

**INDEPENDENT AUDITOR'S REPORT  
TO SHAREHOLDER OF BRITANNIA NEPAL PVT. LTD.**

**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Britannia Nepal Pvt. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2025, the statement of profit or loss and 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. These financial statements have been prepared to enable Britannia Industries Limited, India, the 'Parent Company' to prepare consolidated financial statements of the Parent company and its subsidiaries ("Group").

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the state of affairs of the Company as at 31 March 2025, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

**Basis for Opinion**

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

**Responsibilities 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 NFRSs 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 operation, 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 a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is



sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

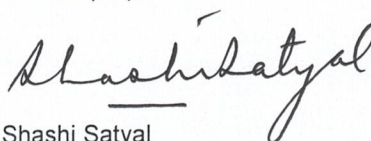
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal circumstances control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### ***Restriction on Use and Distribution***

This special purpose financial information has been prepared for purposes of providing information to Britannia Industries Limited to enable it to prepare the consolidated financial statements of the Group. As a result, the special purpose financial information is not a complete set of financial statements of Britannia Nepal Pvt. Ltd. in accordance with the applicable financial reporting framework underlying the Group's accounting policies and is not intended to give a true and fair view, in all material respects, of the state affairs of Britannia Nepal Pvt. Ltd. as of 31 March 2025, and of its profits and other comprehensive income, changes in equity and its cash flows for the year then ended in accordance with applicable financial reporting framework underlying the Group's accounting policies. The Special purpose financial information may, therefore, not be suitable for another purpose.



Shashi Satyal  
Partner



PKF T R Upadhyaya & Co.  
Chartered Accountants

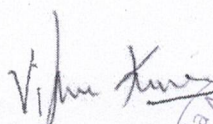
Kathmandu, Nepal

Date: 18 April 2025  
UDIN: 250425CA00008gnCJ4

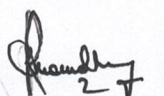
**Britannia Nepal Pvt. Ltd.**  
Birgunj, Nepal  
**Statement of Financial Position**  
As at 31 March 2025

As at	Note	31 March 2025	31 March 2024
<i>Amount in NPR</i>			
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	57,65,05,274	61,09,37,915
Capital work In progress	4	1,03,19,988	-
Financial assets			
Loans		-	-
Other financial assets	9	-	-
Deferred tax assets, (net)	5	-	-
Other non current assets	10	-	-
<b>Total non current assets</b>		<b>58,68,25,262</b>	<b>61,09,37,915</b>
<b>Current assets</b>			
Inventory	6	22,05,87,782	25,03,30,957
Financial assets			
Investment		-	-
Trade receivables	7	13,09,49,456	9,27,95,151
Cash and cash equivalents	8	27,88,58,883	39,71,50,273
Other financial assets	9	6,04,22,849	17,03,58,181
Other current assets	10	1,53,49,773	1,54,48,834
Current tax Asset (net)	10A	1,55,72,520	1,25,04,529
<b>Total current assets</b>		<b>72,17,41,263</b>	<b>93,85,87,925</b>
<b>Total assets</b>		<b>1,30,85,66,525</b>	<b>1,54,95,25,840</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	88,00,00,000	88,00,00,000
Retained earning		7,76,82,637	14,10,47,827
<b>Total equity</b>		<b>95,76,82,637</b>	<b>1,02,10,47,827</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial liabilities			
Borrowings		-	-
Other financial liabilities	13a	22,70,942	20,43,581
Deferred tax liabilities, (net)	5 & 21.1	1,23,89,143	1,64,50,689
<b>Total non current liabilities</b>		<b>1,46,60,085</b>	<b>1,84,94,270</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowing	13	-	-
Trade payables	12	12,64,86,754	10,90,03,402
Other financial liabilities	13a	20,35,48,496	39,78,54,199
Other current liabilities	14	61,88,553	31,26,142
Current tax liabilities, (net)	10A	-	-
<b>Total current liabilities</b>		<b>33,62,23,803</b>	<b>50,99,83,743</b>
<b>Total liabilities</b>		<b>35,08,83,888</b>	<b>52,84,78,013</b>
<b>Total equity and liabilities</b>		<b>1,30,85,66,525</b>	<b>1,54,95,25,840</b>

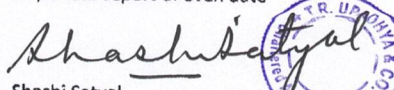
The accompanying notes form an integral part of the financial statements

  
Vipin Kumar  
Director



  
Rishav Choudhary  
Director

As per our report of even date

  
Shashi Satyal  
Partner  
PKF T.R. Upadhyaya & Co.  
Chartered Accountants

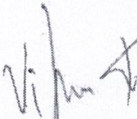


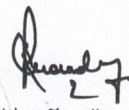
Date: **18 APR 2025**  
Place: Birgunj

**Britannia Nepal Pvt. Ltd.**  
 Birgunj, Nepal  
**Statement of Profit or Loss and Other Comprehensive Income**  
 For the year ended 31 March 2025

For the year ended	Note	Amount in NPR	
		31 March 2025	31 March 2024
Revenue from operations			
Sale of goods	15	2,39,75,80,729	2,23,01,06,126
Other income	16	1,07,94,219	1,79,68,047
<b>Total income</b>		<b>2,40,83,74,949</b>	<b>2,24,80,74,173</b>
<b>Expenses</b>			
Cost of materials consumed and change in inventories	17	1,73,05,52,767	1,52,42,09,432
Employee benefit expenses	18	15,93,68,725	15,78,10,064
Depreciation and amortisation expense	4	7,50,17,955	7,34,59,420
Other expenses	19	27,58,91,783	25,05,96,467
<b>Total expenses</b>		<b>2,24,08,31,230</b>	<b>2,00,60,75,383</b>
<b>Net Profit/(loss) before tax</b>		<b>16,75,43,719</b>	<b>24,19,98,790</b>
<b>Tax expense</b>			
Current tax		3,45,94,454	4,44,65,226
Deferred tax expense/ (income)	5.1	(40,61,545)	(25,42,691)
<b>Net Profit/(loss) after tax</b>		<b>13,70,10,810</b>	<b>20,00,76,255</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurements of the net defined benefit liability/asset		-	-
Income tax not to be reclassified subsequently to statement of profit or loss		-	-
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>13,70,10,810</b>	<b>20,00,76,255</b>

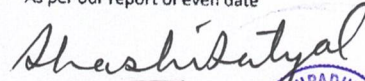
The accompanying notes form an integral part of the financial statements

  
 Vipin Kumar  
 Director

  
 Rishav Choudhary  
 Director

Date : **18 APR 2025**  
 Place : Birgunj

As per our report of even date

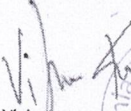
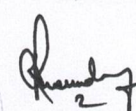
  
 Shashi Satyal  
 Partner  
 PKF T.R. Upadhy & Co.  
 Chartered Accountants



**Britannia Nepal Pvt. Ltd.**  
Birgunj, Nepal  
**Statement of Cash Flows**  
For the year ended 31 March 2025

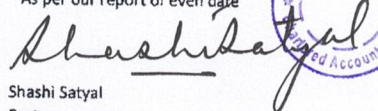
For the year ended	Amount in NPR	
	31 March 2025	31 March 2024
<b>Cash flows from operating activities</b>		
Net Profit/(Loss) before tax	16,75,43,719	24,19,98,790
Adjustment for Depreciation	7,50,17,955	7,34,59,420
<b>Operating Profit before Working Capital Changes</b>	<b>24,25,61,674</b>	<b>31,54,58,210</b>
<b>Working Capital Adjustments:</b>		
(Increase)/ Decrease in Current Assets	(80,76,737)	2,00,64,620
Increase/(Decrease) in Current Liabilities	4,38,27,421	3,63,22,979
<b>Cash generated from operations</b>	<b>27,83,12,357</b>	<b>37,18,45,809</b>
Income tax	(3,76,62,445)	(5,66,98,284)
<b>Net cash generated from operating activities (A)</b>	<b>24,06,49,912</b>	<b>31,51,47,525</b>
<b>Cash flows from investing activities</b>		
Investment in fixed deposits	(6,03,00,000)	(17,00,00,000)
Maturity of fixed deposits	17,00,00,000	17,00,00,000
Purchase of property, plant and equipment	(5,09,05,302)	(48,69,408)
Increased in advance capital expenditure	-	(34,30,632)
<b>Net cash from/(used in) investing activities (B)</b>	<b>5,87,94,698</b>	<b>(83,00,040)</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	-	-
Dividend Paid	(41,77,36,000)	-
<b>Net cash flow from financing activities (C)</b>	<b>(41,77,36,000)</b>	<b>-</b>
<b>Net (decrease)/Increase in cash and cash equivalents (A+B+C)</b>	<b>(11,82,91,390)</b>	<b>30,68,47,485</b>
Cash and cash equivalents as at the beginning of the Year	39,71,50,273	9,03,02,788
<b>Cash and cash equivalents as at the end of the Year</b>	<b>27,88,58,883</b>	<b>39,71,50,273</b>

The accompanying notes form an integral part of the financial statements


  
 Vipin Kumar  
Director  
 Rishav Choudhary  
Director

Date: **18 APR 2025**  
Place: Birgunj

As per our report of even date

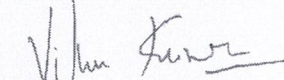
  
 Shashi Satyal  
Partner  
 PKF T.R. Upadhyaya & Co.  
Chartered Accountants



**Britannia Nepal Pvt. Ltd.**  
Birgunj, Nepal  
**Statement of Changes in Equity**  
For the year ended 31 March 2025

Particulars	Amount in NPR				
	Equity Share Capital	Other Equity			Total equity attributable to equity shareholders of the Company
		Advance for share capital	Retained Earnings	General Reserve	
<b>Previous Year</b>					
Balance as at 1 April 2023	88,00,00,000	-	16,97,71,572	-	1,04,97,71,572
Total comprehensive income for the period	-	-	-	-	-
Net profit/(loss) during the period	-	20,00,76,255	-	-	20,00,76,255
Other comprehensive income	-	-	-	-	-
Dividend on equity share	-	-	-	-	-
<i>Transaction with equity owners and transfer to reserves</i>					
Issue of share capital	-	-	-	-	-
Dividend	-	-	-	-	-
Transfer to general reserve	-	(22,88,00,000)	-	-	(22,88,00,000)
<b>Balance as at 31 March 2024</b>	<b>88,00,00,000</b>	<b>-</b>	<b>14,10,47,827</b>	<b>-</b>	<b>1,02,10,47,827</b>
<b>Current Year</b>					
Balance as at 1 April 2024	88,00,00,000	-	14,10,47,827	-	1,02,10,47,827
Total comprehensive income for the period	-	-	-	-	-
Net profit/(loss) during the period	-	13,70,10,810	-	-	13,70,10,810
Other comprehensive income	-	-	-	-	-
Dividend on equity share	-	-	-	-	-
<i>Transaction with equity owners and transfer to reserves</i>					
Issue of share capital	-	-	-	-	-
Dividend	-	-	-	-	-
Transfer to general reserve	-	(20,03,76,000)	-	-	(20,03,76,000)
<b>Balance as at 31 March 2025</b>	<b>88,00,00,000</b>	<b>-</b>	<b>7,76,82,637</b>	<b>-</b>	<b>95,76,82,637</b>

The accompanying notes form an integral part of the financial statements

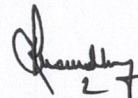
  
Vipin Kumar  
Director

Vipin Kumar  
Director

**18 APR 2025**

Date :

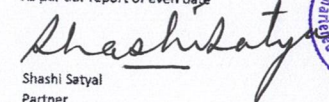
Place : Birgunj

  
Rishav Choudhary  
Director

Rishav Choudhary  
Director



As per our report of even date

  
Shashi Satyal  
Partner

Shashi Satyal  
Partner  
PKF T.R. Upadhyaya & Co.  
Chartered Accountants



**Britannia Nepal Pvt. Ltd.**  
**Notes to Financial Statements**  
For the year ended 31 March 2025

**NOTE 4**

*Amount in NPR*

**PROPERTIES, PLANT AND EQUIPMENT**

	Land	Computer & Printers	Electrical Installations	Furniture & Fixtures	Plant & Machineries	Buildings	Total	Capital WIP
<b>Cost</b>								
Balance as at 31 March 2024	14,53,92,737	57,29,838	9,26,23,373	1,36,56,145	39,99,87,923	29,85,09,585	95,58,99,601	-
Addition during the year	-	5,30,973	-	-	2,38,19,477	1,62,34,864	4,05,85,314	5,09,05,302
Disposal during the year	-	-	-	-	-	-	-	-
Transfer to respective class of PPE	-	-	-	-	-	-	-	4,05,85,314
<b>Balance as at 31 March 2025</b>	<b>14,53,92,737</b>	<b>62,60,811</b>	<b>9,26,23,373</b>	<b>1,36,56,145</b>	<b>42,38,07,400</b>	<b>31,47,44,449</b>	<b>99,64,84,915</b>	<b>1,03,19,988</b>
<b>Accumulated Depreciation</b>								
Balance as at 31 March 2024	-	57,29,812	4,27,97,345	59,26,934	24,25,56,605	4,79,50,991	34,49,61,686	-
Depreciation for the year	-	72,009	92,62,337	13,65,615	5,39,81,510	1,03,36,484	7,50,17,955	-
Disposal during the year	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2025</b>	<b>-</b>	<b>58,01,821</b>	<b>5,20,59,682</b>	<b>72,92,549</b>	<b>29,65,38,115</b>	<b>5,82,87,475</b>	<b>41,99,79,641</b>	<b>-</b>
<b>Net Carrying Cost</b>								
Balance as at 31 March 2024	14,53,92,737	26	4,98,26,027	77,29,211	15,74,31,319	25,05,58,594	61,09,37,915	-
<b>Balance as at 31 March 2025</b>	<b>14,53,92,737</b>	<b>4,58,990</b>	<b>4,05,63,691</b>	<b>63,63,596</b>	<b>12,72,69,285</b>	<b>25,64,56,974</b>	<b>57,65,05,274</b>	<b>1,03,19,988</b>



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
For the year ended 31 March 2025

**NOTE 5 - DEFERRED TAX ASSETS/ (LIABILITIES)**

*Amount in NPR*

	Deferred tax assets		Deferred tax liabilities		Deferred tax assets / (liabilities), net	
	As at	As at	As at	As at	As at	As at
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
On temporary differences	-	-	(1,28,59,142)	(1,69,27,235)	(1,28,59,142)	(1,69,27,235)
On Leave encashment	4,69,999	4,76,547			4,69,999	4,76,547
	<u>4,69,999</u>	<u>4,76,547</u>	<u>(1,28,59,142)</u>	<u>(1,69,27,235)</u>	<u>(1,23,89,143)</u>	<u>(1,64,50,688)</u>

5.1 Movement in deferred tax assets/(liabilities) recognized in statement of profit or loss and other comprehensive income

	Recognized in Statement of profit or loss	Recognized in OCI	Recognized directly in equity	Others	Total movement in deferred tax assets/(liabilities)
<i>Movement during the year</i>					
On temporary Differences:	40,61,545	-	-	-	40,61,545
	<u>40,61,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,61,545</u>

Note: Deferred tax assets/Liability is calculated taking effective applicable income tax rate of 18% (Previous year 18%)



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
For the year ended 31 March 2025

**NOTE 6 - INVENTORIES**

	31 March 2025	Amount in NPR 31 March 2024
	Inventory - RM-PM	17,43,01,448
Inventory - Consumables	1,97,82,728	1,51,32,401
Inventory - FG	2,65,03,607	5,51,79,048
	<b>22,05,87,782</b>	<b>25,03,30,957</b>

**NOTE 7 - TRADE RECEIVABLES**

	31 March 2025	Amount in NPR 31 March 2024
	Accounts Receivable	13,09,49,456
	<b>13,09,49,456</b>	<b>9,27,95,151</b>

**NOTE 8 - CASH AND CASH EQUIVALENTS**

	31 March 2025	Amount in NPR 31 March 2024
	Cash at bank - Current Account	27,88,58,883
	<b>27,88,58,883</b>	<b>39,71,50,273</b>

**NOTE 9 - OTHER FINANCIAL ASSETS**

	31 March 2025	Amount in NPR 31 March 2024
	Fixed deposits with bank	6,03,00,000
Employee Loans & Advances	1,22,849	3,58,181
<b>Total</b>	<b>6,04,22,849</b>	<b>17,03,58,181</b>
Current	6,04,22,849	17,03,58,181
Non current	-	-
<b>Total</b>	<b>6,04,22,849</b>	<b>17,03,58,181</b>

**NOTE 10 - OTHER ASSETS**

	31 March 2025	Amount in NPR 31 March 2024
	Balance with Government Authorities	15,00,000
Advance to Custom office	-	16,09,360
VAT Receivable	1,20,40,660	81,73,180
Accrued Interest	9,59,873	39,71,918
Prepaid Insurance	8,49,240	6,44,377
Advance for Non Capital Expenditure	-	-
	<b>1,53,49,773</b>	<b>1,54,48,834</b>
Current	1,53,49,773	1,54,48,834
Non current	-	-
<b>Total</b>	<b>1,53,49,773</b>	<b>1,54,48,834</b>

**NOTE 10A - Current tax Asset/(Liability)**

Provision for income tax	(10,89,18,409)	(6,03,23,955)
Advance income tax deposit	12,44,90,928	7,28,28,484
<b>Net advance income tax/(Liability)</b>	<b>1,55,72,520</b>	<b>1,25,04,529</b>



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
 Birgunj, Nepal  
 For the year ended 31 March 2025

**NOTE 11 - SHARE CAPITAL**

	<i>Amount in NPR</i>	
	<u>31 March 2025</u>	<u>31 March 2024</u>
<b>Authorized capital</b>		
Ordinary 11,100,000 Shares @ NPR 100 each	1,11,00,00,000	1,11,00,00,000
	<u>1,11,00,00,000</u>	<u>1,11,00,00,000</u>
<b>Issued and subscribed capital</b>		
Ordinary 8,800,000 Shares @ NPR 100 each	88,00,00,000	88,00,00,000
	<u>88,00,00,000</u>	<u>88,00,00,000</u>

**Paid up capital**

Ordinary 8,800,000 Shares @ NPR 100 each fully paid wholly owned by Britannia Industries Limited, India	88,00,00,000	88,00,00,000
	<u>88,00,00,000</u>	<u>88,00,00,000</u>

11.1 Reconciliation of the number of equity shares outstanding at beginning and end of the period

	<u>Number of Shares</u>	<u>Amount in NPR</u>
Opening balance at 1 April 2024	88,00,000	88,00,00,000
Issue of shares during the period	-	-
Closing balance as at 31 March 2025	<u>88,00,000</u>	<u>88,00,00,000</u>

**NOTE 12 - FINANCIAL LIABILITIES**

	<i>Amount in NPR</i>	
	<u>31 March 2025</u>	<u>31 March 2024</u>
Creditors for goods and services	12,64,86,754	10,90,03,402
	<u>12,64,86,754</u>	<u>10,90,03,402</u>

**NOTE 13 - BANK OVERDRAFT**

	<i>Amount in NPR</i>	
	<u>31 March 2025</u>	<u>31 March 2024</u>
Bank Overdraft	-	-
	<u>-</u>	<u>-</u>

**NOTE 13a - OTHER FINANCIAL LIABILITIES**

	<i>Amount in NPR</i>	
	<u>31 March 2025</u>	<u>31 March 2024</u>
Accrued expenses		
- Audit fee payable	1,50,000	1,50,000
- Rent payable	2,47,500	3,15,000
- Professional Services Payable	31,61,300	41,21,483
Other payables	15,89,27,463	13,57,34,228
Dividend payable	(0)	21,73,60,000
Payable to Contractors	28,39,990	31,39,183
SSF Payable	13,77,266	13,97,804
Provision for Leave Encashment	26,11,103	26,47,483
Employee benefits Payable	3,20,47,635	3,13,78,059
CSR Liability	44,57,181	36,54,540
	<u>20,58,19,438</u>	<u>39,98,97,780</u>
Current	20,35,48,496	39,78,54,199
Non current	22,70,942	20,43,581
<b>Total</b>	<u>20,58,19,438</u>	<u>39,98,97,780</u>

**NOTE 14 - OTHER CURRENT LIABILITIES**

	<i>Amount in NPR</i>	
	<u>31 March 2025</u>	<u>31 March 2024</u>
Statutory liabilities		
- TDS payable	61,88,553	31,26,142
	<u>61,88,553</u>	<u>31,26,142</u>



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
For the year ended 31 March 2025

For the year ended	31 March 2025	Amount in NPR 31 March 2024
<b>Note 15- REVENUE FROM OPERATIONS</b>		
Sale of goods	2,51,96,47,858	2,34,53,83,586
Less: Trade Spent	<u>(12,20,67,129)</u>	<u>(11,52,77,460)</u>
	<u><b>2,39,75,80,729</b></u>	<u><b>2,23,01,06,126</b></u>
<b>Note 16- OTHER INCOME</b>		
Interest income on fixed deposits	67,28,594	1,29,34,909
Scrap Sales	<u>40,65,625</u>	<u>50,33,138</u>
	<u><b>1,07,94,219</b></u>	<u><b>1,79,68,047</b></u>
<b>Note 17 - COST OF MATERIAL CONSUMED AND CHANGES IN INVENTORY</b>		
<b>A. Cost of raw material and packing material consumed</b>		
Opening inventory	19,51,51,910	19,70,95,285
Add: Purchase	1,70,08,09,592	1,53,07,36,762
Less: Closing Inventory	<u>19,40,84,176</u>	<u>19,51,51,910</u>
Total	<u><b>1,70,18,77,326</b></u>	<u><b>1,53,26,80,137</b></u>
<b>B. Changes in finished goods</b>		
Opening	5,51,79,048	4,67,08,344
Less: Closing	<u>2,65,03,607</u>	<u>5,51,79,048</u>
Total	<u><b>2,86,75,441</b></u>	<u><b>(84,70,704)</b></u>
<b>Total Cost of Material Consumed (A+B)</b>	<u><b>1,73,05,52,767</b></u>	<u><b>1,52,42,09,432</b></u>
<b>Note 18 - EMPLOYEE COST</b>		
Salaries	5,43,43,936	5,76,45,939
Wages	9,54,87,962	9,12,54,721
Leave expenses	11,03,292	15,15,103
Employee Welfare Expenses	30,05,391	32,51,623
Retirement contribution	42,96,640	30,52,012
Medical And Sanitary Expenses	38,974	15,430
Medical Insurance Premium	<u>10,92,530</u>	<u>10,75,235</u>
	<u><b>15,93,68,725</b></u>	<u><b>15,78,10,064</b></u>



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
For the year ended 31 March 2025

For the year ended	31 March 2025	Amount in NPR 31 March 2024
<b>Note 19 - OTHER EXPENSES</b>		
Audit expense	1,50,000	1,50,000
Power and fuel	8,48,11,137	7,66,65,157
Royalty	11,34,98,822	10,68,67,482
House keeping and cleaning expenses	1,90,84,565	1,68,16,563
Printing & Stationery	4,79,945	4,71,900
Recruitment Expenses	2,24,792	4,82,147
Lab Expenses	1,45,375	1,03,954
Security Charges	65,84,604	57,48,375
Sanitary / Safety / Hygiene Expenses	28,55,953	32,57,104
Telephone Expenses - Mobile / Data Card	4,43,035	4,32,311
Repairs & Maintenance		
- Plant & Machinery	98,66,282	65,43,538
- Building	18,26,023	-
Miscellaneous Expenses	24,26,284	20,44,932
Office Rent	23,92,743	33,20,737
Postage & Courier	1,33,905	12,360
Rates & Taxes - Others	10,37,938	16,15,220
Professional Service Fee	78,77,154	62,76,856
Insurance Expenses	77,28,429	65,64,514
Canteen Expenses / Loss / Subsidy	1,34,301	63,310
Travel Expenses	41,07,029	54,60,343
Car Hire Charges	65,04,657	55,90,182
Bank Charges	7,12,143	3,19,511
CSR Expenses	28,66,667	17,89,974
	<b>27,58,91,783</b>	<b>25,05,96,467</b>



**Britannia Nepal Pvt. Ltd.**  
**Notes to the Financial Statements**  
For the period from 01 April 2023 to 31st March 2025

For the year ended	Amount in NPR	
	31 Mar 2025	31 Mar 2024
A Opening Stock		
Inventory - RM-PM	18,00,19,508	18,41,35,872
Inventory - Consumables	1,51,32,401	1,29,59,412
Inventory - FG	5,51,79,048	4,67,08,344
B Closing Stock		
Inventory - RM-PM	17,43,01,448	18,00,19,508
Inventory - Consumables	1,97,82,728	1,51,32,401
Inventory - FG	2,65,03,607	5,51,79,048



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### 1. Reporting entity

Britannia Nepal Pvt. Ltd. ('Company') is a private limited company incorporated on 17 May 2017 under the Companies Act, 2006 and domiciled in Nepal. The Company is a wholly-owned subsidiary of Britannia Industries Limited, a company registered under the Indian Companies Act. The main objective of the company is to manufacture and sell bakery products.

The Company started production of bakery products w.e.f. 12.04.2019.

#### 2. Basis of preparation

##### A. Statement of compliance

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board, Nepal. These confirm, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis. The term NFRS, which includes all the standards and the related interpretations is consistently used.

Details of the Company's accounting policies are included in Note 3.

##### B. Functional and presentation currency

These standalone financial statements are presented in Nepali Rupees (NPR), which is also the Company's functional currency. All amounts have been rounded off to the nearest rupees unless otherwise indicated.

##### C. Basis of Measurement

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

##### D. Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### E. Presentations

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

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

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The operating cycle has been defined as a twelve-month period.

The statement of profit or loss has been prepared using the classification "by nature" method.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### 3. Significant accounting policies

##### (a) Property, plant and equipment

###### i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalized borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labor and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

###### ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

###### iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognized in the statement of profit or loss. Assets acquired under a finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation for assets purchased / sold during the period is proportionately charged.

Asset	Useful Life
Plant and machinery	7.5 – 15 years
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	3 - 5 years
Buildings	30 - 60 years
Leasehold land Lease period	Lease period

Freehold land is not depreciated.



**BRITANNIA NEPAL PVT. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 1 April 2024 to 31 March 2025

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

**(b) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

**(c) Intangible assets**

Internally generated: Research and development

Expenditure on research activities is recognized in the Statement of Profit or Loss as incurred.

Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

**Others**

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

**Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortization in Statement of Profit or Loss.

Asset	Useful Life
Computer Software	6 years

**(d) Impairment**

**i. Financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

#### ii. Non-financial assets

##### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit or Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit or loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### (e) Leases

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

##### Assets taken on lease (As a Lessee):

The NAS-17 Leases has been replaced by NFRS -16 lease and the application of new NFRS from this year has been done using a modified retrospective approach. NFRS 16 allows the use of modified retrospective approach where cumulative adjustment has been made to opening retained earnings of current year and requires no restatement of comparative figures.

The Company mainly has lease arrangements for residential apartments for expat employees and warehouse spaces. Such lease agreements are cancellable lease and have remaining period of less than one year, hence considered as short term lease.

The Company assesses whether a contract is or contains a lease at the inception of the contract. The assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company contains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the company, term and currency of the contract. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options which the Company is reasonably certain to exercise.

Variable lease payments that don't depend on an index or rate are not included in the measurement of the lease liability and the Rou asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line "other expense" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

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

The company has elected not to recognize right-of-use assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Since the company has only short-term lease having remaining contract period of less than one year, the Company has elected not to apply the requirement in paragraphs 22-49 of NFRS 16 - Lease and accordingly has recognized rental payment under it's short term lease as rent expense on accrual basis.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### (f) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realizable value, after providing for obsolescence, where appropriate. The comparison of cost and net realizable value is made on an item-by-item basis. The net realizable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in the production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on a moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Stock-in-trade is valued at the lower of net realizable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods are valued at lower of net realizable value and cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition).

#### (g) Financial instruments

##### i. Recognition and initial measurement

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at the trade date.

##### ii. Classification and subsequent measurement

###### Financial Assets

###### *Financial assets carried at amortized cost*

A financial asset is subsequently 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.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

#### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

#### **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### iii. De-recognition

#### *Financial assets*

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

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

#### *Financial liabilities*

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

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the statement of profit or loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### (h) Revenue recognition

Revenue from sale of goods and sale of scrap is recognized, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax and net of sales return, trade discounts and volume rebates. Sales are presented gross of excise duties.

Income from royalties recognized based on contractual agreements.

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit or loss.

#### (i) Royalty expense

The royalty expenses of Rs. 113,498,822 have been accounted for on the basis of the Intellectual Property License Agreement entered into between BIL and the Company for the use of Trademark and Fees for Technical Knowhow and approval obtained from the Department of Industries, Government of Nepal on 2078.10.10.

#### (j) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognized as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### (k) Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (as per Nepalese tax laws) enacted or substantively enacted by the reporting date.

#### ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognized or unrecognized are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

#### (I) Provisions and contingent liabilities

##### i. General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### iii. Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

#### (m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

#### (n) Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue-generating (operating activities), investing and financing activities of the Company are segregated.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### 20 Other Explanatory Notes

##### 20.1 Deferred tax

The detail of Deferred Tax Asset/(Liability) as at 31 March 2025 is as below:

<i>Amount in NPR</i>					
Particulars	Tax Base	Carrying amount	Balance as at 31 March 2025	Applicable tax rate	Deferred Tax Assets/ (Liabilities)
Deductible temporary difference					
- PPE	359,672,861	431,112,537	(71,439,676)	18%	(12,859,142)
- Leave Provision	-	2,611,103	(2,611,103)		469,999
<b>Total</b>					<b>(12,389,143)</b>

##### 20.2 Related Party information

Britannia Industries Limited, India, the parent company of the Company is the only related party of the Company as at end of the reporting period. There related party transactions during the financial year are as follows:

<i>Amount in NPR</i>			
Name of the related party	Nature of transaction	Transaction during the year	Outstanding balance
Britannia Industries Limited	Dividend declared and paid	200,376,000	Nil
	Royalty & Technical Fees	92,001,332	45,888,785

Key management personnel (KMP) include Directors. The salary and benefits provided to KMPs for the year are as follows:

<i>Amount in NPR</i>		
KMPs	Current year	Previous Year
Directors Remuneration	7,863,628	9,946,227

##### 20.3 Operating Lease Commitment

The future minimum lease payment under non-cancellable operating leases, where Britannia Nepal Pvt. Ltd. is the lessee is NIL.

##### 20.4 Bank Guarantee

The Company has provided a bank guarantee letter of NPR 300,000 to the Department of Customs, Nepal relating to the Exim Code for which a Fixed deposit of NPR 300,000 has been made.



## BRITANNIA NEPAL PVT. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2024 to 31 March 2025

#### 20.5 Contingencies

Below is status of contingent liability as at year end:

##### **a. Income tax matters**

###### With respect to tax reassessment FY 2075-76

Medium Level Taxpayers Office ("MLTO") has reassessed income tax returns filed by the Company for fiscal year 2075-76 and issued letter revising the taxable loss of FY 2075-76 by NPR 42,916,562. The Company has disputed revised taxable loss made by MLTO and appeal was filed for administrative review with IRD and later appeal was filed with Revenue Tribunal. As per latest information from legal team, Revenue Tribunal has decided on case and assessments are remanded to the tax office to relook into the matter.

###### With respect to tax reassessment FY 2076-77

Medium Level Taxpayers Office ("MLTO") has reassessed income tax returns filed by the Company for fiscal year 2076-77 and issued letter revising the taxable loss of FY 2076-77 by NPR 44,951,949. Out of such total reassessed taxable loss, NPR 42,916,562 relates to carry forward of losses for 2075-76 for which Company has filed appeal for administrative review with Inland Revenue Department and Decision is yet to be made by IRD.

##### **b. Value Added Tax (VAT) Matters**

MLTO has reassessed VAT returns filed, and VAT liability paid by the Company for fiscal year 2075-76 and issued a letter demanding additional VAT liability of NPR 3,254,824. The Company accepted and paid partial additional VAT demand of NPR 445,476 and appeal was filed for administrative review with IRD and later appeal filed with Revenue Tribunal along with total deposit of NPR 1,500,000. As per latest information from legal team, Revenue Tribunal has decided on case and assessments are remanded to the tax office to relook into the matter.

#### 20.6 Comparative Figures

Comparative figures have been regrouped/reclassified wherever necessary to conform to the current period's presentation.

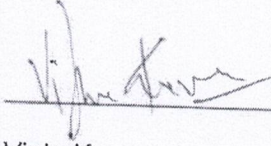
On behalf of Britannia Nepal Pvt Ltd

As per our attached report of even date



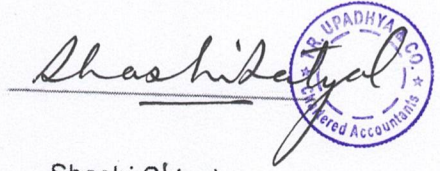
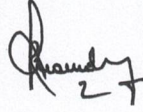
BRITANNIA NEPAL PVT. LTD.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 1 April 2024 to 31 March 2025



Vipin Kumar  
Director

Date:  
Place: Birgunj



Shashi Satyal  
Partner  
PKF T R Upadhy & Co.  
Chartered Accountants

