

**Deltin Nepal Private Limited**

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**Auditor's Report & Financial Statements for  
the year ended March 31, 2022**

**Deoki Bijay & Co.**

## Independent Auditors' Report to the Directors of Deltin Nepal Private Limited

### Opinion:

We have audited, the accompanying Special Purpose Financial Statements (SPFS) of M/s Deltin Nepal Private Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at March 31, 2022, and the Statement of Profit or Loss including statement of Other Comprehensive Income, Statement of Changes in Equity and statement of Cash flows attached thereto, for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SPFS read together with Notes forming part of the SPFS give the information required by the provisions of Nepal Companies Act, 2006 in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in Nepal, of the state of affairs of the Company as at March 31, 2022, its profit/loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

### Basis of Opinion:

We conducted our audit in accordance with the Nepal Standards on Auditing. Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the *Financial Statements* under the provisions of Nepal Companies Act, 2006 and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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 the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>(Refer note 2.2 for the accounting policy on revenue recognition, note 20 of the standalone financial statement for revenue recognized during the year and note 34 for disaggregate information under Revenue from contract with customers NFRS 15)</p> <p>The Company has recognized NRs.41.51 Crores as revenue from physical casinos business which requires processing of a large number of transactions each day. Further, a</p>	<p>Our audit procedures included, but were not limited, to the following:</p> <ul style="list-style-type: none"><li>• Obtained and updated our understanding of the business revenue process.</li><li>• Evaluated the design and tested the operating effectiveness of key controls over the recognition and measurement of revenue. For casino gaming business - Involved our information technology specialists to test information technology related general controls and information technology application controls relevant for revenue recognition.</li></ul>



<p>high number of sale transactions in casino business, get settled in cash which requires the auditor to put significant additional effort and procedures to obtain comfort on those transactions.</p> <p>Standards on Auditing prescribe a presumed risk of fraud in revenue recognition that revenue may be misstated through improper recognition. Given this inherent risk, we identified the occurrence of revenue as a significant risk of material misstatement.</p> <p>Considering the amounts involved, large number of transactions and significant management judgement involved, revenue recognition was considered as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"><li>• Conducted cash counts at the year end.</li><li>• For samples selected during the year and samples selected from the period before and after year end, tested supporting documents for revenue recognition including tracing of customers' cash deposits to bank statements.</li><li>• Tested, on a sample basis, the appropriateness of journal entries impacting revenue, as well as other adjustments made in the preparation of the financial statements with respect to revenue recognition including specific journals posted manually directly to revenue.</li><li>• Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable accounting standards.</li></ul>
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#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The company's Management and Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' Responsibility for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of SPFS, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- The assessment of the entity's ability to continue as a going concern, the appropriateness of the going concern basis of accounting and adequacy of related disclosures.
- Evaluate the overall presentation, structure and content of the SPFS, including the disclosures, and whether the SPFS represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion. Further we report that:

**Report on requirement of Nepal Companies Act, 2006 and other regulatory matters**

- a. We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. In our opinion, the Statement of Financial Position, Statement of Profit or Loss and Statement of Changes in Equity and statement of Cash flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information dealt with by this report are in compliance with the provisions of Nepal Companies Act, 2006 and are in agreement with the books of account maintained by the company;
- c. In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily.
- d. To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the company; and



**Limitation of Use**

This report is issued by us, pursuant to specific request made by the Company, in regard to the consolidation of the company's financial statements with the Parent Company M/s Caravella Entertainment Pvt. Ltd. and Ultimate Parent Company M/s Delta Corp Limited, India. Therefore, this report should be used for the above specific purpose only and not for any other purpose without our prior concurrence.

Kathmandu  
Date: April 06, 2022



**C.S. Deo, FCA**  
*Partner*

**For: Deoki Bijay & Co.**  
Chartered Accountants  
UDIN: 220406CA003182PFgd



**Deltin Nepal Private Limited**  
**Statement of Financial Position**  
**As on March 31, 2022**

<u>Particulars</u>	<u>Notes</u>	<u>As on March 31, 2022 (NRS)</u>	<u>As on March 31, 2021 (NRS)</u>
<b>Assets:</b>			
<b>Non Current Assets:</b>			
Property, Plant & Equipment	3	247,565,601	263,471,832
Right Use of Assets	4	350,299,461	397,306,558
Intangible Assets	5	2,192,985	2,298,325
Financial Assets			
Prepayments, Advances & Deposits	6	11,331,486	10,071,994
Deferred Tax Assets (Net)	7	32,976,806	78,069,455
Other Non-Current Assets	8	709,640	709,640
<b>Total Non Current Assets</b>		<b><u>645,075,979</u></b>	<b><u>751,927,804</u></b>
<b>Current Assets:</b>			
Inventories	9	14,405,722	16,376,041
Financial Assets			
Cash & Cash Equivalents	10	221,986,051	37,277,391
Other Financial Assets	11	1,530,786	1,467,000
Other Current Assets	12	17,776,739	2,637,363
<b>Total Current Assets</b>		<b><u>255,699,298</u></b>	<b><u>57,757,795</u></b>
<b>Total Assets</b>		<b><u>900,775,277</u></b>	<b><u>809,685,599</u></b>
<b>Equity &amp; Liabilities:</b>			
<b>Equity:</b>			
Share Capital	13	280,000,000	280,000,000
Other Equity	14	(106,366,992)	(234,568,899)
<b>Total Equity</b>		<b><u>173,633,008</u></b>	<b><u>45,431,101</u></b>
<b>Liabilities:</b>			
<b>Non Current Liabilities</b>			
Financial Liabilities			
Other Financial Liabilities	15	395,871,614	420,848,942
Other Non-Current Liabilities		-	-
<b>Total Non Current Liabilities</b>		<b><u>395,871,614</u></b>	<b><u>420,848,942</u></b>
<b>Current Liabilities:</b>			
Financial Liabilities			
Borrowings	16	224,000,000	224,000,000
Trade Payables	17	10,400,489	6,533,764
Other Financial Liabilities	18	95,795,703	103,280,488
Other Current Liabilities	19	1,074,463	9,591,304
<b>Total Current Liabilities</b>		<b><u>331,270,655</u></b>	<b><u>343,405,556</u></b>
<b>Total Equity &amp; Liabilities</b>		<b><u>900,775,277</u></b>	<b><u>809,685,599</u></b>
Significant Accounting Policies	1-2		
The notes referred above form an integral part of Financial Statements.	3-41		

Kathmandu,  
Date: April 6, 2022

For & on behalf of the Board

  
Manoj Jain  
Director

  
Anil Malani  
Director



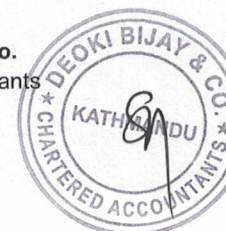
As per our attached report of even date

  
C.S. Deo, FCA

Partner

Deoki Bijay & Co.

Chartered Accountants



**Deltin Nepal Private Limited**  
**Statement of Profit or Loss**  
**For the Year ended March 31, 2022**

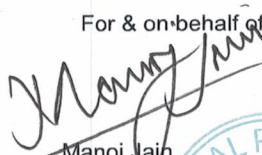
<u>Particulars</u>	<u>Notes</u>	Year ended March 31, 2022 (NRS)	Year ended March 31, 2021 (NRS)
<b>Revenue from Operations:</b>			
Sales	20	415,118,260	-
Other Income	21	53,732,089	38,103,620
<b>Total Revenue</b>		<b>468,850,349</b>	<b>38,103,620</b>
<b>Less: Expenditure:</b>			
Cost of Material Consumed	22	33,818,153	126,100
Employee Benefit Expenses	23	55,904,648	26,747,451
Other Expenses	24	75,254,863	72,759,244
<b>Total Expenditure</b>		<b>164,977,664</b>	<b>99,632,795</b>
<b>Profit/(Loss) before Interest, depreciation items &amp; tax</b>		<b>303,872,685</b>	<b>(61,529,175)</b>
Less: Finance Cost	25	54,690,102	55,885,759
Less: Depreciation & Amortization	26	75,888,027	75,396,607
<b>Profit/(Loss) Before Tax</b>		<b>173,294,556</b>	<b>(192,811,541)</b>
<b>Tax Expenses</b>	27		
Current Tax		-	-
Deferred Tax		45,092,649	(77,350,499)
<b>Profit/(Loss) for the year</b>		<b>128,201,907</b>	<b>(115,461,042)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
- Actuarial Gain( Loss)		-	-
Remeasurements of the			
Less: Income Tax on Above		-	-
Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>128,201,907</b>	<b>(115,461,042)</b>
Significant Accounting Policies	1-2		
The notes referred to above form an integral part of Financial Statements.	3-41		


For & on-behalf of the Board

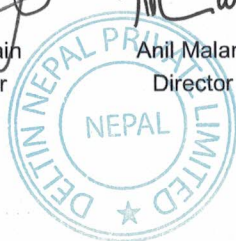
As per our attached report of even date

Kathmandu

Date: April 6, 2022

  
Manoj Jain  
Director

  
Anil Malani  
Director



C.S. Deo, FCA

Partner

Deoki Bijay & Co.

Chartered Accountants



**Deltin Nepal Private Limited**  
**Statement of Cash Flows**  
**For the Year ended March 31, 2022**

<u>Particulars</u>	<u>Year ended March 31, 2022 (NRS)</u>	<u>Year ended March 31, 2021 (NRS)</u>
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit/(Loss) for the Year	128,201,907	(115,461,042)
<b>Adjustment for:</b>		
Deferred Tax	45,092,649	(77,350,499)
Finance Expenses	54,690,102	55,885,759
Finance Income	(1,259,492)	(1,143,154)
Re-assessment of Lease Liabilities	-	11,074,867
Other Non Cash Incomes	(20,958,000)	(36,960,000)
Security Deposit (Treated Separately)	1,259,492	1,143,154
Depreciation	<u>75,888,027</u>	<u>75,396,607</u>
<b>Cash Flow before changes in W/C</b>	<b>282,914,685</b>	<b>(87,414,308)</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Non Current Assets	(1,259,492)	(256,452)
(Increase)/Decrease in Inventories	1,970,319	709,251
(Increase)/Decrease in Other Current Assets	(15,203,162)	19,095,686
Increase/(Decrease) in Trade Payables, Other Current Liabilities	(4,650,116)	(9,456,235)
Increase/(Decrease) in Non Current Liabilities	(6,364,108)	(18,613,217)
Increase/(Decrease) in Other Financial Liabilities	<u>(7,484,785)</u>	<u>40,260,874</u>
<b>Cash Flows From Operating Activities</b>	<b>249,923,341</b>	<b>(55,674,401)</b>
Payment of Security Deposit	-	-
<b>Net Cash Flows From Operating Activities</b>	<b>249,923,341</b>	<b>(55,674,401)</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(12,869,361)	(607,209)
Decrease/(Increase) in CWIP	-	-
<b>Net Cash Flow From Investing Activities</b>	<b>(12,869,361)</b>	<b>(607,209)</b>
<b>C. Cash Flow From Financing Activities;</b>		
Receipt of Loan	-	80,000,000
Payment of Lease Rental	(51,660,000)	(21,000,000)
Finance Expenses Paid	<u>(685,320)</u>	<u>(14,019)</u>
<b>Net Cash Flow From Financing Activities</b>	<b>(52,345,320)</b>	<b>58,985,981</b>
<b>Total Cash Flow from All Activities (A+B+C)</b>	<b>184,708,660</b>	<b>2,704,371</b>
Opening Cash & Cash Equivalents	37,277,391	34,573,020
<b>Closing Cash &amp; Cash Equivalents</b>	<b>221,986,051</b>	<b>37,277,391</b>



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**Deltin Nepal Private Limited**  
**Statement of Changes in Equity**  
**For the Year ended March 31, 2022**

<u>Particulars</u>	<u>Share Capital (NRS)</u>	<u>Revaluation Reserves (NRS)</u>	<u>Retained Earnings (NRS)</u>	<u>Other Reserves (NRS)</u>	<u>Total (NRS)</u>
As At April 01, 2021	280,000,000	-	(234,568,899)	-	45,431,101
Changes in Accounting Policy	-	-	-	-	-
<b>Restated Balance</b>	<b>280,000,000</b>	<b>-</b>	<b>(234,568,899)</b>	<b>-</b>	<b>45,431,101</b>
Profit for the Year	-	-	128,201,907	-	128,201,907
Transferred to General Reserves	-	-	-	-	-
Dividend to shareholders	-	-	-	-	-
Shares Issued	-	-	-	-	-
<b>As At March 31, 2022</b>	<b>280,000,000</b>	<b>-</b>	<b>(106,366,992)</b>	<b>-</b>	<b>173,633,008</b>



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# Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

## Significant Account Policies & Notes to the Accounts

### 1. Corporate Information:

Deltin Nepal Private Limited ("The Company") was incorporated under Nepal Company Act, 2063 as a Private Limited Company of Nepal under sec 5(1) of Nepal Company Act after obtaining approval under Foreign Investment and Technology Transfer Act as a Foreign Investment Company. The registered office of the company is situated at Ward No.1, Naxal, Kathmandu, Nepal. The company was incorporated on Bhadra 14, 2075 (30th August, 2018) vide registration No.197456/075/76 with Company Registrar's Office under Company Act, 2006. The main objectives of the Company is to operate casino business. The company is registered with Department of Industries under section 5 of Industrial Enterprise Act, 2073 vide registration No.5465. The commercial operation of the company has been commenced with effect from January 2020.

The company has obtained income tax registration vide Permanent Account Number (PAN) 606610377 on September 10, 2018 (Bhadra 25, 2075) from Inland Revenue Taxpayer Service Office, Putalisadak. The Company is not registered under VAT as the Casino business is exempt from VAT.

### 2. Significant Account Policies

#### 2.1 Basis for preparation of Standalone Financial Statements

##### i) Accounting Convention:

These standalone financial statements ("financial statements") have been prepared in accordance with the Nepal Financial Reporting Standards (hereafter referred to as the "NFRS") as issued by the Institute of Chartered Accountants of Nepal (ICAN) as amended and other relevant provisions of the Act and rules framed thereunder. Accounting Policies are consistently applied by the company.

##### ii) Historical Cost Convention:

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities which are measured at fair values.

##### iii) Current and Non-Current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months).

#### 2.2 Revenue Recognition:

Revenue is measured at the value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

##### i) Revenue from sale of services:

Revenue from sale of services is recognized as and when the services agreed are rendered, net of discount to the customers and amount collected on behalf of third parties such as Value Added Tax. Revenue from sale of services includes revenue from Casino. Casino gaming revenues are all amounts wagered in casino less amounts paid as winning to players of casino games. Gaming revenue is recorded based on net gain/loss at the end of each day.

##### ii) Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the amortized cost and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

#### 2.3 Foreign Currency Translation:

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are restated at the closing rate of exchange prevailing on the reporting date.
- ii) Any exchange difference arising on account of settlement of foreign currency transactions and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the Statement of Profit and Loss.
- iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or Statement of Profit and Loss are also recognized in OCI or Statement of Profit and Loss, respectively).
- iv) Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the Statement of Financial Position date. Statement of profit loss has been translated using weighted average exchange rate. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

#### 2.4 Property, Plant and Equipment (including Capital work-in-progress):

Freehold land is carried at historical cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price and expenditures directly attributable to bringing them into working condition for its intended use. Freehold land and capital work in progress are carried at cost, less accumulated impairment losses, if any.

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

Depreciation on property, plant and equipment is provided under the straight line method over the useful lives of assets as prescribed in NAS 16 "Property, Plant & Equipment", and management believes that useful life of assets are same as those prescribed in the Act.

The residual values are not more than 5% of the Original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain or losses arising from derecognition of property, plant and equipment are measured as difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized.

Particulars	Life
Furniture & Fixtures	10 Years
Plant, Machinery and Other Equipment	5 to 15 Years
Computers	3 to 6 Years
Vehicles	10 Years
Other Assets	10 Years
Leasehold Properties	Lease Period

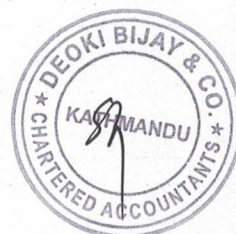
#### 2.5 Intangible Assets:

Intangible Assets with finite useful lives that are acquired separately are stated at acquisition cost, net of recoverable taxes, trade discount and rebate less accumulated amortization and accumulated impairment losses, if any. Such cost includes purchase price and any expenditure directly attributable to bringing the asset to its working condition for the intended use.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis from date they are available for use. The estimated useful life of an identifiable intangible asset is based on number of factors including the effect of obsolescence, demand, competition and other economic factors and level of maintenance expenditures required to obtain the expected future cash flows from the assets.

Particulars	Life
Software	3 to 5 Years

### 2.6 Inventories:

Consumables, stores and spares are valued at lower of cost computed on weighted average basis or net realizable value after providing cost of obsolescence, if any. The cost of inventories comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

### 2.7 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision maker. Based on the "management approach" as defined in NFRS 8 – "Operating Segments", the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments.

### 2.8 Borrowings:

Borrowings are initially recognized at net of transaction costs incurred and measured at amortized cost using effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

#### Effective interest method:

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

### 2.9 Employee Benefits:

#### Short-term employee benefits:

The amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

#### Defined Contribution Plan:

Payments to defined contribution benefit plans are recognized as an expense in the Statement of Profit or Loss during the period in which employee renders related service.

### 2.10 Shares Based Payments Arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

#### 2.11 Taxation:

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity.

##### i) **Current Tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Statement of Financial Position date. The tax liabilities are presented as net of advance tax for that particular assessment year.

##### ii) **Deferred Tax:**

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amount in the financial statement. Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### 2.12 Leases:

Leases are classified as in accordance with NFRS 16.

##### **As a Lessee :**

Leases in which significant portion of the risk and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating lease are charged to Statement of Profit and Loss on straight-line-basis over the period of the lease unless the payment are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

##### **Initial recognition & Treatment:**

At the date of commencement of the lease, the Right of Use (ROU) of the leased asset and corresponding lease liability are recognized at the present value of the future lease payment discounted at interest rate implicit in the lease or the incremental borrowing rate.

##### **Subsequent Measurement & Treatment:**

The ROU of asset are measured at cost less accumulated depreciation and any accumulated impairment losses. i.e. the ROU of assets are depreciated as per the depreciation requirements in NAS 16 Property, Plant and Equipment.

Depreciation on the ROU asset will be reflected as a charge in the statement of Profit or loss.

After Initial recognition the lease liability is measured at amortized cost using the effective interest method and remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in substance fixed lease payments. Further:

- i) The carrying amount of the lease liability will increase by the amount of interest accrued on the lease liability.
- ii) The carrying amount will be reduced on account of the payments made towards the lease liability.
- iii) The interest expense on lease liability, being a component of finance cost will be presented separately as a charge in the statement of Profit or Loss.

#### 2.13 Earnings Per Share:

##### **Basic Earnings per Share:**

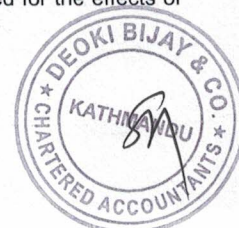
Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period.

##### **Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

#### 2.14 Business combination

In accordance with NFRS 3 "Business Combination", the Company accounts for the business combinations using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as the identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized directly in equity as capital reserve. Transaction cost are expensed as incurred, except to the extent related to the issue of debt or equity securities.

#### 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

##### I. Financial Assets

###### i) Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

###### ii) Subsequent measurement

###### a) Financial assets carried at amortized cost (AC)

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

###### iii) Investment in subsidiary companies

The Company accounts for its investments in subsidiary companies at cost less impairment if any.

###### iv) Other Equity Investments

All other equity and mutual fund investments are measured at fair value, with value changes recognized in Statement of Profit or Loss, except for those equity investments for which the Company has elected on irrevocable option to present the value changes in 'Other Comprehensive Income'.

###### v) Impairment of Financial Assets

The company applies the Incurred loss model(ILM) for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Incurd losses are measured through a loss allowance at an amount equal to:

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible with 12 months after the reporting date); or
- Full lifetime Incurred losses (Incurred losses that result from all possible default events over the life of the financial instrument)

For trade Receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognizes from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analyzed.

For other assets, the Company uses 12 months ILM to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ILM is used.



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

#### II. Financial Liabilities

##### i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans, net of directly attributable transaction costs.

##### ii) Subsequent measurement

###### a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of NFRS 09 and the amount recognized less cumulative amortization. Amortization is recognized as finance income in the Statement of Profit and Loss.

For trade and other payables maturing within one year from the Statement of Financial Position date, the carrying amounts approximate fair value due to the short term maturity of these instruments.

###### b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest rate method.

Where the terms of a financial liability is re-negotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in the Statement of Profit and Loss; measured as a difference between the carrying amount of the financial liability, and the fair value of equity instrument issued.

###### iii) 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### III. De-recognition of financial instrument

A financial asset is primarily derecognised when:

- the rights to receive the cash flows from the asset have expired or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

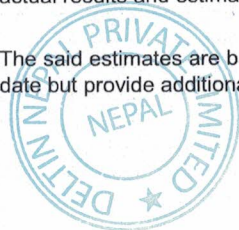
When the Company has transferred its right to receive the cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

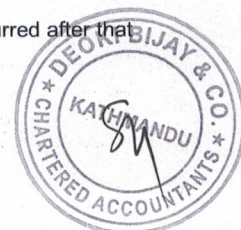
#### 2.16 Significant management judgments in applying accounting policies and estimation uncertainty:

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing on the reporting date.



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

### 2.16.1 Impairment of non-financial assets:

Assessment is done at each Statement of Financial Position date to evaluate whether there is any indication that a non-financial asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

### 2.16.2 Depreciation/amortization and useful lives of property, plant and equipment / intangible assets:

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking in to account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

### 2.16.3 Recoverability of trade receivables:

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### 2.16.4 Provisions, Contingent Liability and Contingent Assets:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

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

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

### 2.16.5 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### 2.16.6 Defined benefit obligation (DBO)

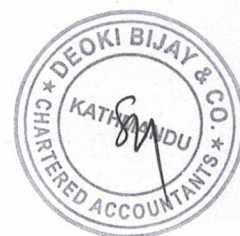
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

### 2.16.7 Share-bases payments

The Grant date fair value of options granted to employees and others associated with company is recognized as expenses, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognized as expense is adjusted to reflect the impact of the revision estimates based on number of options that are expected to vests, in the statement of profit and loss with a corresponding adjustment to equity.



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## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

Notes - Continued

### 2.16.8 Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 2.17 Cash and Bank Balances:

Cash and bank balances comprises cash in hand and balances with Banks as on Statement of Financial Position date. Bank overdrafts that are repayable on demand form an integral part of the Concern's cash management are shown as short term loans in current liabilities in the Statement of Financial Position.

### 2.18 Related party transactions:

All transactions with related parties are carried out by the company at arm's length prices.

### 2.19 Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. The Cash flow statement is separately attached with the Financial Statements of the company.



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## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

### 3. Property, Plant and Equipment

Particulars	Leasehold Improvement (NRS)	Computer (NRS)	Office Furniture (NRS)	Core Furniture (NRS)	Plant & Machineries (NRS)	Vehicles (NRS)	Other Equipments (NRS)	Total (NRS)
Cost of asset								
As At April 01, 2021	49,620,728	1,570,979	623,157	101,480,555	134,883,964	-	7,685,840	295,865,223
Additions	-	-	69,401	-	1,945,725	10,198,000	158,000	12,371,126
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As At March 31, 2022	49,620,728	1,570,979	692,558	101,480,555	136,829,689	10,198,000	7,843,840	308,236,349
Depreciation and impairment								
As At April 01, 2021	5,710,935	392,205	69,067	11,247,429	14,121,908	-	851,847	32,393,391
Depreciation charge for the Year	4,504,817	342,332	59,200	9,640,654	12,626,115	368,944	735,295	28,277,357
Impairment	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
As At March 31, 2022	10,215,752	734,537	128,267	20,888,083	26,748,023	368,944	1,587,142	60,670,748
Net book value								
As At March 31, 2022	39,404,976	836,442	564,291	80,592,472	110,081,666	9,829,056	6,256,698	247,565,601
As At March 31, 2021	43,909,793	1,178,774	554,090	90,233,126	120,762,056	-	6,833,993	263,471,832

3.1 No items of Property, Plant and Equipment were pledged as security for liabilities during any part of the current and comparative period.

3.2 No any fixed assets has been revalued during the year.

3.3 Nil amount of impairment loss is recognized during the current and comparative period.



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**Deltin Nepal Private Limited**  
**Notes to the Financial Statements for the year ended March 31, 2022**

4. Property, Plant and Equipment

<u>Particulars</u>	<u>Right of Use</u> <u>(NRS)</u>	<u>Total</u> <u>(NRS)</u>
<b>Cost of asset</b>		
As At April 01, 2021	480,671,017	480,671,017
Additions	-	-
Impairment	-	-
Disposals	-	-
<b>As At March 31, 2022</b>	<b>480,671,017</b>	<b>480,671,017</b>
<b>Depreciation and impairment</b>		
As At April 01, 2021	83,364,459	83,364,459
Depreciation charge for the Year	47,007,097	47,007,097
Impairment	-	-
Disposals/Adjustments	-	-
<b>As At March 31, 2022</b>	<b>130,371,556</b>	<b>130,371,556</b>
<b>Net book value</b>		
As At March 31, 2022	350,299,461	350,299,461
As At March 31, 2021	397,306,558	397,306,558

4.1

**Right of Use (ROU)**

The company has entered into a lease agreement with Everest Hospitality & Hotel Private Limited for the use of premises for a term of 10 years. The annual lease payment as per the agreement is NPR 5.6 million with increase of 5% annually from the commencement dated; September 16, 2019

Accordingly, at the date of commencement the company has recognized the right of use of assets and corresponding lease liability at present value of the future lease payment discounted at rate of 12.63% over the lease period. The interest rate has been assumed to be the effective rate of interest implicit in the lease for the purpose of discounting.

Subsequently the company has charged the depreciation on ROU over the lease period and interest expense on lease liability, being a component of finance cost is presented separately as a charge in the statement of Profit or Loss.



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# Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

## 5. Intangible Assets

<u>Particulars</u>	<u>Software (NRS)</u>	<u>Total (NRS)</u>
<b>Cost of asset</b>		
As At April 01, 2021	2,974,944	2,974,944
Additions	498,235	498,235
Impairment	-	-
Disposals	-	-
<b>As At March 31, 2022</b>	<b>3,473,179</b>	<b>3,473,179</b>
<b>Depreciation and impairment</b>		
As At April 01, 2021	676,619	676,619
Depreciation charge for the Year	603,575	603,575
Impairment	-	-
Disposals/Adjustments	-	-
<b>As At March 31, 2022</b>	<b>1,280,194</b>	<b>1,280,194</b>
<b>Net book value</b>		
As At March 31, 2022	2,192,985	2,192,985
As At March 31, 2021	2,298,325	2,298,325



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

### 6. Prepayments, Advances & Deposits

<u>Particulars</u>	<u>As on March 31, 2022 (NRS)</u>	<u>As on March 31, 2021 (NRS)</u>
Security Deposit- Pulse Incorporated Pvt Ltd	19,800	19,800
Deposit- FDI	20,000	20,000
Bank Guarantee 6.1	350,000	350,000
Rent Security Deposits 6.2	10,941,686	9,682,194
	<u>11,331,486</u>	<u>10,071,994</u>

#### 6.1 Bank Guarantee

- i) Bank Guarantee has been provided to the department of Customs for EXIM Code Rs. 3,00,000 against 100% margin.
- ii) Bank Guarantee has been provided to the Nepal Rastra Bank Rs. 50,000 against Forex License.

#### 6.2 Rent Security Deposits:

The company has paid NPR 28 million as security deposit for rent as per the clause of agreement which can be adjusted with the future liabilities at the end of lease period. Accordingly the same has been classified as non current assets. The deposit has been shown at its fair value (present value/Amortized cost) discounted over the lease period at effective interest rate of 12.63% which is the rate implicit in the lease considered by the management. The difference of the amount paid and the present value has been transferred to Right to use in accordance with the applicable standards.

### 7. Deferred Tax Assets and Liabilities

Deferred tax is measured based on the tax rates and the laws enacted or substantively enacted at the Statement of Financial Position date as per the Nepal Accounting Standard issued by the Accounting Standards Boards of Nepal. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets are realized.

Deferred tax assets and liabilities are attributable to the following:

<u>Particulars</u>	<u>As on March 31, 2022 (NRS)</u>	<u>As on March 31, 2021 (NRS)</u>
<b>Deferred Tax Liability</b>		
Property, plant and equipment	(1,309,332)	5,462,459
Intangible assets		
Right of Use & Lease Liability		-
Employee benefits	-	-
Inventories	-	-
OCI Deferred Tax	-	-
<b>Sub Total</b>	<u>(1,309,332)</u>	<u>5,462,459</u>
<b>Deferred tax Assets</b>		
Unabsorbed Depreciation as per Income Tax	-	-
Lease Payments Vs. Actual Rent	(23,259,812)	(15,118,352)
Employee benefits	-	-
Losses During the period	(8,407,662)	(68,413,562)
Provisions	-	-
<b>Sub Total</b>	<u>(31,667,474)</u>	<u>(83,531,914)</u>
<b>Net Deferred Tax Liabilities/(Assets)</b>	<u>(32,976,806)</u>	<u>(78,069,455)</u>

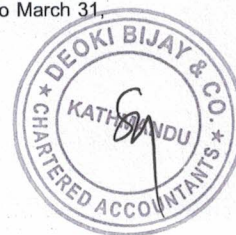
#### 7.1 Deferred Tax on Taxable Losses

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent of the existing taxable temporary differences, of an appropriate type, that reverse in an appropriate period i.e. to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The reversal of those taxable temporary differences enables the utilisation of the unused tax losses and justifies the recognition of deferred tax assets. Accordingly the management considers that the deferred tax assets on accumulated loss up to March 31, 2022 has virtual certainty that future profit will be available against such loss.



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# Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

## 8. Other Non Current Assets

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Capital Advances	709,640	709,640
	<b>709,640</b>	<b>709,640</b>

## 9. Inventories (As Certified by Management)

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Consumables	9,756,398	11,461,055
Food & Beverages	4,649,324	4,914,986
	<b>14,405,722</b>	<b>16,376,041</b>

9.1 No inventories were pledged as security for liabilities during any part of the current and comparative period.

## 10. Cash & Cash Equivalents

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
<b>Cash Balance:</b>		
Cash in Hand (As Certified by the Management)	27,091,810	946,246
<b>Balances With Banks:</b>		
Nepal SBI Bank Limited-NPR A/C	174,594,462	33,333,698
Nepal SBI Bank Limited-USD A/C	18,929,630	2,708,247
Nepal SBI Bank Limited-INR A/C	1,158,192	289,200
<b>POS Machine</b>		
Nepal SBI Bank Ltd.	211,957	-
	<b>221,986,051</b>	<b>37,277,391</b>

Balance at Bank in Term Deposits includes amount held by bank as fixed deposits having maturity of three months. Accordingly the same is classified as cash & cash equivalents.

Balances at bank in term & Call deposits earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The above balances are considered as the cash & cash equivalents for the purpose of Statement of Cash Flows.

10.1 The USD A/c has balance of USD 156,236.63 and the same has been valued at 1 USD=121.16 NPR. The company has considered the exchange rate of Nepal Rastra Bank as on reporting date for valuation and any difference arising has been recognized as exchange gain/(loss).

## 11. Other Financial Assets

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
10% Margin	1,530,786	1,467,000
Interest Receivable	-	-
	<b>1,530,786</b>	<b>1,467,000</b>



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## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

### 12. Other Current Assets

<u>Particulars</u>		As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Prepaid Expenses	12.1	17,205,494	900,278
Advance to Suppliers	12.2	571,245	1,737,085
		<b>17,776,739</b>	<b>2,637,363</b>

12.1 Prepaid expenses includes prepaid portion of Casino Royalty, Casino License Fees & Insurance premium.

#### 12.2 Advance to Suppliers:

The Company has given advances to suppliers amounting to NRs.0.57 Million (PY NRs.1.74 Million) and others in ordinary course of business, which is considered good and recoverable.

### 13. Share Capital

<u>Particulars</u>		As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
<b><u>Authorized</u></b>			
28,00,000 Shares of Rs.100.00 each		280,000,000	280,000,000
<b><u>Issued</u></b>			
28,00,000 Shares of Rs.100.00 each		280,000,000	280,000,000
<b><u>Called up and Paid Up</u></b>			
28,00,000 Shares of Rs.100.00 each		280,000,000	280,000,000
		<b>280,000,000</b>	<b>280,000,000</b>

#### Of which:

25,00,000 shares held by Caravella Entertainment Private Limited, Mumbai, India

3,00,000 shares held by Mr. Suraj Shrestha, Kathmandu, Nepal

#### 13.1 Reconciliation of share Capital:

<u>Particulars</u>		As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Equity Shares At the beginning of the year		2,800,000	2,800,000
Add: No. of Shares, Share Capital issued/subscribed during the year		-	-
Equity Shares At the end of the year		<b>2,800,000</b>	<b>2,800,000</b>
Value of Shares of Rs.100 each		<b>280,000,000</b>	<b>280,000,000</b>

#### 13.2 Shares in the company held by shareholder holding more than 5 percent

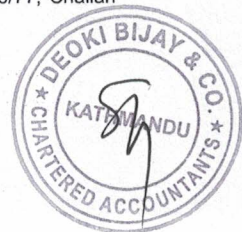
<u>Particulars</u>	<u>% Holding</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
<b><u>Name of the Shareholder</u></b>			
Caravella Entertainment Pvt. Ltd., Mumbai, India	89%	2,500,000	2,500,000
Mr. Suraj Shrestha, Kathmandu, Nepal	11%	300,000	300,000
		<b>2,800,000</b>	<b>2,800,000</b>

13.3 The company has increased its authorized, issued & paid up share capital to NPR 280 million from NPR 250 million in earlier period. The record has been updated in the Office of Company Registrar vide OCR letter No. 76/77, Challan No.17573 dated November 06, 2019.



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Suraj



## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

### 14. Other Equity

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
<b><u>Profit or Loss Statement Balance</u></b>		
Opening Balance	(234,568,899)	(119,107,857)
Add: Profit/(Loss) for the Period	128,201,907	(115,461,042)
Closing Balance	<u>(106,366,992)</u>	<u>(234,568,899)</u>
	<u>(106,366,992)</u>	<u>(234,568,899)</u>

### 15. Other Financial Liabilities

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Lease Liability	420,848,941	439,462,159
Lease Liability (Current Portion up to March 31 Ended)	(24,977,327)	(18,613,217)
	<u>395,871,614</u>	<u>420,848,942</u>

### 16. Borrowings

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
<b><u>From Others</u></b>		
Caravella Entertainment Pvt. Ltd., Mumbai	224,000,000	224,000,000
	<u>224,000,000</u>	<u>224,000,000</u>

16.1 i) The company has obtained interest free unsecured loan of 144 million from its holding company M/s Caravella Entertainment Pvt. Ltd., India as per the agreement between them entered on June 25, 2019 according to which loan can be paid by the borrower any time and has been classified as short term borrowings. The company has obtained the FDI approval of loan from Nepal Rastra Bank vide letter No. BFDI/076/77 Ch. No.37 dated 2076/05/12.

ii) Further, the company has obtained interest free unsecured loan of NPR 80 million from its holding company M/s Caravella Entertainment Pvt. Ltd., India as per the agreement between them entered on August 10, 2020 according to which loan can be paid by the borrower any time and has been classified as short term borrowings. The company has obtained the FDI approval of loan from Nepal Rastra Bank vide letter No. BFDI/077/78 Ch. No.17 dated 2077/06/04.

16.2 The Company has satisfied all the covenants prescribed in terms of borrowings.

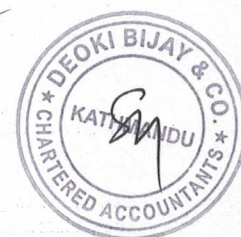
### 17. Trade Payables

<u>Particulars</u>	As on March 31, 2022 (NRS)	As on March 31, 2021 (NRS)
Sundry Creditors (Others)	10,400,489	6,533,764
	<u>10,400,489</u>	<u>6,533,764</u>



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## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

### 18. Other Financial Liabilities

<u>Particulars</u>	<u>As on</u> <u>March 31, 2022</u> <u>(NRS)</u>	<u>As on</u> <u>March 31, 2021</u> <u>(NRS)</u>
Other Payables	25,373,213	61,859,961
Sundry Creditors (For Capital Expenditure)	7,925,243	17,660,169
Provision for Employee Bonus	19,647,909	-
Provision for Corporate Social Responsibility	3,536,624	-
Staff Payables	13,502,235	3,615,126
Retention Payable	833,152	1,532,015
Lease Liability (Due Within 1 year)	24,977,327	18,613,217
	<u>95,795,703</u>	<u>103,280,488</u>

### 19. Other Current Liabilities

<u>Particulars</u>	<u>As on</u> <u>March 31, 2022</u> <u>(NRS)</u>	<u>As on</u> <u>March 31, 2021</u> <u>(NRS)</u>
<b>Statutory Dues</b>		
Reverse VAT Payable	-	3,492,827
TDS payable	1,074,463	6,098,477
	<u>1,074,463</u>	<u>9,591,304</u>



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

### 20. Revenue From Operation

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Casino Live Game Collection	411,047,490	-
Slot Result	4,070,770	-
	<u>415,118,260</u>	<u>-</u>

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at fair value of the consideration received or receivable net of Value added tax and Excise Duty.

Revenue includes revenue from Casino i.e. sale of coupons. Casino gaming revenues are all amounts wagered in casino less amounts paid as winning to players of casino games.

### 21. Other Income

<u>Particulars</u>		Year ended	Year ended
		March 31, 2022	March 31, 2021
		(NRS)	(NRS)
Interest Income	21.1	1,259,492	1,143,154
Exchange Gain/loss	21.2	327,872	-
Miscellaneous Income	21.3	52,144,725	36,960,466
		<u>53,732,089</u>	<u>38,103,620</u>

#### 21.1 Interest Income

Interest Income are the finance income accrued/recognized on the present value of security deposit at effective interest rate of 12.63% considered by the management over the lease period so that the future value of security deposit at the end of the lease period will become equivalent to the actual amount of security deposit paid at present date.

#### 21.2 Exchange Gain/loss

The company has recognized exchange gain arising due to the difference of rate on date of transaction & date of payment.

#### 21.3 Miscellaneous Income:

i) Miscellaneous income includes the rent concession of NPR 20.95 million available from April 01, 2021 as per the concession agreement entered with the Everest Hospitality Management Pvt. Ltd. The income has been booked as an option is available to lessees for relief as a practical expedient while accounting for COVID-19-related rent concessions such as rent waiver and temporary rent reductions.

Also it includes the reversal of Casino Application & Royalty Fee amounting of NPR 30.87 million. As per Section 16.7 of Finance Act, 2021 of Nepal, royalty amount for Financial year 2020/21 (July 16, 2021-July 15, 2021) will be fully exempted to Company who have obtained License to operate casino or to play through modern machine or equipment in accordance with the prevailing law. In FY 2020-21, the same has been booked as expense which was reversed in current period as Miscellaneous Income.

### 22. Cost of Sales

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Bar Supplies Consumed	13,995,513	-
Kitchen Supplies Consumed	18,158,697	126,100
Other Consumables	1,663,943	-
	<u>33,818,153</u>	<u>126,100</u>



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

### 23. Employee Benefit Expenses

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Basic Salary	18,215,802	13,654,320
Allowances	13,160,801	10,360,421
Employer Contribution PF	1,749,997	1,365,445
Employer Contribution-Medical & Accidental	292,256	228,005
Employer Contribution-Gratuity	1,457,588	1,137,410
Stipend -Trainees	65,510	-
Staff Uniform Expenses	1,061,974	-
Leave Encashment	8,266	-
Staff Welfare Expenses	244,545	1,850
Staff Bonus Expenses	19,647,909	-
	<b>55,904,648</b>	<b>26,747,451</b>

### 24. Other Expenses

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Exchange Loss	-	224,441
Utilities & Others	6,839,292	2,050,086
Audit & other Certifications Fee	847,500	981,000
Casino Fees & Royalty	42,667,124	56,839,726
Fine & Penalty	-	207,652
Miscellaneous Expenses	1,481,172	210,986
Insurance Premium	1,217,502	1,421,653
Legal & Consultancy	553,419	304,398
Housekeeping Expenses	4,230,009	155,916
Communication Expenses	398,496	21,300
Printing & Stationery	855,030	197,330
Rent Expenses	1,054,800	1,559,800
Repair & Maintenance	833,205	168,720
Sundry Balances Written off	47	-
Expired Inventory	-	717,627
Security Services	1,295,037	137,181
Travelling & Conveyance	5,386,093	9,320
Selling & Distribution Expenses	4,059,513	7,552,108
Corporate Social Responsibility	3,536,624	-
	<b>75,254,863</b>	<b>72,759,244</b>

#### 24.1 Payment to Auditors

Audit Fees includes auditor remuneration in respect of:

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Statutory Audit Fee	169,500	169,500
Fees for other services	678,000	811,500
	<b>847,500</b>	<b>981,000</b>

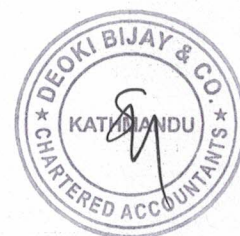
#### 24.2 Rent Expenses:

The Company's significant operating lease arrangements are mainly in respect of commercial premises. These lease arrangements are for a period not exceeding 1 years and are renewable by mutual consent, on mutually agreeable terms. Accordingly the leases are short term lease and hence the aggregate lease rentals payable on these leasing arrangements are charged to statement of profit or loss as rent expenses under "Other Expenses" in Note No. 24 above.



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# Deltin Nepal Private Limited

## Notes to the Financial Statements for the year ended March 31, 2022

### 25. Finance Expenses

<u>Particulars</u>		Year ended	Year ended
		March 31, 2022	March 31, 2021
		(NRS)	(NRS)
Interest Expenses	25.1	54,004,782	55,871,740
Bank Charges		685,320	14,019
		<b>54,690,102</b>	<b>55,885,759</b>

#### 25.1 Interest Expenses

Interest Expenses are the finance expense accrued/recognized on the present value of all the lease payments over the lease period i.e. lease liability at effective interest rate of 12.63%.

### 26. Depreciation And Amortization Expenses

<u>Particulars</u>		Year ended	Year ended
		March 31, 2022	March 31, 2021
		(NRS)	(NRS)
Depreciation on Tangible Assets & Right Use of Assets	26.1	75,284,453	74,816,375
Amortization of Intangible Assets		603,574	580,232
		<b>75,888,027</b>	<b>75,396,607</b>

#### 26.1 Depreciation of tangible Assets:

The depreciation of tangible assets includes the depreciation charged on Right of Use (ROU) i.e. present value of lease payments over the lease period on straight line basis.

### 27. Tax Expenses

Tax expenses comprises of Current and Deferred Tax. Current Tax has been made as per the provisions of Nepal Income Tax Act, 2058. The taxable income has been computed after claiming all the business related deductible expenditure under Income Tax Act, 2058. Deferred Income Taxes, if any, reflects the impact of current years timing differences between taxable income for the year and reversal of timing differences of earlier years.

#### 27.1 Tax recognized in Statement of profit or loss

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
<b>Current income tax</b>		
Current year		
Adjustments for prior years		
<b>Sub Total (A)</b>		
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	45,092,649	(77,350,499)
Changes in tax rate	-	-
Effect of Deferred Taxes on Remeasurement of Defined Benefit Plans in OCI	-	-
Change in accounting policy		
<b>Sub Total (B)</b>	<b>45,092,649</b>	<b>(77,350,499)</b>
<b>Total (A+B)</b>	<b>45,092,649</b>	<b>(77,350,499)</b>



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

#### 28. Earning Per Share:

Company presents basic and diluted Earnings Per Share (EPS) for its ordinary shares.

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the company by the weighted average number of equity shares outstanding during the year.

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

<u>Particulars</u>	Year ended	Year ended
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Profit for the year (Rs.) after tax	128,201,907	(115,461,042)
Weighted average number of shares	2,800,000	2,800,000
Basic Earning per share (Rs.)	45.79	(41.24)
Diluted Earning per share (Rs.)	45.79	(41.24)

\*The company has not issued any potential equity shares during the year and accordingly, hence, the basic and diluted earnings per share are same.

#### 29. Contingent Liabilities & Capital Commitments:

##### 29.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

##### 29.1.1 Claims against the Company not Acknowledged as debt:

- i) Corporate Tax Matters: NIL
- ii) Other Litigations: NIL
- iii) Unexpired Letter of Credits: NIL

##### 29.1.2 Bank Guarantee:

- i) Bank Guarantee has been provided to the department of Customs for EXIM Code Rs.3,00,000 against 100% margin.
- ii) Bank Guarantee has been provided to the Nepal Rastra Bank for Forex License Rs.50,000 against 100% margin.

##### 29.2 Capital Commitments:

NIL



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## **Deltin Nepal Private Limited**

### **Notes to the Financial Statements for the year ended March 31, 2022**

#### **30. Financial risk management**

The Company's financial assets majorly comprise of security deposits, margin money and cash & cash equivalents. The Company's financial liabilities majorly comprise of deferred payment credit, trade payables, borrowings, lease liabilities and other commitments.

The Company is exposed to credit risk and liquidity risk arising out of operations and the use of financial instruments. The Board of Directors have overall responsibility for establishment and review of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions affecting business operations and the Company's activities. The company is exposed to market risk, credit risk and liquidity risk for which BOD reviews and aggress policies for managing each risks which is summarized below:-

##### **30.1 Credit Risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract leading to financial loss. The Company's exposure to credit risk arises from its operating and financing activities. The credit risk arises primarily from deposits, and the financing activities including deposits with Bank & Financial institution.

The receivables comprise of mainly deposits & margin money. The company uses the parameters from its past business experience and collection trends and provision is made for doubtful debts based on such parameters & management estimate. Individual risk limits are set and periodically reviewed on the basis of such information's. The company does not have any trade receivable as on reporting date.

Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed commercial banks only.

##### **30.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility. The Company has a treasury team which monitors on a daily basis the fund positions/requirements of the Company. The treasury management team plans the cash flows of the Company by planning and identifying future mismatches in funds availability and reports the planned and current liquidity position to the top management and board of directors of the Company. The Company's monitors its risk to a shortage of funds on a regular basis through cash forecast. The Company's objective is to maintain a balance continuity of funding and flexibility through the use of bank overdrafts. Access to source of funding is sufficient.

##### **30.3 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 and economic condition. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

##### **30.3.1 Interest Rate Risk**

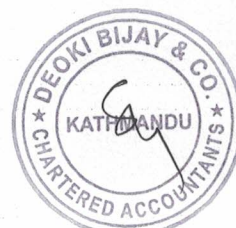
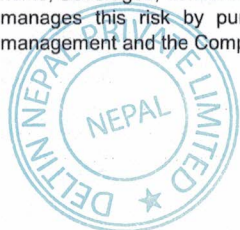
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank terms loan, overdraft and short term deposits. The Company does not have any outstanding Bank loan as on reporting date, however it has borrowing received from parent company which is interest free. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio and also the company will manages its interest rate risk by negotiating with highly reputed commercial banks.

##### **30.3.2 Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

##### **30.3.3 Commodity Price Risk**

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of fooding items, beverages, consumables, gaming materials etc. and therefore require a continuous supply of the same. The Company manages this risk by purchasing fooding materials, beverages, consumables etc. from the suppliers identified by the management and the Company has long term relation with the suppliers.



## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

#### 31. Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders and Redeemable Preference Share capital which is considered as liability under NFRS. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by equity. The Company includes within only net debt.

<u>Particulars</u>	As on	As on
	March 31, 2022	March 31, 2021
	(NRS)	(NRS)
Borrowings	224,000,000	224,000,000
Net debts	<b>224,000,000</b>	<b>224,000,000</b>
Equity	173,633,008	45,431,101
Debt/Equity Ratio	<b>1.29</b>	<b>4.93</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the Year ended 31 March, 2022.

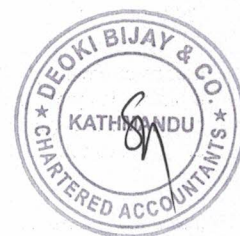
#### 32. Segment Information

The Company is primarily engaged in the business of "Casino" in Nepal which mainly involves sale of "Coupons", "Fooding" and "Beverages", which is governed by the same set of risks and returns. Hence there is only one business and geographical segment. Accordingly, segment information has not been disclosed. All these products have similar risks and returns because of similar nature of products and similar processes. The chief operating decision maker and all functional managers reviews the operating results of the business as a whole. Further, internal organizational and management structure of the Company is not based on product differentiation.



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## Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

### 33. Related Party Disclosure:

#### 33.1 Identification of Related Party

A related party is a person or entity that is related to the entity that is preparing its financial statements. The Company identifies the following as the related parties under the requirement of NAS 24.

**Ultimate holding Company:**

Delta Corp Limited

**Holding Company:**

Caravella Entertainment Private Limited

**Subsidiary Company**

None

**Group Companies Under Joint Control**

Daman Hospitality Private Limited

**Key Managerial Personnel:**

Mr. Manoj Jain

Director

Mr. Anil Malani

Director

**Individuals and/or their relatives who have significant influence over the entity directly or indirectly**

Mr. Jaydev Modi

Chairman of Ultimate Holding Company

#### 33.2 Transaction With Related Party

<u>Particulars</u>	<u>Nature of Transaction</u>	<u>Nature of Relation</u>	<u>As on March 31, 2022(NRS)</u>	<u>As on March 31, 2021(NRS)</u>
<u>Caravella Entertainment Private Limited, India</u>	<u>Unsecured Loans:</u>	<u>Holding Company</u>		
Opening Balance			224,000,000	144,000,000
Loan Received During the year			-	80,000,000
Loan Paid During the year			-	-
Closing Balance			<u>224,000,000</u>	<u>224,000,000</u>
<u>Daman Hospitality Private Limited</u>	<u>Purchase of Capital Goods</u>	<u>Group Company Under Joint Control</u>		
Opening Balance			2,280,893	2,280,893
Purchase of Capital Goods			-	-
Payment Made during the year			2,280,893	-
Closing Balance			<u>-</u>	<u>2,280,893</u>



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# Deltin Nepal Private Limited

Notes to the Financial Statements for the year ended March 31, 2022

## 34. Revenue from contracts with customers

### 34.1 Disaggregate revenue information

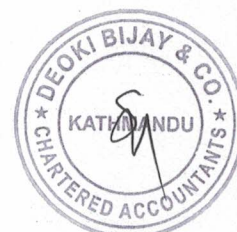
Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to

	Year ended March 31, 2022 (NRS)	Year ended March 31, 2021 (NRS)
<b>a) Type of services</b>		
Casino Live Game Collection	411,047,490	-
Slot Result	4,070,770	-
Hospitality	-	-
Online Skill Gaming	-	-
<b>Total revenue from contract with customers</b>	<b>415,118,260</b>	<b>-</b>
<b>b) Geographical market</b>		
<b>Particulars</b>	<b>Year ended March 31, 2022 (NRS)</b>	<b>Year ended March 31, 2021 (NRS)</b>
Nepal	415,118,260	-
Outside Nepal	-	-
<b>Total revenue from contract with customers</b>	<b>415,118,260</b>	<b>-</b>
<b>c) Revenue receipts in Currency</b>		
<b>Particulars</b>	<b>Year ended March 31, 2022 (NRS)</b>	<b>Year ended March 31, 2021 (NRS)</b>
Nepalese Rupee	398,027,885	-
United States Dollar	16,221,383	-
Indian Rupee	868,992	-
<b>Total revenue from contract with customers</b>	<b>415,118,260</b>	<b>-</b>
<b>d) Timing of Revenue Recognition</b>		
<b>Particulars</b>	<b>Year ended March 31, 2022 (NRS)</b>	<b>Year ended March 31, 2021 (NRS)</b>
Services transferred at a point in time	415,118,260	-
Services transferred over time	-	-
<b>Total revenue from contract with customers</b>	<b>415,118,260</b>	<b>-</b>
<b>e) Contract Balances</b>		
<b>Particulars</b>	<b>Year ended March 31, 2022 (NRS)</b>	<b>Year ended March 31, 2021 (NRS)</b>
Trade Receivable	-	-
Contract Assets	-	-
Contract Liabilities	-	-
<b>f) There is no any trade receivable &amp; unbilled revenue as on reporting date.</b>		



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*[Handwritten initials]*



**Deltin Nepal Private Limited**

Notes to the Financial Statements for the year ended March 31, 2022

g) Significant changes in contract asset and contract liability during the period are as follows:

<u>Movement in Contract Assets</u>	Year ended March 31, 2022 (NRS)	Year ended March 31, 2021 (NRS)
Contract assets at the beginning of the year	-	-
Increase due to cash received and decrease as a result of changes in the measure if progress, change in estimate	-	-
Transfers from contract assets recognized at the beginning of the period to receivables and increase/ (decrease) as a result of changes in the measure of progress	-	-
<b>Contract Assets</b>	<b>-</b>	<b>-</b>

<u>Movement in Contract Liabilities</u>	Year ended March 31, 2022 (NRS)	Year ended March 31, 2021 (NRS)
Contract Liabilities at the beginning of the year	-	-
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	-	-
Changes due to reclassification from deferred income	-	-
<b>Contract Liabilities</b>	<b>-</b>	<b>-</b>



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## Deltin Nepal Private Limited

### Notes to the Financial Statements for the year ended March 31, 2022

**35. Allocation to CSR Fund:**

As per rule no.30 of Casino Regulations 2013, 2% of Profit before tax after bonus is to be provided for Corporate Social Responsibility. Accordingly, the company has provisioned CSR expenses for the year.

**36. Staff Bonus:**

As per Section 5 of Bonus Act, 1974, its required each profit generating enterprise to allocate an amount equivalent to 10% of its profit before tax & CSR. Accordingly, the company has provisioned Employee bonus for the year.

**37. Period & Purpose of Financial Statement:**

The financial statement has been prepared for the period from April 01, 2021 to March 31, 2022 for purpose of consolidation with the holding company M/s Caravella Entertainment Private Limited, India and the ultimate holding company M/s Delta Corp Limited.

**38. Events after reporting date:**

No events have occurred since the Statement of Financial Position date in respect of the matters which would require adjustment to or disclosure in the financial statement, or which should be disclosed to shareholders through some other medium.

**39. Comparatives:**

The current year figures are comparable with previous year figures.

**40. Regrouping of Figures:**

Previous period figures are regrouped/rearranged wherever necessary.

**41. Miscellaneous:**

- i) All amounts are stated in Nepalese Rupees.
- ii) Balance confirmation of sale, purchase, payables & receivables are in the process of obtaining from them.
- iii) Notes 1 to 41 form integral part of the financial statements.



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