality matured malt spirits – a pioneering move that positions HDL as a potential global name in authentic Himalayan-aged whisky.

2. STRATEGIC COLLABORATIONS

HDL is actively exploring strategic collaborations with multinational companies to introduce globally recognized brands into the Nepali market and vice versa. These strategic avenues align with our long-term ambition to evolve from a domestic leader to a regional powerhouse in the alcohol industry.

NAVIGATING CHALLENGES IN COMPLEX ENVIRONMENT

The macroeconomic and socio-political environment in Nepal during FY 2024-25 remained challenging. The country faced the aftereffects of prolonged inflation, liquidity tightening, sluggish consumer spending and political instability marked by recent protest-driven protests that disrupted both the political and business sentiments.

Furthermore, continued migration of the working-age population abroad, low disposable income, and consumer shift toward cheaper liquor and strong beer segments impacted the overall alcohol demand landscape. New entrants, aggressive discounting strategies, and trade tie-ups further intensified competition in the AQLP whisky segment.

From recovery to resurgence – HDL has regained its growth trajectory with renewed strategic clarity and operational strength.

Amid these pressures, HDL maintained its growth trajectory through strategic focus, brand strength, and prudent financial management. HDL has proactively fortified its risk management framework to address these challenges. Through disciplined credit control, robust compliance systems, and strong fund management, the Company has continued to operate with zero leverage, maintaining a healthy cash position. Our zero-debt structure and strong operational cash flows provided flexibility to navigate macroeconomic challenges while investing in innovation, capacity enhancement, and people development.

AGILITY AMIDST POLITICAL UNREST AND RECENT EVENTS

While the fiscal year 2024-25 marked a strong recovery phase for HDL, the onset of FY 2025-26 presented unexpected socio-political challenges. The recent Gao-2 protest in September 2025, which led to nationwide curfews and temporary business closures, tested the resilience and agility of businesses across Nepal, including ours.

Amidst these circumstances, HDL demonstrated remarkable agility by swiftly implementing safety measures, to ensure employee security, and maintaining stable factory production without disruptions. Despite logistical hurdles and restricted market movement, supply chain continuity was maintained through effective coordination with vendors and distributors. Strategic foresight allowed HDL to avoid excess stock accumulation and ensure business continuity.

Furthermore, HDL's crisis response highlighted the strength of its operational systems, financial prudence, and digital readiness. Disaster Recovery Plan, robust system access procedures, and enhanced cybersecurity measures ensured uninterrupted financial and operational continuity. Factory operations maintained steady

output, ensuring stability in workforce utilization and prevention of supply chain bottlenecks.

STRENGTHENING RISK MANAGEMENT AND OPERATIONAL EFFICIENCY

HDL has adopted a comprehensive risk management framework that proactively identifies, assesses, and mitigates risks related to market volatility, regulatory changes, and operational continuity.

Key initiatives include:

- Enhancing business agility through data-driven decision-making and cost control.
- Strengthening internal compliance and governance mechanisms.
- Investment in plant automation and energy-efficient technologies to mitigate production risks and improve sustainability.
- Establishing crisis response protocols to address potential disruptions in logistics, supply chain, or policy environments.

These actions ensure HDL remains robust and well-prepared, even amid macroeconomic uncertainty and dynamic regulatory landscapes.

COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY

At HDL, we firmly believe that business success must go hand in hand with social responsibility and environmental stewardship. Our CSR and sustainability framework focuses on three core pillars:

1. COMMUNITY DEVELOPMENT

HDL's success is deeply rooted in its responsibility toward society and the environment. Our CSR and sustainability programs focus on supporting local employment, education, and healthcare initiatives in communities, particularly in the regions where we operate.

2. ENVIRONMENTAL STEWARDSHIP

Investing in plant automation project, Zero-Liquid Discharge (ZLD) project, energy optimization, plantation, waste management programs and exploration of renewable energy solutions to position the company as a sustainability-driven leader in the industry. It highlights our commitment to reducing carbon footprint and aligning with Nepal's green development goals.

3. EMPLOYEE EMPOWERMENT

At the heart of our success are our people—the dedicated employees across our factory offices, and field teams—whose commitment continues to drive HDL's business. Continuous training, career development, employee engagement and employee recognition programs are in place to ensure our team remains motivated and aligned with organizational goals.

These initiatives reflect HDL's commitment to being a responsible corporate citizen and contributing positively to society beyond commercial objectives.

Creating Sustainable Value for Shareholders

Our philosophy remains rooted in long-term value creation for all stakeholders. HDL's growth strategy is designed to balance profitability with reinvestment into innovation, capacity enhancement, and diversification.

From the
Himalayas to the
World – HDL is
rising stronger,
prouder, and more
purposeful than
ever.

At HIL, we view every strategic initiative through the lens of shareholder value creation. While 2024-25 was a recovery year, it lays the foundation for a return to stable profitability and growth momentum. Each initiative is carefully assessed to ensure it strengthens our brand equity, market share, and shareholder returns.

Our focus now is on:

- Strengthening brand-led growth in whisky and vodka flavored spirits, and new categories that we are planning for the current year.
- Pursuing collaborations with reputed multinational companies to bring global expertise into the Nepali alcohol landscape and capture synergies across the value chain.
- Sustaining long-term profitability through efficiency, product innovation, and market leadership.

As HIL grows, so too does our responsibility to deliver consistent, sustainable, and inclusive outcomes – ensuring that every decision we make today contributes to the prosperity of our shareholders, employees, consumers, and the nation as a whole.

The Road Ahead – From Growth to Leadership

Looking forward, FY 2025-26 will be a year of consolidation and transformation. Our focus will be on:

- Scaling up “Shik” and preparing for the launch of new products in new categories.
- Accelerating the Everest Spirit Maturation Project and introducing aged malt spirit products.

- Investing in automation, renewable energy, and plant optimization for operational sustainability.
- Deepening market reach and reinforcing HIL's leadership in the whisky and vodka segments.
- Exploring selective export opportunities to extend HIL's footprint beyond Nepal.
- Pursuing strategic alliances to accelerate growth and portfolio diversification.
- Deepening our commitment to sustainability, digitalization, and operational excellence.
- Robust Enterprise Resource Planning along with Distributor Management Software and Sales Force Automation.

The past year has been an inspiring journey of resurgence, resilience, and renewed ambition. We have not only achieved strong financial results but also set the stage for an exciting era of expansion and innovation.

Our shareholders' trust and confidence continue to guide us forward. Together, we are committed to building a stronger, more sustainable company – one that continues to embody excellence, integrity, and pride in Nepali craftsmanship.

Thank you for your continued support.

Niraj Subedi
Chief Executive Officer

EXTERNAL ENVIRONMENT AND IMPACT ON HDL

Fiscal year 2024-25
witnessed a real GDP growth
of approximately

4.6%



1. MACROECONOMIC LANDSCAPE

India's economy has been gradually stabilizing after several years of macroeconomic volatility. Fiscal year 2024-25 witnessed a real GDP growth of approximately 4.6%, driven by recovery in industry, trade, and services. Inflation has moderated to around 4%, providing price stability for consumers and easing input cost pressures on manufacturers. Resilience in sales have reached recent highs, improving household disposable incomes and supporting demand for discretionary and lifestyle products such as alcoholic beverages.

For HDL, these trends present a positive consumption outlook, particularly in urban and semi-urban centers where income elasticity for premium spirits is higher. The growing resilience-driven middle class and rising urbanization trends are expected to strengthen demand for premium and aspirational brands like Black Oak Whisky and Silver Oak Vodka, while maintaining steady consumption for mass brands such as Golden Oak.

Tourism and hospitality have also rebounded, providing opportunities in the on-trade segment (hotels, restaurants, and bars). Strengthening presence in this segment can further enhance brand visibility and drive consumer trials, especially in premium categories.

2. FINANCIAL AND INDUSTRIAL ENVIRONMENT

Reports of the Nepal Rastra Bank indicate a healthy liquidity position in the banking system and a decline in lending rates. This environment favors HDL's ongoing expansion plans, including investments in plant automation and spirit maturation projects.

However, the planned shift to a direct distribution model in the upcoming year can increase HDL's exposure to working capital financing, as the company will directly be managing distributor credit, receivables, and the cost of logistics. While this will increase financial responsibility, the approach will also allow HDL to retain the commission previously paid to the national distributor, effectively improving gross revenue and profitability margin.

Input costs, however, remain a moderate risk. Fluctuating foreign exchange rates may affect the cost of packaging materials and imported ingredients. HDL's strategy to expand grain-based ENA production and promote local sourcing would be essential to mitigate the impact. Additionally, managing wage inflation and optimizing human resource utilization through automation and efficiency measures will be critical for maintaining profitability amid an expanding operational structure.

3. SOCIOCULTURAL AND POLITICAL ENVIRONMENT – IMPACT OF GEN 2 PROTESTS

The Gen 2 protests of September 2025 have emerged as a defining socio-political event in Nepal's recent history. Sparked by widespread dissatisfaction over increasing corruption, poor governance, and increasing unemployment among youth, the protests resulted in nationwide disruptions, curfews, and instability. The development resulted in several implications for HDL.

- **Operational and Logistic Risks:** Road blockades, transport delays, and temporary retail

shutdowns during the unrest disrupted supply chains, particularly in Kathmandu Valley and major trading corridors. HDL overcame the risk by strengthening regional warehouse capabilities through its distributors, establishing feasible alternate transport routes, and maintaining safety stock at key supply chain points.

- **Consumer and Brand Perception:** As Nepal will remain in a transition until elections are held, brands must remain cautious in communication. Tone-deaf or lavish marketing may risk backlash in a socially conscious environment. HDL ensured the alignment of its messaging with responsible consumption, local empowerment, and community identity, ensuring emotional relevance among younger audiences. Further, the launch plan of new products was postponed and promotional activities of existing products were reduced to account for the situation.

- **Regulatory and Policy Shifts:** Political instability and public pressure for reform could lead to tighter scrutiny of regulated industries such as alcohol. HDL will focus on proactively enhancing compliance transparency, adopting responsible marketing codes, and engaging with policymakers to maintain goodwill.

- **Digital Platform Dependence:** The temporary social media disruptions prior to the protests revealed the risk of reliance on digital engagement tools for communication. HDL aims to diversify its outreach methods such as building hybrid communication channels such as SMS campaigns, Customer Relationship Management (CRM)-driven trade communication, and offline retail activations.

Overall, the evolving socio-political landscape emphasizes the need for corporate agility, digital

resilience, and social responsibility. HDL's aim to evolve its brand narratives to reflect values of integrity, inclusivity, and cultural authenticity, which resonate with today's youth-driven market.

4. ENVIRONMENTAL, TECHNOLOGICAL, AND GLOBAL CONTEXT

Growing environmental consciousness and regulatory attention to sustainability are reshaping the manufacturing sector. This has resulted in expectations for responsible water use, energy efficiency, and packaging waste management at HDL. The Company's ongoing grain-based LBA, Malt Spirit Production and spirit maturation projects align with sustainability goals and create export potential for value-added malt spirits.

Technological advancement has presented new strategic opportunities. Expanding data-driven decision-making, predictive analytics, and real-time business intelligence can enable faster responses to market disruptions, optimize inventory levels, and improve forecasting accuracy across regions. Strengthening digital sales monitoring and consumer feedback loops will further reinforce HDL's competitive advantage in a dynamic market.



CONCLUSION

The combination of Nepal's improving macroeconomic fundamentals and the emerging social activism dynamics mark a turning point for HDL. While the macro-environment promises to support growth through higher remittances, stable inflation, and better liquidity, the Gen Z movement has underscored the importance of ethical governance, brand authenticity, and operational resilience.

HDL's strategic realignment—direct market control and investment in plant automation and spirit maturation projects—positions it strongly to thrive in this evolving environment. By integrating financial prudence, technological innovation, and socially-conscious brand management, HDL can safeguard its leadership position and capture long-term growth opportunities in Nepal's transforming Alko-bev landscape.



NEPAL LIQUOR INDUSTRY OVERVIEW (FY 2022/23 - 2024/25)

1. INDUSTRY PERFORMANCE SUMMARY

The Nepali liquor industry has shown a strong recovery after two consecutive sluggish years, with total industry sales reaching 2.21 million cases in FY 2024/25 – up 31% compared to FY 2023/24 and 21% higher than FY 2022/23. This rebound was driven mostly by resilient domestic whisky and vodka categories, reflecting renewed consumer confidence, easing of macroeconomic pressures, and post-pandemic normalization of consumption and tourism.

- FY 2022/23 → FY 2023/24: Industry had a contraction (-6.2%), largely due to a prolonged liquidity crunch and low disposable income resulting in weak consumer demand.
- FY 2023/24 → FY 2024/25: Sharp rebound (+38%) indicating improved economic conditions and stronger market confidence.

Industry Growth

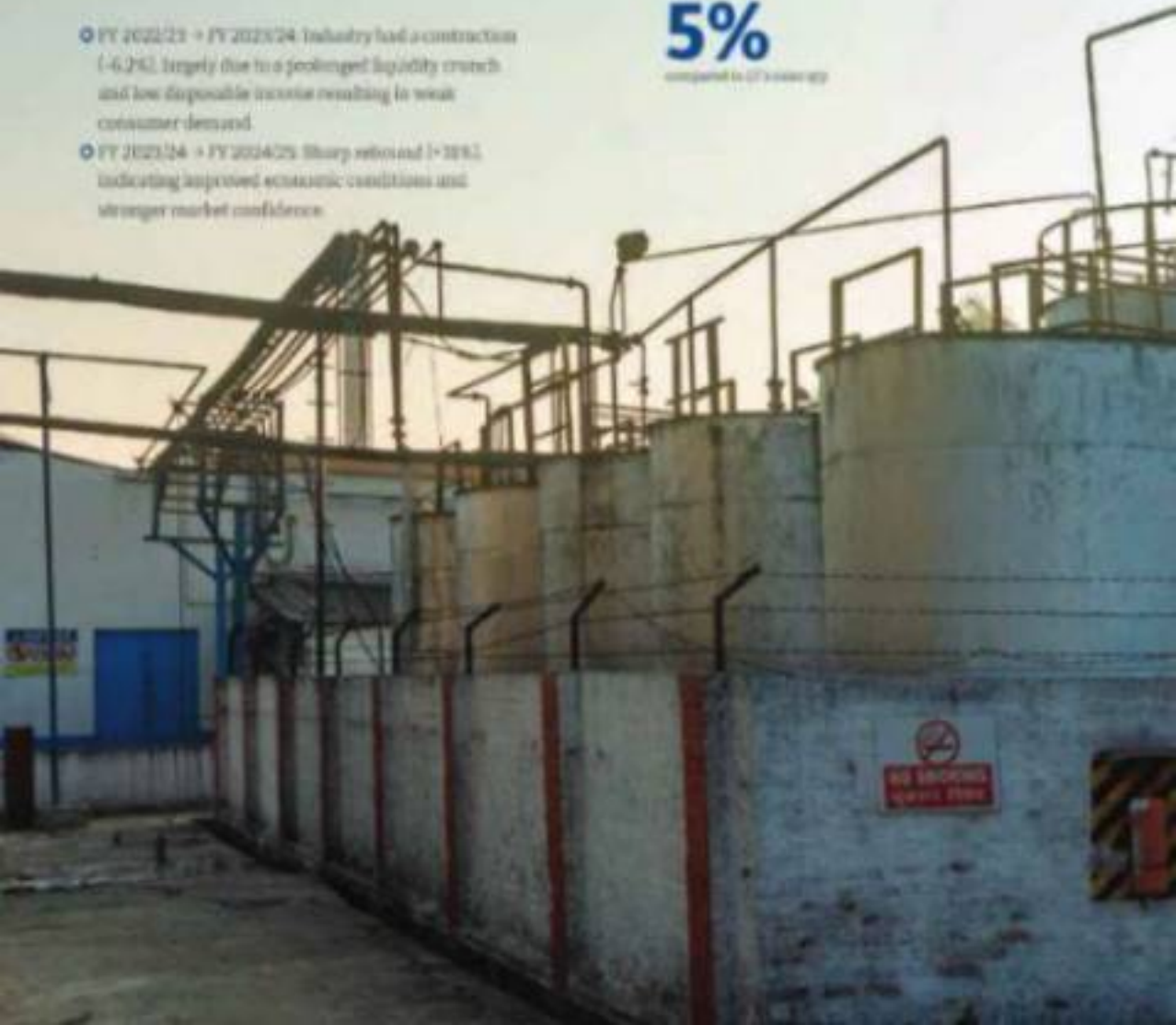
31%

compared to Last Year

WOL's Growth

5%

compared to FY's average





2. CATEGORY-WISE INSIGHTS

Segment

Growth FY18/17 vs FY16/15

Key Highlights

WHISKY


+18%

Largest category with 1.36 million cases (52% of industry); dominated by 400P whisky (87% of whisky sold)



VODKA


+52%

Fastest growing segment, total 152,000 cases (23% share); rising urban and youth preference for clear spirits

GIN


+10%

Hot seller but steady demand, 400P gin dominates

RUM


+134%

Highest growth driven by strong regional demand; demand in the 250P category

BRANDY, WINE,
OTHERS

+20–70%

Small but growing premium lifestyle segments, wine consumption is rising with urban lifestyle change



(The market data is based on internal survey)

3. KEY STRUCTURAL TRENDS

- **Premiumization & 40/50 dominance:** 40/50 Whisky and 40/50 Vodka together account for 55%* of total industry volume, showing consumer movement toward stronger and affordable products.
- **Domestic brands expanded faster than imported ones:** While imported spirits grew 30-50%, their overall contribution remains below 2% of market share, confirming dominance of local manufacturers like HDL and related entities.
- **Vodka's sharp rise signals youth transition:** Vodka's 52% annual growth suggests changing consumption behavior — younger, urban consumers are preferring light, mixable spirits over traditional brown spirits.
- **Rum resurgence:** The comeback of 25/30 Rum signals mass-market recovery, possibly tied to affordability and consumption at local hooties and semi-urban markets.
- **Wine and liquor adoption:** Still niche but indicative of evolving lifestyle and gender-diverse consumption patterns in Kathmandu and tourist corridors.

4. IMPLICATIONS FOR HDL

Current Position

- HDL's current portfolio — Golden Oak & Black Oak (40/50 Whisky) and Silver Oak (40/50 Vodka) — sit in the fastest-growing segments of the industry.
- Both segments represent nearly 25% of total industry growth contribution in FY 2024-25, providing a favorable platform for HDL's expansion.
- HDL's 40/50 Whisky (Golden Oak & Black Oak) remains part of the largest segment by volume, offering scale stability, while 40/50 Vodka (Silver Oak) caters to the highest growth demographic — urban youth and female drinkers.

Opportunities ahead

- **Entry into Premium 25/30 Whisky:** The 25/30 whisky sub-segment, though smaller (133K cases in FY 2024-25), grew by ~35% year-on-year, suggesting an emerging mid-premium category. HDL aims to position its upcoming 25/30 whisky as a bridge between mass and premium categories, capturing both aspirational and value-driven consumers.
- **Leverage brand halo:** Building on the equity of Golden Oak and Black Oak, the new 25/30 brand can attract first-time premium consumers with refined taste, lighter strength, and lifestyle branding.



5. STRATEGIC OUTLOOK

Opportunity Area	Strategic Direction for HDL
 40UP Whisky (core)	Reinforce leadership through loyalty programs, premium packaging, regional push and increased focus on retail consumers.
 40UP Vodka (growth engine)	Invest in influencers'-led campaigns, urban sampling, and mixology-based promotions.
 25UP Whisky (new entry)	Launch with a distinct identity targeting semi-premium consumers seeking lighter blends.
 Trade & Distribution	Strengthen last-mile availability and product visibility with a dedicated salesforce.

6. SUMMARY

Nepal's liquor industry has been rebounding with diversified growth drivers, led by premium brown spirits and increasing clear spirit consumption. With favorable macroeconomic trends and evolving consumer preferences, HDL is well-positioned to consolidate leadership in 40UP segments and capture new share in the emerging 25UP premium whisky category.

By aligning marketing, distribution, and innovation strategies toward consumer-centric premiumization, HDL aims to outpace overall market growth and strengthen its competitive position in Nepal's evolving alcohol landscape.





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PREMIUM BLENDED MALT



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पलको साथी

INDUSTRY OVERVIEW AND EXTERNAL ENVIRONMENT ANALYSIS

1. NEPAL LIQUOR INDUSTRY: POST-RECOVERY GROWTH AND MARKET DYNAMICS

The Nepali liquor industry demonstrated strong and broad-based growth during FY 2024/25, registering an overall industry volume of 2.21 million cases, marking a 31% year-on-year growth compared to 1.68 million cases in FY 2023/24. This remarkable rebound was driven by easing macroeconomic pressures, a resurgence in consumer spending, and a gradual return of social and festive consumption patterns after years of inflationary and regulatory disruptions. The recovery was particularly strong in the 40UP Whisky and 40UP Vodka segments, which collectively account for over 55% of the total industry volume.

The 40UP Whisky segment, which remains the dominant category in the spirits market, grew by 14% to reach one million cases. This segment continued to be the centerpiece of Nepal's domestic liquor consumption, reflecting the cultural preference and affordability balance of mid-tier whiskies. The 40UP Vodka segment witnessed the most dynamic expansion, increasing by 56% year-on-year - from 141,020 cases to 220,297 cases - indicating a strong consumer shift towards modern, lighter, and premium drinking preferences, especially among urban youth and women consumers.

These shifts reflect broader socio-cultural transformations. Urban consumers are increasingly aligning with global drinking trends - favoring clear spirits, modern packaging, and lifestyle-oriented brands - while rural and mid-market consumers continue to drive volume in the 40UP Whisky category. Additionally, the emergence of imported brands in niche urban markets and growing tourism-driven demand in premium outlets has further diversified the competitive landscape.

2. PERFORMANCE OF HIMALAYAN DISTILLERY LIMITED

HDL maintained its strong foothold in the domestic market with its flagship brands - Golden Oak, Black Oak, and Silver Oak - competing primarily in the 40UP Whisky and 40UP Vodka categories.

During FY 2024/25, HDL achieved a total sales volume of 60233 cases, reflecting a 5% growth from the previous year. However, despite the growth in volume, HDL's overall market share declined to 31% from 39%, primarily due to the accelerated entry of new competitors, market fragmentation, and the resurgence of smaller local distilleries leveraging aggressive discounting and trade-level incentives.

In the 40UP Whisky segment, HDL's combined portfolio (Golden Oak, Black Oak, and Blue Oak) accounted for 56% of the category, compared to 72% in the previous year. While Golden Oak remained the top-selling brand in the country, recording 50,125 cases, it saw a 2% decline in volume compared to the previous fiscal year. The decline was partly due to increasing competition in the mainstream whisky category, the presence of counterfeit and look-alike brands, and changing consumer behavior driven by promotional disruptions. Conversely, Black Oak exhibited robust growth of 36%, increasing from 120,152 to 162,398 cases, indicating the success of its premium positioning and rising consumer acceptance in urban markets.

Overall Industry Volume

2.21 M

cases in 2024-25



HDC's Brand's Contribution

66%

in 401P whisky segment



In the 401P Whisky segment, HDC's Silver Oak Whisky, launched in 2023, achieved 24% growth, reaching 21,070 cases in FY 2024/25 from 16,888 cases in the previous year. Despite being a new entrant, Silver Oak has successfully established a foothold in a market dominated by a single major competitor holding over 85-90% market share. Silver Oak's performance demonstrates the potential of HDC's innovation pipeline and consumer resonance among younger consumers.



HDC's Brand's Contribution

10%

in 401P whisky segment



3. SOCIO-ECONOMIC AND POLITICAL ENVIRONMENT

The liquor industry's trajectory in FY 2024/25 was shaped by a complex socio-economic environment. On the economic front, Nepal's GDP growth stabilized at around 4.6%, supported by remittance inflows and easing of inflationary pressure compared to the previous fiscal year. Consumer spending began to recover, particularly in urban areas, as liquidity improved and market confidence returned. However, rural consumption remained strained due to lower agricultural productivity and high household indebtedness.

The monetary tightening policy of the Nepal Rastra Bank in FY 2023/24 continued to have a lagged impact, restricting credit growth to trading and manufacturing sectors. Despite these constraints, the liquor sector's semi-resilient demand profile – anchored by festival seasons, weddings, and tourism – enabled the industry to maintain double-digit growth.

The Gen Z-led protests in 2025 also influenced consumer markets. Although the protests were primarily socio-political in nature, the resulting uncertainty and curfews temporarily disrupted urban trade channels and on-premise consumption. Yet, the protests also underscored a generational shift in values, preferences, and activism, which brands like HDL must strategically address in marketing communication such as balancing tradition with progressive and responsible messaging.

Politically, the environment remained volatile yet functional. Changes in provincial leadership and local governance structures caused temporary inconsistencies in excise administration and permit renewals in certain provinces. The frequent regulatory discussions around liquor advertisement bans, excise rate revisions, and distribution licensing continued to present compliance and operational challenges for all manufacturers. Nevertheless, HDL's adherence to ethical business practices, compliance discipline, and transparent reporting remained a source of competitive advantage and brand credibility.

CHANGING CONSUMER PREFERENCES AND COMPETITIVE INTENSITY

The most visible market shift is evolving consumer preference: a growing cohort of younger, urban consumers prefer ready-to-drink (RTD) beverages and beer, favoring lighter, mixable beverages. Concurrently, the market is witnessing a proliferation of new entrants offering cheaper 40%+ ABV products, often competing aggressively on price, discounting, and trade incentives. Key market behaviors include:

- **Shift to strong beer & cheaper 40%+ variants.**
Price-sensitive consumers and new entrants promote "strong beer" and cheaper spirit alternatives. These products are often sold in high volumes via aggressive trade schemes and outlet tie-ups, quickly capturing shelf space and consumer trials.
- **Aggressive promotional tactics.** New players deploy deep discounts, buy-one-get-one offers, and heavy outlet funding. While these tactics drive short-term volumes, they compress industry margins and encourage channel dependence on incentives rather than brand loyalty.
- **Channel dynamics.** With advertising restrictions in mass media, below-the-line (BTL) activities (in-store promotions, outlet tie-ups, spot sampling) dominate. New entrants that invest heavily in trade incentives can rapidly scale distribution even with lower brand equity.
- **Premiumization tempered by affordability.**
Although there remains a premiumization trend among remittance-supported urban consumers, the broader market shows simultaneous fragmentation – a growing number of consumers lean toward value offerings.

For HDL, these market realities mean a further competitive environment, protecting share in 40%+ categories will require a careful balance between promotional spend and brand investment; entering the 25%+ premium space will require differentiation but reliance on price wars.

4. GEOGRAPHY AND MARKET DYNAMICS

Nepal's liquor market continues to be shaped by its geographical diversity and logistical complexity. The terai belt, Kathmandu Valley, and the mid-hill urban centres contribute nearly 70% of total liquor consumption, while mountain and rural areas account for emerging but still limited volumes. The lack of uniform infrastructure and the seasonal accessibility challenges during monsoons affect distribution efficiency, especially in the far-western and high-hill zones.

For HDL, the strategic withdrawal of the National Distributor (GIDPL) and transition to a direct distribution model from FY 2025/26 will create both opportunities and operational challenges. While this shift will increase HDL's gross revenue, it will also require substantial investment in logistics, credit management, and field human resources. The company's focus on building a dedicated sales and marketing force across Nepal is expected to enhance long-term control, market responsiveness, and a brand focus. This is necessary for combating competitive pressures at the retail level.

Additionally, the government ban on direct liquor advertising has made brand-building efforts more complex. As a result, companies – including HDL – have increasingly relied on retail visibility, event-based promotions, outlet tie-ups, and influencer-led activations to drive brand recall. The rising cost of such RTI activities has, however, put pressure on margins, underscoring the importance of efficient marketing return on investment tracking.

5. EMERGING TRENDS AND STRATEGIC OUTLOOK

Data for FY 2024/25 underscore several key trends shaping the future of Nepal's liquor industry:

- **Premiumization and portfolio segmentation:** Consumers are showing a growing willingness to upgrade from value to mid-tier or semi-premium brands. HDL's Black Oak and Silver Oak are well-positioned to capture this segment.
- **Younger demographic shift:** Gen Z and millennials are driving demand for vodka, RTD, and lighter spirits. Their purchasing decisions are influenced more by brand storytelling, packaging, and social engagement than by traditional brand loyalty.
- **Localization and authenticity:** Despite modernization, local identity remains crucial. Brands that effectively blend Nepali heritage with contemporary appeal are likely to sustain growth.
- **Responsible drinking and social scrutiny:** The liquor industry continues to face increasing societal and policy pressure for ethical marketing, CSR compliance, and messaging for responsible consumption. A proactive communication strategy and alignment with corporate integrity principles can, therefore, anchor sustainable growth in the coming years.



6. HDL'S STRATEGIC POSITION AND PATHWAY

The Company's performance in FY 2024/25 reflects both the opportunities and challenges in Nepal's liquor landscape. While industry growth of 11% signals a healthy recovery, intensified competition and structural shifts in consumer behavior demand adaptive strategies. HDL's core strength – whisky, led by Golden Oak and Black Oak – continues to anchor its market leadership in volume. Meanwhile, emerging brands like Silver Oak Vodka demonstrate the company's ability to innovate and diversify into growing segments.

Going forward, HDL's strategic priorities will remain focused on:

- Strengthening direct distribution and sales capabilities post-rational distributor withdrawal
- Enhancing brand differentiation and consumer engagement under advertising restrictions

- Leveraging data and analytics for precise budgeting, performance monitoring, and resource optimization
- Expanding production capacity and improving supply chain efficiency
- Entering the 250P premium whisky segment to diversify revenue streams and compete across price tiers

Despite the external challenges which range from regulatory uncertainty to socio-political volatility, HDL's financial stability, brand equity, and organizational reforms provide it a strong foundation for growth. The company's commitment to operational excellence, responsible marketing, and innovation-driven strategy position it to remain a market leader and a benchmark of corporate resilience in Nepal's liquor industry.

STRATEGIC IMPLICATIONS

Taken together, the externalities faced by HDL call for a mix of resilience, portfolio agility, and disciplined execution, which can be attained through



1. Portfolio Strategy

Monitor a two-pronged approach – protect volume through competitively priced value SKUs and capture margins via premium and differentiated offerings. Introduce pack size and price variations to match local affordability.

2. Channel and Trade Governance

Reform trade incentives toward sustainable volume-linked, ROI-based incentives and limit short-term discounting that erodes brand equity. Strengthen distributor credit policies to limit over-exposure in weaker economic pockets.

3. Supply-chain Resilience

Localize sourcing where feasible (grain, IPA input), build regional buffer stocks, and secure alternative logistics routes to mitigate port or customs disruptions.

4. Compliance & Financial Hygiene

Tighten anti-money laundering/trace your customer (AML/ KYC) practices across distributor financing; align treasury operations to manage foreign exchange risk and secure robust supplier contracts to reduce cost volatility.

5. Brand & Social Positioning

Adapt brand communication to the current social mood – emphasize responsible drinking, community support, and authentic local narratives. Amplify CSR investments in visible and relevant to younger cohorts.

6. Cost Discipline & Efficiency

Adopt strict margin controls, lean operations, and productivity measures at the factory to offset promotional pressure in the market.



In Nepal, macroeconomic support provided by increasing remittances and recovering tourism coexist with social activism, political uncertainty, and aggressive entrant-driven competition that bears down on industry margins. For HDL, success will depend on nimble portfolio management, disciplined trade spending, reinforced compliance, and operational resilience which are critical for

withstanding all kinds of shocks -- social, political, natural, and international. By aligning product strategy with evolving consumer affordability, investing in localized sourcing and building logistics buffers, and communicating with social sensitivity, HDL can protect core volumes and selectively expand into higher-value segments without sacrificing long-term brand equity.

MANAGEMENT TEAM



NIRAJ SUBEDI
Chief Executive Officer

Mr. Subedi, a Chartered Accountant with a Master's in Economics and a Law degree from Nepal Law Campus, also holds certification as a Certified Financial Manager from India's Centre for Financial Management. With over 2 decades of experience in finance and operations within the liquor sector, he excels in financial planning and analysis, supply chain management, market dynamics, and specialized production processes for alcoholic beverages. His leadership emphasizes ensuring adherence to international quality standards, robust corporate governance, and relentless pursuit of innovation.



PHIREN PANT
Chief Internal Auditor

An MBA graduate, Mr. Pant spent six years with an FMCG Group where he played a key role in investment management and financial controls. With 17 years of experience in the banking sector, starting at Standard Chartered Bank and progressing through senior positions in various commercial banks, he has expertise in financial management and compliance. His ongoing leadership strengthens HDL's internal audit framework, ensuring rigorous oversight and alignment with evolving regulatory and operational demands.



NAM DEV DAHAL
Chief Operating Officer

Mr. Dahal, an accomplished management graduate, has recently taken over the role of Chief Operating Officer at HDL. He brings over five years of leadership experience in the liquor manufacturing and distribution sector, where he played a key role in strengthening operational governance, supply chain management and business performance. Prior to this, he served for more than 10 years in the banking industry, including senior positions at NCC Asia, Prithvi Bank and other leading commercial banks, gaining extensive expertise in financial management, risk oversight, and institutional compliance.



NETRA PRASAD TIMSINA
Legal & Compliance Head

Holding a bachelor's degree in law, Mr. Timsina brings over two decades of experience in Nepal's legal environment, complemented by ten years as a company secretary in the sugar industry. He specializes in industrial laws and regulations, with a comprehensive grasp of both national and international environmental legislation. His leadership fortifies HCL's compliance architecture, ensuring steadfast adherence to regulatory standards and proactive risk mitigation.



SASHI BHADANI
Country Sales Manager

Mr. Bhadani, recently joined HCL as a Country Sales Manager, he holds a bachelor's degree in economics from Tribhuvan University. With over 25 years of experience in Nepal's leading sugar companies, he brings wealth of expertise in sales leadership, distribution, and market expansion and has proven ability in strengthening nationwide network and brand visibility, inspiring teams with commitment and integrity.



SUDEEP POODEL
Senior Institutional Marketing Manager

With a bachelor's degree, Mr. Poudel contributes more than 21 years of broad marketing proficiency from diverse organizations. He excels in trade marketing, channel management, promotions, customer insights, and in cultivating retailer relationships to propel sales and enhance market presence. His leadership bolsters HCL's institutional marketing initiatives, driving strategic growth and deeper engagement in key distribution channels.

MANAGEMENT TEAM



RIMAL BHATTACHARJ
Senior Logistics Manager

Mr. Bhattacharj, a BA graduate, recently assumed the position of Senior Logistics Manager at HDL. Prior to this, he dedicated 18 years to leading companies in the alcohol industry where he played a key role in logistics/transportation and store management operations. He brings two decades of hands-on experience to HDL's logistics and store management.



KRISHANA HARI ADHIKARI
Factory Manager

Mr. Adhikari recently joined HDL as Factory Manager, bringing in more than 13 years of experience in the liquor manufacturing sector and a leadership style marked by excellence and dedication. With an MSc from Tribhuvan University, he excels in strong leadership, streamlined production management, and unwavering commitment to quality and safety. His strategic vision and team-oriented approach contribute to delivering operational success and ongoing improvements throughout the factory.



SAMIR RAJ DHUNGANA
Head - Distribution

Mr. Dhungana, a Chartered Accountant and MSc graduate from the University of the West of Scotland, UK, brings over six years of expertise in financial leadership and sales distribution management. He previously led internal audit and distribution finance at Jeebakhel Group of Industries and gained global exposure as Senior Internal Auditor with ESM International (UK) in Bahrain. Mr. Dhungana drives sustainable growth through financial discipline, strategic agility, and collaborative leadership.



JEEVAN PANDAY
Operation Manager

An IITCC professional and MBA graduate, Mr. Pandey has been associated with HCL for the past five years. With over a decade of extensive experience across manufacturing and service sectors, he demonstrates profound expertise in financial planning, budgeting, project execution, and resource optimisation. He plays a pivotal role in operations and key projects, driving efficiency and strategic implementations. His contributions enhance HCL's operational resilience and project delivery, aligning resources with long-term growth objectives.



NIRANJ GHIMIRE
Business Development Manager

Mr. Ghimire brings over 18 years of progressive experience in procurement and strategic growth across development, manufacturing, and business sectors. A certified procurement expert with UNIPA credentials in ethics and foundational procurement principles, he now drives HCL's expansion with sharp skills in market analysis, vendor partnerships, product innovation, and revenue-generating initiatives. His expertise in negotiation, materials optimisation, and opportunity evaluation fuels new business ventures, forging strong client relationships and propelling sustainable growth.



ALINA SHRESTHA
Finance Manager

An MBA graduate and semi-qualified Chartered Accountant, she leads daily managerial finance operations and provides strategic insights on financial planning. She has over a decade of extensive experience in accounting, auditing, and financial reporting across manufacturing and service industries. Her ongoing leadership fortifies HCL's financial framework, driving enhanced reporting accuracy, regulatory compliance, and strategic alignment amid evolving economic challenges.

MANAGEMENT TEAM



AMAN MAHAJAN
Business Analytics Manager

Mr. Mahajan, a Chartered Accountant with a bachelor's degree in accounts and finance, leads the Business Analytics & MIS department at IISL. With over five years of diverse experience in MIS reporting, financial planning, analysis, and audit, he leverages his expertise and knowledge to support data-driven management reporting, strategic decision-making, and efficient supply chain coordination.



RAJEEV KUMAR YADAV
Technical Research & Application Head

Mr. Yadav holds a master's degree in Fermentation and Alcohol Technology from Kanpur, India. In 2021, he completed a Fellowship in Fermentation Technology. With over a decade of experience as an Alcohol Technologist, he specializes in product development across liquor sectors, excelling in fermentation, distillation, and quality control processes.

His leadership advances IISL's technical innovation, elevating product quality and process efficiency to meet evolving industry standards.



ANJALI SHRESTHA
Human Resource Manager

An MBA graduate from Kathmandu University with a specialization in Human Resource Management, she has led HDL's HR department for the past five years. With over eight years of substantial experience in the HR field, she brings expertise in talent management, organizational development, and employee engagement. Her leadership strengthens HDL's human capital management, fostering a culture of excellence, innovation, and alignment with strategic business goals.



NISHA NIRAULA
Company Secretary

Mrs. Niraula holds a Master's Degree in Law and has been associated with HDL for the past four years. During her tenure, she has contributed significantly to strengthening the company's governance, compliance, and corporate affairs functions. In addition to her role at HDL, she serves as a Board Member at the Nepal Institute of Company Secretaries (NICS), where she actively supports initiatives aimed at promoting good governance and professional excellence in the field of corporate secretarial practice. Prior to joining HDL, Mrs. Niraula gained extensive experience in the humanitarian and development sectors, where she was involved in policy formulation, organizational management, and advocacy programs.



INSPIRED BY NATURE, PERFECTED BY EXPERTISE

PRODUCT AND SERVICES

HDL forecasts a positive market outlook for 2025/26 in case of the economy and mid-range segments as it expects growth in demand for affordable local spirits. HDL is well-positioned to reap benefits from these current market and consumer trends and aims to focus on its fast-moving economy brands while managing costs and maintaining a competitive edge.



BOTTLING UNIT

HDL's bottling facility is installed in the factory in Birgaaj, Patna. All HDL products are manufactured under the strict supervision of Excise Officers of the Government of Nepal. Besides, the company has its own quality control officers, who thoroughly check all quality parameters before the goods are dispatched to the markets. The company has a capacity to bottle more than 6 million litres of alcohol in a year. The Company produces quality brands such as Golden Oak, Black Oak, Silver Oak in the 40 UP segments and it will be launching a new brand called Shik in the more premium 25 UP segment in 2025.



DISTILLATION UNIT

HDL is one of the few liquor manufacturing companies in Nepal which has a bottling unit as well as a state-of-art distillation unit, with the capacity for further expansion if the need arises. HDL's 30 KLPD distillation unit was designed by KATEEN (USA) with a production capacity of six million liters of Extra Neutral Alcohol (ENA). Distillation is a scientific procedure that begins with proper storage of grains, pre-cleaning, and testing of grain quality before milling the grains for further processing. Separation of flour takes after the milling after which the slurry is converted into sugar for fermentation to obtain the final product i.e., ENA.

The distillation process has a stringent built-in quality control process with a series of sample tests to ensure that the final product is ready to be sent to the production department for further processing. HDL has a modern, well-equipped laboratory which is the central repository for various quality checks.

HDL has recently invested heavily in plant automation for delivering ENA with a consistent quality that is possible only with minimal manual intervention.



FY	ENA		Distilled Grains	
	Sales Qty	Production Qty	Sales Qty	Production Qty
2081-82 (2024-25)	1,703	3,559	583	592
2080-81 (2023-24)	800	1,707	420	399
2079-80 (2022-23)	1,800	3,450	739	760
2078-79 (2021-22)	2,495	4,975	1,365	1,256
2077-78 (2020-21)	2,640	4,872	1,322	1,324

- ENA Qty in 500 Liter & PG Qty in 100 Cases

- PG Qty includes returned bottling qty as well

MALT DISTILLATION UNIT

LAUNCH OF HDL'S ADVANCED MALT PRODUCTION FACILITY

HDL has completed an innovative malt production plant, which represents a pinnacle of modern engineering. This plant is tailored for top-tier performance, eco-friendliness, and unmatched purity in crafting malt spirits. This development represents a pivotal advancement in the Company's pursuit of superiority in the spirits sector, which it seeks to attain by blending cutting-edge innovations with traditional artisan methods. Some highlights of the distillation facility are:

1. Mashing and Lautering Equipment:

- The setup includes a robust mash tun capable of handling large volumes with exact thermal management, promoting ideal starch breakdown. Paired with a sophisticated lauter tun, it delivers pristine wort separation, setting the stage for exceptional fermentation results.

2. Fermentation Setup

- Featuring premium stainless steel vessels, this system guarantees uniform fermentation in optimized environments. With automated climate controls and innovative oxygen infusion methods, it supports robust yeast activity and cultivates nuanced taste characteristics.

3. Distillation Apparatus

- Driven by bespoke copper pot stills for wash and spirit phases, the process maximizes reflux and metal interaction to yield deep, multifaceted malt spirits. Additionally, finely tuned columns provide flexibility across various distillation styles.

4. Sustainable Energy Measures:

- Integrated with resource-saving technologies like solar reception and thermal transfer units, the facility minimizes ecological footprint without compromising output quality.

5. Control Systems and Assurance:

- Backed by an advanced digital oversight platform, the operations run smoothly with real-time tracking of key metrics. An on-site lab devoted to testing upholds stringent quality benchmarks throughout the process.

HDL produced a total of 38,736 liters of malt spirit during the year and had already sold 25,600 litres.

Prospects: The grain-malting malt facility boosts HDL's manufacturing prowess and establishes the Company as a frontrunner in premium malt spirit creation. The facility embodies HDL's steadfast dedication to progress, superior standards, and responsible practices. The Company is fully committed to distilling outstanding malt spirits that honor the past while adapting to modern tastes.

The malt spirits produced by the facility undergo at least three years of maturation to form high-end single malt whisky, ideal for our blends, which also decreases the reliance on imported Scotch varieties. Operational since 2024, the plant is to be expanded with six new fermentation vessels following which the malt spirit output will be increased by almost 1.5 times. HDL continues to innovate relentlessly to ensure outstanding results in distillation.



SPIRITS MATURATION WAREHOUSE

HDL is enhancing its position in the spirits industry by establishing a new spirit maturation facility located on producing high-quality aged spirits, a critical ingredient for premium liquors. This strategic investment can ensure a continuous supply of top-tier spirit, which is aged for a minimum of three years in barrels to develop the rich, complex flavors characteristic of elite beverages. By bringing this production process in-house, HDL is reducing its dependence on expensive imported blended malt spirits. Locally produced malt spirits not only lower manufacturing costs but also allow greater control over product quality and consistency. This development has placed HDL in a position to elevate the standard of its liquor offerings, reinforcing its commitment to excellence in craftsmanship.

HDL has acquired land in the Himalayas for a specialised maturation warehouse, chosen for its ideal environmental conditions that enhance the aging of the spirits. The construction of this facility in Solikhumbu is nearing completion. Beyond meeting its own production needs, HDL aims to capitalise on its aged spirits by selling them in both domestic and international markets to create new revenue streams and strengthen its global presence in the spirits industry. This integrated approach to supply chain management – by combining a state-of-the-art distillation facility with a strategically located maturation warehouse – underlines HDL's innovation and dedication to sustainable growth, which also sets the stage for long-term success of the Company in the highly competitive spirits market.



HUMAN RESOURCE MANAGEMENT

EMPLOYEES FIRST

At Hindustan Distillery Limited (HDL), the core belief is that our employees are our most valuable assets. The successes achieved directly reflect the dedication, skills, and commitment of our staff. As a public limited company, we recognize our profound responsibility to provide not just employment, but a workplace that is safe, healthy, and conducive to both professional and personal growth. Our efforts over the past fiscal year have centered on enhancing the Company's contribution to the well-being of each employee.

HDL's primary focus is workplace health and safety, which is ensured through stringent safety protocols, regular training, the provision of Personal Protective Equipment (PPE), and access to health



support, including an Employee Assistance Service for mental health issues. Besides, HDL is fully committed to fostering a supportive and inclusive work environment by investing in professional development, promoting open communication, and encouraging a collaborative culture. HDL operates in full compliance with national labor laws and provides a fair and equitable compensation structure designed to attract and retain talent. We actively promote a healthy work-life balance and are dedicated to a diverse and inclusive workplace that values the contribution of each individual.

HDL's commitment to our staff is unwavering. The Company will continue to invest in employee welfare, safety, and professional growth, as we believe that a strong, healthy, and happy workforce is the foundation of a resilient and successful company.

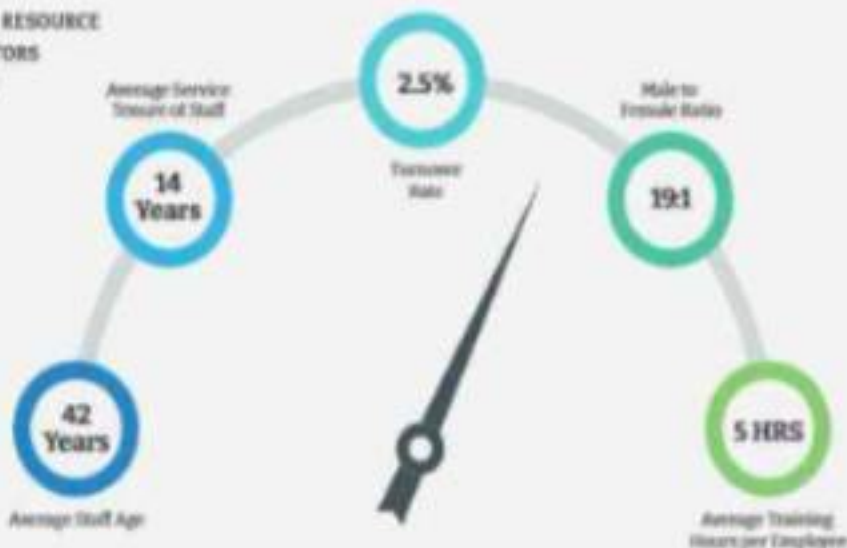


CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE ECONOMY

As a public limited company, HDL recognizes its role in contributing to the national exchequer and supporting and fostering economic growth in Nepal. HDL is proud to be a responsible corporate citizen, which is reflected in its contribution to the national economy over the years, including the past fiscal year. HDL's direct financial contributions include significant payments made in the form of duties, taxes, and other levies to the government. Further, the Company's business activities have a broader economic impact. During the year, HDL created a substantial number of new jobs, providing meaningful employment opportunities. Adding to the contributions are taxes paid by payroll employees and outsourced workforce, all of which collectively contribute to strengthening the national economy. These contributions underscore HDL's dedication to not only its business success but also to the prosperity and development of the nation.



HUMAN RESOURCE INDICATORS 2024/25



OUR CORE VALUES AND ETHICS

HDL's Core Values provide the blueprint for the organizational culture, defining how everyone in the Company interacts, performs, and innovates on a daily basis. At the heart of the operations lies uncompromising integrity and mutual respect for each other, which enables the building of an environment of openness and motivation. HDL has translated this strong internal culture into market success by focusing on stringent quality control and a fierce drive for teamwork and competitiveness. At HDL, each employee is expected to be diligent, ensuring consistent delivery of exceptional customer satisfaction. With innovation and creativity, the HDL family collectively challenges the status quo and commits to continuously evolving to secure perpetual growth.



CAPABILITY ENHANCEMENT 2024/25

HDL organized 29 training programs to enhance both functional and behavioral competencies across all levels in the company. Functional training, such as Letter of Credit and Production Optimization, has helped to strengthen job-specific expertise and operational efficiency. Behavioral interventions like Leading at the Speed of Trust (FranklinCovey) and I to We (Team Building) focused on leadership development, collaboration, and interpersonal growth. Professional development courses, including Intermediate to Advanced Excel and Strategy Management, empowered employees to sharpen their analytical and strategic acumen. Additionally, health and safety trainings, such as Boiler and Pressure Vessel Safety, Quality Management System, Anti-Money Laundering, and Responsible Drinking (DIDI) have contributed to reinforcing the Company's commitment to compliance, employee safety, and overall well-being. The training programs reflect the Company's commitment to cultivating a culture of continuous learning alongside growth and excellence.



29

Trainings



195

Participants



378

Total number of
employees October 2025

EMPLOYEE ENGAGEMENT AND CELEBRATIONS

Fostering an inclusive and vibrant workplace culture remains at the heart of HDL's people strategy. The Company organized several employee engagement initiatives to celebrate diversity, promote well-being, and strengthen team spirit. The International Women's Day celebration on March 9, 2025 featured a special lunch and complimentary dental health check-up for female employees. It was a reflection of the Company's commitment to holistic wellness. The Yumari Puzhi festivities on December 15, 2023, was celebrated with Yumari treats for all employees at the Head Office. It was also a celebration of Nepal's rich culinary heritage. On National Unity Day, January 9, 2025, HDL employees embraced cultural diversity by donning ethnic or national attire, reinforcing the Company's pride in unity and tradition. Additionally, the Twin Heart Meditation session organized by the Company served as a rejuvenating engagement activity for the workforce that promoted mindfulness, emotional balance, and inner harmony. The initiatives discussed above embody HDL's endeavor to nurture a cohesive, motivated, and culturally enriched organizational community.

POLICIES & PRACTICES

ARCHIVES

HDL organization maintains strict archival policies to ensure confidentiality and integrity of data on employees. The Company adheres to all legal and regulatory requirements, while systematically managing and retaining employee records such as employment

applications and records on performance reviews, disciplinary actions, compensation records, benefit information, attendance and so on. This practice provides a valuable historical record for reference and analysis.

HUMAN RESOURCES MANAGEMENT

- 1. Code of Conduct:** In order to ensure a positive organizational culture and enhance the Company's reputation HDL has enforced a code of conduct, which guides behaviour towards alignment with core organizational.
- 2. Occupational Health and Safety (OHS):** HDL has an OHS policy that provides guidance for attaining the Company's commitment to provide a safe and healthy work environment for all staff, contractors and visitors.
- 3. Recruitment and Selection:** The Recruitment and Selection Policy outlines the process for attracting, selecting, and hiring the best-qualified candidates for open positions, ensuring fairness, transparency, and consistency in recruitment practices.
- 4. Performance Evaluation:** HDL has a performance evaluation policy that describes the Company's approach for evaluating employee performance.
- 5. Learning and Development (L&D):** The L&D policy outlines the Company's approach to developing employee skills, knowledge, and competencies through structured learning and development programs. The goal is to ensure that employees are equipped to perform their roles effectively, while also providing them developmental opportunities.





THE ESSENCE OF HDL

Himalayan Distillery Ltd. (HDL) established in 1985, has grown into one of Nepal's leading producers of alcoholic beverages. From inception, the Company has been guided by a vision of excellence and innovation in distillation, which is embodied in its emphasis on research and development to continuously improve its products and processes. HDL focuses on manufacturing and marketing alcoholic beverages

responsibly, ensuring full compliance with ethical and regulatory standards.

HDL's diverse portfolio caters to a wide range of tastes and preferences, positioning it as a pioneer in the national market. The company's production facilities incorporate modern technologies to ensure consistency and superior product quality. HDL prioritizes professionalism

in every aspect of operations, from sourcing raw materials like Extra Neutral Alcohol (ENA) to delivering the final product. The Company's continuous improvement drives its competitive edge, enabling the brand to stay relevant in a dynamic industry.

HDL actively invests in training and skill development to build a knowledgeable and capable workforce. Sustainability and responsible practices are integral to the Company's manufacturing ethos, reflecting care for consumers and the environment. HDL has quality assurance systems in place at every stage of production which is vital for maintaining high standards of safety and product quality.

The company's success represents the realization of a perfectionist's dream to create a distillery of distinction. Its goal has always been to produce world-class alcoholic beverages, which HDL does by combining tradition with technology and by blending local heritage with modern craftsmanship. Today, HDL has become a symbol of innovation, quality, and trust in Nepal's beverage industry.



MARKETING APPROACH

H&M has adopted a marketing strategy focused on premiumisation, responsible branding, and diversified market reach. It has strengthened its brand equity by highlighting its level of loyal heritage and quality production standards, and by positioning its beverages as aspirational while also being authentic. The company has segmented customers into premium, mid-range and mass categories while revealing focused on urban youth and high-end institutional buyers such as all trade outlets, hotels, restaurants, MOTs and on-trade outlets. Within loyal the company targets its visibility through carefully chosen retail touchpoints, branded experiences, and exclusive tasting events that comply with advertising regulations. For experts, it pursues partnerships with international distributors and leverages loyal identity as a differentiator.

Marketing communication at H&M relies on digital marketing, influencer collaborations, and social campaigns on responsible drinking, rather than traditional advertising. It has taken this approach to build trust and relevance. Simultaneously, H&M focuses on innovative packaging and product variants to reach emerging tastes. The emphasis is on sustainability to appeal to modern, environmentally conscious consumers. Together, these initiatives have created a distinctive and responsible market presence of H&M's products, which have continued to drive both domestic growth and international recognition.

H&M executes point promotions at key retail points to directly engage customers and enhance product visibility. These activities include tastings, sampling, and attractive point-of-sale displays and are intended to build immediate awareness, strengthen commitment, H&M brand equity, trial and repeat buying by offering limited time offers, or tie-ups linked with purchases.



BRAND EVENT PHOTOS







Restaurant promotions focus on partnering popular outlets, lounges, and bars frequented by target audiences. HDL ensures that its products stand out at the point of consumption through branded counters, menu overviews, spot promotions and bartender recommendations. These initiatives strengthen the emotional connection with customers and enhance brand loyalty. HDL also leverages co-branding opportunities with restaurants to create premium brand perceptions and brand loyalty. Feedback from these promotions is used to understand consumer preferences and to fine-tune marketing strategies. Altogether, spot and restaurant promotions help HDL maintain a strong consumer base and differentiate itself in a highly competitive market.

HDL actively supports events to enhance brand visibility and create a lasting impression among consumers. By sponsoring and participating in high-profile events, the Company positions its products directly in front of the target audience. These events provide ideal platforms for introducing new offerings and encouraging product trials in engaging environments. HDL

ensures that each event experience delivers a "feel-good" factor, combining enjoyment with brand interaction. Interactive sessions, tastings, and entertainment activities are organized to create memorable consumer experiences.

These approaches strengthen emotional connections of consumers with the brand and encourage repeat engagement. HDL's event support also helps in generating word-of-mouth publicity, extending reach beyond the event attendees. Collaborations with event organizers and influencers amplify brand messaging effectively. Insights gained from consumer behavior during events guide future marketing and product strategies. Overall, HDL's presence in events has helped to build awareness, drive trials, and reinforce a positive brand image in the market. By supporting events, HDL not only gains direct consumer engagement but also builds strong associations with the events and the artists involved. This linkage enhances the brand's image, positioning it as a modern, vibrant, and culturally connected company. Collaborating with popular artists or high-profile events allows HDL to tap into their fanbase, extending both reach and



credibility. Such associations create a halo effect, where the excitement, creativity, and prestige of the event or artist reflect positively on the brand. It also helps HDL convey lifestyle values by connecting its products with entertainment, celebration, and premium experiences. Over time, such strategic partnerships foster brand loyalty as consumers start associating HDL with memorable moments and cultural relevance. Additionally, co-branded marketing materials, social media mentions, and event visibility amplify this effect, ensuring long-lasting brand impressions. These approaches to marketing communication have assisted in reinforcing HDL's market positioning as a brand that celebrates both people and experiences.

Online reach

15,000+



Our Products

GOLDEN OAK

TYPE Premium Blended Malt

STRENGTH 54.23% V/V

SKU 750ml - with tamper-proof closure
100ml - and 180ml and also sold with with
tamper-proof closure

KEY SELLING POINTS

- Matured in Oak casks
- Blended with Nepali grain spirits
- Original taste
- Premium packaging



Serving

Golden Oak is a completely unique mixture of premium malts and Nepalese grain spirits, matured in American oak casks. Its rich aroma of dried end result, roasted vanilla, and smoked vanilla gives a clean, medium-bodied end. Perfect for the ones ready to embody new demanding structure, Golden Oak represents success and prosperity. Whether served neat, on the rocks, or with mixers, it's perfect for creating memorable moments.

As Nepal's satisfaction-promoting liquor inside the AOCIF segment, Golden Oak comes in 300ml, 100ml, and 750ml bottles, presenting premium taste at an amazing price. Its upgraded packaging with commemorative instances, a polished label, and cap design adds a touch of elegance, making it best for festivals and celebrations. With its enduring exception, Golden Oak keeps to the same old for premium combined malts.

MARKET SHARE
+50%

vs. AOCIF - 2023 vs 2022

BLACK OAK

TYPE: Premium Blended Malt

STRENGTH: 54.23% v/v

BOTTLE: 750 ml - Sold in a canister with tamper-proof closure. 375 ml and 180 ml also sold with tamper-proof closure

KEY SELLING POINTS

- Extra matured in oak casks
- Blended with top-quality grain spirits
- Smooth and Oaky taste
- Premium packaging



Serving

Best served on the rocks

Black Oak is crafted to celebrate success. This remarkable whiskey, double-matured in charred cherry Oak Casks, gives a cultured palate of nutty, woody flavors with a velvety oaky finish. Designed for perfectionists, Black Oak's top-rate packaging mirrors its sophisticated essence, making it an ideal companion for lifestyle's milestones.

Available in 180ml, 375ml, and 750ml bottles (with the latter enclosed in a stylish canister), Black Oak is a preference for folks who seek refinement and achievement. With its rich garnish and stylish air of secrecy, Black Oak is more than a whiskey—it's an experience for aficionados.

MARKET SHARE

+16%

(vs. 2022 H1 sales by segment)

SILVER OAK

STRENGTH: 34.23% alc/vol

SKU: 750ml - Sold in a mono-carton with tamper-proof closure, 375ml - and 500ml and also sold with with tamper-proof closure.

BEST SERVED: Served straight or with ice

KEY SELLING POINTS

- Blend of pure Arctian Himalayan water & carefully selected grain
- Premium packaging



Serving

Silver Oak represents innovation and purity, blending premium grains with Himalayan artesian water. This spirit's smooth finish and easy-to-open premium cap offer an unparalleled drinking experience. The clear, transparent bottle reflects the brand's commitment to quality and visual appeal.

Crafted for the modern drinker, Silver Oak delivers a unique experience, whether enjoyed straight or with ice. Its premium taste and hassle-free packaging make it a standout choice, especially for those seeking a refined white spirit.

MARKET SHARE

+10%

(Source: IRI/ Nielsen)

COMING SOON

SHLOK'S INCEPTION: POETRY OF THE PEAKS

In the land of the Himalayas, where peaks touch the sky and ancient verses echo, Shlok Himalayan Premium Whisky is born, infused with the soul of the mountains and the timeless beauty of poetry. Like its namesake—a Sanskrit verse—Shlok captures the essence of these majestic heights and the spirit of lyrical expression. This medium-bodied spirit is a crafted masterpiece, with each bottle telling a story as old as the mountains and as fresh as the morning dew on Himalayan grass, inviting you to savor a sip of nature's poetry.

AROMA & TASTE: THE PRELUDE OF VERSE

With the first twist of the cap, Shlok unveils a warm embrace: an aromatic dance of honeyed

oak, nurtured in Quercus Alba barrels. As you take the first sip, soft vanilla greets the palate, unfolding into layers of rich caramel, before fading into a lingering whisper of smokiness. Every element is masterfully composed, much like the verses of a Shlok—flowing seamlessly, inviting you to savor a tale of depth, warmth, and timeless craftsmanship.

THE FINAL VERSE: A POETIC FINISH

The final sip unveils a delicate harmony with a cascade of tropical fruits, enveloped in a velvety embrace of oak and cream. Like a verse woven from the soul of the mountains, Shlok Himalayan Premium Whisky is a poetry poured into a glass, where nature and tradition converge in a timeless celebration of flavor and artistry.



Raise your glass to Shlok
Where every drop tells a story!



VALUE CREATION MODEL

Himalayan Distillery Limited (HDL) transforms financial strength, human capital, innovation, and natural resources into sustainable growth for stakeholders, society, and Nepal's economy. Through efficient production, responsible sourcing, technology investment, and sustainability, it delivers premium brands like the Oak Series and upcoming Shik. Strong governance, risk management, and data-driven decisions ensure transparency and investor trust. Community programs, renewable energy, and local jobs promote social well-being, signing profitability with long-term, inclusive value.

Rs. 135

NET WORTH
PER SHARE

Rs. 1,237

MARKET VALUE
PER SHARE



2. INPUTS (CAPITALS UTILIZED)

Capital Category	Description of Key Inputs	Data/Indicators
Financial Capital	Equity capital, retained earnings, borrowings, and reinvested profits enabling capacity expansion and operational sustainability.	Shareholder's equity: Rs. 3,07 billion Retained earnings: Rs. 1,09 billion
Manufactured Capital	Modern distillation plants, bottling lines, warehouses, and storage infrastructure ensuring efficient production and product quality.	Property, Plant & Equipment (incl. CWIP): Rs. 344 million
Intellectual Capital	Proprietary blends, brand portfolio, process know-how, and R&D capabilities fostering product innovation.	Trademark Registered Products: Golden Oak, Black Oak, Silver Oak, Shik, etc.
Human Capital	Skilled and dedicated workforce, technical experts, and management professionals driving excellence across operations.	Total Number of directly employed: 228 Avg. daily outsourced workers: 40
Social & Relationship Capital	Strong dealer and distributor network, long-term relationships with farmers, vendors, and community trust.	CSR Activities across various sectors such as education, environmental conservation, health & community welfare Appointment of 80 distributors and reach to about 228 outlets across the country
Natural Capital	Water resources, raw materials (molasses, grain), and energy inputs, managed with sustainability and efficiency in focus.	22,727 Kt DM water consumption, 2.78 million kWh energy consumption, 98% renewable energy consumed

3. BUSINESS PROCESS ACTIVITIES

Core Business Activities	Purpose / Value Contribution
Procurement & Raw Material Sourcing	Ensures quality input materials while supporting local suppliers.
Distillation & Blending	Production of high-quality spirits through advanced technology and craftsmanship.
Bottling & Packaging	Efficient, hygienic & quality packaging contributing to product differentiation.
Distribution & Marketing	Wide dealer network, promotional campaigns, and customer engagement strategies to strengthen brand equity.
Compliance & Governance	Ensures adherence to laws, excise policies, and responsible alcohol practices.
Community & Environmental Stewardship	Implements CSR initiatives and sustainability programs to minimize environmental impact and uplift local communities.

4. OUTPUTS

Output Type	Details
Key Products	40 Up Whisky segment: Golden Oak & Black Oak 40 Up Vodka segment: Silver Oak 25 Up Whisky segment: 5black Grain ENA (Extra Neutral Alcohol) Malt Spirit Denatured Spirit Dry Cake (By-product)
Production Volume	183K casks PG produced 1.56 million liters ENA produced 38.7K liters Malt Spirit produced 301.6K kg Dry cake produced
Revenue & Profits	Net Sales Rs. 3.71 billion, Net Profit Rs. 940 million
Employment Generation	Continuous employment to more than 350 people directly or indirectly
Taxes & Duties Paid	Custom, Excise, VAT & Income taxes paid to the government.
CSR Contributions	CSR contribution to 17 different parties across various sectors as prescribed by the law

5. OUTCOMES

INTERNAL OUTCOMES

- Improved operational efficiency through automation and process optimization.
- Enhanced profitability and shareholder value.
- Strengthened workforce engagement and talent retention.
- Reinforced brand image and market share growth.

EXTERNAL OUTCOMES

- Contribution to national revenue through taxes and excise duties.
- Employment creation and local economic development.
- Responsible environmental practices promoting plantation and renewable energy consumption.
- Social development through contribution to the education, health, and community programs.

6. STAKEHOLDER VALUE CREATION

Stakeholder Group	Value Created
Shareholders	Sustainable financial returns and growth in market capitalization. EBITDA: Rs. 1,27 billion, PAT: Rs. 941 million, Dividend: 25%, ROCE: 23%
Employees	Career development, skill enhancement, and a safe working environment. Employee benefit expenses payment: Rs. 313 million. Training expenses: Rs. 1408 Staff Turnover: 2.79%, which is low, indicating employee satisfaction New recruitment during the year: 67
Customers	Consistent product quality, responsible alcohol promotion, and trusted brands. Net Sales Revenue: Rs. 3.71 billion
Suppliers & Partners	Stable demand and long-term partnerships promote mutual growth. Total supplier payments: ~ Rs. 2 billion
Government	Fiscal contributions via taxes and compliance with regulatory frameworks. Approx. Total payment: Rs. 4.6 billion for excise duty, custom duty, VAT & income taxes
Community & Environment	CSR programs, environment conservation initiatives, and responsible resource management. Total CSR contribution: Rs. 705 million Tree Plantation: 2,000 Recycle bottle consumption: 13%

7. OUTLOOK AND SUSTAINABILITY

HDL is committed to continuously enhancing its capital base through:

- Investment in technological upgradation and renewable energy use.
- Strengthening B2O and brand innovation.
- Fostering a culture of excellence and integrity among employees.
- Promoting sustainable sourcing, environment conservation and community development.

We anticipate steady growth in revenue and market share, supported by robust governance and an integrated sustainability approach.





SUSTAINABILITY REPORTING

Himalayan Dairies Limited (HDL) integrates sustainability across all operations, guided by ESG principles and global best practices. The company actively reduces its carbon footprint through renewable energy adoption, efficient manufacturing, and DDGS-based waste recycling. Certified under ISO standards, HDL upholds strong quality, safety, and environmental management systems. Its CSR programs in education, health, and community upliftment further reinforce social responsibility. HDL remains committed to sustainable growth, transparency, and environmental stewardship for a better future.

43%
ELECTRICITY
FROM NEA
(HYDRO)

2%
ENERGY
GENERATED
FROM DIESEL
GENERATORS
(FUEL- DIESEL)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



As a leading producer of alcoholic beverages in Nepal, Himalayan Distillery Limited (HDL) is fully committed to integrating Environmental, Social, and Governance (ESG) principles in core operations. HDL's ESG framework reflects a holistic approach to sustainability, ethical conduct, and stakeholder value creation. Guided by international standards, robust internal policies, and a dedication to corporate social responsibility, HDL strives to minimize environmental impacts, foster social well-being, and uphold the highest standards of governance. This section highlights the key ESG initiatives, achievements, and commitments for the fiscal year 2024-25 and demonstrates our investments and progress toward long-term sustainability goals.

ENVIRONMENTAL RESPONSIBILITY

HDL recognizes the importance of environmental stewardship in mitigating climate change, conserving resources, and reducing its operational footprint. The environmental efforts at HDL are anchored in ISO 14001:2015 certification for Environmental Management Systems (EMS), Green Building Standards, and various other innovative measures to promote sustainability.

MEASURES TO REDUCE CARBON FOOTPRINT

HDL has implemented several initiatives to lower its carbon emissions and promote resource efficiency:

○ Zero Liquid Discharge (ZLD) System:

Building on the existing Effluent Treatment Plant (ETP), HDL has invested in a ZLD system to treat industrial effluents effectively. This technology makes it possible to reuse processed water in cooling towers, gardening, and plantation activities, which has contributed to reducing groundwater intake by approximately 40%.

○ Ash Handling and Pollution Control:

An improved ash handling system at HDL's production centre uses conveyor belts to transport burnt husk ash to a silo, where it is combined with water to prevent dusting. This reduces environmental pollution and minimizes health risks from dust inhalation.

○ Energy Optimization:

HDL operates a 500 kW steam turbine for in-house power generation, which has replaced the use of furnace oil with rice husk as a fuel source. HDL's energy consumption breakdown is as follows:

Energy Source	Percentage
1. Electricity from Nepal Electricity Authority (Hydro)	42%
2. Energy produced by Steam Turbine (Fuel - Rice Husk)	36%
3. Energy generated from Diesel Generator (Fuel - Diesel)	2%

O Afforestation and Green Initiatives: Over 4,000 trees, including species such as Simal, Red Sundubwood, Ashoka, Bumbon, and Malaysian teak, have been planted at HDL's factory premises to enhance biodiversity and sequester carbon.

O Sustainable Transportation: HDL promotes electric vehicles and has already acquired two electric-powered four-wheelers and one two-wheeler for use. This marks the first steps towards moving towards reducing vehicular emissions.

O Recycling Practices: HDL incorporates 25% recycled bottles in production, which has helped in reducing waste glass litter and marks first steps towards embracing circular economy principles.

All of these measures align with HDL's Integrated Management System (IMS) policy, which commits to environmental protection, pollution prevention, waste reduction, and sustainable growth. HDL is also pursuing projects for zero discharge from distillation plants and ball plant automation to enhance efficiency and quality consistency.



CERTIFICATIONS AND COMPLIANCE

HDL maintains ISO 14001:2015 certification (Certificate Number: 171756-2015-SE-IND-EnA, Initial Certification Date: 16 April 2009, Validity: 16 April 2024 - 15 April 2027), which provides a framework for managing environmental responsibilities, reducing impacts, and demonstrating commitment to sustainability. Key activities include improving environmental performance, ensuring legal compliance, preventing pollution, enhancing resource efficiency, engaging stakeholders, promoting transparency and accountability, managing waste, and driving continuous improvement.

Additionally, HDL holds a Green Existing Building Gold certification under LEED V4 and BREEM standards from GBCU Certification Limited (UK) (Certificate Number: 605030501, Initial Certification Date: 1 May 2012, Validity: 13 March 2024 - 13 March 2026). This certification underscores HDL's focus on sustainable building practices, including efficient energy and water usage, resource conservation, indoor environmental quality, site sustainability, health and well-being, adaptability and resilience, carbon footprint reduction, waste minimization, green infrastructure, and community benefits.





NATIONAL BEST PRESENTED ANNUAL REPORT 2024

The Himalayan Distillery Ltd earned the esteemed **Bronze Award** in the **"National Best Presented Annual Reports Award 2024"** in the Manufacturing Sector, acknowledging its exceptional presentation of the 2024 annual report. This recognition, bestowed by the Institute of Chartered Accountants of Nepal (ICAN) on July 18, 2025, emphasizes the company's excellence in transparently and accurately communicating its financial data and strategic accomplishments within its annual report.

SOCIAL RESPONSIBILITY

HDL's social initiatives emphasize community development, employee welfare, health and safety, and ethical practices. The efforts are guided by ISO 45001:2018 for Occupational Health and Safety Management Systems (OHSMS), ISO 22000:2018 for Food Safety Management Systems (FSMS), and a structured CSR framework.

EMPLOYEE AND COMMUNITY WELFARE

Under ISO 45001:2018 (Certificate Number: 00000436740-MSC-Risk-IND, Initial Certification Date: 16 April 2019, Validity: 16 April 2024 - 15 April 2027), HDL focuses on OHS risk management, reducing workplace incidents, enhancing employee well-being, preventing occupational illnesses, engaging stakeholders, ensuring legal compliance, and continuous improvement. Our OHS policy provides safe working conditions, eliminates hazards, reduces risks, and promotes worker consultation and participation.



HDL complies with labor laws, including the Labor Act 2074 E.S. and Forest Act 2030, ensuring fair wages, working hours, leave, and social security contributions. The company provides employment to over 400 personnel directly and indirectly. In October 2023 (Audits end 2082 E.S.), HDL had 379 employees.

In FY 2081/82, Q1/24/25 HDL conducted 29 training programs that reached out to 135 participants. The trainings covered functional skills (e.g., Letter of Credit, Production Optimisation), behavioral development (e.g., Leading at the Speed of Trust by Franklin Covey, I to We Team Building), professional courses (e.g., Intermediate to Advanced Excel, Strategy Management), and health/safety topics (e.g., Boiler and

Pressure Vessel Safety, Quality Management System, Anti-Money Laundering, Responsible Drinking).

Other employee engagement initiatives of HDL in 2024/25 included celebrations such as International Women's Day (March 8, 2025, with lunch and dental check-ups for female employees), Yomari Punhi (December 15, 2025, with treat), National Unity Day (January 9, 2025 where staff dressed in ethnic attire), and Twin Heart Meditation sessions for mindfulness and well-being.

FOOD SAFETY AND QUALITY

ISO 22000:2018 (Certificate Number: 000740, Initial Certification Date: 27 February 2009, Validity: 19 March 2024 - 16 February 2027) ensures food safety

throughout the supply chain, with activities including assurance, contamination prevention, legal compliance, risk management, traceability, resource optimization, operational controls (via PRP, HACCP, and OPRP plans), and continuous improvement.



ISO 9001:2015 (Certificate Number: 173250-2015-AQ-IND-RNA, Initial Certification Date: 4 May 2007, Validity: 4 May 2024 - 3 May 2027) emphasizes customer satisfaction, process improvement, standardization, legal compliance, risk management, leadership, employee involvement, resource optimization, evidence-based decisions, and continual improvement.





CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

In compliance with the Industrial Enterprise Act 2076 and Regulations 2076, HDL allocates at least 1% of annual profits to CSR, prioritizing industry affected areas (50% of funds) and other sectors such as disaster prevention (2.5%), health (30%), cultural preservation (5%), skill development (5%), education (20%), environment (5%), social awareness (2.5%), and physical infrastructure (30%).

HDL has a dedicated CSR Committee, composed of the CEO, Factory Manager,

Company Secretary, Operations Manager, Finance Manager, and an independent member, to oversee fund utilization.

Major CSR activities in FY 2024-25 included:

- Education:** Rs. 325,000 to Nepal Rastriya Adhikarbhut Vidyalyaya for teacher salaries; Rs. 100,000 to Sahid Adhikarbhut Vidyalyaya for educational materials; Rs. 100,000 to Karnali Region Tourism and Cultural Reservation Centre for scholarships; Rs. 1,000,000 to Shree Nepal Rastriya Adhikarbhut Vidyalyaya for classroom construction; Rs. 400,000 to Rigpur Adhikarbhut School for building toilet facilities.
- Healthcare:** Rs. 100,000 monthly for 9 months to Mugling Highway Hospital for medical services; Rs. 200,000 to Life Line Society Lalitpur for health camps; Rs. 500,000 to Maryknoll Nepal for mental health facility repairs; Rs. 500,000 to Rotary Diagnostic Centre for artificial limbs; Rs. 200,000 to Medical Rehabilitation Organization for diagnostics.
- Community and Infrastructure:** Rs. 192,441 to Lalitpur Metropolitan for urban beautification; Rs. 70,000 to Shakti Vihar Club for sports programs; Rs. 55,355 to Sisyram Mandir for temple works; Rs. 1,000,000 to Nyasa Ghar for rehabilitation building; Rs. 400,000 to Martin Chautari for public dialogue initiatives; Rs. 300,000 to Birgunj Metropolitan for building Exercise Park.

These initiatives reflect HDL's commitment to societal contributions, including job creation, cultural preservation, gender equality, education, health, poverty alleviation, and disaster support.

AWARDS AND RECOGNITION



GOVERNANCE

HDL's governance framework ensures transparency, accountability, and ethical operations, supported by a strong board, internal controls, and compliance with relevant national and international standards.

BOARD AND OVERSIGHT

The Board of Directors (BOD) oversees governance, risk management, and strategic alignment. An Audit Committee reviews internal audit reports and provides recommendations to the BOD. HDL adheres to all corporate laws, including the Companies Act 2063, Corporate Governance Directives, and Securities Act 2063.

INTERNAL CONTROLS AND AUDITS

HDL maintains a robust internal control framework for transparency and efficiency. Quarterly internal audits by external auditors (N. Awastya & Chartered Accountants) evaluate processes for compliance and effectiveness. Market audits, conducted by HDL's Audit and Compliance Department, verify sales, marketing expenditures, promotional schemes, and competitor assessments.

POLICIES AND ETHICAL STANDARDS

Key policies in place at HDL include the Procurement Manual (for transparent acquisitions), HR and Administration Manual (for fair employment practices), IT Manual (for data security), Internal CDP Guideline, Investment Policy (for surplus fund utilization), and departmental SOPs (for operational consistency).



Business ethics at HDL, employee integrity, fairness, and transparency. HDL focuses on customer safety with accurate labeling and responsible marketing, conducting business without bribery or corruption, conserving the environment through high standards and initiatives like ZED, and by contributing to society via CSR.

Compliance covers taxation (Income Tax Act, VAT Act, Excise Act), environmental laws (Environment Protection Act), labor policies, securities regulations, customer protection, customs, insurance, anti-money laundering, and competition laws.

HDL's anti-corruption measures prohibit illicit practices, ensuring adherence to laws on gifts, donations, and financial records.

COMMITMENTS GOING FORWARD

HDL's ESG performance in FY 2024-25 demonstrates the company's dedication to sustainable growth, ethical practices, and broad societal impact. Going forward, HDL commits to enhancing our HSE, expanding CSR reach, and advancing environmental innovations, such as full plant automation and zero discharge projects. By aligning with stakeholder expectations and regulatory requirements, HDL aims to build resilience and deliver long-term value in Nepal's alcoholic beverage industry.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Himalayan Distillery Limited (HDL) is committed to fulfilling its corporate social responsibilities in accordance with the Industrial Enterprise Act 2076 (Section 34) and the Industrial Enterprise Regulations 2076 (Rule 43). These regulations mandate that medium or large-scale industries, or

domestic small enterprises with annual turnover of Rs. 150 million or more, allocate at least 1% of their annual profits to CSR initiatives. In line with the requirements, HDL has been directing its CSR funds to the following priority areas, to ensure targeted and impactful contributions to society.

S.N.	Core Areas	% Allocation
1.	Affected areas to be further sub-allocated as per sub-categories 2-9	50%
2.	Disaster prevention and rescue related activities	2.50%
3.	Health and related activities	10%
4.	Preservation and conservation of Nepali art, cultural heritage and monuments	5%
5.	Skill development and income generation activities	5%
6.	Educational activities	10%
7.	Environmental activities	5%
8.	Social awareness and related activities	2.50%
9.	Physical infrastructure for social welfare (excluding repair and maintenance) - drinking water, roads, drainage, sports grounds, religious sites, community buildings including those for old age, orphanages, meditation, rest houses, bus stops/parks, etc.	10%



HDL's CSR Committee is responsible for ensuring effective use of available funds. The committee has six members:

- King Subedi, Chief Executive Officer (CEO)
- Krishna Hari Adhikari, Factory Manager
- Nisha Niraula, Company Secretary
- Jeevan Pandey, Operations Manager
- Alina Shrestha, Finance Manager
- Independent Member (as required)

All disbursements from the CSR fund require approval by the Committee. In cases where the allocated percentage for a specific project is insufficient, the Committee may reallocate funds from projects where funds are underutilized, provided that the adjustment remains within the overall approved budget.

CSR ACTIVITIES IN FISCAL YEAR 2024-25

During Fiscal Year 2024-25, Himalayan Distillery Limited continued its dedication to social upliftment through a series of targeted CSR initiatives. These efforts focused on education, healthcare, infrastructure development, community welfare, and cultural preservation, aligning with our CSR guidelines. Below is a comprehensive overview of the key activities supported, including contributions made and their intended impacts. (Relevant photographs of these initiatives are included where applicable.)

A. Nepal Rastriya Adharbhat Vidhyalaya

HDL contributed Rs. 325,000 to Nepal Rastriya Adharbhat Vidhyalaya to support teacher salaries. The funding ensured the continuity of quality education at the school during the review period.

B. Mugling Highway Hospital

Mugling Highway Hospital (MHH) provides essential medical services to the local community, while serving road accident victims along the Kathmandu-Pokhara-Mugling highway. It has plans to expand to a 100-bed facility, establish a pre-hospital care and trauma center, and enhance grassroots healthcare access in alignment with national objectives. In response to the request from MHH for a monthly funding of Rs. 200,000 over five years, the CSR Committee approved a monthly contribution of Rs. 100,000 at its meeting on March 1, 2024.

C. Lalitpur Metropolitan City

HDL entered into an agreement with Lalitpur Metropolitan for the maintenance of Jansadhel Traffic Circle and other islands along the Jansadhel to Rupsadhel road section. The maintenance work included enhancements such as landscaping, gardening, and overall upkeep. A contribution of Rs. 952,441 was made during the year for supporting the beautification of the urban landscape, promoting cleanliness, and improving air quality.

D. Karnali Region Tourism and Cultural Reservation Centre (KRTC)

KRTC operates a scholarship program for students at government schools in Kalikot and 10 other districts. The support is intended for students who have completed their SEE exams but face financial barriers to pursue further education in Kathmandu. Targeting marginalized groups, including the economically disadvantaged, individuals with disabilities, orphans, and victims of conflicts or disasters, the program provided each of the 30 students with Rs. 30,000 as scholarship 2024/25 (FY 2083/84). To extend the impact, HDL proposed a contribution of Rs. 100,000 to fund scholarships for two more students. This was its contribution to advancing educational equity in underserved regions.



I. Sahid Adharkhut Vidhyalaya (SAV)

Located in Uday Tole, Biratnagar-3, Morang, SAV is a primary school serving 362 students from Nursery to Class 5. The students come mainly from marginalized communities. The school had requested Rs. 800,000 for toilet construction (Rs. 500,000) and educational materials such as uniforms, bags, and stationery (Rs. 300,000). HDL proposed a contribution of Rs. 100,000 towards supporting procurement of educational materials.

I. Lifeline Society Lalitpur (LSL)

LSL, in collaboration with Lifeline Health Home Care (LHHCC), runs the "Better Health Better Society" program and offers health services across the wards of Lalitpur Metropolitan City and in over 30 districts in Nepal. Its services address conditions like hypertension, diabetes, heart disease, and cancer screening. LSL had sought Rs. 75,78,000 for holding 30 health camps. The CSR Committee meeting on March 1, 2024 proposed providing Rs. 200,000 to support one camp near its Birgunj Factory Office to enhance access to health for underserved communities in the area.

C. Shakti Yuwa Club

Established in 2062 B.S., Shakti Yuwa Club organizes annual sports programs in Purneshpur, Birgunj to empower youth through physical fitness and community engagement. HDL proposed a contribution of Rs. 70,000 to support the initiatives as a contribution towards supporting youth development and engendering a spirit of community.

H. Sijaram Manoir Dewasthapan Samiti

HDL contributed Rs. 55,555 toward temple inauguration works at Purneshpur, Purneshpur as

part of its efforts to support the preservation and enhancement of local religious and cultural sites.

I. Rajghat Adharkhut School (RAS)

RAS, a public school in Udaynagar, Morang, provides basic education (Grades 1-8) to 128 students. The school requested Rs. 950,523 for building toilet facilities. The CSR Committee meeting on April 4, 2023 proposed providing Rs. 400,000 to support the infrastructure upgrade, which is expected to contribute to improving hygiene and the overall learning environment.

J. Marykudi Nepal (Aashadheep)

Marykudi Nepal, a non-profit founded in 1991, focuses on treatment of people with mental health issues, including their rehabilitation, and on building awareness and providing training for caring for such people. HDL had provided the organization Rs. 400,000 in FY 2022. In 2024/25 Aashadheep requested Rs. 34,23,546.25 for various repairs to water systems, bathrooms, and for installing a solar water heater at its facility in Chaudhary, Kailashnagar. The CSR Committee, on April 4, 2024, recommended Rs. 500,000 as contribution to support rehabilitation of essential services and income-generating activities for people with mental health issues.

K. Rotary Diagnostic Centre (RDC)

RDC's unit provides free artificial limbs to the needy in partnership with Mahaveer Jaipur Limb Rehabilitation Centre and the Rotary Artificial Hand Project, which has so far distributed over 900



artificial limbs (200 hands and 700 legs). In 2022 HDL had provided the organization Rs. 625,000 contribution to support its work. In 2023/24 RDC requested further support (8 Rs. 16,000 per leg, Rs. 12,500 per hand). On April 4, 2023, the CSR Committee proposed providing Rs. 500,000 to RDC subject to receiving distribution details on the use of support provided earlier.

L. Nyasa Ghar

Founded in 2005 B.S. by Suman Tharing Shereya in Thakla, Godawari, Nyasa Ghar offers rehabilitation services to improve quality of life and societal reintegration for people in need. Following a site visit by the CEO, the CSR Committee, on April 4, 2023, proposed providing Rs. 1,000,000 for constructing a prefabricated building to create a safe and supportive environment for residents.



M. Medical Rehabilitation Organization (MERO)

MERO, established by biomedical professionals and social workers, provides free medical care—including surgeries, medicines, and physiotherapy—to over 1,500 marginalized individuals at its facility in Chaudai, Kathmandu. MERO had requested Rs. 200,000 for diagnostics of 20 patients in 2023. HDL's CSR committee proposed a contribution of Rs. 200,000 towards the effort.



N. Martin Chautari (MC)

MC, a Kathmandu-based NGO since 1990 (registered in 2002), promotes public dialogue through research, seminars, publications (156 books, 39 policy briefs so far), and runs a library with over 25,000 resources on topics like democracy and education. The HDL's CSR Committee proposed providing Rs. 400,000 to MC from its CSR fund for FY 2081-82 B.S. to support the effort.

O. Shree Nepal Rastriya Adharbhut Vidhyalaya, Patlebagar

The school in Birgunj, Parsa had requested support for building a two-story building with four classrooms, estimated to cost around Rs. 49-58,400. On April 4, 2023 the CSR Committee proposed providing Rs. 1,000,000 for the construction. It also decided to consider additional support in the next fiscal year provided funds are available.





CORPORATE GOVERNANCE

Corporate governance is more than a statutory obligation at Himalayan Distillery Limited (HDL). It is culture and lies deeply embedded in every aspect of its operations. For HDL, governance represents ethical leadership, accountability, transparency, and fairness, which are values that have guided the Company to become one of Nepal's leading liquor manufacturers. The Board and management work together to ensure that the Company remains compliant with the Companies Act 2063, Securities-related regulations, and all other applicable laws, while upholding the highest principles of integrity and responsibility.

12

TOTAL NUMBER
OF MEETINGS
(BOD'S)

7

TOTAL NUMBER
OF MEETINGS
(AUDIT
COMMITTED)



COMMITMENT TO RESPONSIBLE LEADERSHIP

Corporate governance is more than a statutory obligation of Himalayan Distillery Limited (HDL). It is culture and lies deeply embedded in every aspect of its operations. For HDL, governance encompasses ethical leadership, accountability, transparency, and fairness, which are values that have guided the Company to become one of Nepal's leading liquor manufacturers. The Board and management work together to ensure that the Company remains compliant with the Companies Act 2063, Securities-related regulations, and all other applicable laws, while upholding the highest principles of integrity and responsibility. HDL's governance framework has continued to evolve for aligning its practices with national and international standards, rules and regulations, which is indicative of a governance model that is not only compliant but also both visionary and dynamic.

BOARD LEADERSHIP AND STEWARDSHIP

The Board of Directors of HDL provides strategic direction and ethical oversight to ensure continued stakeholder confidence. The Board's collective expertise spans entrepreneurship, finance, banking, law, public service, and corporate management, and this has ensured that its decisions are informed, balanced, and future-focused. During FY 2024/25, the Board comprised of Mr. Shanker Raj Pandey (Chairperson), Mr. Santosh Shrestha, Mr. Yungula (Sherpa), Mr. H. Shikhar Prasad, Mr. Balu Rajal Ghimire, and Mr. Prakash Mani Ghimire (Independent Director). Each member brings unique experience and strategic insight to the Board. Under the stewardship of Chairperson Mr. Pandey—an internationally recognized development professional—the Board

continues to reinforce HDL's core values of transparency, accountability, and operational excellence.

BOARD FUNCTIONING AND MEETINGS

HDL's Board met 12 times during FY 2024/25, reflecting its engagement and close supervision of management functions. These meetings served as platforms for reviewing business performance, approving strategic policies, and ensuring that all actions adhered to the Company's governance principles. Key decisions during the year included approval of audited financial statements, dividend and bonus share distribution, formulation of the Investment Policy, brand acquisitions, organizational restructuring, and risk review. All deliberations were recorded through comprehensive minutes and shared with relevant stakeholders.

BOARD COMMITTEES AND OVERSIGHT

HDL operates through specialized committees that provide dedicated oversight on critical aspects of governance. This has been done to strengthen focused decision-making. The committees are:

Audit Committee - Chaired by Mr. Santosh Shrestha, the Audit Committee met seven times during the fiscal year. It reviewed internal audit findings, monitored financial controls, evaluated auditor reports, and ensured compliance with IFRS and NFRS. The committee also recommended provisions and write-offs, reinforcing HDL's commitment to transparency in financial reporting.

Asset and Liability Committee (ALCO) - Oversees liquidity management, capital investment, and balance sheet efficiency. During the year, the Committee led by Mr. Santosh Shrestha, assessed HDL's financial



strength, sustained working capital cycles, and guided prudent allocation of resources.

Risk Management Committee - Chaired by the Independent Director Mr. Prakashchandra Ghimire, identifies strategic, operational, and market risks and recommends mitigation strategies. The committee reviews compliance risks, internal control mechanisms, and environmental challenges to ensure that HDL remains resilient in a dynamic business landscape.

Internal Control and Risk Management
HDL's internal control environment is robust and continuously improving. A comprehensive

internal audit program, conducted quarterly by independent professionals, provides assurance on financial accuracy and operational compliance. Market audits verify promotional and distribution expenditures, ensuring that field operations remain efficient and transparent. The Audit Committee reviews all findings and ensures that corrective measures are promptly implemented. The Risk Committee regularly assesses business continuity risks, financial exposures, and compliance obligations, supported by a well-defined reporting system that provides early warning indicators.



ETHICAL CULTURE AND POLICY FRAMEWORK

Ethics and integrity are central to HDL's corporate philosophy. The Company has adopted a number of governance documents to guide operations, including the Finance Manual, Procurement Manual, HR and Administration Manual, IT Policy, CSR Guidelines, Standard Operating Procedures (SOPs) and the newly adopted Investment Policy. These policies and manuals promote fairness, accountability, and compliance in every sphere of activity. HDL's Code of Conduct reinforces a zero-tolerance policy to corruption, bribery, discrimination, and other types of unethical behavior.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY DEVELOPMENT

HDL firmly believes that responsible business means giving back to society. Its CSR strategy aligns with the national CSR guidelines and focuses on long-term community impact. During FY 2024/25, HDL supported various initiatives in education, health, environment, and livelihoods development. Key projects included support for teacher salaries, scholarships for marginalized students, construction of school infrastructure, monthly contributions to Mugling Highway Hospital, and community health and rehabilitation programs. These initiatives demonstrate HDL's commitment to inclusive growth and sustainable impact. The CSR activities of 2024/25 are discussed in the Corporate Social Responsibility section.

SUSTAINABILITY AND ENVIRONMENTAL EXCELLENCE

Sustainability is an integral part of HDL's governance ethos. The Company holds international certifications including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health & Safety), ISO 22000 (Food Safety), and a Green Building Gold Certification. HDL operates a Zero Liquid Discharge (ZLD) system, which has helped to reduce water consumption by 40%. It also has a 500 kW steam turbine for renewable power, and utilizes rice-husk fuel to minimize carbon emissions during production. The use of 15% recycled bottles, plantation of over 4,000 trees, and adoption of electric vehicles further demonstrate HDL's commitment to a sustainable future.

GOVERNANCE REFORMS AND CONTINUOUS IMPROVEMENT

In FY 2024/25, HDL undertook several governance reforms, including revising the organizational



structure, strengthening committee functions, implementing digital monitoring tools, and updating Standard Operating Procedures. These initiatives ensure that HDL's governance framework remains dynamic, efficient, and transparent.

COMMITMENT TO THE FUTURE

Going forward, governance will be a journey of continuous improvement for HDL. The Company is committed to integrating Environmental, Social, and Governance (ESG) principles more deeply in its strategy and to reinforcing ethics, transparency, and responsibility to build a stronger business and a legacy of trust that can withstand the test of time.

HDL's corporate governance framework embodies responsible leadership in business. With integrity as its compass and sustainability as its path, HDL continues to demonstrate that good governance is good business, which is the foundation for excellence, resilience, and shared prosperity.

Board Level Committees

HDL has three Board-level committees each with its own well-defined purpose and clearly demarcated responsibilities that have enabled the company to further solidify its internal control measures and to ensure full compliance with various national and international regulations and standards.

AUDIT COMMITTEE

HDL's Audit Committee offers internal financial management guidance to the company and conducts a thorough review of its internal audits, oversees and evaluates the appointment of external auditors to the Annual General Meeting, and monitors and ensures legal and regulatory compliance of all the audits of the organization. The Audit Committee is comprised of three members as follows:

- Mr. Sanku Shrestha, Chairperson
- Mr. Prakashman Ghimire, Member
- Mr. Shikhar Prasad, Member

Meeting Type		Audit Liability Committee	Risk Management Committee	Audit Committee	Board of Directors	Remarks
Total No of Meetings		1	1	7	12	
Attendance	Designation					
Abhinavchandra Prasad Singh	Chairperson				8	Resignation approved by the 10th meeting of the Board
Shashikant Raj Pandey	Chairperson			1	12	Appointed as Chairperson by 9th meeting of the Board
Narendra's Kumar Bhandari	Director			6	4	Resignation approved by 6th meeting of the Board
Sanku Shrestha	Director	1		7	12	
Sanghita Shrestha Raut	Director	1	1		12	
Shikhar Prasad	Director				5	Appointed by the 10th meeting of the Board
Rishi Bikash Ghimire	Director				2	Appointed by the 10th meeting of the Board
Prakash Mani Ghimire	Independent Director		1		12	

The scope, functions, duties, and authority of the committee in accordance with the Companies Act, 2006, Sub-section (2) of Section 364 are:

- To review the internal financial control system and the risk management system of the company;
- To review the accounts and financial statements of the company and ascertain the truth of the facts narrated in such statements;
- To supervise and review the internal auditing activity of the company;
- To recommend the names of potential auditors for the appointment of the auditor of the company, fix the remuneration and terms and conditions of appointment of the auditor, and present the same in the general meeting for ratification thereof;
- To review and supervise whether the auditor of the company has observed such conduct, standards, and directives determined by the competent body pursuant to the prevailing law as required to be observed in the course of doing auditing work;
- Based on the conduct, standards, and directives determined by the competent body pursuant to the prevailing law, formulate the policies required to be observed by the company with respect to the appointment and selection of the auditor;
- To prepare the accounts related policy of the company and endorse, or cause the same to be endorsed;
- Where any regulator body has provided for the long-term audit report to be set out in the audit report of the company to comply with the terms required to prepare such report;
- To perform other functions as prescribed by the Board of Directors in respect of the accounts, financial management, and audit of the company.

The Committee met seven times this fiscal year and discussed the following activities:

- Review of quarterly internal audit reports and provided necessary recommendations to the management and submitted it to the Board for its review and approval.

- Detailed discussion on the annual business plan prepared by the management. After a detailed discussion, the Committee recommended the Business Plan for FY 2024-25 for submission to the Board for its approval.
- The Audit Committee reviewed the proposed write-off of obsolete inventories and fixed assets and recommended the same to the Board of Directors for approval.
- Presentation on the annual financial report and statutory audit report, which were thoroughly reviewed during the meeting and were recommended for the board's approval.
- Recommendation to the Board for the appointment of internal auditors and statutory auditors for the FY 2024-25.

RISK MANAGEMENT COMMITTEE

PDCL has in place a dedicated Risk Management Committee that identifies, assesses, and eliminates the company's risk exposure to diverse risk variables in areas like physical assets, legal governance, human resources, technology, financial planning, and implementation. The Committee is also responsible for the preparation and implementation of a comprehensive risk policy and risk management plan. The Risk Management Committee has three members:

- Mr. Pradeep Mani Gonsare, Chairperson;
- Ms. Yashika Ghemal Bait, Member;
- Chief Executive Officer, Member.

Its functions are:

- To work to eliminate and minimize potential risks of the company including the company's physical assets risks, business strategic risks, legal governance risks, human resource risks, technology risks, and financial planning and implementation risks;
- To formulate the risk management policy of the company, to make a risk management plan, to approve it, and to evaluate, monitor, and review it periodically;
- To study the policy, directives and suggestions received from the regulatory body to respond or provide information to be submitted on behalf of the company depending on its implementation or requirement;
- To formulate and implement policies and procedures related to the risk management process, development,

and operation method of risk control or mitigation structure, to periodically evaluate, assess, and review it.

- To adopt contingency fund mobilization methods for risk management.
- To take appropriate initiative for the identification, evaluation, supervision, review, control, delimitation, reporting, etc. of the main risk areas and to formulate policies and procedures as per the requirement.
- To work with a plan to prevent and minimize the rapidly developing information technology and cyber security risks, to prepare good governance methods and policies for the company regarding risk management, and
- To formulate risk management plan and to get approval as required, to submit it for the approval of the Board of Directors, and to ensure its implementation.

The Committee met one time this fiscal year and covered the following activities:

- The CEO updated the committee on the legal and regulatory compliance status.
- The committee members held a comprehensive discussion regarding the potential risks and mitigation measures related to legal/regulatory risks, operational risks, environmental risks, market risks and financial risks.

ASSET LIABILITY MANAGEMENT COMMITTEE

NRI's Asset & Liability Committee oversees sound inspection, supervision, and management of its assets and liabilities. The Committee is also responsible for ensuring capital adequacy through the development and implementation of relevant strategies and courses of action to mitigate market risks, including liquidity risk.

The Asset Management Committee is composed of three members:

- Mr. Sajjan Sureshka, Chairperson
- Mr. Taragula (Shreepal) Ruit, Member
- Chief Executive Officer, Member

The major functions of this Committee are presented below:

- To properly manage the assets and liabilities of the company and contribute towards achieving the goal of giving maximum return. To have the assets and liabilities of the company inspected and supervised.
- To prepare or supervise the strategy and procedures to be adopted by the management of the company and the policies to be formulated, focusing on the achievement of the goals set by the Board of Directors, the level of risk to be taken by the company, and the standard of operation.
- To manage and mobilize the capital required to achieve the goals of the company.
- To get the information of income and expenditure of the company and to supervise the statement.
- To make effective evaluation and monitoring of the risk and liquidity of the company to formulate policy regarding the source and management methods of liquidity risk management, and to monitor the implementation.
- To prepare for market risk management, the structure of the above-mentioned information system, periodically evaluates, approves, and reviews the liquidity and fund management policy.
- To determine the method of formulation and operation of contingency fund plan, and to have it reviewed.
- To make the operation of assets and liquidity to fulfill the daily and contingent capital needs and obligations.

The Committee met once this fiscal year and discussed the following:

- Reviewed the assets and liabilities position of the company.
- Reviewed the profitability and key financial ratios of the company.
- Reviewed the fixed assets investment during the FY.
- Reviewed the contingent liabilities of the company and recommended the report to the board for its consideration and approval.

S.N.	NAME AND ADDRESS OF DIRECTOR	REGISTRATION GROUP	AGE OF DIARIES	DATE OF APPOINTMENT	DATE OF TENURE DATE AND EXPIRY OF THE YEAR	MODE OF APPOINTMENT OR ELECTION
7	Dr. Gajinder Prasad, KNO 11, Thapetwal, Ballabhim	Ordinary	55	March 26, 2025 A.D.	March 26, 2025 A.D.	Promoted to State Grid of the Company's Articles of Association and under the decision of the Board of Directors, the vacant position of the Board of Directors has been filled with the remaining term of other Board of Directors
8	Dr. Bala Bala Gajinder, Madhyam Thapetwal, Ballabhim	Ordinary	55	April 01, 2025	April 01, 2025	Promoted to State Grid of the Company's Articles of Association and under the decision of the Board of Directors, the vacant position of the Board of Directors has been filled with the remaining term of other Board of Directors

d) Meeting of Board of Directors

S.N.	DATE AND NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS CONVENED DURING THIS PERIOD	NUMBER OF DIRECTORS PRESENT	HAS THE REQUIRED QUORUM BEEN MAINTAINED OR NOT?	THE NUMBER OF DIRECTORS WHO JOINED THE MEETING WITH A CONSENTING VOTE	DATE OF MEETING HELD IN PREVIOUS PERIOD
1	26th September 2024	4 persons	Yes	Yes	26th September 2023
2	26th September 2024	4 persons	Yes	Yes	26th September 2023
3	26th September 2024	4 persons	Yes	Yes	26th September 2023
4	01st January 2025	5 persons	Yes	Yes	01st January 2024
5	01st February 2025	5 persons	Yes	Yes	01st February 2024
6	01st March 2025	5 persons	Yes	Yes	01st March 2024
7	01st March 2025	5 persons	Yes	Yes	01st March 2024
8	01st March 2025	5 persons	Yes	Yes	01st March 2024
9	01st April 2025	5 persons	Yes	Yes	01st April 2024
10	01st April 2025	5 persons	Yes	Yes	01st April 2024
11	01st June 2025	5 persons	Yes	Yes	01st June 2024
12	01st July 2025	5 persons	Yes	Yes	01st July 2024

The meeting of the Board of Directors convened this year was not adjourned without attaining the quorum.

e) Other details relating meeting of Board of Directors:

Whether the director and alternate director attended the meeting of the board of directors (If not, disclose the reasons along with the date of the meeting)

1. On January 12, 2025 Director Mr. Navendra Kumar Bampal left sick as he couldn't attend the meeting.
2. On April 2, 2025 Chairperson Ashish Kumar Prasad Singh had resigned and no new appointment was made on the vacant position.
3. On April 7, 2025 Chairperson Ashish Kumar Prasad Singh had resigned and no new appointment on the vacant position was made.

Having kept a separate record of the directors present at the meeting of the board of directors, the agenda discussed and the details of the resolution (minute) kept in that report.	Separate record of minutes is kept.
The maximum gap between two consecutive meetings of the Board of Directors;	78 days.
The date of the annual general meeting regarding the determination of the meeting allowance of the board of directors.	January 31, 2023 A.D. (Decided during 23rd Annual General Meeting)
Board of Directors per meeting allowance Rs.	Rs. 25,000.00 for chairperson Rs. 20,000.00 for member.
Total meeting allowance of Board of Directors, Amount Cannot be and Other Committee for the fiscal year 2024/2025	Rs. 20,40,000.00

2. DETAILS RELATING CONDUCT OF DIRECTORS AND OTHER:

Whether there is a code of conduct of the relevant organisation regarding the conduct of the director or not.	The code of conduct directed by the prevailing law has been followed. Separate code of conducted has not been formulated.
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If there is more than one director of a same family, the relevant details: None

Details related to annual training and refresher programs of directors:

S.N.	SUBJECT MATR. PART I, SUB A.A.	DETAILS OF BATCH TRAINING SESSION	PLACE OF CONDUCT OF TRAINING	TRAINER
1.	Institutional governance policies currently adopted in Nepal, provisions mentioned in the prevailing rules, policies, and directives, and the responsibilities that the directors of a public company must take into consideration while making decisions or regarding the company.	1. Mr. Shreehari Bg. Thapa 2. Mr. Sanjeev Shrestha 3. Mr. Tarjibul Hossain 4. Mr. Prakash Mani Chandra 5. Mr. G. G. Sharma 6. Mr. B. B. B. B. B. B.	Central Office, Lalitpur	Mr. B. B. B. B. B.

Every director has been informed the following in writing within 15 days of being appointed or nominated to the post of director and details of the same if not:	Has been done
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If he or any member of his same family has entered into or is about to enter into any kind of agreement with the organization, the details thereof:	None
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Details of shares or debentures held by him or any member of his family in the organization or the main or subsidiary company of the organization,	No
If he is the basic shareholder or director of any other body corporate, the details thereof,	No information is received.
If any member of his family is working as an officer or employee in the organization, the details thereof,	Not done
If the director has worked as a director, salary officer, executive officer or employee of a listed organization having the same objectives, the details thereof,	Not done
If any action has been taken against the director by regulatory bodies and other bodies, the details thereof,	No information is received.

3. DETAILS REGARDING THE ORGANIZATION'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:

- a) If any committee has been formed for risk management or not, reason thereof. Formed.
- b) Information about risk management committee: A three-member committee has been formed under the coordination of independent director Mr. Prakash Mani Ghoshire, director Ms. Vaughla (Sherpa) Butt, and the chief executive officer of the company and the committee has been analyzing risk and performing works for minimizing them.

(i) Structure of the committee (name and designation of the coordinator and member)

Mr. Prakash Mani Ghoshire	Chairperson
Ms. Vaughla (Sherpa) Butt	Member
Chief Executive Officer	Member

(ii) Nos. of meeting of the committee: One meeting is conducted on IV 2024-2025.

(iii) Summarized details of functions of the Committee are prescribed as under:

1. (a) This committee shall mainly take into account the company's physical property risk, business strategic risk, legal governance risk, human resource risk, technology related risk and financial planning and implementation related risk and shall work to solve and minimize it.
- (b) To determine company's risk management policy, make a risk management plan, approving it and perform and caused to perform its periodic evaluation, review and assessment.
- (c) To study the policy directions and suggestions received from the regulatory body to give or to give the answer or information to be submitted on behalf of the company in view of its implementation or need.
- (d) To develop and implement policies and procedures related to risk management process, development of risk control or mitigation structures and operational methods, periodically evaluate, assess and review the same.
- (e) To adopt and caused to adopt contingency fund mobilization methods for risk management.
- (f) To identify, evaluate, supervise, review, control, set boundaries, prepare reports, take appropriate initiatives to manage the main risk areas, and to frame and caused to frames policies and procedures in such regard as per necessity.
- (g) To work with a plan to prevent and minimize the impact of rapidly developing information technology and cyber security risks.
- (h) To prepare the company's governance methods and policies related to risk management, formulate a risk management plan and submit it for the approval of the board of directors if necessary and implement it.

- (2) Whether there is an internal Control procedure or not. The company's human resources manual and financial and accounting related manuals, procurement manuals have been adopted and works has been done accordingly and in addition external internal auditors have been appointed and they shall independently conduct audits and produce a report, and the report shall be discussed in the audit committee and submitted to the board of directors for discussion and the management shall act according to the direction of the board of directors.
- (3) If any committee has been formed/not formed for the internal Control system, the reasons thereof. Separate Committee is not formed. Audit Committee itself observes the Internal Control System.
- (4) Details relating internal Control system committee. Separate committee is not formed. The independent internal auditor appointed by the Board of Directors conducts a quarterly review of the company's transactions and internal control systems. The report prepared thereafter is first discussed in the Audit Committee and subsequently in the Board of Directors meeting.
- (5) Whether there is Financial Administration by item or not. Yes

4. DETAILS RELATING NOTICE AND INFORMATION FLOW

(a) Details of notice and information published by the corporation

SUBJECT	MEDIUM	DATE OF PUBLICATION
Notice of 2nd Annual General Meeting	National news daily newspaper (Kansai) and Kansai Regional Daily	Published on December 25, 2024 A.D. at Kansai Regional Daily, December 22, 2024 A.D. at Asahi Shimbun Daily and in Company's website as well.
Notice of Extraordinary General Meeting		Not subject.
Annual Report	National news daily newspaper (Kansai) and Kansai Regional Daily	Published on December 25 and 21, 2024 A.D. (Kansai Regional Daily) and December 22 and 21, 2024 A.D. (Asahi Shimbun Daily) respectively and in Company's website as well.
Quarterly report	National news daily newspaper (Kansai) and Kansai Regional Daily National news daily newspaper (Asahi Shimbun) National news daily newspaper (Yomiuri Shimbun) National news daily newspaper (Sankei Shimbun) National news daily newspaper (Mainichi Shimbun) National news daily newspaper (Nikkei Shimbun)	Oct. 24, 2024 A.D. - First quarter Feb. 12, 2025 A.D. - second quarter May 12, 2025 A.D. - Third quarter Aug. 14, 2025 A.D. - fourth quarter Published in company website and circulated in Securities Board of Japan and Tokyo Stock Exchange as well.
Price sensitive notice that effect to stock price	Through the letter of company the decision made by the Board of Directors on December 5, 2024 A.D. regarding the distribution of cash dividend and bonus shares to the shareholders from the profit of fiscal year 2024/25 was published and notified to the Securities Board of Japan (SBJ) and Tokyo Stock Exchange (TSE) on the same date (i.e., December 5, 2024).	
Annual Report	The Annual General Meeting was held on January 22, 2025, and the decision made by the general meeting was published in the Asahi Shimbun national daily newspaper on January 4, 2025 and also uploaded to the company's website for public information.	Submitted to the Shareholder.

SUBJECT	REASON	DATE OF FILING
Information regarding resignation of Board of Directors	The resignations of Board Member Mr. Somendra Kumar Bhatnagar dated Nov. 26, 2020 and Chairperson Mr. Jyotsneshwar Prasad Singh dated March 30, 2021 were reported to the Office of the Company Registrar, the Securities Board of Nepal, and the Nepal Stock Exchange Ltd. (NEPSE).	
Appointment of Directors in the vacant position	The appointments of Board Member Mr. Subodh Prasad (dated March 30, 2021) and Board Member Mr. Bhanu Prasad Ghoshal (dated April 7, 2021) were also reported to the Office of the Company Registrar, the Securities Board of Nepal, and NEPSE.	

If the information has not been made public or if it has been presumed by the Securities Board and other agencies due to other reasons, the information should be No.

If Date of last annual and extra ordinary general meeting Twenty fourth Annual General Meeting January 12, 2021 A.D.

5. DETAILS RELATING ORGANIZATION STRUCTURE AND PERSONNEL: ENCLOSED

- Whether there is Personnel Service, Terms & Conditions, recruitment, promotion, structure, vacancy fulfillment, career development, training, salary, allowances and other facilities, attendance and leave, code of conduct etc or not. Present.
- Enclose organization structure. Enclosed
- Name, academic qualifications and details of experience of the personnel at high-level management:
 - Niraj Subedi, C.A. with 20 years of experience
 - Bharat Dey Dhalal, MBA with 41 years of experience in banking and private sectors.
 - Sushil Bhandari, B. Ed. with 21 years of experience.
 - Prabin Pant, MBA with 24 years of experience in banking and private sectors.
 - Subodh Prasad, MBA with 21 years of experience in liquor industry
 - Nabin Upadhyaya, MBA with 19 years of experience.
 - Netra Prasad Timilsina, Bachelor in Law with 25 years of experience in liquor industry.
 - Jeevan Pandey, ACCA with 12 years of experience.
 - Alina Kharelha, MBA with 11 years of experience.
 - Anjali Kharelha, MBA with 9 years of experience.
 - Nisha Niroula, LL.M with 10 years of experience.

If Other details relating personnel There are 136 personnel by the end of fiscal

Whether vacancy has been fulfilled according to the structure or not	Done according to necessity
Procedures adopted for fulfilling new personnel	Advertisement, done through internal and external
No. of personnel under management	human resource related organizations
No. of total personnel	145
Succession plan of the personnel has been made or not	Yes
No. of training given to the personnel and no. of personnel participated for the fiscal year 2022/2023 A.D.	Is in process 29 trainings, 295 attendees
Personnel training expenditure for fiscal year 2022/2023 A.D.	Rs. 748,244
Percentage of personnel expenditure in total expenditure	11.94
Percentage of training expenditure in total personnel expenditure	0.24

6. DETAILS OF ACCOUNT AND AUDIT OF THE INSTITUTION

a. Details relating accounts:

Whether the financial details of last fiscal year of the institution has been prepared according to NRS or not, if not, reason thereof	Prepared
Date of approval of latest financial details approved by the Board of Directors	January 7, 2025 A.D.
Date of publication of quarter and financial details	Oct. 22, 2024 A.D. - First quarter
Date of completion of last auditing	Feb. 11, 2025 A.D. - second quarter
Date of approval of financial details from the General Meeting	May 12, 2025 A.D. - Third quarter
Details regarding the internal audit of the institution	Aug. 14, 2025 A.D. - Fourth quarter
(i) An internal audit is done or an external expert is appointed	October 31, 2025 A.D.
(ii) Details of the external expert, if appointed	Done by appointing external expert N Amara & Co. Chartered Accountants (For FY 2023/24 quarterly reports)
(iii) How often are internal audits conducted (quarterly, quarterly or semi-annually)	Quarterly

b. Details relating auditing:

Name, designation and qualification of coordinator and members	Mr. Shambur Raj Pandey, Chairperson Mr. Narendra Kumar Banerjee, Member Mr. Santosh Shrestha, Member Where in the Board meeting held on April 7, 2025, an Audit Committee was formed comprising Mr. Santosh Shrestha as the Chairperson, and Mr. Prakash Hari Ghoshal and Mr. Shikhar Prasad as members.
Date of meeting convened and no. of members present.	July 22, 2024 A.D., 3 persons September 16, 2024 A.D., 3 persons December 4, 2024 A.D., 3 persons January 18, 2025 A.D., 3 persons March 30, 2025 A.D., 2 persons July 15, 2025 A.D., 3 persons
Allowance per meeting	Rs. 20,000.00 (with tax)
The date on which the Audit Committee submitted its report of its functions to the Board of Directors	1. On July 25, 2025, The results raised in the internal auditor's report for the fourth quarter of FY 2023/24 were discussed, and it was decided to present them to the Board of Directors along with comments and suggestions. Directions were given to verify the write off, write back and balances of suppliers. It was also recommended to the Board of Directors to appoint N. Amara & Co. Chartered Accountants as the internal auditor for FY 2024/25.

2. On September 23, 2024, The annual business plan for FY 2023/24 was recommended to the Board of Directors for approval.
3. On December 1, 2024, The audit report for FY 2023/24 was discussed and recommended to the Board of Directors for approval. The consolidated income and expenditure statement, including those of subsidiary companies, was also reviewed and directed to be presented to the Board for discussion and approval. Furthermore, the appointment of the external auditor for FY 2024/25 was recommended to the Board of Directors.
4. On January 14, 2025, The remarks raised in the internal auditor's report for the first quarter of FY 2023/24 were discussed, and it was directed to submit them to the Board of Directors with opinions and suggestions.
5. On March 30, 2025, The remarks raised in the internal auditor's report for the second quarter of FY 2023/24 were discussed, and it was directed to submit them to the Board of Directors with opinions and suggestions.
6. On June 1, 2025, The remarks raised in the internal auditor's report for the third quarter of FY 2023/24 were discussed, and it was directed to submit them to the Board of Directors with opinions and suggestions.
7. On July 23, 2025, It was recommended to the Board of Directors to write off various items and fixed assets amounting to NPR 10,77,19,877 for FY 2024/25.

7. OTHER DETAILS

Whether the institution has taken any credit or borrowings or money in any form from the person, bank and financial institution having financial interest of the director his family members.

Not taken

Whether any person, firm, company, employee, advisor or consultant having financial interest in a listed institution other than the benefits or facility received as a company director, shareholder, employee, advisor or consultant have use the property of the institution in other manner.

None

Whether the directives issued by the regulatory body while issuing license has been complied or not.

Done

Whether the instructions given to the institution by the regulatory body while regulating, inspecting or supervising the organisation have been followed or not

Direction not given.

If there is a court case against the institution and director, details thereof

- a. Some individuals filed a case at the Labour Court, Kathmandu, falsely claiming employment in this company by submitting forged documents. In this matter, the District Court, Parsa issued a partial decision in favor of the plaintiffs. The company then appealed to the High Court, Jaispur (Temporary Bench, Birgunj), but the High Court upheld the District Court's decision. Dissatisfied with this verdict, the company filed a writ petition before the Supreme Court of Nepal, seeking an order of certiorari and related reliefs. The Supreme Court has issued an interim order directing that the Labour Court's decision not be implemented, and the case is still under consideration.
- b. Regarding the VAT for Hicawan 2068 and the income statement for FY 2072/073, issues were raised by the Large Taxpayer's Office during the tax audit. Similarly, for FY 2074/075, revised tax assessment orders were received after assessments were made under Section 332 of the Income Tax Act, 2058. As the company disagreed with the charges imposed under Section 117 (b)(i), Section 118 (b)(i)(a), and Section 120 (b)(i)(a) of the same Act, it filed an administrative review under Section 115. However, no decision has yet been received regarding that review.
- c. Mr. Subash Shah, a resident of Arnama Rural Municipality, Ward No. 2, Sarlahi District, filed an appeal under the Right to Information Act, 2064, alleging that the company failed to provide the requested information and attempted to evade responsibility. The company has already submitted a written response to the National Information Commission, but no hearing has taken place on the matter as of the reporting period.

d. The written judgment of the Supreme Court of Nepal regarding VAT, excise duty and income tax for FY 2061/062 has been received. The decision favored the company's claim concerning excise duty and accordingly the company has filed an application with the concerned office to reimburse the excise duty, fines, and related amounts. Regarding VAT and income tax, some issues were decided in favor of the company and some against it. For the matters decided against the company a judicial review petition was filed, but it was rejected, and the rejection became final. The company is now proceeding to settle its obligations in accordance with the Supreme Court's decision and is taking steps to obtain the original copy of the judgment from the Supreme Court for submission to the concerned tax office.

Signature:

Name of the compliance Officer: Nitin Prasad Timilsina

Designation: Compliance Officer

Date: October 16, 2025 A.D.

Seal of the Institution:

Signature of Auditor:

Seal of the Institution:

Report approved date by the Board of Directors: October 16, 2025A.D.

Himalayan Distillery Limited

ANNUAL REPORT OF BOARD OF DIRECTORS PRESENTED TO 25TH ANNUAL GENERAL MEETING

Respected Shareholders,

We extend our heartfelt welcome to all the esteemed shareholders of Himalayan Distillery Limited who are present at the 25th Annual General Meeting of the company.

In this meeting, we have presented the company's financial statements for the fiscal year 2024/2025 – including the Balance Sheet, Profit and Loss Account, and Cash Flow Statement – for your approval. We also request your valuable participation in the detailed discussion of the proposals presented in this meeting, and kindly ask for your approval and constructive suggestions for the future business expansion of the company.

On behalf of the Board of Directors, we would also like to present before you a review of the major activities accomplished by the company in the last year, along with the future plans and programs.

1. OVERVIEW OF BUSINESS FOR THE FISCAL YEAR 2024/2025

A brief description of the business done by the company in the financial year 2024/2025 is as follows:

PARTICULARS	ACTUAL, PROVISIONAL ACCOUNT FOR THE FISCAL YEAR 2024/2025 IN INR
Net Sales	3,708,714,389.30
Gross Profit	2,135,608,291.99
Gross Operating profit	1,275,391,286.32
Profit before provision of income tax	1,269,343,952.38
Profit after provision of income tax	941,446,487.15

1. The contribution of the Golden Oak brand has remained significant in the company's business operations for the past several years. We would like to inform our respected shareholders that the company has been making various efforts to

increase its sales and distribution. Similarly, the company's other premium product, Black Oak, has become a preferred choice among consumers, and the gradual increase in its sales, distribution, and market demand reflects its growing popularity. In the same way, the company is also making continuous efforts to establish Silver Oak in the White segment and make it accessible to consumers. We would like to inform you that the company has always prioritized producing and distributing brands that meet consumer preferences and increasing the company's revenue through such initiatives.

2. With the plan to expand the Brand Portfolio by diversifying consumer preferences and the company's business operations to increase revenue, the company had aimed to produce and market a new liquor product – 25 IPF power and a new Whiskey Segment. The company firmly believes that once the sales and distribution of the new brand commences, it will certainly contribute to an increase in the company's sales revenue.
3. Among the business expansion initiatives undertaken by the company, the production of Malt Spirit has already commenced. The produced spirit is being sold to other industries as well, thereby contributing to an increase in the company's sales revenue. Similarly, the sludge generated during the spirit production process is being processed into dry cake and being sold at a premium price than the sludge. In addition, the automation of the distillation plant was completed, and production activities have already begun under this system. The company expects that automation in spirit production will enhance both the quality and standard of the spirit produced. We are confident that these initiatives will result in a notable increase in the company's sales revenue.



4. Accordingly, with the objective of producing high-quality liquor through the maturation of spirits produced by the company, we have also commenced the process of spirit maturation. With the intention of carrying out such activities even outside the factory premises, the company has purchased land in the high Himalayan region of the Khamtu area and the construction of a warehouse building is nearing its completion. We are pleased to proudly inform all the respected shareholders present at this meeting of this progress.

5. The company has also formulated and approved an Investment Policy through the Board of Directors with an objective of optimal utilization of accumulated surplus funds to increase shareholder's wealth, and we are exploring various potential sectors for the investment.

6. It has been observed that unhealthy competition in the liquor production and distribution market, consumer unawareness regarding brand identity,

and increases in customs and other taxes on various raw materials have collectively led to rising product costs. However, due to declining consumer purchasing power and reduced market demand, adverse effects have been seen in the sales and distribution of the company's products. Nevertheless, as there was no increase in excise duty on liquor during the past year, the company experienced some relief as product prices remained stable.

7. It has been found that some industries, with the intention of gaining financial benefits, have been producing and distributing low-quality, low-strength, and low-priced liquor using bottles printed with the names of our highly preferred brands – Golden Oak and Black Oak – or with similar appearances and names that mislead consumers. The company has filed complaints against such industries with the concerned authorities.

8. Due to existing policies that prohibit brand promotion and advertising of alcoholic beverages, it has become extremely difficult to introduce and establish new brands among consumers. It has been observed that such restrictions may have a long-term adverse impact on the overall Brand Health of the company.

9. Despite the various challenges faced during the review period, our relentless efforts have resulted in a 70% increase in the company's net sales compared to the same period last year. Consequently, the net profit more than doubled, reaching NPR 941,446,407.51 (Rupees Nine hundred forty one million four hundred forty six thousand four hundred eighty seven and fifty paun only), which we are pleased to report with great satisfaction.

2. IMPACT OF NATIONAL AND INTERNATIONAL SITUATIONS ON THE COMPANY'S BUSINESS:

(a) During the year under review, economic sluggishness continued. Activities that could have revitalized the economy remained largely inactive. The liquor business is a luxury-oriented industry – such businesses tend to grow when income levels rise and economic activities are vibrant. However, due to the lack of overall business growth, problems arose in the operation of working capital, delays in payments receivable by the company's distribution network, and unhealthy market competition. Consequently, the company's overall business transactions could not grow as expected.

(b) The Government of Nepal increased customs duties of some raw materials used by liquor manufacturers, excise duties on liquor, prices of raw materials, and foreign exchange rates. Additionally, fluctuations in fuel prices, rising transportation costs, and increases in the foreign exchange rates of the raw materials used in production have contributed to a rise in production costs. As a result, the prices of finished liquor products also increased accordingly. Given the lack of economic activities that could raise income levels, it was natural for liquor sales and distribution to be adversely affected.

(c) The main raw materials used in spirit production – broken rice and rice husk (used as boiler fuel) – are seasonal goods that can only be collected during specific periods. The year-round availability of such materials is limited, leading to an increase in their prices and consequently raising the production cost of ENA (Extra Neutral Alcohol).

(d) The Government of Nepal regulates the production and distribution of liquor produced and sold through the formal sector. However, the illegal and informal production and distribution of liquor in the market has had an adverse impact, to some extent, on the businesses of the formal sector.

(e) Every year, a large number of young men and women migrate abroad for employment and study. Since most of these people belong to the age group that consumes liquor, this outward migration has had a negative impact on the growth of the liquor business.

(f) Among liquor consumers, some have shifted their preference to other alcoholic beverages such as beer, which has also affected liquor consumption levels.

(g) Despite these various challenges, the company's management has continued operating the industry with utmost dedication, professional efficiency, and sensitivity – ensuring the continued safety and growth of shareholders' investments through effective production and distribution of its products.

3. ACHIEVEMENTS OF THE CURRENT YEAR UP TO THE DATE OF THIS REPORT AND BOARD OF DIRECTORS' OPINION ON THE FUTURE:

(a) Compared to the first three months of fiscal year 2081/82, the sales revenue of the first three months of fiscal year 2082/83 has declined. This decrease has been primarily attributed to the political instability following the Gen-2 movement, as well as the subsequent floods and landslides that disrupted markets and transportation networks across the country. The details of these impacts are presented in the schedule below.

MONTH	BY 2024Q2 (RMB)	PROJECTED FOR BY 2024Q3 (RMB)
From January (July)	734,544,001.00	104,800,000.00
August to October		
September (October)		

- (b) Due to the inability to fully operate the distillation plant for spirit production and the limited operational hours during the reporting period, the company could only produce spirit partially within Nepal. However, the company managed to achieve notable production efficiency by utilizing the distillation unit to its feasible capacity and carrying out uninterrupted production activities.
- (c) To ensure continuous and efficient production in the future and to address technical and operational challenges, the company has initiated the process of maturation of the spirit produced. For this purpose, a suitable land area located in a high-altitude region has been acquired, and necessary administrative and legal procedures have been completed for establishing infrastructure related to environmental conservation. Meanwhile, the matured spirit has already begun to be utilized in the production process, and it is expected that using this matured spirit will significantly improve the quality and market competitiveness of the company's products.
- (d) During the ENA production process, the grain sludge generated as a byproduct from the distillation plant of spirit is being processed into dry cakes using drying technology. This initiative has been successfully implemented to convert slurry waste into value-added products, which not only helps increase the company's revenue but also contributes to environmental conservation management by reducing industrial effluents, as evidenced by improved environmental performance indicators.
- (e) We have completed the plant automation project to reduce production costs, increase productivity, and ensure the continuous production of spirit with consistent quality, and production has also

been commenced. It is expected that the high-quality spirit thus produced through this project will not only improve the quality of the liquor it produces but also be sold and distributed to other industries, thereby increasing the company's sales revenue.

- (f) We are studying various possibilities and methods of investment to ensure the proper utilization of the company's accumulated funds so that maximum returns can be achieved.
- (g) With special focus on market management and promotion, the company has conducted studies and analyses to expand the market share of its products across the country, covering hilly, Himalayan, Terai, valley, and inner Madhesh regions, and accordingly appointed distributors. Based on mutual agreement, the contracts with national distributors have been terminated, and starting from fiscal year 2082/083, the company has arranged to sell and distribute its products directly through the distributors. Furthermore, under a long-term agreement with Food and Beverage Technology Research Center Pvt. Ltd. (FBTRC) for liquor research, development, blending, and flavor procurement and sales, FBTRC has continuously provided training and development support to various employees in flavor blending and related activities. As a result, the company's current employees are now capable of independently performing all necessary blending and flavor creation activities for liquor production. Accordingly, based on mutual understanding, the agreement with FBTRC has been terminated, and the company will henceforth undertake all the flavor purchase, blending and related activities independently.
- (h) Some of the company's brands, such as Golden Oak and Black Oak, are also being produced by other industries under a Trademark Licensing Agreement. In the future, such products will be manufactured by other companies as per the company's requirements.
- (i) Productivity can improve only if harmony and work unity between workers and management are

maintained. Therefore, this year as well, the company has provided training, gatherings, and team-building programs such as picnic and social events for factory workers to foster cohesion and motivation.

(j) From the profit earned in the previous year, the company has spent NPR 70,32,996 within the legally prescribed limits on corporate social responsibility (CSR) activities. Detailed information regarding these expenditures has been included in the report. The company will continue to carry out its CSR obligations in accordance with the law and regulations in the current fiscal year as well.

4. INDUSTRIAL AND BUSINESS RELATIONS

(a) The company will continue to fulfill its corporate social responsibility (CSR) obligations in the current fiscal year. By carrying out CSR activities within the framework of laws and regulations, the company expects to maintain good relations with beneficiary organizations, foster positive perceptions among recipients, and enhance the company's reputation. With this belief, such activities will be continued in the coming years.

(b) The company continues its efforts to strengthen relations with distributors, wholesalers, retailers, and all consumers who prefer our brands through social, cultural, and business partnerships. By always adhering to the law and maintaining transparency, the company has sustained good relations with regulatory authorities, the Department of Industry, the Inland Revenue Department, Customs Department, Office of the Company Registrar, Nepal Securities Board, Nepal Stock Exchange Limited, banks, financial institutions, and other partners investing in the company. The company aims to

maintain and further strengthen these relationships in a trustworthy and sustainable manner in the future.

(c) Agreements have been concluded with suppliers providing raw materials and packaging-related items necessary for the company, and operations are being conducted under the terms of these agreements. To ensure uninterrupted supply of industrial raw materials and packaging items, the company continuously seeks new and alternative suppliers, establishes flexible business arrangements, and evaluates product quality and pricing to maintain professional partnerships. By developing a system that monitors supply and quality while coordinating with internal departmental mechanisms, the company expects to achieve long-term benefits.

5. CHANGES IN THE BOARD OF DIRECTORS AND THE REASONS THEREFOR

During the review period, there were changes in the Board of Directors. Mr. Adhileshwar Prasad Singh, Chairperson of the Board, and Mr. Narendra Kumar Bhandari, a Director, resigned from their positions. Subsequently, Mr. Shikhar Prasad and Mr. Rishi Bishal Ghimire were appointed to fill the vacant positions. Currently, Mr. Shikhar Raj Pandey has been selected as the Chairperson of the Board and is actively serving in that role.

6. MAJOR FACTORS AFFECTING BUSINESS

(a) The business has been affected by several factors, including the impact of foreign currency fluctuations in the banking and financial sectors, economic sluggishness in commercial transactions, continuous availability of copy-cat,

brands in the market, and increases in the cost of fuel, transportation, and raw materials, which have led to higher production costs. Additionally, the negative impacts of the Russia-Ukraine, Israel, and Palestine Geo-political conflicts, unhealthy competition in the market, and floods and landslides have adversely affected liquor production and the sales of liquor. These effects are expected to persist in the current fiscal year as well.

- (b) Unhealthy competition arising from the production and sale of counterfeit products mimicking the company's brands to mislead consumers has also impacted business operations.
- (c) The introduction of numerous new products by various liquor industries has increased competitive risks in the market.
- (d) The increase in customs duties on raw materials for liquor by the Government of Nepal has raised the cost of production.
- (e) Frequent changes in policies and regulations related to liquor production, sale, and distribution, along with restrictions on advertising (a primary tool for market promotion), have made it difficult to create brand awareness among consumers.
- (f) Since most raw materials and packaging items required for liquor production are not readily available domestically, they must be imported from abroad, leading to increased costs and a noticeable impact on business operations.

7. REMARKS ON AUDIT REPORT, IF ANY:-

It is made known that there is no comment as there is no remarks in the audit.

8. RECOMMENDATION FOR DISTRIBUTION OF BONUS SHARES AND CASH DIVIDEND:

The company, from the net profit and accumulated profit earned in the fiscal year 2075/76, has recommended distributing a cash dividend of NPR 153,670,090.62 (Rupees One hundred fifty three million six hundred seventy thousand ninety and sixty-one paise only) (Fifteen crore thirty-six lakh seventy thousand ninety rupees and sixty-one paise only) at the rate of NPR 5 per paid-up share (inclusive of dividend tax payable to its shareholders). In addition, a 20% bonus share of the existing paid-up capital (i.e., 2 bonus shares for every 10 shares) amounting to NPR 614,680,362.45 (Rupees Six hundred fourteen million six hundred eighty thousand three hundred sixty two and forty-five paise only) (Sixty-one crore forty-six lakh eighty thousand three hundred sixty-two rupees and forty-five paise only) has also been recommended. The Board of Directors has presented this proposal for discussion and approval at this meeting. In conclusion, as always, we express our hope and confidence that the company will continue to receive support and valuable suggestions from its respected shareholders. On behalf of the Board of Directors, we would like to extend our heartfelt gratitude and thanks to all the distinguished participants of this meeting, including the company's management and employees, workers, suppliers, distributors, consumers, shareholders, security personnel, well-wishers of the company, and representatives of various government agencies.

Thank you.

Shanker Raj Pandey

Chairperson

On behalf of the Board of Directors

कम्पनी ऐन २०६३ को दफा १०८ को उप दफा ८ अनुसारको अतिरिक्त विवरण: (आर्थिक वर्ष २०८१/८२)

धितोपत्र दर्ता तथा निष्काशन नियमावली २०७३ को नियम २६ को उपनियम २ सँग सम्बन्धित अनुसूची १५ बमोजिमको वार्षिक विवरण ।

१. संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।
२. संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।
३. संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।
४. संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।

(क) संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।

१. यस कम्पनीलाई विषयो बन्दा यस कम्पनीको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।

२. १०५.८ बालको मु.अ.अ. सम्बन्धित विषय अन्तर्गत राखिएको ।

सम्बन्धित विषय : अन्तर्गत राखिएको ।

३. संविधानसभाको प्रतिकेन्द्र : सम्बन्धित विषय अन्तर्गत राखिएको ।

४. अ.अ. १०५.८ बालको मु.अ.अ. सम्बन्धित विषय अन्तर्गत राखिएको ।

सूचिकृत संगठित संस्थाहरूको संस्थागत सुशासन समन्वयि मिदेशिका
२०७८ को मिदेशन नं.२० (३) तथा २० (४) प्रयोजनार्थ प्रतिवेदनको शारंश ।

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RISK MANAGEMENT

At Himalayan Distillery Limited (HDL), risk management forms an integral part of our corporate governance and strategic decision-making process. Our framework ensures that potential risks are systematically identified, assessed, mitigated, and monitored across all levels of the organization to safeguard business sustainability, shareholder value, and brand integrity.

9.89

CURRENT
RATIO

21%

RETURN
ON TOTAL
ASSETS



RISK MANAGEMENT FRAMEWORK

At Himalayan Distillery Limited (HDL), risk management forms an integral part of our corporate governance and strategic decision-making process. Our framework ensures that potential risks are systematically identified, assessed, mitigated, and monitored across all levels of the organization to safeguard business sustainability, shareholder value, and brand integrity.

The Company's Risk Management Framework (RMF) is built around five core components:

1. RISK IDENTIFICATION

HDL continuously identifies potential risks that may affect its operations, reputation, and long-term objectives. These risks encompass strategic, operational, financial, regulatory, reputational, and market-related dimensions. In addition, emerging external factors—such as economic volatility, evolving tax and excise structures, political uncertainty, and consumer behavioral shifts—are periodically reviewed to ensure comprehensive coverage.

2. MEASUREMENT & ASSESSMENT

Each identified risk is evaluated in terms of likelihood, magnitude, and potential business impact. Quantitative indicators (e.g., cost exposure, volume impact, credit exposure) and qualitative measures (e.g., reputational harm, regulatory compliance implications) are utilized. This structured assessment allows HDL to prioritize critical risks and allocate resources effectively to mitigate them.

3. RISK MITIGATION

Mitigation strategies are developed to either eliminate, transfer, reduce, or accept risks, depending on their nature and business impact. The Company's philosophy emphasizes preventive action over reactive response. This includes financial hedging, contractual safeguards, supply chain diversification, compliance monitoring, insurance coverage, and building robust internal controls to prevent risk exposure.

4. REPORTING & MONITORING

Risks are reviewed through regular reporting cycles at both departmental and corporate levels. Departmental heads, supported by the Business Analysis team, provide monthly input to the Chief Executive Officer. Significant risks and emerging trends are escalated to the Board through periodic review meetings. This continuous monitoring ensures that the mitigation strategies remain effective and adaptive to changing business environments.

5. GOVERNANCE

The Board of Directors sets the overall tone for risk management through the Risk Management Committee (RMC). The Committee defines HDL's risk appetite, reviews mitigation adequacy, and ensures compliance with applicable regulations. Each department aligns with the governance framework, ensuring accountability and ownership of identified risks.



PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE ORGANIZATION

1. MARKET AND COMPETITIVE RISK

The Nepalese liquor industry is becoming increasingly competitive with the entry of new players, aggressive pricing strategies, and deep trade incentives. The shift of consumer preference towards strong beer and lower-priced ADLP products has intensified pricing pressures.

Impact: Margin compression, market share erosion, and brand dilution.

Control Measures: Strategic brand positioning, differentiated pricing architecture, targeted marketing, and enhanced retail execution to sustain brand recall and volume leadership.

2. ECONOMIC RISK

Slower economic recovery, high inflation, and low disposable income due to stagnant domestic employment and migration abroad have constrained discretionary spending on alcoholic beverages.

Impact: Reduction in demand for premium segments and a shift toward value-for-money brands.

Control Measures: Portfolio diversification with affordable SKUs, flexible pack sizes, and promotional strategies tailored for varied income groups.

3. REGULATORY RISK

Frequent regulatory changes in taxation policies, licensing, and advertising restrictions, along

with local government interventions, can disrupt production, distribution, and marketing activities.

Impact: Compliance burden, potential cost escalation, and operational uncertainty.

Control Measures: Continuous engagement with policymakers, adherence to compliance protocols, and building adaptive pricing mechanisms.

4. OPERATIONAL RISK

Geographical challenges, climatic disruptions, and dependency on certain raw materials and packaging imports expose HBL to logistics and production delays.

Impact: Stockouts, production inefficiencies, and increased costs.

Control Measures: Localized sourcing, enhanced inventory management, alternate supplier development, and improved warehousing and logistics planning.

5. FINANCIAL AND LIQUIDITY RISK

Fluctuations in cash flows, delayed receivables from trade channels, and rising cost structures can impact liquidity.

Impact: Working capital constraints and pressure on profitability.

Control Measures: Stringent credit controls, robust cash flow planning, and prudent financial risk management supported by internal audit reviews.

6. SOCIAL AND REPUTATIONAL RISK

Growing social activism, changing moral perceptions, and movements like the 2025 Gen-Z protests have heightened sensitivity towards responsible marketing and ethical business conduct.

Impact: Brand reputation and consumer perception risks.

Control Measures: Responsible drinking campaigns, strict adherence to advertising guidelines, CSR engagements aligned with community values.

7. COMPLIANCE AND LEGAL RISK

Changes in excise regulations, advertisement regulations, and anti-money laundering scrutiny (especially under FATF observational demand) heightened governance vigilance.

Impact: Potential penalties, disruptions in operations, and reputational harm.

Control Measures: Legal compliance audits, KYC enforcement in distributor financing, and proactive risk reviews.

8. ENVIRONMENTAL AND SUSTAINABILITY RISK

Water scarcity, waste disposal norms, and environmental compliance requirements affect distillation operations.

Impact: Potential operational restrictions or reputational risk.

Control Measures: Implementation of water recycling systems, effluent treatment facilities, and sustainable packaging initiatives.

RISK MITIGATION STRATEGIES

HOL's risk mitigation framework emphasizes prevention, preparedness, and performance monitoring.

Risk Area	Mitigation Strategy
Financial Risk	Robust fund management, hedging exposure for imports, efficient working capital management, and maintaining cash buffers.
Market Risk	Diversifying brand portfolio, introducing 250F premium whisky segment, strengthening distribution network, and leveraging consumer insights for targeted campaigns.
Operational Risk	Process automation, safety audits, preventive maintenance schedules, and internal capacity enhancement to reduce outsourcing dependency.
Regulatory Risk	Dedicated compliance cell, regular review of excise and tax frameworks, proactive liaison with regulators.
Reputational Risk	Responsible marketing, CSR engagement, consumer safety compliance, and community-based initiatives.
Credit Risk	Regular credit assessment of distributors, controlled exposure limits, and robust collection mechanisms.
Environmental Risk	Energy-efficient distillation, carbon footprint reduction initiatives, and adherence to environmental regulations.

RISK MANAGEMENT PRACTICES

1. INTERNAL CONTROLS & AUDIT: Strong internal audit mechanisms to verify compliance with financial and operational controls.

2. POLICY FRAMEWORK: Implementation of standard operating procedures (SOPs) across production, procurement, marketing, and finance functions.

3. TRAINING AND AWARENESS: Continuous employee training on compliance, ethical standards, and risk management practices.

4. TECHNOLOGY INTEGRATION: Use of MIS and BI dashboards for real-time visibility on performance, variances, and emerging risks.

5. BOARD OVERSIGHT: Risk Management Committee reviews high-impact risks and approves mitigation action plans.



CONCLUSION: RISK GOVERNANCE AND WAY FORWARD

HDL's approach to risk management aligns with its core mission of "sustainable growth with governance and accountability." The Company acknowledges that in a rapidly evolving external environment—marked by economic fluctuations, social activism, regulatory vigilance, and competitive aggression—risk resilience is a key differentiator.

Going forward, HDL aims to:

- Institutionalize a comprehensive enterprise risk management (ERM) system.

- Develop a risk culture that encourages transparency and proactive problem-solving.
- Strengthen its governance framework for better board oversight.
- Continuously calibrate its business strategy to anticipate macro and micro-level disruptions.

Through a combination of strong governance, strategic foresight, and operational agility, HDL remains committed to protecting its stakeholders, ensuring regulatory compliance, and building a resilient, future-ready organization.



INTERNAL CONTROLS

HDL maintains a comprehensive system of internal controls designed to promote openness, streamline operations, and ensure adherence to all relevant standards. Through ongoing internal reviews, the company pinpoints potential vulnerabilities and refines its workflow. This is complemented by third-party audits that offer objective evaluations. The HDL leadership implements these safeguards ensuring conformity with strategic objectives and legal requirements, while the Board of Directors provides overall stewardship and guidance for threat mitigation.

4
ISO
CERTIFICATES

1
GREEN
BUILDING
CERTIFICATE

EVERY
3
MONTHS AUDIT
FOR STRONG
OVERSIGHT



GOVERNANCE AND OVERSIGHT

HDL maintains a comprehensive system of internal controls designed to promote openness, streamline operations, and ensure adherence to all relevant standards. Through ongoing internal reviews, the company pinpoints potential vulnerabilities and refines its workflows. This is complemented by third-party audits that offer objective evaluations. The HDL leadership implements these safeguards ensuring consistency with strategic objectives and legal requirements, while the Board of Directors provides overall stewardship and guidance for threat mitigation. Detailed company guidelines that adhere to regulatory requirements steer daily activities. This integrated approach underscores HDL's dedication to ensure superior performance and reliability.

ROUTINE INTERNAL REVIEWS

Central to HDL's achievements is its solid oversight mechanism that is paired with a thorough auditing process. These evaluations occur every three months. The audits are done by R. Amatyia & Chartered Accountants and each cycle of audit is followed by presentation and deliberations on the findings. The Audit Committee formulates essential suggestions, which are escalated to the Board of Directors for consideration. The primary purpose of these audits is to confirm that procedures are optimized, productive, and in line with established protocols and domestic and global norms. Additionally this auditing bolsters efficiency in operations and finances, ensures conformity with laws and rules, and fosters sound leadership practices and resilient safeguards. This method helps HDL to resolve possible issues, uphold exemplary levels of clarity and dependability and strengthen its operational soundness and standing.

FIELD EXPENDITURE OVERSIGHT

HDL operates its dedicated Audit and Compliance Unit, which not only verifies the application of safeguards across finance and operations but also confirms that funds allocated to field activities via sales and marketing are deployed according to existing guidelines. The field reviews entail a thorough, impartial scrutiny of spending tied to market initiatives. The company's bonded and cohesive chain of contributors, wholesalers, and retailers has been instrumental in driving sales across the country. To promote responsibility and productivity, HDL performs extensive field audits, which encompass rigorous checks of incentive programs and promotions for partners and this is coupled with routine monthly assessments of partner revenue outcomes and inventory holdings. Further, the audits also evaluate branding efforts for HDL's products, including site visuals, merchandise positioning, deployment of advertising tools, and the rollout of promotional drives. For sustained market advantage, auditors conduct in-depth analyses of risks, allowing HDL to track and adapt to evolving industry trends effectively.





QUALITY PRODUCT OF
HIMALAYAN DISTILLERS

SHLOK

हरेक
थोपामा
भीठो कथा...





SHAREHOLDERS INFORMATION

HDL is deeply committed to transparent communication with shareholders, delivering a comprehensive overview of key information impacting our share market performance. This section showcases the Company's reliable dividend distribution history, meaningful contributions to the national economy, and details on unclaimed dividends. It outlines efficient channels for addressing shareholder queries and enabling direct communication with the Company. Investors will also explore our robust distribution network, ensuring widespread product availability and ensuring market leadership, while reinforcing HDL's focus on accountability, value creation, and sustained trust.

25%
DIVIDEND
PROPOSED

RS.
38B
HDL'S
MARKET
CAPITALIZATION
AT THE FY
2024-25 CLOSE



VALUE ADDED STATEMENT

Amount in '000

Particulars	FY 2081-82	% Mix	FY 2080-81	% Mix	FY 2079-80	% Mix
Value Generated:						
Sales (Gross of Excise Duty)	7,201,151	140%	4,255,237	148%	5,634,788	146%
Less: Cost of Bought-in Materials & Services	(2,172,240)	-42%	(3,406,688)	-50%	(1,791,950)	-47%
Value Added from Operations	5,078,910		2,748,599		3,854,835	
Add: Other Income	66,545	1%	66,384	2%	10,508	0.3%
Gross Value Added	5,145,455	100%	2,814,983	100%	3,865,344	100%
Value Applied:						
Towards Employees	313,048	6%	190,034	7%	230,866	6%
Towards Directors	2,040	0.04%	1,595	0.1%	1,167	0.0%
Towards Government	3,820,234	74%	2,204,768	78%	2,917,788	75%
Towards Shareholders	534,805	10%	607,192	22%	1,062,935	27%
Towards Providers of Finance	1,895	0.04%	1,344	0.0%	4,310	0.1%
Towards Entity	474,077	9%	(190,160)	-7%	(351,920)	-9%
Gross Value Added	5,145,455	100%	2,814,983	100%	3,865,344	100%

CONTRIBUTION TO NATIONAL ECONOMY

During the review period, HDL demonstrated its unwavering commitment to regulatory compliance and local fiscal responsibilities by contributing a total of Rs. 4,654 million in taxes to the government. The breakdown of tax contributions across key categories for the past five fiscal years is illustrated below.

Amount in Million

Description	FY 2077-78	FY 2078-79	FY 2079-80	FY 2080-81	FY 2081-82
Total Revenue	3,773	4,264	2,971	2,081	3,709
Duties					
Excise	2,808	3,324	2,684	2,074	3,492
VAT	832	783	535	404	696
Customs	43	64	100	45	92
SDS	82	89	88	30	32
Income Tax	421	378	229	130	322
Total Tax	4,187	4,838	3,630	2,701	4,654

UNCLAIMED DIVIDEND

HDL had a total of Rs. 29,989,072.21 unclaimed dividend in the custody of Nepal Investment Banking Ltd at the end of FY 2018/19. Details of the unclaimed dividend are as follows:

Fiscal Year	Amount (Rs.)
2018/19	5,095,350.00
2019/20	5,209,205.00
2020/21	3,222,982.87
2021/22	12,592,222.50
2022/23	5,869,702.24
Total	29,989,072.21

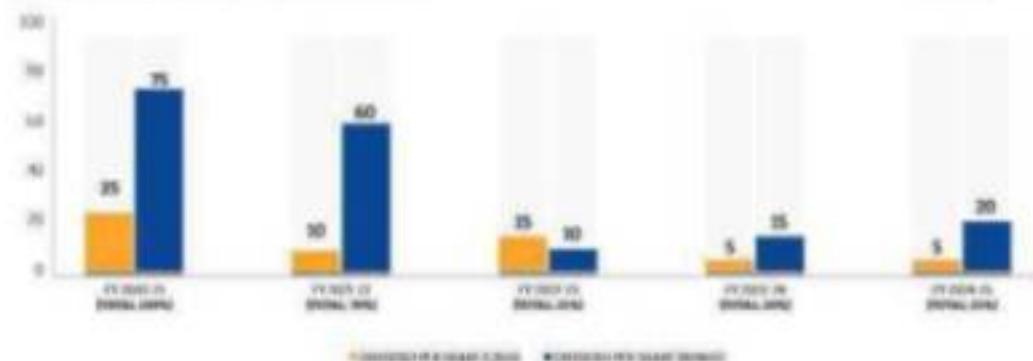
SHAREHOLDER'S WITH MORE THAN 1% HOLDING IN THE COMPANY

Shareholder's Name	Total holding	%
Rajisha Shish Shrestha	8,290,134	26.97%
Fant & Beverages Technology Research Centre Pvt. Ltd.	4,540,940	14.77%
R. and R. Suppliers Pvt. Ltd.	3,685,848	11.90%
Majestic Ventures Pvt. Ltd.	743,363	2.41%
Other General Public Shareholders	13,505,899	43.94%
Total	30,754,018	

Data as on the end of month 2012

DIVIDEND DISTRIBUTION (IN RS. LAKHS)

(in Percentage)



HDL SHARE PRICES 2020/21 - 2024/25

Amount in Rs

FY	Maximum	Minimum	Closing	Number of Trades	Traded Shares Qty	Trading Days
2020-21	5.936	1.595	5.532	10,092	7,405,331	245
2021-22	7.938	2.825	3.403	952,867	1,042,325	239
2022-23	4.323	1.807	2.348	215,994	5,404,769	215
2023-24	2.389	1.140	1.384	138,539	5,646,444	229
2024-25	1.740	1.136	1.237	202,275	11,803,680	231

(Source: Nepal Stock Exchange)

Throughout the 2024-25 fiscal year, HDL continued to rank among the most actively traded securities on the Nepal Stock Exchange (NEPSE).

Secondary market transactions involved 11.76 million shares across 230 trading sessions. The stock reached a peak of Rs. 1,584 and a low of Rs. 1,231, before closing the year at Rs. 1,231. A comprehensive overview of HDL's share price movements, broader market dynamics, and comparative market capitalization trends for both HDL and NEPSE over the preceding five years is provided in the accompanying analysis.



SHAREHOLDERS ENQUIRIES AND COMMUNICATION

Communication with Shareholders

Himalayan Distillery Limited (HDL) places the highest priority on maintaining open, transparent, and consistent dialogue with its shareholders. The company ensures that all relevant updates, financial results, and corporate developments reach investors promptly through a well-structured and multi-faceted communication framework.

Statutory notices, dividend announcements, and other significant disclosures are published in widely circulated national daily newspapers and simultaneously made available on the company's official website, www.himalayandistillery.com. This dual approach guarantees broad accessibility and adherence to regulatory requirements.

The company's unaudited quarterly financial statements and the comprehensive audited annual report are released within stipulated timelines and disseminated through print media as well as the corporate website. These reports provide shareholders with detailed insights into financial performance, operational progress, strategic initiatives, and governance practices. All such documents are also formally submitted to the Securities Board of Nepal (SICBN) and the Nepal Stock Exchange (NEPSE) in compliance with listing obligations. The investor relations portal on the company's website serves as a centralized digital hub, offering convenient access to annual reports, quarterly results, notices related to the procurement & recruitment, annual general meetings' notices and its resolutions. This online resource enables shareholders and other stakeholders as well to stay informed at their convenience.

The Annual General Meeting (AGM) remains a pivotal platform for direct engagement between the management and the shareholders. Conducted with meticulous planning, the AGM allows the leadership to present the year's accomplishments, discuss future strategies, and address shareholder concerns in an interactive setting. Participation is facilitated through in-person attendance and proxy voting, ensuring inclusivity and active involvement.

Additionally, HDL maintains a robust mechanism for addressing investor grievances, with clear contact channels prominently featured across all communication materials. This reflects the company's proactive stance in resolving queries and reinforcing investor confidence.

Through these integrated and sustained communication practices, HDL continues to uphold the principles of transparency, accountability, and shareholder-centric governance, thereby nurturing enduring trust within its investor community.

Redressal of Shareholder's Complaint

The company has appointed a grievance handling officer to address any complaints, queries and correspondence related to HDL. Shareholders can file any queries at Nabil Investment Banking Limited, Share Registrar or to the Grievance handling officer at the address mentioned below:

Nabil Investment Banking Limited
3rd Floor, Central Plaza
Naryamchaur, Naxal, Kathmandu
Email: info@nabilinvest.com.np
Tel.: +977 01 4528040/01 4613735, Ext. 333/342
Or,
Himalayan Distillery Limited
Jawalakhet, Lalitpur, Nepal
Email: info@himalayandistillery.com
PO: BCS 23521
Tel.: +977 01 522026/01 5438239

OPERATION ROUTE TO MARKET

ITEMS	VALUE	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	TOTAL
Sales Contribution	24%	12%	25%	11%	3%	20%	7%	100%
On Order	10	10	12	10	8	10	9	69
Wholesale	365	465	366	427	123	405	165	2,314
On Order	1,075	210	149	171	425	218	183	4,391
On Order	2,134	438	438	606	775	1,292	958	10,698
Wholesale Sales	20	9	10	6	6	9	9	68
Sales Volume	10	4	3	2	3	4	4	30

SALES & MARKETING

EMPLOYEE

— Sales & Distribution	80
— Territory Manager	8
— Sales Executive	68
— Sales Trainee	30

DISTRIBUTION CHANNEL

Total Distribution	80
Channel Classification	
Wholesale	2,314
Wholesale (On Order)	607
On Order	1,234
Traditional (On Order)	906
High End (On Order)	108
Net & Profit (On Order)	4,334
High End	1,000
Grand Total	15,698







FINANCIAL STATEMENTS

The financial statements of HDL for the fiscal year 2024-25 have been audited by the independent auditor, SAR Associates, Chartered Accountants. The auditor has issued an unqualified opinion, confirming that the financial statements present a true and fair view of the Company's financial position, performance, and cash flows. Prepared in accordance with Nepal Financial Reporting Standards (NFRS), these statements reflect robust growth, prudent financial management, and transparent reporting. They provide stakeholders with reliable insights into HDL's strengthened balance sheet and enhanced profitability. This audit opinion underscores our commitment to governance excellence and investor confidence.

FAT
INCREASED BY
158%
COMPARED
TO LY

NET SALES
INCREASED BY
78%
COMPARED
TO LY



Independent Auditor's Report

To the Shareholders of Himalayan Distillery Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Himalayan Distillery Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at Ashadh 31, 2078 (July 18, 2023), and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at Ashadh 31, 2078 (July 18, 2023), and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N.	Key Audit Matters	Auditor's Response
1.	Revenue Recognition Revenue, comprising income from product sales (hereinafter referred to as "Revenue"), is recognized at a point in time when products are delivered to the customer, it is probable that future economic benefits will flow to the Company, and both revenue and related costs can be reliably measured. Additionally, no performance obligations should remain pending for the recognized revenue. Due to the significant risks associated with revenue, we have identified revenue recognition as a Key Audit Matter.	Our audit approach regarding verification of process of revenue recognition included: - Understanding and evaluating the controls and processes over the recording of revenue in system level and control in place for manual processes. We also assessed the revenue recognition policies adopted by the company for compliance with the relevant accounting standards. - Obtaining the detailed breaking revenue from individual orders and reconciled the same with general ledger and financial statements. - We reviewed the contracts, wherever applicable, to ensure whether revenue as per contract is recognized or not. - We performed risk based target testing of revenue journals posted into the general ledger which included identification of those journals posted to revenue which did not follow expected posting pattern.
2.	Information Technology General Controls IT controls with respect to recording transactions, generating various reports in compliance to	Our audit approach regarding Information technology of the company is included:



regulators is an important part of the process. Such reporting is highly dependent on the effective working of the information systems used. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders, and regulators.	a. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company b. Reviewing the reports generated by the system on sample basis. We also verified the income booking under various revenue stream on test basis with the system.
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Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 consolidated financial statements.

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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 the requirements of Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit; the consolidated financial statements including the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any officer or bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.



Binu Kumar Dhungel
Partner



Place: Kathmandu, Nepal
Date: October 16, 2023

UDIN: 20710/CAN/2023/1016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSET LIABILITIES STATEMENT

Amount in US\$

DESCRIPTION	NOTE	GROUP		COMPANY	
		AS AT	AS AT	AS AT	AS AT
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
ASSETS					
Non-Current Assets					
a) Property, plant and equipment	34	971,296,859	1,210,296,859	971,296,859	1,210,296,859
b) Capital work in progress	38	773,794	31,430,394	773,794	31,430,394
c) Intangible assets	32	90,305	1,029,805	90,305	1,029,805
d) Right to use assets	30	22,477,057	22,477,057	22,477,057	22,477,057
e) Investments	-14	-	-	10,000,000	10,000,000
f) Advances for subsidiaries	-5	-	-	-	81,000,000
g) Other non-current assets	9/1	64,338,966	43,714,734	64,338,966	43,714,734
Total non-current assets		1,049,805,981	1,268,941,950	1,049,805,981	1,268,941,950
Current Assets					
a) Investments	5/7	176,791,036	176,791,036	176,791,036	176,791,036
b) Financial assets					
Trade receivables	6/8	-	396,305	-	396,305
Cash and cash equivalents	7/9	1,403,201,484	1,240,740,121	1,403,201,484	1,240,740,121
Other Bank Balances	8/10	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Other Financial assets	9/11	8,946,462	14,468,617	8,946,462	14,468,617
c) Other current assets	4/6	11,999,320	87,372,231	11,999,320	87,372,231
Total current assets		2,493,940,302	2,449,768,300	2,493,940,302	2,449,768,300
TOTAL ASSETS		3,543,746,283	3,718,710,250	3,543,746,283	3,718,710,250

Continued

Consolidated Statement of Financial Position as at 30 September 2025

DESCRIPTION	NOTE GROUP/ COMPANY	GROUP		COMPANY	
		AS AT 30 SEP 25, 2025 (\$M, 2025)	AS AT 30 SEP 24, 2024 (\$M, 2024)	AS AT 30 SEP 25, 2025 (\$M, 2025)	AS AT 30 SEP 24, 2024 (\$M, 2024)
EQUITY AND LIABILITIES					
Equity					
a) Equity					
Share capital	30.12	3,075,401,802	2,870,503,000	3,075,401,802	2,870,503,000
b) Other equity					
Reserves and surplus	31.13	1,002,000,000	923,450,963	1,009,876,000	842,894,207
Total equity		4,077,401,804	3,793,953,963	4,085,277,804	3,713,397,207
Non-Current Liabilities					
a) Financial liabilities					
Borrowings	32.04	-	-	-	-
Lease Payables	33.05	262,491,209	32,803,204	262,491,209	32,803,204
b) Deferred tax liabilities	34.06	30,572,206	30,543,800	30,572,206	30,543,800
Total non-current liabilities		31,721,434	63,346,996	31,721,435	63,346,996
Current Liabilities					
a) Financial liabilities					
Borrowings	32.04	-	-	-	-
Lease Payables	33.05	4,606,370	7,281,370	4,606,370	7,281,370
Trade payables	35.07	68,546,000	70,499,400	68,547,004	70,499,400
Other financial liabilities	36.08	70,307,000	70,008,000	70,307,000	69,273,000
b) Other current liabilities	37.09	397,329,200	126,340,000	397,329,200	126,340,000
c) Current tax liabilities (net)	38.10	4,300,000	1,070,000	4,300,000	1,070,000
Total current liabilities		345,779,768	278,960,777	345,569,595	274,998,770
TOTAL EQUITY AND LIABILITIES		4,493,941,296	4,057,221,732	4,365,514,894	3,989,386,223

The accompanying notes are an integral part of the consolidated financial statements.
 For and on behalf of Woorapah Holdings Limited

See page 100 Impact of audit fees

Wing Sze CHIEF EXECUTIVE OFFICER	Susan Shrestha DIRECTOR	Yongliu (Cheryl) Hu DIRECTOR	Walter Raj Pandey CHAIRMAN	Sunil Kumar Shrestha DIRECTOR S.A.S. Associates Chartered Accountants
Alina Shrestha FINANCE MANAGER	Shikhar Prasad DIRECTOR	Badr Mohan Chandra DIRECTOR	Prakashmani Chandra ACCOUNTANT DIRECTOR	

Date: 30 September 2025
 Date: 30 October 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended August 31, 2022/ July 16, 2022

(Amount in B)

DESCRIPTION	NOTE	CHINA		GLOBAL	
		FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		AUGUST 31, 2022	AUGUST 31, 2021	AUGUST 31, 2022	AUGUST 31, 2021
		2022/7/16	2021/7/16	2022/7/16	2021/7/16
Revenue from operations	20.01	1,201,120,374	1,101,120,374	1,201,120,374	1,101,120,374
Less: sales discounts		(3,491,430,705)	(2,071,750,905)	(3,491,430,705)	(2,071,750,905)
Net sales revenue		3,752,890,307	2,081,496,968	3,752,890,307	2,081,496,968
Less: cost of goods sold	20.02	(1,343,835,426)	(981,041,708)	(1,343,835,426)	(981,041,708)
Less: manufacturing expenses	20.03	(232,703,569)	(121,205,443)	(232,703,569)	(121,205,443)
Gross profit		1,176,351,312	979,249,817	1,176,351,312	979,249,817
Total income from operations		1,176,351,312	979,249,817	1,176,351,312	979,249,817
Employee benefits expenses	20.04	(93,043,057)	(90,033,040)	(93,043,057)	(90,033,040)
Administrative and other expenses	20.05	(9,707,565)	(1,754,732)	(9,707,565)	(1,754,732)
Selling and distribution expenses	20.06	(98,433,657)	(98,101,632)	(98,433,657)	(98,101,632)
Operating profit		1,075,167,033	789,360,383	1,075,167,033	789,360,383
Non-Operating Income	20.07	66,991,023	(7,023,368)	66,991,023	66,991,023
Depreciation and amortization		(2,091,968)	(2,293,057)	(2,091,968)	(2,293,057)
Finance costs	20.08	(1,891,391)	(1,341,034)	(1,891,391)	(1,341,034)
Profit before tax		1,070,274,697	778,702,924	1,070,274,697	778,702,924
Income tax expenses					
Current tax	20.09	(213,105,347)	(130,275,079)	(213,105,347)	(130,275,079)
Deferred tax	20.10	(1,620,734)	(870,640)	(1,620,734)	(870,640)
Profit (Loss) Tax Expenses		(214,726,081)	(131,145,719)	(214,726,081)	(131,145,719)
Profit for the year		855,548,616	647,557,205	855,548,616	647,557,205

(Contd.)

Consolidated
Consolidated

DESCRIPTION	GROUP		COMPANY	
	WITH COMPANY CONTRIBUTION	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		APRIL 01, 2005 (2004 IN, 2005)	APRIL 01, 2005 (2004 IN, 2005)	APRIL 01, 2005 (2004 IN, 2005)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
(1) Remeasurements of Defined Benefit Obligations		-	-	-
(2) Income tax credit change relating to these items		-	-	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		94,271,791	256,274,326	94,446,488
Profit is attributable to:				
Owners of Miraflores Securities Limited		94,271,791	256,274,326	94,446,488
Non - Controlling interests		-	-	-
		94,271,791	256,274,326	94,446,488
Other comprehensive income is attributable to:				
Owners of Miraflores Securities Limited		-	-	-
Non - Controlling interests		-	-	-
		-	-	-
Total comprehensive income is attributable to:				
Owners of Miraflores Securities Limited		94,271,791	256,274,326	94,446,488
Non - Controlling interests		-	-	-
		94,271,791	256,274,326	94,446,488
Earnings per equity share (face value of Rs. 100 each)				
Basic EPS	29.79	95.62	9.59	95.63
Diluted EPS	28.99	95.62	9.59	95.63

The accompanying notes are an integral part of the consolidated financial statements.
 For and on behalf of Miraflores Securities Limited

for and on behalf of group, date

Niraj Subedi CHIEF EXECUTIVE OFFICER	Suresh Shrestha DIRECTOR	Yashita Shrestha Puri DIRECTOR	Shashiraj Puri CHAIRMAN	Ravi Kumar Shrestha DIRECTOR S.A.S. Associates Chartered Accountants
Alina Shrestha FINANCE MANAGER	Shikhar Puri DIRECTOR	Badr Shrestha Chandra DIRECTOR	Prakashmani Chandra ACCOUNTANT DIRECTOR	

Date: **10th October, 2025**
 For: **10th October, 2025**

Consolidated Statement of Financial Position
2023/2024

DESCRIPTIONS	UNGROUPED		GROUPED	
	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	30/09/2023	30/09/2023	30/09/2023	30/09/2023
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in short-term loans	-	-	-	-
Repayment of term loans	-	-	-	-
Payment of Lease Liability	(1,541,879)	(1,541,879)	(1,541,879)	(1,541,879)
Dividend paid	(915,701,840)	(915,701,840)	(915,701,840)	(915,701,840)
Interest paid	(1,395,390)	(1,341,040)	(1,395,390)	(1,341,040)
Net cash generated from / (used in) financing activities	543,507,040	(154,209,839)	(41,571,249)	(154,209,839)
Net increase / (decrease) in cash and cash equivalents	373,140,493	768,958,548	373,140,493	768,958,548
Cash and cash equivalents at the beginning of the year	1,240,040,121	451,931,779	1,240,040,121	451,931,779
Cash and cash equivalents at the end of the year	1,613,180,614	1,240,040,121	1,613,180,614	1,240,040,121
Cash and cash equivalents comprise of:				
Cash on hand	55,232	57,963	55,232	55,232
Balance with banks in current accounts	1,613,125,382	1,240,040,121	1,613,125,382	1,240,040,121
Total	1,613,180,614	1,240,040,121	1,613,180,614	1,240,040,121

The accompanying notes are an integral part of the consolidated financial statements.
 For and on behalf of Hengsheng Holdings Limited

As per our report of even date

Wang Shuhui
 GROUP EXECUTIVE DIRECTOR

Simon Shrestha
 DIRECTOR

Yongbiao (Sheryl) Hu
 DIRECTOR

Shaker Ali Pandey
 DIRECTOR

Sush Kumar Shrestha
 CHARTERED
 C.A. ACCOUNTANT
 Chartered Accountant

Alex Shrestha
 GROUP FINANCIAL
 DIRECTOR

Shikhar Prasad
 DIRECTOR

Rishi Nisha Chandra
 DIRECTOR

Prakashwari Chandra
 GROUP FINANCIAL DIRECTOR

Date: Kathmandu
 30th October, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended Ahsad 12, 2023 (July 15, 2023)

Amounts in

	GROUP			COMPANY		
	EQUITY AND RESERVES		TOTAL	EQUITY AND RESERVES		TOTAL
	SHARE CAPITAL	RETAINED EARNINGS		SHARE CAPITAL	RETAINED EARNINGS	
Balance as at Ahsad 1, 2023 (July 17, 2022)	2,429,966,650	454,665,791	2,884,632,441	2,429,966,650	425,277,360	2,855,244,010
Profit for the year	-	236,274,236	236,274,236	-	263,246,729	263,246,729
Reversal of Provision for Tax	-	-	-	-	-	-
Other comprehensive income (OCI) - net of tax	-	-	-	-	-	-
Final dividend paid	-	(264,474,996)	(264,474,996)	-	(264,474,996)	(264,474,996)
Issue of bonus shares	242,996,650	(242,996,650)	-	242,996,650	(242,996,650)	-
Balance as at Ahsad 12, 2023 (July 15, 2024)	2,672,963,300	683,400,966	3,356,364,266	2,672,963,300	682,854,729	3,355,818,029
Profit for the year	-	94,271,281	94,271,281	-	94,241,468	94,241,468
Reversal of Provision for Tax	-	-	-	-	-	-
Other comprehensive income (OCI) - net of tax	-	-	-	-	-	-
Final dividend paid	-	(119,626,966)	(119,626,966)	-	(119,626,966)	(119,626,966)
Issue of bonus shares	942,271,497	(942,271,497)	-	942,271,497	(942,271,497)	-
Balance as at Ahsad 12, 2024 (July 16, 2025)	3,615,234,797	563,703,000	4,178,937,797	3,615,234,797	563,006,264	4,178,241,061

Retained Earnings

Deposits for future profit of the Group will not be distributed until the Group

For and on behalf of Windward Shipping Limited

As per our report of audit date

Mr. J. Subedi
Chief Executive Officer

Devina Shrestha
Director

Taruna Chhetryal Bhatt
Director

Shankar Raj Pandey
Chairman

Sanjay Kumar Shrestha
S.D.S. Associates
Chartered Accountants

Ashish Shrestha
Chartered Accountant

Shilpa Prasad
Director

Satish Kumar Shrestha
Director

Prakash Kumar Shrestha
Chartered Accountant

Place: Kathmandu
Date: 18th October, 2025

GROUP OVERVIEW

Himalayan Distillery Ltd. (hereinafter referred to as "the Company") is a public limited company having its registered office at Lipasi Birta, Patna, Nepal. The Company together with its subsidiaries (hereinafter collectively referred to as "the Group") is engaged in production and distribution of liquor.

Himalayan Multi Agro Ltd. is a public company domiciled in Birgunj, Nepal. The registered office of the company is at Patna 21, Birgunj and has the objective of managing by-products generated from industrial productions.

Himalayan Fisheries Ltd. is a public company domiciled in Birgunj, Nepal. The registered office of the company is at Patna 21, Birgunj and has the objective of carrying out various activities related to agriculture.

Himalayan Endosure Organic Ltd. is a public company domiciled in Birgunj, Nepal. The registered office of the company is at Patna 21, Birgunj and has the objective of manufacturing and trading non-alcoholic drinks and food products.

These financial statements are approved for issue by the Company's board of directors on 16th October 2025.

1. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation of financial statements

- Statement of compliance**
These financial statements have been prepared in all material aspects in accordance with requirements of Company Act, 2063 of Nepal and applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof.
- Historical cost convention**
These financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below.
- Current VS Non-current classification**
All assets and liabilities have been classified as current

or non-current as per the Group's normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Group has classified the assets as current when:

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

All other assets are classified as non-current.

The Group has classified the liability as current when:

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

The Group has classified all other liabilities as non-current.

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

1.2 Functional and presentation currency

The financial statements are presented in Nepalese Rupee (Rs.), which is the functional and presentation currency of the Group. Amounts in the financial statements are rounded off to the nearest rupee.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. All intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between companies of the Group are eliminated in full on consolidation. Consolidated gains on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and consolidated statement of changes in equity respectively.

1.3 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, and impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is depreciated when replaced. All other repairs and maintenance expenses are charged to statement of profit or loss during the reporting period in which they are incurred.

The cost of property, plant and equipment which are not ready for their intended use till the date of statement of financial position, are disclosed under capital work-in-progress.

Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the property, plant and equipment and is recognised in the statement of profit or loss.

Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method over their useful lives. The estimated useful lives of property, plant and equipment is as follows:

Assets	Useful lives (years)
Building	
Buildings RCC frame structure	60 years
Buildings other than RCC frame structure	30 years
Factory buildings	30 years
Stores	5 years
Others (Road, temporary structures etc)	3-10 years
Tenement improvements	9-10 years
Computers	3-5 years
Office equipment	5-10 years
Electrical installations	5-10 years
Furniture and fixtures	10 years
Vehicles	5-10 years
Plant and machinery	
Production plant	20-30 years
Other machinery and equipment	3-15 years
Other assets	5 years

Freehold land is not depreciated.

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.4 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible asset acquired separately are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of an item of intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

De-recognition

Intangible assets are de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset, is recognised in statement of profit or loss in the year the asset is de-recognised.

Useful economic lives and amortisation

The useful economic life of an intangible asset is considered finite when the right to such asset is limited to a specified period of time by contract or by the likelihood of technological obsolescence. Intangible assets with finite lives are amortised using the straight-line method to write down the cost over its estimated useful economic life and is recognised in statement of profit or loss.

Capitalised software and websites are amortised over a period of five years, as estimated by the management.

The amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Impairment

At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount being exceeds than its recoverable amount, the assets are considered to be impaired and are written down immediately.

15 Non-Current Assets held for sale

Non current assets are classified as held for sale if the carrying amount will be recovered by the Group principally through a sale transaction rather than through continuing use. This condition is considered to be met only when the asset is available for immediate sale in its present condition and the sale is highly probable.

Non current asset classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. Gain due to any subsequent increases in fair value less costs to sell of an asset is recognised, but not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of such non-current assets is recognised at the date of de-recognition.

16 Financial instruments, financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the relevant instrument and are initially measured at its fair value plus or minus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities.

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in a statement of profit or loss or other comprehensive income.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets

Financial assets include advances, trade receivables and cash or cash equivalents and other bank balances. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being measured at fair value through statement of profit or loss and other comprehensive income.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both (a) the entity's business model for managing the financial assets and (b) the contractual cash flow characteristics of the financial assets.

Financial assets are classified as those:

i. Measured at amortised cost.

A financial asset is measured at amortised cost, if it is held solely for collection of cash flows arising from payments of principal and interest.

Advances, trade receivables and cash or cash equivalents and other bank balances are classified for measurement at amortised cost.

ii. Measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI, if it is held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in other non operating income using the effective interest method.

iii. Measured at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income or foreign exchange gains or losses from these financial assets is included in other operating income.

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset (or a group of financial assets) held at amortised cost and financial assets that are measured at fair value through other comprehensive income are impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances is recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition. Losses arising from impairment are recognised in the statement of profit or loss.

Derecognition of financial assets

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Interest recognition

Interest income is recognised in the consolidated statement of profit or loss using the effective interest method.

b. Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the statement of profit or loss as finance cost over the life of the liability using the effective interest method and adjusted in the liability figure disclosed in the statement of financial position.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined on first-in first-out (FIFO) basis. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Raw material, packaging materials and bottles, stores and spares

Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition.

Finished goods and semi finished goods Cost includes cost of direct materials and labour and proportion of manufacturing overheads based on the normal operating capacity but excludes depreciation on plant and machinery.

Stock in trade Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

1.8 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are classified as current assets, if collection is expected within twelve months after the reporting period. Where the collection is expected after twelve months after the reporting period, they are presented as non-current assets.

1.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, balances with banks that are readily convertible and fixed deposit with original maturity of less than 3 months to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts that form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

1.10 Other Bank Balances

Other bank balances include bank deposits with an original maturity of less than 12 months but more than 3 months. Bank balances on interest accounts towards unpaid dividend.

1.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the repayable amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method.

1.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid on 30 credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts and value added taxes. Revenue from the sale of products is recognised at a point in time when control of the products is transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The gross revenue of the Group includes entire duty but excludes value added tax (VAT) collected on the behalf of the government and net revenue excludes duties collected on the behalf of the government.

Sale of products

Revenue from sale of products is recognised at the point of time when the significant risks and reward of ownership of the products has been transferred to the customer, usually on delivery of the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Net Revenue from sale of product is measured at the amount of transaction price, net of returns and allowances, discounts and value added tax (VAT).

Royalty income

The Group provides a license to manufacture its product in exchange for a royalty fee which is based on sales made to the customers. Royalty income is recognised in terms of the respective contracts upon sale of products by the franchisees.

Interest Income

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is included under the head "non operating income" in the statement of profit or loss.

Rental Income

Policy for recognition of revenue from operating lease is described in note 1.14.

1.14 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessee

Rental income from operating lease is recognised on straight-line basis over the term of the relevant lease contract. The receipts are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Group as lessor

The Group, as a lessor, recognises a right-of-use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, as it involves the use of an identified asset, and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses an incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a systematic basis over the lease term.

In addition, the carrying amount of the lease liability is remeasured if there is modification, a change in lease term, a change in lease payments in case of early termination of the lease, the Group derecognise lease liability and ROU Assets to reflect the full termination of the lease and recognise gain and loss on the termination of the lease, in profit and loss account.

1.15 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit or loss.

1.16 Employee benefits

a. Short-term obligations

Expenses in respect of short-term benefits are recognised on the basis of the amount paid or payable during which services are rendered by the employees. Liabilities for salary and allowances that are expected to be settled wholly within twelve months after the end of the financial year in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

b. Defined contribution plan

These are plans in which the Group pays pre-defined amounts to publicly administered funds as per local regulations and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the social security fund with the government on account of provident fund, social security fund and gratuity. The Group's payments to the defined contribution plans are recognised as employee benefit expenses when they are due.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognised in a statement of profit or loss in the period in which they are incurred.

1.18 Income tax

Income tax comprises of current tax and deferred tax. Current tax in the statement of profit or loss and other comprehensive income is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws applicable during the period, together with any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively

expired by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilise these temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

1.19 Dividend distribution

Dividends paid are recognised in the period in which the interim dividends are approved by the board of directors or in respect of the final dividend when approved by shareholders.

1.20 Earnings per share

a. Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

b. Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise of share options granted to convertible preference shares, debentures or to employees. Since the Group does not have any convertible instruments and has not granted any options to its employees, diluted earnings per share is considered the same as basic earnings per share.

1.21 Segmental information

The Group is engaged in the business of manufacture and sale of liquor. The executive committee of the Group (being the chief operating decision maker) assesses performance and allocates resources for the business of the Group as a whole and hence the management considers Group's business activities as a single operating segment and no segment disclosures have been made in these financial statements.

1.22 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The carrying amounts of provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. Useful lives of property, plant and equipment

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

b. Leases

The Group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement and considers all relevant factors that create an economic incentive to evaluate whether it is reasonably certain to exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR requires estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates), when available and makes entity-specific estimates, whenever required.

c. Tax contingencies and provisions

Significant management judgement is required to determine the amounts of tax contingencies and provisions, including amount expected to be paid/recovered for uncertain tax positions.

d. Impairment of investments carried at cost and non-financial assets

Investments carried at cost and non-financial assets such as property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. A significant management judgement is required to determine the recoverable amount and the impairment loss, if any.

e. Provision for expected credit loss on trade receivables

The measurement of expected credit loss reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The correlation between historical observed default rates, current economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of the actual default in the future. The Group has not provided any provision for expected credit loss on trade receivables.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS

For the year ended 31st Dec 2022 (July 16, 2022)

PARTICULARS	OPENING BALANCE	ADDITIONS	COST		AS AT 31st Dec 2022 (July 16, 2022)
			WITHDRAWALS AND IMPROVEMENTS		
3A. Property, plant and equipment					
Freehold lands	49,436,308	36,076,296	-		85,512,604
Leasehold improvements	4,270,557	-	-		4,270,557
Buildings	302,244,276	34,072,383	10,075,807		326,240,852
Computers	15,497,838	5,402,757	949,502		19,951,093
Office equipment	14,086,328	2,036,103	2,036,103		14,086,328
Electrical installations	26,471,057	6,344,083	746,885		32,068,255
Furniture and fixtures	4,207,583	475,387	955,940		4,727,030
Vehicles	31,237,944	30,626,370	333,343		61,530,971
Plant and machinery	10,104,871	403,188,855	29,415,475		1,274,268,251
Other Assets	2,045,339	10,000	3,670,418		1,184,921
Total	1,281,379,421	509,684,484	34,308,762		1,756,755,143
3B. Capital work in progress	311,430,354	132,508,343	436,602,314		375,336,383
3C. Intangible assets					
Goodwill	200,000	-	-		200,000
Mobile APP Software 50%	75,000	75,000	-		150,000
SQL Server Software	240,000	-	-		240,000
SQL Website	325,500	-	-		325,500
SQL IP Firewall License	800,000	-	-		800,000
ERP Software	2,475,438	-	-		2,475,438
Fixed Asset Software	300,000	-	-		300,000
Windows Server License	-	75,000	-		75,000
Total	4,301,938	295,000	-		4,596,938
3D. Right to Use Assets	35,489,206	13,246,675	513,865		48,222,016

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS

For the year ended 31st Dec 2021 (July 16, 2021)

PARTICULARS	OPENING BALANCE	ADDITIONS	COST		AS AT 31st Dec 2021 (July 16, 2021)
			WITHDRAWALS AND IMPROVEMENTS		
A. Property, plant and equipment					
Freehold lands	49,436,308	21,540,803	-		70,977,111
Leasehold improvements	-	4,270,557	-		4,270,557
Buildings	302,244,276	1,870,425	3,084,842		300,029,859
Computers	15,497,838	5,372,575	894,871		19,975,542
Office equipment	14,086,328	3,347,282	2,036,072		15,397,538
Electrical installations	26,471,057	683,443	236,434		26,918,066
Furniture and fixtures	4,207,583	503,437	-		4,711,020
Vehicles	31,237,944	30,626,370	4,085,837		57,778,477
Plant and machinery	10,104,871	37,135,306	3,084,035		44,156,142
Other Assets	2,045,339	10,000	47,220		2,008,119
Total	1,281,813,879	78,125,944	12,594,762		1,347,345,061
B. Capital work in progress	34,743	31,795,812	-		31,830,555
C. Intangible assets					
Goodwill	200,000	-	-		200,000
Mobile APP Software 50%	75,000	75,000	-		150,000
SQL Server Software	240,000	-	-		240,000
SQL Website	325,500	-	-		325,500
SQL IP Firewall License	800,000	-	-		800,000
ERP Software	2,475,438	-	-		2,475,438
Fixed Asset Software	300,000	-	-		300,000
Total	3,791,938	295,000	-		4,086,938
D. Right to use assets	4,879,274	12,436,215	16,783		17,299,206

Amount in Rs

DEPRECIATION				CARRYING AMOUNT	
OPENING BALANCE	FOR THE YEAR	ON WITHDRAWALS AND ADJUSTMENTS	UP TO APRIL 30, 2021 (2021 N. 2020)	AS AT APRIL 30, 2021 (2021 N. 2020)	AS AT APRIL 30, 2020 (2021 N. 2020)
-	-	-	-	377,842,782	65,436,304
45,335	45,335	-	55,559	3,339,505	4,324,622
554,046,127	820,192	8,765,884	305,817,345	142,313,330	97,346,051
6,239,103	2,267,581	851,838	2,705,278	35,436,325	5,448,475
83,43,498	1,294,388	24,46,739	5,66,347	6,368,042	5,232,030
31,607,989	1,472,135	270,000	23,430,405	5,878,547	4,301,268
2,805,384	415,340	888,344	2,488,050	3,945,387	3,331,254
774,857	43,06,388	311,540	3,36,793	28,130,790	26,321,308
607,047,805	45,310,582	36,888,712	315,402,749	607,053,642	304,467,030
1,113,183	49,034	9,41,423	1,394,881	311,243	338,398
761,244,006	64,096,240	51,948,188	775,308,832	875,376,859	520,095,834
-	-	-	-	775,308	311,430,154
95,999	-	-	95,999	1	1
1,008	34,031	-	35,889	124,301	72,832
9,038	46,000	-	44,438	215,442	219,342
64,875	62,500	-	27,075	391,326	215,425
7,03,437	140,000	-	489,437	3,91,547	479,163
2,471,433	-	-	2,471,433	4	4
51,331	30,000	-	51,331	1,730	27,230
-	32,032	-	32,032	32,878	-
3,846,881	338,152	-	3,214,615	951,368	1,008,887
1,854,098	2,745,040	-	8,595,158	22,670,913	12,635,308

OPENING BALANCE	FOR THE YEAR	DEPRECIATION		CARRYING AMOUNT		
		ON WITHDRAWALS AND ADJUSTMENTS	UP TO APRIL 30, 2020 (2021 N. 2020)	AS AT APRIL 30, 2021 (2021 N. 2020)	AS AT APRIL 30, 2020 (2021 N. 2020)	
-	-	-	-	43,436,306	47,911,304	
-	45,335	-	45,335	4,324,622	-	
98,346,122	3,703,271	1,475,275	304,896,127	81,398,051	304,302,277	
5,239,640	1,214,146	384,464	4,295,313	7,448,435	3,712,464	
8,091,830	1,090,270	2,196,724	6,943,498	5,223,030	3,046,107	
30,752,437	1,210,011	281,480	21,663,969	4,801,068	5,534,382	
2,770,047	292,449	-	2,767,254	3,332,234	446,058	
10,201,933	3,276,236	4,681,882	7,754,837	23,132,308	4,874,566	
502,419,334	36,461,384	3,885,037	607,047,805	304,467,030	303,846,644	
1,136,862	13,447	47,238	1,703,340	158,299	38,849	
712,911,464	50,040,798	11,708,195	761,244,006	520,095,834	482,962,612	
-	-	-	-	311,430,154	34,740	
95,999	-	-	95,999	1	1	
-	3,048	-	1,048	72,832	-	
-	36,438	-	36,438	219,342	-	
875	62,500	-	64,075	215,425	209,325	
140,437	140,000	-	310,437	479,163	639,163	
2,471,433	-	-	2,471,433	4	4	
51,331	30,000	-	51,331	27,230	47,230	
2,794,874	261,406	-	3,046,040	1,008,887	1,008,243	
3,961,135	1,850,961	-	1,854,098	12,635,308	2,136,239	

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS For the year ended 31st July 2022 (July 16, 2022)

PARTICULARS	COST			AS AT 31st JULY 2022 (July 16, 2022)
	OPENING BALANCE	ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	
3A. Property, plant and equipment				
Freehold lands	34,204,000	36,076,200	-	70,280,200
Leasehold Improvements	4,270,000	-	-	4,270,000
Buildings	302,244,000	34,000,000	10,000,000	326,244,000
Computers	10,000,000	1,000,000	100,000	10,900,000
Office equipment	10,000,000	1,000,000	100,000	10,900,000
Electrical installations	10,000,000	1,000,000	100,000	10,900,000
Furniture and fixtures	10,000,000	1,000,000	100,000	10,900,000
Vehicles	10,000,000	1,000,000	100,000	10,900,000
Plant and machinery	10,000,000	1,000,000	100,000	10,900,000
Other Assets	10,000,000	1,000,000	100,000	10,900,000
Total	3,346,131,890	309,884,484	54,304,762	3,599,509,502
3B. Capital work in progress	31,436,554	112,508,343	436,602,314	373,342,583
3C. Intangible assets				
Goodwill	200,000	-	-	200,000
Mobile Phone Software 50%	75,000	75,000	-	150,000
SQL Server Software	240,000	-	-	240,000
SQL Website	200,000	-	-	200,000
SQL IP Firewall License	800,000	-	-	800,000
ERP Software	2,475,438	-	-	2,475,438
Fixed Asset Software	100,000	-	-	100,000
Windows Server License	-	100,000	-	100,000
Total	4,301,438	850,000	-	5,151,438
3D. Right to Use Assets	14,499,204	13,246,675	613,865	27,752,014

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS For the year ended 31st July 2021 (July 15, 2021)

PARTICULARS	COST			AS AT 31st JULY 2021 (July 15, 2021)
	OPENING BALANCE	ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	
3A. Property, plant and equipment				
Freehold lands	34,204,000	21,220,000	604,200	54,819,800
Leasehold Improvements	-	4,270,000	-	4,270,000
Buildings	302,244,000	1,000,000	10,000,000	293,244,000
Computers	10,000,000	1,000,000	100,000	10,900,000
Office equipment	10,000,000	1,000,000	100,000	10,900,000
Electrical installations	10,000,000	1,000,000	100,000	10,900,000
Furniture and fixtures	10,000,000	1,000,000	100,000	10,900,000
Vehicles	10,000,000	1,000,000	100,000	10,900,000
Plant and machinery	10,000,000	1,000,000	100,000	10,900,000
Other Assets	10,000,000	1,000,000	100,000	10,900,000
Total	3,346,131,890	774,614,000	13,212,900	4,007,532,990
3B. Capital work in progress	34,743	31,795,813	-	31,830,556
3C. Intangible assets				
Goodwill	200,000	-	-	200,000
Mobile Phone Software 50%	75,000	75,000	-	150,000
SQL Server Software	240,000	-	-	240,000
SQL Website	200,000	-	-	200,000
SQL IP Firewall License	800,000	-	-	800,000
ERP Software	2,475,438	-	-	2,475,438
Fixed Asset Software	100,000	-	-	100,000
Total	3,791,938	825,000	-	4,616,938
3D. Right to Use Assets	4,079,274	12,436,215	16,267	16,491,202

Amount in BRL

Opening Balance	For the Year	Depreciation		Carrying Amount		
		On Withdrawals and Adjustments	Up to Asset's Use	As of Asset's Use	As of Asset's Use	As of Asset's Use
			(BRL '000)	(BRL '000)	(BRL '000)	(BRL '000)
-	-	-	-	71,284,830	-	71,284,830
40,935	40,935	-	33,333	3,839,000	-	4,214,622
574,846,127	820,912	8,765,884	323,333,345	142,333,333	-	973,945,000
6,239,333	2,267,541	851,838	2,705,274	35,436,325	-	7,448,475
83,43,498	1,234,388	24,402,739	5,661,347	6,368,042	-	1,233,230
71,607,989	1,472,335	270,000	23,430,445	5,878,547	-	4,801,268
7,805,384	415,340	888,444	2,488,050	7,846,387	-	3,881,254
774,837	43,003,388	311,540	1,942,703	28,130,790	-	28,130,790
6,039,472,710	45,317,540	36,888,712	325,402,740	607,703,643	-	304,407,028
1,103,141	49,144	9,43,433	1,304,881	211,343	-	211,343
761,244,385	64,096,240	11,941,885	777,708,681	996,188,978	-	684,887,884
-	-	-	-	779,784	-	31,430,144
91,999	-	-	91,999	-	-	-
1,048	34,021	-	25,889	224,301	-	70,832
36,034	40,000	-	64,438	215,442	-	229,342
64,875	63,500	-	227,075	351,326	-	215,425
7,034,737	140,500	-	489,437	339,343	-	479,143
2,471,433	-	-	2,471,433	-	-	-
71,338	30,000	-	30,330	1,731	-	27,330
-	33,000	-	33,000	32,498	-	-
38,46,881	338,142	-	1,374,673	971,365	-	1,398,857
1,854,394	2,745,340	-	8,591,358	22,475,603	-	12,435,308

Opening Balance	For the Year	Depreciation		Carrying Amount		
		On Withdrawals and Adjustments	Up to Asset's Use	As of Asset's Use	As of Asset's Use	As of Asset's Use
			(BRL '000)	(BRL '000)	(BRL '000)	(BRL '000)
-	-	-	-	34,208,334	-	34,208,334
40,935	40,935	-	40,935	4,214,622	-	-
983,485,222	2,703,271	1,473,275	304,894,127	81,288,021	-	304,122,277
1,239,441	1,274,346	384,464	4,295,313	7,448,475	-	3,270,460
10,910,830	1,090,270	22,98,724	6,943,498	5,223,230	-	5,944,338
30,752,437	1,210,111	281,480	21,603,949	4,801,268	-	5,504,392
2,787,047	282,449	-	2,787,294	3,332,234	-	441,058
10,201,933	1,276,796	4,681,882	7,758,837	22,132,368	-	4,874,964
302,419,334	36,461,343	3,845,137	407,041,893	304,407,021	-	303,846,644
1,136,862	33,447	47,238	1,703,340	124,289	-	38,847
712,910,464	30,040,777	11,708,195	761,244,385	484,887,884	-	468,611,822
-	-	-	-	31,430,144	-	34,743
91,999	-	-	91,999	-	-	-
-	3,048	-	1,048	72,832	-	-
-	36,438	-	36,438	229,342	-	-
875	63,500	-	64,075	215,425	-	209,325
140,437	140,500	-	330,437	479,143	-	479,143
2,471,433	-	-	2,471,433	-	-	-
71,338	30,000	-	71,338	37,371	-	47,371
2,784,874	261,404	-	3,046,245	1,894,857	-	1,004,243
2,943,135	1,890,943	-	1,854,394	12,435,308	-	2,138,239

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Continued

	GROUP		COMPANY	
	At 31 March 31, 2022 (Note 16, 2022)	At 31 March 31, 2021 (Note 16, 2021)	At 31 March 31, 2022 (Note 16, 2022)	At 31 March 31, 2021 (Note 16, 2021)
14. INVESTMENTS				
INVESTMENTS IN EQUITY INSTRUMENTS				
In subsidiary (or vice versa) otherwise stated:				
Himalayan Fisheries Limited			81,300,000	81,300,000
100,000 nos. of ordinary shares of Rs. 300 each, fully paid up				
Himalayan Multi Agro Limited				
10,00,000 nos. of ordinary shares of Rs. 300 each, fully paid up			30,000,000	30,000,000
Himalayan Environment Organics Limited				
10,000 nos. of ordinary shares of Rs. 300 each, fully paid up			3,00,000	-
Total			84,300,000	111,300,000
15. ADVANCE FOR INVESTMENT				
Advance for investment in Himalayan Multi Agro Ltd.			-	30,000,000
100,000 nos. of ordinary shares of Rs. 300 each, Rs. 300 advance for share				
Total			-	30,000,000
16. OTHER ASSETS				
NON-CURRENT				
Advance for property plant and equipment	26,775,204	6,366,532	26,775,204	6,366,532
Deposit with statutory authorities - for appeals	37,348,242	37,348,242	37,348,242	37,348,242
Total	64,123,446	43,714,774	64,123,446	43,714,774
CURRENT				
Advance for goods and services	1,475,331	1,447,250	8,832,207	1,447,250
Employee advances	1,441	20,139	1,441	20,139
Advance with statutory authorities	70,775,058	71,668,310	70,775,058	71,668,310
Prepaid expenses	1,068,889	10,48,366	1,068,889	10,48,366
Others	32,774,310	41,202,086	32,774,310	41,202,086
Total	106,094,891	87,372,232	113,951,891	87,372,232
17. INVENTORIES				
At lower of cost and net realizable value				
Raw materials	208,327,783	193,277,942	208,327,783	193,277,942
Packing and other materials	95,282,387	61,506,268	95,282,387	61,506,268
Semi-finished goods	46,047,896	28,342,464	46,047,896	28,342,464
Finished goods	98,431,091	101,095,303	98,431,091	101,095,303
Stores and consumables	33,267,048	23,634,200	33,267,048	23,634,200
Preproduction materials	1,525,452	3,418,754	1,525,452	3,418,754
Total	676,991,657	610,195,827	676,991,657	610,195,827

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Brl

	ONCE		COMET	
	At 31 March 31, 2020 (Brl M, 000)	At 31 March 31, 2019 (Brl M, 000)	At 31 March 31, 2020 (Brl M, 000)	At 31 March 31, 2019 (Brl M, 000)
6/8. TRADE RECEIVABLES				
Unsecured, considered good	-	216,303	-	216,303
Total	-	216,303	-	216,303
6/9. CASH AND CASH EQUIVALENTS				
Cash on hand	33,170	33,083	39,624	33,170
Deposits with banks				
Interest accounts	1,871,000,380	1,240,000,398	1,861,704,910	1,239,347,070
Total	1,871,033,550	1,240,033,481	1,861,744,534	1,239,380,240
6/10. OTHER BANK BALANCES				
Fixed Deposits with banks	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Overdrafts with banks	-	-	-	-
Total	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
6/11. OTHER FINANCIAL ASSETS				
Margin deposits	8,342,008	8,831,758	8,342,008	8,831,758
Banking deposits	580,100	8,587,787	580,100	8,587,787
Forward Contract	23,904	70,087	23,904	70,087
Total	8,946,012	14,489,632	8,946,012	14,489,632
10/11. SHARE CAPITAL				
Authorized				
Q001 - 15,000,000 iss. of ordinary shares of Brl 100 each	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Q040 - 80,000,000 iss. of ordinary shares of Brl 100 each				
Issued				
Q001 - 15,073,414.02 iss. of ordinary shares of Brl 100 each	1,075,401,802	1,075,523,315	1,075,401,802	1,075,523,315
Q040 - 1,067,213.81 iss. of ordinary shares of Brl 100 each				
Subscribed and paid up				
Q001 - 15,073,414.02 iss. of ordinary shares of Brl 100 each	1,075,401,802	1,075,523,315	1,075,401,802	1,075,523,315
Q040 - 1,067,213.81 iss. of ordinary shares of Brl 100 each				
Total	1,075,401,802	1,075,523,315	1,075,401,802	1,075,523,315

A. RECONCILIATION OF NUMBER OF SHARES OUTSTANDING:

(Amount in '000)

	AS AT APRIL 30, 2003 (2002 N. 3075)	AS AT APRIL 30, 2003 (2002 N. 3075)	AS AT APRIL 30, 2003 (2002 N. 3075)	AS AT APRIL 30, 2003 (2002 N. 3075)
At the beginning of the year	24,705,233.15	24,705,233.15	24,705,233.15	24,705,233.15
Add shares issued during the year	-	-	-	-
Add bonus shares issued during the year	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
At the end of the year	25,705,233.15	25,705,233.15	25,705,233.15	25,705,233.15

B. RIGHTS, PREFERENCE AND RESTRICTIONS ATTACHED TO EQUITY SHARES:

The Company has one class of equity shares having a face value of Rs. 100 per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in the case of interim dividend.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(Amount in '000)

	2003		2002	
	AS AT APRIL 30, 2003 (2002 N. 3075)	AS AT APRIL 30, 2003 (2002 N. 3075)	AS AT APRIL 30, 2002 (2001 N. 3075)	AS AT APRIL 30, 2002 (2001 N. 3075)
12/13. RESERVES AND SURPLUS				
Retained earnings	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
12/14. BORROWINGS				
NON-CURRENT				
Due to banks	-	-	-	-
Term loans	-	-	-	-
Long current maturities of term loans	-	-	-	-
Total	-	-	-	-
CURRENT				
Due to banks	-	-	-	-
Short term and demand loans	-	-	-	-
Bank overdrafts	-	-	-	-
Current maturities of term loans	-	-	-	-
Total	-	-	-	-
12/15. LEASE PAYABLES				
NON-CURRENT				
Lease Payables	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Long current maturities of lease payables	-	-	-	-
Total	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
CURRENT				
Current maturities of lease payables	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Total	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Bn

	GROUP		CONSORT	
	AS AT APRIL 30, 2021 (BILION, RMB)	AS AT APRIL 30, 2020 (BILION, RMB)	AS AT APRIL 30, 2021 (BILION, RMB)	AS AT APRIL 30, 2020 (BILION, RMB)
14% DEFERRED TAX LIABILITIES (NET)				
Deferred tax liabilities				
On property, plant and equipment	34,771,287	31,015,544	34,771,287	31,015,544
On right to use assets	3,772,449	3,221,953	3,772,449	3,221,953
On Forward Contract	4,338	27,967	4,338	27,967
	40,535,954	34,255,364	40,535,954	34,255,364
Deferred tax assets				
On Derivative Financial Liability	272,276	45,483	272,276	45,483
On corporate social responsibility	2,476,490	1,876,335	2,476,490	1,876,335
On Lease Liability	6,393,032	3,493,077	6,393,032	3,493,077
	8,941,728	5,411,873	8,941,728	5,411,873
Total	31,572,336	28,943,492	31,572,336	28,943,492

MOVEMENT IN DEFERRED TAX LIABILITIES / (ASSETS) BALANCES

Amount in Bn

	GROUP				CONSORT			
	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
a. For the year ended August 31, 2021 (July 31, 2020)								
Deferred tax liabilities								
On property, plant and equipment	31,015,544	3,645,833	-	34,771,287	31,015,544	3,660,833	-	34,771,287
On right to use Assets	3,221,953	2,550,996	-	3,772,449	3,221,953	2,550,996	-	3,772,449
On Forward Contract	27,967	31,700	-	4,338	27,967	30,700	-	4,338
Total deferred tax liabilities	34,255,364	6,200,399	-	40,535,954	34,255,364	6,200,399	-	40,535,954
Deferred tax (assets)								
On Derivative Financial Liability	45,483	(24,792)	-	179,280	45,483	(24,792)	-	179,280
On corporate social responsibility	(2,476,490)	3,602,270	-	2,476,490	(2,476,490)	3,602,270	-	2,476,490
On Lease Liability	(3,493,077)	(2,842,340)	-	(6,393,032)	(3,493,077)	(2,842,340)	-	(6,393,032)
Total deferred tax (assets)	(5,411,873)	(2,071,862)	-	(8,941,728)	(5,411,873)	(2,071,862)	-	(8,941,728)
Deferred tax liabilities - Net	28,943,492	4,128,537	-	31,572,336	28,943,492	4,128,537	-	31,572,336

b. For the year ended August 31, 2020 (July 31, 2019)

Deferred tax liabilities								
On property, plant and equipment	31,015,544	3,983,850	-	34,999,422	31,015,544	3,983,850	-	34,999,422
On right to use Assets	3,221,953	2,642,332	-	3,772,449	3,221,953	2,642,332	-	3,772,449
On Forward Contract	-	27,967	-	27,967	-	27,967	-	27,967
Total deferred tax liabilities	34,237,497	6,654,149	-	38,799,838	34,237,497	6,654,149	-	38,799,838
Deferred tax (assets)								
On Derivative Financial Liability	-	45,483	-	45,483	-	45,483	-	45,483
On corporate social responsibility	(2,476,490)	3,233,094	-	3,476,512	(2,476,490)	3,233,094	-	3,476,512
On Lease Liability	(3,493,077)	(2,872,700)	-	(6,393,032)	(3,493,077)	(2,872,700)	-	(6,393,032)
Total deferred tax (assets)	(5,962,567)	3,405,877	-	(2,556,790)	(5,962,567)	3,405,877	-	(2,556,790)
Deferred tax liabilities - Net	28,274,930	3,248,272	-	36,243,048	28,274,930	3,248,272	-	36,243,048

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

amount in \$M

	GROUP		COMPANY	
	AT 31 MARCH 31, 2002 (2002 \$, \$M)	AT 31 MARCH 31, 2001 (2001 \$, \$M)	AT 31 MARCH 31, 2002 (2002 \$, \$M)	AT 31 MARCH 31, 2001 (2001 \$, \$M)
15/16 TRADE PAYABLES				
Trade payables for goods and services	68,344,086	30,495,438	68,357,324	30,495,438
Total	68,344,086	30,495,438	68,357,324	30,495,438
16/16 OTHER FINANCIAL LIABILITIES				
CURRENT				
Payable for property, plant and equipment	29,589,036	45,240,028	29,589,036	45,240,028
Employer's liability payable	31,052,461	8,921,436	31,052,461	8,921,436
Payable to president and other funds	2,354,080	2,354,080	2,354,080	2,354,080
Others	38,390,346	21,304,246	38,390,346	8,921,436
Total	70,385,923	75,820,790	70,385,923	65,437,020
17/16 OTHER LIABILITIES				
CURRENT				
Advances collected from customers	30,984,314	30,984,314	30,984,314	30,984,314
Statutory dues	4,354,036	4,354,036	4,354,036	4,354,036
Employment income	19,078,206	19,078,206	19,078,206	19,078,206
Staff Welfare Fund	1,071,837	1,071,836	1,071,837	1,071,836
Unpaid dividend	29,899,070	36,430,086	29,899,070	36,430,086
Corporate social responsibility	9,771,568	7,336,096	9,771,568	7,336,096
Total	95,139,037	109,260,570	95,139,037	109,260,570
18/20 CURRENT TAX LIABILITIES / ADVANCES INCOME TAX (NET)				
Provision for income tax	302,405,747	196,270,079	302,405,747	196,270,079
Less: advance tax	(197,915,426)	(279,134,326)	(197,915,426)	(279,134,326)
Total	4,894,321	(82,864,247)	4,894,321	(82,864,247)
19/21 GROSS REVENUE FROM OPERATIONS				
Total sales	7,444,540,702	4,107,643,332	7,444,540,702	4,107,643,332
Export sales	761,285	-	761,285	-
Royalty income	55,624,007	27,093,643	55,624,007	27,093,643
Total	7,500,925,994	4,134,736,975	7,500,925,994	4,134,736,975
20/22 COST OF GOODS SOLD				
New materials consumed	834,352,360	225,034,956	834,352,360	225,034,956
Perishing and auxiliary materials consumed	364,756,699	308,518,102	364,756,699	308,518,102
Purchase of stock-in-trade	-	-	-	-
Cost of raw material sold	45,352,294	20,771,969	45,352,294	20,771,969
Change in semi-finished goods and finished goods				
Opening stock				
Semi-finished goods	28,342,464	4,204,831	28,342,464	4,204,831
Finished goods	325,995,850	103,471,379	325,995,850	103,471,379
Total	124,390,614	107,676,340	124,390,614	107,676,340
Closing stock				
Semi-finished goods	46,547,856	28,542,464	46,547,856	28,542,464
Finished goods	385,470,096	303,995,760	385,470,096	303,995,760
Total	432,017,952	332,538,224	432,017,952	332,538,224
Total change in semi-finished goods and finished goods	(197,627,338)	62,339,580	(197,627,338)	62,339,580
Total	1,346,034,420	771,091,029	1,346,034,420	771,091,029

Cont.

Cont'd.

Amount in \$M

	2020		2019	
	As of April 30, 2020 (US\$ M, 2020)	As of April 30, 2020 (US\$ M, 2020)	As of April 30, 2019 (US\$ M, 2019)	As of April 30, 2019 (US\$ M, 2019)
23/23. MANUFACTURING EXPENSES				
Power and fuel	11,341,308	8,260,907	11,341,308	8,260,907
Blending and distillation charges	30,481,420	30,481,420	30,481,420	30,481,420
Repairs and maintenance	10,702,595	10,702,595	10,702,595	10,702,595
Wages and service charges	32,796,439	32,796,439	32,796,439	32,796,439
Inventory write-off	6,432,855	-	6,432,855	-
Total	232,713,589	121,570,407	232,713,589	121,570,407
23/24. EMPLOYEE BENEFITS EXPENSES				
Salary and allowances	196,081,809	196,081,809	196,081,809	196,081,809
Contributions to provident fund and social security fund	14,233,209	14,233,209	14,233,209	14,233,209
Staff welfare expenses	5,336,904	4,690,030	5,336,904	4,690,030
Travel allowance	4,348,337	4,348,337	4,348,337	4,348,337
Employment bonus	14,128,706	14,128,706	14,128,706	14,128,706
Total	234,129,065	239,573,191	234,129,065	239,573,191
23/25. ADMINISTRATION AND OTHER EXPENSES				
Annual general meeting expenses	431,039	431,039	431,039	431,039
Repairs and maintenance	6,031,503	6,031,503	6,031,503	6,031,503
Office expenses	3,394,160	2,982,239	3,394,160	2,982,239
Traveling and conference	5,520,346	4,027,247	5,520,346	4,027,247
Charity and donations	176,002	203,331	176,002	203,331
Corporate social responsibility expenses	5,404,405	3,553,487	5,404,405	3,553,487
Acid fee	50,200	495,200	495,200	495,200
Rent	73,133	1,174,300	73,133	1,174,300
Salaries and wages	12,275,838	12,275,838	12,275,838	12,275,838
Power and fuel	10,718,942	6,075,364	10,718,942	6,075,364
Mailing fees	1,040,000	1,075,000	1,040,000	1,075,000
Communication, postage and courier	5,428,236	1,131,033	5,428,236	1,131,033
Printing and stationery	1,027,907	829,790	1,027,907	829,790
Professional fees	8,042,648	3,533,433	8,042,648	3,533,433
Training expenses	798,244	366,429	798,244	366,429
Security and other service expenses	8,126,237	10,706,703	8,126,237	10,706,703
Insurance	6,347,913	5,371,130	6,347,913	5,371,130
Bank charges	1,486,943	326,303	1,486,943	326,303
Guest entertainment	3,074,360	1,947,932	3,074,360	1,947,932
Laboratory and sample expenses	1,104,126	414,324	1,104,126	414,324
Foreign exchange loss	933,291	22,437	933,291	22,437
Exchange loss on forward contract	433,401	308,785	433,401	308,785
Asset Write Off	4,346,377	4,272,341	4,346,377	4,272,341
Tax Administration Expense	2,751,493	-	2,751,493	-
Total	81,701,640	71,734,792	81,701,640	71,571,739

	GROUP		CONTINENTAL	
	AS OF 31.03.2023 (IN € M. 3015)	AS OF 31.03.2022 (IN € M. 3015)	AS OF 31.03.2023 (IN € M. 3015)	AS OF 31.03.2022 (IN € M. 3015)
24/26 SELLING AND DISTRIBUTION EXPENSE				
Trade provisions	246,794,629	254,385,900	247,382,376	254,385,900
Marketing provision	343,939,079	367,807,825	343,939,079	367,807,825
Insurance	487,254	288,292	487,254	288,292
Delivery expense	97,089,560	16,274,034	96,959,340	16,274,034
Total	478,421,607	479,549,632	478,771,400	479,549,632
25/27 OTHER OPERATING INCOME				
Non income	81,423	40,000	81,423	40,000
Gain/loss on sale of property, plant and equipment (net)	86,289	95,214	86,289	95,214
Gain/loss on Disposal of Right to Use Assets	59,923	-	59,923	-
Interest Income	54,245,968	54,345,892	54,245,968	54,345,892
Other income	2,489,248	2,092,286	2,489,248	2,092,286
Total	66,941,023	57,722,392	66,941,023	57,722,392
26/28 FINANCE COSTS				
Interest expense	-	-	-	-
On borrowing from bank/financial at amortized cost	-	-	-	-
On short-term and working-capital loan	-	14,629	-	14,629
On bank liability	1,895,890	1,379,038	1,895,890	1,379,038
Total	1,895,890	1,393,667	1,895,890	1,393,667
27/29 TAX EXPENSES				
A. AMOUNT RECOGNIZED IN PROFIT OR LOSS				
Current tax	-	-	-	-
Income tax for the year	322,325,747	281,276,079	322,325,747	281,276,079
Income tax related to previous years	1,362,884	1,677,219	1,362,884	1,677,219
Total current tax	323,688,631	282,953,298	323,688,631	282,953,298
Deferred tax	-	-	-	-
Deferred tax for the year	2,628,754	978,840	2,628,754	978,840
Total deferred tax	2,628,754	978,840	2,628,754	978,840
Total	326,317,385	283,932,138	326,317,385	283,932,138
B. AMOUNT RECOGNIZED IN OTHER COMPREHENSIVE INCOME				
The tax (charge)/credit arising on income and expenses recognized in other comprehensive income is as follows:				
On items that will not be included in profit or loss				
Reversal/amounts of Deferred Benefit Obligations	-	-	-	-
Total	-	-	-	-

Continental

2024

2024 12 31

	GROUP		CONSORT	
	AS AT 31/12/2024 (IN £'M, 2024)	AS AT 31/12/2024 (IN £'M, 2024)	AS AT 31/12/2024 (IN £'M, 2024)	AS AT 31/12/2024 (IN £'M, 2024)
C. RECONCILIATION OF INCOME TAX EXPENSE AND ACCOUNTING PROFIT				
Profit before tax	1,269,068,145	867,262,838	1,269,343,852	496,571,232
Income tax at the applicable rate of 25.0%	317,612,632	216,816,209	317,612,632	124,146,808
Tax effect of amounts which are not deductible / included in calculating taxable income				
Non-deductible expense	11,961,230	3,791,565	11,961,230	3,791,565
Taxable loss not recognised				
Taxable Gain not recognised	70,000			
Income paid	324,234	-	324,234	-
Income tax recognised in profit or loss	322,075,796	220,607,774	322,075,796	127,938,373

26/30. EARNINGS PER SHARE

The company discloses basic and diluted earnings per share (EPS) for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees.

Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.

Profit attributable to equity holders of the Company	941,275,791	754,274,336	941,446,488	363,348,730
Weighted average number of shares	30,754,018.02	26,735,233.05	30,754,018.02	26,735,233.05
Basic and diluted earnings per share	30.62	28.21	30.62	13.60

The company issued 4,076,764.97 numbers of shares as fully paid up bonus shares during the financial year.

The effect of such issue on earnings per share of previous year 2023-24 has been computed as follows:

Profit attributable to equity holders of the Company	-	754,274,336	-	363,348,730
Weighted average number of shares	-	30,754,018.02	-	30,754,018.02
Revised basic and diluted earnings per share	-	24.50	-	11.82

29. Subsidiaries

The subsidiaries (which along with Himalayas Distillery Ltd., the parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

NAME	PERCENTAGE OF OWNERSHIP INTEREST AS AT 31/12/2024 (IN £'M, 2024)	PERCENTAGE OF OWNERSHIP INTEREST AS AT 31/12/2024 (IN £'M, 2024)
Himalayas Multi-Age Ltd.	100	100
Himalayas Pottery Ltd.	100	100
Himalayas Himalayan Organic Ltd.	100	100

30. Dividend

For the year ended Ahsad 32: 2042 (July 15, 2025), the board of directors proposed for dividend of 25% of the paid-up share capital amounting to Rs. 76,85,52,453.06 which consists of 20% bonus shares amounting to Rs. 484,683,562.41 and 5% final cash dividend amounting to Rs. 153,670,090.65 (inclusive of dividend tax).

For the Year Ahsad 31: 2041 (July 15: 2024), the board of directors proposed for dividend of 20% of the paid-up share capital amounting to Rs. 554,504,603 which consists of 15% bonus shares amounting to Rs. 400,876,431.25 and 5% final cash dividend amounting to Rs. 133,026,165.75 (inclusive of dividend tax).

31. Non-current assets classified as held for sale.

The Group has not classified any assets as held for sale in the current fiscal year.

32. Financial instrument and related disclosures

a. Capital management.

The Group manages its capital to ensure that it will be able to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders through optimisation of debt and equity balance. The Group monitors the return on capital employed based on asset turnover and profitability ratio.

The Group is not subject to any capital adequacy norms under regulations presently in force.

b. Category of financial instrument

Amount in Rs.

	AS AT AHSAD 32, 2042 (JULY 15, 2025)		AS AT AHSAD 31, 2041 (JULY 15, 2024)	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial assets				
Measured at amortized cost				
Trade receivables	-	-	2,36,303	2,36,303
Cash and cash equivalents & other Bank Balances	2,713,303,634	2,713,303,634	2,340,096,125	2,340,096,125
Other financial assets	8,946,462	8,946,462	14,688,612	14,688,612
Total financial assets	2,722,250,126	2,722,250,126	2,354,750,839	2,354,750,839
Financial liabilities - measured at amortized cost				
Borrowings	-	-	-	-
Loans payable	14,835,345	14,835,345	15,686,377	15,686,377
Trade payables	68,546,086	68,546,086	30,675,488	30,675,488
Other financial liabilities	70,167,933	70,167,933	70,626,045	70,626,045
Total financial liabilities	153,549,401	153,549,401	116,987,910	116,987,910

c. Financial risk management

The Group has a systemic based approach to risk management with policies and procedures and internal financial controls aimed at identification, evaluation and management of key financial risks (such as market risks, credit risks and liquidity risks) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a consistent manner and in compliance with applicable regulation.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rates, foreign exchange rates, and equity prices, and will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term interest-bearing loans with variable interest rates. The balance of term loans at the end of the year is Rs. Nil (2019-20: Rs. Nil) and short-term and demand loans is Rs. Nil (2019-20: Rs. Nil). The Group manages its interest rate risk by monitoring and managing cash flows and negotiating favorable rates on borrowings and deposits.

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year would decrease/increase by Rs. Nil (2019-20: Rs. Nil).

The Group undertakes transactions denominated in foreign currency, mostly Indian Rupees which are not subject to the risk of exchange rate fluctuations.

The Group is not an active investor in equity markets.

Liquidity risk

The Group's current assets aggregate to Rs. 3,43,940,128 (2019-20: Rs. 2,66,292,295) including cash and cash equivalent and other bank balances of Rs. 2,79,201,634 (2019-20: Rs. 2,34,040,120) against the aggregate current liabilities of Rs. 345,795,768 (2019-20: Rs. 299,905,339) including term loans maturing within one year from the reporting date of Rs. Nil (2019-20: Rs. Nil).

Further, the Group has access to undrawn borrowing facilities from banks of Rs. 375,000,000 (2019-20: Rs. 375,000,000) as at the reporting date. In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its liabilities as they become due does not exist.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables.

The Group extends credit to its customers keeping in view its business interest in accordance with the Group's credit policy. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's creditworthiness and financial capacity, trade practices and prevailing business and economic conditions. The Group's exposure, as on the reporting date, net of loss allowance stood at Rs. Nil (2019-20: Rs. Nil).

The Group carries other financial assets, such as balances with banks and other receivables. Bank deposits are held with commercial banks having a strong financial position and taking into account the experience of the Group over time, the counterparty risk attached to such assets is considered insignificant.

8. Fair value

The following presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	FAIR VALUE MEASURED BY GROUP	AS AT 31ST MARCH 2020 (IN ₹ LAKHS)	AS AT 31ST MARCH 2019 (IN ₹ LAKHS)
Financial liabilities			
Measured at amortised cost			
Borrowings	3		
Loan payable	3	14,875,381	13,686,877
Total financial liabilities		14,875,381	13,686,877

The carrying amounts of trade and other receivables, cash and cash equivalents, current portion of loans, current portion of borrowings, trade payables and due to employees and other parties are the same as their fair values, due to their short-term nature.

An explanation of each level is provided below.

Level 1 Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted prices. The fair value of all equity instruments which are traded on the stock exchanges is valued using the closing price as at the reporting date.

Level 2 The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

33. Related party disclosures

Names of related parties and description of relationship

a. Subsidiary

- Himalayan Multi Agns Limited (100%)
- Himalayan Fisheries Limited (100%)
- Himalayan Endowment Organic Limited (100%)

b. Companies in which the investor (including close member of family) has significant influence

- Himalayan Group of Industries Pvt. Ltd.
- JGI Distributions Pvt. Ltd.
- Boiling River Distillery Pvt. Ltd.
- Asian Distillery Pvt. Ltd.
- Food and Beverage Technology Research Centre Pvt. Ltd.
- Vijay Distillery Pvt. Ltd.
- R & R Suppliers Pvt. Ltd.
- Raj Brewery Pvt. Ltd.
- Majestic Ventures P. Ltd.

c. Key management personnel

- | | |
|-----------------------------|-------------------------|
| • Mr. Shashiraj Raj Pandey | Chairperson |
| • Mr. Santosh Shrestha | Director |
| • Mrs. Yashika Shrestha | Director |
| • Mr. Shikhar Prasad | Director |
| • Mr. Balraj Mishra Ghoshal | Director |
| • Mr. Prakash Kumar Ghoshal | Independent Director |
| • Mr. Niraj Subedi | Chief Executive Officer |

Amount in RMB

	FOR THE YEAR ENDED	
	31 March 2023 (2022: 31 March)	31 March 2022 (2021: 31 March)
Summary of the transactions with related parties		
Sale of goods		
XZ Distribution Pte. Ltd.	1,230,300,027	4,347,887,223
Kulling River Distillers Pte. Ltd.	978,439,245	98,234,676
Road & Beverage Technology Research Centre Pte. Ltd.	232,760	-
Vijay Distillery Pte. Ltd.	343,331,701	291,280,265
Himalayan Multi Agro Limited	442,295	-
Purchase of goods		
Kulling River Distillers Pte. Ltd.	5,303,707	2,260,321
Road & Beverage Technology Research Centre Pte. Ltd.	186,426,283	104,518,333
Himalayan Fisheries Organic Limited	387,750	-
Purchase of services		
Sarawak Ptd Group of Industries Pte. Ltd.	-	-
Road & Beverage Technology Research Centre Pte. Ltd.	175,077,244	320,195,345
XZ Distribution Pte. Ltd.	302,754,368	383,696,090
Royalty income		
Kulling River Distillers Pte. Ltd.	98,742,752	36,680,790
Vijay Distillery Pte. Ltd.	3,022,430	5,587,387
Sale of Property, Plant & Equipment		
Vijay Distillery Pte. Ltd.	-	71,324
Himalayan Multi Agro Limited	-	9,300,098
Road & Beverage Technology Research Centre Pte. Ltd.	-	81,340
Reimbursement of Expenses		
XZ Distribution Pte. Ltd.	36,330,809	32,140,727
Advance Given		
Himalayan Multi Agro Limited	25,724	126,376
Advance For Share	-	10,000,000
Himalayan Fisheries Limited	831,201	5,372
Purchase of Property Plant & Equipment		
Vijay Distillery Pte. Ltd.	-	432,000
Dividend Paid		
Road & Beverage Technology Research Centre Pte. Ltd.	78,871,294	83,741,923
Himalayan Fisheries Pte. Ltd.	12,689,800	14,447,000
R & F Supplies Pte. Ltd.	62,076,075	10,249,075
Summary of closing balances with related parties		
XZ Distribution Pte. Ltd.	11,960,620	130,462,285
Kulling River Distillers Pte. Ltd.	-	-
Sarawak Ptd Group of Industries Pte. Ltd.	-	-
Road & Beverage Technology Research Centre Pte. Ltd.	-	-
Vijay Distillery Pte. Ltd.	-	-
Himalayan Fisheries Organic Limited	1,790	-
Advances		
Himalayan Multi Agro Limited	2,402,948	2,402,234
Himalayan Fisheries Limited	2,765,354	1,558,364

Transaction with key management personnel

Meeting fees paid to chairman and directors during the year amount to Rs. 2,040,000 (2080-Rs. 1,595,000). Cash Dividend of Rs. 850,950 (2080-Rs. 1,775,343) and dividend in the form of bonus shares amounting to Rs. 1,962,893 (2080-Rs. 1,383,560) were also paid during the year.

Meeting fees paid to Independent Director during the year amount to Rs. 365,000 (2080-Rs. 240,000).

Salary and Allowance to related persons

Amount in Rs.

NAME	SALARY AND OTHER MONIES
Mr. Sind Subedi (CEO)	\$2,300,547

34. Commitment and contingencies

a. Capital Commitment

Amount for contracts remaining to be executed on capital account as on April 30, 2020 (July 31, 2019) Rs. 25,275,476.10 (2080-Rs. 44,680,718.70).

b. Contingent liabilities

The company has received a demand for additional income tax from the large taxpayers' Office for the financial years 2082-83 and 2079-80, amounting to Rs. 88,821,480 (2080-Rs. 88,821,480), additional VAT for the financial years 2080-81 and 2080-81 amounting to Rs. 30,418,825 (2080-Rs. 30,418,825) and additional TDS for the financial year 2079-80 amounting to Rs. 4,236,364 (2080-Rs. Nil). These matters are under legal proceedings with the relevant authorities. The company has deposited Rs. 32,048,142 (2080-Rs. 32,048,142) as part of the appeals for these cases. However, if the decisions are not in favor of the company, additional fines and interest may be charged on these amounts.

The company has made provisions of Rs. 7,310,682 and Rs. 702,627 against income tax and VAT respectively, as per the verdicts of Honorable Supreme Court for the fiscal year 2080-81. However, the company has not provided for potential interest and fines that could arise on these amounts. Similarly during the year company has also made provision of Rs. 4,346,280 and Rs. 34,070 against income tax and VAT for the liability created against Tax Audit for FY 2079-80.

Additionally, the company has received an order from the Labor Court for the payment of compensation to laborers, with the estimated amount being Rs. 16,471,385. However, the company has obtained a stay order from the Honorable Supreme Court. Furthermore, two laborers have filed petitions against their termination from employment to the Labor Court; the liability against these petitions has not been estimated.

The details of contingent liabilities and deposits are as follows:

Amount in Rs.

NATURE	FISCAL YEAR	AUTHORITY	AMOUNT IN, APRIL 30, 2020		AMOUNT IN, APRIL 30, 2019	
			CONTINGENT LIABILITY AS PER ACCOUNTING STANDARDS	DEMAND FOR APPEAL (RS.)	CONTINGENT LIABILITY AS PER ACCOUNTING STANDARDS	DEMAND FOR APPEAL (RS.)
VAT	2080/81	Supreme Court	291,094	91,210	291,094	91,210
VAT	2080/82	Supreme Court	-	1,029,000	-	1,029,000
VAT	2018/19	Island Revenue Department	30,407,129	10,036,000	30,407,129	10,036,000
Income Tax	2080/82	Supreme Court	-	2,777,759	-	2,777,759
Income Tax	2080/82	Supreme Court	-	5,678,330	-	5,678,330
Income Tax	2082/83	Supreme Court	5,076,240	579,600	5,076,240	579,600
Income Tax	2079/80	Island Revenue Department	87,661,342	17,310,000	87,661,342	17,310,000
Labor wage	2018 to till Date	Supreme Court	16,471,385	-	14,363,885	-
TDS	2079/80	Island Revenue Department	4,236,364	-	-	-
Total			140,054,849	21,548,142	133,365,210	21,548,142

35. Interim Reporting

Interim reports have been publicly reported for each public company in the group, in accordance with the requirement of 2080/81 and 2079/80.



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Independent Auditor's Report

To the Shareholders of Himalayan Multi Agro Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Himalayan Multi Agro Limited (the "Company"), which comprise the statement of financial position as at Ashadh 32, 2072 (July 28, 2015), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material aspects, the financial position of the Company as at Ashadh 32, 2072 (July 28, 2015), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

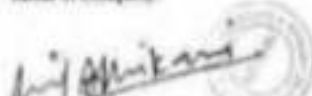
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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 the requirements of Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any officer or bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.


Kishor Kumar
Partner

Place: Kathmandu, Nepal
Date: October 08, 2023

UTER No.: 231007CA0050R0000P

HIMALAYAN MULTIAGRO LTD.

STATEMENT OF FINANCIAL POSITION

As on 30 October 2022/31 July 2022

Amount in Rs.

PARTICULARS	NCN	CURRENT YEAR	PREVIOUS YEAR
Assets			
Non-Current Assets			
Property, Plant & Equipment	1	90,879,000	90,879,000
Deferred Tax Assets		-	-
Total Non-Current Assets		90,879,000	90,879,000
Current Assets			
Inventory	2	-	-
Cash & Cash Equivalents	3	990,127	822,136
Trade & Other Receivables	4	53,126	-
Total Current Assets		94,124	822,136
Total Assets		91,593,124	91,501,136
Equity & Liabilities			
Equity			
Share Capital	5	30,000,000	30,000,000
Share Application Money	6	-	30,000,000
Reserve & Surplus	7	19,593,124	19,501,136
Total Equity		49,593,124	79,501,136
Current Liabilities			
Trade Payables	8	94,124	-
Trade & Other Payables	9	1,406,225	1,406,225
Total Current Liabilities		1,500,349	1,406,225
Total Equity & Liabilities		51,093,473	80,907,361

Schedule 1 to 13 and accompanying notes are an integral part of this financial statements

As per our report of audit date

ALINA SHRESTHA
MANAGING DIRECTOR

ANIL SHRESTHA
CHIEF EXECUTIVE OFFICER

SHANDEE RAJ PANDIT
CHIEF FINANCIAL OFFICER

PRASADHARAN CHANDRAN
CHIEF ACCOUNTANT

SUNIL ADHIKARI
DIRECTOR
For S.A.S. Associates
Chartered Accountants

For: **Statements**
Date: 30 October 2022

HIMALAYAN MULTI AGRO LTD.
STATEMENT OF PROFIT OR LOSS

 For the year ended on 31st March, 2020/31st May, 2021

Amount in Rs.

PARTICULAR	IN	CURRENT YEAR	PREVIOUS YEAR
Income			
Revenue From Operations	30	762,283	-
Less: Cost of Sales	35	540,530	-
Gross Profit		221,753	-
Add:			
Other Income		-	-
Less:			
Administrative Expenses	52	73,861	54,500
Selling & Distribution Expenses	53	35,008	-
Financial Expenses		-	-
Depreciation Charges		-	-
Profit Before Tax		112,884	(54,500)
Current Tax		-	-
Deferred Tax		-	-
Net Profit/(Loss) After Tax		112,884	(54,500)
Basic Earnings Per Share		11.29	10.540
Diluted Per Share		11.29	10.540

Schedule 1 to 13 and accompanying notes are an integral part of this financial statements

As per our report of audit date

 CHARTERED ACCOUNTANTS
ALINA SHRESTHA
 FINANCE MANAGER

 CHARTERED ACCOUNTANTS
NIHAJ KUREDI
 CHIEF FINANCIAL OFFICER

 CHARTERED ACCOUNTANTS
SHARAD RAJ PANDAY
 CHAIRMAN

 CHARTERED ACCOUNTANTS
PRASAD KUMAR CHANDRA
 MANAGING DIRECTOR

 CHARTERED ACCOUNTANTS
SUNIL ADHIKARI
 CHARTERED
 For S.A.S. Associates
 Chartered Accountants

 Place: Kathmandu
 Date: 30th October, 2021

HYMALAYAN MULTICRO LTD.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended on 31st March, 2024 (in Rupee, ₹)

Amount in ₹		
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit for the year	27,283	(34,526)
Other comprehensive income, net of income tax		
a) Items that will not be reclassified to profit or loss		
Gain/(loss) from investments in equity instruments measured at fair value		
Gain/(loss) on remeasurement		
Actuarial gain/(loss) on defined benefit plans		
Income tax relating to above items		
Net other comprehensive income that will not be reclassified to profit or loss	0	0
b) Items that are or may be reclassified to profit or loss		
Gain/(loss) on cash flow hedge		
Exchange gain/(loss) (including items translating financial assets of foreign operations)		
Income tax relating to above items		
Reclassify to profit or loss		
Net other comprehensive income that are or may be reclassified to profit or loss		
c) Share of other comprehensive income of associate accounted as per equity method		
Other comprehensive income for the year, net of income tax	0	0
Total comprehensive income for the year	27,283	(34,526)

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

As per our report of even date

ALINA SHRESTHA
Finance Manager

ANJAY SHRESTHA
Chief Executive Officer

SHANZER RAJ PANDIT
Chartered Accountant

PRASADIPAN CHAKRABORTY
Independent Director

SUNIL ADHIKARI
Director
For S.A.R. Associates
Chartered Accountants

Page: 24
Date: 30th October, 2023

HIMALAYAN MUSTI ACRO LTD.

STATEMENT OF CASH FLOWS for the year ended 30th June 2021

Amount in Rs.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax	271980	264,326
Add: Depreciation/Amortisation	-	-
Net Cash Flow Before Changes in Working Capital	271980	264,326
Interest Paid	-	-
Changes in Trade and Other Receivables	23,530	27,097
Changes in Sundry Creditors	91,073	-
Changes in Trade and Other Payables	27,626	-
Net Cash Flow From Operating Activities	394,189	291,423
B. Cash Flow From Investing Activities		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	-	19,075,000
Net Cash Flow From Investing Activities	-	19,075,000
C. Cash Flow From Financing Activities		
Increase/(Decrease) in Share Capital	50,000,000	-
Increase/(Decrease) in Advances for Share Capital	10,000,000	50,000,000
Increase/(Decrease) in Bank Loans	-	-
Net Cash Flow From Financing Activities	60,000,000	50,000,000
Net Cash Flow	954,189	341,423
Add: Opening Cash & Bank Balance	822,219	438,249
Closing Cash & Bank Balance	1,776,408	879,672

Schedule 1 to 12 and accompanying notes are an integral part of the financial statements.

As per our report of even date.

ALOK KUMAR
FINANCE MANAGER

ANIL KUMAR
CHIEF EXECUTIVE OFFICER

SHANDEEP KUMAR
MANAGER

PRABHAKAR CHAND
MANAGER

SUNIL KUMAR
CHIEF FINANCIAL OFFICER
For S.A.S. Associates
Chartered Accountants

Page: 10
Date: 30th October, 2020

HEMALAYAN MULTICRO LTD.

STATEMENT OF CHANGES IN EQUITY As on 31st March 2022 to 31st July 2022

PARTICULARS	EQUITY SHARE	SHARE PREMIUM	RESERVATION RESERVE	ACCUMULATED PROFIT/(LOSS)	TOTAL
Balance As on 01.04.2020	20,000,000	-	-	(760,300)	19,239,700
Profit / (Loss) for the year	-	-	-	(104,500)	(104,500)
Issue of Share Capital	-	-	-	-	-
Balance As on 31.03.2021	20,000,000	-	-	(864,800)	19,135,200
Balance As on 01.04.2021	20,000,000	-	-	(864,800)	19,135,200
Profit / (Loss) for the year	-	-	-	(21,000)	(21,000)
Issue of Share Capital	10,000,000	-	-	-	10,000,000
Balance As on 31.03.2022	30,000,000	-	-	(885,800)	29,114,200

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

As per the report of audit firm

ALINA SHRESTHA
FINANCE MANAGER

NIRAJ SURESH
CHIEF EXECUTIVE OFFICER

SHARDEE RAJ PANDIT
CA/COMPANY

PRABHAKAR CHANDRA
MANAGING DIRECTOR

SUNIL ADHIKARI
C.A. FICSI
For I.A.R. Associates
Chartered Accountants

Page: 3
Date: 30th October 2022

HIMALAYAN MULTI AGRO LTD.

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

As on 31.03.2023 (IN INR '000)

PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	MACHINERY	TOTAL ASAT END 2022 (IN INR '000)	TOTAL ASAT END 2021 (IN INR '000)
Cost								
As on (Balance), 2020	35,675,000							35,675,000
Additions during the Year								
Acquisition	-							-
Capitalisation	-							-
Deposited during the year	-							-
Adjustments/Revaluations	-							-
Balance as on Asat end 2021	35,675,000	-	-	-	-	-		35,675,000
Additions during the Year								
Acquisition	-							-
Capitalisation	-							-
Deposited during the year	-							-
Adjustments/Revaluations	-							-
Balance as on Asat end 2022	35,675,000	-	-	-	-	-		35,675,000
Depreciation and Impairment								
As on (Balance), 2020	-	-	-	-	-	-		-
Depreciation charge for the Year	-	-	-	-	-	-		-
Impairment for the year	-	-	-	-	-	-		-
Depreciate	-	-	-	-	-	-		-
Adjustment	-	-	-	-	-	-		-
As on Asat end 2021	-	-	-	-	-	-		-
Impairment for the year	-	-	-	-	-	-		-
Depreciation charge for the Year	-	-	-	-	-	-		-
Depreciate	-	-	-	-	-	-		-
Adjustment	-	-	-	-	-	-		-
As on Asat end 2022	-	-	-	-	-	-		-
Capital Work in Progress	-	-	-	-	-	-		-
Net Book Value								
As on Asat end 2021	35,675,000	-	-	-	-	-		35,675,000
As on Asat end 2022	35,675,000	-	-	-	-	-		35,675,000

HEMALAYAN MULTICRO LTD.

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

For the year ended on 31st March, 2020/19 July, 2020

INVENTORY Schedule - 2

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Packing Materials	-	-
Total	-	-

CASH & BANK Schedule - 3

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Cash in Hand (as certified by the Management)	832	832
Bank Balances:		
Customer Bank International Ltd.	879,705	879,706
Total	900,537	882,138

TRADE & OTHER RECEIVABLES Schedule - 4

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Debtors	-	-
Advance from Suppliers	22,506	-
Total	22,506	-

SHARE CAPITAL Schedule - 5

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Authorized Capital 0,000,000 nos. of shares of Rs. 100 each	200,000,000	200,000,000
Issued Capital 1,000,000 nos. of shares of Rs. 100 each	100,000,000	87,000,000
Paid Up Capital 3,000,000 nos. of shares of Rs. 100 2,000,000 nos. of shares of Rs. 100 1,000,000 nos. of shares of Rs. 100	30,000,000	30,000,000 30,000,000 30,000,000
Less: Amount Received on call	-	78,000,000
Total	30,000,000	29,000,000

SHARE APPLICATION Schedule - 6

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Amount Received for Share Capital on Call	-	10,000,000
Total	-	10,000,000

RESERVE & SURPLUS Schedule - 7

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit Transferred from Previous Year	192,000	192,000
Profit Transferred for the Year	0	164,500
Total	192,000	356,500

HIMALAYAN MULTI AGRO LTD.

SUNDRY CREDITORS Schedule - 8

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Creditors	95,550	-
Total	95,550	-

TRADE & OTHER PAYABLES Schedule - 8

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
TDI Payable	2,309	1,701
Accrued Payable	99,730	25,300
Other Payable	3,407,940	2,402,234
Tax Payables	5,814	-
Total	2,413,893	2,429,235

SALES Schedule - 10

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Sales Revenue	742,383	-
Total	742,383	-

COST OF GOODS SOLD Schedule - 10

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Opening Inventory	-	-
Add: Purchase	690,535	-
Less: Closing Stock	-	-
Total	690,535	-

ADMINISTRATIVE EXPENSES Schedule - 12

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Auto Fuel	29,000	21,400
Legal Expenses	8,700	8,700
Printer & Publication Expenses	10,000	6,400
Other Expenses	1,500	800
Registration & Renewal Expenses	25,724	226,300
Total	75,924	364,800

SELLING AND DISTRIBUTION Schedule - 8

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Transportation	26,400	-
Total	26,400	-

A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

1. General Background of the Company

Himalayan Multi Agro Ltd. is a public company domiciled in Birtamod, Nepal. The registered office of the company is at Purna 21, Birtamod and has the objective of managing by-products generated from industrial productions.

2. Basis of Preparation

Himalayan Multi Agro Ltd. Financial statements are prepared in accordance with the Nepal Financial Reporting Standards which comprises of Nepal Accounting Standards and Nepal Financial Reporting Standards issued by Nepal Accounting Standards Board. These financial statements for the year ended 31st Ashadh 2082 comprising of following have been prepared as prescribed under Companies Act, 2063:

- Statement of Financial Position as at the end of the period;
- Statement of Profit or Loss and other Comprehensive Income for the period;
- Statement of Changes in Equity for the period;
- Statement of Cash Flows for the period;
- Notes, comprising significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period;
- Statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statement, or when it reclassifies items in its financial statements.

These financial statements for the year ended 31st Ashadh 2082 prepared by Himalayan Multi Agro Ltd. is in accordance with NFRSs issued and prevailing as on date. Carve-outs issued by the Accounting Standard Board Nepal and applicable for Himalayan Multi Agro Ltd. have been adopted as and where necessary.

3. Statement of Compliance

The Financial Statement of Himalayan Multi Agro Ltd. which comprises components mentioned above have been prepared in accordance with Nepal Financial

Reporting Standards (hereafter referred as NFRS) laid down by the Institute of Chartered Accountants of Nepal.

4. Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of financial Statements as per applicable and relevant laws and provisions in force.

5. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Defined benefit plans.
- Financial Assets and Liabilities Classified as measured at Fair value
- Lease assets measured as per NFRS 16
- Investment in Associates measured using equity method
- Investment Property measured at Fair Value

6. Functional and Presentation Currency

The Financial Statements of Himalayan Multi Agro Ltd. are presented in Nepalese Rupees (NPR), which is the currency of the primary economic environment in which the Company operates. There was no change in Himalayan Multi Agro Ltd.'s presentation and functional currency during the year under review.

7. Presentation of Financial Statements

The assets and liabilities of the company presented in the Statement of Financial Position are grouped in an order of the functions of assets within the entity and the amounts nature and timing of liabilities. An analysis is made on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

8. Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial.

9. Offsetting

In compliance with Nepal Accounting Standard- NAS

31 (Presentation of Financial Statements), assets and liabilities or income and expenses are not offset, unless required or permitted by a NRS.

Also, as per Para 42 of NAS 32 Financial Instruments-Presentations, Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position, only when:

- There is a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Differed material and relevant items identified to have significant impact on user's decision-making process have been shown separately.

10. Comparative Information

The Financial Statement of the Company provides comparative information in respect of previous periods. The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with NAS-01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NRSs. Further, comparative information is reclassified whenever necessary to comply with the current period presentation.

11. Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Accounting Standards requires the management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgments, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised, and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in the Financial Statements are as follows:

12. Going Concerns

The Board has made an assessment of the Company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is aware of any material uncertainties that may cast significant doubt upon ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

13. Fair Value measurement

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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market are considered when these are accessible by the Company.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

B. SCHEDULE TO THE FINANCIAL STATEMENTS

1. Property, Plant and Equipment

The company applies cost model of valuation to assets within the same class of property, plant, and equipment (PPE) in accordance with NAS 16 Property, Plant and Equipment.

Cost Model: In this model, assets are measured at historical cost less accumulated depreciation and impairment losses. This method provides a stable and consistent measurement basis.

Recognition and Measurement

The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into the operations. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Revaluations have been made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Company recognises such parts as individual assets with specific useful lives, and depreciates them accordingly. Likewise, when a major overhaul is performed, the directly attributable cost of the overhaul is recognized in the carrying amount of the plant and equipment if the recognition criteria are satisfied. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major overhaul.

Subsequent Expenditures

Subsequent expenditure incurred to replace a component of an item of property plant and equipment or to improve its operational performance, that is accounted for separately, is included in the asset's carrying amount or recognized as a separate asset as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is subsequently derecognized.

Expenditure on major inspection and overhauls of production plant is capitalized when it meets the asset recognition criteria and is depreciated over the period until the next major overhaul. All other repair and maintenance costs are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Depreciation

Depreciation is provided on all other items of property, plant and equipment so as to write off the carrying value over the expected useful economic life.

Depreciation is charged to statement of income on a written down value method over the estimated useful life of fixed assets.

Impairment of Assets other than financial assets -
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (IAS 38, Impairment of assets). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each financial reporting date, Himalayan Multi Agro Ltd. reviews the carrying amounts of its tangible assets, to determine whether there is any indication that these 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). Where it is not possible to estimate the recoverable amount of an individual asset, Himalayan Multi Agro Ltd. the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual

cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

However, assets are not tested for impairment as on reporting date.

2. Deferred Tax Assets/Liabilities

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except -

○ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

○ On respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and

tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax asset/liability has been recognized and accounted for on the temporary timing difference between the Tax base with Carrying amount of assets and liabilities.

3. Inventories

Inventories comprise raw material, work in progress and finished. Inventories are stated at the lower of cost and estimated net realizable value.

Cost is determined using the weighted average method. Inventory cost includes

- Costs of purchase (including taxes, transport, and handling) net of trade discounts received
- Costs of conversion (including fixed and variable manufacturing overheads) and
- Other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the number of inventories recognized as an expense in the period in which the reversal occurs.

4. Trade and Other Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortised cost less impairment allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Usually, the collection of such trade receivables is expected in 1 year or less, i.e. in the normal operating cycle of the business if longer.

5. Cash and Cash Equivalent

Cash and Cash Equivalent comprise of cash in hand, cheques in hand, current and call accounts with the banks, for the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at current and call accounts with banks, other short term highly liquid investments with original maturities of three months or less. Allowance for loss in lieu of shortage of cash and cash equivalents are made for, if any, in the value of such cash and cash equivalents.

6. Share capital

Share capital represents the funds received in the form of cash or cash equivalents, including initial equity contributions. It encompasses provisions for issuing bonus shares, as guided by the relevant accounting standards, including NAS 32 (Financial Instruments: Presentation) and NAS 1 (Presentation of Financial Statements).

Bonus shares are issued from retained earnings or eligible reserves. Transaction costs related to equity are deducted from share capital, and the balance may be categorized under paid-up capital or other equity components.

7. Reserve and Surplus

Reserves and surplus comprise various components, including the opening balance, additions during the year, transfers to and from reserves, dividends, bonus shares issued, adjustments, and consolidation adjustments in retained earnings from owner transactions. It also includes share premium and transfers from revaluation surplus to retained earnings upon the disposal of assets, in compliance with NAS 1 and NAS 36.

8. Sundry creditors, Trade and Other Payables

Trade and other payables represent liabilities for goods or services provided to Himalayan Multi Agro Ltd. prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period.

9. Revenue from Operation

All income relating to normal business operations, is recognized as revenue in the income statement in accordance with NTRG 31. All other income is reported as other operating income.

Revenue is recognized when control over the goods or services transfers to the customer, i.e., when the customer has the ability to control the use of the transferred goods or services provided and generally derive their remaining benefits. There must be a contract with enforceable rights and obligations and, amongst other things, the receipt of consideration must be likely, taking into account the customer's credit quality. Revenue corresponds to the transaction price to which Himalayan Multi Agro Ltd. is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of revenue recognized will not occur and to the extent that the uncertainty associated with the variable consideration no longer exists.

For each performance obligation, revenue is either recognized at a point in time or over time. The revenue generated by providing services is recognized in the reporting period in which the service was rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

10. Cost Of Sales

The Cost of Sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. These costs consist of direct materials, direct labor, manufacturing overheads, and the cost of inventory sold. The cost of sales is recognized in the period when the related revenue is recognized.

The Cost of Sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. This amount includes the cost of the materials used in the production of goods and services along with the direct labor costs, manufacturing overheads, and the cost of inventory sold, and it does not include overhead expense related to the general operation of the business. An expense is recognized immediately in the income statement when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset.

11. Other Income

Other Income are the income earned by a company from activities outside its core operations. It includes revenue generated from non-operating sources such as interest income, dividend income, rental income, gains on sale of assets, and foreign exchange gains. These items are typically reported separately from revenue from operations in the financial statements.

12. Administration Expense

Office and Administration Expense include the expenses from repair and maintenance, rent, rates and taxes, printing and stationeries, advertisement expenses, insurance premium, etc. Audit fees have also been incorporated in general administrative expenses. These expenses are recognized as and when incurred.

13. Selling and Distribution Cost

The Company's Selling and Distribution Expenses include advertising, marketing consumables, product launching, promotional costs, employee expenses (salary, TADA), and transportation-related costs.

14. Finance Cost

Finance cost includes expenses related to borrowing funds, such as interest, bank charges, and fees. These costs are expensed unless directly related to qualifying assets, in which case they are capitalized, as per NAS 23.

15. Income Taxes

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

year, provision for current tax has not been made in the financial statements.

Since there are not any temporary differences, there is no deferred tax income or expense for current financial year.

16. Earnings Per Share (EPS)

Basic EPS Calculation (as per NAS 33)

According to NAS 33 - Earnings per Share, Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS Calculation (as per NAS 33)

NAS 33 also requires entities to present Diluted EPS, which reflects the potential dilution that could occur if convertible instruments, share options, or unpaid portions of share capital were converted into ordinary shares.

As per NAS 33, anti-dilutive potential ordinary shares should be ignored in calculating diluted EPS. Therefore, when dilution leads to an increase in EPS, it is treated as anti-dilutive, and the basic EPS is reported as the diluted EPS.

17. Contingent Liability

A contingent asset is a possible asset that 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. Contingent assets are not recognized in financial statements and when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

18. Related Party Disclosures

Under NAS 24 Related Party Disclosures, Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational

disclosure and include major shareholders, subsidiary companies, associates, retirement funds, directors and key management personnel and their close family members.

Directors and other Key Managerial Personnel (KMP) Key Management Personnel and their immediate family members are also considered to be related parties for disclosure purpose as per NAS-24 "Related Party Disclosures".

As per Nepal Financial Reporting Standard (NAS 24) "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Company considers the members of its Board, Chief Executive Officer and all managerial level executives as Key Management Personnel (KMP) of the company.

Name of related parties and description of relationship.

A. Holding Company	Himalayan Distillery Limited
B. Fellow Subsidiary	Himalayan Fisheries Limited Himalayan Endevore Organic Limited
C. Key Management Personnel	Mr. Shashir Raj Pandey Chairman Mr. Prakashmura Ghimire Independent Director Mr. Niraj Subedi Chief Executive Officer

Summary of closing balance with related parties

Particulars	Ashad 32, 2082	Ashad 31, 2081
Amount Received for Share Capital on call (Himalayan Distillery Ltd.)	-	80,000,000
Purchase (Himalayan Distillery Ltd.)	662,299	-
Other Payables (Himalayan Distillery Ltd.)	2,427,948	2,402,224

Independent Auditor's Report

To the Shareholders of Himalayan Fisheries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Himalayan Fisheries Limited (the "Company"), which comprise the statement of financial position as at Achadi 30, 2072 (July 16, 2017), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Achadi 30, 2072 (July 16, 2017), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

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 Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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



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

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

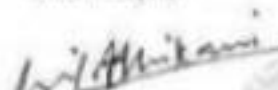
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and others applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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 the requirements of Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any officer bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.


 Sanil Adhikari
 Partner
 Place: Kathmandu, Nepal
 Date: October 18, 2023



UDEN No.: 25017CAt0059H5K3e

HIMALAYAN FISHERIES LTD.
STATEMENT OF FINANCIAL POSITION

as per the audited financial statements for the year ended 31st October 2023

Amount in Rs.

PARTICULAR	SCB	CURRENT YEAR	PREVIOUS YEAR
Assets			
Non-Current Assets			
Property, Plant & Equipment	1	82,505,250	82,505,250
Deferred Tax Assets		-	-
Total Non-Current Assets		82,505,250	82,505,250
Current Assets			
Cash & Cash Equivalents	2	461,442	35,758
Trade & Other Receivables	3	245,230	-
Total Current Assets		706,682	35,758
Total Assets		83,211,932	82,541,008
Equity & Liabilities			
Equity			
Share Capital	4	81,000,000	81,000,000
Reserves & Surplus	5	2,075,552	1,521,008
Total Equity		83,075,552	82,521,008
Current Liabilities			
Trade & Other Payables	6	2,796,382	1,992,140
Total Current Liabilities		2,796,382	1,992,140
Total Equity & Liabilities		85,871,932	84,513,148

Schedule 1 to 7 and accompanying notes are an integral part of these financial statements

As per our report of date 20/11/2023

ALINA BHARDWAJ
 Finance Manager

SANTOSH BHARDWAJ
 Director

DEEPAK KUMAR
 Chairman

RAJESH KUMAR
 Director

ANIL KUMAR
 Director
 For S.S. Associates
 (Chartered Accountants)

 Place: Kathmandu
 Date: 18th October, 2023

HIMALAYAN FISHERIES LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended on 30 April, 2022 (31 July 2022)

(Amount in Rs.)

PARTICULARS	2021	CURRENT YEAR	PREVIOUS YEAR
Revenue			
Revenue From Operations		7	7
Less: Cost of Sales			
Gross Profit		7	7
Add:			
Other Income		7	7
Less:			
Administrative Expenses	7	342,895	47,704
Financial Expenses		-	-
Depreciation Charge		-	-
Profit Before Tax		342,895	47,704
Current Tax		-	-
Deferred Tax		-	-
Net Profit/(Loss) After Tax		342,895	47,704
Basic Earnings Per Share		342895	47704
Diluted Per Share		342895	47704

Schedule 1st F and accompanying notes are an integral part of this financial statements

As per our report of even date


ALINA DHARITINA
 Finance Manager


SANTOSH DHARITINA
 Director


SHWETA RAJPUROHIT
 Chairperson


RAJNI BISHAL CHHARIA
 Director


RISHI ADHIKARI
 Director
 For S.A.S. Associates
 Chartered Accountants

Place: Kathmandu
 Date: 30th October, 2022

HIMALAYAN FISHERIES LTD.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended on 30 April, 2024 (31 July, 2023)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit for the year	(54,690)	(8,704)
Other comprehensive income, net of income tax		
of items that will not be reclassified to profit or loss		
Gain/(loss) from investments in equity instruments measured at fair value		
Gain/(loss) on cash flow hedge		
Actuarial gain/(loss) on defined benefit plans		
Income tax relating to above items		
Net other comprehensive income that will not be reclassified to profit or loss	-	-
of items that are or may be reclassified to profit or loss		
Gain/(loss) on cash flow hedge		
Exchange gain/(loss) arising from translating financial statements of foreign operations		
Income tax relating to above items		
Reclassified to profit or loss		
Net other comprehensive income that are or may be reclassified to profit or loss		
"1/5 share of other comprehensive income of associate accounted as per equity method"		
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	(54,690)	(8,704)

The accompanying notes are an integral part of this financial statements

As per our report of even date

ALISA KHOSHTA
Finance Manager

SANTOSH KHOSHTA
Director

SHANU RAI BANDEY
Chairperson

SACHIN BIMAL CHHIBER
Director

SONU ADHIKARI
Partner
For S.A.S. Associates
Chartered Accountants

Place: Kathmandu
Date: 18th October, 2023

HEMALAYAN FISHERIES LTD.

STATEMENT OF CASH FLOWS

For the Year Ended 30 April 2020 (31 July 2019)

Amount in Rs.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow From Operating Activities		
Net Profit (Loss) after Tax	(342,695)	(307,040)
Add: Depreciation/Charge	-	-
Net Cash Flow Before Changes in Working Capital	(342,695)	(307,040)
Interest Paid	-	-
Changes in Trade and Receivables	(245,200)	30,075
Changes in Trade and Payables	814,097	-
Net Cash Flow From Operating Activities	426,402	(376,965)
B. Cash Flow From Investing Activities		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	-	-
Net Cash Flow From Investing Activities	-	-
C. Cash Flow From Financing Activities		
Increase/Decrease in Share Capital	-	-
Increase/Decrease in Bank Loans	-	-
Net Cash Flow From Financing Activities	-	-
Net Cash Flow	426,402	(376,965)
Add Opening Cash & Bank Balance	25,556	79,399
Closing Cash & Bank Balance	451,958	25,556

Schedule 1 to 7 and its accompanying notes are an integral part of the financial statements

See page 104 Impact of Covid-19

ALINA SHRESTHA
FINANCE MANAGER

SANTOO SHRESTHA
DIRECTOR

SHARAD RAJ PANDEY
CHAIRPERSON

RADHI BIMAL CHOWDE
DIRECTOR

SUNIL ADHIKARI
DIRECTOR
For S.A.S. Accounts
(Chartered Accountant)

For the Board of Directors
Date: 30th October, 2020

HIMALAYAN FISHERIES LTD.

STATEMENT OF CHANGES IN EQUITY For the Year Ended 31st March, 2023 (In Rupee '000)

PARTICULARS	EQUITY SHARE	SHARE PREMIUM	DEVALUATION RESERVE	ACCUMULATED FORTWOLOSS	TOTAL
Balance As on 01.04.2020	81,380,000	-	-	(486,253)	80,893,747
Profit/(Loss) for the year	-	-	-	(47,754)	(47,754)
Issue of Share Capital	-	-	-	-	-
Balance As on 31.03.2021	81,380,000	-	-	(534,007)	80,845,993
Balance As on 01.04.2021	81,380,000	-	-	(534,007)	80,845,993
Issue of Share Capital	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	(147,892)	(147,892)
Balance As on 31.03.2022	81,380,000	-	-	(681,899)	80,698,101

As per the report of audit firm

ALINA SHRESTHA
DIRECTOR

SANTOSH SHRESTHA
DIRECTOR

SHANKAR KAL PANDIT
DIRECTOR

RAMESH KUMAR, CHAIRMAN
DIRECTOR

SUNIL KUMAR
DIRECTOR
For S.A.S. Associates
(Chartered Accountants)

Place: Kathmandu
Date: 18th October, 2023

HIMALAYAN FISHERIES LTD.

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

For the period between 1st April, 2020 to July, 2020

PARTICULARS	LAND	HOLDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLES	MACHINERY	TOTAL AS AT 30th JULY, 2020	TOTAL AS AT 30th JULY, 2019
							(IN INR. '000)	(IN INR. '000)
Cost								
As on 1st April, 2020	82,519,250							82,519,250
Addition during the Year								
Acquisition	-							-
Capitalization	-							-
Disposal during the year	-							-
Adjustment/Revaluation	-							-
Balance as on April end 2020	82,519,250	-	-	-	-	-	-	82,519,250
Addition during the Year								
Acquisition	-							-
Capitalization	-							-
Disposal during the year	-							-
Adjustment/Revaluation	-							-
Balance As on April end 2020	82,519,250	-	-	-	-	-	-	82,519,250
Depreciation and Impairment								
As on 1st April, 2020	-							-
Depreciation charge for the Year	-							-
Impairment for the year	-							-
Disposals	-							-
Adjustment	-							-
As on April end 2020	-	-	-	-	-	-	-	-
Impairment for the year	-							-
Depreciation charge for the Year	-							-
Disposals	-							-
Adjustment	-							-
As on April end 2020	-	-	-	-	-	-	-	-
Capital Work In Progress	-	-	-	-	-	-	-	-
Net Book Value								
As on April end 2020	82,519,250	-	-	-	-	-	-	82,519,250
As on April end 2020	82,519,250	-	-	-	-	-	-	82,519,250

HIMALAYAN FISHERIES LTD.
SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

Further extended on 30 April, 2023 (As per 2022)

CASH & BANK [Schedule 2](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Cash in Hand (as certified by the Management)	7%	7%
Bank Balances:		
Chitwan Bank International Ltd.	490,485	74,282
Total	490,485	74,282

TRADE & OTHER RECEIVABLES [Schedule 3](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Debtors	-	-
Advances to Suppliers	245,000	-
Total	245,000	-

SHARE CAPITAL [Schedule 4](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Authorized Capital		
25,00,000 no. of shares of Rs. 100 each	250,000,000	250,000,000
Issued Capital		
25,00,000 no. of shares of Rs. 100 each	250,000,000	250,000,000
Paid Up Capital		
80,000 no. of shares of Rs. 100 each	80,000,000	80,000,000
Total	80,000,000	80,000,000

RESERVE & SURPLUS [Schedule 5](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit/Total after Previous Year	1,027,835	1,480,253
Profit/Total for this Year	540,890	1,477,941
Total	1,568,725	2,958,194

TRADE & OTHER PAYABLES [Schedule 6](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
10% Payable	1,701	1,701
Trade Pay Payable	20,000	20,000
Other Payable	2,771,027	1,910,844
Total	2,792,728	1,932,505

ADMINISTRATIVE EXPENSES [Schedule 7](#)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Audit Fee	22,400	22,400
Legal Expenses	8,700	8,700
Notice & Publication Expenses	43,000	4,400
Other Expenses	15,004	800
Registration & Renewal Expenses	12,884	9,100
Total	1,02,988	47,300

A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

1. General Background of the Company

Himalayan Fisheries Ltd. is a public company domiciled in Birgunj, Nepal. The registered office of the company is at Floor 21, Birgunj and has the objective of carrying out various activities related to agriculture.

2. Basis of Preparation

Himalayan Fisheries Ltd. financial statements are prepared in accordance with the Nepal Financial Reporting Standards which comprises of Nepal Accounting Standards and Nepal Financial Reporting Standards issued by Nepal Accounting Standards Board. These financial statements for the year ended 32nd Ashadh 2082 comprising of following have been prepared as prescribed under Companies Act, 2063:

- Statement of Financial Position as at the end of the period;
- Statement of Profit or Loss and other Comprehensive Income for the period;
- Statement of Changes in Equity for the period;
- Statement of Cash Flows for the period;
- Notes, comprising significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period;
- Statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statement, or when it reclassifies items in its financial statements.

These financial statements for the year ended 32nd Ashadh 2082 prepared by Himalayan Fisheries Ltd. is in accordance with NFRSs issued and prevailing as on date. Carve-outs issued by the Accounting Standard Board Nepal and applicable for Himalayan Fisheries Ltd. have been adopted as and where necessary.

3. Statement of Compliance

The Financial Statement of Himalayan Fisheries Ltd. which comprises components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS) laid down by the Institute of Chartered Accountants of Nepal.

4. Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements as per applicable and relevant laws and provisions in force.

5. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Defined benefit plans
- Financial Assets and Liabilities Classified as measured at Fair value
- Lease assets measured as per NFRS 16
- Investment in Associates measured using equity method
- Investment Property measured at Fair Value

6. Functional and Presentation Currency

The Financial Statements of Himalayan Fisheries Ltd. are presented in Nepalese Rupee (NPR), which is the currency of the primary economic environment in which the Company operates. There was no change in Himalayan Fisheries Ltd.'s presentation and functional currency during the year under review.

7. Presentation of Financial Statements

The assets and liabilities of the company presented in the Statement of Financial Position are grouped in an order of the functions of assets within the entity and the amounts nature and timing of liabilities. An analysis is made on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

8. Materiality and Aggregation

In compliance with Nepal Accounting Standards - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial.

9. Offsetting

In compliance with Nepal Accounting Standards - NAS 01 (Presentation of Financial Statements), assets and liabilities or income and expenses are not offset, unless required or permitted by a NFRS. Also, as per Para 42 of NAS 12 Financial Instruments - Presentation, Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position, only when:

- a. There is a legally enforceable right to set off the recognized amounts, and
- b. Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Different material and relevant items identified to have significant impact on user's decision-making process have been shown separately.

10. Comparative Information

The Financial Statement of the company provides comparative information in respect of previous periods. The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NFRSs. Further, comparative information is reclassified wherever necessary to comply with the current period presentation.

11. Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Accounting Standards requires the management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgments, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in the Financial Statements are as follows:

12. Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is aware of any material uncertainties that may cast significant doubt upon ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

13. Fair Value measurement

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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market are considered when these are accessible by the Company.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

B. SCHEDULE TO THE FINANCIAL STATEMENTS

1. Property, Plant and Equipment

The company applies cost model of valuation to assets within the same class of property, plant, and equipment (PPE) in accordance with NAS 16: Property, Plant and Equipment.

Cost Model: In this model, assets are measured at historical cost less accumulated depreciation and impairment losses. This method provides a stable and consistent measurement basis.

Recognition and Measurement

The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into the operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Revaluations have been made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhaul is performed, the directly attributable cost of the overhaul is recognized in the carrying amount of the plant and equipment if the recognition criteria are satisfied. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major overhaul.

Subsequent Expenditures

Subsequent expenditure incurred to replace a component of an item of property, plant and equipment or to improve its operational performance, that is accounted for separately, is included in the asset's carrying amount or recognized as a separate asset, as appropriate when it is probable that future economic benefits in excess of the

originally assessed standard of performance of the existing asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is subsequently derecognized.

Expenditure on major inspection and overhauls of production plant is capitalized when it meets the asset recognition criteria and is depreciated over the period until the next major overhaul. All other repair and maintenance costs are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Depreciation

Depreciation is provided on all items of property, plant and equipment (other than land) so as to write off the carrying value over the expected useful economic life.

Depreciation is charged to statement of income on a written-down value method over the estimated useful life of fixed assets.

Impairment of Assets other than financial assets -

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (NAS 38: Impairment of assets). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each financial reporting date, Hissolapuri Fisheries Ltd. reviews the carrying amounts of its tangible assets 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). Where it is not possible to estimate the recoverable amount of an individual asset, Hissolapuri Fisheries Ltd. the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

However, assets are not tested for impairment as on reporting date.

2. Deferred Tax Assets/Liabilities

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:-

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax asset/liability has been recognized and accounted for on the temporary timing difference between the Tax base with Carrying amount of assets and liabilities.

3. Cash and Cash Equivalent

Cash and Cash Equivalent comprise of cash in hand, cheques in hand, current and call accounts with the banks. For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at current and call accounts with banks, other short term highly liquid investments with original maturities of three months or less. Allowance for loss in less of shortage of cash and cash equivalents are made for, if any, in the value of such cash and cash equivalents.

4. Trade and Other Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are

recognized at fair value. They are subsequently measured at amortised cost less impairment allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Usually, the collection of such trade receivables is expected in 1 year or less (or in the normal operating cycle of the business if longer).

5. Share capital

Share capital represents the funds received in the form of cash or cash equivalents, including initial equity contributions. It encompasses provisions for issuing bonus shares, as guided by the relevant accounting standards, including NAS 32 (Financial Instruments: Presentation) and NAS 1 (Presentation of Financial Statements).

Bonus shares are issued from retained earnings or eligible reserves. Transaction costs related to equity are deducted from share capital, and the balance may be categorized under paid-up capital or other equity components.

6. Reserve and Surplus

Reserves and surplus comprise various components, including the opening balance, additions during the year, transfers to and from reserves, dividends, bonus shares issued, adjustments and consolidation adjustments in retained earnings from owner transactions. It also includes share premium and transfers from revaluation surplus to retained earnings upon the disposal of assets, in compliance with NAS 1 and NAS 35.

7. Trade and Other Payables

Trade and other payables represent liabilities for goods or services provided to Himalayan Fisheries Ltd. prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period.

8. Revenue from Operation

All income relating to normal business operations is recognized as revenue in the income statement in accordance with NFRS 15. All other income is reported as other operating income.

Revenue is recognized when control over the goods or services transfers to the customer, i.e., when the customer has the ability to restrict the use of the transferred goods or services provided and generally derive their remaining benefits. There must be a contract with enforceable rights and obligations and, amongst other things, the receipt of consideration must be likely, taking into account the customer's credit quality. Revenue corresponds to the transaction price to which Himalayan Fisheries Ltd. is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of revenue recognized will not occur and to the extent that the uncertainty associated with the variable consideration no longer exists.

For each performance obligation, revenue is either recognized at a point in time or over time. The revenue generated by providing services is recognized in the reporting period in which the service was rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

9. Cost Of Sales

The Cost of Sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. These costs consist of direct materials, direct labor, manufacturing overheads, and the cost of inventory sold. The cost of sales is recognized in the period when the related revenue is recognized.

The Cost of Sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. This amount includes the cost of the materials used in the production of goods and services along with the direct labor costs, manufacturing overheads, and the cost of inventory sold, and it does not include overhead expense related to the general operation of the business. An expense is recognized immediately in the income statement when an expenditure produces no future economic benefits or when, and to the extent

that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset.

10. Other Income

Other Income are the income earned by a company from activities outside its core operations. It includes revenue generated from non-operating sources such as interest income, dividend income, rental income, gains on sale of assets, and foreign exchange gains. These items are typically reported separately from revenue from operations in the financial statements.

11. Administration Expense

Office and Administration Expense include the expenses from repair and maintenance, rent, rates and taxes, printing and stationeries, advertisement expenses, insurance premiums, etc. Audit fees have also been incorporated in general administrative expenses. These expenses are recognized as and when incurred.

12. Selling and Distribution Cost

The Company's Selling and Distribution Expenses include advertising, marketing consumables, product launching, promotional costs, employee expenses (salary, TADA), and transportation-related costs.

13. Finance Cost

Finance cost includes expenses related to borrowing funds, such as interest, bank charges, and fees. These costs are expensed unless directly related to qualifying assets, in which case they are capitalized, as per NAS 23.

14. Income Taxes

Provision for current tax is made with reference to profit for the financial year based on the provisions of Income Tax Act, 2016. Since, there is taxable loss during the year, provision for current tax has not been made in the financial statements.

Since there are not any temporary differences, there is no deferred tax income or expense for current financial year.

15. Earnings Per Share (EPS)

Basic EPS Calculation (as per NAS 33)

According to NAS 33 - Earnings per Share, Basic

Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS Calculation (as per NAS 33)

NAS 33 also requires entities to present Diluted EPS, which reflects the potential dilution that could occur if convertible instruments, share options, or unpaid portions of share capital were converted into ordinary shares.

However, in this case, if we give effect to the unpaid share capital to calculate diluted EPS, the resulting EPS would actually increase instead of decrease – indicating an anti-dilutive effect.

As per NAS 33, anti-dilutive potential ordinary shares should be ignored in calculating diluted EPS. Therefore, when dilution leads to an increase in EPS, it is treated as anti-dilutive, and the basic EPS is reported as the diluted EPS.

16. Contingent Liability

A contingent asset is a possible asset that 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. Contingent assets are not recognized in financial statements and when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

17. Related Party Disclosures

Under NAS 24 Related Party Disclosures, Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary companies, associates, retirement funds, directors and key management personnel and their close family members.

Director's and other Key Management Personnel (KMP) Key Management Personnel and their immediate family members are also considered to be related parties for disclosure purpose as per NAS-24 "Related Party Disclosures".

As per Nepal Financial Reporting Standard (NAS) 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Company considers the members of its Board, Chief Executive Officer and all managerial level executives as Key Management Personnel (KMP) of the company.

Name of related parties and description of relationship.

A. Holding Company	Himalayan Distillery Limited
B. Fellow Subsidiary	Himalayan Multi Agro Limited Himalayan Endeavour Organic Ltd.
C. Key Management Personnel	Mr. Shandeep Raj Pandey Chairman Mr. Santosh Shrestha Director Mr. Babri Bishal Ghimire Director

Summary of closing balance with related parties

Particulars	Ashad 31, 2082	Ashad 31, 2081
Other Payables (Himalayan Distillery Ltd.)	2,765,755	1,958,364

Independent Auditor's Report

To the Shareholders of Himalayan Endeavour Organic Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Himalayan Endeavour Organic Limited (the "Company"), which comprise the statement of financial position as at Ashadh 32, 2073 (July 16, 2023) and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at Ashadh 32, 2073 (July 16, 2023), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

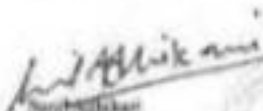
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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 the requirements of Company Act, 2063

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the Company were adequate for the purpose of the audit, the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any officer/bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of Company.


 Hari Prasad Pokhrel
 Partner
 Place: Kathmandu, Nepal
 Date: October 16, 2023
 UDIN No: 23101023000000000000000000000000

HIMALAYAN ENDEAVOR ORGANIC LTD.

STATEMENT OF FINANCIAL POSITION

 As on 31st October, 2020 (31st July 2021)

Amount in Rs.

Particular	INR	Current Year	Previous Year
Assets			
Non-Current Assets			
Property, Plant & Equipment	3	-	-
Deferred Tax Assets		-	-
Total Non-Current Assets		-	-
Current Assets			
Inventory	3	-	-
Cash & Cash Equivalents	3	14,890	-
Trade & Other Receivables	4	2,790	-
Total Current Assets		17,680	-
Total Assets		17,680	-
Equity & Liabilities			
Equity			
Share Capital	5	100,000	-
Reserve & Surplus	6	104,220	-
Total Equity		104,220	-
Current Liabilities			
Payable Creditors	7	-	-
Trade & Other Payables	8	22,460	-
Total Current Liabilities		22,460	-
Total Equity & Liabilities		17,680	-

Schedule 1 to 12 and accompanying notes are an integral part of this financial statements

As per our report of even date

 ALINA SHRESTHA
Finance Manager

 PRASADHANI CHANDRA
Independent Director

 SHARAD KJ PANDAY
Chairman

 SHRUTI PRASAD
Director

 PUNIL KUMAR
CFO
For C.A.S. Associates
Chartered Accountants

 Place: Kathmandu
Date: 30th October, 2020

HEMALAYAN ENDEAVOR ORGANIC LTD.

STATEMENT OF PROFIT OR LOSS For the year ended on 31st March, 2022 (in Rupee)

Amount in Rupee

PARTICULAR	SCR	CURRENT YEAR	PREVIOUS YEAR
Income			
Revenue from Operations	9	387,79,000	-
Less: Cost of Sales	30	352,301.89	-
Gross Profit		38,487	-
Add:			
Other Income		-	-
Less:			
Administration Expenses	51	18,068	-
Financial Expenses		-	-
Depreciation Charges		-	-
Profit Before Tax		(24,820)	-
Current Tax		-	-
Deferred Tax		-	-
Net Profit/Loss After Tax		(24,820)	-
Basic Earning Per Share		500	-
Diluted Per Share		500	-

Schedule The I and accompanying notes are an integral part of this financial statements

As per our report of even date

ALINA SHEKHAR
FINANCIAL MANAGER

PRASADHANI CHOPRA
MANAGEMENT DIRECTOR

SHARDEE RAJ PANDAY
Chartered

SHIKHER PRASAD
DIRECTOR

SUNIL AGHILAM
CHAIRMAN
For S.A.S. Associates
Chartered Accountants

Place: Kathmandu
Date: 30th October 2022

HIMALAYAN ENDEAVOR ORGANIC LTD.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended on 31 October 2024/31 July 2025

Amount in Rs.

HATHORILAB	CURRENT YEAR	PREVIOUS YEAR
Profit for the year	(204,833)	-
Other comprehensive income, net of income tax		
of items that will not be reclassified to profit or loss		
Gain/(loss) from investments in equity instruments measured at fair value		
Gain/(loss) on investments		
Actuarial gain/(loss) on defined benefit plan		
Income tax relating to above items		
Net other comprehensive income that will not be reclassified to profit or loss	-	-
of items that are or may be reclassified to profit or loss		
Gain/(loss) on cash flow hedge		
Exchange gain/(loss) arising from translating financial assets of foreign operations		
Income tax relating to above items		
Reclassification to profit or loss		
Net other comprehensive income that are or may be reclassified to profit or loss	-	-
% Share of other comprehensive income of associate accounted as per equity method	-	-
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	(204,833)	-

Schedule 1 to it and accompanying notes are an integral part of the financial statements

As per our report of even date

ALINA SHRESTHA
Finance Manager

PRASHANT LAKHOTA
Independent Director

SHANDEE RAJ HARDEY
Chairman

SHREER PRASAD
Director

SUNIL ADHIKARI
Partner
Firm: S.A.B. Associates
Chartered Accountants

Place: Kathmandu
Date: 18th October, 2025

HIMALAYAN ENDEAVOR ORGANIC LTD.

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2020 (IN Rupee Lakhs)

Annexure B

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow From Operating Activities		
Net Profit (Loss) after Tax	304,820	-
Add: Depreciation Charges	-	-
Net Cash Flow Before Changes in Working Capital	304,820	-
Interest Paid	-	-
Changes in Trade and Other Receivables	(3,790)	-
Changes in Sundry Creditors	-	-
Changes in Trade and Other Payables	33,670	-
Net Cash Flow From Operating Activities	334,600	-
B. Cash Flow From Investing Activities		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	-	-
Net Cash Flow From Investing Activities	-	-
C. Cash Flow From Financing Activities		
Increased/Decreased in Share Capital	100,000	-
Increased/Decreased in Bank Loans	-	-
Net Cash Flow From Financing Activities	100,000	-
Net Cash Flow	434,600	-
ADD Opening Cash & Bank Balance	-	-
Closing Cash & Bank Balance	434,600	-

Schedule 1 to II and accompanying notes are an integral part of this financial statements

As per our report of next date

ALINA SUBESTRA
 Finance Manager

PRABH NARAYAN
 Jointed Jointed Jointed

SHANKAR RAJ PANDIT
 Chairman

SHANKAR PRASAD
 Director

SUNIL ADHIKARI
 Director
 For S.A.S. - Secretary
 Chartered Accountant

For H. Himalayan
 Date: 30th October 2020

HIMALAYAN ENDEAVOR ORGANIC LTD.

STATEMENT OF CHANGES IN EQUITY As on 31st August 2023/31st July, 2023

PARTICULARS	EQUITY SHARE	SHARE PREMIUM	REVALUATION RESERVE	ACCUMULATED PROFIT/LOSS	TOTAL
Balance As on 01.04.2022	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Balance As on 31.03.2023	-	-	-	-	-
Balance As on 01.04.2023	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	(204,820)	(204,820)
Issue of Share Capital	300,000	-	-	-	300,000
Balance As on 30.03.2024	300,000	-	-	(204,820)	95,180

Schedule 1 to 2 and accompanying notes are an integral part of the financial statements.

As per our report of even date

ALINA KUMAR
FINANCE MANAGER

PRADHUMNI CHOPRA
INDEPENDENT AUDITOR

SHANU RAZ SANDEY
CA/SHRDL

SHRADDHA PRASAD
DIRECTOR

SUNIL KUMAR
DIRECTOR
For S.A.B. Associates
Chartered Accountants

Place: Noida
Date: 18th October, 2024

HIMALAYAN ENDEAVOR ORGANIC LTD.

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

For the year ended on 31.April, 2020 till July 2020

PARTICULARS	LAND	BUILDING	LEASEHOLD PROPERTIES	COMPUTER & ACCESSORIES	VEHICLE	FURNITURE	TOTAL AS AT END YEAR (31 JULY 2019)	TOTAL AS AT END YEAR (31 JULY 2020)
Cost								
As on Mar 2019								0
Addition during the Year								
Acquisition	0							0
Capitalization	0							0
Disposal during the year	0							0
Adjustment/Revaluation	0							0
Balance as on April end 2019	0	0	0	0	0	0	0	0
Addition during the Year								
Acquisition	0							
Capitalization	0							
Disposal during the year	0							
Adjustment/Revaluation	0							
Balance as on April end 2020	0	0	0	0	0	0	0	
Depreciation and Depreciated								
As on Mar 2019	0							0
Depreciation charge for the Year	0							0
Impairment for the year	0							0
Disposals	0							0
Adjustment	0							0
As on April end 2019	0	0	0	0	0	0	0	0
Impairment for the year	0	0	0	0	0	0	0	0
Depreciation charge for the Year	0	0						
Disposals	0	0						
Adjustment	0	0						
As on April end 2020	0	0	0	0	0	0	0	
Capital Work in Progress	0	0	0	0	0	0	0	0
Net Book Value								
As on April end 2019	0	0	0	0	0	0	0	0
As on April end 2020	0	0	0	0	0	0	0	

HERALAYAN ENDEAVOR ORGANIC LTD.
SCHEDULE FORMING PART OF FINANCIAL STATEMENTS For the year ended on 31 August, 2020 (01 July 2020)

CASH & BANK [Schedule 2](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Cash in Hand (as verified by the Management)	-	-
Bank Balances:		
Chitwan Bank International Ltd.	14,990	-
Total	14,990	-

INVENTORY [Schedule 3](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Inventory	-	-
Total	-	-

TRADE & OTHER RECEIVABLES [Schedule 4](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Debtors	2,790	-
Advances from Suppliers	-	-
Total	2,790	-

SHARE CAPITAL [Schedule 5](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Authorized Capital		
500,000 nos. of shares of Rs. 10/- each	50,000,000	-
Issued Capital		
500,000 nos. of shares of Rs. 10/- each	50,000,000	-
Paid Up Capital		
1000 nos. of shares of Rs. 10/-	100,000	-
Total	50,100,000	-

RESERVE & SURPLUS [Schedule 6](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit/(Loss) upto Previous Year	-	-
Profit/(Loss) for the Year	104,820	-
Total	104,820	-

SUNDRY CREDITORS [Schedule 7](#)
Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Creditors	-	-
Total	-	-

TRADE & OTHER PAYABLES Schedule - 8

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Trade Payable	1000	-
Trade Receivable	22,000	-
Total	23,000	-

SALES Schedule - 9

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Sales Revenue	38,750	-
Total	38,750	-

COST OF GOODS SOLD Schedule - 10

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Opening Inventory	-	-
Add Purchase	362,502	-
Less Closing Stock	-	-
Total	362,502	-

ADMINISTRATIVE EXPENSES Schedule - 11

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Trade Pay	22,000	-
Merchandise & Publication Expenses	2,000	-
Rent Charge	8	-
Other Expenses	10,000	-
Total	34,008	-

4. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

1. General Background of the Company

Himalayan Endeavour Organic Ltd. is a public company domiciled in Birtang, Nepal. The registered office of the company is at Pista 21, Birtang and has the objective of manufacturing and trading non-alcoholic drinks and food products.

2. Basis of Preparation

Himalayan Endeavour Organic Ltd. financial statements are prepared in accordance with the Nepal Financial Reporting Standards which comprises of Nepal Accounting Standards and Nepal Financial Reporting Standards issued by Nepal Accounting Standards Board. These financial statements for the year ended 31st Ashadh 2082 comprising of following have been prepared as prescribed under Companies Act, 2063:

- Statement of Financial Position as at the end of the period;
- Statement of Profit or Loss and other Comprehensive Income for the period;
- Statement of Changes in Equity for the period;
- Statement of Cash Flows for the period;
- Notes, comprising significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period;
- Statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statement, or when it reclassifies items in its financial statements.

These financial statements for the year ended 31st Ashadh 2082 prepared by Himalayan Endeavour Organic Ltd. is in accordance with NFRS issued and prevailing as on date. Curve-sets issued by the Accounting Standard Board Nepal and applicable for Himalayan Endeavour Organic Ltd. have been adopted as and where necessary.

3. Statement of Compliance

The Financial Statements of Himalayan Endeavour Organic Ltd. which constituent components mentioned above have been prepared in accordance with Nepal Financial Reporting Standards (hereafter referred as NFRS) laid down by the Institute of Chartered Accountants of Nepal.

4. Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements as per applicable and relevant laws and provisions in force.

5. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which have been measured at fair value:

- Defined benefit plans
- Financial Assets and Liabilities Classified as measured at Fair value
- Lease assets measured as per NFRS 16
- Investment in Associates measured using equity method
- Investment Property measured at fair Value

6. Functional and Presentation Currency

The Financial Statements of Himalayan Endeavour Organic Ltd. are presented in Nepalese Rupee (NPR), which is the currency of the primary economic environment in which the Company operates. There was no change in Himalayan Endeavour Organic Ltd.'s presentation and functional currency during the year under review.

7. Presentation of Financial Statements

The assets and liabilities of the company presented in the Statement of Financial Position are grouped in an order of the functions of assets within the entity and the amounts nature and timing of liabilities. An analysis is made on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

8. Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS-01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial.

9. Offsetting

In compliance with Nepal Accounting Standard- NAS-01 (Presentation of Financial Statements), assets and liabilities or income and expenses are not offset, unless required or permitted by a NERS.

Also, as per Para-42 of NAS-32 Financial Instruments- Presentation, Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position, only when:

- There is legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Different material and relevant items identified to have significant impact on user's decision-making process have been shown separately.

10. Comparative Information

The Financial Statement of the company provides comparative information in respect of previous periods. The accounting policies have been consistently applied by the Company with those of the previous financial year in accordance with NAS-01 Presentation of Financial Statements, except those which had to be changed as a result of application of the new NERSs. Further, comparative information is reclassified wherever necessary to comply with the current period presentation.

11. Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Accounting Standards requires the management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities,

income and expenses. Actual results may differ from these judgments, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimates are revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect in the Financial Statements are as follows:

12. Going Concern

The Board has made an assessment of the Company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is aware of any material uncertainties that may cast significant doubt upon ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

13. Fair Value measurement

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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market are considered when these are accessible by the Company.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

B. SCHEDULE TO THE FINANCIAL STATEMENTS

1. Property, Plant and Equipment

The company applies cost model of valuation to assets within the same class of property, plant and equipment (PPE) in accordance with NAS 16 Property, Plant and Equipment.

Cost Model: In this model, assets are measured at historical cost less accumulated depreciation and impairment losses. This method provides a stable and consistent measurement basis.

Recognition and Measurement

The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into the operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Recalculations have been made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhaul is performed, the directly attributable cost of the overhaul is recognized in the carrying amount of the plant and equipment if the recognition criteria are satisfied. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major overhaul.

Subsequent Expenditures

Subsequent expenditure incurred to replace a component of an item of property, plant and equipment or to improve

its operational performance, that is accounted for separately, is included in the asset's carrying amount or recognized as a separate asset as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is subsequently derecognized.

Expenditure on major inspection and overhauls of production plant is capitalized when it meets the asset recognition criteria and is depreciated over the period until the next major overhaul. All other repair and maintenance costs are charged to the consolidated statement of comprehensive income during the year in which they are incurred.

Depreciation

Depreciation is provided on all items of property, plant and equipment other than land so as to write off the carrying value over the expected useful economic life.

Depreciation is charged to statement of income on a written-down value method over the estimated useful life of fixed assets.

Impairment of Assets other than financial assets - Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (NAS 26 Impairment of assets). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-

generating unit. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each financial reporting date, Hindalco Indensor Organic Ltd. reviews the carrying amounts of its tangible assets 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). Where it is not possible to estimate the recoverable amount of an individual asset, Hindalco Indensor Organic Ltd. the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

However, assets are not tested for impairment as on reporting date.

2. Deferred Tax Assets/Liabilities

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except -

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax asset liability has been recognized and accounted for on the temporary timing difference between the Tax base with Carrying amount of assets and liabilities.

3. Cash and Cash Equivalent

Cash and Cash Equivalent comprise of cash in hand, cheques in hand, current and call accounts with the banks. For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash in hand,

deposits held at current and call accounts with banks, other short term highly liquid investments with original maturities of three months or less. Allowance for loss in case of shortage of cash and cash equivalents are made for, if any, in the value of such cash and cash equivalents.

4. Trade and Other Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost less impairment allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Usually, the collection of such trade receivables is expected in 1 year or less for in the normal operating cycle of the business if longer.

5. Share capital

Share capital represents the funds received in the form of cash or cash equivalents, including initial equity contributions. It encompasses provisions for issuing bonus shares, as guided by the relevant accounting standards, including NAS 32 (Financial Instruments: Presentation) and NAS 1 (Presentation of Financial Statements).

Bonus shares are issued from retained earnings or eligible reserves. Transaction costs related to equity are deducted from share capital, and the balance may be categorized under paid-up capital or other equity components.

6. Reserve and Surplus

Reserves and surplus comprise various components, including the opening balance, additions during the year, transfers to and from reserves, dividends, bonus shares issued, adjustments, and consolidation adjustments in retained earnings from share transactions. It also includes share premium and transfers from revaluation surplus to retained earnings upon the disposal of assets, in compliance with NAS 1 and NAS 16.

7. Trade and Other Payables

Trade and other payables represent liabilities for goods or services provided to Himalayan Endeavour Organic Ltd. prior to the end of financial year which are unpaid. Trade

payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period.

8. Revenue from Operation

All income relating to normal business operations is recognized as revenue in the income statement in accordance with IFRS 15. All other income is reported as other operating income.

Revenue is recognized when control over the goods or services transfers to the customer, i.e., when the customer has the ability to control the use of the transferred goods or services provided, and generally derive their remaining benefits. There must be a contract with enforceable rights and obligations and, amongst other things, the receipt of consideration must be likely, taking into account the customer's credit quality. Revenue corresponds to the transaction price to which Himalayan Endeavour Organic Ltd. is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of revenue recognized will not occur and to the extent that the uncertainty associated with the variable consideration no longer exists.

For each performance obligation, revenue is either recognized at a point in time or over time. The revenue generated by providing services is recognized in the reporting period to which the service was rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

9. Cost Of Sales

The Cost of sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. These costs consist of direct materials, direct labor, manufacturing overheads, and the cost of inventory sold. The cost of sales is recognized in the period when the related revenue is recognized.

The Cost of Sales includes all costs directly attributable to the production of goods and services sold during the period, in line with NAS 2. This amount includes the cost of the materials used in the production of goods and services along with the direct labor costs, manufacturing overheads, and the cost of inventory sold, and it does not include overhead expense related to the general operation of the business. An expense is recognized immediately in the Income Statement when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the balance sheet as an asset.

10. Other Income

Other Income are the income earned by a company from activities outside its core operations. It includes revenue generated from non-operating sources such as interest income, dividend income, rental income, gains on sale of assets, and foreign exchange gains. These items are typically reported separately from revenue from operations in the financial statements.

11. Administration Expense

Office and Administration Expense include the expenses from repair and maintenance, rent, rates and taxes, printing and stationeries, advertisement expenses, insurance premiums etc. Audit fees have also been incorporated in general administrative expenses. These expenses are recognized as and when incurred.

12. Selling and Distribution Cost

The Company's Selling and Distribution Expenses include advertising, marketing consumables, product launching, promotional costs, employee expenses (salary, TADA) and transportation-related costs.

13. Finance Cost

Finance cost includes expenses related to borrowing funds, such as interest, bank charges, and fees. These costs are expensed unless directly related to qualifying assets, in which case they are capitalized, as per NAS 23.

14. Income Taxes

Provision for current tax is made with reference to profit for the financial year based on the provisions of Income Tax Act, 2008. Since, there is taxable loss during the year, provision for current tax has not been made in the financial statements.

Since there are not any temporary differences, there is no deferred tax income or expense for current financial year.

15. Earnings Per Share (EPS)

Basic EPS Calculation (as per NAS 33)

According to NAS 33 – Earnings per Share, Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS Calculation (as per NAS 33)

NAS 33 also requires entities to present Diluted EPS, which reflects the potential dilution that could occur if convertible instruments, share options, or unpaid portions of share capital were converted into ordinary shares.

As per NAS 33, anti-dilutive potential ordinary shares should be ignored in calculating diluted EPS. Therefore, when dilution leads to an increase in EPS, it is treated as anti-dilutive, and the basic EPS is reported as the diluted EPS.

16. Contingent Liability

A contingent asset is a possible asset that 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. Contingent assets are not recognized in financial statements and, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

12 Related Party Disclosures

Under NAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary companies, associates, retirement funds, directors, and key management personnel and their close family members.

Directors and other Key Managerial Personnel (KMP)
Key Management Personnel and their immediate family

members are also considered to be related parties for disclosure purpose as per NAS-24 "Related Party Disclosures".

As per Nepal Financial Reporting Standard (NAS 24) "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Company considers the members of its Board, Chief Executive Officer and all managerial level executives as Key Management Personnel (KMP) of the company.

Name of related parties and description of relationship

A. Holding Company

Himalaya Distillery Limited

B. Fellow Subsidiary

Himalaya Fisheries Limited

Himalaya Multi Agro Limited

C. Key Management Personnel

Mr. Shambhu Raj Poudel

Chairman

Mr. Prakashmani Ghoshal

Independent Director

Mr. Shishir Prasad

Director

Summary of closing balance with related parties

Particulars	Actual 31, 2082	Actual 31, 2081
Sales Himalaya Distillery Ltd.)	387,750	-
Other Receivables Himalaya Distillery Ltd.)	2,790	-

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Notes

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BANKING PARTNER



INSTITUTE AUDITOR:
S.A.R. Associates
Chartered Accountants