



सोपान फर्मास्युटिकल्स लिमिटेड

महालक्ष्मी न.पा.-०८, ललितपुर, नेपाल

१५ औं

बार्षिक साधारण सभा
२०८०/२०८१

संचालक समितिको बार्षिक प्रतिवेदन
एवं
लेखापरीक्षकको प्रतिवेदन सहितका बार्षिक वित्तीय विवरणहरू

BOARD OF DIRECTORS



Dr. Anil Pokharel
Chairman



Dr. Er. Tara Prasad Pokharel
Board Director



Dr. Er. Sunil Kumar Pokhrel
Board Director



Mr. Bhim Lal Paudyal
Board Director



Mrs. Kriti Kumari Mahato
Board Director



Mr. Anish Shah
Board Director



Mr. Ashok Kumar Khadka
Immediate Past Chairman



Dr. Birendra Prasad Mahato
Past Chairman



Er. Rameshwor Rijal
Past Chairman



Er. Basanta Chandra Marahatta
Past Chairman



Mr. Navraj Pokhrel
Past Board Director



Ms. Laxmi Gurung
Past Board Director

MANAGEMENT TEAM



Mr. Suman Neupane
Chief Executive Officer



Mr. Sharad Khanal
Director of Technical Operations



Mr. Gandhi Prasad Sharma
Director of Sales and marketing



Sopan Pharmaceuticals Limited

Mahalaxmi Municipality-8, Lalitpur, Nepal

Regd.: 1172/066/067

च.नं.: ०३२/२०८१/०८२

मिति: २०८१/०५/१९

आदरणीय शेयरधनी महानुभावज्यू,
सोपान फार्मास्यूटिकल्स लिमिटेड ।

विषय : पन्ध्रौं बार्षिक साधारण सभा बस्ने बारे ।

महोदय,

प्रस्तुत विषयमा मिति २०८१/०५/०१ मा सम्पन्न यस सोपान फार्मास्यूटिकल्स लिमिटेडको संचालक समितिको ३८ औं बैठकको निर्णयानुसार यस कम्पनीको पन्ध्रौं बार्षिक साधारण सभा निम्न मिति, समय र स्थानमा तपशीलका विषयहरूमा छलफल तथा निर्णयका लागि बस्ने भएको हुँदा यहाँको जानकारी एवं गरिमायम उपस्थितिको लागि हार्दिक अनुरोध गर्दछौं ।

मिति : २०८१ साल भाद्र २४ गते (तदनुसार ९ सेप्टेम्बर, २०२४), सोमबार ।

समय : दिनको १:०० बजे ।

स्थान : होटल पौवा काठमाण्डौं, पशुपति भिजन कम्प्लेक्स, का.म.न.पा. बाई नं. ०९ गौशाला, काठमाण्डौं । (परिवर्तित)

छलफलका विषयहरू :

(क) समान्य प्रस्ताव :

- (१) संचालक समितिको तर्फबाट अध्यक्षज्यूले पेश गर्नु हुने आ. व. २०८०/०८१ को बार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने सम्बन्धमा ।
- (२) आ.व. २०८०/०८१ को लेखापरीक्षण प्रतिवेदन सहितको दासलात, नाफा नोक्सान हिसाव तथा नगद प्रवाह लगायतका सम्पूर्ण वित्तीय विवरणहरू उपर छलफल गरी पारित गर्ने सम्बन्धमा ।
- (३) कम्पनी ऐन २०६३ को दफा १११ बमोजिम आर्थिक बर्ष २०८१/८२ को लागि लेखापरीक्षक नियुक्ति गर्ने र निजको पारिश्रमिक तोक्ने सम्बन्धमा ।
- (४) संचालक समितिको निर्वाचन गर्ने सम्बन्धमा ।

(ख) विशेष प्रस्ताव :

- (१) कम्पनीको चुक्ता पूँजीको ३० प्रतिशत अर्थात १ : ०.३० को अनुपातमा हकप्रद शेयर निष्काशन गर्ने सम्बन्धमा ।
- (२) प्रस्ताव नं. १- बमोजिम हकप्रद शेयर निष्काशन पश्चात् कम्पनीको अधिकृत, जारी तथा चुक्ता पूँजी बृद्धि गर्न प्रबन्ध पत्रको दफा ६ (क, ख, ग र घ) मा संशोधन गर्ने सम्बन्धमा ।
- (३) प्रबन्धपत्र तथा नियमावलीमा गरिएको संशोधन सम्बन्धमा नियमनकारी निकायबाट कुनै फेर बदल, थपघट वा संशोधनका लागि निर्देशन भई आएमा सोही बमोजिम गर्न गराउन संचालक समितिलाई अख्तियारी दिने सम्बन्धमा ।

(ग) विविध ।



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Sopon Pharmaceuticals Limited

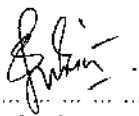
Mahalaxmi Municipality-8, Lalitpur, Nepal

Regd.: 1172/066/067

साधारण सभा सम्बन्धी सामान्य जानकारी

१. १५ औं बार्षिक साधारण सभा प्रयोजनाथ यहि मिति २०८१ साल भाद्र १५ गते १ दिन शेयर दाखिल खारेज बन्द (Book Close) रहनेछ। दाखिल खारेज बन्द मितिभन्दा अधिल्लो दिनसम्म कायम शेयरधनीले मात्र सभामा भाग लिन पाउने छन्।
२. कम्पनीको संक्षिप्त आर्थिक विवरण कम्पनीको लेखा शाखामा सम्पर्क गरी पाउन सकिने छ।
३. सभामा भाग लिन र मतदान गर्नको लागि प्रतिनिधि नियुक्ति गर्न चाहने शेयरधनीहरूले सभा शुरु हुनुभन्दा ४८ घण्टा अगावै अर्थात् २०८१/०५/२२ गते दिनको १ बजे भित्र कम्पनीको कर्पोरेट कार्यालय सुविधानगर तिनकुने, काठमाडौंमा प्रोक्सी पत्र दर्ता गरी सभामा पर्नेछ। कम्पनी सचिवको दस्तखत र कम्पनीको छाप भएको प्रोक्सीलाई मात्र मान्यता दिइनेछ। प्रोक्सी फाराम कम्पनीको प्रशासन शाखाबाट वा ईमेल मार्फत प्राप्त गर्न सकिने छ। एक भन्दा बढी प्रोक्सीको नाउँ उल्लेख गरेको प्रोक्सी रद्द हुनेछ।
४. प्रतिनिधि नियुक्ति गर्ने व्यक्ति, कम्पनी वा संगठित संस्था भएमा त्यस्तो नियुक्ति पत्रमा सो संस्था वा कम्पनीको छाप सहित अधिकृत व्यक्तिको दस्तखत भएको हुनुपर्छ। संस्थागत शेयरधनी बाहेक अरुले यसरी प्रतिनिधि नियुक्ति दर्ता गर्दा कम्पनीको अर्को शेयरधनीलाई मात्र नियुक्ति गर्नु पर्नेछ।
५. संयुक्त रूपमा शेयर खरिद गरिएको अवस्थामा लगत कित्तावमा पहिले नाम उल्लेख भएको व्यक्ति अथवा सर्वसम्मतबाट प्रतिनिधि नियुक्ति गरिएको एक व्यक्तिले मात्र सभामा भागलिन र मतदान गर्न पाउनेछ।
६. कुनै एक शेयरधनीले एक भन्दा बढी व्यक्तिलाई प्रतिनिधि नियुक्ति गरी पठाएकोमा जसको नियुक्ति पछिल्लो समय तथा मितिमा कम्पनीमा प्राप्त हुन्छ निजलाई मात्र प्रतिनिधिको हैसियतले सभामा भाग लिन र मतदान गर्ने अधिकार हुनेछ।
७. सभामा भाग लिन र मतदान गर्ने व्यक्ति एउटै हुनु पर्नेछ। प्रत्येक शेयरधनीले आफूले लिएको प्रत्येक शेयरको एक मतको हिसाबले मत दिन पाउनेछ।
८. कुनै शेयरधनीलाई कुनै जिज्ञासा भएमा साधारण सभा हुनुभन्दा ७ दिन अगावै कम्पनी सचिव भाफत संचालक समितिका अध्यक्ष समक्ष लिखित प्रस्ताव पेश गर्नु पर्नेछ। तर यसलाई सभामा छलफल र पारित हुने विषयका रूपमा सभावेश गरिने छैन।
९. संचालक निर्वाचन सम्बन्धी कार्यक्रम निर्वाचन अधिकृतले प्रकाशित गरे अनुसार हुनेछ। संचालक निर्वाचन सम्बन्धी विषयमा निर्वाचन अधिकृतको निर्णय अन्तिम हुनेछ।
१०. साधारण सभा सम्बन्धी अन्य जानकारी कम्पनीका कर्पोरेट कार्यालय सुविधानगर तिनकुने, काठमाडौंबाट प्राप्त गर्न सकिनेछ।
११. सभा सम्बन्धी अन्य काम कारवाही कम्पनी ऐन, २०६३ बमोजिम हुनेछ।

संचालक समितिको आज्ञाले,


कम्पनी सचिव





सोपान फार्मास्युटिकल्स लिमिटेडको १५ औं बार्षिक साधारणसभामा संचालक समितिको
तर्फबाट अध्यक्ष डा. श्री अनिल पोखरेलज्यूद्वारा प्रस्तुत
बार्षिक प्रतिवेदन - २०८१

सोपान फार्मास्युटिकल्स लि.को पन्ध्रौं बार्षिक साधारणसभा-२०८१ मा उपस्थित हुनु भएका आदरणीय शेयरधनी एवं प्रतिनिधिज्यूहरुमा यस कम्पनीको संचालक समिति तथा मेरो व्यक्तिगत तर्फबाट हार्दिक स्वागत तथा अभिवादन व्यक्त गर्दछु। साथै आर्थिक वर्ष २०८०/८१ को वासलात, नाफा-नोक्सान हिसाव तथा अन्य आर्थिक विवरणहरु स्वीकृतीको लागि सभा समक्ष प्रस्तुत गर्दछु। प्रस्तुत आर्थिक वर्षमा कम्पनीले हासिल गरेको प्रगति सम्बन्धि विवरण यसै प्रतिवेदनमा उल्लेख गरेको छु। चालु आर्थिक वर्षमा कम्पनीले निर्वाह गर्नुपर्ने भुमिकाका सम्बन्धमा यस सभाबाट रचनात्मक सुझाव तथा मार्ग निर्देशनको अपेक्षा समेत राखेको छु।

आदरणीय शेयरधनी एवं प्रतिनिधि महानुभावहरु,

वि.सं. २०६६ साल भाद्र ५ गते कम्पनी रजिष्ट्रार कार्यालय, काठमाण्डौंमा दर्ता भई २०७३ साल असोज ६ गते हालको महालक्ष्मी न.पा. वडा न. ८ ललितपुरमा स्थानान्तरण भई निर्माण कार्य सुरु भएको यस सोपान फार्मास्युटिकल्स लिमिटेड अन्तर्गतका दुई प्रोजेक्टहरु क्रमश Medical Oxygen Gas Plant र औषधि उद्योग स्थापना भई हाल पूर्णरूपमा सञ्चालनमा आईसकेका छन्। वि.सं. २०७८ साल फाल्गुण १९ गते Product Launching कार्यक्रम गरेर देशैभर औषधिको बिक्रि - वितरण सुरु गर्न सफल भएको जानकारी आदरणीय प्रतिनिधि महानुभावहरुमा विदितै छ।

अब म यस कम्पनीले संचालन गरेको Oxygen र औषधि उद्योगका उपलब्धिहरुवारे बुँदागत रुपमा प्रस्तुत गर्न अनुमति चाहन्छु।

(क) Medical Oxygen Gas Plant तर्फ

- (१) Oxygen Plant का लागि महालक्ष्मी न.पा. वडा न. ८ लुभु ललितपुरमा उद्योग स्थापनागरी २०७४ साल भाद्र २५ गते देखी Gas को व्यापारिक उत्पादन सुरु गरी बिक्रि-वितरण भईरहेको छ।
- (२) यस कम्पनीको Oxygen Plant ले Covid 19 को माहामारीको समयमा अनवरत उत्पादन गरि बिरामीको उपचारमा चाहिने अत्यावश्यक Oxygen Gas उपलब्ध गराई कयौं जनताको सेवा गरेको र हाल पनि उक्त कार्यलाई निरन्तरता दिईरहेको जानकारी विदितै छ।
- (३) यस प्लान्ट स्थापनाको लागि कूल लागत रु १७ करोड २८ लाख भएको र प्रभु बैंक लिमिटेड, बबरमहल शाखाबाट ऋण स्वरुप रु ११ करोड ९ लाख ३२ हजार प्राप्त भएकोमा चालु आ.व. सम्ममा उक्त ऋण रु ५ करोड ४० लाख ९२ हजार बाँकी रहेको छ।
- (४) नेपालमा अक्सिजन ग्याँस प्लान्ट स्थापना गरि सञ्चालन गर्ने पहिलो फर्मा कम्पनीको रुपमा सोपान फार्मास्युटिकल्स लिमिटेडले आफ्नो पहिचान बनाउन सफल भएको छ।

(ख) औषधि उद्योग तर्फ

- (१) यस कम्पनीको स्वामित्वमा ललितपुर जिल्ला महालक्ष्मी न.पा. वडा न. ८ मा रहेको कूल २१ रोपनी ९ आना ३ पैसा २ दाम जग्गा मध्ये करिव १४.५ रोपनी जग्गामा औषधि उद्योग स्थापना भई सञ्चालनमा आएको छ।
- (२) वि.सं. २०७६ साल माघ महिना देखि यस उद्योगमा औषधिको Research & Development सुरु गरीएको र हाल सम्ममा १६२ वटा Product हरुको सफल परीक्षण भईसकेको छ। त्यस्तै थप ३७ वटा Product हरु परीक्षणको लागि तयार भएका छन्।
- (३) हाल ११० वटा Product हरुको औषधि व्यवस्था विभागबाट उत्पादन अनुज्ञापत्र प्राप्त भई उत्पादन कार्य भईरहेको, २१ वटा Product हरुको उत्पादन भई अनुज्ञापत्रका लागि निवेदन दिईएको र थप १७ वटा Product हरु उत्पादन भई अनुज्ञापत्रका लागि निवेदन पेश गर्ने तयारी भई रहेको जानकारी गराउन चाहन्छु।

- (४) हाल ६२ वटा Product हरुको बजार अनुज्ञापत्र प्राप्त भएको, थप ४ वटा Product हरुको अनुज्ञापत्र यसै महिनाभित्र प्राप्त हुने र थप १९ वटा Product हरु बजार अनुज्ञापत्रकालागि औषधि व्यवस्था विभागमा निवेदन दिनको निम्ति Third Party Lab मा पेश गरिएको छ ।
- (५) यस उद्योगले Quality Management System, ISO 9001: 2015 Certification प्राप्त गरिसकेको साथै Non Beta Block र Cefa Block दुवैको WHO-GMP Audit सफलतापूर्वक समापन भईसकेको र यसै महिना भित्र Certification प्राप्त हुने जानकारी गराउन चाहन्छु ।
- (६) यस उद्योगमा अन्तराष्ट्रिय स्तरका फार्मास्यूटिकल्स विज्ञहरुको टोलीलाई भ्रमण गराई उहाँहरुको सल्लाह सुभाब लिई अन्तराष्ट्रिय स्तरको उत्पादन अभ्यास सुरु गरिएको छ ।
- (७) यस उद्योगले नविनतम औषधिहरुको उत्पादन गरि स्वदेश तथा बिदेशमा बिक्रि वितरण गर्नका लागि बहुराष्ट्रिय कम्पनीहरूसँग Technical Collaboration गर्ने योजना बनाएकोमा सो प्रक्रिया अगाडि बढाईएको जानकारी गराउन चाहन्छु ।
- (८) औषधि बिक्रि-वितरण सहज बनाउनकालागि १ सुपर स्टकिस्ट तथा ८५ वटा स्टकिस्टहरु नियुक्त गरि देशैभर बजारीकरण भईरहेको जानकारी गराउन चाहन्छु ।
- (९) यस कम्पनीले आषाढ २०८१ मा कम्पनीको धितोपत्रको प्राथमिक सार्वजनिक निष्काशन (IPO) का लागि नेपाल धितोपत्र बोर्डमा आवेदन दिईसकेको जानकारी गराउन चाहन्छु ।

आदरणीय साथिहरु, यस सोपान फार्मास्यूटिकल्स लिमिटेडको योजना कार्यन्वयन तथा आर्थिक व्यवस्थापनलाई मध्यनजर गर्दै हामीले हाल कायम रहेको चुक्ता पूँजीको ३०% हकप्रद शेयर जारी गर्ने प्रस्ताव आजको यस सभामा पेश गरेका छौं । जस अनुसार अबको पूँजी संरचना यस प्रकार रहने छ ।

अधिकृत पूँजी	रु. १,५०,००,००,०००/-
जारी पूँजी	रु. १,४३,००,००,०००/-
चुक्ता पूँजी	रु. १,४३,००,००,०००/-

प्रस्तावित चुक्ता पूँजी रु १,४३,००,००,०००/- मध्ये ९०% अर्थात रु. १,२८,७०,००,०००/- (१ करोड २८ लाख ७० हजार कित्ता) प्रमोटर शेयरधनी तर्फ र १०% अर्थात रु. १४,३०,००,०००/- (१४ लाख ३० हजार कित्ता) सर्वसाधारणतर्फको हुनेछ ।

Tabular Presentation of Proposed Capital Structure

Particular	Units	Amount (Rs.)	Remarks
Authorized Share Capital	1,50,00,000	1,50,00,00,000	
Issued Share Capital	1,43,00,000	1,43,00,00,000	
Paid Up Capital	1,43,00,000	1,43,00,00,000	
Promoter Shareholders	1,28,70,000	1,28,70,00,000	90.00%
General Public	14,30,000	14,30,00,000	10.00%

शेयरधनी एवं प्रतिनिधि महानुभावहरु,

अब म आर्थिक वर्ष २०८०/८१ को यस कम्पनीद्वारा Nepalese Financial Reporting Standards (NFRS) को आधारमा तयार गरिएको वित्तीय विवरणलाई संक्षिप्त रुपमा प्रस्तुत गर्न अनुमति चाहन्छु ।



पूजीगत खर्चतर्फ

शिर्षक	गत वर्षसम्मको खर्च (रु)	आ.ब. २०८०/८१ को खर्च (रु)	जम्मा रकम(रु)
(क) अक्सिजन प्लान्टतर्फ			
भवन निर्माण	३,२७,८३,९६३		३,२७,८३,९६३
फर्निचर एण्ड फिक्चर्स	८,३१,४४४		८,३१,४४४
प्लान्ट एण्ड मेसीनरी खरीद तथा जडान	४,३८,७४,५४९		४,३८,७४,५४९
जम्मा (क)	७,७४,८५,९५६		७,७४,८५,९५६
(ख) औषधि उद्योग तर्फ			
जग्गा खरिद	८७,८५,२९,१८९	८९,६०,४००	८८,७४,८९,५८९
भवन निर्माण	३५,०२,९३,२८४	१३,६१,६२६	३५,१५,७४,९१०
कम्प्युटर, फर्निचर एण्ड फिक्चर्स	१,१४,८०,९२८	४७,८२,९४०	१,६२,६३,८६८
सवारी साधन खरीद	६१,९१,९१८		६१,९१,९१८
प्लान्ट एण्ड मेसीनरी खरीद तथा जडान	३४,८३,६१,९०२	७६,३४,३२०	३५,५९,९६,२२२
सफ्टवेयर खरीद तथा जडान	६४,८१६		६४,८१६
जम्मा (ख)	१,५५,४८,४२,०३६	२,२७,३५,२८६	१,६१,७५,८१,३२२
जम्मा पूजीगत खर्च	१,६७,२३,३१,५५२	२,२७,३५,२८६	१,६५,५०,७१,२७८

नोट: यस आ.ब. मा *Fixed Assets* वापत रु. २,२७,३९,२८६/- को खरीद गरिएको र सम्पूर्ण अचल सम्पत्तिमा रु. १,६२,११,८९८/- ह्रासकट्टी सहित कूल खुद अचल सम्पत्ति रु. १,६७,८८,५९,३८०/- भएको जानकारी गराउन चाहान्छु ।

२. चालु सम्पत्ति

आ.ब. २०८०/०८१ मा यस कम्पनिको चालु सम्पत्ति रु. २९,०९,५९,२९७/- रहेको छ ।

३. संचालन खर्च नाफा नोक्सान खाताबाट

शिर्षक	रकम (रु)
कार्यालय संचालन खर्च	४,०६,३९,२८८
वित्तिय खर्च	८,५२,४९,८५६
बिक्रि वितरण खर्च	४,३६,२५,३१३
ह्रास कट्टी खर्च	१,६२,११,८९८
Cost of Goods Sold	९,९४,१६,१२०
जम्मा	२८,५१,४२,४७५

४. शेयर पूँजी

शिर्षक	रकम (रु)
चुक्ता पूँजी	९९,००,००,०००
SBP Reserve	३०,७५,०००
यस आ.ब.सम्मको Retained Earnings	(४८,००,७६,२३१)
Revaluation Reserve (Land and Building)	५७,७८,८२,२२८
जम्मा पूँजी रकम	१,०५,०८,०८,५५७

५. बैंक ऋण

शिर्षक	चालु आ.ब. सम्मको (रु)	गत आ.ब. सम्मको (रु)
Term Loan - Pharma	५५,७९,२३,०००	६०,९७,७३,०००
Term Loan - Oxygen	५,४०,९२,०००	७,०३,५२,०००
Auto Loan - (Pharma+Oxygen)		३,४६,०७४
Import Loan - Pharma		५२,८८,३९२
Short Term Loan - Pharma	१,५८,०१,०८४	२,८३,७९,०००
Trust Receipt Loan - Pharma		६२,५८,०५८
Mid Term Loan - Pharma	२,८०,८२,६९७	
OD Loan - Pharma	४,००,००,०००	४,००,००,०००
जम्मा	६५,५८,५८,७८०	७६,०३,५६,५२५

६. चालु दायित्व

आ.ब. २०८०/०८१ मा यस कम्पनिको चालु दायित्व रु. ९,८६,१२,१२३/- रहेको छ।

७. Deferred Tax Liability

आ.ब. २०८०/०८१ मा यस कम्पनिको Deferred Tax Liability रु. ५,६७,९३,३७०/- रहेको छ।

८. सापटी

आ.ब. २०८०/०८१ मा सापटी स्वरुप जम्मा रु. २,७६,३३,४०८/- लिईएको छ।

९. बिक्रि तथा अन्य आम्दानी

आ.ब. २०८०/०८१ मा अक्सिजन बिक्रि वापत जम्मा रु. २,६७,६९,७६३/-, औषधि बिक्रि वापत रु. १२,४९,५४,३३६/- र अन्य आम्दानि अर्न्तगत व्यवस्थापन शुल्क सहित रु. ३,००,८८,०९६/- गरि जम्मा रु. १८,१८,१२,१९५/- आम्दानी भएको छ।

१०. नाफा नोक्सान

आ.ब. २०८०/०८१ मा यस कम्पनिको कर अधिको घाटा रु १०,३३,३०,२८०/- रहेको छ।

यस कम्पनीमा हाल पूर्णकालीन कर्मचारीको रूपमा ८४ जना कार्यरत रहेका छन्। समग्र कम्पनीलाई नीति निर्माणमा सहयोग गर्न निम्न बमोजिम ६ जनाको सञ्चालक समिति रहेको छ।

१)	डा. श्री अनिल पोखरेल	अध्यक्ष
२)	डा. ई. श्री तारा प्रसाद पोखरेल	सञ्चालक सदस्य
३)	डा. ई. श्री सुनिल कुमार पोखरेल	सञ्चालक सदस्य
४)	श्री भिमलाल पौड्याल	सञ्चालक सदस्य
५)	श्री कृति कुमारी महतो	सञ्चालक सदस्य
६)	श्री अनिश साह	सञ्चालक सदस्य

अन्त्यमा, यस कम्पनीलाई आजको अवस्थामा पुऱ्याउन सहयोग गर्नुहुने सञ्चालक साथीहरु, पूर्व सञ्चालक साथीहरु, शेयरधनी महानुभावहरु तथा कर्मचारी वर्ग सबैलाई हार्दिक धन्यवाद दिन चाहन्छु। आगामी दिनमा समेत निरन्तर सहयोग रहने अपेक्षा गर्दै आजको साधारण सभामा प्रस्तुत भएका विषयहरुमा गहन छलफल गरी उचित निर्णय गरी दिनुहुने छ भन्ने विश्वास लिएको छु।





डा. श्री अनिल पोखरेल
अध्यक्ष

सोपान फार्मास्यूटिकल्स लिमिटेड



Independent Auditor's Report

To the Shareholders of Sopan Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sopan Pharmaceuticals Limited (the "Company"), which comprise the statement of financial position as at Ashadh 31, 2081 (July 15, 2024), and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 31, 2081 (July 15, 2024), 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 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 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.	<p>Revenue Recognition</p> <p>The revenue of the company has to be recognized on an accrual basis. Revenue is derived from oxygen unit, pharma unit and other income.</p> <p>As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams. Revenue may also be misstated due to errors in system calculations or manual processes.</p>	<p>Our audit approach regarding verification of process of revenue recognition included:</p> <ol style="list-style-type: none"> 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 breakup revenue from individual stream 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.	<p>Information Technology General Controls IT controls with respect to recording transactions, generating various reports in compliance to regulators is an important part of the process. Such reporting is highly dependent on the effective working of the information systems used.</p> <p>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</p>	<p>Our audit approach regarding Information technology of the company is included:</p> <p>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</p> <p>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.</p>
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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 office 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.

Ramesh Kumar Dhital
Partner

Place: Kathmandu, Nepal
Date: August 17, 2024



UDIN No.: 240907CA005779AZ8P

Sopan Pharmaceuticals Limited
Statement of Financial Position
as at 31 Ashad 2081 (15 July 2024)

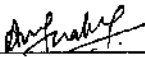


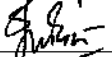
Notes	31 Ashad 2081	Amount in NPR 31 Ashad 2080	
ASSETS			
Non-Current Assets			
4.1	Property, Plant and Equipment	1,678,816,169	1,872,267,176
4.2	Intangible Assets	43,211	64,816
4.3	Investments	-	-
4.4	Deferred Tax Assets	-	-
Total Non-Current Assets		1,678,859,380	1,672,331,992
Current Assets			
4.5	Inventories	65,800,971	50,579,356
4.6	Trade and Other Receivables	192,415,529	95,948,223
4.7	Loan, Advances and Deposit	17,648,984	16,662,067
4.8	Cash and Cash Equivalents	15,093,714	2,859,490
Total Current Assets		290,959,297	166,047,135
Total Assets		1,969,818,677	1,838,379,127
EQUITY AND LIABILITIES			
Capital and reserve			
4.9	Share Capital	990,000,000	680,000,000
	Advance for Share Capital	-	16,300,000
	SBP Reserve	3,075,000	3,075,000
	Revaluation Surplus	577,882,228	577,882,228
4.10	Retained Earnings	(480,076,231)	(397,412,007)
Total Equity		1,090,880,997	879,845,221
Liabilities			
Non-Current Liabilities			
4.11	Loans and Borrowings (Secured)	549,907,697	648,814,000
4.12	Other Advances	27,633,408	39,001,164
4.4	Deferred Tax Liability	56,793,370	77,459,426
Total Non-Current Liabilities		634,334,474	765,274,580
Current Liabilities			
4.11	Loans and Borrowings (Secured)	145,991,084	111,582,525
4.13	Trade Payables	27,308,056	21,372,798
4.14	Other Payables	71,304,067	60,304,004
4.15	Income Tax Liabilities	-	-
Total Current Liabilities		244,603,206	193,259,327
Total Liabilities		878,937,681	958,533,907
Total Equity and Liabilities		1,969,818,677	1,838,379,127


Accounting Policies and Notes to Accounts are Integral Part of this Financial statements


As per our report of even date

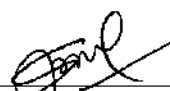




Dr. Anil Pokharel
Chairman


Sumesh Neupane
Chief Executive Officer



Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants

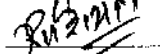

Dr. Er. Tara Prasad Pokharel
Board Director


Dr. Er. Sunil Kumar Pokharel
Board Director


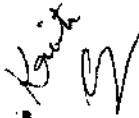

Bhimlal Poudyal
Board Director


Kriti Kumari Mahato
Board Director


Anish Shah
Board Director


Rupesh Mahat
Finance Head

Date: 1st Bhadra 2081
Place: Lalitpur, Nepal



Sopan Pharmaceuticals Limited
Statement of Profit or Loss
For the Year Ended 31 Ashad 2081 (15 July 2024)



Notes	Particulars	Amount in NPR	
		31 Ashad 2081	31 Ashad 2080
4.16	Revenue	151,724,099	140,267,143
4.17	Cost of Goods Sold	99,416,120	114,607,683
	Gross Profit	52,307,979	25,659,461
4.18	Other Income	30,088,096	94,833
4.19	Selling And Distribution Expenses	43,625,313	52,981,127
4.20	Administrative Expenses	40,639,288	43,250,183
4.1 & 4.2	Depreciation and Amortization Expenses	16,211,898	17,439,303
	Profit from operations	(18,080,424)	(87,916,320)
4.21	Finance costs	85,249,856	94,695,652
	Profit Before Tax	(103,330,280)	(182,611,972)
4.22	Income Tax Expense	20,666,056	(103,912,860)
	Net Profit for the year	(82,664,224)	(286,524,832)

Accounting Policies and Notes to Accounts are Integral Part of this Financial statements As per our report of even date



Dr. Anil Pokharel
Chairman

Suman Neupane
Chief Executive Officer

Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants

Dr. Er. Tara Prasad Pokharel
Board Director

Dr. Er. Sunil Kumar Pokharel
Board Director

Bhimal Poudyal
Board Director

Kriti Kumari Mahato
Board Director

Anish Shah
Board Director

Rupesh Mahat
Finance Head

Date: 1st Bhadra 2081
Place: Lalitpur, Nepal

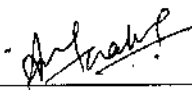
Sopan Pharmaceuticals Limited
Statement of Other Comprehensive Income
For the Year Ended 31 Ashad 2081 (15 July 2024)

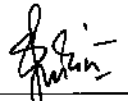


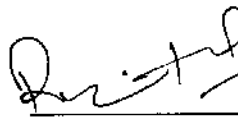
		Amount in NPR	
Notes	Particulars	31 Ashad 2081	31 Ashad 2080 (Restated)
	Profit for the Year	(82,664,224)	(286,524,832)
	Other Comprehensive income		
	Gain/Loss on PPE revaluation	-	-
	Gain/Loss on disposal of PPE	-	(69,220,811)
	Gain/Loss on fair value value through OCI financial assets	-	-
	Remeasurement gain on defined benefit pension plans	-	-
	Tax Impact of above items	-	13,844,162
	Total comprehensive income for the year	(82,664,224)	(341,901,480)
Earnings per share for profit attributable to the owners of Sopan Pharmaceuticals Limited			
4.23	Basic earnings per share	(8.35)	(42.14)
4.23	Diluted earnings per share	(8.35)	(42.14)

Accounting Policies and Notes to Accounts are Integral Part of this Financial statements As per our report of even date






Dr. Anil Pokharel
Chairman



Suman Neupane
Chief Executive Officer

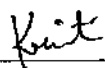

Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants




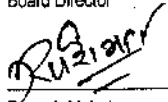

Dr. Er. Tara Prasad Pokharel
Board Director


Dr. Er. Sunil Kumar Pokharel
Board Director

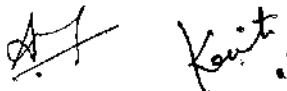

Bhimal Poudyal
Board Director


Kriti Kumari Mahato
Board Director


Anish Shah
Board Director


Rupesh Mahat
Finance Head

Date: 1st Bhadra 2081
Place: Lalitpur, Nepal





Sopan Pharmaceuticals Limited
Statement of Cash Flows
For the Year Ended 31 Ashad 2081 (15 July 2024)



Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	(103,330,280)	(182,611,972)
Adjustment for:		
Depreciation/Impairment on Property, Plant and Equipment	16,211,898	17,439,303
Interest Income		
Interest Expense	85,249,858	94,896,652
Loss/(gain) on subsequent measurement of investments		
Income Tax expense charged to statement of income	(20,866,056)	103,912,880
Gain on Disposal of Assets		
Operating profit before working capital changes	(22,534,582)	33,436,643
Decrease/(Increase) in trade and other receivables	(96,469,406)	(65,814,310)
Decrease/(increase) Loan, Advances & Deposit	(966,917)	(79,548)
Decrease/(Increase) in Inventories	(15,221,615)	1,642,216
Increase/(Decrease) in trade payables	5,935,258	11,779,234
Increase/(Decrease) in TDS payables		
Increase/(Decrease) in other payables	11,000,064	46,965,126
Increase/(Decrease) in other liabilities		
Cash Generated from Operations	(118,277,199)	27,928,561
Interest paid	(85,249,856)	(94,696,652)
Tax paid	20,866,056	(103,912,880)
Net Cash Flows From Operating Activities (A)	(182,860,999)	(170,679,951)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(22,739,286)	(10,084,724)
Acquisition of Intangible Assets		
Proceeds from sale of PPE, Investments/Financial Assets	-	25,000,000
Interest received		
Dividend received		
Net Cash Flows From Investing Activities (B)	(22,739,286)	14,915,276
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from the issue of Equity and Preference Share	310,000,000	534,023,099
Proceeds Advance Against Share Capital	(16,300,000)	(409,068,106)
Proceeds from other borrowings		
Repayment of Borrowings	(75,885,491)	31,550,447
Interest paid		
Dividend Paid		
Net Cash Flow From Financing Activities (C)	217,834,509	156,515,440
Net Increase in Cash and Cash Equivalents (A+B+C)	12,234,224	750,765
Cash and Cash Equivalents at the beginning of period	2,859,490	2,108,725
Cash And Cash Equivalents At The End Of Period	15,093,713	2,859,490

Accounting Policies and Notes to Accounts are Integral Part of this Financial statements

As per our report of even date



Dr. Anil Pokharel
Chairman

Suman Neupane
Chief Executive Officer

Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants



Dr. Er. Tara Prasad Pokharel
Board Director

Dr. Er. Sunil Kumar Pokharel
Board Director

Bhimal Poudyal
Board Director

Kriti Kumari Mahato
Board Director
Date: 1st Bhadra 2081
Place: Lalitpur, Nepal

Anish Shari
Board Director

Rupesh Mahat
Finance Head



Sopon Pharmaceuticals Limited
Statement of Changes in Equity (SOCE)
For the Year Ended 31 Ashad 2081 (15 July 2024)

Particulars	Amount in NPR				
	Share Capital	Advance for Share Capital	Share Premium	SBP Reserve	Retained Earnings - Revaluation on first time adoption of NFRS
Balance at 1 Shrawan 2080	660,000,000	16,300,000	-	3,075,000	577,882,228
Profit for the year	-	-	-	-	-
Issue of Shares	310,000,000	(16,300,000)	-	-	-
Advance For Share Capital	-	-	-	-	-
SBP Reserve	-	-	-	-	-
Dividends to Shareholders	-	-	-	-	-
Revaluation of Land & Building	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Loss on Disposal of Revalued Assets	-	-	-	-	-
Transfer of Revaluation surplus to Retained earning on disposal of asset	-	-	-	-	-
Balance at 31 Ashadh 2081	950,000,000	-	-	3,075,000	577,882,228
					879,845,221
					(82,864,224)
					293,700,000

Accounting Policies and Notes to Accounts are Integral Part of this Financial statements

As per our report of even date

Dr. Anil Pokharel
Chairman



Dr. Er. Tejas Prasad Pokharel
Board Director

Kruti Kumari Mahato
Board Director

Suman Naupane
Chief Executive Officer

Dr. Er. Sunil Kumar Pokharel
Board Director

Anil Shah
Board Director

Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants

Bhimal Poudyal
Board Director

Rupesh Mahat
Finance Head



Date: 1st Bhadra 2081
Place: Lalitpur, Nepal



Sopan Pharmaceuticals Limited
Statement of Changes in Equity (SOCE)
For the Year Ended 31 Ashad 2080 (16 July 2023) (Restated)

Particulars	Amount in NPR					
	Share Capital	Advance for Share Capital	Share Premium	SBP Reserve	Retained Earnings - Retained Earnings	Total
Balance at 1 Shrawan 2079	145,976,901	425,358,106	-	-	(175,353,071)	1,096,781,708
Prior Period Adjustment for Deferred Tax	-	-	-	-	159,965,184	(159,965,184)
Prior Period Adjustment for Revaluation of Building	-	-	-	-	(99,026,150)	99,026,150
Balance at 1 Shrawan 2079 (Restated)	145,976,901	425,358,106	-	-	(175,353,071)	1,096,781,708
Profit for the year	-	-	-	-	639,860,738	639,860,738
Issue of Shares	534,023,099	-	-	-	(286,524,832)	(286,524,832)
Advance For Share Capital	-	(409,058,106)	-	-	-	534,023,099
Employee Share Option plan adjustment	-	-	-	3,075,000	(3,075,000)	(409,058,106)
Loss on Disposal of Revalued Assets (Net of Tax)	-	-	-	-	(55,376,649)	(55,376,649)
Transfer of Revaluation surplus to Retained earning on disposal of asset (Net of Tax)	-	-	-	-	(6,601,861)	(6,601,861)
Balance at 31 Ashad 2080	680,000,000	16,300,000	-	3,075,000	577,882,228	879,845,221

Accounting Policies and Notes to Accounts are Integral Part of this Financial statements

Dr. Anil Pokharel
Chairman

Sumari Neupane
Chief Executive Officer



Dr. Er. Tara Prasad Pokharel
Board Director

Dr. Er. Sumil Kumar Pokharel
Board Director

Krishi Kumari Mahato
Board Director

Bhimlal Poudyal
Board Director

Rupesh Mahat
Finance Head

Ramesh Kumar Dhital, FCA
Partner
S.A.R. Associates,
Chartered Accountants

Date: 1st Bhadra 2081
Place: Lalitpur, Nepal

Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



SOPAN PHARMACEUTICALS LIMITED
Statement of Accounting Policies and Notes to the Accounts
For the year ended 31st Ashad 2081

1. Reporting Entity

Sopan Pharmaceuticals Limited (Sopan or the Company) is a limited liability company registered with Office of Company Registrar in Nepal on 05th Bhadra 2066 BS (21st August 2009 AD). Registered office of the Company is situated at Mahalaxmi Municipality -06, Lalitpur, Nepal. Along with the Office of Company Registrar, Sopan is registered with Mahalaxmi Municipality on 03rd Chaitra 2073 and Department of Industries on 12th Baisakh 2074 having Industry Registration number 3731. In addition, Company is registered with Inland Revenue Office of Nepal having PAN of 303887023.

The company is involved in production of oxygen and different kinds of medicines and nutrition diets, import of different kinds of herbs, raw materials, chemicals, equipment required for production, import and sales of surgical, mechanical and hospital related equipment. The company is currently producing and selling oxygen and the company has obtained a license to produce 21 medicines and it has been doing research and development of medicine production.

2. Basis of preparation

2.1 Statement of Compliance

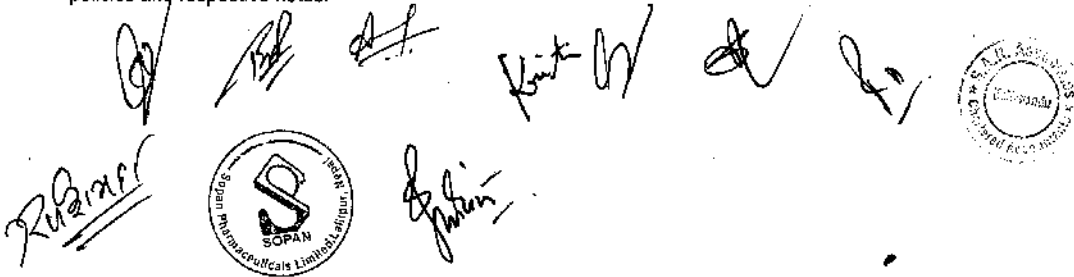
The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRSs) issued by the Accounting Standards Board, Nepal (ASB Nepal), and pronounced for application by the Institute of Chartered Accountants of Nepal (ICAN). These confirm, in all material respect, to NFRSs as issued by the Accounting Standards Board, Nepal. These standards require financial statements to be prepared on an accrual basis. Historical cost convention has been used for financial statement recognition and measurement except otherwise required by NFRSs. Where other method(s), other than historical costs, such as fair value has been applied these have been disclosed in accordance with the applicable reporting framework.

2.2 Overall considerations.

The company financial statements have been prepared using accounting policies specified by those NFRSs that are in effect at 31st Ashad 2081.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in the accounting policies portion.

These accounting policies have been used throughout all periods presented in the financial statements, except where the companies have applied certain accounting policies and exceptions upon transition to NFRS. An overview of standard, amendments, and interpretations to NFRS issued are presented by companies in its policies and respective notes.





Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



2.3 Presentation of financial statements

The financial statements are presented in accordance with NAS 1 Presentation of financial statements. The companies have elected to present the "statement of comprehensive income" in two statements: the "Income statement" and a "Other comprehensive income".

In accordance with NFRS 1, the company presents three statements of financial position in its first NFRS financial statements. However, in future periods NAS 1 requires two comparative periods to be presented for the statement of financial position only in certain circumstances stated by the company.

2.4 Reporting Period and Approval of Financial Statements

Sopan follows the Nepalese financial year based on the Nepalese calendar. The corresponding date for the English calendar is as follows:

Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Current reporting period	01 Shrawan 2080 to 31 Ashad 2081	17 July 2023 to 15 July 2024
Previous reporting period	01 Shrawan 2079 to 31 Ashad 2080	17 July 2022 to 16 July 2023

The financial statements for the year ended 31st Ashad, 2081 (15 July 2024) have been authorized for issue by the Board of Directors on 1st Bhadra 2081 at Kathmandu Board Meeting and have recommended for approval of shareholders in the Annual General Meeting.

2.5 Functional and Presentation Currency

The functional currency of the company is Nepalese Rupees (NPR), which is also the presentation currency of financial statements. The financial statements have been presented in the nearest Nepalese Rupees.

2.6 Going Concern

The financial statements are prepared on the assumption that the company is a going concern and will continue in operation for the foreseeable future.

2.7 Materiality and aggregation

Each material class of similar items is presented separately and items that are not similar in nature or function are also presented separately unless these are immaterial.

2.8 Rounding

The amounts in the financial statements are rounded off to the nearest Rupees, except where otherwise indicated as permitted by NAS 1 – "Presentation of Financial Statements".

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[Circular stamp: Sopan Pharmaceuticals Limited, Kathmandu, Nepal]

[Circular stamp: Chartered Accountants, Nepal]

Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



2.9 Comparative information

Accounting policies are consistently applied across all periods reported. The presentation and classification of financial figures relating to previous periods are regrouped or reclassified where relevant to facilitate consistent presentation and better comparability.

Deferred tax relating to revaluation surplus amounting NPR 159,965,184 are adjusted between Revaluation Surplus and Retained Earnings.

Share Based Payment Reserve (SBP Reserve) previously reported under Advance for Share Capital has been separated in comparative information of current year's financial statement.

Tax impact of loss on disposal of land during 2079-80 is shown under Statement of Other Comprehensive Income with corresponding adjustment in Statement of Profit or Loss in comparative information of current year's financial statement.

2.10 Offsetting

In the Statement of Financial Position, financial assets and financial liabilities are netted off only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not netted off in the Statement of Profit or Loss unless required or permitted by an accounting standard or interpretation and as specifically disclosed in the company's accounting policy.

2.11 Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.



2.12 Critical accounting estimates and judgements

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

3. Significant Accounting policies

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

(Handwritten signatures and stamps)



Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



3.1 Current versus non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

3.2 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognized as a refund liability.

3.3 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate applicable in reporting period, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

3.43.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the statement of financial position date and any adjustment to tax payable in respect of previous years.

Rudra Prasad

AB

AS

Kishu

SV



Pratik



Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



3.43.2 Income tax rates applicable to the company

Income from manufacturing and sale of goods: 20% (2079/80: 20%)

3.43.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously. Deferred tax relating to items charged to Statement of Other Comprehensive Income and Statement of Profit or Loss are separated and are reported under respective statements.

3.4 Cash and cash equivalent

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

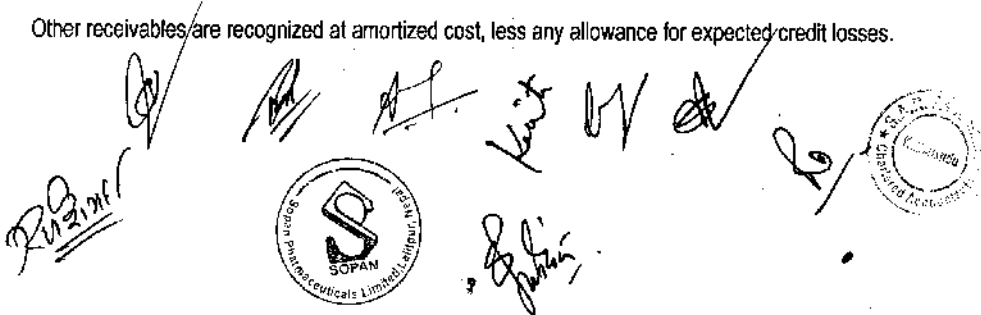
3.5 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 120 days.

The companies have applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts

3.6 Contract Assets

Contract assets are recognized when the companies have transferred goods or services to the customer but where the company's is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

3.7 Inventories

Raw materials, work in progress and finished goods are stated at lower cost and net realizable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Stock in transit is stated at the lower of cost and net realizable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortized cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is avoided.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortized cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted. Fair value movements are recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Financial assets carried at amortized cost

Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

Impairment of financial assets

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The companies recognize a loss allowance for expected credit losses on financial assets which are either measured at amortized cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

3.9 Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognized at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognized directly to profit or loss.

Investment properties are derecognized when disposed of or when there is no future economic benefit expected. Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

The company does not have any investment properties either at beginning or end of the reporting period.

3.10 Property, plant, and equipment

Property, plant, and equipment are tangible items that are held for and used in the provision of services, for rental to others, or for administrative purposes, and are expected to be used for more than one year period. An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

Under Cost Model, after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Under Revaluation Model, after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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Sopan Pharmaceuticals Limited
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Depreciation is calculated on a WDV basis to write off the net cost of each item of property, plant, and equipment (excluding land) over their expected useful lives as follows:
After considering the useful life of property, plant and equipment, management has estimated the following depreciation rates on reducing balance method:

<u>Class</u>	<u>Depreciation Rate</u>
Land	No depreciation.
Building	1%
Furniture and Fixture	15%
Office Equipment	15%
Vehicle	8%
Plant and Machinery	2.5%
Intangibles	No amortization, Subject to annual impairment review

Company has adopted revaluation model for subsequent measurement of Land and Building and cost model for subsequent measurement of remaining classes of Property, Plant and Equipment.
The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognized upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

3.11 Capital work-in-progress (Pre-operating expenses capitalized)

These are expenses of a capital nature directly incurred in the construction of buildings and system development, awaiting capitalization. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

3.12 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The company (Sopan) has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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3.13 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, which are held for and used in the provision of services, for rental to others or for administrative purposes. Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

Intangible asset of the company includes software having useful life of 5 years and depreciation is charged over the useful life using Straight Line Method.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software:

Significant costs associated with software are deferred and amortized on a straight-line basis over the period of their expected benefit being received.

Patents and trademarks:

Significant costs associated with patents and trademarks are deferred and amortized on a straight-line basis over the period of their expected benefit being received.

3.14 Impairment of non-financial assets



Goodwill and other 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 non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

A recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit (CGU).

3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortized cost and are not discounted. The amounts are unsecured and are usually paid within 90 days of recognition.

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Sopan Pharmaceuticals Limited
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3.16 Contract Liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognized when a customer pays consideration, or when the company recognizes a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

3.17 Refund liabilities

Refund liabilities are recognized where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

3.18 Loan and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortized cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognized and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

3.19 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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The company has elected not to recognize lease liabilities and corresponding right of use assets for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

3.20 Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

3.22 Provisions

Provisions are recognized when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.



3.23 Warranty provisions

The company's provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

3.24 Restructuring provisions

Restructuring provisions are recognized only when the companies has a constructive obligation, which is when:

- (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- (ii) The employees affected have been notified of the plan's main features.

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3.25 Decommissioning liability

The company's records a provision for decommissioning costs of a manufacturing facility for the production of fire-retardant materials. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

3.26 Onerous contracts

If the company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the company recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the company's cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

3.27 Contingent Liabilities

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

3.28 Contingent assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

3.29 Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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Other long-term employee benefits

The liability for annual leave and long service leaves not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution expense

Contributions to defined contribution plans are expensed in the period in which they are incurred.

Defined benefit plans

All employees of the company are entitled to benefits from the plan on retirement, disability or death. The company has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the company in the plans and the company's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit plans is recognized in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the fund's assets at that date and any unrecognized past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized, in the period in which they occur, in other comprehensive income.

Past service costs are recognized immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ("the vesting period"). In this case, the past service costs are amortized on a straight-line basis over the vesting period.


3.30 Share- based payments


Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on the grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together

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with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognized as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognized in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognized in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognized in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognized as if the modification has not been made. An additional expense is recognized, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognized over the remaining vesting period, unless the award is forfeited.



If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognized immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

3.31 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for

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which sufficient data are available to measure fair value are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

3.32 Government grants /Deferred revenue

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants received for capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the company. Where retention of a government grant is dependent on the company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the statement of comprehensive income or netted against the asset purchased.

3.33 Events after the reporting date

Events after reporting date are those events both favorable or unfavorable event, that occurs between the reporting date and the date that the financial statements are authorized for issue and for each material non-adjusting event, disclose:

- The nature of the event
- An estimate of its financial effect
- If the above cannot be estimated, disclose this fact.

3.34 Related party transactions



A person (or a close member of that person's family) is related to the reporting entity if the person:

- has control or joint control over the reporting entity.
- has significant influence over the reporting entity, or
- is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

Disclose related party transactions separately for:

- The parent - Entities with joint control over the entity

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- Entities with significant influence over the entity - Subsidiaries
- Associates - Joint ventures in which the entity is a venturer.
- Key management personnel of the entity or its parent.
- Other related parties.

Where related party transactions occurred during the period, disclose:

- Their amount
- The amount of any outstanding balances (including commitments)
- Terms and conditions
- Secured or unsecured
- Nature of the consideration payable/receivable
- Details of any guarantees

Name of Key Management Personnel are as follows:

Name of key management personnel	Designation
Dr. Anil Pokhrel	Chairman
Dr. Birendra Pd Mahato	Ex-Chairman
Ashok Kumar Khadka	Ex-Chairman
Dr. Er. Tara Prasad Pokhrel	Director
Dr. Er. Sunil Kumar Pokhrel	Director
Bhirmal Poudyal	Director
Kriti Kumari Mahato	Director
Anish Shah	Director
Suman Neupane	Chief Executive Officer

Sopan Multiple Company Limited is the parent company of Sopan Pharmaceuticals Limited holding 49.44% share of Sopan Pharmeceuticals Limited.

3.35 Issued capital

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorized capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

As per Section 11 of Companies Act, the paid-up capital of a public company shall be a minimum of one crore rupees, except as otherwise provided in the prevailing law or in a notification by the Government of Nepal in the Nepal Gazette that the paid-up capital of any particular company shall be in excess of the said required minimum.

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The paid-up capital of the company as on the end of reporting period is NPR 99 Crores which fulfils the minimum capital requirements.

3.36 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

3.37 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

3.38 Dividend

Dividends are recognized when declared during the financial year and no longer at the discretion of the company.

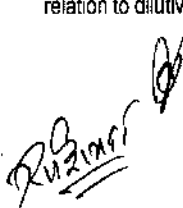
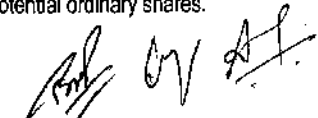




3.39 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of companies, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



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3.40 Value added tax (VAT) and other similar taxes.

Revenues, expenses, and assets are recognized net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

3.41 Capital management

For the purpose of the company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the company's capital management is to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

3.42 New accounting standard and interpretation not yet mandatory or adopted.



Accounting Standards that have recently been issued or amended like NFRS 17 Insurance contracts but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 Ashad 2079. The companies have not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3.43 Financial instruments risk management objectives and policies:

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management is done by the Company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

R. Kumar *[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]*

Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



3.43.1 Market risk

Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk;
- Commodity price risk; and
- Interest rate risk


The above risks may affect the Company's income and expenses, or the value of its financial instruments. The objective of the Company's management of market risk is to maintain this risk within acceptable parameters, while optimizing returns. The Company's exposure to, and management of, these risks is explained below: -


POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY
<p>CURRENCY RISK</p> <p>The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment and others necessary materials required to run the operations.</p> <p>As at 32 Ashad 2079, there is no unhedged exposure to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency.</p>	<p>The Company is exposed to foreign exchange risk arising from various currency exposures.</p> <p>The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all years presented. The Company manages currency exposures within prescribed limits. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time.</p>
<p>COMMODITY PRICE RISK</p> <p>The Company is exposed to the risk of changes in commodity prices in relation to its purchase of its raw materials.</p>	<p>The objective of the Company is to minimize the impact of commodity price fluctuations. The Company has undertaken various cost savings programmes along with judicious pricing, without compromising on the competitiveness of brand investments, both in terms of technology as well as advertising and promotion.</p>
<p>INTEREST RATE RISK</p> <p>Investment in fixed deposits and other similar investments at fixed rates exposes the Company to fair value interest rate risk.</p>	<p>The Company invests in the term deposits for a period of less than one year and there is no significant fair value interest rate risk pertaining to the said deposits.</p>

3.43.2 Commodity price risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of raw materials and therefore require a continuous supply of the same.

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts

The Company manages this risk by purchasing materials and supplies from the supplier identified by the Company that has long term relation with the supplier.

3.43.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a monetary loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

3.43.4 Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressful conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

The Company maintained a cautious funding strategy, with a positive cash balance throughout the year ended 31 Ashad, 2081 and 31 Ashad, 2080. This was the result of cash delivery from the business. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis.

The Company's finance department regularly monitors the cash position to ensure it has a sufficient cash ongoing basis to meet operational needs. Any short-term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits to optimize its cash returns on investments. The said investments are made in instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

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 - A large handwritten signature "Raj Kumar" is written across the bottom left.
 - A circular stamp of Sopan Pharmaceuticals Limited, Lalpur, Nepal, is stamped in the center.
 - Several other handwritten signatures and initials are scattered across the page, including "Kait by" and "S.P.".

Sopon Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts

4. Explanatory Notes to the Accounts
4.1 Property, Plant and Equipment

The following property, plant and equipment is owned and controlled by the company at the end of reporting period:

Particulars	Furniture, Fixture and office equipments				Plant and Machinery	Total	Amount in NPR
	Land	Building	Vehicle				
	Block A	Block A	Block B	Block C	Block D		
Fixed assets							
As at 1.04.2080	878,529,189	390,513,432	15,921,310	7,310,827	407,912,204		1,700,186,962
Addition during the year	8,960,400	1,361,626	4,782,940	-	7,634,320		22,739,286
Revaluation During the year	-	-	-	-	-		-
Disposal during the year	-	-	-	-	-		-
Total fixed assets*	887,489,589	391,875,058	20,704,249	7,310,827	415,546,525		1,722,926,248
Depreciation							
Dep. up to previous year	-	7,516,186	3,608,938	1,118,909	15,675,753		27,919,786
Dep. for the year	-	3,831,436	2,025,082	495,353	9,838,421		16,190,293
Accumulated Dep	-	11,347,622	5,634,019	1,614,263	25,514,174		44,110,078
WDV as at 31. Ashadh, 2081	887,489,589	380,527,436	15,070,230	5,686,564	390,032,350		1,678,816,169
WDV as at 31. Ashadh, 2080	878,529,189	382,997,246	12,332,372	6,191,918	392,256,451		1,672,267,176

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



Secured loan of NPR 695,898,780 is facilitated by bank against mortgage of above Property, Plant and Equipment.


4.2 Intangible Assets

The only intangible assets owned and controlled by the company at the end of the reporting period is purchased accounting software. The amount of NPR 43,211 represents purchase price less amortization expense.

Particulars	Amount in NPR	
	Intangible Assets	Total
	Block E	
Gross Cost		
As at 1.04.2080	108,027	108,027
Addition during the year	-	-
Revaluation During the year	-	-
Disposal during the year	-	-
Total fixed assets	108,027	108,027
Accumulated Depreciation		
Dep.up to previous year	43,211	43,211
Dep. for the year	21,605	21,605
Accumulated Depreciation	64,816	64,816
WDV as at 31 Ashad, 2081	43,211	43,211
WDV as at 31 Ashad, 2080	64,816	64,816

4.3 Investments

The company does not have any investments either at beginning or end of the reporting period.

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



4.4 Deferred Tax Assets/ Liability

Deferred tax is calculated on temporary differences using a tax rate of 20% (2079-2080: 20%). Deferred tax Asset have been recognized in respect of all temporary differences that results in income tax payable in future periods.

Reconciliation on Deferred Tax Liability

PPE	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Carrying Amount Fixed Assets	1,678,859,380	1,672,331,992
Tax Base Fixed Assets	784,056,922	852,033,310
Difference in Fixed Assets Carrying Amount	(894,802,458)	(820,298,683)
Accumulated Loss		
Tax Base Accumulated Loss	610,835,610	433,001,554
Difference in Acc. Loss Carrying Amount	610,835,610	433,001,554
Total Temporary Difference	(283,966,848)	(387,297,128)
Deferred Tax Asset / (Liability)	(56,793,370)	(77,459,426)
Opening Deffered Tax Asset / (Liability)	(77,459,426)	12,609,272
Increase / (Decrease)	(20,666,056)	90,068,697

4.5 Inventories

Total inventories value of the company at the end of reporting period is represented by following balances:

Particurlars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Raw Material	63,403,281	33,959,778
Finished Goods	2,397,690	16,619,578
	65,800,971	50,579,356

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts

4.6 Trade and other receivables

Trade and other receivables at the end of the reporting period is represented by following:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Unsecured Debtors (Recoverable within 12 months, unless otherwise stated)	192,415,629	95,946,223
	192,415,629	95,946,223

No provision for doubtful debts has been made during the reporting period. Management has asessed that all the balances are in good standing and are recoverable.

4.7 Loan, Advances and Deposit

The following Loan, Advances and Deposit is held by the company at the end of reporting period:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
LG/TT Margin and Advance	4,299,190	2,004,215
Advance Tax	522,034	516,034
Advance to Staff	1,942,299	497,123
Prepaid Expenses	4,099,251	4,392,032
Advance to Suppliers	6,459,210	8,950,663
Deposit with Vendor	327,000	302,000
Total	17,648,984	16,662,067

4.8 Cash and cash equivalents

Cash and cash equivalent at the end of reporting period is represented by following:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Cash Balance		79,010
Balance at Bank	15,093,714	2,781,480
	15,093,714	2,859,490

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



4.9 Share Capital

The company authorized, issued and paid-up share capital composition at the end of reporting period is as follows:

Particulars	31 Ashad 2081	31 Ashad 2080
Authorized		
15,000,000 Equity Shares of Rs. 100 each (10,000,000 Equity Shares of Rs. 100 each)	1,500,000,000	1,000,000,000
Ordinary Shares Issued and Fully Paid		
11,000,000 Equity Shares of 100 each (6,800,000 Equity Shares of 100 each)	1,100,000,000	680,000,000
	Ordinary share	Ordinary share
Opening balance of paid up capital	680,000,000	145,976,901
Issue of new share of Rs. 100 each	310,000,000	534,023,099
Closing Balance of paid up capital	990,000,000	680,000,000

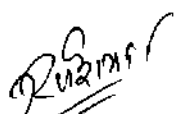

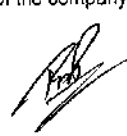

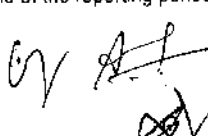



4.10 Retained Earnings

Retained earnings of the company at the end of the reporting period is represented by following:

Particulars	31 Ashad 2081	31 Ashad 2080
At the beginning of the year (Restated)	(397,412,007)	(114,414,037)
Profit for the year	(82,664,224)	(286,524,832)
Employee Share Option plan adjustment	-	(3,075,000)
Transfer from Revaluation Surplus to Retained earning on disposal of land	-	6,601,861
Closing Balance of Retained Earning	(480,076,231)	(397,412,007)

4.11 Long Term Loans and Borrowings (Secured)

Secured Long Term Loans and borrowings of the company at the end of the reporting period is represented by following:




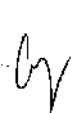
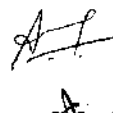


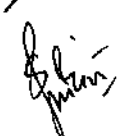
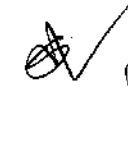












Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Secured Loan (Non-Current)		
Prabhu Bank Limited (Term Loan) - Pharma	557,923,000	609,773,000
Prabhu Bank Limited (Term Loan) - Oxygen Plant	54,092,000	70,352,000
Prabhu Bank Limited (Hire Purchase Loan)	-	346,074
Prabhu Bank Limited (Mid Term Loan) - Pharma	28,082,697	-
	640,097,697	680,471,074
Prabhu Bank Limited (Term Loan) - Pharma		
Non Current Portion	504,673,000	589,902,000
Current Portion	53,250,000	19,871,000
Prabhu Bank Limited (Term Loan) - Oxygen Plant		
Non Current Portion	36,992,000	58,912,000
Current Portion	17,100,000	11,440,000
Prabhu Bank Limited (Hire Purchase Loan)		
Non Current Portion	-	-
Current Portion	-	346,074
Prabhu Bank Limited (Mid Term Loan) - Pharma		
Non Current Portion	8,242,697	-
Current Portion	19,840,000	-
Non current Portion of LT Loan	549,907,697	648,814,000
Current Portion of LT Loan	90,190,000	31,657,074
Particulars	31 Ashad 2081	31 Ashad 2080
Secured Loan (Current)		
Prabhu Bank Limited (Short Term Loan)	15,801,084	28,379,000
Prabhu Bank Limited (Trust Receipt Loan)	-	6,258,058
Prabhu Bank Limited (OD Account)	40,000,000	40,000,000
Bank_Import Loan	-	5,288,392
Current Portion of Long Term Loans	90,190,000	31,657,074
	145,991,084	111,582,525
Total	695,898,780	760,396,525

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4.12 Other Advances

Other Advances of the company at the end of the reporting period is represented by following:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Advance - Ganesh Lamsal	889,103	7,187,500
Advance - Basanta Chandra Marahattha	5,000,000	-
Advance - Sudip Kumar Chaudhary	13,744,305	14,000,000
Advance - Nava Raj Raut	8,000,000	8,000,000
Loan from Director - Sharad Khanal	-	4,500,000
Loan From Director - Dr Anil Pokhrel	-	1,500,000
Advance From Sopan Multiple	-	3,813,654
	27,633,408	39,001,154

4.13 Trade Payables

Trade payables of the company at the end of reporting period is represented by following:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Payable for purchase of goods and services	27,308,056	21,372,798
	27,308,056	21,372,798

4.14 Other Payables

Other payables of the company at the end of reporting period are represented by following:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Statutory Dues	3,309,455	3,912,833
Employee Benefit Payable	9,912,427	14,326,895
Audit Fee Payable	111,500	111,500
PF and CIT Payable	7,978,937	9,442,506
Deferred Interest Payable	46,505,306	25,797,846
Other Expenses Payable	263,871	1,713,942
Deposit from Customers	3,152,662	3,657,574
Retention Money Payable	-	-
Miscellaneous Payable	69,908	1,340,908
Total Other Payables	71,304,067	60,304,004

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



4.15 Income Tax Liabilities

	31 Ashad 2081	31 Ashad 2080
Provision for Income tax	-	-
Less: Advance Tax	-	-

Income tax liability for the current reporting period is calculated as follows:

Partiuculars	31 Ashad 2081
	Amount in NPR
Profit before tax as per financial	(103,330,280)
Add:	
Depreciation	16,211,898
Repair and maintenance	3,485,295
Expenses not allowed as per Income tax Act	-
Miscellaneous expense-without supporting	-
Gain on sale of land	-
	(83,633,087)
Less:	
Depreciation as per Income Tax Act	92,038,269
Repair and maintenance as per Income Tax Act	2,162,700
	94,200,969
Assesable Income	(177,834,056)
Previous Year Carried Forward Loss	(433,001,554)
	(610,835,610)
Total Taxable Income	(610,835,610)
Tax @ 20%	-
Tax liability	-

4.16 Revenue from Operations

The company has operating revenue from two segments, oxygen unit and pharmaceuticals unit. The segment wise income for the reporting period from both units is as follows:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Sales (oxygen unit)	26,769,763	25,164,758
Sales (Pharma unit)	124,954,336	115,102,385
Sales (institutional unit)	-	-
	151,724,099	140,267,143

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



4.17 Cost of Goods Sold

Cost of sales during the reporting period is calculated as follows:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Opening inventory	50,579,356	52,221,571
Add Purchases	55,612,858	59,555,833
Add Direct Expenses(Related to oxygen/Pharma plant)		
Direct Expenses Oxygen Unit	2,557,778	2,402,334
Direct Expenses Pharma Unit	17,135,112	12,278,685
Salary & Wages (Oxygen/Pharma)	23,944,812	23,694,480
Power & Electricity Exp. (Oxygen/Pharma)	15,387,175	15,034,136
Less: Closing Inventory	65,800,971	50,579,356
Cost of goods sold	99,415,120	114,607,683

4.18 Other Income


Other income comprises of following during the reporting period:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Management Fee	29,945,375	-
Income from Scrap Sale	82,721	59,463
Rent Income	60,000	-
Exchange Gain / (Loss)	-	35,370
	30,088,096	94,833

4.19 Selling And Distribution Expenses

Selling and distribution expense incurred during the reporting period is as follows:

Ruwan *RH* *V. K. K. K.* *H.* *R.*





Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Advertisement Expense	78,714	127,096
Air Ticket & Local Transportation (Marketing)	1,930,689	2,580,431
Consumable Goods -Marketing	10,183	111,483
CME Program Expense	386,539	407,501
Fuel - Marketing	2,088,735	1,549,105
Gift & Event Decoration -Marketing	800	58,215
Product Launching Expense	-	1,286,732
Lunch & Refreshment Expenses	1,394,504	1,917,750
Marketing Training Expenses	682,736	-
Promotional Input Expenses	4,336,755	11,760,335
Stationary & Printing - Marketing	187,314	752,731
Marketing Salary	19,270,528	18,456,016
Staff Incentive	160,000	-
TADA of Marketing	13,069,218	12,705,018
Transportation Expense -Marketing	2,600	21,383
Travelling Expenses -Marketing	8,000	1,233,772
Vehicle Rent Expense -Marketing	18,000	13,560
	43,625,313	52,981,127

4.20 Administrative Expenses

Administrative expense incurred during the reporting period is as follows:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Oxygen Unit		
Fuel-Oxygen	3,214,635	3,112,976
Prior Period Expenses	-	442,969
Repair and Maintenance of Vehicle-Oxygen	567,820	364,751
Repair and Maintenance of Oxygen Cylinder	675,021	146,984
Salary and Allowances Expense (Admin Oxygen)	3,783,350	4,110,224
Security Service	1,836,165	1,694,096

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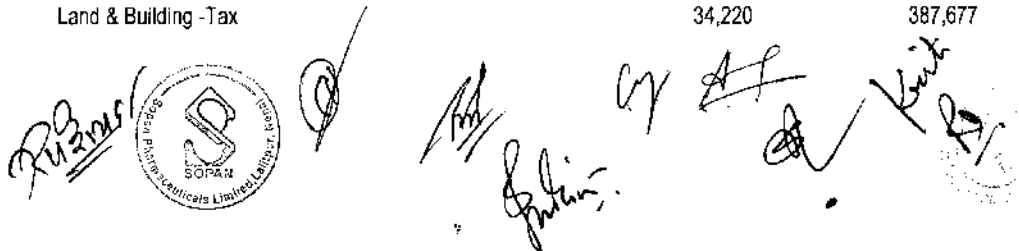
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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



Pharmaceuticals Unit		
Repair & Maintenance of Vehicle- Pharma	1,146,741	509,844
Travelling Expenses	-	514,825
Medical Insurance Expense	283,520	-
Membership Fee	52,000	-
Repair & Maintenance (Office)	128,900	-
Rating Expense	485,900	-
Fee & Renewal	64,410	-
Renewal and Registration	219,400	155,940
Printing & Stationery expenses	1,364,555	912,646
Audit Fees	113,000	113,000
Audit Expense	23,325	42,195
Legal Fees	203,400	374,030
Miscellaneous	1,542,300	5,097,090
Fines and Penalties	629,815	7,742
Donation	61,000	45,000
AGM Expenses	434,428	86,683
Freight and Courier Expense	60,094	113,172
Software AMC	18,080	18,080
Accessories Expense	5,000	9,060
Board Meeting Expenses	40,422	130,544
Board Meeting Allowances	696,000	598,055
Cheque Bounce Charge	-	100
Computer Repair Expenses	-	3,500
Telephone & Communication Expenses	345,085	278,960
Consultancy Service	161,850	449,800
Colour Expenses	-	800
Renew & Registration Pharma- RM	187,440	153,900
Electricity, Water, Garbage Expense (City Office)	136,833	80,731
Electronic Goods	248,335	144,647
Fuel-Pharma	246,538	1,360,026
Guest Welfare Expenses	108,258	106,101
Garden Expenses	101,095	61,730
Garbage Expenses	21,000	15,500
Health Checkup Expenses	30,800	38,600
Internet Expenses	602,177	581,724
Kitchen Expenses	148,236	92,529
ISO Audit Expense	33,900	-
Land & Building -Tax	34,220	387,677





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Statement of Accounting Policies and Notes to the Accounts

Leave Allowances	411,894	213,948
Medical Expenses	5,278	14,192
Marketing Software Expense	145,242	127,596
Office Expenses	88,367	965
Office Rent Expenses	1,999,992	1,412,367
Property Insurance Expense	3,957,419	4,014,366
Renew & Registration Expenses	-	538,850
Salary and Allowances Expenses (Admin Pharma)	11,358,497	12,260,465
SEBON Registration Expense	45,000	-
Staff Welfare Expenses	797,506	784,419
Service Fee for Audit(ISO/Internal/External)	678,000	384,200
Vehicle Insurance	138,779	164,969
Lunch & Refreshment Expense - Admin	462,734	296,441
Festival Allowance	32,271	-
Roadcess & Parking	6,175	4,030
Valuation Fee	339,000	565,000
Accidental/ Medical Insurance	104,061	112,144
Exchange Loss	14,025	-
	40,639,288	43,250,183

4.21 Finance (Borrowing) costs

Finance cost reported during the year are interest expenses remained after capitalization. Details of total interest expense, capitalized amount in assets and reported finance cost are as follows.

Finance Cost Reported:

Particulars	Amount in NPR	
	31 Ashad 2081	31 Ashad 2080
Interest Expenses - Banks	84,451,970	94,550,420
Interest Expenses - Others	692,630	-
Bank Charges	105,257	145,232
	85,249,856	94,695,652

4.22 Income Tax Expense

Income Tax Expense reported during the year in Statement of Profit or Loss is derived after adjustment of deferred tax (Gain)/Loss, which is calculated as follows:

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Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



	31 Ashad 2081	31 Ashad 2080
Current Tax Expense	-	-
Deferred Tax (Income)/Expense	(20,666,056)	103,912,860
	(20,666,056)	103,912,860


Increase / Decrease in deferred tax:

	Amount in NPR	
PPE	31 Ashad 2081	31 Ashad 2080
Carrying Amount Fixed Assets	1,678,859,380	1,672,331,992
Tax Base Fixed Assets	784,056,922	852,033,310
Difference In Fixed Assets Carrying Amount	(894,802,458)	(820,298,683)
Accumulated Loss	-	-
Tax Base Accumulated Loss	610,835,610	433,001,554
Difference in Acc. Loss Carrying Amount	610,835,610	433,001,554
Total Temporary Difference	(283,966,848)	(387,297,128)
Deferred Tax Asset / (Liability)	(56,793,370)	(77,459,426)
Opening Deferred Tax Asset / (Liability)	(77,459,426)	12,609,272
Increase / (Decrease)	(20,666,056)	90,068,697

4.23 Basic and Diluted Earnings per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to ordinary and potential equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations

R. B. Ruzimar  *John* *by A.T.* *Kit*



Sopan Pharmaceuticals Limited
Statement of Accounting Policies and Notes to the Accounts



Particulars	"Continuing Operations" 2080/2081	"Continuing Operations" 2079/ 2080
Numerator		
Profit for the year and earnings used in Basic EPS	(82,664,224.00)	(286,524,831.73)
Add: Interest on convertible debt	-	-
Less: Tax effect of above items	-	-
Earnings used in Diluted EPS	(82,664,224.00)	(286,524,831.73)
Denominator		
Weighted average number of shares used in Basic EPS	9,900,000.00	6,800,000.00
Convertible debt	-	-
Employee share options	-	-
Advance for Share Capital	-	163,000.00
Weighted average number of shares used in Diluted EPS	9,900,000.00	6,963,000.00
Basic Earning per Share	(8.35)	(42.14)
Diluted Earning Per Share	(8.35)	(41.15)

4.24 Related party transactions.

The following transactions occurred with related parties and disclosures relating to key management-personnel are set out:

	FY 2080-81	MP	CEO	MD	Total
Salaries and Wages	-	-	2,436,048	-	2,436,048
Staff Welfare Expenses (TADA Allowance)	-	-	2,100,000	-	2,100,000
Meeting Allowance	-	-	-	696,000	696,000
Gratuity Expenses	-	-	263,952	-	263,952
Total	-	-	4,800,000	696,000	5,496,000

4.25 Events after the Reporting Period

There are no major events after the reporting period that need to be separately reported or disclosed.

4.26 Previous Year Figures

Previous year's figures have been regrouped/rearranged as deemed necessary for preparing comparative amounts.

Ruizma
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STAR PRODUCTS



