



A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY



A SYMPHONY OF QUALITY & EXCELLENCE

ANNUAL REPORT
2022/23





SAVOR THE ART OF **DISTILLATION**

The most respected Liquor
Company in Nepal in terms
of products, service, profit
and shareholder value.





DISCLAIMER:
This publication is intended
for information purpose only.

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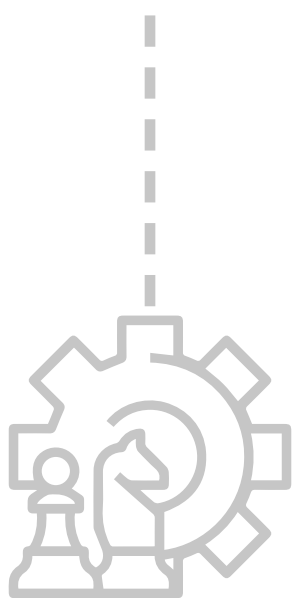
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HDL is the market leader in the business with above

75%

market share in the 40UP whisky segment

STRATEGIC REPORT



Himalayan Distillery Limited (HDL), a landmark name in the alcoholic beverage industry of Nepal has prominently placed itself as a market leader of the industry with an astounding market share of approximately above 75% market share in the 40UP whisky segment. HDL has been able to set its feet firmly in the ever competitive business scenario of the country because of a variety of factors namely compliance with and implementation of international standard quality benchmarks, uncompromised and significantly higher standards of corporate governance, unceasing innovation and product upgradation, automation and enhanced scalability of manufacturing processes to enhance efficiency and productivity, a customer oriented, competitive and vigorous sales and distribution team.



One of the core strengths of HDL lies in its undeterred commitment to adhere to national and international manufacturing, operational and above all a variety of statutory and regulatory requirements. Further to this, the competent team of internal and external auditors who minutely observe and scrutinize each of its business transactions to ensure utmost financial discipline and transparency. HDL's manufacturing plant also fully complies producing a range of its products as per the requirements demarcated by Excise Act, Regulations, Guidelines, Liquor Act, and Rules and Regulations and under the supervision of the Excise Inspector. In addition to this, HDL has developed and implemented robust and codified internal control measures across each of its functional areas throughout the organization.

HDL also boasts a strong team of competent, vibrant and enthusiastic workforce who are increasing its scalability and efficiency in major functional areas like management, production, brand management, sales and distribution. The organization has in place a comprehensive and robust human resources management policy and guidelines which enables it to onboard and retain suitable and capable workforce. The company not only attains efficient professionals to work with it but also emphasizes continuous training and capacity enhancement of its staffs across all organizational levels so that they can stay abreast with the demands of the dynamic business and operational environment. This is also one of the crucial factors which can be attributed to HDL's continuous growth, improvement and success.

As a result of the company's utmost focus on product innovation, automation, world class manufacturing practices and higher standards of corporate governance and business ethics, HDL commands a higher customer confidence for its assortment of high-quality spirits which further strengthen and most importantly retain its position of market leader with above 75 percent market share in the Nepalese beverages industry.

Apart from manufacturing products as demanded by the market, the company highly prioritizes on creating and strengthening its brand equity and price leadership while maintaining its position of being the first choice when it comes to its customers as well as suppliers. At the same time, the company maintains its focus on onboarding more and newer customers from the diverse product segments that the company possesses through unique, customer focused and impactful market expansion initiatives.

The crux of these initiatives will empower the company to ensure higher shareholders' value and establish itself as a responsible corporate citizen contributing back to the society through impactful corporate social responsibility initiatives especially in the areas of a green and sustainable economy, environmental conservation, health and social wellbeing and basic livelihood services to the socially and economically marginalized communities and individuals.

AN OVERVIEW

Himalayan Distillery Ltd. (HDL) is a prominent and respected name in the Nepalese manufacturing industry that has been delivering stellar products and performance year after year through its high priority and investment on research, development, manufacturing, and marketing of international quality alcoholic beverages while adhering to the principles of fair competition, higher corporate governance and business ethics and above all financial accountability and transparency.

HDL, a game changer in the Nepalese liquor industry came into existence on July 24, 1985 as a private company registered under Company Act 2021. The company transformed itself into a Public Limited Company on November 3, 2000.

The company's utmost commitment to ensure value for excellence comes from its inherited legacy of Jawalakhel Distillery Pvt. Ltd. which not only HDL's legacy company but also the largest market player in today's Nepalese liquor market. HDL can actually be called to be the fruition of a perfectionist's dream of building a unique distillery company to outperform its competitors in all aspects of business. This fruition has been further strengthened and enhanced by HDL's performance over a period of time which clearly defines the company's commitment to lead and rule the market.

HDL's distinctive market edge comes from its assortment of international standard alcoholic beverages manufactured through internationally benchmarked hi-tech and high-end manufacturing processes and practices. The company boasts an astounding production capacity of 11.76 million liters of production capacity per annum at its factory in Birgunj which abides by the international best manufacturing practices to produce high quality products for its diverse customer segments.



VISION

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



MISSION

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



STRATEGIC DIRECTION

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

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



CORE VALUES

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

Our Objectives

The company's objectives:

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

Code of Conduct

HDL abides by a strict Code of Conduct that demands uncompromised adherence from all its staff and suppliers. The Code not only defines minimum acceptable behavior standards for its employees, stakeholders and market but also ensures a uniform behavioral approach of all staff to maintain and enhance the company's goodwill and aims to foster healthy professional working relationship within the company and thus create a respectful and harassment-free (including sexual harassment) workplace for its diverse set of employees. HDL investigates any major or minor non-compliance with the Code of Conduct which can lead to relevant and much needed disciplinary actions and corrective measures that are investigated and could invoke disciplinary action which are sometimes as severe as termination of employment.

Operational Highlights

The greatest operational strength of HDL lies in its world class manufacturing and distillation plant which enables the company to produce alcoholic beverages of international repute. HDL's 30 KLPD distillation plant designed by KATZEN (USA) possesses potable Extra Neutral Alcohol (ENA) capacity of 6 million liters.

HDL has in place its own quality control laboratories signaling the company's keen eye and attention for quality and consistency. Though the company's overall production had to go through the unavoidable impacts of COVID-19 pandemic, HDL is already on its road to recovery to not only achieve but also to surpass its previous benchmarks of production capacity.

Any manufacturing only as successful as its distribution and sales network and HDL excels in this area as well. The company has a well-planned and penetrative network of distributors and wholesalers and off-trade and on-trade marketing intermediaries all over Nepal. Currently, J.G.I Distribution Pvt. Ltd. (JGIDPL) has been overseeing the sales and marketing functions of HDL through a dedicated team of 200 competent professionals while HDL's General Manager of Sales and Marketing leads the Sales Team.



Financial Overview (5 years)

Amount in Rs.

PARTICULARS	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Sales (Cases)	836,192	549,940	642,612	682,689	470,557
Net Sales	3,179,540,869	2,404,628,250	3,699,668,410	4,059,119,963	2,970,513,595
COGS	1,555,816,139	1,169,574,868	1,474,723,249	1,572,365,334	1,201,050,397
Gross Profit	1,623,724,730	1,235,053,382	2,224,945,161	2,486,754,629	1,769,463,198
Other Operating Income	1,774,587	959,149	72,955,118	5,339,132	10,508,372
Indirect Expenses	809,858,184	528,941,793	821,459,063	1,015,373,860	830,935,817
EBITDA	815,641,133	707,070,738	1,476,441,216	1,476,719,901	949,035,753
Depreciation	55,773,747	49,689,492	51,090,332	54,828,501	50,488,080
EBIT	759,867,386	657,381,246	1,425,350,884	1,421,891,400	898,547,673
Financial Expenses	19,813,073	30,287,614	17,225,869	2,156,551	4,510,304
EBT	740,054,313	627,093,632	1,408,125,015	1,419,734,848	894,037,368
Tax	203,011,567	160,176,678	366,728,249	362,794,362	233,513,538
Net Profit	537,042,746	466,916,954	1,041,396,766	1,056,940,486	660,523,830
Share Capital	385,645,500	578,468,250	867,702,375	1,518,479,156	2,429,566,650
Retained Earnings	602,841,158	673,964,046	1,136,892,562	1,326,130,673	925,237,160
Non-Current Borrowings	3,765,256	1,956,030	12,195	-	-
Non-Current Lease Payables	-	-	-	9,138,595	1,742,797
Deferred Tax Liabilities	28,525,239	29,587,436	35,620,944	32,397,515	29,822,338
Property, Plant and Equipment	605,043,243	557,370,760	513,856,348	497,483,671	458,611,822
Capital Work in Progress	-	-	-	-	34,743
Intangible Assets	1,392,967	874,220	451,264	866,938	1,006,263
Right to use assets	-	-	-	11,477,106	2,116,239
Other Non-Current Assets	20,193,142	32,921,112	23,430,898	20,193,142	42,809,060
Investment	20,000,000	20,000,000	69,000,000	101,100,000	101,100,000
Deferred Tax Assets	-	-	-	-	-
Inventory	301,632,908	426,104,882	164,953,755	207,327,472	447,224,251
Account Receivables	403,175,744	911,576,944	517,130,075	1,150,583,354	1,962,176,573
Cash and Cash Equivalents	3,594,383	12,136,959	909,119,078	1,064,422,185	469,591,315
Other Bank Balances	-	-	-	51,846,592	76,456,007
Other Current Assets	48,608,968	34,631,368	111,713,565	87,088,062	108,181,827
Current Borrowings	162,710,868	150,395,638	1,470,430	-	-
Current Liabilities	220,153,334	561,244,845	267,956,477	306,242,583	282,939,155
Net Current Assets/Working Capital	374,147,801	672,809,670	1,433,489,566	2,255,025,082	2,780,690,818
Total Assets	1,403,641,355	1,995,616,245	2,309,654,983	3,192,388,522	3,669,308,100
Total Capital & Liabilities	1,403,641,355	1,995,616,245	2,309,654,983	3,192,388,522	3,669,308,100
Capital Employed	1,154,962,782	1,404,783,964	2,006,077,562	2,844,609,829	3,354,803,810
Net Worth	988,486,658	1,252,432,296	2,004,594,937	2,844,609,829	3,354,803,810
Gross Profit Margin	51%	51%	60%	61%	60%
Operating Profit Margin	26%	29%	40%	36%	32%
Net Profit Margin	17%	19%	28%	26%	22%
Dividend Per Share (Cash)	53	50	25	10	15%
Dividend Per Share (Bonus)	50	50	75	60	10%
Dividend Per Share (Interim)	-	-	-	-	-
Earning Per Share	139	81	120	70	27
Share Price Per Share (End of FY)	1,670	1,599	5,512	3,410	2,248
Price Earning Ratio	12	20	46	49	83
Net Worth Per Share	256	217	231	187	138
Return on Equity	77%	52%	71%	50%	27%
Return on Capital Employed	66%	47%	71%	50%	27%
Return on Total Assets	38%	23%	45%	33%	18%
Current Ratio	1.98	1.95	6.32	8.36	10.83
Debt to Equity Ratio	0.14	0.11	0.00	-	-

Operational Overview (5 years)

2018-19

- 1 million cases of Golden Oak (GO) sold for the 1st time in a fiscal year in history of the liquor industry
- 334% growth in the sales of Black Oak
- Revenue Growth by 30%
- Net profit Growth by 83%
- Distributed interim cash dividend of 68.42%, final cash dividend of 52.63% and 50% bonus shares.

2020-21

- 1 million cases of Golden Oak (GO) sold for the 2nd time in a fiscal year
- Started contract bottling of GO in another company
- 147% Growth in the sales of Black Oak
- Launched a premium brand in 40 UP segment: Blue Oak
- Revenue growth by 54%
- Net profit growth by 123%
- Distributed cash dividend of 25% and 75% bonus shares maintaining 100% dividend for third year in a row.

2021-22

- 1 million cases of Golden Oak (GO) sold for the 3rd time in a fiscal year.
- 33% Growth in the sales of Black Oak
- 76% Growth in the sales of Blue Oak
- Revenue growth by 10%
- Net profit growth by 149%
- Distributed cash dividend of 10% and 60% bonus shares.

2019-20

- Growth affected due to COVID-19 pandemic during the peak season.
- 34% decrease in sales quantity, 24% decrease in revenue and 13% decrease in net profit
- Distributed cash dividend of 50% and 50% bonus shares maintaining 100% dividend for the second consecutive year.



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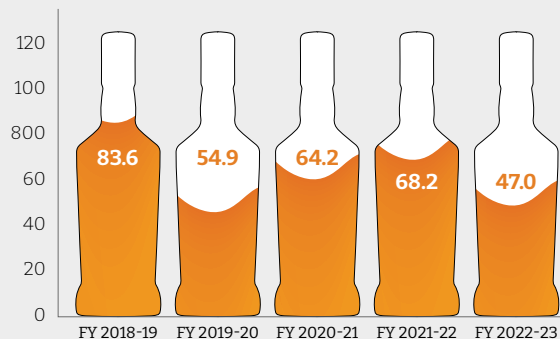
2022-23

- Impact of Economic slowdown in Net sales revenue with a decrease of 27% than Last Year, thus decreasing PAT by 37.5%.
- Introduced new closure imported from Ukraine in 750ml Products of Oak Series and new bottle in Black Oak 750 ml to add premiumness.
- Silver Award in "Best presented National Annual Reports 2022" in manufacturing category by ICAN.
- Proposed final cash dividend of 15% and bonus share of 10%

Financial Highlights (5 years)

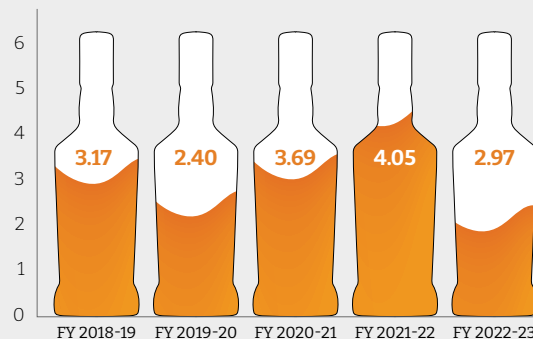
SALES (CASES)*

in Ten Thousands



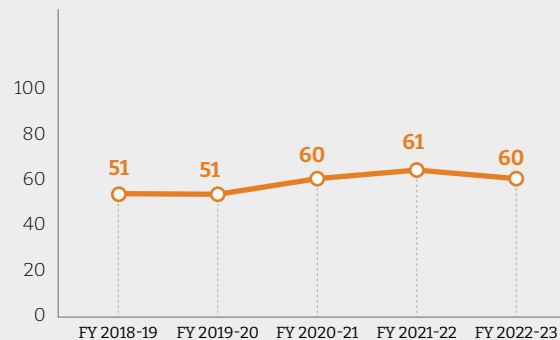
NET SALES

in Rs. Billion



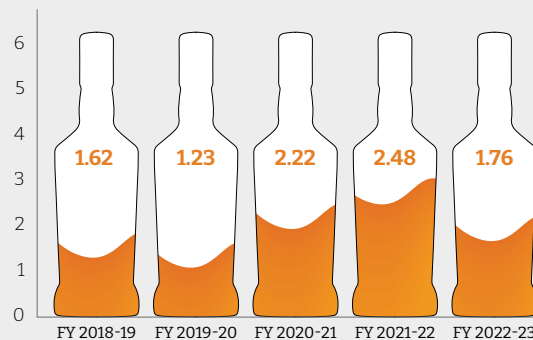
GROSS PROFIT MARGIN

in Percentage



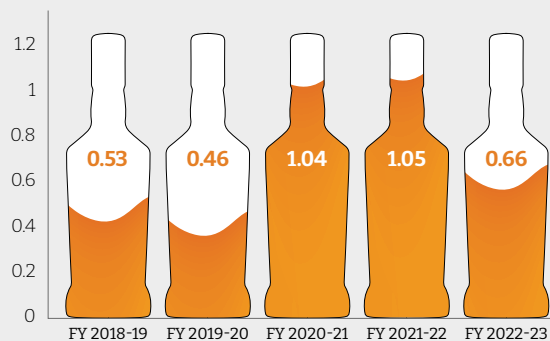
GROSS PROFIT

in Rs. Billion



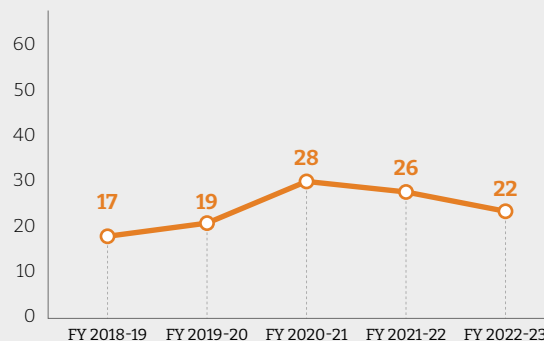
NET PROFIT

in Rs. Billion



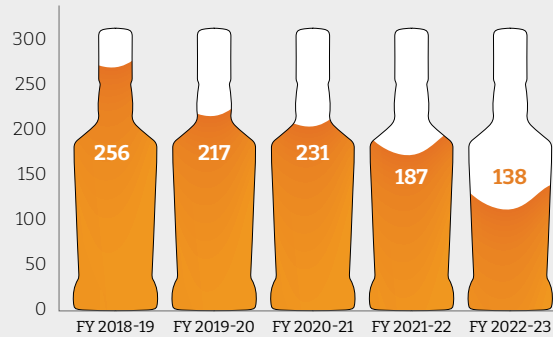
NET PROFIT MARGIN

in Percentage

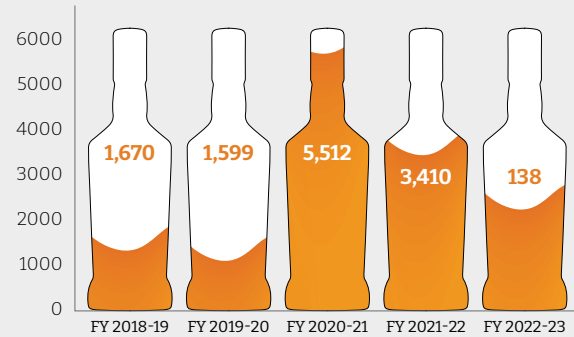


**NET WORTH PER SHARE**

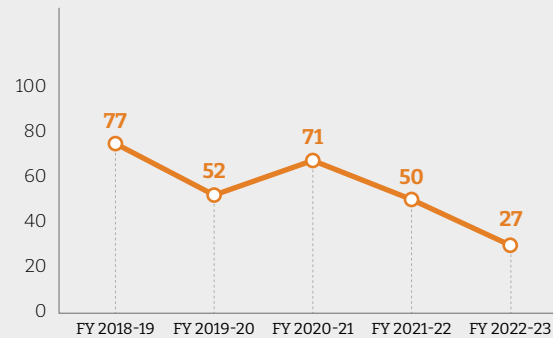
in Rs.

**MARKET VALUE PER SHARE**

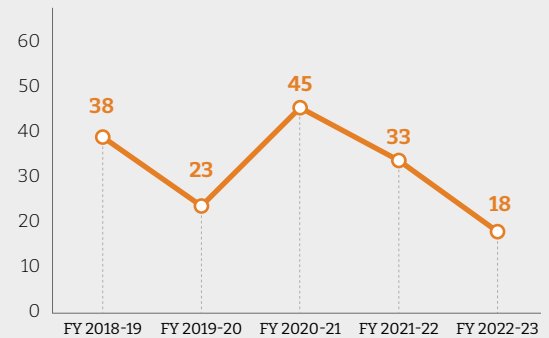
in Rs.

**RETURN ON EQUITY**

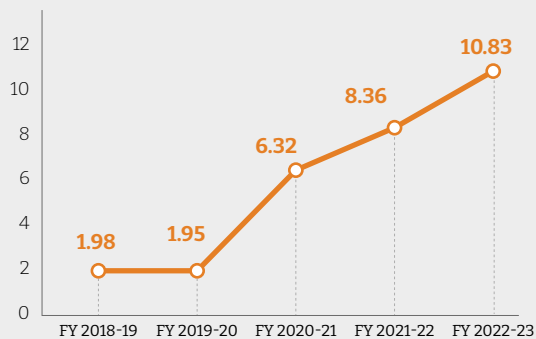
in Percentage

**RETURN ON TOTAL ASSETS**

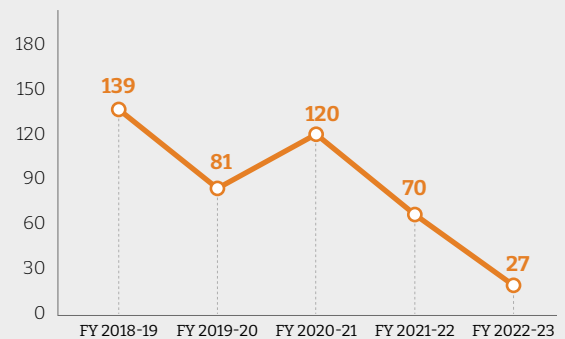
in %

**CURRENT RATIO**

in Percentage

**EARNING PER SHARE (EPS)**

in Rs.



MACRO ECONOMIC OUTLOOK

As per Macroeconomic and Financial Report of Nepal Rastra Bank (NRB) Nepal's GDP witnessed a growth rate of 5.8 % while the inflation rate stood at 7.74% in the FY 2022/23. In the same period, the country's imports and exports decreased by 16.1 percent and 21.4 percent respectively as compared to a growth of 24.7 percent and 41.7 percent respectively in the preceding fiscal year.



However, Nepal's Balance of Payments stood at a surplus of Rs. 290.52 billion as compared to a deficit of Rs. 255.26 billion in the previous fiscal year.

In terms of the sector to which HDL belongs i.e. the beverage sector, Nepal's annual average inflation of food and beverage category remained at 6.62 percent in the year 2022/23 as compared to 5.69 percent in the preceding fiscal year. However, the oiling component of the economy i.e. the Fiscal position of the Government of Nepal, based on banking transactions, faced a deficit of Rs.486.89 billion in 2022/23 in comparison to a deficit of Rs.263.67 billion in the previous fiscal year.

Nepal's economy continued facing the consequences of liquidity crisis in the year 2022/23 because of which NRB had to take corrective measures by injecting liquidity of Rs.5518.19 on turnover basis (as compared to Rs. 9642.41 last year), of which, Rs.414.47 billion was injected through repo, Rs.89.70 billion through outright purchase auction, Rs.2727.11 billion through standing liquidity facility (SLF) and Rs.2286.90 billion through Overnight Liquidity Facility (OLF).

As per an article published by World Bank, Nepal's public debt levels were expected to stabilize in the year 2022/23 while it was expected that the pressure on its foreign exchange reserves were also expected to ease as compared to previous year. The report also shed light on the fact that Nepal might continue to face structural challenges with respect to modernizing its tax system, attracting FDI and other new sources of foreign exchange and most importantly, complete implementation of fiscal federalism to ensure sustainable and inclusive growth for the country. In the review period, the Government of Nepal increased customs duty and excise rates on imports, ranging from consumer goods to luxury goods and heavy industry

products so as to lessen effects of foreign products on local produce both in the goods and the services sector. On the other hand, the Government introduced various tax rebates especially to small and medium enterprises with an objective to offer them additional financial support in the context where they were still facing lingering effects of the economic distress and uncertainty resulted by COVID-19 pandemic.

The FY 2022/23, also faces macroeconomic instability because of exogenous variables like Russia-Ukraine conflict, rising fuel and commodity prices, depreciation of India Currency due to monetary strictness in developed countries and so on. As a result of this, Nepal's economy also faced tightened monetary policy, import bans of selected items and above all significant contraction in public as well as private investment. The federal government of Nepal also faced a declining fiscal performance especially due to decline in revenue mobilization and rise in expenditures. This contraction directly impacted manufacturing, construction, retail and wholesale trade sectors of the economy thereby resulting an overall contraction in the GDP.

As a whole, in the FY 2022/23, Nepalese economy continued facing some unresolved structural issues related with legal, regulatory, policy and institutional reforms. This in turn has necessitated for a meaningful structural economic transformation so as to ease the economic distress being faced by the manufacturing and industrial enterprises of the country. Despite a not-so-promising financial and economic scenario, Nepal still possesses a growing youth population which presents a hope for the transformation of the economy and the country towards a better path. However, businesses like HDL should be aware of the fact that the continued economic slowdown has made a seen change in the preferences and purchase decisions of its target consumers thereby reducing the growth rate of its market share as well as overall sales in its unique beverages portfolio.

Review of Life Alcohol Business:

Though the adverse effects resulted by COVID-19 pandemic are slowly subsiding, the road to economic stability and prosperity is still full of twists and turns for Nepalese individuals and institutions. As such, it has become imperative for business organizations like HDL to incorporate practices of economies of scale, adaptability and business process re-engineering. On the one hand, there are challenges in product sales because of stringent cash flow positions of its target customers while on the other hand, there are ample opportunities to ensure scalable business operations and economical product options for its valued customers.

The liquor industry is also facing the effects of the extended economic crisis as well as exogenous events like Russia-Ukraine crisis which has resulted increment in default payments, increased risk and issues of fund generation and collection, tertiary loss at consumers end, cash crunch in the market for marketing intermediaries especially retailers and wholesalers and shift of consumers to comparatively cheaper product segment i.e. 8% / 70UP/ Homemade.

Like any other industry, the liquor industry also underwent through the series of repercussions and challenges resulted by stricter banking norms. As a result of this, the fast-moving brands has to accept Margins let go while witnessing excess under cutting of rates, drop downs in premise consumption, reduction in non-essentials and subdued festivity in the review period. As a result of the economic slowdown and decline in sales volume, organizations working in the liquor industry became avid risk takers by entering into customer segments and launching new product varieties. As such a total of 16 new brands namely Whisky 25 UP- Kala Patthar, Whisky 40 UP- Royal Blue, Imperial Blue, Grey Wolf, AMS Himalayas, Vodka 30 UP- Skyy, RVP, 8848 Rye, Nude, Yeti, Polska, Smirnoff, Altitude, Vodka 40 UP- 365, Berries & Blue, Alpine, Rum 40UP - Karda, Makalu were launched in the year 2022/23. This is the highest ever products launched in a year in the history of Nepalese alcoholic beverages industry.



Vertical Analysis of Profit and Loss

STATEMENT OF PROFIT OR LOSS For the year ended Asadh 31, 2080 (16th July 2023)

Amount in Rs.

PARTICULARS	FY 2018-19	PERCENTAGE	FY 2019-20	PERCENTAGE	FY 2020-21	PERCENTAGE	FY 2021-22	PERCENTAGE	FY 2022-23	PERCENTAGE
Net Sales Revenue	3,179,540,869	100%	2,404,628,250	100%	3,699,668,410	100%	4,059,119,963	100%	2,970,513,595	100%
COGS	1,555,816,139	49%	1,169,574,868	49%	1,474,723,249	40%	1,572,365,334	39%	1,201,050,397	40%
Gross Profit	1,623,724,730	51%	1,235,053,382	51%	2,224,945,161	60%	2,486,754,629	61%	1,769,463,198	60%
Other Operating Income	1,774,587	0%	959,149	0%	72,955,118	2%	5,339,132	0%	10,508,372	0%
Employee benefit expenses	184,604,863	6%	161,346,735	7%	277,536,179	8%	310,158,478	8%	230,866,395	8%
Administration and other expenses	171,070,712	5%	146,875,215	6%	101,742,075	3%	78,468,637	2%	73,435,700	2%
Selling and distribution expenses	454,182,609	14%	220,719,843	9%	442,180,809	12%	626,746,744	15%	526,633,722	18%
Operating Profit	815,641,133	26%	707,070,738	29%	1,476,441,216	40%	1,476,719,901	36%	949,035,753	32%
Depreciation	55,773,747	2%	49,689,492	2%	51,090,332	1%	54,828,501	1%	50,488,080	2%
Financial Expenses	19,813,073	1%	30,287,614	1%	17,225,869	0%	2,156,551	0%	4,510,304	0%
Profit Before Tax	740,054,313	23%	627,093,632	26%	1,408,125,015	38%	1,419,734,848	35%	894,037,368	30%
Income Tax Expenses										
Current Tax	206,471,576	6%	159,114,481	7%	360,694,741	10%	366,017,791	9%	230,655,503	8%
Deferred Tax	(3,460,009)	0%	1,062,197	0%	6,033,508	0%	(3,223,429)	0%	(2,575,177)	0%
Prior Period Tax Adjustment	-	0%	-	0%	-	0%	-	0%	5,433,212	0%
Net Profit	537,042,746	17%	466,916,954	19%	1,041,396,766	28%	1,056,940,486	26%	660,523,830	22%

Percentage of Net Sales Revenue

Horizontal Analysis of Profit and Loss

STATEMENT OF PROFIT OR LOSS

For the year ended Asadh 31, 2080 (16th July 2023)

Amount in Rs.

PARTICULARS	FY 2018-19	PERCENTAGE	FY 2019-20	PERCENTAGE	FY 2020-21	PERCENTAGE	FY 2021-22	PERCENTAGE	FY 2022-23	PERCENTAGE
Net Sales Revenue	3,179,540,869	100%	2,404,628,250	76%	3,699,668,410	116%	4,059,119,963	128%	2,970,513,595	93%
COGS	1,555,816,139	100%	1,169,574,868	75%	1,474,723,249	95%	1,572,365,334	101%	1,201,050,397	77%
Gross Profit	1,623,724,730	100%	1,235,053,382	76%	2,224,945,161	137%	2,486,754,629	153%	1,769,463,198	109%
Other Operating Income	1,774,587	100%	959,149	54%	72,955,118	4111%	5,339,132	301%	10,508,372	592%
Employee benefit expenses	184,604,863	100%	161,346,735	87%	277,536,179	150%	310,158,478	168%	230,866,395	125%
Administration and other expenses	171,070,712	100%	146,875,215	86%	101,742,075	59%	78,468,637	46%	73,435,700	43%
Selling and distribution expenses	454,182,609	100%	220,719,843	49%	442,180,809	97%	626,746,744	138%	526,633,722	116%
Operating Profit	815,641,133	100%	707,070,738	87%	1,476,441,216	181%	1,476,719,901	181%	949,035,753	116%
Depreciation	55,773,747	100%	49,689,492	89%	51,090,332	92%	54,828,501	98%	50,488,080	91%
Financial Expenses	19,813,073	100%	30,287,614	153%	17,225,869	87%	2,156,551	11%	4,510,304	23%
Profit Before Tax	740,054,313	100%	627,093,632	85%	1,408,125,015	190%	1,419,734,848	192%	894,037,368	121%
Income Tax Expenses										
Current Tax	206,471,576	100%	159,114,481	77%	360,694,741	175%	366,017,791	177%	230,655,503	112%
Deferred Tax	(3,460,009)	100%	1,062,197	-31%	6,033,508	-174%	(3,223,429)	93%	(2,575,177)	74%
Prior Period Tax Adjustment	-	0%	-	0%	-	0%	-	0%	5,433,212	0%
Net Profit	537,042,746	100%	466,916,954	87%	1,041,396,766	194%	1,056,940,486	197%	660,523,830	123%

FY 2018-19 is taken as the base year

Customer Centric Business Model

THE MARKET SITUATION

Golden Oak is the company's largest selling brand, and Black Oak is another brand that has been making a steady inroad.

There are, however, newer challenges that are of concern in the 40UP whisky market. Even though HDL has been able to maintain its share, the industry has not been able to attain substantial growth. This is largely due to a shift of the young population to other beverages like beer, rum, and white spirits. New players have also entered the segment with high investment, requiring HDL to ensure that its brands continue to remain relevant among both existing and new consumers.

MACRO-ECONOMIC OUTLOOK

Comparative analysis of current year vs previous year

The expected GDP growth rate for Nepal is 5.8%, with the country's inflation rate remains at a notable 8.4%, primarily influenced by external factors, particularly the financial clampdown by banks, leading to a severe liquidity crunch. Additionally, subdued festivities and the outbreak of dengue fever introduced unforeseen challenges. Operational disruptions were observed as new rules were implemented during election periods. The merger of class A banks further complicated the transition, as these banks were partially active. The government's move to require businesses to pay taxes in advance amid liquidity constraints added to the financial challenges.

Despite the financial turbulence, Nepal maintains optimism due to its growing young population, which underpins its growth prospects. Nevertheless, the economic crisis has triggered shifts in customer behavior, with individuals tending to prioritize essential commodities and grapple with choices between affordable and preferred brands. The premium segment of the alcohol industry, including beer and liquor, has been affected as customers opt for faster-moving brands to manage cash flow.

The impact of the financial downturn extends beyond the alcohol industry, affecting various sectors. The automobile industry experienced a significant decline of 58%, and the logistics sector was hit hard with a 70% decrease. The tobacco industry faced a 7% loss in its premium segment but witnessed a 13% growth in the



regular market. With the entry of several new players, the noodle industry saw a 15% decline overall. The premium category within the industry experienced an 18% decrease, while the economy segment grew by 13%. In the personal care product segment, overall business volume declined, but revenue increased due to customers opting for essential products after increased retail prices.



16 New Brands

launched in liquor industry,
highest ever in a year

CHALLENGES IN HDL'S GROWTH PROSPECTS

- It has become imperative for business organizations like HDL to incorporate practices of economies of scale, adaptability and business process re-engineering.
- Challenges in product sales because of stringent cash flow positions of its target customers also facing the effects of the extended economic crisis
- leading to slow down in business activities which has resulted increment in default payments, increased risk and issues of fund generation and collection, tertiary loss at consumers end, cash crunch in the market for marketing.
- Intermediaries especially retailers and wholesalers
- and shift of consumers to comparatively cheaper product segment i.e. 8% / 70UP/ Homemade.
- Companies trying to take risk and enter new catagories/ segments launching 16 new brands, highest in a year, increasing competition in liquor industry.



well-structured
BOD, strict adherence to legal
and ethical standards, robust risk
management, transparent
financial reporting,
cybersecurity safeguards,
thoughtful succession
planning, effective internal
controls, well-defined
capital allocation
strategies.

CORPORATE GOVERNANCE



Himalayan Distillery Limited (HDL) has in place a thorough governance framework that is comprised of various essential components. This includes a well-structured board of directors, strict adherence to legal and ethical standards, robust risk management, transparent financial reporting, responsible engagement with shareholders, sustainable quality control practices, equitable employee relations, active involvement in the community, cybersecurity safeguards, thoughtful succession planning, effective internal controls, well-defined capital allocation strategies, management of conflict of interest and a dedicated and committed team of human resources that enable ongoing improvement of the overall organizational operations and business performance.



This comprehensive approach not only guarantees lawful and ethical operations but also uplifts the company's reputation, financial stability, and long-term prosperity, all while championing responsible practices within the alcoholic beverage industry of the country.

Governance Policies

Himalayan Distillery Limited (HDL) demonstrates a commitment to robust and responsible governance through a series of essential policy documents that govern various facets of its operations.

The Procurement Manual of the company clearly outlines its stringent procedures for acquiring raw materials, finished and semi-finished goods and supplementary and utility services which helps the company to fulfill its emphasis on transparency and cost-effectiveness in the overall procurement processes. Similarly, HDL's HR and Administration Manual establishes fair and consistent practices related to human resources, personnel management, and other administrative functions which has facilitated the organization in creating a conducive work environment for its skilled, semi-skilled and clerical workforce. There is also in place a comprehensive IT Manual that clearly demarcates the company's priority and guidelines in areas of data security, access controls, and network management while

at the same time ensures the integrity of information and legal compliance in context of an increasingly digital landscape. On the other hand, HDL's Internal CSR Guideline reinforces its dedication to corporate social responsibility and acts as a guiding force for its various efforts in areas of sustainability, community engagement, and ethical business practices.

Collectively, these series of well thought and stringent governance policies provide a comprehensive framework for HDL to ensure ethical, transparent, and responsible operations within the company, thereby, aligning with its commitment to both excellence and social and environmental responsibility.





Board of Directors



FROM LEFT TO RIGHT

Narendra Kumar Basnyat, Director
Akhileshwar Prasad Singh,
Chairperson

Yangkila (Sherpa) Ruit, Director
Prakash Mani Ghimire,
Independent Director

Santoo Shrestha, Director
Shanker Raj Pandey, Director



Profile of Directors



Akhileshwar Prasad Singh

CHAIRPERSON

Mr. Singh's tenure with the company began in 2006 when he became a Board member. His progression led to his appointment as Chair in 2017, a position he retained after being selected in the AGM held in 2022 as the Chairperson. Notably, his background includes serving as a former Zonal Commissioner and active involvement as a social activist. His diverse background includes valuable experience collaborating with governmental and non-governmental entities, emphasizing the enhancement of governance structures.



Narendra Kumar Basnyat

DIRECTOR

Mr. Basnyat was instrumental to HDL Board as the Former Chairperson and has had a longstanding affiliation with the company for over two decades. His diverse business engagements include Founding Chairperson of the Nepal USA Chamber of Commerce & Industries and holding the position of Former Chair at the Bank of Kathmandu. His extensive experience extends to serving as a Former Member of the Executive Committee of the Federation of Nepali Chambers of Commerce and Industries (FNCCI), President of the Confederation of Nepalese Industries (CNI). Furthermore, he has contributed as the Former Executive Director of the Economic Liberalization Project, a venture funded by USAID.



Shanker Raj Pandey

DIRECTOR

Mr. Pandey has been in the HDL board since 2009. He is a development professional with wide experience in both the public and private sector of the economy especially in areas of commerce & industries, health, energy, and economic development. He is also associated with several not-for-profit organizations that are working in the field of education and mental health. He is a graduate of Xavier University and Georgetown University and was also a Humphrey Fellow at American University in 1997-98.



Santoo Shrestha

DIRECTOR

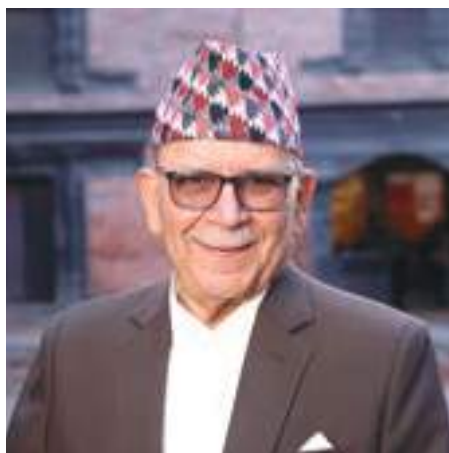
Mr. Shrestha has been in the HDL board since 2009. He holds a Bachelor's degree in International Business Management from University of Maryland. He is also the former Director of Kumari Bank Ltd. He is also the Vice-Chairperson of Rosebud School, Joint Managing Director Soorya Holdings Pvt. Ltd. and Director of Yeti Originals Pvt. Ltd.



Yangkila (Sherpa) Ruit

DIRECTOR

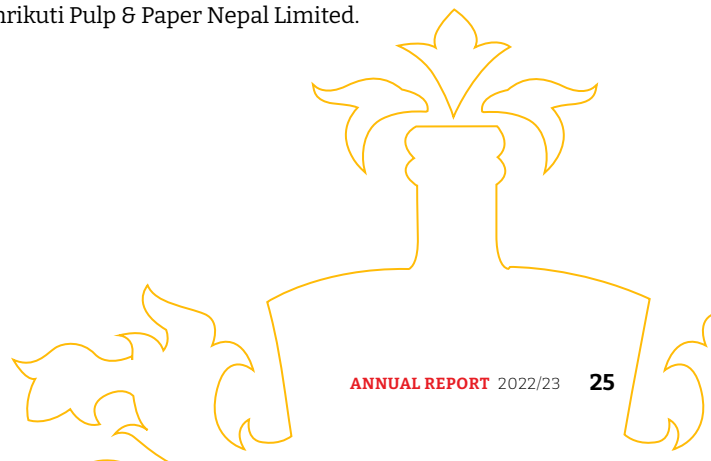
Ms. Ruit joined the HDL board in the year 2020. She is a tourism entrepreneur who has won various awards and accolades for her contribution. She is the former State Minister of the Government of Nepal (2005/06) and Parliament Member (2001-2007). She has also been the former President of the Federation of Woman Entrepreneurs of Nepal (FWEAN) and Trekking Agents Association of Nepal (TAAN). She is a recipient of the Abraham Conservation Award from the World Wildlife Fund (WWF) and the Priyadarshani Award as Outstanding Woman Entrepreneur of Nepal (1999) from the Federation of International Women Entrepreneurs (2000).



Prakash Mani Ghimire

DIRECTOR (INDEPENDENT)

Mr. Ghimire has been serving as an independent director at HDL since 2011. He has extensive experience in various Agri-based businesses. He is also the former General Manager of Bhrikuti Pulp & Paper Nepal Limited.





Innovation and Business Re-Engineering for Sustainable and Scalable Business

A nominally relaxed economic situation yet significant challenges such as skyrocketing prices of petroleum products, hike in price of raw materials, increment of internal duty rate, unhealthy market competition, and decline in purchasing capacity of consumers.

Esteemed shareholders, directors, friends from media, security officials and guests,

I extend my courteous welcome to you all to Himalayan Distillery Nepal's 23rd Annual General Meeting. This meeting is in fact a forum for all of us to come together and reflect on our achievements, discuss the challenges that lie ahead in our path of business, and then carve a way towards a prosperous future. I also take this opportunity to thank each one of you for your continued support and commitment which has embarked an enriching journey of collective success.

The company's journey that spans over two decades has been a remarkable one marked by various highs and lows yet HDL has been able to receive unwavering support, trust and goodwill from its stakeholders and thereby enrich and outgrow its business operations and market credibility.

We all are aware of the testing economic scenario of the overall economy as well as the industry in which we operate. Yet I would like to shed light on the fact that the review period of 2022/23 witnessed a nominally relaxed economic situation yet significant challenges such as skyrocketing prices of petroleum products, hike in price of raw materials, increment of internal duty rate, unhealthy market competition, and decline in purchasing capacity of consumers.

In addition to this, the leftover traces of COVID-19 pandemic, changed geopolitical scenario in the aftermath of Russia-Ukraine war, unforeseen disruptions in supply chain, rise of dengue infection added to the plethora of challenges for a liquor manufacturing company like HDL. On the other hand, the domestic economy resulted a series of testing variables for our business. Not only there was devaluation of the Nepalese currency in comparison to foreign currencies which raised the exchange rates but also factors like rising fuel prices resulting in significantly higher transportation costs, rise in expenses

for packaging and raw materials and unprecedented hike in excise duty rates challenged the Company to achieve the targets set for the year. Despite the challenging business scenario, the meticulous and dedicated efforts of our dear employees and the loyal customer base provided a sense of relief to the Company.

With the ever-growing competition and increasing challenges in the sales and distribution frontier, we have arrived at a stage where the industry has targeted to scale up the production of by-products including spirits through implementation and use of advanced technologies in the coming days.

It gives me immense pleasure to share with you that HDL is focusing on making its production site environment-friendly with zero liquid discharge and further automate its manufacturing plant to increase the productivity of spirit production and malt distillery for malt spirit production while also emphasizing reduction of production cost and enhancement of product quality in the upcoming year. Considering the business and financial performance of the Company, I take this opportunity also to share with you all that HDL is proposing to distribute 15% cash dividend and bonus at the rate of 10% to the shareholders from the profit obtained by the company in the FY 2022/23.

I must thank HDL's distributors, wholesalers, retailers, consumers, company management and employees, workers working in factories and the relevant bodies of the Government of Nepal who have helped the company to survive and grow even in the trying times through their undoubted support and valuable contribution. I, on behalf of HDL, expect to receive similar and even more effective support and partnerships from the aforementioned stakeholders in the days ahead as well. I take this forum to express my sincere appreciation to Office of the Company Registrar, Nepal Securities Board, Nepal Stock Exchange, Department of Industry, Department of Inland Revenue/ Inland Revenue Office, Labor and Employment Office and other financial institutions and all the regulators that are related to this company for the valuable suggestions and guidance.

I am hopeful that we shall be able to transform the vision of the 23rd Annual General Meeting, into a reality through hard work, contribution, perseverance of the management team and valuable employees. I also hope to continue maintaining a trustful and harmonious relationship with our shareholders and other well-wishers in the days to come. I once again thank you all for your gracious presence in this meeting and I wish successful closure of the 23rd Annual General Meeting.

Thank you

Akhileshwar Prasad Singh
Chairperson



Celebrating Together: A Toast to Shared Success

Success is all about leaving a positive mark and making a difference.

Cheers to all our valued clientele! I am thrilled to raise a glass to express my heartfelt gratitude for your steadfast support. We strive to bring the finest quality beverages to enhance your celebrations and to create memorable moments for you to cherish throughout life. HDL as a company, expresses its utmost dedication to further scale up shareholders' wealth maximization along with enhancement of economic development of the nation and effective collaboration with the government agencies to ensure uncompromised compliance with national and international regulatory standards. Rest assured, your trust in us is well-placed.

In the review period of FY 2022/23, the global economy came across numerous unforeseen challenges and the implications of the same are also seen in our line of business. In the same period, the Nepalese liquor industry has been estimated to have shrunk by 31% in comparison to previous fiscal year and this decline has been reflected in our company's performance as well. This decline in overall industry size can be mainly attributed to prevalent economic downturn and liquidity challenges in the domestic market. However, HDL is well prepared to weather such storms despite such uncertainties and market fluctuations. We have not only implemented strategic measures to sustain our operations but also implemented necessary strategies and course of actions to deliver value to our diverse set of stakeholders.

Further to this, HDL's unwithered presence in the market is a strong testament to its commitment to excellence. We have worked tirelessly to establish ourselves as a reputable company which is known for delivering high-quality products. It is through the trust and satisfaction placed in us by our valued stakeholders, that has empowered us to grow and expand our scale of operations as well as market catchment, allowing us to further add to treasured special moments of our stakeholders. Looking ahead, we are ambitious and well prepared to face the future with undeterred attention and emphasis on environmental conservation. As such, we are putting significant investment in our Zero Liquid Discharge (ZLD) Project, which will substantially reduce the liquid waste discharge from the factory.

Besides this, HDL is also investing in the Plant Automation and Malt Distillation Unit which will remarkably enhance its production capabilities, improve its sustainability initiatives, and propel its research and development efforts in the day to come.

On the one hand, these initiatives will empower the Company to continue providing exceptional products to not only meet but also exceed its customers' expectations and on the other hand, it shall further solidify and reinforce HDL's unwavering commitment towards environmental conservation.

As a company we not only have immense pride in our products, but also we devotedly promote responsible consumption of each of our products. Further, HDL actively engages with various local authorities and regulatory bodies to ensure transparency, adhere to regulatory requirements, and to promote responsible consumption of its products. All in all, we work hand in hand with the Nepalese Government with the intent to create a safe and regulated environment for both our customers and the general public.

The liquor industry is a dynamic and diverse sector that is made up of various companies, each offering their own set of unique products and capabilities. We well appreciate the fact that healthy competition between market players plays the role of a positive catalyst to drive innovation and to enhance the overall consumer experience by offering a variety of choices to cater to the varied tastes and preferences of its diverse customer segments. We also take market competition as a crucial factor to continually refine our strategies, explore new avenues, and seize growth opportunities.

It fills me with immense pride to share that our achievements would have been impossible without the dedicated and passionate individuals who form our team. We recognize the fact that our dedicated and committed employees are the cornerstone of our success. As an appreciation for their dedicated and relentless efforts, we, as a company, strive to create a supportive work environment that fosters diversity, inclusion, and continuous growth. Further, we can ensure that our customers receive the best possible service by nurturing a happy and motivated workforce.

As I draw to a close, I once again express my heartfelt appreciation to our incredible clientele. It is through your trust and enthusiasm that we have been able to thrive as an organization. Each bottle we craft is filled with passion and dedication, with the sole purpose of bringing joy and unforgettable moments into each one of your lives.

Cheers to our wonderful journey together. Let's raise a glass to prosperity and our shared success.

Niraj Subedi
Chief Executive Officer



Jawalakhel Office Team



Factory Team





A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY





Profile of Management Team



Niraj Subedi

CHIEF EXECUTIVE OFFICER

Mr. Subedi assumed the role of Chief Executive Officer in July 2023. A Chartered Accountant by profession, he holds a master's degree in economics. He is also a law graduate and a Certified Financial Manager from the Centre for Financial Management, India. With more than 17 years of advanced expertise in both Finance and Operations within the liquor industry, his experience exhibits an impressively broad and profound depth of knowledge.



Netra Praasd Timsina

COMPLIANCE OFFICER

Mr. Timsina holds a bachelor's degree and possesses two decades of insightful experience in the legal scenario of the country and a decade-long experience of working as a company secretary in the liquor industry. He excels in industrial laws and regulations and has a strong hold over national and international environmental laws.



Nabin Upadhyaya

FACTORY MANAGER

Mr. Upadhyaya has been working as the Factory Manager at HDL. He has been associated with HDL for the past three years. He holds an MBA degree and has diverse work experience of more than 16 years in various organizations. He has also received training in Food Safety Awareness (Standards in Manufacturing), (United Kingdom).



Jeevan Panday

FINANCE MANAGER

Mr. Panday, an FCCA professional with a bachelor's degree in business studies, has been working with HDL for the past three years. His extensive decade-long experience spans across various companies within the manufacturing and service sectors, showcasing his valuable insights and expertise.



Rajeev Kumar Yadav

TECHNICAL RESEARCH & APPLICATION MANAGER

Mr. Yadav became a part of HDL in the research and application department in July 2023. His academic background includes a master's degree in Fermentation and Alcohol Technology from Kanpur, India. Notably, in 2023, he has successfully completed a fellowship in Fermentation Technology in India. Possessing over a decade of experience as an Alcohol Technologist, he has showcased his expertise across diverse sectors, excelling in product development across various liquor divisions. His skills extend to fermentation, distillation, Quality Control, Quality Assurance, and Chemical Engineering processes.



Anjali Shrestha

HUMAN RESOURCE MANAGER

Ms. Shrestha has been in-charge of the Human Resource Department of HDL since the past three years. She is an MBA graduate from Kathmandu University with a specialization in Human Resource Management. With a robust experience of over six years in the HR domain, she brings a wealth of expertise and knowledge to her role.



Nisha Niraula

COMPANY SECRETARY

Ms. Niraula holds a Master's Degree in law and has been associated with HDL for the past two years. She also serves as the Board Member at Nepal Institute of Company Secretaries (NICS). She also possesses extensive work experience in the humanitarian and development sectors.



Corporate Governance Overview

Himalayan Distillery Limited (HDL) exemplifies its commitment to corporate governance by incorporating ethical, sustainable, and community-centric practices into its governance framework. By emphasizing responsible shareholder relations, sustainability, fair employee relations, and active community engagement, HDL demonstrates that the company is not only focused on enhancing shareholders' value especially through revenue generation and profit maximization but also to contribute back to the society through well planned, effective and impactful social wellbeing initiatives. HDL's integrated corporate governance approach

has an apt strategic alliance with its business principles and these principles in turn justifiably portray the company's efforts to be a trailblazer of responsible business practices and corporate ethics within the ever-competitive alcohol based beverage industry. Hence, HDL's holistic corporate governance structure clearly reflects its intent to be a responsible business entity that has an overarching view beyond its profits and adds weight to its utmost priority to abide by the highest standards of corporate governance.

Business ethics, compliance and anti-corruption measures

HDL's business philosophy stands tall its three major corporate governance pillars namely business ethics, compliance, and anti-corruption measures. HDL draws its strong corporate stature from its undeterred commitment to integrity, fairness, accountability, and transparency which enables it to ascertain that its business operations are conducted in a responsible, professional and ethical manner. HDL has in place an arduous compliance framework that ensures complete adherence to pertinent national and international laws, regulations, and industry standards with an ultimate aim to foster good governance culture rather than just having a set of rules to avoid legal pitfalls or penalties due to non-adherence to corporate governance and business ethics. In addition to this, HDL has also instilled effective anti-corruption measures that clearly portray its dedication to eliminate unethical business practices, safeguard its integrity and maintain its stakeholders' trust. Further, these principles also play an instrumental role to strengthen HDL's reputation, resilience, and commitment to ethical business practices, with an ultimate objective of ensuring the company's success as a benchmark institution.



Annual compliance report related to corporate governance

(Pursuant to the Governance Guidelines of Listed Body Corporate, 2074)

NAME OF THE LISTED BODY CORPORATE	HIMALAYAN DISTILLERY LIMITED
Address, Email including Website	Parsa, Birgunj Metropolitan City, Ward No. 21, Lipanibirta Parsa, Contact Office Lalitpur Metropolitan City, Ward No. 05, Jawalakhel, Lalitpur www.himalayandistillery.com
Fiscal year of presentation of report	2022/2023

1. Details relating Board of Directors:

- a) Name of the Chairperson of the Board of Directors and Date of Appointment: Mr. Akhileshwar Prasad Singh, date January 26, 2022 A.D.
- b) Details regarding the share structure of the organization (promoter, ordinary public and others): Though it is mentioned that there shall be 58 percent share of promoter group in the company and 42 percent share of ordinary group, as entire shares are listed as ordinary shares, thus, accordingly, there is no promoter group for the time being.
- c) Details relating Board of Director:

S. NO.	NAME AND ADDRESS OF DIRECTORS	REPRESENTED GROUP	NOS. OF SHARES	DATE OF APPOINTMENT	DATE OF TAKING OATH AND SECRECY OF THE POST	MODE OF APPOINTMENT OF DIRECTOR
1	Mr. Akhileshwar Prasad Singh, Sarlahi	Ordinary	100, 800	January 12, 2022 A.D.	January 12, 2022 A.D.	Appointed by the General Meeting through election
2	Mr. Narendra Kumar Basnyat, Lalitpur Metropolitan City, Ward No. 01, Kupondole	Ordinary	15,750	January 12, 2022 A.D.	January 12, 2022 A.D.	Appointed by the General Meeting through election
3	Mrs. Yangkila (Sherpa) Ruit, KMC -01, Naxal	Ordinary	420	January 12, 2022 A.D.	January 12, 2022 A.D.	Appointed by the General Meeting through election
4	Mr. Shanker Raj Pandey, Old Baneshwor, Kathmandu	Ordinary	691	January 12, 2022 A.D.	January 12, 2022 A.D.	Appointed by the General Meeting through election
5	Mr. Santoo Shrestha, KMC-11, Thapathali	Ordinary	693	January 12, 2022 A.D.	January 12, 2022 A.D.	Appointed by the General Meeting through election
6	Mr. Prakash Mani Ghimire, Lalitpur Metropolitan City -03, Pulchowk	Independent		January 26, 2022 A.D.	January 26, 2022 A.D.	Pursuant to rule 6 (a) of the Articles of Association of the company.

d) Meeting of Board of Directors

S. NO.	DATE AND NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS CONVENED DURING THIS PERIOD	NUMBER OF DIRECTORS PRESENT	HAS THE REQUIRED QUORUM BEEN REACHED OR NOT?	THE NUMBER OF DIRECTORS WHO SIGNED THE DECISION OF THE MEETING WITH A DISSENTING VOTE	DATE OF MEETING HELD IN PREVIOUS PERIOD
1.	29th August 2022	4 persons	Yes	No	Sep. 03, 2021
2.	8th November 2022	4 persons	Yes	No	Oct. 11, 2021
3.	24th November 2022	6 persons	Yes	No	Dec. 21, 2021
4.	25th November 2022	6 persons	Yes	No	Jan. 26, 2022
5.	11th January 2022	6 persons	Yes	No	Mar. 31, 2022
6.	4th April 2023	6 persons	Yes	No	May 19, 2022
7.	24th May 2023	5 persons	Yes	No	Jun 08, 2022
8.	25th May 2023	5 persons	Yes	No	
9.	7th July 2023	5 persons	Yes	No	

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

e) Other details relating meeting of Board of Directors:

Whether the director and alternate director attended the meeting of the board of directors (if not, disclose the reason along with the date of the meeting):	1. On August 29, 2022 Director Yangkila (Sherpa) Ruit and Santoo Shrestha were out of the Valley, 2. On November 8, 2022 independent director Prakash Mani Ghimire and director Yangkila (Sherpa) Ruit were out of the country, 3. On 24th and 25th May 2023 and 7th July 2023 Director Yangkila (Sherpa) Ruit was out of the country.
Having kept a separate record of the directors present at the meeting of the board of directors, the agenda discussed and the details of the resolution (minute) kept in that regard:	Separate record of minute has are kept.
The maximum gap between two consecutive meetings of the Board of Directors:	73 days
The date of the annual general meeting regarding the determination of the meeting allowance of the board of directors:	January 11, 2023 A.D. (annual general meeting)
Board of Directors per meeting allowance Rs.	Rs. 25,000.00 for chairperson Rs. 20,000.00 for member
Total meeting allowance of Board of Directors, Account Committee and Other Committee for the fiscal year 2021/2022	Rs. 11,67,000.00

2. Details relating conduct of Directors and other:

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

Details related to annual training and refresher program of directors:

S. NO.	SUBJECT DATE: MAY 24, 2023 A.D.	DETAILS OF PARTICIPATED DIRECTORS	PLACE OF TRAINING	NAME OF TRAINER
1	Laws, rules, policies, directives related to body corporate governance, Internal Control System, Work responsibilities of Board of Directors that are being practiced in Nepal.	1) Mr. Akhileshwar Prasad Singh 2) Mr. Narendra Kumar Basnyat 3) Mr. Shanker Raj Pandey 4) Mr. Santoo Shrestha 5) Ms. Yangkila (Sherpa) Ruit 6) Mr. Prakash Mani Ghimire	Lalitpur	Ashutosh Tiwari

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

3. Details regarding the organization's risk management and internal check system:

- a) If any committee has been formed for risk management or not, reason thereof: Formed.
- b) Information about risk management committee: A three-member committee has been formed under the coordination of independent director Mr. Prakash Mani Ghimire, director Mr. Santoo Shrestha, and the Chief Executive Officer of the company and the committee has been analyzing risk and performing works for minimizing them.
- (i) Structure of the committee (name and designation of the coordinator and member):
- | | |
|--------------------------|-------------|
| Mr. Prakash Mani Ghimire | Coordinator |
| Mr. Santoo Shrestha | Member |
| Chief Executive Officer | Member |
- (ii) Nos. of meeting of the committee: One meeting is conducted on FY 2022/2023.
- (iii) Summarized details of functions of the Committee are prescribed as under.
- (a) This committee shall mainly take into account the company's physical property risk, business strategic risk, legal governance risk, human resource risk, technology related risk and financial planning and implementation related risk and shall work to solve and minimize it.
 - (b) To determine company's risk management policy, make a risk management plan, approving it and perform and caused to perform its periodic evaluation, review and assessment.
 - (c) To study the policy directives and suggestions received from the regulatory body, to give or to give the answer or information to be submitted on behalf of the company in view of its implementation or need.
 - (d) To develop and implement policies and procedures related to risk management process, development of risk control or mitigation structures and operational methods, periodically evaluate, assess and review the same.
 - (e) To adopt and caused to adopt contingency fund mobilization methods for risk management.

- (f) To identify, evaluate, supervise, review, control, set boundaries, prepare reports, take appropriate initiatives to manage the main risk areas, and to frame and caused to frames policies and procures in such regard as per necessity.
- (g) To work with a plan to prevent and minimize the impact of rapidly developing information technology and cyber security risks.
- (h) To prepare the company's governance methods and policies related to risk management, formulate a risk management plan and submit it for the approval of the board of directors if necessary and implement it.
- (2) Whether there is an internal check procedure or not: The company's human resources manual and financial and accounting related manuals, procurement manuals have been adopted and works has been done accordingly, and in addition external internal auditors have been appointed and they shall independently conduct audits and produce a report, and the report shall be discussed in the audit committee and submitted to the board of directors for discussion and the management shall act according to the direction of the board of directors.
- (3) If any committee has been formed/not formed for the internal check system, the reason thereof: Human resources, financial/accounting and procurement manuals have specified the necessary procedures and officers for the control and monitoring of the company's operations. In addition to this, there is no need for a separate committee as the internal check system is well managed by the internal auditor of the overall activity and the subject committee and the board of directors.
- (4) Details relating internal check system committee: Separate committee is not formed.
- (5) Whether there is Financial Administration by-laws or not: Yes

4. Details relating notice and information flow:

(a) Details of notice and information published by the institution:

SUBJECT	MEDIUM	DATE OF PUBLISH
Notice of Annual General Meeting	National level daily newspaper (Kantipur)	Published on December 18, 2022 A.D. at Kantipur National Daily, December 19, 2022 A.D. at Rajdhani National Daily and in Company's website also.
Notice of Extra Ordinary General Meeting		Not called.
Annual Report	National level daily newspaper (Kantipur)	Published on December 18 and 19, 2022 A.D. (summarized financial details (2021/2022 A.D.) on Kantipur National Daily, Rajdhani National Daily respectively and in Company's website also.
Quarterly report	National level daily newspaper (Kantipur)	Nov. 15, 2022 A.D. – First quarter Feb. 12, 2023 A.D. – Second quarter May 13, 2023 A.D. – Third quarter Aug. 15, 2023 A.D. – Fourth quarter Published in website too.
Price sensitive notice that effect on stock price	Though the letter of company Decision of the Board of Directors dated November 25, 2022 A.D. relating Cash dividend and bonus share allocation) has been uploaded on the same day that is November 25, 2022 A.D. and informed to Securities Board of Nepal and Nepal Stock Exchange Limited.	
Other	None	None

(b) If the information has not been made public or if it has been prosecuted by the Securities Board and other agencies due to other reasons, the information thereof: No.

(c) Date of last annual and extra ordinary general meeting: Twenty Second Annual General Meeting, January 11, 2023.

5. Details relating Organization Structure and Personnel: Enclosed

a. Whether there is Personnel Service, Terms By-laws containing personnel structure, vacancy fulfillment, career development, training, salary, allowances and other facilities, attendance and leave, code of conduct etc or not:

Present

b. Enclose organization structure: Enclosed

c. Name, academic qualifications and details of experience of the personnel at high level management:

1. Niraj Subedi, *Chartered Accountant, 18 years*
2. Netra Prasad Timsina, *Advocate, Bachelor, 24 years*
3. Nabin Upadhyaya, *Masters, 17 years*
4. Jeevan Panday, *ACCA, 11 years*
5. Anjali Shrestha, *Masters, 6.5 years*
6. Nisha Niraula, *Advocate, Masters, 8 years*
7. Keshav Sigdel, *Advocate, Bachelors, 11 years*

d. Other details relating personnel: There are 269 personnel and workers

Whether vacancy has been fulfilled according to the structure or not	Done according to necessity
Procedures adopting for fulfilling new personnel	Advertisement, done through internal and external human resource related organizations
Nos. of personnel under management	85
Nos. of total personnel	269
Succession plan of the personnel has been made or not	Is in process
Nos. of training given to the personnel and nos. of personnel participated for the fiscal year 2022/2023 A.D.	32 trainings, 215 personnel
Personnel training expenditure for fiscal year 2022/2023 A.D.	Rs. 1,36,842
Percentage of personnel expenditure in total expenditure	10
Percentage of training expenditure in total personnel expenditure	0.06

6. Details of Account and Audit of the Institution:

a. Details relating account:

Whether the financial details of last fiscal year of the institution has been prepared according to NFRS or not, if not, reason thereof.	Prepared
Date of approval of latest financial details approved by the Board of Directors	November 25, 2022 A.D.
Date of publication of quarter end financial details	Nov. 15, 2022 A.D. – First quarter Feb. 12, 2023 A.D. – Second quarter May 13, 2023 A.D. – Third quarter Aug. 15, 2023 A.D. – Fourth quarter
Date of completion of last auditing:	November 24, 2022 A.D.
Date of approval of financial details from the General Meeting	January 11, 2023 A.D.
Details regarding the internal audit of the institution:	Done by appointing external expert SAR & Associates
i) An internal audit is done or an external expert is appointed	
ii) Details of the external expert, if appointed	Quarterly
iii) How often are internal audits conducted (quarterly, quarterly or semi-annually)	

b. Details relating auditing:

Name, designation and qualification of coordinator and members	Mr. Shanker Raj Pandey, Chairperson Mr. Santoo Shrestha, Member Mr. Narendra Kumar Basnyat, Member
Date of meeting convened and nos. of members present:	August 19, 2022 A.D., 3 persons November 23, 2022 A.D., 3 persons March 3, 2022 A.D., 3 persons May 26, 2023 A.D., 3 persons
Allowance per meeting	Rs. 20,000.00 (with tax)
The date on which the Audit Committee submitted its report of its functions to the Board of Directors	1. On the date August 19, 2022 A.D. decision made by the audit committee after reviewing the internal auditor's report for the for fourth quarter period of fiscal year 2021/2022 are recommended for the approval of board of directors. Recommendation for the appointment of Internal Auditor for FY 2022/23. 2. On November 23, 2022 A.D., the decision made by the audit committee after reviewing the internal auditor's report for the first quarter period of fiscal year 2022/2023 and discussion was held on Audited Financial Statements of F.Y. 2022/023 and recommended to the Board for the appointment of G. Poudyal & Associates to conduct the Statutory Audit for FY 2022/23.

3. On the date March 3, 2022 A.D. decision made by the audit committee after reviewing the internal auditor's report for the second quarter period of fiscal year 2022/2023 has been submitted to the board of directors. On the date March 3, 2022 A.D. decision made by the audit committee after reviewing the internal auditor's report for the second quarter period of fiscal year 2022/2023 has been submitted to the board of directors.
4. On 26th May, 2023 A.D. decision made by the audit committee after reviewing the internal auditor's report for third quarter period of fiscal year 2022/2023 has been submitted to the board of directors.

7. Other Details:

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

Not taken

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

None

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

Done

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

Followed

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

a) This company filed counterfeit fraud lawsuit at District Court, Parsa against the applicant who filed a case in Labour Office claiming the appointment letter from the company by making the forged documents of their appointment. Labour Office ruled against the favour of those labours. However, they made an appeal to the Labour Court, Kathmandu against the decision of Labour Office. Labour Court made judgment that the partial claim of the plaintiff is reachable. As counterfeit lawsuit in District Court also made a judgement that the partial claim of labors is reachable. Dissatisfied with the verdict, Company made an appeal to Temporary Bench of Birgunj, Janakpur High Court which also upheld the decision of District court. Expressing

dissatisfaction with the decision, the company lodged a writ petition before the honorable Supreme Court, seeking an order encompassing dismissal. Subsequently, a writ was issued to prohibit the implementation of the Labor Court's decision. The case is presently under deliberation within the honorable Supreme Court.

b) The amendment to Section 4 (nga) of the Excise Duty Act, 2058, introduced by the Financial Act of 2077, stipulates that liquor, beer, or tobacco-related industries, as well as importers and sellers of such goods, are prohibited from conducting any form of gift programare not allowed to offer discounts when selling such products. In this matter, a request for advance ruling was submitted by the Company before the Director General of the Inland Revenue Department, seeking clarification on whether the company can provide any discount in the VAT invoice in accordance with this provision. As an advance ruling can be obtained only by virtue of the said amended provisions of the Excise Act, being dissatisfied, an appeal was filed on Revenue Tribunal, Kathmandu. In the appeal, the decision made mentioning that this industry is ineligible for an exemption under the provisions of the Value Added Tax Act and Regulations was seen incomplete. Consequently, the petitioner's plea for a ruling was annulled, and the case was provided to the Inland Revenue Department for precise advance ruling in this matter. No decision has been received to date.

c) A verdict of the decision has been received from the Hon'ble Supreme Court regarding the case of VAT, Excise Duty and Income Tax of FY 061/062. The decision pertaining to the excise duty has been received in favour of this company and in matters concerning both VAT and Income tax, judgments have been received in alignment with the company's requests in certain instances and contrary to them in others. The company has sought permission for a judicial review of the judgments that are opposed to its claims. However, as of now, the permission is still in the process.

d) In relation to the final tax assessment order for VAT in Shrawan 2068 and the income statement for the fiscal year 2072.073, the company, expressing dissatisfaction with the VAT-related concerns raised by the Large Taxpayer's Office during the tax audit, has initiated an administrative review with the Inland Revenue Department.

e) Upon receipt of amended income tax assessment orders under Section 102 of the Income Tax Act, 2058, relating to the company's fiscal year 2074.075 income statement, along with fees under Section 117, interest under Section 118, and fees under Section 120 of the mentioned order, an administrative review has been initiated in accordance with Section 115 of the Income Tax Act, 2058.

f) Four of the six workers terminated by the company for disciplinary action as of 2074.01.20 have filed a case in the Labor and Employment Office, Birgunj Parsa, claiming non-receipt of wages, gratuity, bonus, insurance, vacation amounts, and other allowances. The Labor and Employers Office in Birgunj Parsa has requested the company to disclose details regarding the aforementioned matter. Subsequent discussions with both parties have revealed that the company no longer has pending payments for the petitioner's claims, including wages, bonus, insurance, leave amounts, and other dues and regarding gratuity, notwithstanding the provisions stipulated in sub-rule (3) (1) of rule 23 of the previous Labor Regulations, 2050, if any worker or employee is terminated from service in accordance with sub-section (4) of section 54 or section 54 of the Act, verdict was given by Labor and Employers Office mentioning that such worker or employee shall be ineligible to receive gratuity as per the above rules on which file an appeal was filed by four ex-workers in the Labor Court against the decision dated 2080.01.10.

Signature:

Name of the compliance Officer: Netra Prasad Timsina

Designation: Compliance Officer

Date: November 26, 2023 A.D.

Seal of the Institution:

Signature of Auditor:

Seal of the Institution:

Report approved date by the Board of Directors: November 26, 2023 A.D.

Annual awards



NATIONAL BEST PRESENTED ANNUAL REPORTS AWARD 2022

The Himalayan Distillery Ltd earned the esteemed Silver Award in the "National Best Presented Annual Reports Award 2022" in the Manufacturing Sector, acknowledging its exceptional presentation of the 2022 annual report. This recognition, bestowed by the Institute of Chartered Accountants of Nepal (ICAN) on July 21, 2023, specifically emphasizes the company's excellence in transparently and accurately communicating its financial data and strategic accomplishments within its annual report.



Internal Control

Internal Audits: One of the key competencies of HDL lies in its strong control system and rigorous internal audit mechanism. The company's internal audit procedures are conducted quarterly by one of the reputed audit firm of the company - SAR Associates Chartered Accountants. The company also conducts a detailed analysis and discussion on the quarterly report submitted by the company's Internal Auditor. The company has in place a competent Audit Committee, that offers relevant suggestions and recommendations and forwards them for review by HDL's BOD. The main objective of these audits is to ensure that the company's processes are adequate, effective and efficient to address the requirements of its internal control policies as well as various national and international statutory and regulatory requirements. As such, HDL has the capacity to identify any potential weakness or vulnerabilities in its processes and procedures which can be attributed to its emphasis on an independent and meticulous evaluation of its internal control mechanisms. This has equipped the

company to ensure highest benchmarks of transparency, accountability, and compliance and has enabled it to further enhance its overall operational integrity.

Market Audits: Market audit can be defined as a comprehensive and independent verification of any organization's market related expenditure. The company's well scattered and well-connected network of professional marketing intermediaries namely distributors, wholesalers and retailers have made a substantial contribution to accelerate the company's sales across the country. HDL conducts a rigorous market audit that includes planned activities like verification of market-related trade and other schemes for these business drivers, verification of their sales and stock on a monthly basis. Apart from this, the market audits also verify various promotional events for the company's brands, wherein marketing initiatives like branding at the venue, placement of our brands, promotional assets and modality of the promotions are thoroughly checked. The market auditors also conduct a thorough competitor's analysis to keep the competition and their efforts in HDL's close radar.

ISO Audit & Certifications

HDL places utmost emphasis on adherence to ISO (International Organization for Standardization) and it regards ISO Audit and Certifications as important benchmarks to demonstrate its commitment towards quality, safety, environmental responsibility and adherence to international standards. HDL has maintained 5 ISO certifications which includes ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environment Management System), ISO 45001:2018 (Occupational Health Safety Management System), ISO 22000:2018 (Food Safety Management System) and 1 Green building certification. It has also combined 3 ISO standards (QMS, EMS, OHSMS) into one smart system, known as Integrated Management System (IMS). The main purpose of IMS is to streamline the management commitment and effective implementation of ISO management needs. It has also obtained ISO certificate (of 4 standards) from DNV (Det Norske Veritas) - which is a trusted voice to tackle global transformations, one of the world's recognized international independent accredited certification bodies.

HDL has maintained high compliance with the ISO and GB standards to ensure continuation of the certificate and to ensure this, it conducts various activities to evaluate, confirm and verify its inherent internal processes on a regular basis. Some of such major activities are highlighted as follows:

1. Annual Risk Management
2. Annual Review of Objective
3. Legal Compliance Review
4. External provider evaluation
5. Consultation and Participation
6. Customer Survey
7. Training and Awareness
8. Good Manufacturing Practices Audit
9. Internal Audit
10. Management Review Meeting
11. Performance Evaluation and Review
12. Regular External Surveillance Audit

GREEN EXISTING BUILDING - GOLD STATUS

Green Building is an international practice of creating sustainable or environmentally friendly construction which aims at reducing the negative environmental impact of buildings while promoting health and well-being for occupants. It is a set of comprehensive rating systems and tools with respect to the construction project's performance from a sustainability and environmental perspective.

HDL has successfully ensured Green Building standards (LEED V4 BREEAM) under the Green Existing O&M rating

system from Otabu Certification Limited (UK) and as such has received Green Building Gold certification. Some of the key activities performed for the compliance of Green Buildings requirements include Efficient Energy Usage, Efficient Water Usage, Resource Conservation, Indoor Environmental Quality, Site Sustainability, Health and well-being, Adaptability and Resilience, Reduce Carbon Footprint, Waste Reduction, Green Infrastructure and last but not the least Community and Social Benefits. The Green Existing Building certificate information of HDL has been presented below:

Certificate Number: 601010517

Initial Certification Date: 1st May 2017

Validity: 13 March 2024-13 March 2026

QUALITY MANAGEMENT SYSTEM ISO 9001:2015:

Quality management system refers to a structured approach that aims to offer appropriate and relevant direction to ensure quality management in all aspects of an organization's operations, with a strong focus on meeting and exceeding customers' expectations. Some of the key activities conducted by HDL to ensure and enhance compliance of ISO 9001:2015 requirements include:

- Customer Satisfaction Survey
- Process Improvement
- Consistency and Standardization
- Legal and regulatory Compliance
- Risk management
- Leadership and commitment
- Employee Involvement
- Resource Optimization
- Evidence-based decision making (through data driven approach) and
- Continual Improvement

HDL's ISO 9001:2015(QMS) certificate information is presented below:

Certificate Number: 173250-2015-AQ-IND-RvA

Initial Certification Date: 04 May 2007

Validity: 04 May 2021-03 May 2024

FOOD SAFETY MANAGEMENT SYSTEM ISO 22000: 2018

Food Safety Management System is a comprehensive international standard offering a robust framework to ensure safety of food products throughout the food supply chain. This system has enabled HDL to strengthen food safety culture and demonstrate its commitment towards food safety. HDL has performed some exemplary activities to ensure compliance of ISO 22000:2018 requirements including:

- Food Safety Assurance
- Prevention of contamination
- Compliance with Legal requirements
- Risk management
- Traceability and transparency

- Resource optimization
- Operational Control (through PRP, Hazard analysis, HACCP Plan, and OPRP plan) and
- Continuous Improvement.

Details of HDL's ISO 22000:2018(FSMS) certificate are presented below:

Certificate Number: C619749

Initial Certification Date: 27 February 2009

Validity: 19 March 2021-26 February 2024

Environmental Management System ISO 140001: 2015 Environment management system refers to an international standard that delineates an overarching framework for any organization to ensure effective management of its environmental responsibilities, reduction of their environmental impact and demonstration of commitment to sustainability. Some of HDL's key activities conducted to ensure compliance of ISO 14001:2015 requirements are:

- Improvement of Environmental Performance
- Compliance with Legal Requirements
- Prevention of Pollution
- Resource Efficiency
- Stakeholder Engagement
- Transparency
- Accountability (regards to environmental impacts)
- Waste reduction/management and
- Continuous improvement

The details of HDL's ISO 14001:2015(EMS) certificate information is provided below:

Certificate Number: 173756-2015-AE-IND-RvA

Initial Certification Date: 16 April 2009

Validity: 16 April 2021-15 April 2024

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM ISO45001: 2018

Occupational Health and Safety Management System is an international standard offering a detailed framework for any organization to protect the health and safety of employees and other relevant parties by identifying, assessing, and mitigating occupational health and safety risks. HDL has conducted some key activities to ensure compliance with ISO 45001:2018:

- OHS Risk Management
- Reduction of workplace accidents and incidents
- Employee Wellbeing
- Prevention of Occupational Illnesses
- Stakeholders Engagement
- Compliance with Legal and Regulatory requirements
- Continuous improvement

Following are the details of HDL's ISO 45001:2018(OHSMS) certificate information:

Certificate Number: 10000436760-MSC-RvA-IND

Initial Certification Date: 16 April 2009

Validity: 16 April 2021-15 April 2024

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

HDL possesses undeterred commitment for manufacturing alcoholic beverages to meet and exceed the needs and expectations of its diverse stakeholders' by maintaining Integrated Management System (IMS) in line with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 22000:2018 requirements.

To meet the requirements of ISO Management System, HDL is committed to:

- Ensure customer satisfaction by meeting the needs and expectations of all relevant interest parties.
- Ensure all applicable legal, obligatory requirements and mutually agreed customer requirements are understood and complied with at all levels.
- Ensure that all management systems are maintained and improved to a desired level with continual improvement in IMS.
- Set objectives and targets that are monitored regularly to assess improvement in:
- Ensure Quality performance.
- Ensure Food Safety performance.
- Facilitate Safety performance & prevention of work-related injury and ill health.
- Enable Environmental performance, pollution prevention & sustainable growth.
- Offer relevant resources needed for establishment & implementation of IMS.
- Provide safe and healthy working conditions for the prevention of work-related injury and ill health by eliminating the identified hazards and reducing OH&S risks.
- Protect the environment, including prevention of pollution, reduce waste generation, and manage solid waste.
- Ensure workers consultation and participation is included for effective implementation of IMS requirements.
- Identify the risk and opportunities that can affect the quality of our products and services and necessary control with required changes are initiated and when necessary.
- Provide appropriate training for employees, to allow all team members to effectively exercise their responsibilities to produce safe products.
- Promote personal hygiene and cleanliness for our staff contractors, and visitors.
- Address internal and external communication related to Food Safety.
- Address the need to ensure competencies related to Food Safety.
- Ensure that the Policy is communicated, implemented, and maintained within the organization at all management levels and relevant interest parties and assuring individual commitment to the system.

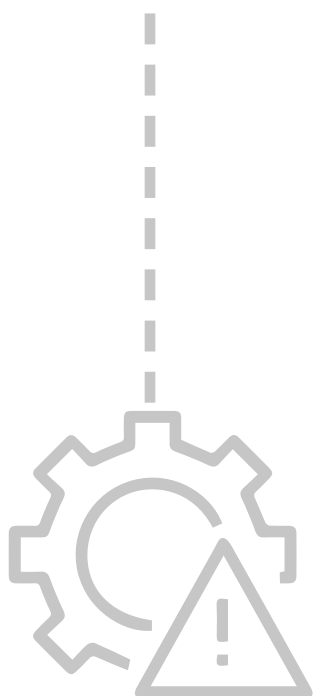


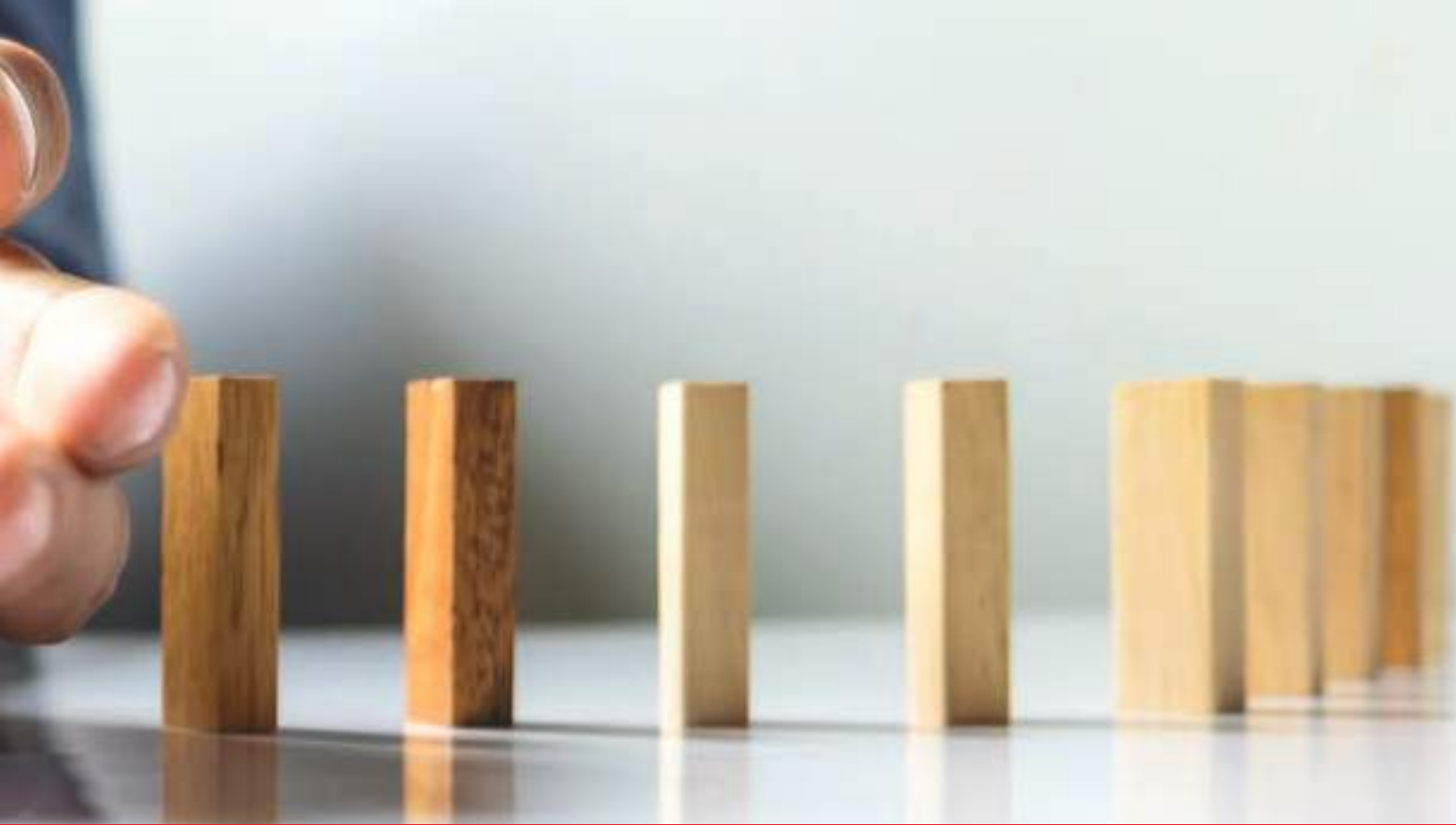
A close-up photograph of a hand placing a wooden block on a staircase made of other wooden blocks. The background is blurred, showing a person in a dark shirt.

Risk management refers to a systematic process that focuses on identifying, assessing, and prioritizing risks and involves collaborative and economical application of resources.

RISK MANAGEMENT

Any organization is exposed to a series of risks over the course of its business. These areas span across different functional areas of the organization and often come with varied yet severe implications. As such, it is inevitable for any business organization to place utmost priority on the risk management aspect of business.





Risk management refers to a systematic process that focuses on identifying, assessing, and prioritizing risks and involves collaborative and economical application of resources with an intent to minimize, control, and monitor the impact of these various kinds of risks. It is a crucial aspect of decision-making and planning for any organization throughout the course of its business.

HDL being a thriving business organization is no exception to the implications of risk management. As such, the company has undertaken a system-based approach for identify inherent and potential risks within and beyond the company and implement mitigation measures to reduce the impact of such risks in the profitability and sustainability of the company. The various categories of risks that HDL is exposed to along with the mechanisms to curtail them are highlighted below:

FINANCIAL RISK:

Financial risk can be defined as the failure to achieve expected financial returns on an investment or in course of business operations. It has an organization wide impact with direct threat to the sustainability and survival of any organization.

HDL has in place system-based risk management philosophy which acts as the basis for its policies and procedures and internal financial controls that are focused on identification, evaluation, and management of the crucial financial risks of the company including but not limited to market risks, credit risks and liquidity risks. These policies, procedures and

controls aim to minimize and neutralize the probable consequence created by the financial risk variables in the company's business operations as well as investing and financing activities.

In addition to this, HDL's risk management framework also prioritizes to ensure uncompromised and consistent management of financial risks in line with the acceptable and approved risk parameters of the company as well as the standards set aside by national and international regulations.

MARKET RISK:

Market risk can be referred to as the undiversifiable risk variables for any organization and is associated with fluctuations in the value of financial instruments and investments resulted by changes in market variables such as market price variations, interest rate changes, fluctuations in foreign exchange rates and variations in equity prices.

Market risk has key impacts on HDL's income or more specifically the value of its financial instruments' portfolio. HDL's exposure to the risk of changes in market interest rates basically hovers around term loans and short-term/demand loans that often come with variable interest rates. It manages such interest rate risk through regular monitoring, cash flow management and negotiation of favorable rates on borrowings and deposits

of the company. If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year would decrease/increase by Rs. 48,995 (2020-21: Rs. 1,201,189).

Further, to minimize the cases of exchange rate risk, HDL carries out majority of its foreign transactions in Indian Rupees as it is pegged at a fixed rate with Nepalese Rupees. Till now, HDL has not actively invested in equity markets which naturally reduces its exposure to risks resulted by variations in equity prices.

LIQUIDITY RISK:

Liquidity Risk refers to the risk associated with conversion of a company's assets into cash or acquisition of any asset without undergoing substantial price fluctuations. This risk is often widely encountered in markets with either limited buyers and sellers or negligible trading activities.

The Group's current assets aggregate to Rs. 2,557,777,699 (2020-21: Rs. 1,667,535,461) including cash and cash equivalent of Rs. 1,116,865,702 (2020-21: Rs. 909,656,083) against the aggregate current liabilities of Rs. 306,291,932 (2020-21: Rs. 269,478,107), including term loan maturing within one year from the reporting date which was zero (2020-21: Rs. 1,470,430). Further, the Group has access to undrawn borrowing facilities from banks of Rs. 375,000,000 (2020-21: Rs. 56,413,855) as at the reporting date. In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its liabilities as they become due does not exist.

CREDIT RISK:

Credit risk can be defined as the risk where a borrower is unable to fulfill its financial obligations as it becomes unable to repay its loan/credit facilities or to honor the requirements of a contractual agreement. This risk can also arise from any organization's status of accounts receivables/debtors.

In order to reduce the company's exposure to credit risk variables, HDL has a robust and comprehensive credit policy that evaluates its customers credit history while keeping in

mind the company's business interest. In the event when any exceptions are to be made to this policy or any other practices safeguarding the credit risk, such exceptions are duly approved by relevant authorities after duly evaluating the debtor's credentials and financial capacity, trade practices and prevalent market and business scenario. HDL's exposure, as on the reporting date, net of loss allowance stood at Rs. 1,150,583,354 (2020-21: Rs. 517,130,075).

HDL also has in place variety of other financial assets, such as balances with banks and other receivables. Its bank balance resides with proven commercial banks which has also enabled the company to reduce the counter party risks associated with these kinds of assets.

RISK MANAGEMENT AND CONTROL ENVIRONMENT:

HDL has in place well manned committees at the board of directors' level which assists the company to curtail its exposure to various forms of business, operational, financial and market risks. HDL's board of directors are strong champions of corporate governance, business ethics and risk management practices which has enabled the company to have a strong hold in the competitive liquor industry of Nepal.

The following section highlights the purpose, frequency and composition of the Board Meetings and other Committee Meetings are highlighted below:

BOARD OF DIRECTORS MEETING:

Total BOD meetings during the year: 9

Board Members:

1. Mr. Akhileshwar Prasad Singh	Chairperson
2. Mr. Narendra Kumar Basnyat	Director
3. Mr. Shanker Raj Pandey	Director
4. Mr. Santoo Shrestha	Director
5. Ms. Yangkila (Sherpa) Ruit	Director
6. Mr. Prakash Mani Ghimire	Independent Director





Board Level Committees

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

AUDIT COMMITTEE

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

- Mr. Shanker Raj Pandey, Chairperson
- Mr. Santoo Shrestha, Member
- Ms. Yangkila (Sherpa) Ruit. Member

The major functions, duties and authority of the committee in accordance with the Companies Act, 2006, Sub-section (1) of Section 164 are:

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

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

- Review of quarterly internal audit reports, provided necessary recommendations to the management, and submitted it the Board for its review and approval.
- Detailed discussion on the annual business plan prepared by the management. After a detailed discussion, the Committee recommended the Business Plan for FY 2022/23 for submission to the Board for its approval.
- Presentation on the annual financial report and statutory audit report, which were thoroughly reviewed during the meeting and were recommended for the board's approval.
- Recommendation to the Board for the continuation of current internal auditors and statutory auditors for another one year.

RISK MANAGEMENT COMMITTEE

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

The Risk Management Committee has three members:

- Mr. Prakash Mani Ghimire, Chairperson
- Mr. Santoo Shrestha, Member
- Chief Executive Officer, Member

Its functions are:

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

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

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

- The CEO updated the committee members on the legal and regulatory compliance status of the company in the FY.
- The committee members held a comprehensive discussion regarding the potential risks and mitigation measures related to legal/regulatory risks, operational risks, environmental risks, market risks and financial risks.
- The Risk Management Committee reviewed all the aspects of Legal/Regulatory Risks, Operational Risks, Environment Risks, Market Risks and Financial Risks, having endorsed the same, recommended that the same be submitted for the Board's review.

ASSET LIABILITY MANAGEMENT COMMITTEE

HDL's Asset & Liability Committee oversees sound inspection, supervision and management of its assets and liabilities. The Committee is also responsible for ensuring capital adequacy through development and implementation of relevant strategies and courses of actions to mitigate market risks, including liquidity risk. The Asset Management Committee is composed of three members:

- Mr. Santoo Shrestha, Chairperson
- Ms. Yangkila (Sherpa) Ruit, Member
- Chief Executive Officer, Member

The major functions of this Committee are presented below:

- To properly manage the assets and liabilities of the company and contribute towards achieving the goal of giving maximum return. To have the assets and liabilities of the company inspected and supervised.
- To prepare or supervise the strategy and procedures to be adopted by the management of the company and the policies to be formulated, focusing on the achievement of the goals set by the Board of Directors, the level of risk to be taken by the company and the standard of operation.



- To manage and mobilize the capital required to achieve the goals of the company.
- To get the information of income and expenditure of the company and to supervised the statement.
- To make effective evaluation and monitoring of the risk and liquidity of the company, to formulate policy regarding the source and management methods of liquidity risk management, and to monitor the implementation.
- To prepare for market risk management, structure of the above-mentioned information system, periodically and evaluate, approve, and review the liquidity and fund management policy.
- To determine the method of formulation and operation of contingency fund plan, and to have it reviewed.
- To make the operation of assets and liquidity to fulfill the daily and contingent capital needs and obligations.

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

- Review of the assets and liability position of the company with major focus on profitability and financial ratios. During the meeting, it was highlighted that the current assets of the company covered more than twice the current liabilities of the company, indicating that the company has adequate liquid assets.
- Review of contingent liabilities of the company and the progress on the litigation status was also briefed by the management.
- Presentation of plans for investment in capital expenditure in the upcoming year, the major portion of which is for Zero Liquid Discharge & Plant Automation Project and installation of Malt Distillation Unit.

HDL always strives for making a positive contribution to the society and continues its engagement with communities through its diverse and well planned Corporate Social Responsibility (CSR) Initiatives.



CORPORATE SOCIAL RESPONSIBILITY



As a good corporate citizen, HDL always strives for making a positive contribution to the society and continues its engagement with communities through its diverse and well planned Corporate Social Responsibility (CSR) Initiatives. The Company is fully committed towards supporting individuals and groups who believe in and are involved in noble causes in areas including but not limited to culture, gender equality and social inclusion, education, health, poverty alleviation and community support, natural disasters, and so on.



CSR policies

As per the Industrial Enterprise Act 2076, Section 54, any medium/large-scale industries/domestic/small enterprises with an annual turnover of Rs. 150 million and above are supposed to allocate at least 1% of their annual profit for Corporate Social Responsibility (CSR) initiatives. In addition to this, Industrial Enterprise Regulation 2078, Rule 43 has clearly demarcated the core areas in which the CSR fund can be utilized. In compliance with the criteria necessitated by both of these regulatory guidelines, HDL allocates its funds available under CSR in the following core areas every year:

S.N.	CORE AREAS	% ALLOCATION
1	Affected Areas-To be further sub-allocated as per sub categories 2-9	50%
2	Disaster prevention and rescue related activities	2.5%
3	Health and related activities	10%
4	Preservation and conservation of Nepali art, cultural heritage and monuments	5%
5	Skill development and income generation activities.	5%
6	Educational activities	10%
7	Environmental activities	5%
8	Social Awareness and related activities	2.5%
9	Physical Infrastructure for Social Welfare (including repair and maintenance) - drinking water, roads, drainage, sports grounds, religious sites, community buildings including for old age, orphanage, meditation, rest houses, bus stand/park, etc.	10%

HDL also has in place a dedicated CSR Committee that monitors and ensure effective and impactful utilization of its CSR fund. The committee members are as follows:

COMMITTEE MEMBER NAME	DESIGNATION
Mr. Niraj Subedi	Chief Executive Officer (CEO)
Ms. Nisha Niraula	Company Secretary
Mr. Jeevan Panday	Finance Manager
Ms. Anjali Shrestha	HR Manager
Independent Invitee	

The Committee is also responsible for disbursing the CSR funds to appropriate CSR initiatives that are in line with the company's intent to be a responsible corporate citizen. The Committee is also authorized to increase the proportion of CSR funds in case there is insufficient fund allocated for any particular area; however, the Committee is responsible to ensure that such increment/revision in proportion of CSR funds does not exceed the

total fund set aside from the company's net profit for CSR. The authority for making such revisions/allocation lies with the following members of HDL:

MEMBER NAME	AUTHORIZED ROLE	DESIGNATION
Jeevan Panday	Proposed for amendments	Finance Manager
Nisha Niraula	Recommend for amendments	Company Secretary
Niraj Subedi	Approve the amendments	Chief Executive Officer

CSR INITIATIVES UNDERTAKEN BY HDL IN THE FY 2022/23:

In continuation to its intent to contribute back to the society, HDL has undertaken various impactful CSR initiatives in the FY 2022/23 as well. Some of such major CSR Initiatives have been highlighted as follows:

DOWN SYNDROME SOCIETY NEPAL

Down Syndrome Society Nepal (DSSN) was established in 2010 as an NGO for securing basic human rights and respect for children and adults with Down syndrome. It aims at creating conducive teaching and learning environment for children and adults with intellectual disabilities. Furthermore, it envisions providing small income-generating opportunities to disabled children and their parents by organizing different types of vocational skills. In the FY 2022/23, HDL support DSSN to conduct a symposium focusing on discussing all aspects of inclusive education and livelihood of persons with intellectual

disabilities including challenges and best practices from around the world and make appropriate recommendations to the government and stakeholders by making a financial contribution of Rs. 3,00,000. This contribution was made as per its CSR policies under the area of skill development and income generating programs for people with low income, from backward areas, rural women, differently abled, minority groups and marginalized society.

EK EK PAILA FOUNDATION

Ek Ek Paila Foundation is an active social organization that came into existence in the year 2015 and is located at Thapathali, Kathmandu. It is an initiative of a group of volunteers in Nepal who intend to offer free health services to the people living in the remote areas. In the review period, HDL supported this Foundation to establish Ek Ek Paila 'Hamro' Community Hospital through a financial assistance of Rs. Rs. 30,00,000. This project is a decade long program aiming to build a sustainable health care delivery model by delivering primary health care by installing 15 bed hospital in Thokarpa VDC, Sindhupalchowk District.



GODAWARI ALUMNI ASSOCIATION (GAA)

GAA is a non-political, social, voluntary organization of alumni of St. Xavier's and St. Mary's schools and related Jesuit institutions in Nepal. GAA was established on 2nd October 1965 and is registered with District Administrative Office (DAO), Kathmandu and the Social Welfare Council Nepal. In the review period HDL supported GAA in its warm winter clothes distribution program focusing on senior citizens, single women, disabled people and children at Satyabadi Secondary School, Badimalika Municipality -2, Bhaunera through a financial contribution of Rs. 2,00,000.



JAWALAKHEL CIRCLE TRAFFIC ISLAND

HDL has been coordinating with Lalitpur Municipality Office supported for the maintenance of Jawalakhel Circle Traffic Island for the last three years. Marking the day of the "Bhotojatra Festival", HDL supported for the plantation of trees for the environment conservation and perform repair & maintenance of physical infrastructure for social welfare as per the company's CSR Policy this year also through a contribution of Rs. 85,145.

LIFELINE HEALTH HOME CARE (LHHC)

HDL also contributed an amount of Rs. 300,000 to Lifeline Health Home Care for its municipal ward- based health symposiums in different communities of Lalitpur Municipality in the year 2080 (2023) throughout the year and covering 25,000 individuals.



RAMGRAM MUNICIPALITY OFFICE, NAWALPARASI

HDL has not confined its CSR activities within Kathmandu valley. As such in the FY 2022/23, HDL also extended financial support worth Rs. 5,00,000 to Ramgram Municipality Office of Nawalparasi to conduct free health camps, tree plantation programs, computer, laptop and printer donation, table and chair donation and other financial support for its various municipal wards.

NEPAL ADHARBHUT SECONDARY SCHOOL (NASS)

Himalayan Distillery Ltd. (HDL) supported Shree Nepal Adharbhut Secondary School (NASS) in FY 2022/23 with Rs. 5,00,000 for the construction of school building to facilitate effective and practical learning along with an anticipated increase in number of students. In addition to this, HDL also contributed Rs. 2,60,000 for salary payment of the School's teachers.



SHREE VINDHYAVASINI ADHYATMIK SANGH

In the FY 2022/23, HDL also offered financial assistance worth Rs. 100,000 to Shree Vindhyavasini Adhyatmik Sangh for construction of Shree Shree Vindhyavsini Goddess temple in its own land located at Satungal, Kathmandu. This contribution was made as per the company's CSR policy under the provision of preserving the cultural heritage.

ZONTA CLUB OF KATHMANDU

Zonta Club of Kathmandu chartered under Zonta International in 2012 is a legally registered NGO with 64 members from diverse backgrounds ranging from social activists, bankers, entrepreneurs, doctors, lawyers, architects, business leaders and professionals. It aims to enhance the status of women by improving their legal, political, economic, educational, health and professional status at national and international through service and advocacy.

HDL contributed this year to Zonta's flagship program – a 16 Day Awareness Program to raise awareness on Violence Against Women (VAW) through a financial assistance of Rs. 200,000. The Program included setting up help desk for connecting lawyers, police and the people, conducting self-defense class and a walkathon; and raise awareness through social media platforms by collaborating with individuals from different fields. The contribution was made as per HDL's CSR policy under the provision of conducting campaign against social disorders, discrepancies and backwardness.

LIPANIBIRTA HEALTH POST

Lipanibirta Health Post was established in the year 2035 in ward number 21 of Birgunj Municipality with the objective of providing preventive, promotive and curative health services. In the review period, HDL contributed a total of Rs. 20,00,000



(two million) to Lipanibirta Health Post to provide specialized transport facilities for patients requiring emergency medical treatment. This contribution directly benefitted a total of 10,000 people of Parwanipur, Birgunj.

PARWANIPUR YOUTH CLUB

HDL offered financial assistance worth Rs. 50,000 to Parwanipur Youth Club in the FY 2022/23 for the Club's, Second Parwanipur Gold Cup competition that aimed to create an environment of unity, focus and youth environment and to promote physical fitness, sportsmanship, and teamwork while bringing people together.

SRI SRI 108 SRI BISHNU MAHAYAGA

As a part of its intent to preserve and promote local cultural heritage, HDL contributed Rs. 51,000 for Sri Sri 108 Sri Bishnu Mahayagya, an annual culturally significant tradition of Parwanipur village. The Mahayagya events also plays a crucial role in fostering unity, strengthening community bonds, and ensuring the well-being and prosperity of the village.

Corporate Business Ethics

HDL's core business philosophy heavily emphasizes ethical transparent and trustworthy business and this philosophy is duly incorporated in its corporate values. Some of such

uncompromisable corporate business ethics of HDL have been highlighted below:

FOCUS ON CUSTOMERS AND CONSUMERS

HDL ensures integrity and transparency in each of its transactions and relationships with customers and consumers by offering safe, reliable and high- quality products and services. The Company prioritizes dissemination of accurate information that assists is customers and consumers to make informed choices. It is committed to responsible marketing of its products and services and ensures that its product labels, advertisements and commercial message are accurate, clear and not misleading.

CONDUCT BUSINESS WITH INTEGRITY AND FAIRNESS

HDL ensures that each of its activities are conducted in a fair and transparent manner in accordance with the national and international law and that they abide by the highest ethical standards. The Company is not only considerate of religion, culture, customs, and traditions in all countries where it conducts its business but also forbids profit generation through unfair or illegal means. HDL is also committed to abide by the laws of free and fair competition while conducting its business activities. The company has zero tolerance for any form of bribery, corrupt practices, money laundering or other illicit practices in any of its endeavors or with any person or company. The Company has strict

adherence to relevant national and international laws and regulations in the matter related to gifts, entertainment, charitable donations and political contributions. It also commits towards upholding and disclosing financial and business-related records, reports and any form of information at par with the appropriate national and international laws and regulations so that these reports and information show an accurate and precise reflection of its true state of business.

ENVIRONMENTAL CONSERVATION:

HDL has undeterred focus and determination to achieve the highest environmental and safety standards so that its business operations do not have detrimental impact to the community and its surrounding environment.

The company is embarking on a project with the aim of achieving Zero Discharge from its distillation plant and, has also undertaken a project for complete Plant Automation. These projects aim to facilitate improved efficiency through a data-driven decision-making process with reduced manual intervention and consistency in quality.

HDL is fully committed to plan and implement constant improvements in its environmental performance, delivered by the use of recycled bottles, industrial waste management through effluent treatment plants, selling of scrap packaging materials and tree plantation with the periphery of the industry which has assisted the company to reduce its industrial pollution. Some of such major initiatives conducted in the review period are presented below:

1. IMPROVEMENT OF ASH HANDLING SYSTEM: This improvement has enabled HDL to transfer husk burnt ash through conveyor through reduced human intervention. The conveyor system takes husk ash into a mixer where it is mixed with water to prevent it from dusting into the environment. This has assisted the Company to reduce health complications that may arise due to inhaling dust particles and to reduce environmental pollution due to ash dusting.

2. TREE PLANTATION: HDL has planted nearly 4000 plants (Pomegranate, Guava, Bel, Gulmohar, Amala, Sharifa, Red Sandalwood, Simal, lemon, Bamboo, Malaysian Saal, Ashoka, Sagwan, etc.) in its periphery where 2,265 plants survived and are flourishing. This initiative is set to add greenery and value to the environment and HDL in the years ahead.

3. BOILER OPTIMIZATION: HDL's technical team has optimized its boilers through process enhancements that has enabled it to reduce 4MT husk per day. This is a great achievement for HDL to reduce natural resource consumption and to reduce its carbon emissions.

4. VARIOUS ISO CERTIFICATIONS: HDL has been awarded with a series of ISO Certifications that are self-explanatory of the company's state-in-art infrastructure and work processes in context of the beverage industry.

5. EFFLUENTS TREATMENT PLANT (ETP): HDL boasts a world class Effluents Treatment Plant with a capacity of 6 million liters of wastewater. In this Plant, wastewater generated from the Plant is treated with biological reaction that generates biogas through its digester. This has enabled the company to also utilize Biogas generated through the industrial wastewater and this gas in turn goes into its boiler as a fuel, thereby reducing waste emission to the nature.

HDL has planted nearly

4000
Plants

HDL boasts a world class Effluents Treatment Plant with a capacity of

6 MILLION
Liters of wastewater



Marketing Campaign

GOLDEN OAK COMEDY YATRA

HDL has always been associated with stellar events to uplift its brand image and visibility in the minds of the general consumers. In the September 2023, it launched one of such flagship programs entitled 'Golden Oak Go Comedy Yatra'. The main objective of this program was to activate endorsement with comedians and music artists to create interactive, engaging and memorable brand experience within the local communities. The program also aimed to create memorable first-hand experience with its most popular brand Golden Oak through brand activation, activities, merchandise giveaways, visually appealing branding, attractive displays and bars. All in all, the program intended to generate trial for Golden Oak and to ultimately create a meaningful and lasting brand connection with its diverse set of audience.

Some of the renowned artists associated with the Yatra included Jitu Nepal, Niraj Nepal, Milan Newar, Surendra KC, Shiva S. Rijal, Suman Karki and Radhika Kandel. The Comedy Yatra took place at various locations of the country namely Hetauda, Janakpur, Lalbandi, Lahan and Chapur. The Program received good recognition and visibility in the offline and online platforms and was able to record substantial impressions in social media. It also received substantial press coverage in local and national media within and beyond Kathmandu. With a view to attract the local market and individual consumers, Golden Oak Go Comedy Yatra was conducted in a total of 75 outlets all over the country i.e. 15 outlets per location. As a result of this, both HDL and its exemplary product Golden Oak were able to create a strong brand presence, brand recognition and product acceptance across the country.



DIGITAL MEDIA



8.8 K+
ORGANIC REACH



11.2 K+
ORGANIC IMPRESSIONS

ONLINE MEDIA



9+
PRESS RELEASE



OFF-TRADE PROMOTIONS



75
OUTLETS

CROWD




2.8 K+

CONSUMPTION



17 Cs

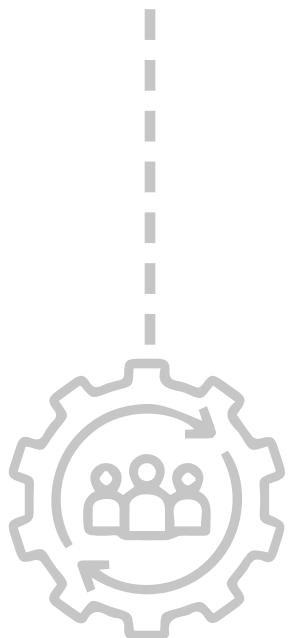


HDL is a team of

269

competent
and dedicated
team of staff
members

HUMAN RESOURCE MANAGEMENT



HDL is a team of 269 competent and dedicated team of staff members. The company is well aware of the significance of competent and trained employees to drive the business and scale greater heights in terms of business performance. As such, HDL has a strong emphasis on transparency and fair competition during its recruitment process while at the same time the company understands the need to maintain a perfect balance of value for money and time commitment of each of its employees.



The company also entertains headhunting and talent acquisition to onboard staff members with right skill set and acumen for the company based on the need of the organization from time to time.

All the onboarded staff members are provided with a clear and comprehensive job descriptions that which not only enables them to understand their roles and responsibilities in the organization but also acts as one of the base parameters for their regular performance evaluation. The company has an employee oriented and legally compliant employment rules that strictly abide by the rules and regulations demarcated by the Labor Law.

Keeping its employees at the core of its business operations, HDL has an empathetic approach towards its employee's work life balance. As a result of this, the company offers extra breast-feeding time for nursing mothers with children under six month while its male employees are provided with paternity leave.

The Company not only has in place fair, equitable and robust human resource management policies and procedures but also a series of well thought and appropriate training and capacity development programs for its staff members. As such it prepares and reviews annual training and staff development plans, which are the basis for providing training to employees at the expense of the company. In the review period, the

company offered a total of 32 trainings to enhance the skills and competencies of 225 personnel.

HDL has several strategic and comprehensive HR Policies that has enabled it to be a human centric company even amidst the fiercely competitive liquor industry of Nepal. Some of such major policies are highlighted below:

EQUAL OPPORTUNITY EMPLOYER

HDL is an equal opportunity employer. It has zero tolerance for any forms of discrimination (implicit or explicit) on the basis of caste, ethnicity, color, religion, sex, age, and disability. The company highly encourages its employees to report any minor or major incidents of discrimination to their respective supervisors to enable redress of such grievances through the company's grievances handling mechanism.

The company's recruitment process is handled by its Recruitment Committee. The committee in turn ensures that the hiring is made in a transparent manner with necessary tests of required knowledge and skills, practical assessments, and reference checks. Once the recruitment is done, all new employees are required to participate in the on-boarding process so that they are familiar with the company's vision, mission and goals, operations, systems and practices, Code of Conduct, and expected staff behavior.

Any company is as good as the competence and relevance of its staff members. HDL has in place a quarterly performance evaluation where it not only evaluates their expected and actual performance but also identifies candidates for training, incentives, counselling and promotions. The quarterly performance evaluations are conducted by HDL's Promotions Committee.

HEALTH AND SAFETY

HDL has uncompromised priority to ensure the wellbeing, health and safety of each of its employees. The company provides appropriate personal protective equipment for employees engaged in risk business/factory processes. It not only requires its employees to abide by all safety rules and processes to avoid accidents or damages but also has corrective disciplinary actions for any employee who fails to fulfill the health and safety guidelines.

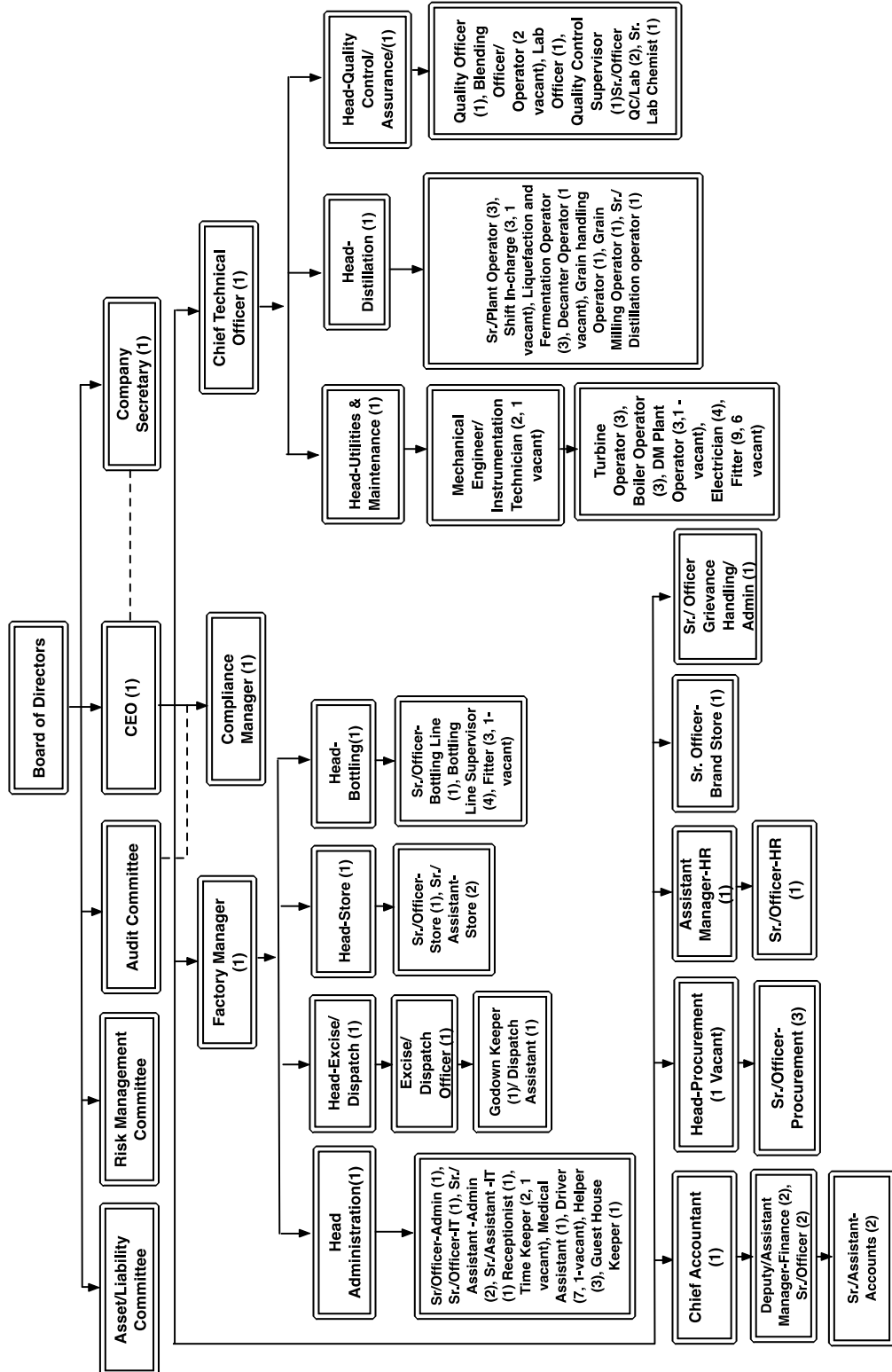
GRIEVANCE HANDLING

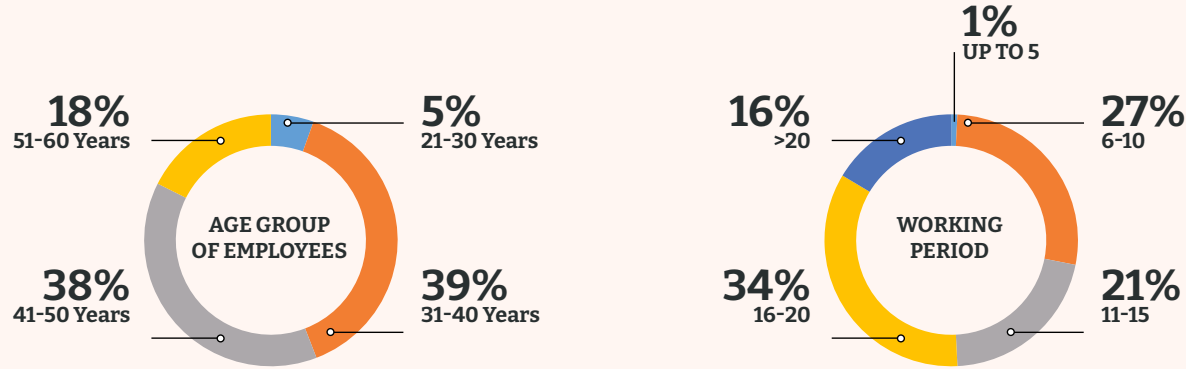
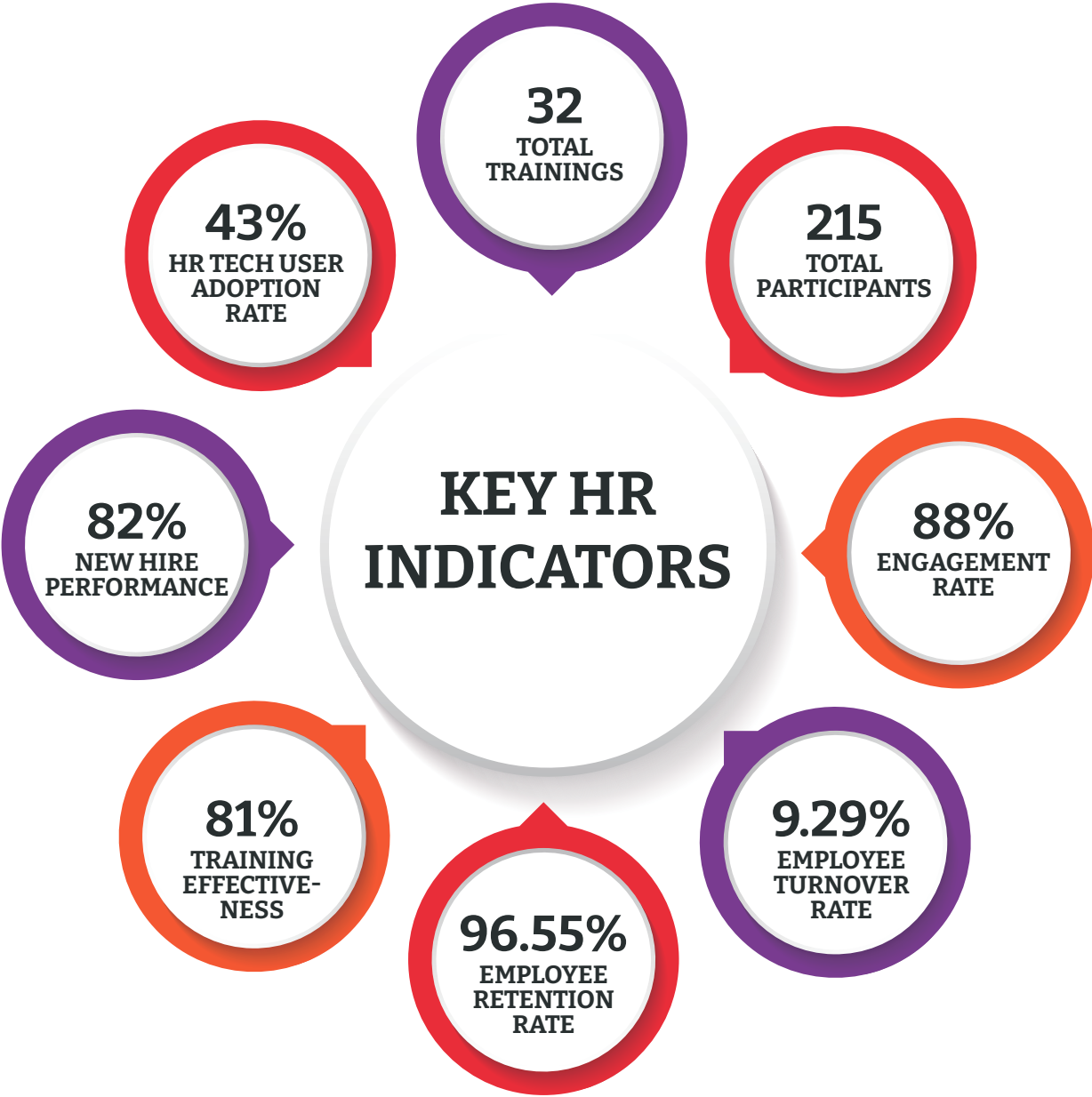
HDL understands the fact that employee grievances are often a valuable tool to address the gaps and discrepancies in its business processes, guidelines and policies. As such it has a dedicated grievance handling mechanism to address employee grievances across all organizational levels. HDL's Grievance Handling Committee is made up of the company's Chief Executive Officer, Grievance Handling Officer, Head HR, Head Legal and Department Head of the respective department whose employee has lodged the grievance.

HDL's Grievance Handling Mechanism is comprised of established procedures to submit the grievances along with a specific timeline for addressing them and making the final decision. Such grievance appeals are directed to the Company's Chief Executive Officer and the decision taken by CEO for such appeals is deemed to be final decision.



Organization Chart








A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY


**SILVER
OAK**



**SMOOTH
FINISH**

A blend of *Pure Artesian
Himalayan Water & Carefully Selected Grains*

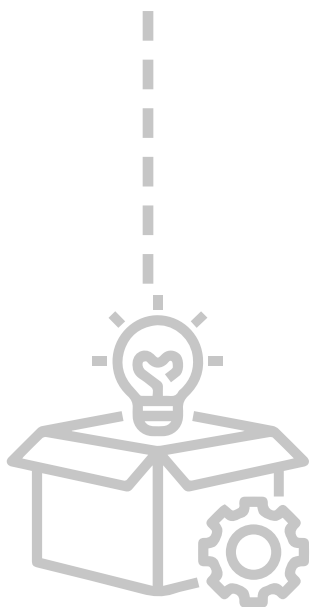


Golden Oak which
is a widely accepted
product in the

40up

Whisky
category of
Nepal

WHAT MAKES HDL STAND APART?



HDL has always prioritized innovation as a major cornerstone for its product portfolio diversification and business growth. The meticulous product development approach of HDL also gave birth to the company's core brand - Golden Oak which is a widely accepted product in the 40UP Whisky category of Nepal. Further, its constant focus towards product innovation and development has enabled it to expand its product lines beyond the well-established brand, Golden Oak, with two other equally qualitative product variants namely Black Oak and Blue Oak. Each of these Oak brands caters to distinct consumer segments and have been able to create a favorable market response outperforming the competition.



HDL's consumer-centric approach paves way for its brand development strategy and enables the company to evolve its Oak products based on the three vital pillars namely iterative design, continuous improvement, and customer understanding.

Under the concept of iterative design, the company deploys its innovative initiatives to enhance the physical attributes of its brands, thereby enriching their market image to be a premium product. For example, the company's flagship brand - Golden Oak has undergone a major transformation which includes addition of a new Guala cap which has highly elevated the aesthetic appeal of the product packaging as well as the brand. Similarly, Black Oak now features a transparent black-tinted glass bottle with a Guala Cap, which closely resonates Golden Oak's premium image. In the days to come, HDL is also planning similar unique innovation initiatives for its Blue Oak brand.

HDL has been able to harmonize its brand communication strategy and imagery attributes with the actual physical attributes of its products through a combination of iterative design and continuous improvement initiatives. Further, each brand possesses thoughtful value propositions that add to the company's intent to adopt a holistic approach and to ensure top-of-the-mind recall for its customers seeking a memorable and enjoyable drinking experience.

HDL continuously undertakes sampling and various consumer-led activation programs to obtain regular market inputs on its consumers' tastes and preferences. This, in turn has empowered the company to reap the benefits of the synergistic efforts to propel its existing brands to the forefront of the industry both in terms of market recognition and market share.

HDL's product offerings are heavily based on the brown spirits segment while they have limited presence in the white spirits category, which is in fact a booming category due to neutral taste and clean finish of white spirits. Considering this fact and recognizing the potential of growth in the 40UP white spirit category, the company has shifted its focus as well as resource allocation towards introduction of a new product entitled Silver Oak in its Oak series.

HDL is committed to continue and further enhance its commitment to consumer-centric innovation so as to explore and capitalize on newer, broader and better frontiers in the alcoholic beverage industry, thereby, catering to a larger audience. It also aims to capitalize on its innovative product development and customer centric business approach to bring a fresh perspective to its brand, ultimately establishing a prominent place in the existing brown and the new white spirit category of Nepal.

Key Market Trends Impacting Consumption

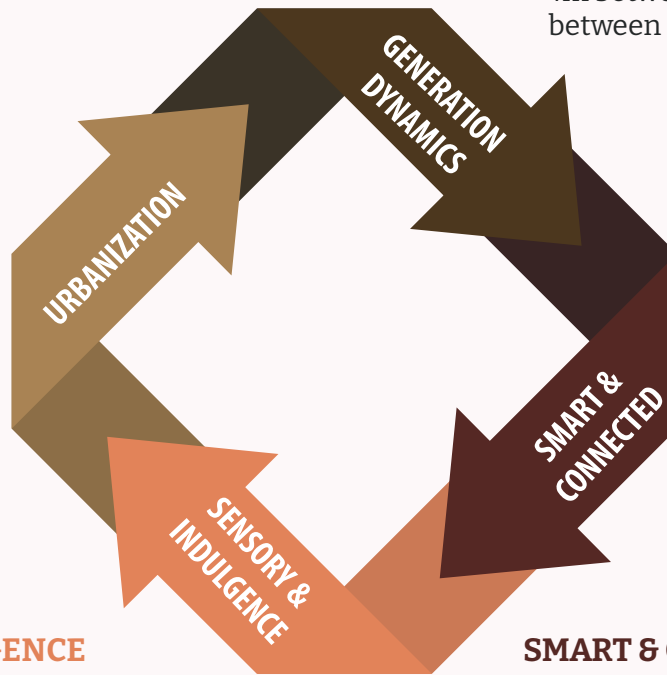
URBANIZATION

Beer brand positioning & brand build-out for operational profit and initiating certain line extensions for key growth areas.

Opportunities to expand distribution to other geographies.

GENERATION DYNAMICS

- Male median age is estimated at 20.7 years
- Female median age is estimated at 22.5 years
- 10.5m under 18 years
- 4m between 19-24 years 3. 11.5m between 25-54 years



SENSORY & INDULGENCE

Explore opportunities around premium rum industry, premium gin industry and soft drinks.

Opportunity for a strategic investor to leverage unique national distribution infrastructure and keep consumer expertise for alcohol brands also extensions such as water, soft drinks, energy drinks and other consumer beverages.

SMART & CONNECTED

- C.100% Mobile penetration
- 13m active social users, 30% growth in 2021 vs 2020
- 10m internet users
- 13m social media users
- Tiktok and facebook are the most visited apps in Nepal.

A HIGHLY CUSTOMER ORIENTED BUSINESS APPROACH

It is an inevitable fact that any organization that emphasizes its customers right from its product planning stage to the sales stage reaps the benefits of a loyal and an expanding market base. However, organization face challenges to understand and track the behaviors and preferences of its customers because of the underlying customer psychology which is often hard to decipher as well as because of the ever-changing market dynamics.

HDL is well aware of the significance of a customer centric approach of business and as such it has made product quality and service improvement as its key priority. As such the company has a thriving department overseeing Customer Relationship Management (CRM). HDL's CRM is primarily an effective combination of procedures, technologies and strategies that facilitate the company in managing and analyzing a diverse range of customer data and interaction throughout the customer life cycle.

This in turn has enabled HDL to strengthen its unique and valuable bond with its existing loyal customer bases via frequent and rejuvenating interactions and engagements. This has also assisted HDL in planning and executing a variety of experiential marketing activities for its consumers to further enhance their brand engagement and loyalty while solidifying their trust for and confidence in HDL's diverse product portfolio.

HDL has in place a versatile and well-mapped distribution network spanning all over the country. These distributors have a crucial role in ensuring that HDL's products pass through various stages of supply management and eventually reach the hands of the consumers. The pictorial representation of HDL's distributor networks is presented below:

AN EQUITABLE DISTRIBUTOR EVALUATION

HDL is well aware of the role of marketing intermediaries like distributors in enhancing its market share as well as overall brand value. It not only considers its marketing intermediaries especially distributors scattered all over the country, as a key contributor to the company's growth and success but also evaluates their performance and suggests them on areas of improvement through a scientific and objective driven periodic Distributor Evaluation Process. The main objective of the Distributor Evaluation Process is to evaluate the performance of its channel partners or distributors by scientifically assessing the 'Adequacy of Infrastructure & Investment' and 'Performance of Distributors'. To delve deeper into these two aspects of distributors' management, HDL has in place a series of sub categories to portray a clear and fair picture of its marketing channel.

Under the 'Adequacy of Infrastructure & Investment' criteria, HDL evaluates its distributors in term of parameters namely days of stock holding, market credit, percentage of Bank Guarantee to Credit Limit, outstanding aging and adequacy of infrastructure. Similarly, under the 'Performance of Distributors' criteria, the company evaluates its distributors in terms of unique outlets billed, collection, primary sales, secondary sales and percentage of Premium Mix.

R&R (REWARD & RECOGNITION) PROGRAM FOR DISTRIBUTORS

HDL not only reviews the performance of its different distributors on a periodic basis, but also it has a scientific, fair and equitable recognition program for them. This unique program is named R & R Program for Distributors

which uses a four-tiered reward mechanism. The highest level of this program is named as Diamond Distributors which rewards distributors "with Right Infrastructure, Right Investment and the Right performance". Once a distributor maintains its Diamond Status for two consecutive quarters, it automatically enters into the "Diamond Club". All the Diamond club members are awarded with a Certificate of Appreciation for their contribution. In addition to this, they also get an exclusive "Diamond Club" Kit from HDL and other privileges.

CHANNEL LOYALTY APP

HDL has always been a trailblazer in terms of technological innovation and adaptation to streamline and enhance its business processes. This tech-based orientation is further exemplified by the unique channel loyalty mobile application entitled 'Hamro JGI' – which is an interactive engagement program launched by HDL's national distributor JGIDPL. This App focuses on HDL's marketing intermediaries namely wholesalers and retailers. The Hamro JGI App, which is available in both English and Nepali language, is guided by the following objectives:

- i. To facilitate the Outlets to engage and interact with JGI on a regular basis through activities like Display, Cooler Purity, POSM visibility and so on
- ii. To enable the Outlets to earn reward points
- iii. To strengthen and improve HDL's relationship with its outlets

This tech-based initiative has enabled HDL to improve brand visibility and execution of its brands in the respective sales outlets. Further, it has also empowered its sales team to put POSM and signages in these outlets just by clicking and uploading pictures of execution in the Hamro JGI app. On the side of the outlets, they get a chance to earn more Reward Points and Benefits by purchasing HDL brands, directly from the authorized distributors. They can also earn additional reward points each month for achieving the minimum monthly purchase targets.

In future, HDL plans to launch other exciting features and benefits in this app such as Quiz, Product knowledge segments etc. that will enable the sales outlets to earn even more reward points. In addition to this, they shall also be allowed to redeem these collected points against Promotional items as per their choice and they can even place order or Request for Redemption from the Reward Catalogue that will be embedded in the app itself. The Hamro JGI is currently being used by more than 3000 outlets.

Bottling Unit

The company's distillation and bottling takes place at the factory in Birgunj, Parsa District. All products at the factory are manufactured under the supervision of an Excise Inspector. All products are tested at the company's laboratory prior to sending them to the market.





A RANGE OF CUSTOMER ORIENTED, HIGH VALUE PRODUCTS AND SERVICES AND A STELLAR BRAND PORTFOLIO

The liquor industry's business is highly influenced by consumer-centric trends particularly changing consumer preferences, values, and behaviors. The ever-changing set of consumer expectations makes it inevitable for liquor manufacturers to be innovative, adaptive, relevant and competitive in the markets that they serve.

HDL being a customer oriented and dynamic business organization always emphasizes and implements a proactive approach to align its products and product/brand experiences to effectively meet the ever-changing demands and preferences of its diverse yet selective audience.

Further, the company is committed to stay attune to its consumers' needs and this has been remarkably justified by its various continuous product development and design improvement initiatives. This uncompromisable customer centric approach has empowered HDL and its products to meet the customer needs, gain customer loyalty and also achieve strategic advantage to enhance its competitiveness and sustainability in the market.

HDL's thoughtfully tailored product mix caters diverse consumer segments and quenches their diverse



preferences. HDL's Golden Oak, a much-loved liquor brand in the country is able to establish itself as a reputed choice for its customer segments who appreciate the finer things in life and have an unyielding passion for exceptional taste. Similarly, its Black Oak targets individuals pursuing perfection in every facet of their lives and who are meticulous about their work and their craft. Blue Oak, a luxury offering of HDL targets those consumers who value the rare and the extraordinary.

HDL has maintained its strategic focus to develop and implement effective marketing efforts focusing to enhance the premium image of its brand. As a result of this, the company has made visible efforts to enhance the visual and aesthetic aspects of its products, thereby, ultimately enhancing its brands' identity and creation of "brand equity" through impactful advertising.

HDL's holistic marketing strategy encompasses a range of carefully integrated marketing channels and platforms to portray a consistent and premium brand image. It is the result of this strategy that HDL boasts a strong digital presence, consumer-led activations through outlet-level promotions, and various impactful regional events. HDL aims to create a harmonious and memorable experience for its consumers to reinforce their confidence in the company's brands and product portfolio and to create and sustain a favorable brand image. Hence, it is an undeniable fact that HDL's customer-centric business philosophy is strongly reflected in all of its products and marketing efforts. In the present context of evolving consumer preferences, the company is committed to stay agile and creative and it looks forward to a promising journey of growth and transformation in the days ahead.

Some of the major product brands of HDL and their story has been presented below:

Our Products

BLACK OAK

TYPE: Premium Blended Malt

STRENGTH: 34.23% v/v

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

KEY SELLING POINTS

- Extra matured in oak casks
- Blended with Nepali grain spirits
- Smokey and Oaky taste
- Premium packaging

SERVING

Neat or on the rocks

Black Oak is meticulously crafted to perfection to celebrate the satisfaction of achievement. Blended with domestic grain spirit, it is bottled, aged and blended in Nepal. Discover greatness of premium malt and grain spirit double matured in charred sherry oak casks of Black Oak. Rich in fruity flavors, its charred oak contributes to a refined palate of nuttiness, delicious woody fragrance and a velvety deep peat smoky finish. Black Oak comes neatly bound in a premium package that preserves its fine smoky taste. For those who aspire being a class apart, this malt serves as the excellent concoction.

A truly extraordinary blend with an outstanding taste, Black Oak is a creation fit for perfectionists. It adorns an aura of elegance that caters to those who believe in impeccable details that captivate their lives. It illuminates a passion reserved for those with an exquisite taste for sophistication.

Black Oak is a widely appreciated premium blended malt available all over Nepal in selected areas. It comes in 40UP segment in 180ml and 375ml bottle. Its 750ml bottles are encased in an aesthetically pleasing canister that compliments its extraordinary flavor. We persevere to excel the perfection inherited from generations of craftsmanship in every bottle, so you can savor the rich culture of fine blend in every sip.

MARKET SHARE

+12.3%

of total 40 UP whisky segment



GOLDEN OAK

TYPE: Premium Blended Malt

STRENGTH: 34.23% V/V

SKU: 750ml - with tamper-proof closure. 375ml - and 180ml and also sold with with tamper-proof closure

KEY SELLING POINTS

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

An exceptionally innovative blend –of hand-picked Premium Malts and Nepalese Grain Spirits matured in American Oak Casks. This magnificent blend has a balanced aroma of exotic dried fruit, toasted vanilla and smoked cereals resulting in a smooth medium bodied finish. The flavors of Golden Oak welcomes all who confidently move ahead to new challenges. Their expressive nature and knowledge is the key source to their wealth. As successful as they may be, they showcase the same level of generosity to those around them. It can be served neat, on the rocks, with soft drinks or soda.

Golden Oak is the highest selling liquor brand in Nepal, omnipresent in the market in 40UP segment and available in 180ml, 375ml, and 750ml bottles. Its premium taste with value for money caters to all who appreciate making moments memorable. Our new packaging in mono-carton cases along with our new label and cap design boasts a premium feel, serving you specially during festivals and celebrations. With years more to come, we aspire to keep the fine tradition of premium blended malt and deliver superior taste above all else.



MARKET SHARE

+64.5%

of total 40 UP whisky segment

BLUE OAK

TYPE: Premium Blended Malt

STRENGTH: 34.23% v/v

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

KEY SELLING POINTS

- Matured in Charred Sherry and American Oak casks. Blend of the rarest malts, double smoked and Oaky taste
- Premium packaging

SERVING

Neat or on the rocks.

The rich culture and history of oak family follows its path with Blue Oak. It is a rich and robust blend of the rarest malts and grain spirits. It has been double smoked in Charred Sherry and American Oak casks to achieve a distinct taste with a velvety smooth finish. This premium blended malt has a peaty aroma with hints of baked fruits and spicy wood shaving. As you savour it slowly, you will discover a gloriously rich smoky malt of complexity and character that will leave the palate with a lingering finish.

Blue Oak is available only in major cities and towns of Nepal in 180ml and 375ml bottle. Its 750ml comes in an enclosed bottle worthy of the finest celebration. The blended malt is a taste of extravagance for those with a 40UP preference and reserved specially for the victories that we triumph in life. A pinnacle of luxury, its complexity and profound flavor is an everlasting treasure we strive to cherish.

MARKET SHARE

+0.1%

of total 40 UP whisky segment



SILVER OAK

STRENGTH: 34.23% v/v

SKU: 750ml - Sold in a mono carton with tamper-proof closure. 375ml - and 180ml and also sold with with tamper-proof closure

BEST SERVED: Served straight or with ice

KEY SELLING POINTS

- Blend of pure Artesian Himalayan water & carefully selected grains
- Premium packaging

Silver Oak is a blend of pure artesian Himalayan Water and carefully selected grains, distilled to achieve high-class purity and smoothness. Crafted for a smooth finish, Silver Oak indulges your senses through a snappy yet delightful finish. Every batch is meticulously crafted with unwavering attention to detail, offering a consistently high-quality experience that enhances your drinking experience.

Silver Oak will go through a phase-wise geographic launch, initially focusing on the core 40UP white spirit market. Subsequently, we will introduce it to new markets. This phase-wise approach is designed to build the brand's image, validate its proposition, and gauge the market's response, allowing us to adjust our future plans nimbly. It signifies our commitment to gaining a competitive edge and remaining adaptable in facing unforeseen challenges.

As a new chapter to innovation, the introduction of Silver Oak represents an exciting chapter in HDL's journey.



LAUNCHED IN
DEC 2023

HIMALAYAN AILA

TYPE: Traditional Nepali Liquor

STRENGTH: 48.5% v/v

SKU: 750 ml

KEY SELLING POINT: Nepal's original taste, perfect blend of art, tradition and science

SERVING: Neat

Himalayan Aila is an indigenous Nepalese liquor with unique frosted bottle and has the strength of 48.5% (V/V). "Aila" is the main ingredient of one of the major Nepalese tribe called Newars. Besides being served as main part of Newari feast, it is also offered to gods and goddesses as one of the most pure thing. The locally available Aila, because of being diluted in taste, aroma and strength, no longer represents its ancientness and originality. Himalayan Aila has been blended so as to give the connoisseur its purest nature, unmistakable thrilling strength and robustness as the ancient traditional Aila made from the finest basmati rice. Aila despite being high in strength is preferred to be drunk neat or may be drunk on the rocks.



ROYAL TREASURE

TYPE: Premium Whisky

STRENGTH: 42.8% v/v

SKU: 750ml - Sold in a mono carton with tamper-proof closure. Also available in 375ml and 180ml.

KEY SELLING POINTS

- Deep and smooth taste
- Blended with handpicked grain spirits and imported Scottish malts
- Taste of royalty from start to finish
- Premium packaging

SERVING

Neat, on the rocks or as whisky cocktails

Royal Treasure Premium Whisky is a smooth, complex blend of golden Scottish malts and handpicked grain spirits from Nepal. This is a delicious smoky bouquet with a rich creamy body.



MARKET SHARE:**Industry: Overall Liquor Industry****Industry Volume in 2021/22: 2,556,791****Industry Volume in 2022/23: 1,755,422**

BRANDS	VOLUME IN CS		MARKET SHARE IN %	
	2021/22	2022/23	2021/22	2022/23
Golden Oak	930,402	606,875	36.4%	34.6%
Black Oak	116,420	115,836	4.6%	6.6%
Blue Oak	4,997	943	0.2%	0.1%
Aaila	0	72	0.0%	0.0%
Total	1,051,819	723,726	41.1%	41.2%

Between last year and current year HDL brands volume decreased by 31%, however their market share has witnessed an increment of 0.1 % which has enabled the company to maintain its market share same as the previous year. This decline in brand volume can also be attributed to justify the declining industry volume i.e., which is in fact a significant volume decreases of 31%.

Industry: 40 UP Whisky Category**Industry Volume 2021/22: 1,330,235****Industry Volume 2022/23: 940,861**

BRANDS	VOLUME IN CS		MARKET SHARE IN %	
	2021/22	2022/23	2021/22	2022/23
Golden Oak	930,402	606,875	69.9%	64.5%
Black Oak	116,420	115,836	8.8%	12.3%
Blue Oak	4,997	943	0.4%	0.1%
Total	1,051,819	723,654	79.1%	76.9%

In the 40 UP Whisky Category, HDL's brand volume fell by 31% this year as compared to last year while its market share decreased by 2.2 %. Despite this decline, the company was able to maintain its market share as previous year. Further, this decline also signals the declining industry volume i.e., a volume decrease of 29%.

Considering the performance and market share of the entire liquor industry of Nepal, it can be implied that HDL owns a market share of 41.2 % in 2022/23. However, in case of the 40 UP Whisky Category, HDL enjoys a comfortable market share outperforming competition whereas its brand Golden Oak also enjoys majority of the market share. As compared to last year, the overall market share of HDL across all brands has witnessed an increment of 0.1% though the entire liquor industry's business has shrunk by 31%.

(Data based on internal survey.)

World Class Distillation Unit

HDL is one of the few liquor manufacturing companies of Nepal that not only has a state-of-art bottling unit but also it has a world-class distillation unit with the capacity for further expansion if the need arises in future. HDL's 30 KLPD distillation plant was designed by KATZEN (USA) with a production capacity of six million liters of Extra Neutral Alcohol (ENA). The distillation process is a scientific procedure beginning with proper storage of grains, pre-cleaning, and testing grain quality and then proceeding towards milling the grains for further processing. Once the grains are milled meticulously and are turned into flour, they move onto liquefaction of the flour and then to the conversion of the slurry into sugar for fermentation into the final product i.e. alcohol.

HDL's Distillation Process has a stringent built-in quality control process with a series of sample tests to ensure that the final product is ready to be sent to the market for consumption. HDL boasts a modern, well-equipped laboratory which is the central repository for these series of quality checks.

KEY UTILITIES

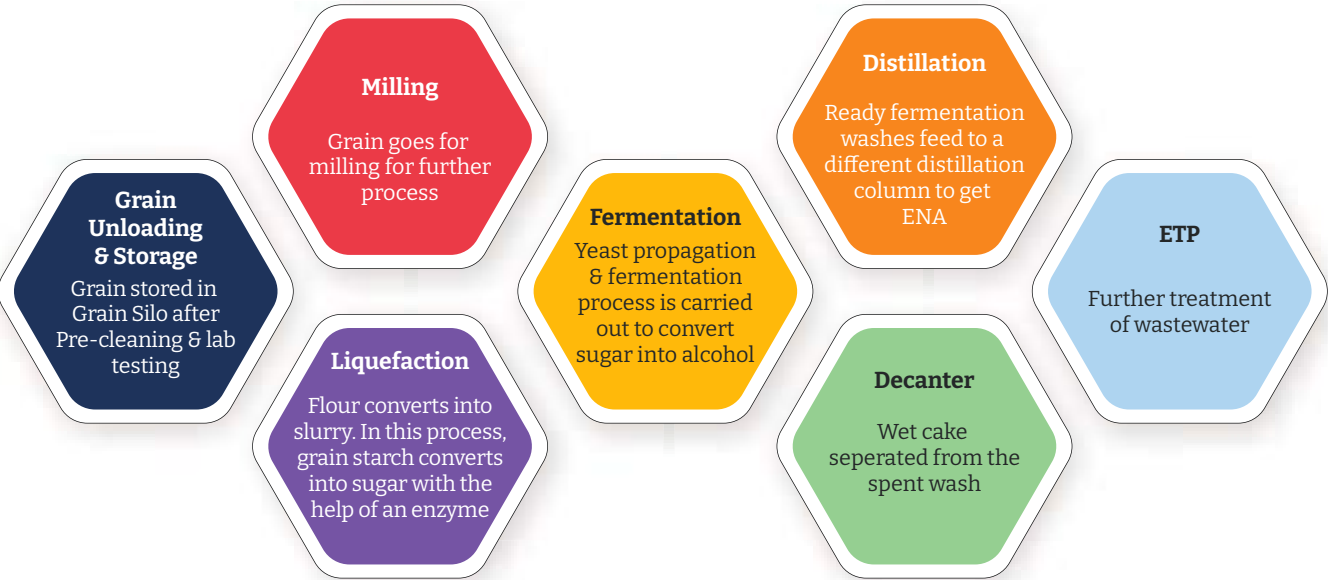
**TURBINE HOUSE
(0.5 MW)**

**BOILERS
(4 TPH & 12 TPH)**

DM PLANT



HDL is one of the few liquor manufacturing companies in Nepal with both the distillation and bottling facility.



* HDL produces via a state-of-the-art 30 KLPD distillation plant design by KATZEN (USA) for high quality potable ENA. Capacity: 6 million liters.

* Stringent quality control is performed at multiple levels through different lab analyse in a highly advanced laboratory.

Year	Production Quantity	
	ENA (Bulk Liter '000')	Finished Goods (Cases '000')
2018-19	3,527	810
2019-20	3,059	539
2020-21	4,072	642
2021-22	4,971	678
2022-23	3,450	486





A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY

**GOLDEN
OAK**
PREMIUM BLENDED MALT



*Enjoy Responsibly

TASTE ABOVE ALL ELSE.



The Original

GOLDEN
OAK

PREMIUM
BLENDED MALT

Season's
Greetings

OAK CASK MATURED
PREMIUM MALT BLEND WITH DOMESTIC GRAIN

GOLDEN OAK

The Original

GOLDEN
OAK

PREMIUM BLENDED MALT

OAK CASK MATURED

PREMIUM MALT BLEND WITH DOMESTIC GRAIN

GOLDEN OAK

हिमालयन डिष्टिलरी लिमिटेड

विरगञ्ज महानगरपालिका वार्ड नं. २१, लिपनिविर्ता, पर्सा, नेपाल

आदरणीय शेयरधनी महानुभावहरू,

यस कम्पनीको मिति २०८० साल मंसिर १७ गते आइतबार दिउँसोको ३:१५ बजे बसेको संचालक समितिको बैठकको निर्णयानुसार कम्पनीको तेईसौं वार्षिक साधारण सभा देहायका विषयहरूमा छलफल र निर्णय गर्नका लागि निम्न मिति, स्थान तथा समयमा बस्ने भएको छ।

छलफलका विषयहरू :

क. सामान्य प्रस्तावहरू :

१. संचालक समितिको तर्फबाट साधारण सभामा पेश हुने वार्षिक प्रतिवेदनलाई पारित गर्ने।
२. कम्पनीको आ.व.२०७९/०८० को वासलात, नाफा-नोक्सान हिसाब र नगद प्रवाह हिसाब सहितको लेखा परीक्षण प्रतिवेदनलाई स्वीकृत गर्ने।
३. यस कम्पनीको सहायक कम्पनी हिमालयन मल्टी एग्रो लि. र हिमालयन फिसरीज लि.को आ.व. २०७९/०८० को वित्तीय विवरण सहितको एकिकृत (Consolidated) वित्तीय विवरण उपर छलफल गरी स्वीकृत गर्ने।
४. संचालक समितिले सिफारिस गरे बमोजिम हाल कायम चुक्ता पूँजिको १५ प्रतिशतले हुने नगद लाभांश रु.३६,४४,३४,९९७।५० (अक्षरूपी छत्तिस करोड चौवालिस लाख चौतिस हजार नौ सय सन्तानव्वे रुपैयाँ पचास पैसा मात्र) (लाभांश कर प्रयोजनार्थ समेत) वितरण गर्न स्वीकृत गर्ने।
५. आ.व.२०८०/०८१ का लागि लेखा परीक्षकको नियुक्तिका सम्बन्धमा लेखा परीक्षण समितिबाट समेत सिफारिस भई आएका जी. पौड्याल एण्ड एसोसिएट्स, चार्टर्ड एकाउण्टेण्ट्सलाई नियुक्ती गरी निजको पारिश्रमिक निर्धारण गर्ने (सिफारिस भएका जी. पौड्याल एण्ड एसोसिएट्स, चार्टर्ड एकाउण्टेण्ट्स नियुक्तीका लागि योग्य हुनु हुन्छ)।

ख. विशेष प्रस्तावहरू:

६. संचालक समितिले प्रस्ताव गरे बमोजिम हालको चुक्ता पूँजिको १० प्रतिशत (कायम १० शेयरमा १ बोनस) का दरले हुने रु. २४,२९,५६,६६५।०० (अक्षरूपी चौविस करोड उनन्तिस लाख छपन्न हजार छ सय पैसठ्ठी मात्र) वरावरको बोनस शेयर वितरण गर्न स्वीकृत गर्ने।
७. कम्पनीको साविकको अधिकृत पूँजि रु.२,५०,००,००,०००।०० (अक्षरूपी दुई अरब पचास करोड मात्र) बाट रु. ३,००,००,००,०००।०० (अक्षरूपी तीन अरब) कायम गर्न स्वीकृत गर्ने।
८. साविकको चुक्ता पूँजि रु. २,४२,९५,६६,६५० (अक्षरूपी दुई अरब वयालिस करोड पन्चानव्वे लाख छयासाठी हजार छ सय पचास रुपैयाँ मात्र) लाई वृद्धि गरी रु.२,६७,२५,२३,३१५।०० (अक्षरूपी दुई अरब सतसठ्ठी करोड पचिस लाख तेईस हजार तीन सय पन्ध्र मात्र) कायम गर्न स्वीकृत गर्ने।
९. साविकमा कायम भएको अधिकृत पूँजि र चुक्ता पूँजिमा बृद्धि/संसोधन हुने हुनाले कम्पनीको प्रवन्ध पत्रको दफा ५(क), (ख), (ग) तथा नियमावलीको नियम ५(क), (ख), (घ) र (ङ) मा संसोधन गर्न स्वीकृत गर्ने।
१०. कम्पनीको प्रवन्ध पत्र तथा नियमावलीमा हुने संसोधन सम्बन्धमा नियमनकारी निकायबाट कुनै फेरवदल सुझाव आएमा सो अनुसार गर्न संचालक समितिलाई अख्तियार प्रदान गर्ने।
११. आ.व.२०८०/०८१ को लागि कम्पनी ऐन २०६३ को दफा १०५ (ग) ले व्यवस्था गरे भन्दा वढिको खर्चलाई पूर्व स्वीकृतीको लागि विशेष प्रस्ताव पारित गर्ने।
१२. विविध।

मिति : २०८० पौष २५ गते, बुधवार (तदनुसार १० जनवरी सन् २०२४)

स्थान : कम्पनीको रजिष्टर्ड कार्यालय, विरगञ्ज महानगरपालिका वार्ड नं. २१, लिपनिविर्ता, पर्सा।

समय : विहान ठिक १०:०० बजे।

साधारण सभा सम्बन्धि जानकारी :

१. शेयरधनी महानुभावहरूको सुविधाको लागि हाजिरी पुस्तिका सभास्थलमा सभा हुने दिन विहान ८:०० वजे देखि सभा संचालन रहे सम्म खुल्ला रहने छ । सभामा उपस्थित हुदा स्वास्थ्य मापदण्डको परिपालन तथा न्यूनतम पनि सुरक्षाको उपकरणहरू प्रयोग गरी सभास्थलमा उपस्थित भई दिन हुन अनुरोध छ ।
२. वार्षिक साधारण सभामा भाग लिन आउनु हुने शेयरधनी महानुभावहरूले हितग्राही खाता खोलिएको (डिम्याट)/शेयर प्रमाण पत्र वा आफ्नो परिचय खुल्ने प्रमाण वा सोको प्रतिलिपी साथमा लिई आउन हुन अनुरोध छ, अन्यथा सभा कक्ष भित्र प्रवेश गर्न पाइने छैन ।
३. शेयरधनी महानुभावहरूको जानकारीका लागि यस कम्पनीको संक्षिप्त आर्थिक विवरण यसै सूचनासंग प्रकाशित गरिएको छ । संक्षिप्त आर्थिक विवरण लगायतका वार्षिक साधारण सभामा पेश हुने सम्पूर्ण प्रस्तावहरू कम्पनीको Website: www.himalayandistillery.com मा पनि हेर्न सकिने गरि राखिएको छ ।
४. साधारण सभामा भाग लिन प्रतिनिधि नियुक्ती गर्दा प्रोक्सी पत्र साधारण सभा हुनु भन्दा ४८ घण्टा अगावै विरगन्ज, पर्सा स्थित कम्पनीको रजिष्टर्ड कार्यालयमा प्रोक्सी दर्ता गराउनु पर्नेछ । प्रोक्सी दर्ता गरि सके पछि सो वदर गराउन चाहमा सो को सूचना २४ घण्टा अगावै प्रोक्सी दर्ता गरेको स्थानमा लिखित निवेदन दर्ता गर्नु पर्नेछ । प्रतिनिधि मुकरर गर्दा केहि शेयर आफै संग बाकी राखि प्रतिनिधि मुकरर गर्न पाइने छैन । सम्पूर्ण शेयरको लागि एकै व्यक्तिलाई प्रतिनिधि मुकरर गर्नु पर्नेछ । प्रतिनिधि मुकरर गर्ने शेयरधनी सभामा स्वयं उपस्थित भएमा उक्त मुकरर गरिएको प्रतिनिधि (प्रोक्सि) स्वतः रद्द हुनेछ ।
५. संरक्षक रहनु भएका शेयरधनी महानुभावहरूको तर्फबाट कम्पनीको शेयरधनी दर्ता कितावमा संरक्षकको रुपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन वा मतदान गर्न वा प्रतिनिधि(प्रोक्सी) तोक्न सक्नेछ ।
६. संयुक्त नाममा शेयर रहेको भए शेयर लगत कितावमा पहिले नाम उल्लेख भएको व्यक्ति वा सर्व सम्मतबाट प्रतिनिधि नियुक्त गरिएको एक व्यक्तिले मात्र सभामा भाग लिन पाउनेछ ।
७. प्रतिनिधि (प्रोक्सी)नियुक्त गर्ने व्यक्ति कम्पनी वा संगठित संस्था भएमा त्यस्तो नियुक्ती पत्रमा सो संस्था वा कम्पनीको छाप सहित अधिकृत व्यक्तिको दस्तखत भएको हुनु पर्नेछ । संस्थागत शेयरधनी बाहेक अरुले यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गर्दा कम्पनीको अर्को शेयरधनीलाई मात्र गर्नु पर्नेछ ।
८. शान्ती सुरक्षाका कारण साधारण सभामा उपस्थित हुने शेयरधनी महानुभावहरूलाई यथासक्य भोला, व्याग आदि नल्याई दिनुहुन अनुरोध गर्दछौं । सभामा सुरक्षाका लागि खटिएका सुरक्षाकर्मीहरूले साधारण सभाकक्षमा प्रवेश गर्दा सवैको भोला, व्याग, आदि जाँच गर्न सक्नेछन् ।
९. विविध शिर्षक अन्तर्गत छलफल गर्न ईच्छुक शेयरधनीहरूले सभा हुनु भन्दा सात दिन अगावै छलफलको बिषय खोलि कम्पनी सचिव मार्फत लिखित रुपमा संचालक समितिका अध्यक्षलाई जानकारी दिनु पर्नेछ ।
१०. सभामा आक्तनो मन्तव्य वा जिज्ञासा व्यक्त गर्न चाहनु हुने शेयरधनी महानुभावले सभाध्यक्षले तोकेको समयमा एक एक गरि पालो पालो मन्तव्य वा जिज्ञासा व्यक्त गरि दिनु भई सहयोग गरि दिन हुन अनुरोध छ ।
११. शेयरधनीले व्यक्त गरेको मन्तव्य वा प्रश्नहरूका सम्बन्धमा संचालक समितिका एकल सदस्य वा सामुहिक रुपमा वा संचालक समितिको निर्देशनमा कम्पनी व्यवस्थापनका प्रतिनिधिहरूले जवाफ दिनेछन् ।
१२. वार्षिक साधारण प्रयोजनका लागि कम्पनीको शेयर दर्ता किताब मिति २०८० साल पौष १३ गतेका दिन बन्द हुनेछ । नेपाल स्टक एक्सचेन्ज लिमिटेडमा दर्ता किताब बन्द हुनु भन्दा अगाडी कारोवार भई शेयर खरिद गरेका र नियमानुसार शेयर नामसारी भई आएका शेयरधनीहरू तेईसौं वार्षिक साधारणसभामा भाग लिन र सो सभाबाट निर्णय भए बमोजिम नगद लाभांस तथा बोनस शेयर पाउन योग्य हुने यसै सूचनाबाट अवगत गराइन्छ ।

आज्ञाले,
कम्पनी सचिव

साधारण सभामा आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फारम)

(कम्पनी ऐन २०६३ को दफा ७१ को उपदफा(३) संग सम्वन्धित)

श्री संचालक समिति,
हिमालयन डिष्टिलरी लिमिटेड
पर्सा, विरगञ्ज ।

बिषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

..... जिल्ला न. पा. /गा.पा. वडा नं बस्ने म/हामी ..
.....ले हिमालयन डिष्टिलरी लिमिटेडको शेयरवालाको हैसियतले
संवत् २०८० साल पौष गतेवारका दिन हुने तेईसौं वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित भई छलफल तथा
निर्णयमा सहभागी हुन नसक्ने भएकोले मेरो/हाम्रो तर्फबाट भाग लिनका लागिजिल्ला
..... म.न.पा/उप.म.न.पा./ न.पा./गा.पा. वडा नंबस्ने त्यस कम्पनीका शेयरवाला श्री
..... लाई मेरो/हाम्रो प्रतिनिधि नियुक्ती गरी पठाएको छु/छौं ।

प्रतिनिधि नियुक्त भएको ब्यक्तिको

निवेदक,

हस्ताक्षरको :

हस्ताक्षर :

शेयरधनीको नाम:

नाम:

हितग्राही खाता नं.:

ठेगाना :

मिति:

शेयर प्रमाण पत्र नं. :

हितग्राही खाता नं.

शेयर शंख्या :

नोट : यो निवेदन साधारण सभा हुनु भन्दा कम्तिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालय विरगञ्ज म.न.पा. वार्ड नं. २१,
लिपनिविर्ता, पर्सामा पेश गरि सक्नु पर्नेछ । एक भन्दा बढी प्रोक्सीमा नाम उल्लेख गरेमा प्रोक्सी फारम रद्द गरिने छ ।

हिमालयन डिष्टिलरी लिमिटेडको तेईसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको

प्रवेश-पत्र

शेयरधनीकोनाम.....शेयरधनीनं./हितग्राहीखातानं.....
शेयरधनीको सही प्र.प.न.शेयर संख्या नंदेखि
सम्म जम्माथान । हिमालयन डिष्टिलरी लि.को मिति २०८०/०९/२५ गतेका दिन हुने तेईसौं वार्षिक साधारण
सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

.....
(कम्पनी सचिव)

द्रष्टव्य : शेयरवाला आफैले खाली कोष्ट अनिवार्य रुपमा भर्नुहोला ।

(सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र अनिवार्य रुपमा प्रस्तुत गर्नुपर्नेछ)



A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY



**BLACK
OAK**

PREMIUM BLENDED MALT



**CRAFTED TO
PERFECTION**



*Enjoy Responsibly



A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY



SILVER
OAK



SMOOTH FINISH

A blend of *Pure Artesian Himalayan Water and Carefully Selected Grains*, distilled to achieve high class purity and smoothness.

Crafted For a Smooth Finish, Silver Oak indulges your senses through a crisp yet delightful finish.

* Enjoy Responsibly



DIRECTOR'S REPORT



23rd Annual General Meeting

Dear Shareholders,

We warmly welcome all the shareholders attending this 23rd Annual General Meeting of Himalayan Distillery Limited. In this meeting we have presented the company's financial statements including balance sheet, profit and loss account, cash flow statement for the fiscal year 2022/023 for approval of the meeting. Also, we request that the agenda presented in this meeting be thoroughly discussed and approved.

On behalf of the Board of Directors, we would like to present here the review of the main activities carried out by the company last year and the future programs.

1. Overview of business for the fiscal year 2022/2023:

A brief description of the business done by the company in the financial year 2022/2023 is as follows.

(In NPR)

PARTICULARS	ACTUAL PROFIT/LOSS DETAILS FOR THE FISCAL YEAR 2022/2023 (IN NPR)
Net Sales	2,970,513,595
Gross Profit	176,463,198
Gross Operation profit	949,035,753
Profit before provision of income tax	894,037,368
Profit after provision of income tax	660,523,830

1. Golden Oak has been the main brand of the company for the past 7-8 years. While expanding the brand's portfolio, the company is also producing Black Oak and Blue Oak and distributing them in the market, so the Black Oak brand is gradually taking its place in the market. Similarly, to compete with the vodka segment, the company has started the production and distribution of the brand Silver Oak liquor in the market immediately. We would like to inform you that the company is always leading in expanding and

diversifying the brand according to the consumer's choice.

- The company's Oak Series products are highly preferred by consumers. With the intention of getting easy financial benefits, some industries produce and distribute bottles with the name of our brand printed on them and different names that look the same to the consumers, with low quality, low strength and low price. The company has filed a complaint against the industry that is doing this in the Department of Industry and other related bodies under the Patent, Design and Trademark Act, 2022 and we have been informing them here by mentioning the related information in the quarterly report published by the company.
- You all are aware of the fact that there has been some difficulty in identifying the brand as there has been an interim order from the Hon'ble Supreme Court, as alcohol products cannot be advertised.
- During the presented review period, we have felt that the business of this company has also been affected when the entire economy has been affected due to economic contraction due to the increase in internal duties by the Government of Nepal through the budget, liquidity contraction, increase in the cost

of raw materials, high increase in interest rates and high competition. Due to these reasons, this year's net sales have decreased by 26.80 percent compared to the same period last year. We would like to inform this Meeting that in such an adverse situation, the company has adopted every possible economy in all expenses other than financial expenses, but the total sales have decreased, but it has earned only Rs 66,05,23,830.00 net profit during this period.

2. The impact of the national and international situation on the business of the company:-

(a) This year, due to the economic stagnation in the world, its effect has been more visible in Nepal. Activities that keep economic activities running are often decreasing. In such a situation where the business of the entire industry is being negatively affected, the liquor business has not been spared. In particular, due to the lack of working capital in the business, delay in providing the loan amount provided by the bank, high increase in interest rate, high competition in the market, low investment in the business, the business of the industry as a whole has been decreased.

(b) The increase in the exchange rate of foreign currency, the increase in the cost of fuel, the increase in transportation costs, the increase in the minimum wage, etc. have led to an increase in the price of raw materials used by the industry. Due to the increase in the excise duty rate by the Government of Nepal and the increase in price of raw materials, the production cost of the products produced by the industry has increased, the price of the finished liquor has also increased accordingly, and the economic activities that increase the income in the market have mostly stopped, and the income of the consumers has decreased. New brand wines from various industries are also available for sale in the market. Due to this reason, there is a lot of competition in the liquor market. This has also affected the sales, distribution and consumption of alcohol produced by the industry.

(c) Neighboring country India has stopped the export of rice, so the cost of raw materials has gone up and there has been some difficulty in supply.

(d) In the presented period, as the consumption of strong wine has increased, the consumers of alcohol have also been attracted towards it, so

there is some contraction in the consumption of alcohol, so there is a possibility that it may have an adverse effect on the future business of the company.

(e) Despite various problems and challenges, the company management has been operating the industry and selling and distributing the products with high business efficiency.

(f) Unstable economic situation in the market, there is a risk that the sales and distribution of the liquor product may be affected due to the arrival of new brands of liquor in the market like every day.

3. Opinion of the Board of Directors regarding the achievements of the current year and the future up to the date of the report:

(a) There has been decreased in the amount sales in the first three months of the fiscal year 2023/2024 compared to the first three months of the financial year 2022/2023. The details of which are mentioned in the details.

In NPR		
Month	F/Y 2022/2023	F/Y 2023/2024
From Shrawan (July/August)	755,506,766	493,109,048
to Ashwin (September/ October)		

(b) With the aim of increasing the market share of the company's products as much as possible by paying special attention to quality and market management and promotion, we have studied and analyzed the markets (mountainous, Himalayan and Terai) throughout the country, appointed distributors and continued function of sales through that.

(c) Considering the quality of the products, responsibility towards the environmental impact, health and safety in the workplace etc., international quality certification certificates such as: ISO 22000:2018 (Food Safety Management System Standard), ISO 45001:2018 (Occupational Health and Safety Management System Standard), ISO 9001: 2015 (Quality Management System Standard), ISO 14001:2015 (Environmental Management System Standard), and is updated with Green Building Certification under sustainable building construction. We are aware of increasing the productivity and quality of the company by providing various useful

trainings for the attitude development of the employees. Keeping in mind the responsibility towards the society and the environment, we are also continuing various kinds of corporate social responsibility related activities.

- (d) By effectively implementing the legal standards and managing the grain sludge that is released during production, we have been able to advance the plan of zero liquid discharge to get a double return on the company's income. After the mentioned machinery is installed and operated, the grain sludge produced by the company will be dried and produced as dry cake and the company's income will increase relatively when it is sold and distributed, the industry will be more environmentally friendly.
- (e) Since the spirit plant produced by this company and the machinery used in that plant are many years old, they are operating with more time and cost for maintenance, so they have advanced the plant automation plan to produce higher quality spirit, increase productivity and produce spirit of consistent quality. we are Similarly, the cooling tower in the company is 25 years old and although it has been repaired for the last 5 years, it is in a very dilapidated condition, so we would like to inform you that a new cooling tower has been installed as the company needs a distillation cooling tower.
- (f) With the plan to increase the company's brand portfolio in the coming days, we have produced a brand of silver oak liquor in the White Liquor Segment and brought it to the market. We expect that the arrival of new brands in the market will increase the sales income of the company and also reduce the dependence on the brands that are currently being sold and distributed.
- (g) In order to maintain harmony and functional unity between the workers working in the factory and the management, as in the previous years, the work of providing unity and motivation to the workers working in the factory through programs such as training, seminars, gatherings and picnic will be continued. From which we have expected that there will be a positive effect on productivity growth by creating more synergy between the human resources working in the company.
- (h) We have arranged Rs. 66,05,238.00 for the title of Corporate Social Responsibility as required pursuant to Industrial Enterprises Act and Industrial Enterprises Regulations, from the profit received by the company last year. The corporate social responsibility to be done in the society is to continue the work done by the company in accordance with the laws and regulations even in the current financial year.
- (i) We expect that the production of various brands of alcohol produced and sold by the company will have a positive effect on the company's business transactions, in the interest of consumers. Due to the variety of brands, sellers of different levels will also get the opportunity to expand their business. With this, we hope that the business relationship with the national distributors, distributors, wholesalers, retailers and consumers will be strengthened and the trust in the company's quality products will be increased.

4. Relating industrial and commercial:-

- (a) We are working with the goal of strengthening the relationship with the national distributors, distributors, wholesalers and retailers of the various brands of liquor produced by the company and the consumers who prefer our brand through social, cultural and business partnerships. While always acting in compliance with the law and transparently, the regulatory bodies of this company: Department of Industry, Inland Revenue Department, Department of Customs, Office of the Company Registrar, Securities Board of Nepal, Nepal Stock Exchange Limited and other organizations and banks and financial institutions that invest in this company has very good relationship and we are working with the goal of maintaining good relationship with investors and making it more reliable in the future.
- (b) In order to ensure that the supply of necessary raw materials and packaging related materials for the company is continuous, without any interruption, this year also we will search for alternative suppliers, evaluate the quality and price of the goods used and identify them accordingly. The company is always working with the expectation that the supply and quality of the company will benefit the company in the long run and the price will be reasonable.

- (c) We have been continuously carrying out advocacy for industry-friendly policies by participating in various seminars, conferences, meetings and discussions of various associations, organizations, government agencies, etc.
- (d) Under corporate social responsibility, as in previous years, the company has prioritized responsibility towards the environment and society this year as well. For this, the company has been working in coordination with the relevant agencies of the Government of Nepal and local government agencies, local clubs, social organizations, sports-related areas and related stakeholders to protect the cultural heritage that has been handed down from tradition and we have taken the goal to continue such work until the financial condition of the company is sufficient.

5. Change in Board of Directors and Reason thereof:

There was no change in the Board of Directors during the reviewed period.

6. Main matters impacting the transaction:-

- (a) Supplies, production and sales and distribution has been adversely impact due to the reason of foreign currency accumulation in the banking and financial sector, contraction of commercial lending, increase in interest rates, heavy increase in fuel prices and price increase in transportation fare and it is learned that this shall continue even in current fiscal year.
- (b) There is a tendency to imitate the brands of this company to produce and sell with the aim of luring the consumers, which has affected the business.
- (c) The risk of high competition has increased due to the large number of new products in the market.
- (d) Due to the high increase in the internal duty rate by the government, the price of goods has increased significantly, but the purchasing power of the consumer has decreased, and since there is no proper balance in consumption and sales distribution, it is seen that this business will have an adverse effect.

- (e) Due to the lack of stability in the policy rules, there is an impact on the business.
- (f) Since most of the raw materials and packaging materials have to be imported from abroad, it takes time and cost to import and receive them at the production site.

7. Remarks on Audit Report, if any:-

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

8. Recommended percentage for bonus share and cash dividend:-

From the net profit and accumulated profit earned by the company in this fiscal year 2022/2023 it is recommended to allocate Rs. 15/- per paid-up capital to the shareholders of the company which totals to Rs. 36,44,34,997.50 Rs. 364,434,997.50 (Rupees three-hundred sixty-four million, four hundred thirty-four thousand, nine hundred ninety-seven and fifty paisa) Rs. 364,434,997.50 (Rupees three-hundred sixty-four million, four hundred thirty-four thousand, nine hundred ninety-seven and fifty paisa) and allocation of ten percent bonus shares (1 bonus share for every 10 shares held) We request the Board of Directors to include the presented recommendation of cash bonus and bonus share distribution in the discussion for approval before this meeting.

At the end, expressing the hope and belief that the company will continue to receive support and suggestions from the shareholders, as usual, on behalf of the board of directors I want to express my gratitude and thanks all the dignitaries, including the various agencies of the Government of Nepal, employees, company workers, management officials, suppliers, distributors, consumers, shareholders and well-wishers, providing support to the company.

Thank you!

On behalf of Board of Directors

Akhileshwar Prasad Singh
Chairperson



NEPAL'S ORIGINAL TASTE

From over 2000 years till date, in the Ancient Himalayan kingdoms of Kathmandu, Patan and Bhaktapur, honoured guests were welcomed into one's house with home-made Aaila, an alcoholic beverage made in Nepali homes for festive gatherings and celebrations.

After many years of research, we at Himalayan Distillery have combined the traditional secrets with state-of-the-art distillation, resulting in a perfect blend of arts, tradition and science.

HIMALAYAN AAILA



हिमालयन अयला:

BY HIMALAYAN DISTILLERY LIMITED



कम्पनी ऐन २०६३ को दफा १०९ को उप दफा ४ अनुसारको अतिरिक्त विवरणः (आर्थिक वर्ष २०७९/८०)

१. शेयर जफत सम्बन्धि विवरणः यस आर्थिक वर्षमा कुनै पनि शेयरहरु जफत गरिएको छैन ।
२. कम्पनी र सहायक कम्पनी बीचको कारोबारः प्रस्तुत आ.व. मा सहायक कम्पनीहरु मा रु. १०,११,००,०००।०० लगानी गरिएको छ ।
३. कम्पनी तथा यसका सहायक कम्पनीले यस आर्थिक वर्षमा गरेका आर्थिक कारोवारहरु र कारोवारमा आएको महत्वपूर्ण परिवर्तनः प्रतिवेदन अवधि सम्ममा हिमालयन मल्टी एग्रो लिमिटेडमा शेयर पूँजि वापत रु. २,००,०००।०० र हिमालयन फिसरीज लिमिटेडमा शेयर पूँजि वापत रु. ८,११,००,०००।०० चुक्ता गरिएको छ र केहि रकम पेशकीमा रहेको छ ।
४. कम्पनीका आधारभुत शेयरधनीहरुले कम्पनीलाई उपलब्ध गराएको जानकारीः यस प्रतिवेदनको अवधिमा कुनै जानकारी प्राप्त भएको छैन ।
५. गत आर्थिक वर्षमा कम्पनीका संचालक र पदाधिकारीहरुले लिएको शेयर स्वामित्वको विवरणः प्रस्तुत अवधिमा कुनै पनि कम्पनीका संचालक वा पदाधिकारीले कम्पनीले वितरण गरेको वोनस शेयर वाहेक कम्पनीको शेयरको स्वामित्व थप लिएको जानकारी कम्पनीमा प्राप्त भएको छैन ।
६. कम्पनीसंग सम्बन्धित सम्झौताहरुमा कुनै संचालक वा निजको नजिकको नातेदारको व्यक्तीगत स्वार्थ बारे उपलब्ध गराईएको जानकारीको व्यहोराः उल्लेख भए अनुसारको सम्झौता हुन गएको छैन ।
७. बाई ब्याक गरिएका शेयरको विवरणः कम्पनीले आफूना शेयरहरु आफैले बाई ब्याक गरेको छैन ।
८. आन्तरीक नियन्त्रण व्यवस्थाः कम्पनीको आन्तरीक नियन्त्रण व्यवस्था प्रभावकारी बनाउन अबलम्बन गरिएका मुख्य प्रकृयाहरु निम्नानुसार रहेका छन् ।
 - क. मानव संसाधन तथा प्रशासकीय म्यानुवल, खरिद म्यानुवल, वित्त म्यानुवल र आई टी म्यानुवल संचालक समितिले स्विकृत गरी सो स्विकृत म्यानुवल अनुसार कार्य भएको छ छैन भनी संचालक समितिले आन्तरिक लेखा परिक्षक नियुक्ती गरी त्रैमासिक रुपमा प्राप्त प्रतिवेदनलाई लेखा समितिमा छलफल र पुनरावलोकन गरी संचालक समिति मार्फत निरिक्षण र नियन्त्रण गर्ने प्रणाली अपनाईएको छ ।
 - ख. कम्पनीले कम्प्युटराईज्ड विलिङ्ग प्रणाली स्विकृत लिई अवलम्बन गरेको, आफ्नो कारोवारलाई पारदर्शी बनाउन ERP System मा रेकर्ड राखी कारोवार गर्ने गरिएको छ । यसै गरि श्रमिकहरुको हाजिरी विदा आदिको रेकर्ड समेत HRIS System वाट गर्ने गरिएको छ ।
 - ग. वार्षिक वजेट बनाई लेखा समितिमा छलफल गरी संचालक समितिबाट स्विकृत गराई सो वजेटमा भएका लक्ष्यलाई प्राथमिकता दिई कार्यन्वयन गर्न विक्री योजना, वजार प्रवर्धन योजना, उत्पादन योजना लगायत सम्बन्धित कार्य क्षेत्रमा निश्चित योजना तर्जुमा गरी आवधिक रुपमा हुने सम्बन्धित विभाग वा बैठक मार्फत सो को प्रभावकारीता मुल्याङ्कन गर्ने गरिएको छ ।
 - घ. उत्पादन तथा बिक्री वितरणमा प्रत्यक्ष नियन्त्रण तथा अनुगमनका लागि नेपाल सरकार, आन्तरिक राजस्व कार्यालयबाट पूर्णकालिन कर्मचारी खटिई प्रत्यक्ष नियन्त्रण एवं अनुगमन गर्ने गरिएको छ ।
 - ड. कामदार तथा कर्मचारीको हितका लागि भैपेरि आउने दुर्घटनाबाट कसरी बच्ने, बचाउने सम्बन्धि तालिम, काम गर्दा अपनाउनु पर्ने सावधानीहरु आदीका विषयमा प्रयोगात्मक एवं सैद्धान्तिक तालिमहरु, कामदार तथा कर्मचारीहरुको स्वास्थ्यमा प्रत्यक्ष असर नपरोस् भन्नका लागि आवश्यक सुरक्षा एवं स्वास्थ्य सम्बन्धि सामग्रीहरुको वितरण जस्ता कार्यले कार्यगत एकता एवं वातावरण मैत्री बनाउनमा सहयोग

पुगेको महसुस गरिएको छ । श्रम ऐन २०७४, श्रम नियमावली २०७५ वमोजिम सम्पूर्ण श्रमिकहरूको दुर्घटना विमा र स्वास्थ्य सम्बन्धि विमा समेत गरेका छौं । यसका अतिरिक्त कारखाना र सम्पर्क कार्यालय बीच नियमित भ्रमण, छलफल, निरीक्षण गरी प्रत्यक्ष सम्पर्कबाट गतिविधि बुझ्ने गरिएको छ ।

च. कम्पनीले सामाजिक उत्तरदायित्व बहन गर्नका लागि गत वर्ष छुट्याएको रकम मध्ये औद्योगिक व्यवसाय ऐन, २०७६ को दफा ५४ को प्रावधान अनुसार औद्योगिक व्यवसाय नियमावली २०७७ को नियम ४३ ले निर्धारण गरेका क्षेत्रमा जम्मा रु. ६६,०५,२३८/- मात्र विभिन्न सामाजिक, शैक्षिक, परोपकारी संस्थामा स्थानीय निकायको समन्वयमा व्यवस्था गरेका छौं । उक्त शिर्षकमा भएको खर्चहरूको विवरण विस्तृत रूपमा ऐनको प्रावधान अनुसार सम्बन्धित सरकारी निकायमा समेत पेश गर्ने गरेका छौं ।

८. समिक्षा बर्षमा भएको कुल व्यवस्थापन खर्च:

बिवरण	रुपैया
पारिश्रमिक खर्च	२३,०८,६६,३९५
कार्यालय संचालन खर्च	७,३४,७५,७००
जम्मा व्यवस्थापन खर्च	३०,४३,०२,०९५

९. लेखा परीक्षण समितिको सदस्यहरूको नामावली, पारिश्रमिक भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहिको विवरण र समितिले दिएको सुझावको विवरण:

क. लेखा परीक्षण समितिका सदस्यहरूको नामावली: लेखा परीक्षण समितीमा निम्नानुसारका सदस्यहरू रहनु भएको छ ।

१. श्री शंकरराज पाण्डे
२. श्री सान्दु श्रेष्ठ
३. श्री नरेन्द्र कुमार वस्न्यात्

ख. लेखा समितिको सदस्यहरूलाई रु.२०,०००/- (कर सहित) का दरले बैठक भत्ताको व्यवस्था गरिएको छ ।

ग. समितिले गरेको काम कारवाहिको विवरण:

१. प्रत्येक त्रैमासिक अवधिको कम्पनीको आर्थिक प्रगति विवरण, आन्तरिक लेखा परीक्षकबाट लेखा परीक्षण गराई निजले दिएको लेखा प्रतिवेदनमा जनाएका कैफियत अनुसार समिक्षा गर्ने र सो अनुसार कम्पनी व्यवस्थापनलाई सुधार गर्न गराउनका लागि निर्देशन दिने गरी संचालक समितिमा पेश गर्ने गरेको ।
२. कम्पनीको आर्थिक अवस्था र अन्य अवस्थाहरूको जानकारी र सुधार गर्ने उद्देश्यले त्रैमासिक रूपमा लेखा परीक्षण कार्य गर्न निर्देशन दिएको ।
३. कम्पनीको आन्तरीक लेखा परीक्षक र लेखा परीक्षकको नियुक्तीका सम्बन्धमा सिफारिस गर्ने गरिएको ।
४. लेखा परीक्षक नियुक्तिका लागि सिफारिस गर्ने लगायत कम्पनीको लेखा सम्बन्धि बिषयमा राय सल्लाह र सुझावहरू लेखा समितिले दिने गरेको ।
५. कम्पनीको वासलात, नाफा नोक्सान हिसाव, वास्तविक नाफा नोक्सानको तुलनात्मक हिसाव, वास्तविक खर्चहरूको विवरण, बिक्रि परिमाण र मूल्य, लक्ष्य र बिक्रिको तुलनात्मक विवरण सहितको विवरणहरू माग गरी समिक्षा गर्ने कार्य गरेको ।

६. कम्पनीको वार्षिक विक्री लक्ष्य, आम्दानी तथा खर्च आदिको समिक्षा गरी वार्षिक बजेट तयार गर्न कम्पनी व्यवस्थापनलाई निर्देशन दिने गरेको ।

७. कम्पनीको वार्षिक बजेट उपर छलफल गरी स्विकृतको लागि संचालक समितिमा सिफारिस गर्ने गरेको ।

१०. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख, आधारभुत शेयरधनी र निजका नजिकका नातेदार तथा संलग्न फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकि भए सो कुरा:

श्री जे.जि.आई.डिष्टिल्व्यूसन प्रा.लि.

रु. १,९६,०८,९२,९०५/-

११. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:

कर्मचारीहरूको विवरण	आ.ब. २०७९/८०(रु.)
अध्यक्ष र संचालक समितिका सदस्यलाई प्रदान गरिएको बैठक भत्ता	११,६७,०००।००
प्रमुख कार्यकारी अधिकृतको पारिश्रमिक	७४,६९,६३२।००
अन्य पदाधिकारी (प्रबन्धक तहदेखि माथि)	३,४३,०१,३७८।००
जम्मा खर्च	४,२९,३८,०१०।००

१२. शेयरधनीहरूले बुझि लिन बाँकि रहेको लाभांशको रकम: कम्पनीले आ.व. २०७०।०७१ देखि २०७८।७९ विभिन्न आ.व.हरूमा संचित मुनाफाबाट वितरण गरिएको नगद तथा अन्तरिम लाभांशमध्ये जम्मा रु. २,५७,१५,९३४।०० प्रतिवेदन अवधि सम्म शेयरधनीहरूले बुझि लिन बाँकी रहेको देखिएकोमा आ. व. २०७०।७१ देखि २०७१।०७२ सम्मको रकम, कम्पनी ऐन, २०६३ को प्रावधान अनुसार कम्पनीले आश्विन महिनामा लगानीकर्ता संरक्षण कोषमा जम्मा गरेकाले बाँकी आर्थिक वर्ष २०७२।०७३ देखि २०७८।०७९ सम्मको लाभांश भुक्तानी लिन बाँकी शेयरधनीहरूले यस कम्पनीको शेयर रजिष्ट्रार श्री नविल ईन्भेष्टमेण्ट बैकिङ लिमिटेड, नक्साल काठमाण्डौमा सम्पर्क गरि लिन हुन समेत जानकारी गराइन्छ ।

१३. यस अवधिमा खरिद/विक्री गरेको सम्पत्ति विवरण: यस समिक्षा वर्षमा कम्पनीले स्थिर सम्पत्ति रु. १,२४,०७,७७१।०० को खरिद गरेको छ भने रु. २०,७६,४९०।०० को विक्री गरेको छ ।

१४. सम्बद्ध कम्पनी वीच भएका कारोवार: यस कम्पनीले तपशिल बमोजिमका सम्बद्ध कम्पनी संग कारोवार गरेको छ ।

कम्पनी	विक्री (रु.)	खरिद (रु.)
श्री जे.जि.आई.डिष्टिल्व्यूसन प्रा.लि.	५,५०,१९,२३,५७७	३७,०२,७४,४१५
श्री विजय डिष्टिलरी प्रा.लि.	५१,४०,२४,६९४	२७,११,७८५
श्री रोलिङ रिभर डिष्टिलर्स प्रा.लि.	३३,४४,९८,२६८	१८,८७८
श्री फुड एण्ड बेभरेज टेक्नोलोजी रिसर्च सेन्टर प्रा.लि.	९२,८८६	३९,८७,०८,७४८

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

१. संचालक समितिको प्रतिवेदन: सम्बन्धित शिर्षक अन्तर्गत राखिएको ।

२. लेखापरीक्षकको प्रतिवेदन: सम्बन्धित शिर्षक अन्तर्गत राखिएको ।

३. लेखा परीक्षणमा भएको वित्तीय विवरण: सम्बन्धित शिर्षक अन्तर्गत राखिएको ।

४. कानूनी कारवाहि सम्बन्धि विवरण:

(क) संगठित संस्थाले वा संस्था विरुद्ध कुनै मुद्दा दायर भएको भए: तपशिलमा उल्लेख भए वमोजिमका मुद्दाहरू विभिन्न न्यायिक र अर्धन्यायिक निकायमा चलिरहेका छन् ।

१. यस कम्पनीलाई विपक्षी बनाई श्रम अदालत काठमाण्डौमा केहि व्यक्तिले नियुक्ती पाऊँ भनी कीर्ते जालसाजी कागज बनाई मुद्दा दायर गरे कोमा सो विषयमा सम्मानित जिल्ला अदालत पर्साबाट आम्सीक वादी दावी पुने ठहराई फैसला भएकोमा सो फैसला उपर कम्पनीले उच्च अदालत, जनकपुरको अस्थायी ईजलास बिरगन्जमा पुनरावेदन गरेको थियो । सम्मानित उच्च अदालत, जनकपुर अस्थायी ईजलासबाट समेत जिल्ला अदालतले गरेको फैसलालाई नै सदर हुने गरी निर्णय आएको । सोही मुद्दा संग सम्बन्धित विषय श्रम अदालत काठमाण्डौ मा मुलतवी रहेकोमा सो जागी तहाबाट निवेदकहरु मध्ये १७ जनाको पक्षमा निर्णय प्राप्त भएको छ । सो निर्णय उपर चित्त नबुझि कम्पनीले सम्मानित सर्वोच्च अदालतमा निर्णय वदरका लागि रिट निवेदन दायर गरेकोमा श्रम अदालतको फैसलालाई कार्यान्वयन नगर्न अन्तरिम आदे श जारी भएको हुनाले उक्त मुद्दा यस अवधिमा समेत सम्मानित सर्वोच्च अदालतमा विचाराधिन अवस्थामा नै रहेको छ ।

२. आर्थिक ऐन २०७७ ले अन्तः शुल्क ऐन, २०५८ को दफा ४(ड) मा कायम गरिएको संशोधित दफा “मदिरा, बियर वा सूर्तिजन्य पदार्थ सम्बन्धी उद्योग र त्यस्तो वस्तुको पैठारीकर्ता तथा तिनका बिक्रेताले कुनै पनि प्रकारको उपहार कार्यक्रम सञ्चालन गर्न वा त्यस्ता उद्योगलेत्यस्तो उत्पादन बिक्री गर्दा छुट दिन पाइने छैन” भन्ने व्यवस्था उपर यस कम्पनीले मुल्य अभिवृद्धि कर विजकमा छुट दिन पाउने कि नपाउने भनी आन्तरिक राजश्व विभागका महानिर्देशक समक्ष पूर्वदिश माग गरेकोमा अन्तः शुल्क ऐनको उल्लेखित संशोधित व्यवस्थामा निहित भए मात्र पूर्वदिश प्राप्त भएकोले सो पुर्वदिश उपर चित्त नबुझि श्री राजश्व न्यायधिकरण, काठमाण्डौमा पुनरावेदन गरिएको । सो पुनर वेदनमा तहाबाट यस उद्योगले माग गरेको मुल्य अभिवृद्धि कर ऐन तथा नियमावलीको व्यवस्था अनुसार छुट पाउने नपाउने सम्बन्धमा केहि नवोली भएको निर्णय त्रुटिपुर्ण देखिदा वदर गरी निवेदकको पूर्वदिश माग गरेका सबै विषयमा जे जो गर्नु पर्ने गरी पूर्वदिश सम्बन्धि निर्णय गर्नु भनी आन्तरिक राजश्व विभागमा नै फाईल फिर्ता गरेको विषयमा समेत हाल सम्म कुनै निर्णय प्राप्त भएको छैन ।

३. आ.व. २०६१/०६२ को अवधिको मु.अ.कर, अन्तः शुल्क र आयकर सम्बन्धमा सम्मानित सर्वोच्च अदालतबाट अन्तः शुल्क सम्बन्धमा यस कम्पनीको माग बमोजिम नै फैसला प्राप्त भएको, मु.अ.कर र आयकरको हकमा केहि विषयमा कम्पनीको माग बमोजिम र के ही विषयमा विरुद्धमा फैसला प्राप्त हुन आएकाले कम्पनीले लिएका दावी विरुद्धमा आएको फैसला उपर न्यायिक पुनरावलोकनको लागि अनुमति माग गरेकोमा सो हाल सम्म प्राप्त नभएकोले अनुमति कै प्रकृत्यामा रहेको छ ।

४. २०६८ श्रावण को मु.अ.कर सम्बन्धमा अन्तिम कर निर्धारण आदेश तथा आ.व. २०७२/०७३ को आय विवरण उपर टूलाकरदाता कार्यालयबाट कर परीक्षणको सिलसिलामा उठान गरेको मु.अ.कर सम्बन्धी विषयमा चित्त नबुझि आन्तरिक राजश्व विभागमा प्रशासकीय पुनरावलोकन गरिएको छ ।

५. कम्पनीको आ.व.२०७४/०७५ को आय विवरण उपर आयकर ऐन, २०५८ को दफा १०२ वमोजिम कर निर्धारण गरी संशोधित कर निर्धारण आदेशहरू प्राप्त भएकोमा सो निर्धारण आदेशवाट लगाएको सोही ऐनको दफा ११७ वमोजिमको शुल्क, दफा ११८ वमोजिमको व्याज र दफा १२० वमोजिमको शुल्क उपर चित्त नबुझि आयकर ऐन, २०५८ को दफा ११५ वमोजिम प्रशासकीय पुनरावलोकन गरिएको छ ।

६. कम्पनी व्यवस्थापनले अनुसाशन सम्बन्धि कारवाहि गरी मिति २०७४।०१।२० देखि लागु हुने गरी सेवावाट हटाईएका ६ जना श्रमिक मध्ये ४ जनाले श्रम तथा रोजगार कार्यलय, विरगन्ज पर्सामा पाउनु पर्ने पारिश्रमिक, उपदान, वोनस, विमा, विदाको रकम र अन्य हरहिसावहरु नपाएका भनी निवेदन दिएकोमा सम्बन्धित श्रम तथा रोजगारदाता कार्यालय, विरगन्ज पर्साले यस कम्पनीसंग उल्लेखित विषयमा सत्य तथ्य खुलाउन लगाई र सो विषयमा दुवै पक्षहरुलाई रोहवरमा छलफल गरी निजहरुको निवेदकका माग वमोजिम पारिश्रमिक, वोनस, विमा, विदाको रकम र अन्य हरहिसावहरु भुक्तानी गर्न वांकी नदेखिएको साथै उपदानको हकमा साविक श्रम नियमावली, २०५० को नियम २३ को उपनियम (३) (१) जे सुकै लेखिएको भए पनि कुनै कामदार वा कर्मचारीलाई ऐनको दफा ५४ को उपदफा (४) वा दफा ५४ वमोजिम कारवाहि गरी सेवावाट हटाईएमा त्यस्तो कामदार वा कर्मचारीले त्यस नियम वमोजिम उपदान पाउने छैन भनी लेखि दिएकोमा निवेदकहरुले उपदान पाउनु पर्ने अवस्था नरहेको देखिन्छ भनी मिति २०८०।०१।१० मा निर्णय समेत गरेको र सो निर्णयका विरुद्धमा श्रम अदालतमा पुनरावेदन परेको जानकारी प्राप्त भएको छ ।

(ख) संगठित संस्थाका संस्थापक वा संचालक वा संस्थापक वा संचालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्धा दायरा गरेको वा भएको भए: संस्थाको पूर्व संचालकलाई संचालक नरहेको अवस्थामा धितोपत्र बोर्डले जरिवाना गरेको मा सो बिषयमा पुनरावेदन परी उच्च अदालत पाटनवाट निर्णय उल्टी हुने गरी निर्णय भएकोमा सो उपर सर्वोच्च अदालतमा धितो पत्र वोर्डले मुद्धा दोहोर्‍याई पाऊ भनी निवेदन गरेको बाहेक अन्य कुनै कम्पनी समक्ष जानकारी प्राप्त नभएको ।

(ग) कुनै संस्थापक वा संचालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्धा दायरा भएको भए: यस कम्पनीको जानकारीमा नरहेको ।

५. संगठित संस्थाको शेयर कारोवार तथा प्रगतिका विश्लेषण:

(क) धितोपत्र वजारमा भएको संगठित संस्थाको शेयरको कारोवार सम्बन्धमा व्यवस्थापनको धाराणा:
नेपाल स्टक एक्सचेन्ज तथा धितो पत्र वोर्डको सुपरिवेक्षण व्यवस्थाको अधिनमा रहि कारोवार हुने गरेको ।

(ख) आ.व. २०७९।०८० मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोवार शेयर संख्या र कारोवार दिन:

त्रैमास	अधिकतम मूल्य रु.	न्यूनतम मूल्य रु.	अन्तिम मूल्य रु.	कुल कारोबार दिन	कुल कारोबार संख्या	कुल कारोबार शेयर संख्या
प्रथम त्रैमास	४,०२७	३,१८५	३,४१०	६५	३०,७१२	९,२६,७८९
दोश्रो त्रैमास	४,३२३	२,५६९.१	२,७२३	५२	४१,१७७	१३,१४,९८०
तेस्रो त्रैमास	२,८४०.७	१,८०६.६	२,०१०	५६	४३,७०८	१३,५७,८५१
चौथो त्रैमास	२,५१०	१,८२०	२,२४८	६२	३९,९९४	१७,९१,९४७

(स्रोत: नेपाल स्टक एक्सचेन्ज)

६. (क) समस्या तथा चुनौति: आन्तरिक तथा बाह्य

(१) प्रस्तुत प्रतिवेदन अर्वाधमा चालु पूँजि ऋण सम्बन्धि नयाँ व्यवस्थाको कारणले व्यवसाय संचालनमा चालुपूँजिको अभाव देखिएको थियो ।

(२) उपभोक्ताहरुलाई भुक्त्याउने उद्देश्यले यस कम्पनीका ब्राण्डहरुको नक्कल गरी जस्ताको त्यस्तै देखिने वोतल र लेवल प्रयोग गरी उत्पादन तथा विक्री गर्ने प्रवृत्ति बढि रहेकोले कम्पनीको कारोवारमा प्रभाव परेको छ ।

(३) वजारमा अत्यधिक मात्रामा नयाँ ब्राण्डका मदिनाको उत्पादन विक्री वितरणमा आएकाले प्रतिस्पर्धाको जोखिम उच्च भएको छ ।

(४) वर्षौनी अन्तः शुल्क दरमा हुने गरेको उच्च वृद्धिका कारण वस्तुको मूल्य वृद्धि हुने तर उभोक्ताको क्रय शक्तिमा भने ह्रास आएको कारणवाट वस्तुको विक्री वितरणमा प्रतिकुल असर पर्न जाने देखिएको छ ।

(५) नीति नियममा स्थिरता नभएका कारण कारोवारमा प्रभाव पर्ने गरेको छ ।

(६) अधिकांश कच्चा पदार्थ तथा प्याकेजिङ्गका सामाग्रीहरूको भर विदेशमा नै पर्नु पर्ने, विदेशी मुद्राको सटही दरमा उच्च किसिमले वृद्धि हुँदा उत्पादित वस्तुको लागतमा वृद्धि भई भन वस्तुको मुल्यमा वृद्धि हुँदा व्यवसायिक कारोवारमा प्रभाव पर्ने देखिएको छ ।

(७) मदिराको विज्ञापन कुनै माध्यमबाट पनि गर्न नपाईने भएवाट केहि मात्रमा भए पनि मदिरा व्यवसायको कारोवारमा प्रभाव परेको छ ।

ख) रणनीति:

१. आन्तरिक तथा वाह्य समस्या एवं चुनौतिहरु रहे पनि कम्पनीले लिएका लक्ष्यहरुलाई पुरा गर्न र शेयरधनीहरुको हितमा कार्य गर्ने गरी उत्पादनको चापलाई मध्यनजर गरी कच्चा पदार्थ भण्डारण लगायत उत्पादनका सामाग्रीहरु समयमा नै उत्पादन स्थल सम्म सर्व सुलभ तरिकामा उपलब्ध गराउने कार्यमा सजग रहेका छौं ।
२. कम्पनीको व्यवस्थापन प्रणाली, उत्पादन प्रकृया आदि प्रति सजग रहि उत्पादनको गुणस्तर प्रति जिम्मेवार भई उपभोक्तालाई कम्पनीका उत्पादनहरु प्रति बिश्वस्त गराउने कार्यमा प्रथामिकताका साथ हेरेका छौं ।
३. कारखानामा कुनै पनि किसिमको अबरोध भएको खण्डमा पनि माग र आपूर्तिमा सहजताको लागी अन्य स्थानबाट समेत उत्पादन गरि बजारमा विक्री वितरण गर्ने प्रबन्धलाई निरन्तरता दिने उद्देश्य राखेका छौं ।
४. कम्पनीको मुख्य व्यवसायलाई केन्द्रमा राखेर सोहि आधारमा प्रतिफल लक्षित खर्चलाई मात्र प्राथामिकता दिने र अगाडि वढाउने नीति लिएका छौं ।
५. उत्पादित ब्राण्डको विस्तार एवं उत्पादनमा विविधता ल्याउन अनुसन्धान र विश्लेषण गरी कार्य गर्ने व्यवस्था मिलाएका छौं ।
६. उत्पादन स्थल वातावरण मैत्री, उत्पादनमा विविधीकरण, उच्च स्तरको उत्पादन गर्ने लगायत उद्योगको उत्पादकत्व वृद्धि गर्न कम्पनी व्यवस्थापनले आवश्यक पहल अगाडि वढाई सकेको विषयमा कम्पनीको संचालक समितिको प्रतिवेदनमा उल्लेख गरेका छौं । उक्त प्रतिवेदनमा उल्लेख गरे अनुसारको कार्यलाई जति सक्दो चाडो कार्यन्वय गरी कम्पनीको व्यवसाय विस्तार गर्ने नीति कम्पनीको रहने छ ।

ग) संस्थागत सुशासन:

- क. संस्थागत सुशासनलाई सदैव उच्च प्रथामिकतामा राख्दै आएको र संस्थागत सुशासन सम्बन्धि निर्देशिका तथा प्राप्त परिपत्रहरुको पूर्ण रुपमा परिपालना गर्ने गरिएको छ ।
- ख. आन्तरिक नियन्त्रण प्रणालीलाई व्यवस्थित गर्नका लागि कम्पनीले संचालक समितिबाट मानव संसाधन तथा प्रशासकीय म्यानुवल, लेखा सम्बन्धि म्यानुवल, खरिद म्यानुवल र आई टी म्यानुअल स्विकृत गराई सो अनुसार कम्पनीको दैनिक व्यवस्थापकीय कार्य गर्ने गरिएको । उक्त म्यानुवल र अन्य ऐन, नियम अनुसार कार्य भएका छन छैनन् भनी वाह्य स्वतन्त्र रुपमा आन्तरिक लेखा परिक्षक नियुक्ती गरी निजहरुबाट लेखा परीक्षण गरी त्रैमासिक रुपमा प्राप्त प्रतिवेदनका कौफियत उपर गठन गरिएको लेखा समितिमा छलफल गरी संचालक समितिको निर्णय अनुसार गर्ने गरिएको छ ।
- ग. कारोबारलाई छिटो, छरितो, चुस्त तथा बैज्ञानिक बनाउन तथा आवश्यक रणनीति तय गर्न विभिन्न समितिहरु गठन गरि त्रियाशील रहेको छ ।
- घ. संस्थागत सुशासनलाई पूर्ण रुपमा परिपालना गर्ने र यसलाई अभि सुदृढ बनाउदै लैजान यस कम्पनी प्रतिबद्ध रहेको छ ।

G. Paudyal & Associates

Chartered Accountants

ICAN Regd. No.: 307

PAN : 602785567

5th Floor, Tewa Tower

Teku, Kathmandu

Tel: 01-4233709

Website: www.gpa.com.np

Email: info.gpaca@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIMALAYAN DISTILLERY LIMITED

Reports on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Himalayan Distillery Limited** (hereinafter referred to as "the Parent"), and its subsidiaries (the Parent and its subsidiaries hereinafter referred to as "the Group"), which comprises the consolidated statement of financial position as at Ashadh 31, 2080 (corresponding to July 16, 2023), the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of change in equity, the consolidated statement of cash flows for the year then ended, and note to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respect, the financial position of the Group as at Ashadh 31, 2080 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the consolidated financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended on Ashad 31, 2080 (corresponding to July 16, 2023). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key matter to be communicated in our report.

Key audit Matter	How our audit addressed the key audit matter
Revenue Recognition <i>(Refer Note 1.13 "Revenue" and Note 18 of the financial statements)</i> Revenue from the sale of products (hereinafter referred to as "Revenue") is recognised at a point in time when control of the products is transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products., which mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as key measure of evaluation of performance. There is a risk of revenue being reordered before performance obligation satisfied.	Our audit procedures including following: <ul style="list-style-type: none"> Assessed the Group's accounting policies on revenue recognition in line with NFRS 15 (Revenue from Contract with Customer) and tested thereof. Evaluated the integrity of the Group's general information and technology control environments and tested the operating effectiveness of IT application control over the revenue recognition. Performed detailed analysis of revenue, analytical testing with monthly sales information filed with tax authorities, tested the timing of the recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions. Tested the supporting documents for selected sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to evaluate whether Revenue was recognized in the correct period.



Key audit Matter	How our audit addressed the key audit matter
Inventory Valuation <i>(Refer Note 1.7 "inventories" and Note 05 of the financial statements)</i>	
<p>The group deals with various types of bulk material & Finished goods such as Spirit, Liquor, Grains, etc. The group has inventory of Finished Goods & Raw materials at various locations. Inventories valuation and existence has been determined to be a key audit matter as inventories may be held for long periods of time at various locations before being sold and thus makes it vulnerable to obsolescence.</p> <p>This could result in an overstatement of the value of the inventories if the cost is higher than the net realisable value. Further the measurement of these inventories involved certain estimations/assumption and also involved volumetric measurements.</p>	<p>Our audit focused on whether the valuation of year-end inventory was in accordance with NAS 2 'Inventories'. This included challenging the judgements taken regarding the obsolescence and net realisable value of inventory and the appropriateness of provisions for such items. We carried out the following procedures in assessing the appropriateness of the valuation of inventories:</p> <ul style="list-style-type: none"> • obtained an understanding of the relevant controls, which included a review of the inventory provision recorded at a banner level by members of the finance team and assessed inventory controls in the group's most significant locations; • assessed the group's inventory provisioning policy, with specific consideration of its ongoing appropriateness in light of changes in the business and the macroeconomic environment, the risk profile of inventory and consideration of any expected clearance activity; • assessed the existence and condition of inventory by attending a sample of inventory counts throughout the year across all in-scope components; • checked the value of a sample of inventory to assess whether it is held at the lower of cost and net realisable value, through comparison to vendor invoices and current sales prices; and • in addressing the fraud risk, we re-calculated the provisions recorded to evaluate whether they are in line with group policy and NAS 2.

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon.

The management of the Parent is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of Consolidated Financial Statements



Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's internal 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 Parent'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 disclosure in the consolidated financial statement or, if such disclosure 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 Parent to cease as a going concern.
- Evaluate the overall presentation of the consolidated financial statements including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

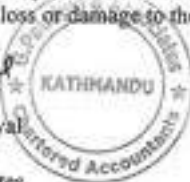
We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a. We have obtained all the information and explanations, which were necessary for the purpose for our audit.
- b. The enclosed consolidated statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow have been prepared as per the Company Act, 2063 are in agreement with the books of account maintained by the Group.
- c. In our opinion, proper books of accounts as required by law have been kept by the Group, so far as appears from our examination of those books.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Group, we have not come across the cases where the Board of Directors or any member thereof or any employee of the Group has acted contrary to the provisions of law or caused loss or damage to the Group relating to the accounts of the Group.

CA Ghanshyam Paudyal
Partner
G. Paudyal & Associates
Chartered Accountant.



Place: Kathmandu, Nepal

Date: 2080/08/17

UDIN: 231215CA00387uNEHu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at Ashad 31, 2080 (July 16, 2023)

Amount in Rs.

DESCRIPTIONS	NOTE GROUP/ COMPANY	GROUP		COMPANY	
		AS AT	AS AT	AS AT	AS AT
		ASHAD 31, 2080	ASHAD 32, 2079	ASHAD 31, 2080	ASHAD 32, 2079
		(JULY 16, 2023)	(JULY 16, 2022)	(JULY 16, 2023)	(JULY 16, 2022)
ASSETS					
Non-Current Assets					
a) Property, plant and equipment	3A	492,902,512	531,774,364	458,611,822	497,483,671
b) Capital work-in-progress	3B	34,743	-	34,743	-
c) Intangible assets	3C	1,006,264	866,938	1,006,263	866,938
d) Right to use assets	3D	2,116,239	11,477,106	2,116,239	11,477,106
e) Investments	-/4	-	-	101,100,000	101,100,000
f) Other non-current assets	4/5	42,809,060	20,193,142	42,809,060	20,193,142
Total non-current assets		538,868,817	564,311,551	605,678,126	631,120,857
Current Assets					
a) Inventories	5/6	447,224,251	207,327,472	447,224,251	207,327,472
b) Financial assets					
Trade receivables	6/7	1,962,176,573	1,150,583,354	1,962,176,573	1,150,583,354
Cash and cash equivalents	7/8	470,101,773	1,065,019,110	469,591,315	1,064,422,185
Other Bank Balances	8/9	76,456,007	51,846,592	76,456,007	51,846,592
c) Other current assets	4/5	103,957,008	83,001,171	108,181,827	87,088,062
Total current assets		3,059,915,612	2,557,777,699	3,063,629,974	2,561,267,664
TOTAL ASSETS		3,598,784,429	3,122,089,250	3,669,308,100	3,192,388,522

Contd...

Contd...

Amount in Rs.

		GROUP		COMPANY	
		AS AT	AS AT	AS AT	AS AT
		ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
DESCRIPTIONS	NOTE GROUP/ COMPANY				
EQUITY AND LIABILITIES					
Equity					
a) Equity					
Share capital	9/10	2,429,566,650	1,518,479,156	2,429,566,650	1,518,479,156
b) Other equity					
Reserves and surplus	10/11	854,668,290	1,255,781,515	925,237,160	1,326,130,673
Total equity		3,284,234,940	2,774,260,671	3,354,803,810	2,844,609,829
Non-Current Liabilities					
a) Financial liabilities					
Borrowings	11/12	-	-	-	-
Lease Payables	12/13	1,742,797	9,138,595	1,742,797	9,138,595
b) Deferred tax liabilities	13/14	29,822,338	32,397,515	29,822,338	32,397,515
Total non-current liabilities		31,565,135	41,536,110	31,565,135	41,536,110
Current Liabilities					
a) Financial Liabilities					
Borrowings	11/12	-	-	-	-
Lease Payables	12/13	678,287	3,100,775	678,287	3,100,775
Trade payables	14/15	115,303,794	78,285,482	115,303,794	78,285,481
Other financial liabilities	15/16	45,286,543	44,149,611	45,241,344	44,099,727
b) Other current liabilities	16/17	117,745,968	177,060,971	117,745,968	177,060,971
c) Current tax liabilities (net)	17/18	3,969,763	3,695,629	3,969,763	3,695,629
Total current liabilities		282,984,354	306,292,469	282,939,155	306,242,583
TOTAL EQUITY AND LIABILITIES		3,598,784,429	3,122,089,250	3,669,308,100	3,192,388,522

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

For and on behalf of Himalayan Distillery Limited

As per our report of even date

.....
Niraj Subedi
 CHIEF EXECUTIVE OFFICER

.....
Shanker Raj Pandey
 DIRECTOR

.....
Narendra K. Basnyat
 DIRECTOR

.....
Akhileshwar P. Singh
 CHAIRPERSON

.....
Ghanshyam Paudyal
 PARTNER
 G. Paudyal & Associates
 Chartered Accountants

.....
Jeevan Panday
 FINANCE MANAGER

.....
Santoo Shrestha
 DIRECTOR

.....
Yangkila (Sherpa) Ruit
 DIRECTOR

.....
Prakashmani Ghimire
 INDEPENDENT DIRECTOR

PLACE: Kathmandu

DATE: 3rd December, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

Amount in Rs.

DESCRIPTIONS	NOTE GROUP/ COMPANY	GROUP		COMPANY	
		FOR THE YEAR ENDED ASHAD 31, 2080 (JULY 16, 2023)	FOR THE YEAR ENDED ASHAD 32, 2079 (JULY 16, 2022)	FOR THE YEAR ENDED ASHAD 31, 2080 (JULY 16, 2023)	FOR THE YEAR ENDED ASHAD 32, 2079 (JULY 16, 2022)
Revenue from operations	18/19	5,654,787,998	7,583,029,044	5,654,787,998	7,583,029,044
Less: excise duties		2,684,274,403	3,523,909,081	2,684,274,403	3,523,909,081
Net sales revenue		2,970,513,595	4,059,119,963	2,970,513,595	4,059,119,963
Less: cost of goods sold	19/20	1,032,029,081	1,346,817,677	1,032,029,081	1,346,817,677
Less: manufacturing expenses	20/21	169,021,316	225,547,657	169,021,316	225,547,657
Gross profit		1,769,463,198	2,486,754,629	1,769,463,198	2,486,754,628
Other operating income	21/22	10,508,372	5,339,132	10,508,372	5,339,132
Total income from operations		1,779,971,570	2,492,093,761	1,779,971,570	2,492,093,760
Employee benefit expenses	22/23	230,866,395	310,158,478	230,866,395	310,158,478
Administration and other expenses	23/24	73,655,411	78,676,276	73,435,700	78,468,637
Selling and distribution expenses	24/25	526,633,722	626,746,744	526,633,722	626,746,744
Operating profit		948,816,042	1,476,512,262	949,035,753	1,476,719,901
Depreciation and amortisation		50,488,080	54,828,501	50,488,080	54,828,501
Finance costs	25/26	4,510,304	2,156,551	4,510,304	2,156,551
Profit before tax		893,817,657	1,419,527,209	894,037,368	1,419,734,848
Income tax expenses					
Current tax	26/27	230,655,503	366,017,791	230,655,503	366,017,791
Deferred tax	26/27	(2,575,177)	(3,223,429)	(2,575,177)	(3,223,429)
Prior Period Tax Expenses		5,433,212	-	5,433,212	-
Profit for the year		660,304,119	1,056,732,847	660,523,830	1,056,940,486

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Amount in Rs.

DESCRIPTIONS	NOTE GROUP/ COMPANY	GROUP		COMPANY	
		FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
(i) Remeasurements of Defined Benefit Obligations		-	-	-	-
(ii) Income tax credit/(charge) relating to these items		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		660,304,119	1,056,732,847	660,523,830	1,056,940,486
Profit is attributable to:					
Owners of Himalayan Distillery Limited		660,304,119	1,056,732,847	660,523,830	1,056,940,486
Non - Controlling Interests		-	-	-	-
		660,304,119	1,056,732,847	660,523,830	1,056,940,486
Other comprehensive income is attributable to:					
Owners of Himalayan Distillery Limited		-	-	-	-
Non - Controlling Interests		-	-	-	-
		-	-		
Total comprehensive income is attributable to:					
Owners of Himalayan Distillery Limited		660,304,119	1,056,732,847	660,523,830	1,056,940,486
Non - Controlling Interests		-	-		
		660,304,119	1,056,732,847	660,523,830	1,056,940,486
Earning per equity share (face value of Rs. 100 each)					
Basic EPS	27/28	27.18	43.49	27.19	43.50
Diluted EPS	27/28	27.18	43.49	27.19	43.50

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

For and on behalf of Himalayan Distillery Limited

As per our report of even date

.....
Niraj Subedi
 CHIEF EXECUTIVE OFFICER

.....
Shanker Raj Pandey
 DIRECTOR

.....
Narendra K. Basnyat
 DIRECTOR

.....
Akhileshwar P. Singh
 CHAIRPERSON

.....
Ghanshyam Paudyal
 PARTNER
 G. Paudyal & Associates
 Chartered Accountants

.....
Jeevan Panday
 FINANCE MANAGER

.....
Santoo Shrestha
 DIRECTOR

.....
Yangkila (Sherpa) Ruit
 DIRECTOR

.....
Prakashmani Ghimire
 INDEPENDENT DIRECTOR

PLACE: Kathmandu

DATE: 3rd December, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended ashad 31, 2080 (july 16, 2023)

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	893,817,657	1,419,527,209	894,037,368	1,419,734,848
Adjustments for :				
Depreciation and amortisation	50,488,080	54,828,501	50,488,080	54,828,501
(Gain)/loss on sale of property, plant and equipment (net)	(718,865)	(1,994,832)	(718,865)	(1,994,832)
Gain/(loss) on Disposal of Right to Use Assets	(598,968)	-	(598,968)	-
Interest expense	4,510,304	2,156,551	4,510,304	2,156,551
Operating profit before working capital changes	947,498,208	1,474,517,430	947,717,920	1,474,725,069
Adjustments for :				
(Increase)/decrease in inventory	(239,896,779)	(42,373,717)	(239,896,779)	(42,373,717)
(Increase)/decrease in trade receivables, loans and other assets	(849,904,056)	(637,421,146)	(850,041,985)	(605,590,020)
Increase/(decrease) in Other Bank Balances	(24,609,415)	(49,767,114)	(24,609,415)	(49,767,114)
Increase/(decrease) in lease payables	(9,818,286)	-	(9,818,286)	-
Increase/(decrease) in trade payables, other liabilities and provisions	(25,765,932)	44,301,926	(25,761,245)	44,303,240
Cash generated from operation	(202,496,260)	789,257,379	(202,409,789)	821,297,458
Reversal of Provision for Tax	1,518,066	-	1,518,066	-
Income tax paid	(235,814,582)	(377,824,853)	(235,814,582)	(377,824,853)
Net cash from operating activities	(436,792,776)	411,432,526	(436,706,305)	443,472,605
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment & intangible assets	(16,109,470)	(34,591,411)	(16,109,474)	(34,591,411)
Sale of property, plant and equipment	2,076,493	2,166,749	2,076,493	2,166,749
Disposal of ROU Assests	9,254,422	-	9,254,422	-
Investment in Equity instrument of subsidiaries	-	-	-	(32,100,000)
Net cash generated from / (used in) investing activities	(4,778,555)	(32,424,662)	(4,778,559)	(64,524,662)

Contd...

Contd...

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(decrease) in short term loan	-	-	-	-
Repayment of term loan	-	(1,482,625)	-	(1,482,625)
Payment of Lease Liability	-	(2,495,459)	-	(2,495,459)
Dividend paid	(148,835,701)	(215,430,724)	(148,835,701)	(215,430,724)
Interest paid	(4,510,304)	(2,156,551)	(4,510,304)	(2,156,551)
Net cash generated from / (used in) financing activities	(153,346,005)	(221,565,359)	(153,346,005)	(221,565,359)
Net increase / (decrease) in cash and cash equivalents	(594,917,337)	157,442,506	(594,830,870)	157,382,584
Cash and cash equivalents at the beginning of the year	1,065,019,110	907,576,605	1,064,422,185	907,039,601
Cash and cash equivalents at the end of the year	470,101,773	1,065,019,110	469,591,315	1,064,422,185
Cash and cash equivalents comprise of:				
Cash on hand	83,166	161,341	81,958	156,141
Balance with banks in current accounts	470,018,608	1,064,857,769	469,509,358	1,064,266,044
Total	470,101,773	1,065,019,110	469,591,315	1,064,422,185

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

For and on behalf of Himalayan Distillery Limited

As per our report of even date

.....
Niraj Subedi
 CHIEF EXECUTIVE OFFICER

.....
Shanker Raj Pandey
 DIRECTOR

.....
Narendra K. Basnyat
 DIRECTOR

.....
Akhileshwar P. Singh
 CHAIRPERSON

.....
Ghanshyam Paudyal
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

.....
Jeevan Panday
 FINANCE MANAGER

.....
Santoo Shrestha
 DIRECTOR

.....
Yangkila (Sherpa) Ruit
 DIRECTOR

.....
Prakashmani Ghimire
 INDEPENDENT DIRECTOR

PLACE: Kathmandu

DATE: 3rd December, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended Ashad 31, 2080 (July 16, 2023)
Amount in Rs.

	GROUP			COMPANY		
	EQUITY AND RESERVES		TOTAL	EQUITY AND RESERVES		TOTAL
	SHARE CAPITAL	RETAINED EARNINGS		SHARE CAPITAL	RETAINED EARNINGS	
Balance as at Ashad 31, 2078 (July 15, 2021)	867,702,375	1,066,751,043	1,934,453,418	867,702,375	1,136,892,562	2,004,594,937
Profit for the year	-	1,056,732,847	1,056,732,847	-	1,056,940,486	1,056,940,486
Other comprehensive income (OCI) - net of tax	-	-	-	-	-	-
Final dividend paid	-	(216,925,595)	(216,925,595)	-	(216,925,594)	(216,925,594)
Issue of bonus shares	650,776,781	(650,776,781)	-	650,776,781	(650,776,781)	-
Balance as at Ashad 32, 2079 (July 16, 2022)	1,518,479,156	1,255,781,515	2,774,260,671	1,518,479,156	1,326,130,673	2,844,609,829
Profit for the year	-	660,304,119	660,304,119	-	660,523,830	660,523,830
Reversal of Provision for Tax	-	1,518,066	1,518,066	-	1,518,066	1,518,066
Other comprehensive income (OCI) - net of tax	-	-	-	-	-	-
Final dividend paid	-	(151,847,916)	(151,847,916)	-	(151,847,916)	(151,847,916)
Issue of bonus shares	911,087,494	(911,087,494)	-	911,087,494	(911,087,494)	-
Balance as at Ashad 31, 2080 (July 16, 2023)	2,429,566,650	854,668,290	3,284,234,940	2,429,566,650	925,237,160	3,354,803,810

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

For and on behalf of Himalayan Distillery Limited

As per our report of even date

.....
Niraj Subedi
CHIEF EXECUTIVE OFFICER

.....
Shanker Raj Pandey
DIRECTOR

.....
Narendra K. Basnyat
DIRECTOR

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Akhileshwar P. Singh
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FINANCE MANAGER

.....
Santoo Shrestha
DIRECTOR

.....
Yangkila (Sherpa) Ruit
DIRECTOR

.....
Prakashmani Ghimire
INDEPENDENT DIRECTOR

PLACE: **Kathmandu**
DATE: **3rd December, 2023**

GROUP OVERVIEW

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

These financial statements are approved for issue by the Company’s board of directors on 3rd December, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

- a. Statement of compliance
These financial statements have been prepared in all material aspects in accordance with requirements of Company Act, 2063 of Nepal and applicable Nepal Financial Reporting Standards (NFRS) and the relevant presentation requirements thereof.
- b. Historical cost convention
These financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies below.
- c. Current V/S Non-current classification:
All assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in NAS 1 - Presentation of Financial Statements based on the nature and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Group has classified the assets as current when:

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

All other assets are classified as non-current.

The Group has classified the liability as current when:

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

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

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

- d. Functional and presentation currency
The financial statements are presented in Nepalese Rupee (Rs.), which is the functional and presentation currency of the Group. Amounts in the financial statements are rounded off to the nearest rupee.
- e. NFRS issued but not yet effective.
The Group has not opted for the early adaptation of new set of NFRS pronounced by ICAN which may relate to it, but whose application are not mandatory for FY 2022/23 (2022/23 AD). The standards include “NFRS 17- Insurance Contracts” and the Group is currently assessing the impact and plans to adopt new standards as required in effective date.

1.2 Basis of consolidation

Subsidiaries

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement

of profit and loss and other comprehensive income and consolidated statement of changes in equity respectively.

1.3 Property, plant and equipment

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

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

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

Disposals and derecognition

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

Depreciation method, estimated useful lives and residual value

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

Assets	Useful lives (years)
Building	
Buildings RCC frame structure	60 years
Buildings other than RCC frame structure	30 years
Factory buildings	30 years
Fences	5 years
Others (including temporary structures)	3 years
Leasehold improvements	10 years
Computers	3 - 6 years
Office equipment	5 - 10 years
Electrical installations	10 years
Furniture and fixtures	10 years
Vehicles	5 - 10 years
Plant and machinery	
Production plant	20 - 30 years
Other machinery and equipment	3 - 15 years
Other assets	5 years

Freehold land is not depreciated.

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

Impairment of property, plant and equipment

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

1.4 Intangible assets

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

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

Derecognition

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

Useful economic lives, amortisation and impairment

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

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

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

Impairment

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

1.5 Non-Current Assets held for sale

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

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

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

1.6 Financial instruments, financial assets and financial liabilities

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

Classification

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

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

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

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

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

Financial assets

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

Subsequent measurement

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

Financial assets are classified as those:

a. Measured at amortised cost.

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

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

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

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

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

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

Impairment of financial assets

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

Derecognition of financial assets

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

Income recognition

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

Financial liabilities

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

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

Offsetting financial instruments

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

1.7 Inventories

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

Raw material, packaging materials and bottles, stores and spares: Cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and conditions.

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

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

1.8 Trade and other receivables

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

1.9 Cash and cash equivalents

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

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

1.10 Other Bank Balances

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

1.11 Borrowings

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

1.12 Trade and other payables

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

1.13 Revenue

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

Sale of products

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

Royalty income

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

Interest Income

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

Rental income

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

1.14 Leases

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

Group as lessor

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

Group as lessee

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

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

1.15 Foreign currency transactions

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

1.16 Employee benefits**a. Short-term obligations**

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

b. Defined contribution plan

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

1.17 Borrowing costs

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

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

1.18 Income tax

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

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

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

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

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

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

1.19 Dividend distribution

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

1.20 Earnings per share

a. Basic earnings per share

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

b. Diluted earnings per share

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

1.21 Segmental information

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

1.22 Provisions and contingencies

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

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

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

2. USE OF ESTIMATES AND JUDGEMENTS

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

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

a. Useful lives of property, plant and equipment

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

b. Leases

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

c. Tax contingencies and provisions

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

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

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

e. Provision for expected credit loss on trade receivables

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS For the year ended Ashad 31, 2080 (July 16, 2023)

				GROUP
PARTICULARS	OPENING BALANCE	COST		AS AT ASHAD 31, 2080 (JULY 16, 2023)
		ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	
3A. Property, plant and equipment				
Freehold lands	47,915,506			47,915,506
Buildings	198,420,468	4,238,130		202,658,599
Computers	7,631,523	1,352,221	673,799	8,309,945
Office equipment	13,500,330	517,708		14,018,038
Electrical Installations	24,966,375	1,325,674		26,292,050
Furniture and fixtures	3,185,015	47,000		3,232,015
Vehicles	19,908,326	1,746,342	6,557,769	15,096,898
Plant and machinery	893,611,360	2,820,195	116,388	896,315,167
Other Assets	1,934,760	41,000		1,975,760
Total	1,211,073,664	12,088,271	7,347,956	1,215,813,979
3B. Capital work-in-progress	-	34,743	-	34,743
3C. Intangible assets				
Brand Software	100,000			100,000
HDL Website		319,500		319,500
BIG IP Firewall License	800,000			800,000
ERP Software	2,471,438			2,471,438
Fixed Asset Software	100,000			100,000
Total	3,471,438	319,500	-	3,790,938
3D. Right to Use Assets	14,734,828	-	8,655,454	6,079,374

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS, INTANGIBLE ASSETS & RIGHT TO USE ASSETS For the year ended Ashad 32, 2080 (July 16, 2022)

GROUP				
COST				
PARTICULARS	OPENING BALANCE	ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	AS AT ASHAD 32, 2079 (JULY 16, 2022)
A. Property, plant and equipment				
Freehold lands	47,915,506		-	47,915,506
Buildings	191,476,998	6,943,470	-	198,420,468
Computers	5,609,496	2,022,027	-	7,631,523
Office equipment	10,747,081	2,753,249	-	13,500,330
Electrical Installations	22,424,577	2,541,798	-	24,966,375
Furniture and fixtures	2,997,448	187,567	-	3,185,015
Vehicles	25,095,622	1,077,522	6,264,818	19,908,326
Plant and machinery	874,106,704	19,504,656	-	893,611,360
Other Assets	1,934,760		-	1,934,760
Total	1,182,308,192	35,030,290	6,264,818	1,211,073,664
B. Capital work-in-progress	44,596		44,596	-
C. Intangible assets				
Brand Software	100,000	-	-	100,000
BIG IP Firewall License		800,000		800,000
ERP Software	2,471,438	-	-	2,471,438
Fixed Asset Software	100,000		-	100,000
Total	2,671,438	800,000	-	3,471,438
D. Right to use assets		14,734,828	-	14,734,828

Amount in Rs.

OPENING BALANCE	DEPRECIATION		UP TO ASHAD 31, 2080 (JULY 16, 2023)	CARRYING AMOUNT	
	FOR THE YEAR	ON WITHDRAWALS AND ADJUSTMENTS		AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
-	-		-	47,915,506	47,915,506
90,364,575	8,183,647		98,548,222	104,110,376	108,055,894
5,181,767	751,510	673,797	5,259,481	3,050,464	2,449,756
9,603,504	1,348,425		10,951,930	3,066,107	3,896,825
19,109,722	1,622,735		20,732,457	5,559,592	5,856,653
2,658,158	128,849		2,787,007	445,008	526,857
13,502,042	2,015,675	5,295,785	10,221,933	4,874,966	6,406,284
536,946,665	35,547,605	20,747	572,473,524	323,841,644	356,664,694
1,932,866	4,046		1,936,912	38,848	1,894
679,299,300	49,602,492	5,990,328	722,911,464	492,902,512	531,774,364
-	-	-	-	34,743	-
99,999			99,999	1	1
-	175		175	319,325	-
437	160,000		160,437	639,563	799,563
2,471,433			2,471,433	5	5
32,630	20,000		52,630	47,370	67,370
2,604,500	180,175	-	2,784,674	1,006,264	866,938
3,257,722	705,413		3,963,135	2,116,239	11,477,106

OPENING BALANCE	DEPRECIATION		UP TO ASHAD 32, 2079 (JULY 16, 2022)	CARRYING AMOUNT	
	FOR THE YEAR	ON WITHDRAWALS AND ADJUSTMENTS		AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2078 (JULY 15, 2021)
-	-		-	47,915,506	47,915,506
80,599,723	9,764,852		90,364,575	108,055,894	110,877,275
4,517,951	663,816		5,181,767	2,449,756	1,091,545
8,532,843	1,070,661		9,603,504	3,896,825	2,214,238
17,719,732	1,389,990		19,109,722	5,856,653	4,704,845
2,540,485	117,673		2,658,158	526,857	456,963
16,917,010	2,677,933	6,092,901	13,502,042	6,406,284	8,178,612
501,504,518	35,442,147		536,946,665	356,664,694	372,602,186
1,873,485	59,381		1,932,866	1,894	61,275
634,205,747	51,186,454	6,092,901	679,299,300	531,774,364	548,102,445
-	-	-	-	-	44,596
99,999		-	99,999	1	1
	437		437	799,563	-
2,107,545	363,888	-	2,471,433	5	363,893
12,630	20,000	-	32,630	67,370	87,370
2,220,174	384,326	-	2,604,500	866,938	451,264
-	3,257,722	-	3,257,722	11,477,106	-

NOTES TO THE FINANCIAL STATEMENTS

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

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

				COMPANY
		COST		
PARTICULARS	OPENING BALANCE	ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	AS AT ASHAD 31, 2080 (JULY 16, 2023)
3A. Property, plant and equipment				
Freehold lands	13,624,813			13,624,813
Buildings	198,420,468	4,238,130		202,658,599
Computers	7,631,523	1,352,221	673,799	8,309,945
Office equipment	13,500,330	517,708		14,018,038
Electrical Installations	24,966,375	1,325,674		26,292,050
Furniture and fixtures	3,185,015	47,000		3,232,015
Vehicles	19,908,326	1,746,342	6,557,769	15,096,898
Plant and machinery	893,611,360	2,820,195	116,388	896,315,167
Other Assets	1,934,760	41,000		1,975,760
Total	1,176,782,971	12,088,271	7,347,956	1,181,523,286
3B. Capital work-in-progress	-	34,743	-	34,743
3C. Intangible assets				
Brand Software	100,000			100,000
HDL Website		319,500		319,500
BIG IP Firewall License	800,000			800,000
ERP Software	2,471,438			2,471,438
Fixed Asset Software	100,000			100,000
Total	3,471,438	319,500	-	3,790,938
3D. Right to Use Assets	14,734,828	-	8,655,454	6,079,374

NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended Ashad 32, 2079 (July 16, 2022)

COMPANY				
COST				
PARTICULARS	OPENING BALANCE	ADDITIONS	WITHDRAWALS AND ADJUSTMENTS	AS AT ASHAD 32, 2079 (JULY 16, 2022)
3A. Property, plant and equipment				
Freehold lands	13,624,813			13,624,813
Buildings	191,476,998	6,943,470		198,420,468
Computers	5,609,496	2,022,027		7,631,523
Office equipment	10,747,081	2,753,249		13,500,330
Electrical Installations	22,424,577	2,541,798		24,966,375
Furniture and fixtures	2,997,448	187,567		3,185,015
Vehicles	25,095,622	1,077,522	6,264,818	19,908,326
Plant and machinery	874,106,704	19,504,656		893,611,360
Other Assets	1,934,760			1,934,760
Total	1,148,017,499	35,030,290	6,264,818	1,176,782,971
3B. Capital work-in-progress	44,596	-	44,596	-
3C. Intangible assets				
Brand Software	100,000			100,000
BIG IP Firewall License		800,000		800,000
ERP Software	2,471,438			2,471,438
Fixed Asset Software	100,000			100,000
Total	2,671,438	800,000	-	3,471,438
3D. Right to Use Assets	-	14,734,828	-	14,734,828

Amount in Rs.

OPENING BALANCE	FOR THE YEAR	DEPRECIATION		CARRYING AMOUNT	
		ON WITHDRAWALS AND ADJUSTMENTS	UP TO ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
-	-		-	13,624,813	13,624,813
90,364,575	8,183,647		98,548,222	104,110,377	108,055,894
5,181,767	751,510	673,797	5,259,481	3,050,465	2,449,756
9,603,504	1,348,425		10,951,930	3,066,108	3,896,825
19,109,722	1,622,735		20,732,457	5,559,592	5,856,653
2,658,158	128,849		2,787,007	445,008	526,857
13,502,042	2,015,675	5,295,785	10,221,933	4,874,966	6,406,284
536,946,665	35,547,605	20,747	572,473,524	323,841,644	356,664,694
1,932,866	4,046		1,936,912	38,849	1,894
679,299,300	49,602,492	5,990,328	722,911,464	458,611,822	497,483,671
-	-	-	-	34,743	-
99,999			99,999	1	1
-	175		175	319,325	-
437	160,000		160,437	639,563	799,563
2,471,433			2,471,433	4	4
32,630	20,000		52,630	47,370	67,370
2,604,500	180,175	-	2,784,674	1,006,263	866,938
3,257,722	705,413		3,963,135	2,116,239	11,477,106

OPENING BALANCE	FOR THE YEAR	DEPRECIATION		CARRYING AMOUNT	
		ON WITHDRAWALS AND ADJUSTMENTS	UP TO ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2078 (JULY 15, 2021)
-	-		-	13,624,813	13,624,813
80,599,723	9,764,852		90,364,575	108,055,894	110,877,275
4,517,951	663,816		5,181,767	2,449,756	1,091,545
8,532,843	1,070,661		9,603,504	3,896,825	2,214,238
17,719,732	1,389,990		19,109,722	5,856,653	4,704,845
2,540,485	117,673		2,658,158	526,857	456,963
16,917,010	2,677,933	6,092,901	13,502,042	6,406,284	8,178,612
501,504,518	35,442,147		536,946,665	356,664,694	372,602,186
1,873,485	59,381		1,932,866	1,894	61,275
634,205,747	51,186,454	6,092,901	679,299,300	497,483,671	513,811,752
-	-	-	-	-	44,596
99,999		-	99,999	1	1
	437		437	799,563	-
2,107,545	363,888	-	2,471,433	5	363,893
12,630	20,000	-	32,630	67,370	87,370
2,220,174	384,326	-	2,604,500	866,938	451,264
-	3,257,722	-	3,257,722	11,477,106	-

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
-/4. INVESTMENTS				
INVESTMENTS IN EQUITY INSTRUMENTS				
In subsidiary (at cost unless otherwise stated)				
Himalayan Fisheries Limited (811,000 nos. of ordinary shares of Rs. 100 each, fully paid up)			81,100,000	81,100,000
Himalayan Multi Agro Limited (500,000 nos. of ordinary shares of Rs. 100 each, Rs. 40 paid up)			20,000,000	20,000,000
Total			101,100,000	101,100,000
4/5. OTHER ASSETS				
NON-CURRENT				
Advance for property, plant and equipment	5,260,917	-	5,260,917	-
Deposits with statutory authorities - for appeals	37,548,142	20,193,142	37,548,142	20,193,142
Total	42,809,060	20,193,142	42,809,060	20,193,142
CURRENT				
Advance for goods and services	3,648,327	23,293,631	3,648,327	23,293,631
Employee advances	522,248	-	522,248	-
Advance with statutory authorities	65,857,122	30,028,793	65,857,122	30,028,793
Prepaid expenses	3,825,756	2,841,309	3,825,756	2,841,309
Margin deposits	3,569,287	4,003,969	3,569,287	4,003,969
Sundry deposits	823,201	525,201	823,201	525,201
Others	25,711,067	22,308,267	29,935,887	26,395,158
Total	103,957,008	83,001,171	108,181,827	87,088,062

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
5/6. INVENTORIES				
At lower of cost and net realisable value				
Raw materials	104,632,084	37,474,418	104,632,084	37,474,418
Packing and other materials	125,358,419	41,560,126	125,358,419	41,560,126
Semi finished goods	41,206,831	4,316,644	41,206,831	4,316,644
Finished goods	153,471,123	100,564,476	153,471,123	100,564,476
Stores and consumables	22,379,531	22,528,834	22,379,531	22,528,834
Promotional materials	176,262	882,973	176,262	882,973
Total	447,224,251	207,327,472	447,224,251	207,327,472
6/7. TRADE RECEIVABLES				
Unsecured, considered good	1,962,176,573	1,150,583,354	1,962,176,573	1,150,583,354
Total	1,962,176,573	1,150,583,354	1,962,176,573	1,150,583,354
7/8. CASH AND CASH EQUIVALENTS				
Cash on hand	83,166	161,341	81,958	156,141
Balances with banks				
In current accounts	470,018,608	1,064,857,769	469,509,358	1,064,266,044
Total	470,101,773	1,065,019,110	469,591,315	1,064,422,185
8/9. OTHER BANK BALANCES				
Fixed Deposits with banks	75,000,000	50,000,000	75,000,000	50,000,000
Dividend Account with banks	1,456,007	1,846,592	1,456,007	1,846,592
Total	76,456,007	51,846,592	76,456,007	51,846,592

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
9/10. SHARE CAPITAL				
Authorised				
(2022-23: 25,000,000 nos. of ordinary shares of Rs. 100 each)	2,500,000,000	1,600,000,000	2,500,000,000	1,600,000,000
(2021-22: 16,000,000 nos. of ordinary shares of Rs. 100 each)				
Issued				
(2022-23: 24,295,666.50 nos. of ordinary shares of Rs. 100 each)	2,429,566,650	1,518,479,156	2,429,566,650	1,518,479,156
(2021-22: 15,184,791.56 nos. of ordinary shares of Rs. 100 each)				
Subscribed and paid up				
(2022-23 : 24,295,666.50 nos. of ordinary shares of Rs. 100 each)	2,429,566,650	1,518,479,156	2,429,566,650	1,518,479,156
(2021-22 : 15,184,791.56 nos. of ordinary shares of Rs. 100 each)				
Total	2,429,566,650	1,518,479,156	2,429,566,650	1,518,479,156

A. RECONCILIATION OF NUMBER OF SHARES OUTSTANDING:

Amount in Rs.

DESCRIPTIONS	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
At the beginning of the year	15,184,792	8,677,024	15,184,792	8,677,024
Add: shares issued during the year	-	-	-	-
Add: bonus shares issued during the year	9,110,875	6,507,768	9,110,875	6,507,768
At the end of the year	24,295,667	15,184,792	24,295,667	15,184,792

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
10/11. RESERVES AND SURPLUS				
Retained earnings	854,668,291	1,255,781,515	925,237,160	1,326,130,673
Total	854,668,291	1,255,781,515	925,237,160	1,326,130,673
10/11. BORROWINGS				
NON-CURRENT				
Due to banks				
Term loan	-	-	-	-
Less: current maturities of term loan	-	-	-	-
Total	-	-	-	-
CURRENT				
Due to banks				
Short term and demand loan	-	-	-	-
Bank overdraft	-	-	-	-
Current maturities of term loan	-	-	-	-
Total	-	-	-	-
11/12. LEASE PAYABLES				
NON-CURRENT				
Lease Payables	2,421,084	12,239,370	2,421,084	12,239,370
Less: current maturities of lease payables	(678,287)	(3,100,775)	(678,287)	(3,100,775)
Total	1,742,797	9,138,595	1,742,797	9,138,595
CURRENT				
Current maturities of lease payables	678,287	3,100,775	678,287	3,100,775
Total	678,287	3,100,775	678,287	3,100,775

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
13/14. DEFERRED TAX LIABILITIES (NET)				
Deferred tax liabilities				
On property, plant and equipment	32,996,402	35,518,268	32,996,402	35,518,268
On Right to use assets	539,641	2,926,662	539,641	2,926,662
	33,536,043	38,444,930	33,536,043	38,444,930
Deferred tax assets				
On Derivative Financial Liability	-	172,791	-	172,791
On corporate social responsibility	3,096,329	2,753,585	3,096,329	2,753,585
On Lease Liability	617,376	3,121,039	617,376	3,121,039
	3,713,705	6,047,415	3,713,705	6,047,415
Total	29,822,338	32,397,515	29,822,338	32,397,515

MOVEMENT IN DEFERRED TAX LIABILITIES / (ASSETS) BALANCES

a. For the year ended Ashad 31, 2080 (July 16, 2023)

Amount in Rs.

	GROUP				COMPANY			
	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax liabilities								
On property, plant and equipment	35,518,268	(2,521,866)	-	32,996,402	35,518,268	(2,521,866)	-	32,996,402
On right to use Assets	2,926,662	(2,387,021)	-	539,641	2,926,662	(2,387,021)	-	539,641
Total deferred tax liabilities	38,444,930	(4,908,887)	-	33,536,043	38,444,930	(4,908,887)	-	33,536,043
Deferred tax (assets)								
On Derivative Financial Liability	(172,791)	172,791	-	-	(172,791)	172,791	-	-
On corporate social responsibility	(2,753,585)	(342,744)	-	(3,096,329)	(2,753,585)	(342,744)	-	(3,096,329)
On Lease Liability	(3,121,039)	2,503,663	-	(617,376)	(3,121,039)	2,503,663	-	(617,376)
Total deferred tax (assets)	(6,047,415)	2,333,710	-	(3,713,705)	(6,047,415)	2,333,710	-	(3,713,705)
Deferred tax liabilities - Net	32,397,515	(2,575,177)	-	29,822,338	32,397,515	(2,575,177)	-	29,822,338

b. For the year ended Ashad 32, 2079 (July 16, 2022)

Amount in Rs.

	GROUP				COMPANY			
	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance	Opening balance	Recognized in profit or loss	Recognized in OCI	Closing balance
Deferred tax liabilities								
On property, plant and equipment	38,276,506	(2,758,238)	-	35,518,268	38,276,506	(2,758,238)	-	35,518,268
On right to use Assets	-	2,926,662	-	2,926,662	-	2,926,662	-	2,926,662
Total deferred tax liabilities	38,276,506	168,424	-	38,444,930	38,276,506	168,424	-	38,444,930
Deferred tax (assets)								
On Derivative Financial Liability	-	(172,791)	-	(172,791)	-	(172,791)	-	(172,791)
On corporate social responsibility	(2,655,562)	(98,023)	-	(2,753,585)	(2,655,562)	(98,023)	-	(2,753,585)
On Lease Liability	-	(3,121,039)	-	(3,121,039)	-	(3,121,039)	-	(3,121,039)
Total deferred tax (assets)	(2,655,562)	(3,391,853)	-	(6,047,415)	(2,655,562)	(3,391,853)	-	(6,047,415)
Deferred tax liabilities - Net	35,620,944	(3,223,429)	-	32,397,515	35,620,944	(3,223,429)	-	32,397,515

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
14/15. TRADE PAYABLES				
Trade payables for goods and services	115,303,794	78,285,482	115,303,794	78,285,481
Total	115,303,794	78,285,482	115,303,794	78,285,481
15/16. OTHER FINANCIAL LIABILITIES				
CURRENT				
Payable for property, plant and equipment	3,396,577	1,802,620	3,396,577	1,802,620
Employee benefits payable	11,017,737	13,126,136	11,017,737	13,126,136
Payable to provident and other funds	2,051,863	1,445,878	2,051,863	1,445,878
Unpaid dividend	25,715,934	22,703,719	25,715,934	22,703,719
Others	3,104,432	5,071,258	3,059,233	5,021,374
Total	45,286,543	44,149,611	45,241,344	44,099,727
16/17. OTHER LIABILITIES				
CURRENT				
Advance collected from customers	140,591	200,002	140,591	200,002
Statutory dues	4,748,664	7,546,649	4,748,664	7,546,649
Employees' bonus	99,337,485	157,748,317	99,337,485	157,748,317
Staff Welfare Fund	1,376,762	767,630	1,376,762	767,630
Corporate social responsibility	12,142,466	10,798,373	12,142,466	10,798,373
Total	117,745,968	177,060,971	117,745,968	177,060,971
17/18. CURRENT TAX LIABILITIES / ADVANCE INCOME TAX (NET)				
Provision for income tax	230,655,503	366,017,791	230,655,503	366,017,791
Less: advance tax	(226,685,740)	(362,322,162)	(226,685,740)	(362,322,162)
Total	3,969,763	3,695,629	3,969,763	3,695,629
18/19. GROSS REVENUE FROM OPERATIONS				
Local sales	5,578,926,968	7,463,001,512	5,578,926,968	7,463,001,512
Export sales	-	-	-	-
Royalty income	75,861,030	120,027,531	75,861,030	120,027,531
Total	5,654,787,998	7,583,029,044	5,654,787,998	7,583,029,044
19/20. COST OF GOODS SOLD				
Raw materials consumed	595,329,428	723,302,626	595,329,428	723,302,626
Packing and auxillary materials consumed	445,366,573	527,465,582	445,366,573	527,465,582
Purchase of Stock-in-trade	-	14,221,952	-	14,221,952
Cost of raw material sold	81,129,914	121,433,059	81,129,914	121,433,059
Change in semi finished goods and finished goods				
Opening stock				
Semi finished goods	4,316,644	19,994,680	4,316,644	19,994,680
Finished goods	100,564,476	45,280,897	100,564,476	45,280,897
	104,881,120	65,275,577	104,881,120	65,275,577
Closing stock				
Semi finished goods	41,206,831	4,316,644	41,206,831	4,316,644

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Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
Finished goods	153,471,123	100,564,476	153,471,123	100,564,476
	194,677,954	104,881,120	194,677,954	104,881,120
Total change in semi finished goods and finished goods	(89,796,834)	(39,605,543)	(89,796,834)	(39,605,543)
Total	1,032,029,081	1,346,817,677	1,032,029,081	1,346,817,677
20/21. MANUFACTURING EXPENSES				
Power and fuel	5,293,711	10,243,138	5,293,711	10,243,138
Blending and distillation charges	121,748,626	152,683,586	121,748,626	152,683,586
Repair and maintenance	18,512,290	20,218,314	18,512,290	20,218,314
Wages and service charges	21,512,467	35,847,407	21,512,467	35,847,407
Other expenses	1,954,222	6,555,212	1,954,222	6,555,212
Total	169,021,316	225,547,657	169,021,316	225,547,657
21/22. OTHER OPERATING INCOME				
Rent Income	60,000	16,000	60,000	16,000
Gain/(loss) on sale of property, plant and equipment (net)	718,865	1,994,832	718,865	1,994,832
Gain/(loss) on Disposal of Right to Use Assets	598,968	-	598,968	-
Interest Income	8,715,183	3,078,561	8,715,183	3,078,561
Other income	415,356	249,739	415,356	249,739
Total	10,508,372	5,339,132	10,508,372	5,339,132
22/23. EMPLOYEE BENEFITS EXPENSES				
Salary and allowances	112,594,115	131,998,318	112,594,115	131,998,318
Contribution to provident fund and social security fund	10,916,535	10,995,599	10,916,535	10,995,599
Staff welfare expenses	4,226,630	4,702,606	4,226,630	4,702,606
Earned leave	3,791,630	4,713,638	3,791,630	4,713,638
Employees' bonus	99,337,485	157,748,317	99,337,485	157,748,317
Total	230,866,395	310,158,478	230,866,395	310,158,478
23/24. ADMINISTRATION AND OTHER EXPENSES				
Annual general meeting expenses	390,346	380,249	390,346	380,249
Repair and maintenance	7,189,579	8,963,476	7,189,579	8,963,476
Office expenses	3,802,946	7,395,253	3,800,034	7,395,252
Travelling and conveyance	3,653,918	2,919,980	3,653,918	2,919,980
Charity and donations	151,011	210,700	151,011	210,700
Corporate social responsibility expenses	6,605,238	10,569,405	6,605,238	10,569,405
Audit fees	495,200	495,200	450,000	450,000
Rent	3,331,545	818,272	3,331,545	818,272
Rates and taxes	7,446,418	11,357,693	7,311,218	11,265,420
Power and fuel	9,373,380	5,530,313	9,373,380	5,530,313
Meeting fees	1,167,000	906,000	1,167,000	906,000
Communication, postage and courier	1,977,091	2,632,281	1,954,691	2,589,567
Printing and stationery	1,121,779	987,584	1,121,779	987,584
Professional fees	5,556,460	5,498,320	5,542,460	5,470,870

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Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
Training expenses	136,842	199,177	136,842	199,177
Security and other service expenses	10,766,768	9,772,794	10,766,768	9,772,794
Insurance	5,254,478	4,767,916	5,254,478	4,767,916
Bank charges	1,908,522	1,354,312	1,908,522	1,354,312
Guest entertainment	2,088,603	2,628,830	2,088,603	2,628,830
Laboratory and sample expenses	798,655	497,502	798,655	497,502
Foreign exchange loss	396,108	113,407	396,108	113,407
Exchange loss on forward contract	43,525	677,610	43,525	677,610
Total	73,655,411	78,676,276	73,435,700	78,468,637
24/25. SELLING AND DISTRIBUTION EXPENSE				
Trade promotion	269,907,640	355,214,180	269,907,640	355,214,180
Marketing promotion	204,608,825	207,930,034	204,608,825	207,930,034
Insurance	642,836	870,974	642,836	870,974
Delivery expense	51,474,421	62,731,556	51,474,421	62,731,556
Total	526,633,722	626,746,744	526,633,722	626,746,744
25/26. FINANCE COSTS				
Interest expense:				
On borrowing from banks measured at amortised cost				
On term loan	-	66,461	-	66,461
On short term and working capital loan	4,253,048	909,318	4,253,048	909,318
On Lease Liability	257,257	1,180,772	257,257	1,180,772
Total	4,510,304	2,156,551	4,510,304	2,156,551
26/27. TAX EXPENSES				
A. AMOUNT RECOGNISED IN PROFIT OR LOSS				
Current tax				
Income tax for the year	230,655,503	366,017,791	230,655,503	366,017,791
Total current tax	230,655,503	366,017,791	230,655,503	366,017,791
Deferred tax				
Deferred tax for the year	(2,575,177)	(3,223,429)	(2,575,177)	(3,223,429)
Total deferred tax	(2,575,177)	(3,223,429)	(2,575,177)	(3,223,429)
Total	228,080,326	362,794,362	228,080,326	362,794,362
B. AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME				
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:				
On items that will not be reclassified to profit or loss				
Remeasurements of Defined Benefit Obligations	-	-	-	-
Total	-	-	-	-

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Amount in Rs.

DESCRIPTIONS	GROUP		COMPANY	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
C. RECONCILIATION OF INCOME TAX EXPENSE AND ACCOUNTING PROFIT				
Profit before tax	893,817,657	1,419,527,209	894,037,368	1,419,734,848
Income tax at the applicable rate of 25.50%	227,913,615	361,970,094	227,979,529	362,032,386
Tax effect of amounts which are not deductible / (included) in calculating taxable income:				
Non-deductible expense	100,797	761,976	100,797	761,976
Taxable loss not recognised	65,914	62,291	-	-
Interest paid	-	-	-	-
Income tax recognised in profit or loss	228,080,326	362,794,362	228,080,326	362,794,362
27/28. EARNINGS PER SHARE				
The company discloses basic and diluted earnings per share (EPS) for its ordinary shares.				
Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.				
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees.				
Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.				
Profits attributed to equity holders of the Company	660,304,119	1,056,732,847	660,523,830	1,056,940,486
Weighted average number of shares	24,295,667	15,184,792	24,295,667	15,184,792
Basic and diluted earnings per share	27.18	69.59	27.19	69.61
The company issued 6,507,767.81 numbers of shares as fully paid up bonus shares during the financial year.				
The effect of such issue on earning per share of previous year 2020-21 has been restated as follows:				
Profits attributed to equity holders of the Company	-	1,056,732,847	-	1,056,940,486
Weighted average number of shares	-	24,295,667	-	24,295,667
Restated Basic and diluted earnings per share	-	43.49	-	43.50

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28. Subsidiaries

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

NAME	PERCENTAGE OF OWNERSHIP INTEREST	
	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
Himalayan Multi Argo Ltd.	100	100
Himalayan Fisheries Ltd.	100	100

29. Dividend

For The Year Asadh 31, 2080, (July 16, 2023), the board of directors proposed for dividend of 25% of the paid-up share capital amounting to Rs. 607,391,662.50 which consists of 10% bonus shares amounting to Rs. 242,956,665.00 and 15% final cash dividend amounting to Rs. 364,434,997.50 (inclusive of dividend tax).

For the year ended Ashad 32, 2079 (July 16, 2022), the board of directors proposed for dividend of 70% of the paid-up share capital amounting to Rs. 1,062,935,409.38 which consists of 60% bonus shares amounting to Rs. 911,087,493.75 and 10% final cash dividend amounting to Rs. 151,847,915.63 (Inclusive of dividend tax).

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

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

31. Financial instrument and related disclosures

a. Capital management.

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

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

b. Category of financial instrument

Amount in Rs.

	AS AT ASHAD 31, 2080 (JULY 16, 2023)		AS AT ASHAD 32, 2079 (JULY 16, 2022)	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial assets				
Measured at amortized cost				
Trade receivables	1,962,176,573	1,962,176,573	1,150,583,354	1,150,583,354
Cash and cash equivalents & other Bank Balances	546,557,781	546,557,781	1,116,865,702	1,116,865,702
Total financial assets	2,508,734,354	2,508,734,354	2,267,449,055	2,267,449,055
Financial liabilities – measured at amortized cost				
Borrowings	-	-		
Lease payables	2,421,084	2,421,084	12,239,370	12,239,370
Trade payables	115,303,794	115,303,794	78,285,481	78,285,481
Other financial liabilities	45,286,544	45,286,544	44,149,612	44,149,612
Total financial liabilities	163,011,421	163,011,421	134,674,462	134,674,462

c. Financial risk management

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

Market risk

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term/demand loan with variable interest rates. The balance of term loans at the end of the year is Rs. Nil (2021-22: Rs. Nil) and short-term and demand loan is Rs. Nil (2021-22: Rs. Nil). The Group manages its interest rate risk by monitoring and managing cash flows and negotiating favorable rates on borrowings and deposits.

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year would decrease/increase by Rs. 169,306 (2021-22: Rs. 48,995).

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

The Group is not an active investor in equity markets.

Liquidity risk

The Group's current assets aggregate to Rs. 3,059,915,612 (2021-22: Rs. 2,557,777,698) including cash and cash equivalent and other bank balances of Rs. 546,557,781 (2021-22: Rs. 1,116,865,702) against the aggregate current liabilities of Rs. 283,175,765 (2021-22: Rs. 306,292,468) including term loan maturing within one year from the reporting date of Rs. Nil (2021-22: Rs. Nil).

Further the Group has access to undrawn borrowing facilities from banks of Rs. 375,000,000 (2021-22: Rs. 375,000,000) as at the reporting date. In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its liabilities as they become due does not exist.

Credit risk management

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

The Group extends credit to its customers keeping in view its business interest in accordance with the Group's credit policy. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Group's exposure, as on the reporting date, net of loss allowance stood at Rs. 1,962,176,573 (2021-22: Rs. 1,150,583,354).

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

d. Fair value

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

Amount in Rs.

	FAIR VALUE HIERARCHY (LEVEL)	AS AT ASHAD 31, 2080 (JULY 16, 2023)	AS AT ASHAD 32, 2079 (JULY 16, 2022)
Financial liabilities			
Measured at amortized cost			
Borrowings	3		
Lease payables	3	1,742,797	9,138,595
Total financial liabilities		1,742,797	9,138,595

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

An explanation of each level is provided below:

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

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

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

32. Related party disclosures

Names of related parties and description of relationship

a. Subsidiary

- Himalayan Multi Agro Limited (100%)
- Himalayan Fisheries Limited (100%)

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

- Jawalakhel Group of Industries Pvt. Ltd.
- JGI Distribution Pvt. Ltd.
- Rolling River Distillers Pvt. Ltd.
- Asian Distillery Pvt. Ltd.
- Food and Beverage Technology Research Centre Pvt. Ltd.
- Vijay Distillery Pvt. Ltd.
- R & R Suppliers Pvt. Ltd.
- Raj Brewery Pvt. Ltd.
- Majestic Ventures P. Ltd.

c. Key management personnel

- | | |
|--------------------------------|-------------------------|
| ■ Mr. Akhileshwar Prasad Singh | Chairperson |
| ■ Mr. Narendra Kumar Basnyat | Director |
| ■ Mr. Shanker Raj Pandey | Director |
| ■ Mr. Santoo Shrestha | Director |
| ■ Mrs. Yangkila (Sherpa) Ruit | Director |
| ■ Mr. Prakash Mani Ghimire | Independent Director |
| ■ Mr. Niraj Subedi | Chief Executive Officer |

Summary of the transactions with related parties

Amount in Rs.

	FOR THE YEAR ENDED	
	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
Sale of goods		
JGI Distribution Pvt. Ltd.	5,501,923,577	7,232,721,449
Rolling River Distillers Pvt. Ltd.	289,816,362	525,953,042
Food & Beverage Technology Research Centre Pvt. Ltd.	92,886	
Vijay Distillery Pvt. Ltd.	472,852,116	589,596,489
Purchase of goods		
Rolling River Distillers Pvt. Ltd.	18,878	11,445,093
Food & Beverage Technology Research Centre Pvt. Ltd.	261,638,804	322,484,284
Vijay Distillery Pvt. Ltd.	2,711,785	20,358,866
Purchase of services		
Jawalakhel Group of Industries Pvt. Ltd.		
Food & Beverage Technology Research Centre Pvt. Ltd.	137,069,944	172,532,452
JGI Distribution Pvt. Ltd.	370,274,415	49,514,535
Royalty income		
Rolling River Distillers Pvt. Ltd.	44,681,906	80,620,314
Vijay Distillery Pvt. Ltd.	41,041,058	55,010,797
Sale of Property, Plant & Equipment		
Vijay Distillery Pvt. Ltd.	131,520	
Reimbursement of Expenses		
Jawalakhel Group of Industries Pvt. Ltd.	34,769,734	35,168,115
Advance Given		
Himalayan Multi Agro Limited	127,689	46,672
Himalayan Fisheries Limited	102,340	216,202
Purchase of Property Plant & Equipment		
Jawalakhel Group Of Industries Pvt. Ltd		133,190
Dividend Paid		
Food & Beverage Technology Research Centre Pvt. Ltd.	157,048,369	128,202,750
Majestic Ventures Pvt. Ltd.	25,633,125	20,925,000
R & R Suppliers Pvt. Ltd.	126,437,455	103,214,250

Summary of closing balances with related parties

Amount in Rs.

	FOR THE YEAR ENDED	
	ASHAD 31, 2080 (JULY 16, 2023)	ASHAD 32, 2079 (JULY 16, 2022)
Trade receivables		
JGI Distribution Pvt. Ltd.	1,960,892,905	1,147,289,906
Food & Beverage Technology Research Centre Pvt. Ltd.	(65,012,207)	-
Advances		
Himalayan Multi Agro Limited	22,75,828	2,148,139
Himalayan Fisheries Limited	19,48,992	1,938,752

Transaction with key management personnel

Meeting fees paid to chairperson and directors during the year amount to Rs. 1,167,000 (2021-22: Rs. 906,000). Cash Dividend of Rs. 739,725 (2021-22: 1,056,750) and dividend in the form of bonus shares amounting to Rs. 4,438,350 (2021-22: Rs. 3,170,250) were also paid during the year.

Meeting fees paid to Independent Director during the year amount to Rs. 185,000 (2021-22: Rs. 75,000).

Salary and Allowance to related persons

Amount in Rs.

NAMES	SALARY AND OTHER BENEFITS
Mr. Laxman Kafle (Former Acting CEO)	8,975,366
Mr. Mahesh Prasad Pokharel (Former CEO)	7,209,344

33. Commitment and contingencies

a. Capital Commitment

Amount for contracts remaining to be executed on capital account as on Ashad 31, 2080 (July 16, 2023) Rs. Nil (2021-22: Rs. Nil).

b. Contingent liabilities

The Company has received a demand for additional income tax from the Large Taxpayers' Office for the financial year 2061-62, 2062-63 and 2074-75 amounting to Rs. 96,141,554 (2021-22: Rs. 8,478,212), additional VAT for financial year 2058-59, 2061-62, 2068-69 and 2074-75 amounting to Rs. 32,504,824 (2021-22: Rs. 32,504,824) and excise duty for fiscal year 2061-62 amounting to Nil (2078.79: Rs. 27,77,779) which is under legal proceedings with the appropriate authorities. The Company has deposited Rs. 37,548,142 (2021-22: Rs. 20,193,142) for appeals. However, if the verdict from the authorities doesn't come in favor of the company, an additional fine and interest will be charged in the above amounts. Further, the company has received the order from the labor court for the payment of compensation to labor, the estimated amount of compensation is Rs 12,062,605. However, the company obtained the stay order from Honorable Supreme court. The details of contingent liabilities and deposits are as follows:

Amount in Rs.

NATURE	FISCAL YEAR	AUTHORITY	ASHAD 31, 2080 (16, JULY 2023)		ASHAD 32, 2079 (16, JULY 2022)	
			CONTINGENT LIABILITIES AS PER ASSESSMENT ORDER (RS.)	DEPOSIT FOR APPEAL (RS.)	CONTINGENT LIABILITIES AS PER ASSESSMENT ORDER (RS.)	DEPOSIT FOR APPEAL (RS.)
VAT	2058/59	Supreme Court	291,696	97,232	291,696	97,232
VAT	2061/62	Supreme Court	2,045,999	1,023,000	2,045,999	1,023,000
VAT	2068/69	Inland Revenue Department	30,167,129	12,056,000	30,167,129	12,056,000
Excise	2061/62	Supreme Court	-	2,777,779	2,777,779	2,777,779
Income Tax	2061/62	Supreme Court	7,319,062	3,659,531	7,319,062	3,659,531
Income Tax	2062/63	Supreme Court	1,159,150	579,620	1,159,150	579,620
Income Tax	2074/75	Inland Revenue Department	87,663,342	17,355,000	-	-
Labor wage	2016 to Till Date	Parsa District Court	12,062,605	-	10,148,065	-
Total			141,008,983	37,548,162	53,908,880	20,193,162

34. Interim Reporting

Interim reports have been publicly reported for each public company in the group, in accordance with the requirement of SEBON and NEPSE. These requirements are materially aligned with the requirements of NAS 34. Consolidated interim results have not been published.



A QUALITY PRODUCT OF
HIMALAYAN DISTILLERY



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OAK**

PREMIUM BLENDED MALT



*Enjoy Responsibly

CRAFTED TO PERFECTION

G. Paudyal & Associates

Chartered Accountants

ICAN Regd. No.: 307

PAN : 602785567

5th Floor, Tewa Tower

Teku, Kathmandu

Tel: 01-4233709

Website: www.gpa.com.np

Email: info.gpa@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIMALAYAN MULTI AGRO LIMITED

Reports on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Himalayan Multi Agro Limited** ('the company') which comprise the balance sheet as at **31 Ashad 2080, (16 July, 2023)**, the income statement the statement of changes of equity, statement of cash flow for the year ended and significant accounting policies and notes to the accounts.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at **31 Ashad 2080 (16 July, 2023)** and its financial performance and its cash flow for the year ended in accordance with Generally Accepted Accounting Policies (GAAP).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Company in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended on **31 Ashad 2080** (corresponding to **16 July, 2023**). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no key matter to communicated in our report.

Information Other Than the Financial Statements and Auditor's report thereon.

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not included the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the GAAP, and for such internal control as management determines is necessary to enable preparation of the financial statements that are free from material misstatements, 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 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.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial 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 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 circumstances, but not for the purpose 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 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 disclosure in the financial statement or, if such disclosure 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 as a going concern.
- Evaluate the overall presentation of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

On the basis of our examination and explanations given to us, we would like to report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account subject to advance and party conformations.
- iii. The Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company.

Place: Kathmandu

Date: 2080/08/06

UDIN Number:231213CA01618Ref:N

For: G. Paudyal & Associates
Chartered Accountants


* KATHMANDU
Anoj Kumar Neupane
CA Anoj Kumar Neupane
Partner

BALANCE SHEET As at Ashad 31, 2080 (July 16, 2023)

Amount in Rs.

PARTICULAR	SCH	CURRENT YEAR	PREVIOUS YEAR
Assets			
Non-Current Assets			
Property, Plant & Equipment	1	21,100,000	21,100,000
Deferred Tax Assets		-	-
Total Non-Current Assets		21,100,000	21,100,000
Current Assets			
Cash & Cash Equivalents	2	438,269	481,525
Trade & Other Receivables			
Total Current Assets		438,269	481,525
Total Assets		21,538,269	21,581,525
Equity & Liabilities			
Equity			
Share Capital	3	20,000,000	20,000,000
Reserve & Surplus	4	(760,159)	(590,875)
Total Equity		19,239,841	19,409,125
Current Liabilities			
Sundry Creditor			
Trade & Other Payables	5	2,298,428	2,172,399
Total Current Liabilities		2,298,428	2,172,399
Total Equity & Liabilities		21,538,269	21,581,525

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
SANTOO SHRESTHA
 DIRECTOR

.....
AKHILESHWAR P. SINGH
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
 G. Paudyal & Associates
 Chartered Accountants

PLACE: Kathmandu

DATE: 22 November, 2023

INCOME STATEMENT For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	SCH	CURRENT YEAR	PREVIOUS YEAR
Income			
Sales Income		-	-
Less : Cost of Sales		-	-
Gross Profit		-	-
Add:			
Other Income		-	-
Less:			
Administrative Expenses	6	169,284	96,728
Financial Expenses		-	-
Depreciation Charges		-	-
Profit Before Tax		(169,284)	(96,728)
Current Tax		-	-
Deferred Tax		-	-
Net Profit/(Loss) After Tax		(169,284)	(96,728)

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
SANTOO SHRESTHA
 DIRECTOR

.....
AKHILESHWAR P. SINGH
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

PLACE: **Kathmandu**
 DATE: **22 November, 2023**

CASH FLOW STATEMENT

For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) after Tax	(169,284)	(96,728)
Add: Depreciation Charges	-	-
Net Cash Flow Before Changes in Working Capital	(169,284)	(96,728)
Interest Paid	-	-
Changes in Working Capital	126,029	48,332
Net Cash Flow From Operating Activities	(43,255)	(48,396)
B. Cash Flow From Investing Activities		
Sales of Fixed Assets	-	-
Purchase of Fixed Assets	-	-
Net Cash Flow From Investing Activities	-	-
C. Cash Flow From Financing Activities		
Increase/(Decrease) in Share Capital	-	-
Increase/(Decrease) in Bank Loans	-	-
Net Cash Flow From Financing Activities	-	-
Net Cash Flow	(43,255)	(48,396)
Add: Opening Cash & Bank Balance	481,524	529,920
Closing Cash & Bank Balance	438,269	481,524

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
FINANCE MANAGER

.....
SANTOO SHRESTHA
DIRECTOR

.....
AKHILESHWAR P. SINGH
CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
DIRECTOR

.....
CA Anoj Kumar Neupane
PARTNER
G. Paudyal & Associates
Chartered Accountants

PLACE: Kathmandu

DATE: 22 November, 2023

STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULARS	EQUITY SHARE	SHARE PREMIUM	REVALUATION RESERVE	ACCUMULATED PROFIT/(LOSS)	TOTAL
Balance As on 31.03.2078	20,000,000	-	-	(494,147)	19,505,853
Profit / (Loss) for the year	-	-	-	(96,728)	(96,728)
Issue of Share Capital	-	-	-	-	-
Balance As on 32.03.2079	20,000,000	-	-	(590,875)	19,409,125
Profit / (Loss) for the year	-	-	-	(169,284)	(169,284)
Issue of Share Capital	-	-	-	-	-
Balance As on 31.03.2080	20,000,000	-	-	(760,159)	19,239,841

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
Santoo Shrestha
 DIRECTOR

.....
Akhileshwar P. Singh
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

PLACE: **Kathmandu**
 DATE: **22 November, 2023**

PROPERTY, PLANT & EQUIPMENT

For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	RATE	OPENING BALANCE	ADDITION DURING THE YEAR			DISPOSAL	TOTAL	DEPRECIATION	CLOSING BALANCE
			SHRAWAN TO POUSH	MAGH TO CHAITRA	BAISAKH TO ASADH				
Land		21,100,000					21,100,000		21,100,000
Total		21,100,000	-	-	-	-	21,100,000		21,100,000

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS

For the Year Ended 31 Ashad, 2080 (16 July, 2023)

CASH & BANK Schedule -2

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Cash-in-Hand (as certified by the Management)	1,132	2,800
Bank Balances:		
Citizens Bank International Ltd.	437,137	478,725
Total	438,269	481,525

SHARE CAPITAL Schedule -3

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Authorised Capital		
2,000,000 no. of shares of Rs. 100 each	200,000,000	200,000,000
Issued Capital		
1,000,000 nos. of shares of Rs. 100 each	100,000,000	100,000,000
Paid Up Capital		
5,00,000 nos. of shares of Rs. 100 each Rs. 40 paid up	20,000,000	20,000,000
Total	20,000,000	20,000,000

RESERVE & SURPLUS Schedule -4

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit/(Loss) upto Previous Year	(590,875)	(494,147)
Profit/(Loss) for the Year	(169,284)	(96,728)
Total	(760,159)	(590,875)

TRADE & OTHER PAYABLES Schedule -5

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
TDS Payable	300	1,961
Audit Fee Payable	22,300	22,300
Other Payable	2,275,828	2,148,139
Total	2,298,428	2,172,399

ADMINISTRATIVE EXPENSES Schedule -6

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Audit Fee	22,600	22,600
Legal Expenses	8,000	9,450
Notice & Publicaiton Expenses	11,200	18,306
Other Expenses	1,456	-
Registration & Renewal Expenses	126,028	46,372
Total	169,284	96,728

G. Paudyal & Associates

Chartered Accountants

ICAN Regd. No.: 307

PAN : 602785567

5th Floor, Tewa Tower

Teku, Kathmandu

Tel: 01-4233709

Website: www.gpa.com.np

Email: info.gpaca@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HIMALAYAN FISHERIES LIMITED

Reports on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Himalayan Fisheries Limited** ("the company") which comprise the balance sheet as at **31 Ashad 2080, (16 July, 2023)**, the income statement the statement of changes of equity, statement of cash flow for the year ended and significant accounting policies and notes to the accounts.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at **31 Ashad 2080 (16 July, 2023)** and its financial performance and its cash flow for the year ended in accordance with Generally Accepted Accounting Policies (GAAP).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Company in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended on **31 Ashad 2080 (corresponding to 16 July, 2023)**. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no key matter to communicate in our report.

Information Other Than the Financial Statements and Auditor's report thereon.

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the GAAP, and for such internal control as management determines is necessary to enable preparation of the financial statements that are free from material misstatements, 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 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.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and



are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial 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 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 circumstances, but not for the purpose 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 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 disclosure in the financial statement or, if such disclosure 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 as a going concern.
- Evaluate the overall presentation of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

On the basis of our examination and explanations given to us, we would like to report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account subject to advance and party conformations.
- iii. The Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company.

Place: Kathmandu

Date: 2080/08/06

UDIN Number:231213CA016187E7IV

For: G. Paudyal & Associates
Chartered Accountants


CA Anoj Kumar Neupane
Partner

BALANCE SHEET As at Ashad 31, 2080 (July 16, 2023)

Amount in Rs.

PARTICULAR	SCH	CURRENT YEAR	PREVIOUS YEAR
Assets			
Non-Current Assets			
Property, Plant & Equipment	1	82,519,250	82,519,250
Deferred Tax Assets		-	-
Total Non-Current Assets		82,519,250	82,519,250
Current Assets			
Cash & Cash Equivalents	2	72,189	115,401
Trade & Other Receivables			
Total Current Assets		72,189	115,401
Total Assets		82,591,439	82,634,651
Equity & Liabilities			
Equity			
Share Capital	3	81,100,000	81,100,000
Reserve & Surplus	4	(480,153)	(429,725)
Total Equity		80,619,848	80,670,275
Current Liabilities			
Trade & Other Payables	5	1,971,592	1,964,376
Total Current Liabilities		1,971,592	1,964,376
Total Equity & Liabilities		82,591,439	82,634,651

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
SANTOO SHRESTHA
 DIRECTOR

.....
AKHILESHWAR P. SINGH
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

PLACE: **Kathmandu**
 DATE: **22 November, 2023**

INCOME STATEMENT

For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	SCH	CURRENT YEAR	PREVIOUS YEAR
Income			
Sales Income		-	-
Less : Cost of Sales			
Gross Profit		-	-
Add:			
Other Income		-	-
Less:			
Administrative Expenses	6	50,428	110,910
Financial Expenses		-	-
Depreciation Charges		-	-
Profit Before Tax		(50,428)	(110,910)
Current Tax		-	-
Deferred Tax		-	-
Net Profit/(Loss) After Tax		(50,428)	(110,910)

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
SANTOO SHRESTHA
 DIRECTOR

.....
AKHILESHWAR P. SINGH
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

PLACE: Kathmandu

DATE: 22 November, 2023

CASH FLOW STATEMENT For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
A. Cash Flow From Operating Activities		
Net Profit/(Loss) after Tax	(50,428)	(110,910)
Add: Depreciation Charges	-	-
Net Cash Flow Before Changes in Working Capital	(50,428)	(110,910)
Interest Paid	-	-
Changes in Working Capital	7,216	(31,880,774)
Net Cash Flow From Operating Activities	(43,212)	(31,991,684)
B. Cash Flow From Investing Activities		
Sales of Fixed Assets	-	-
Purchase of Fixed Assets	-	-
Net Cash Flow From Investing Activities	-	-
C. Cash Flow From Financing Activities		
Increase/(Decrease) in Share Capital	-	32,100,000
Increase/(Decrease) in Bank Loans	-	-
Net Cash Flow From Financing Activities	-	32,100,000
Net Cash Flow	(43,212)	108,316
Add: Opening Cash & Bank Balance	115,401	7,085
Closing Cash & Bank Balance	72,189	115,401

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
SANTOO SHRESTHA
 DIRECTOR

.....
AKHILESHWAR P. SINGH
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
 G. Paudyal & Associates
 Chartered Accountants

PLACE: **Kathmandu**
 DATE: **22 November, 2023**

STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULARS	EQUITY SHARE	SHARE PREMIUM	REVALUATION RESERVE	ACCUMULATED PROFIT/(LOSS)	TOTAL
Balance As on 31.03.2078	49,000,000	-	-	(318,815)	48,681,185
Profit / (Loss) for the year	-	-	-	(110,910)	(110,910)
Issue of Share Capital	32,100,000	-	-	-	32,100,000
Balance As on 32.03.2079	81,100,000	-	-	(429,725)	80,670,275
Issue of Share Capital	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	(50,428)	(50,428)
Balance As on 31.03.2080	81,100,000	-	-	(480,153)	80,619,848

Significant Accounting Policies and Notes to Accounts 7

Schedule 1 to 7 form an integral part of the Financial Statements

As per our report of even date

.....
JEEVAN PANDAY
 FINANCE MANAGER

.....
Santoo Shrestha
 DIRECTOR

.....
Akhileshwar P. Singh
 CHAIRPERSON

.....
PRAKASHMANI GHIMIRE
 DIRECTOR

.....
CA Anoj Kumar Neupane
 PARTNER
G. Paudyal & Associates
 Chartered Accountants

PLACE: Kathmandu

DATE: 22 November, 2023

PROPERTY, PLANT & EQUIPMENT For the Year Ended 31 Ashad, 2080 (16 July, 2023)

Amount in Rs.

PARTICULAR	RATE	OPENING BALANCE	ADDITION DURING THE YEAR			DISPOSAL	TOTAL	DEPRECIATION	CLOSING BALANCE
			SHRAWAN TO POUSH	MAGH TO CHAITRA	BAISAKH TO ASADH				
Land		82,519,250					82,519,250		82,519,250
Total		82,519,250	-	-	-	-	82,519,250		82,519,250

SCHEDULE FORMING PART OF FINANCIAL STATEMENTS For the Year Ended 31 Ashad, 2080 (16 July, 2023)**CASH & BANK** Schedule -2

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Cash-in-Hand (as certified by the Management)	76	2,400
Bank Balances:		
Citizens Bank International Ltd.	72,113	113,001
Total	72,189	115,401

SHARE CAPITAL Schedule -3

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Authorised Capital		
15,00,000 no. of shares of Rs. 100 each	150,000,000	150,000,000
Issued Capital		
15,00,000 no. of shares of Rs. 100 each	150,000,000	150,000,000
Paid Up Capital		
8,11,000 no. of shares of Rs. 100 each	81,100,000	81,100,000
Total	81,100,000	81,100,000

RESERVE & SURPLUS Schedule -4

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Profit/(Loss) upto Previous Year	(429,725)	(318,815)
Profit/(Loss) for the Year	(50,428)	(110,910)
Total	(480,153)	(429,725)

TRADE & OTHER PAYABLES Schedule -5

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
TDS Payable	300	3,324
Audit Fee Payable	22,300	22,300
Other Payable	1,948,992	1,938,752
Total	1,971,592	1,964,376

ADMINISTRATIVE EXPENSES Schedule -6

Amount in Rs.

PARTICULAR	CURRENT YEAR	PREVIOUS YEAR
Audit Fee	22,600	22,600
Legal Expenses	6,000	18,000
Notice & Publication Expenses	11,200	24,408
Other Expenses	1,456	-
Rent	-	-
Registration & Renewal Expenses	9,172	45,902
Total	50,428	110,910

सूचिकृत संगठित संस्थाहरूको संस्थागत सुशासन सम्बन्धि निर्देशिका २०७४ को निर्देशन नं. २० (३) तथा २० (४) प्रयोजनार्थ प्रतिवेदनको शारंश ।

- (क) ऐन, नियमावली तथा नियमातकारी निकायबाट समय समयमा जारी भएका निर्देशन तथा निर्देशिका बमोजिम गर्नु पर्ने कुरा पालना भए/नभएको: पालना भएको ।
- (ख) नियमनकारी निकायले ईजाजत जारी गर्दा तोकेंका शर्तहरू पालना भए/नभएको: पालना गरिएको ।
- (ग) नियमनकारी निकायले संस्थाको नियमन, निरिक्षण वा सुपरिवेक्षण गर्दा सम्बन्धित संस्थालाई दिएको निर्देशन: पालना भएको।
- (घ) पछिल्लो वार्षिक/विशेष साधारण सभा भएको मिति: मिति २०७९ पौष २७ गते सम्पन्न भएको ।
- (ङ) कर्मचारीहरूको संरचना, पदपूर्ति, वृत्ति विकास, तालिम, तलव भत्ता तथा अन्य सुविधा, हाजिर र विदा आचार संहिता लगायतका कुराहरू समेत समेटिएका कर्मचारी सेवा शर्त विनियमावली/व्यवस्था भए नभएको: यस कम्पनीको संचालक समितिबाट निर्णय भई कर्मचारीहरूको संरचना, पदपूर्ति, वृत्ति विकास, तालिम तथा अन्य सुविधा, हाजिर र विदा आचारसंहिता लगायतका कुराहरू समेत समेटिएका कर्मचारी सेवा शर्त विनियमावली (HR & Administrative Manual) लागु भएको ।
- (च) आर्थिक प्रशासन विनियमावली भए नभएको: लेखा सम्बन्धि म्यानुअल (Financ Manual) संचालक समितिबाट स्वीकृत भई लागु गरिएको ।
- (छ) आन्तरिक नियन्त्रण कार्यविधि भए/नभएको: कम्पनीको संचालक समितिबाट HR & Administrative Manual, Finance Manual, Procurement Manual, Information Technology (IT) Policy स्वीकृत गरि लागु गरिएको साथै वाह्य छुट्टै स्वतन्त्र लेखा परीक्षकको नियुक्ती गरि त्रैमासिक रुपमा कम्पनीको आर्थिक तथा अन्य गतिविधिहरूको परीक्षण गराई आन्तरिक नियन्त्रण प्रणालीलाई मजबुद राख्ने गरिएको । यसरी वाह्य लेखा परीक्षकले त्रैमासिक रुपमा लेखा परीक्षण गरी उपलब्ध गराएको प्रतिवेदनमा लेखा सम्बन्धिमा छलफल भई संचालक समितिले निर्णय गरे अनुसार गर्ने गरिएको ।
- (ज) आन्तरिक नियन्त्रण प्रणालीका लागि कुनै समिति गठन भए/नभएको, गठन नभएको भए सो को कारण: आन्तरिक नियन्त्रण प्रणाली सम्बन्धि छुट्टै समिति गठन नभए पनि माथि बुदां नं. (छ) मा उल्लेख भएको पद्धतीद्वारा कार्य गर्ने गरिएको हुनाले छुट्टै समितिको आवश्यक महसुस नगरिएको ।

हिमालयन डिष्टिलरी लिमिटेड (लि.नं. ५७५)

प्रबन्ध पत्रको दफा ५(क), ५(ख) र ५(ग) मा कायम भएको संसोधित व्यवस्था:

दफा ५(क) मा कायम संसोधित व्यवस्था:

कम्पनीको अधिकृत पूँजी रु. ३,००,००,००,०००।०० (तीन अरब) हुनेछ। उक्त पूँजी लाई रु. १००।०० का दरले ३,००,००,००० (तीन करोड) थान साधारण शेयरमा विभाजन गरिएको छ। हाल प्रिफरेन्स शेयर सम्बन्धि कुनै व्यवस्था गरिएको छैन।

दफा ५(ख) मा कायम संसोधित व्यवस्था:

कम्पनीको जारी पूँजी र चुक्ता पूँजी रु. २,६७,२५,२३,३१५।०० (दुई अरब सतसठ्ठी करोड पच्चिस लाख तेईस हजार तीन सय पन्ध्र मात्र) हुनेछ।

दफा ५(ग) मा कायम संसोधित व्यवस्था:

कम्पनीको जारी पूँजी मध्ये २,६७,२५,२३,३१५ थान साधारण शेयरमा विभाजन गरिएको छ।

हिमालयन डिष्टिलरी लिमिटेड (लि.नं. ५७५)

नियमावलीको नियम ५(क), ५(ख), ५(घ) र ५(ङ) मा कायम भएको संसोधित व्यवस्था:

नियमावलीको नियम ५(क) मा कायम संसोधित व्यवस्था:

कम्पनीको अधिकृत पूँजी रु. ३,००,००,००,०००।०० (तीन अरब) हुनेछ।

नियमावलीको नियम ५(ख)मा कायम संसोधित व्यवस्था:

कम्पनीको जारी पूँजी र चुक्ता पूँजी रु. २,६७,२५,२३,३१५।०० (दुई अरब सतसठ्ठी करोड पच्चिस लाख तेईस हजार तीन सय पन्ध्र मात्र) हुनेछ।

नियमावलीको नियम ५(घ) मा कायम संसोधित व्यवस्था:

कम्पनीले आफ्नो जारी पूँजीलाई २,६७,२५,२३,३१५ कित्ता साधारण शेयर विभाजन गरी जारी गर्नेछ। हाल प्रिफरेन्स शेयर सम्बन्धि व्यवस्था गरिएको छैन।

नियमावलीको नियम ५(ङ) मा कायम संसोधित व्यवस्था:

कम्पनीले तत्काल जारी गरेको पूँजी मध्ये रु. २,६७,२५,२३३.१५ कित्ता शेयर सर्व साधारण शेयरधनीहरूले ग्रहण गर्नेछन।

प्रवन्ध पत्रको दफा ५ (क), (ख) र (ग) मा तथा नियमावलीको नियम ५(क), (ख), ५(घ), ५(ङ), कायम भएको संशोधित व्यवस्था सम्बन्धमा खडा गरिएको तीन महले :

साविकमा भएको व्यवस्था	हाल कायम गरिएको व्यवस्था	कारण
<p>प्रवन्ध पत्रको दफा ५(क) मा कायम व्यवस्था:</p> <p>कम्पनीको अधिकृत पूँजी रु. २,५०,००,००,०००।०० (दुई अरब पचास करोड) हुनेछ। उक्त पूँजी लाई रु. १००।०० का दरले २,५०,००,००० (दुई करोड पचास लाख) थान साधारण शेयरमा विभाजन गरिएको छ। हाल प्रिफरेन्स शेयर सम्बन्धि कुनै व्यवस्था गरिएको छैन।</p>	<p>प्रवन्ध पत्रको दफा ५(क) मा कायम संशोधित व्यवस्था: कम्पनीको अधिकृत पूँजी रु. ३,००,००,००,०००।०० (तीन अरब) हुनेछ। उक्त पूँजीलाई रु. १००।०० का दरले ३,००,००,००० (तीन करोड) थान साधारण शेयरमा विभाजन गरिएको छ। हाल प्रिफरेन्स शेयर सम्बन्धि कुनै व्यवस्था गरिएको छैन।</p>	<p>कम्पनीले वोनस शेयर वितरण गर्दा साविकको अधिकृत पुर्जी भन्दा कम्पनीको पुर्जी बढ्न जाने भएकाले।</p>
<p>प्रवन्ध पत्रको दफा ५(ख) मा कायम व्यवस्था:</p> <p>कम्पनीको जारी पूँजी रु. २,४२,९५,६६,६५०।०० (दुई अरब वयालीस करोड पन्चानब्बे लाख छयासाठी हजार छ सय पचास मात्र) हुनेछ। कम्पनीको चुक्ता पूँजी रु. २,४२,९५,६६,६५०।०० (दुई अरब वयालीस करोड पन्चानब्बे लाख छयासाठी हजार छ सय पचास मात्र) हुनेछ।</p>	<p>प्रवन्ध पत्रको दफा ५(ख)मा कायम संशोधित व्यवस्था: कम्पनीको जारी पूँजी र चुक्ता पूँजी रु. २,६७,२५,२३,३१५।०० (दुई अरब सतसठ्ठी करोड पचिस लाख तेईस हजार तीन सय पन्ध्र मात्र) हुनेछ।</p>	<p>बोनस शेयर वितरण गर्दा जारी पूँजी बढाउनु पर्ने आवश्यकता भएकोले।</p>
<p>प्रवन्ध पत्रको दफा ५(ग) मा कायम व्यवस्था:</p> <p>कम्पनीको जारी पूँजी मध्ये रु. २,४२,९५,६६,६५०।०० (दुई अरब वयालीस करोड पन्चानब्बे लाख छयासाठी हजार छ सय पचास मात्र) को साधारण शेयर हुनेछ।</p>	<p>प्रवन्ध पत्रको दफा ५(ग) मा कायम संशोधित: कम्पनीको जारी पूँजी मध्ये रु. २,६७,२५,२३,३१५ थान साधारण शेयरमा विभाजन गरिएको छ।</p>	<p>बोनस शेयर वितरण गरेकोले संशोधन गर्न आवश्यक भएको।</p>
<p>नियमावलीको नियम ५(क) मा कायम व्यवस्था:</p> <p>कम्पनीको अधिकृत पूँजी रु. रु. २,५०,००,००,०००।०० (दुई अरब पचास करोड) हुनेछ।</p>	<p>नियमावलीको नियम ५(क) मा कायम संशोधित व्यवस्था: कम्पनीको अधिकृत पूँजी रु. ३,००,००,००,०००।०० (तीन अरब) हुनेछ।</p>	<p>कम्पनीले वोनस शेयर वितरण गर्दा साविकको अधिकृत पुर्जी भन्दा कम्पनीको पुर्जी बढ्न जाने भएकाले।</p>

क्रमशः

क्रमशः

साविकमा भएको व्यवस्था	हाल कायम गरिएको व्यवस्था	कारण
नियमावलीको नियम ५(ख) मा कायम व्यवस्था: कम्पनीको जारी पूँजी रु. २,४२,९५,६६,६५०।०० (दुई अरब वयालीस करोड पन्चानब्बे लाख छयासाठी हजार छ सय पचास मात्र) हुनेछ। कम्पनीको चुक्ता पूँजी रु. २,४२,९५,६६,६५०।०० (दुई अरब वयालीस करोड पन्चानब्बे लाख छयासाठी हजार छ सय पचास मात्र) हुनेछ।	नियमावलीको नियम ५(ख) मा कायम संसोधित व्यवस्था: कम्पनीको जारी पूँजी र चुक्ता पूँजी रु. २,६७,२५,२३,३१५।०० (दुई अरब सतसठ्ठी करोड पचिस लाख तेईस हजार तीन सय पन्ध्र मात्र) हुनेछ।	बोनस शेयर वितरण गरेकोले संसोधन गर्न आवश्यक भएको।
नियमावलीको नियम ५(घ): कम्पनीले आफ्नो जारी पूँजि मध्ये २,४२,९५,६६६.५० कित्ता साधारण शेयर विभाजन गरी जारी गर्नेछ। हाल प्रिफरेन्स शेयर सम्बन्धि व्यवस्था गरिएको छैन।	नियमावलीको नियम ५(घ) मा कायम संसोधित व्यवस्था: कम्पनीले आफ्नो जारी पूँजीलाई २,६७,२५,२३,३.१५ कित्ता साधारण शेयर विभाजन गरी जारी गर्नेछ। हाल प्रिफरेन्स शेयर सम्बन्धि व्यवस्था गरिएको छैन।	बोनस शेयर वितरण गरेकोले संसोधन गर्न आवश्यक भएको।
नियमावलीको नियम ५(ड):- कम्पनीले तत्काल जारी गरेको पूँजी मध्ये २,४२,९५,६६६.५० कित्ता शेयर सर्व साधारण शेयरधनीहरूले ग्रहण गर्नेछन।	नियमावलीको नियम ५(ड) मा कायम संसोधित व्यवस्था: कम्पनीले तत्काल जारी गरेको पूँजी मध्ये रु. २,६७,२५,२३३.१५ कित्ता शेयर सर्व साधारण शेयरधनीहरूले ग्रहण गर्नेछन।	बोनस शेयर वितरण गरेकोले संसोधन गर्न आवश्यक भएको।

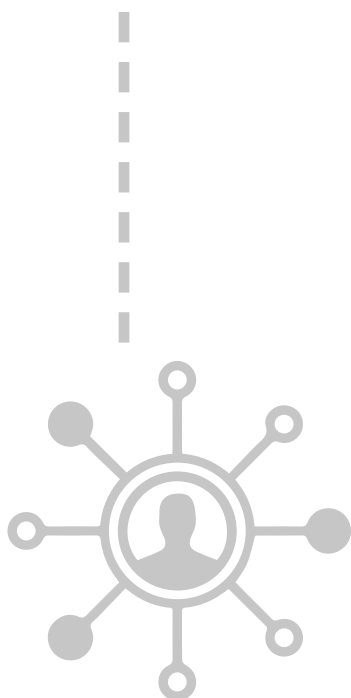
अखिलेश्वर प्रसाद सिंह
सभापति/अध्यक्ष
मिति: २०८०।०९।२५

कम्पनी सचिव
मिति: २०८०।०९।२५



Delivered about
80%
dividend in
average for the
past five years

INVESTOR'S RELATIONSHIP



HDL is one company in the Nepal Stock Exchange that has consistently delivered high returns to shareholders. The stock prices of the company have consistently remained high, despite the massive slide in the NEPSE Index. It consistently delivered 100% dividend in three consecutive years from FY 2018/19 to FY 2020/21. It distributed 70% dividends in FY 2021/22 (60% bonus and 10% cash). For the FY 2022/23 it has announced 25% dividend (10% bonus and 15% cash). The company's sound performance over the years has made it one of the strongest drivers of the manufacturing sector index. The company has 24,295,666.50 fully paid-up shares listed at the Nepal Stock Exchange.



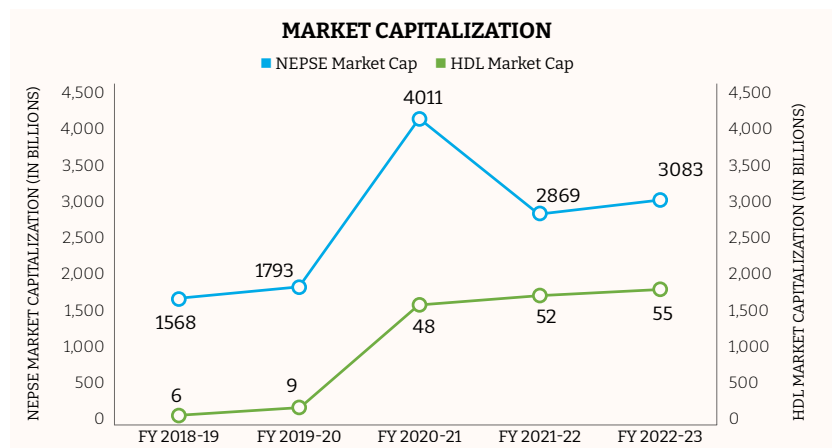
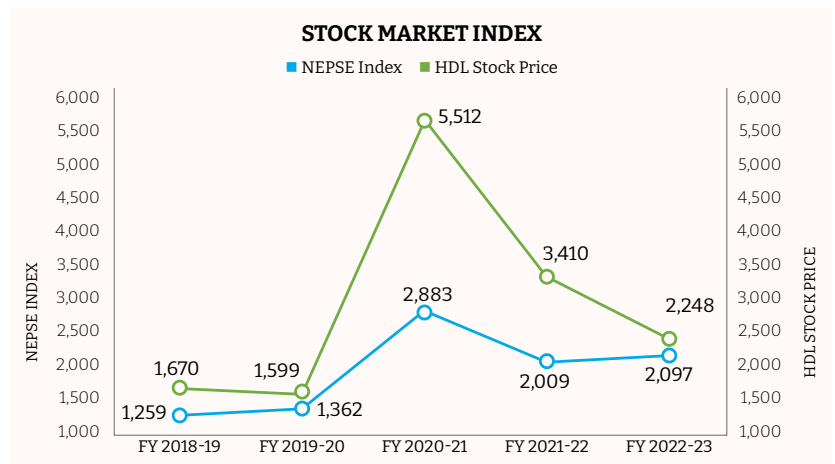
HDL stock prices rose from Rs. 1,599 in FY 2018/19 to Rs. 5,512 by the end of FY 2020/21 when the NEPSE Index had reached 2,883. HDL stock price remained at Rs. 3,410 in FY 2021/22, even after a major drop in the NEPSE Index to 2,009. The Index has shrunk further to 2,097 while HDL stock prices have remained high at Rs. 2,248 at the end of FY 2022/23.

MARKET CAPITALIZATION

HDL shares are among the most-preferred stocks in the market. Over the past five years when the overall market capitalization of NEPSE has increased from Rs. 1,568 billions to Rs. 3,083 billions, showing a CAGR of 18%, the market capitalization of HDL has increase from Rs. 6 billions to Rs. 55 billions, showing a mammoth CAGR of 74% in the same period.

CONTRIBUTION TO NATIONAL ECONOMY

HDL has remained a major taxpayer in Nepal. Its revenue grew from about Rs. 3.2 billion in FY 2018/19 to over Rs. 4 billion in FY 2021/22. However due to economic slow down in the country it's revenue decreased to Rs. 2.9 billion in 2022/23. Even in these conditions, its contributions to the national coffers have been significant. In FY 2022/23 the company paid over Rs. 2.6 billion as excise duties alone. Putting all the taxes together, HDL paid about Rs. 3.6 billion in FY 2022/23 which includes excise, Value Added Tax, custom duties, deductible taxes, and income tax. In the last five years the company has contributed approximately Rs. 20 billion to government revenue.



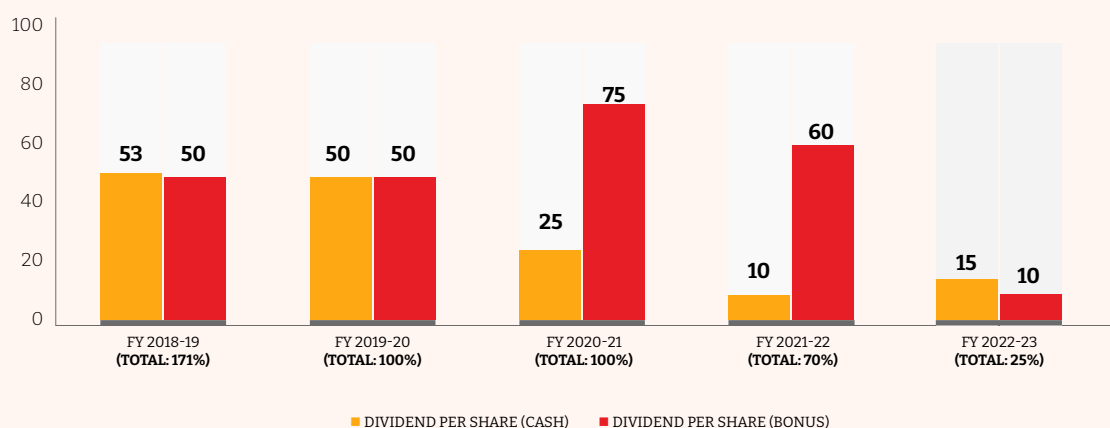
CONTRIBUTION TO NATIONAL ECONOMY

In Million

DESCRIPTION	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Revenue	3,181	2,406	3,773	4,064	2,971
DUTIES	-	-	-	-	-
Excise	3,260	2,384	2,808	3,524	2,684
VAT	383	854	832	783	535
Custom	80	79	43	64	100
TDS	44	35	62	89	88
Income Tax	255	90	421	378	223
Total Tax	4,022	3,442	4,167	4,838	3,630

DIVIDEND DISTRIBUTION (PER SHARE)

in Percentage



VALUE ADDED STATEMENT

In Thousands

PARTICULARS	FY 2022-23	% FY 2022-23	FY 2021-22	% FY 2021-22
Value Generated:				
Sales (Gross of Excise Duty)	5,654,788	146%	7,583,029	143%
Less: Cost of Bought in Materials & Services	(1,799,953)	-47%	(2,276,675)	-43%
Value Added from Operations	3,854,835		5,306,354	
Add: Other Income	10,508	0.3%	5,339	0.1%
Gross Value Added	3,865,344	100%	5,311,694	100%
Value Applied:				
Towards Employees	230,866	6%	310,159	6%
Towards Directors	1,167	0.0%	906	0.0%
Towards Government	2,917,788	75%	3,886,703	73%
Towards Shareholders	1,062,935	27%	867,702	16%
Towards Providers of Finance	4,510	0.1%	2,157	0.0%
Towards Entity	(351,923)	-9%	244,067	5%
Gross Value Added	3,865,344	100%	5,311,694	100%

Unclaimed/Unpaid Dividends

The company has the following status of unpaid/unclaimed dividend at the end of FY 2022-23:

PARTICULARS	UNPAID AMOUNT (RS.)
Unpaid Dividend (FY 2013/14 & FY 2014/15)	1,455,522.24
Unpaid Dividend FY 2015/16 onwards	24,260,411.30

The detail of Rs. 24,260,411.30 is as follows:

YEAR	UNPAID/UNCLAIMED DIVIDEND AMOUNT
2015/16	1,049,000.00
2016/17	941,740.00
2017/18	826,200.75
2017/18 (Interim)	2,677,504.99
2018/19	2,059,220
2019/20	6,316,515
2020/21	5,312,090
2021/22	5,078,140.56
Total	24,260,411.30

The unclaimed dividend amount of FY 2013/14 and FY 2014/15 has been transferred to Investor Protection Fund in October 2023. The remaining unclaimed dividend from FY 2015/16 onwards has been transferred to our Share Registrar, M/s Nabil Investment Banking Limited for distribution to the shareholders. The details of unclaimed dividend can be obtained from our Share Registrar.

Shareholders Enquiries and Communication

Communication to Shareholders

HDL regularly interacts with the shareholders through various modes of communication such as its notice and publications by publishing in newspaper and also through its website www.himalayandistillery.com.

The quarterly and annual reports of the company are published in the national daily newspaper and also in the official website of the company to impart timely information about the performance of the company to its shareholders. The reports are also reported to the regulatory authorities such as Securities Board of Nepal (SEBON) and Nepal Stock Exchange (NEPSE).

Redressal of Shareholder's Complaints

Shareholder can file any queries directly to grievance handling officer or through Share Registrar, Nabil Investment at the following address:

Grievance handling officer
Himalayan Distillery Ltd
Jawalakhel, Lalitpur, Nepal
P.O. Box: 423
Tel.: +977 01 5422010 / 01 5438875
Email: info@himalayandistillery.com

Or,

Nabil Investment Banking Limited
Narayanchaur, Naxal, Kathmandu
Email: info@nabilinvest.com.np
Tel.: +977 01 4511604 / 01 4511733, Ext.: 117, 152

Share Prices

YEAR	MAXIMUM (IN NPR)	MINIMUM (IN NPR)	CLOSING (IN NPR)	NUMBER OF TRADES	TRADED SHARES QTY	TRADING DAYS
2018-19	2,070	1,197	1,670	2,813	476,947	198
2019-20	1,989	1,123	1,599	27,445	3,303,414	175
2020-21	5,916	1,595	5,512	110,092	7,401,311	245
2021-22	7,938	2,825	3,410	162,867	5,042,125	239
2022-23	4,323	1,807	2,248	155,994	5,404,769	236

INTERIM FINANCIAL REPORT

Unaudited Statement of Financial Position for the Quarter Ended on 30th Ashwin 2080

Amount in Rs.

PARTICULARS	THIS QUARTER END	PREVIOUS QUARTER END	CORRESPONDING PREVIOUS YEAR QUARTER END
ASSETS			
NON-CURRENT ASSETS			
a) Property, plant and equipment	454,259,417	457,177,315	486,286,324
b) Capital work-in-progress	2,756,477	34,743	-
c) Intangible assets	944,127	1,007,566	821,516
d) Right to use assets	14,059,190	2,116,239	-
e) Investments	101,100,000	101,100,000	101,100,000
f) Other non-current assets	37,548,142	37,548,142	20,193,142
Total Non-Current Assets	610,667,354	598,984,006	608,400,982
CURRENT ASSETS			
a) Inventories	344,124,536	448,040,101	296,828,002
b) Financial assets			
Trade receivables	2,473,615,122	1,968,209,021	2,498,619,550
Cash and cash equivalents	88,988,825	471,051,523	338,975,564
Other bank balances	275,000,000	75,000,000	50,000,000
c) Other current assets	97,350,167	104,842,039	97,194,204
Total current assets	3,279,078,650	3,067,142,683	3,281,617,320
TOTAL ASSETS	3,889,746,004	3,666,126,689	3,890,018,302
EQUITY AND LIABILITIES			
EQUITY			
a) Equity			
Share capital	2,429,566,650	2,429,566,650	1,518,479,156
b) Other equity			
Reserves and surplus	1,030,436,551	923,312,871	1,543,367,650
Total Equity	3,460,003,201	3,352,879,521	3,061,846,807
NON-CURRENT LIABILITIES			
a) Financial liabilities			
Borrowings	-	-	-
Lease Payables	13,388,159	1,742,797	-
b) Deferred tax liabilities	28,626,768	29,499,717	32,817,279
Total Non-Current Liabilities	42,014,927	31,242,514	32,817,279
CURRENT LIABILITIES			
a) Financial Liabilities			
Borrowings	-	-	150,000,000
Trade payables	75,214,302	118,833,587	238,964,611
Other financial liabilities	64,201,966	43,806,381	70,320,752
Lease Payables	1,185,674	678,287	-
b) Other current liabilities	210,955,539	114,210,138	265,756,198
c) Current tax liabilities (net)	36,170,395	4,476,261	70,312,655
Total Current Liabilities	387,727,877	282,004,654	795,354,217
TOTAL EQUITY AND LIABILITIES	3,889,746,004	3,666,126,689	3,890,018,302

INTERIM FINANCIAL REPORT

Unaudited Statement of Profit or Loss and Other Comprehensive Income for the Quarter Ended on 30th Ashwin 2080

PARTICULARS	Amount in Rs.		
	UP TO THIS QUARTER	UP TO PREVIOUS QUARTER	CORRESPONDING PREVIOUS YEAR QUARTER END
Gross revenue from operations	971,815,391	5,654,788,560	1,382,400,383
Less: excise duties	478,706,343	2,684,274,965	626,643,877
Net sales revenue	493,109,048	2,970,513,595	755,756,506
Less: cost of goods sold	176,949,869	1,027,413,507	243,617,185
Less: manufacturing expenses	28,011,932	167,891,158	42,110,182
Gross profit	288,147,247	1,775,208,930	470,029,138
Other operating income	5,911,269	12,020,397	3,411,903
Total income from operations	294,058,516	1,787,229,327	473,441,041
Employee benefit expenses	52,206,365	229,782,466	66,995,586
Administration and other expenses	17,278,045	79,368,648	19,625,594
Selling and distribution expenses	68,292,565	527,836,325	83,044,693
Operating profit	156,281,542	950,241,889	303,775,168
Depreciation and amortisation	12,748,209	51,916,562	13,016,476
Finance costs	358,872	4,510,304	1,147,003
Profit before tax	143,174,461	893,815,023	289,611,690
Income tax expenses	37,975,067	233,697,415	73,850,981
Profit for the year	105,199,394	660,117,608	215,760,709
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(i) Remeasurements of Defined Benefit Obligations	-	-	-
(ii) Income tax credit/(charge) relating to these items	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	105,199,394	660,117,608	215,760,709
Earning per equity share (face value of Rs. 100 each)			
Basic EPS*	17.32	27.17	35.52
Diluted EPS*	17.32	27.17	35.52
Other Financial Ratios:			
PE Ratio	107.22	82.74	96.00
Net Worth Per Share	142.41	138.00	201.64
Liquidity Ratio	8.46	10.88	4.13

Notes:

- Account heads have been re-grouped/re-classified wherever necessary so as to comply with the Nepal Financial Reporting Standards (NFRS)
- EPS has been annualized wherever necessary
- Corresponding Previous Year's Basic & Diluted EPS has been restated to reflect the effect of issuance of Bonus Shares

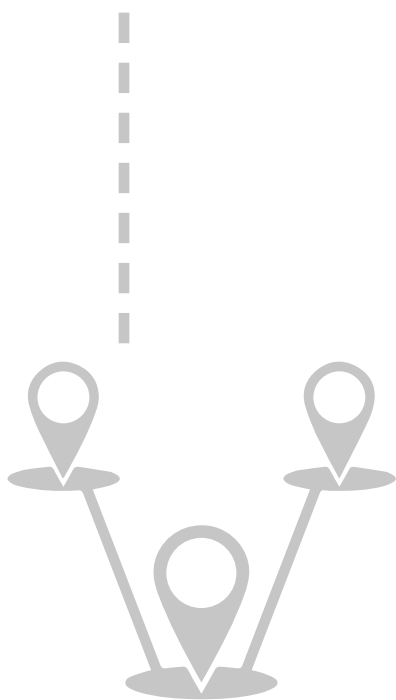


Wide distribution
network of

86

distributors, **2,326**
wholesalers &
9,044 retailers in
liquor segment

DISTRIBUTION NETWORK



All of the HDL products are distributed in the market through its national distributor - The J.G.I. Distribution Pvt. Ltd. The national distributor (JGIDPL) has a wide distribution network of distributors, wholesalers, and retailers which add up to 11,456, including distributors, wholesalers, and retailers across the country. HDL's distribution network is comprised of eight major zones of which two zones are in Kathmandu Valley, and six zones are outside Kathmandu Valley. Each zone has a clearly demarcated area, for instance, Valley-1 Includes Kathmandu West South, Bhaktapur, Banepa, Barabishche, Chairkot and Lalitpur.



Likewise, Valley -2 includes Kathmandu East, Kathmandu West North, Nuwakot and Dhading. The zonal distribution has been developed and implemented with an aim to ensure smooth flow of logistics and supply lines for HDL products. The company has a total of 86 distributors. Similarly, there are 2,326 wholesalers in the distribution network of liquor, who operate in different areas and zones.

The highest number of wholesalers operate in zones five, six and Valley. The total number of retailers involved in getting the products to consumers is 9,044. Among the different zones, Zone Two and Zone 5 include 9 and 10 different locations in the region. A clear demarcation of each zone has been provided in the following table:

Operation Route to market

ZONES	Eastern Nepal				Western Nepal			TOTAL
	VALLEY	ZONE 1	ZONE 2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	
Sales Contribution (In %)	33%	11%	11%	7%	4%	13%	22%	100%
Channel Distribution								
Distributors	15	15	13	11	7	13	12	86
Wholesalers	354	383	243	342	174	404	426	2326
OFF Trade	2620	293	321	240	320	260	376	4430
ON Trade	657	532	393	584	531	971	946	4614
Manpower								
Sales	24	9	7	6	6	8	9	69

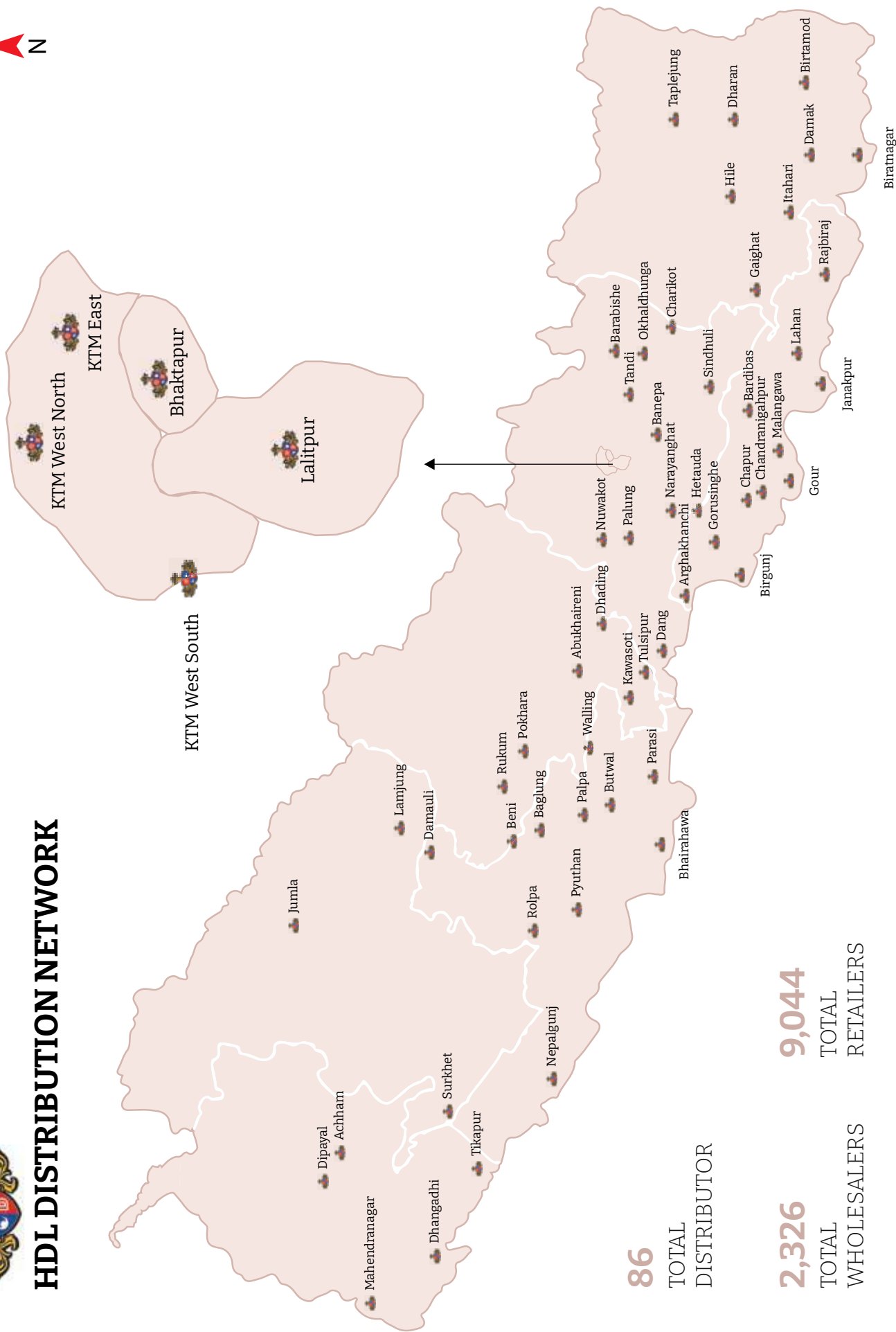
GENERAL MANAGER SALES & MARKETING

EMPLOYEE

Regional Sales Manager	2
Territory Managers	8
Sales Executive	69



HDL DISTRIBUTION NETWORK



86
TOTAL
DISTRIBUTOR

2,326
TOTAL
WHOLESALERS

9,044
TOTAL
RETAILERS

[illegible]

[illegible]

[illegible]

[illegible]

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Himalayan Distillery Ltd.

REGISTERED ADDRESS:

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CONTACT OFFICE:

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P.O. Box: 423
+977 01 5422010 / 01 5438875
info@himalayandistillery.com

www.himalayandistillery.com

BANKING PARTNER



STATUTORY AUDITOR:

G. Paudyal & Associates
Chartered Accountants