

**Deltin Nepal Private Limited**

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**Auditor's Report & Financial Statements  
for the year ended March 31, 2019**

**Deoki Bijay & Co.**

# Deoki Bijay & Co.

Chartered Accountants

ICAN Firm Regn. No. 14  
TPIN 500074651

House No.451  
Ward No.4, Sokedhara  
Kathmandu, Nepal  
Tel : 00977-01-4439445  
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## Independent Auditors' Report to the Directors' of Deltin Nepal Private Limited

### Report on the Financial Statements

We have audited the accompanying Statement of Financial Position of M/s Deltin Nepal Private Limited as of March 31, 2019 and Statement of Profit or Loss, Statement of Cash Flow and Statement of Changes in Equity attached thereto, for the period from August 30, 2018 to March 31, 2019 and a summary of Significant Accounting Policies and other Explanatory Notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

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. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### Report on requirement of Nepal Companies Act, 2006

- 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, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, Statement of Cash Flow and Statement of Changes in Equity with Explanatory Notes dealt with by this report are in compliance with the provisions of the Nepal Company Act, 2006 and are in agreement with the books of account maintained by the company;



- d. In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e. 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.

**Auditors' Opinion**

In our opinion, the Financial Statements, read together with Significant Accounting Policies and Explanatory Notes forming part of the accounts, give a true and fair view of the financial position of the Company as at March 31, 2019 and the financial performance, changes in equity and cash flows for the period then ended in accordance with Nepal Financial Reporting Standards and comply with provisions of the Nepal Companies Act, 2006.

**Limitations of uses of Financial Statements:**

This report is issued by us, pursuance to specific request made by the Company as required u/s 136 and 137 of Indian Companies Act, 2013, in regard to the consolidation of the company's Financial Statements with the Holdings Company M/s Caravella Entertainment Pvt. Ltd., 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 2, 2019

*P. K. Karn*

P. K. Karn, FCA  
Partner

For: Deoki Bijay & Co.  
Chartered Accountants



**Deltin Nepal Private Limited**  
**Statement of Financial Position**  
**As on March 31, 2019**

<u>Particulars</u>	<u>Notes</u>	<u>As on March 31, 2019 (NRS)</u>	<u>As on March 31, 2018 (NRS)</u>
<b>Assets:</b>			
<b>Non Current Assets:</b>			
Property, Plant & Equipment	4	-	-
Capital WIP	5	98,537,987	-
Intangible Assets		-	-
<b>Financial Assets</b>			
Prepayments, Advance & Deposits	6	630,685	-
Non Financial assets	7	42,182,507	-
<b>Total Non Current Assets</b>		<b>141,361,179</b>	<b>-</b>
<b>Current Assets:</b>			
<b>Financial Assets</b>			
Cash & Cash Equivalents	8	141,778,644	-
Prepayments, Advance & Deposits	6	3,927,000	-
Non Financial Assets	7	-	-
<b>Total Current Assets</b>		<b>145,705,644</b>	<b>-</b>
<b>Total Assets</b>		<b>287,066,823</b>	<b>-</b>
<b>Equity &amp; Liabilities:</b>			
<b>Equity:</b>			
Share Capital	9	250,000,000	-
Other Equity	10	(589,229)	-
<b>Total Equity</b>		<b>249,440,771</b>	<b>-</b>
<b>Liabilities:</b>			
<b>Non Current Liabilities</b>			
<b>Financial Liabilities</b>			
Deferred Tax Liabilities (Net)		-	-
Other Non-Current Liabilities		-	-
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities:</b>			
<b>Financial Liabilities</b>			
Other Financial Liabilities	11	37,347,853	-
Other Current Liabilities	12	278,199	-
Non Financial Liabilities		-	-
<b>Total Current Liabilities</b>		<b>37,626,052</b>	<b>-</b>
<b>Total Equity &amp; Liabilities</b>		<b>287,066,823</b>	<b>-</b>
<b>Contingent Liabilities</b>			
Significant Accounting Policies & Notes to the Accounts	1-3		

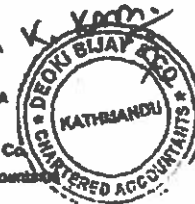
For & on behalf of the Board

*Manoj Tamir*  
 Directors

Kathmandu  
 Date: April 02, 2019

As per our attached report  
 of even date

*Prajwal K. Karn*  
 P.K. Karn, FCA  
 Partner  
 Deedhi Bijay & Co.  
 Chartered Accountants



**Deltin Nepal Private Limited**  
**Statement of Profit or Loss**  
For the period from August 30, 2018 to March 31, 2019

<u>Particulars</u>	<u>Notes</u>	<u>Period ended March 31, 2019 (NRS)</u>	<u>Period ended March 31, 2018 (NRS)</u>
<b>Revenue from Operations:</b>			
Sales		-	-
Other Income	13	<u>310,685</u>	<u>-</u>
<b>Total Revenue</b>		<u>310,685</u>	<u>-</u>
<b>Less: Expenditure:</b>			
Cost of Sales		-	-
Administrative, Selling & Distribution Expenses	14	<u>889,914</u>	<u>-</u>
<b>Total Expenditure</b>		<u>889,914</u>	<u>-</u>
<b>Profit(Loss) before interest,</b>		<u>(579,229)</u>	<u>-</u>
<b>Less: Finance Cost</b>		-	-
<b>Less: Depreciation &amp; Amortization</b>	4-5	<u>-</u>	<u>-</u>
<b>Profit(Loss) Before Tax</b>		<u>(579,229)</u>	<u>-</u>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit(Loss) for the year</b>		<u>(579,229)</u>	<u>-</u>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	1-3		

For & on behalf of the Board

*Pravin K. Karm*  
Pravin K. Karm  
Directors

As per our attached report  
of even date

*Pravin K. Karm*

P.K. Karm, FCA  
Partner  
Devold Bhai & Co.  
Chartered Accountants



Kathmandu  
Date: April 02, 2019

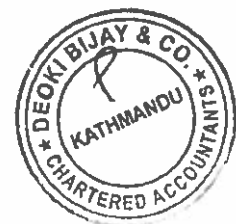
**Deltin Nepal Private Limited**  
**Statement of Total Comprehensive Income**  
**For the period from August 30, 2018 to March 31, 2019**

<u>Particulars</u>	<u>Notes</u>	Period ended March 31, 2019 (NRS)	Period ended March 31, 2018 (NRS)
		<u>(NRS)</u>	<u>(NRS)</u>
<b>Profit for the year</b>		(559,229)	-
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
- Actuarial Gain( Loss) Remeasurements of the defined benefit plans			
Less: Income Tax on Above			
Items that will be reclassified to profit or loss			
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income for the period</b>		<u>(559,229)</u>	<u>-</u>



**Deltin Nepal Private Limited**  
**Statement of Cash Flows**  
For the period from August 30, 2018 to March 31, 2019

<u>Particulars</u>	<u>Period ended March 31, 2019 (NRS)</u>	<u>Period ended March 31, 2018 (NRS)</u>
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit/(Loss) for the Year	(559,229)	-
<b>Adjustment for:</b>		
Deferred Tax	-	-
Interest Expenses	-	-
Interest Income	(310,685)	-
Depreciation	-	-
<b>Cash Flow before changes in W/C</b>	<b>(869,914)</b>	-
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Non Current Assets	(42,823,192)	
(Increase)/Decrease in Current Assets	(3,927,000)	
Increase/(Decrease) in Trade Payables	278,199	
Increase/(Decrease) in Current Liabilities	37,347,853	
<b>Net Cash Flow From Operating Activities</b>	<b>(9,994,054)</b>	-
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets		
Decrease/(Increase) in CWIP	(98,537,987)	
Sale of Fixes Assets	-	-
<b>Net Cash Flow From Investing Activities</b>	<b>(98,537,987)</b>	-
<b>C. Cash Flow From Financing Activities;</b>		
Increase/(Decrease) in Capital	250,000,000	-
Interest Paid	-	-
Interest Received	310,685	-
<b>Net Cash Flow From Financing Activities</b>	<b>250,310,685</b>	-
<b>Total Cash Flow from All Activities (A+B+C)</b>	<b>141,778,644</b>	-
Opening Cash & Cash Equivalents	-	-
<b>Closing Cash &amp; Cash Equivalents</b>	<b>141,778,644</b>	-



**Delfin Nepal Private Limited**  
**Statement of Changes in Equity**  
**For the period ended March 31, 2019**

<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>
Opening Balance	-	-	-	-	-
Changes in Accounting Policy	-	-	-	-	-
<b>Restated Balance</b>	-	-	-	-	-
Profit for the Year	-	-	(584,347.15)	-	(584,347.15)
Transferred to General Reserves	-	-	-	-	-
Dividend to shareholders	-	-	-	-	-
Shares Issued	250,000,000.00	-	-	-	250,000,000.00
<b>Closing Balance</b>	<b>250,000,000.00</b>	<b>-</b>	<b>(584,347.15)</b>	<b>-</b>	<b>249,415,652.85</b>



2



## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

### Significant Account Policies & Notes to the Accounts

#### Note 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. 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.

#### Note 2: Significant Accounting 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.

###### 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) and other criteria set out in the Schedule III to the Act.

##### 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 recognised as and when the services agreed are rendered, net of discount to the customers and amount collected on behalf of third parties such as service tax, luxury tax and GST.

###### ii) Revenue from Sale of goods:

Revenue from sales of goods is measured at the fair value of the consideration received or receivable excluding taxes or duties collected on behalf of the government. Sale comprise sale of food and beverages, allied services relating to entertainment and hospitality operations.

###### iii) Dividend and Interest Income

Dividend income from investments is recognised 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 recognised 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 amortised 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.

##### 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).

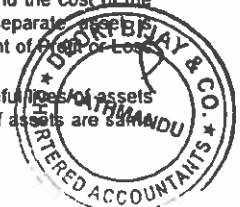
iv) Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit loss has been translated using weighted average exchange rate. Translation 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 life of assets as prescribed in NFRS 16 "Property, Plant & Equipment", and management believes that useful life of assets are same as those prescribed in the Act.



**Deltin Nepal Private Limited**  
**Notes forming part of the Accounts for the period ended March 31, 2019**

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 & Equipment	10 Years
Plant, Machinery and Other Equipment	10 Years
Vehicles	10 Years

**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.

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.

**2.6 Inventories:**

Consumables, stores and spares are valued at lower of cost computed on weighted average basis or net realisable 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 realisable value is estimated selling price in ordinary course of business less the estimated cost necessary to make the sale.

**2.7 Investment in subsidiaries, associates and joint venture:**

The Company has accounted for its investments in subsidiary company at cost less impairment, if any.

**2.8 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. Accordingly, information has been presented along with Business Segments.

**2.9 Borrowings:**

Borrowing are initially recognized at net of transaction costs incurred and measured at amortised 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 amortised 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.

**2.10 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.

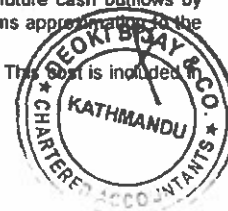
**Post-employment benefits**

**Defined benefit plan**

The liability recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in employee benefit expense in the Statement of Profit and Loss.



## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and is not reclassified to profit or loss. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense; and
- remeasurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

### Defined Contribution Plan:

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

### 2.11 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 recognised 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.

### 2.12 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. In which case, the tax is also recognized in other comprehensive income or 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 Balance sheet 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 off set 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.

### 2.13 Leases:

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

#### 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.

#### Operating Lease :

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

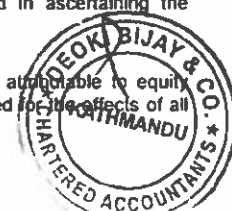
### 2.14 Earnings Per Share:

#### 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.



**Deltin Nepal Private Limited**  
Notes forming part of the Accounts for the period ended March 31, 2019

**2.15 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.

**2.16 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 recognised using trade date accounting.

**ii) Subsequent measurement**

**a) Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised 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 has accounted 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 recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected on irrecoverable option to present the value changes in 'Other Comprehensive Income'.

**v) Impairment of Financial Assets**

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

Expected credit 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 expected credit losses (expected credit 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 recognised 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 analysed.

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

**II) Financial Liabilities**

**i) Initial recognition and measurement**

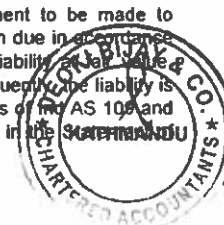
All financial liabilities are recognized initially at fair value and, in the case of loans, net of directly attributable transaction costs.

**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 Ind AS 109 and the amount recognized less cumulative amortization. Amortization is recognized as finance income in the Statement of Profit and Loss.



## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

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

### b) Financial liabilities at amortised cost

After initial recognition, interest-bearing loans are subsequently measured at amortised 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 balance sheet 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 realise the assets and settle the liabilities simultaneously.

#### 2.17 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.

#### 2.17.1 Impairment of non-financial assets

Assessment is done at each Balance Sheet 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.

#### 2.17.2 Depreciation / amortisation 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.

#### 2.17.3 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.

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

Provisions are recognised 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.

#### 2.17.5 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.

#### 2.17.6 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.



## **Deltin Nepal Private Limited**

Notes forming part of the Accounts for the period ended March 31, 2019

### **2.17.7 Share-bases payments**

The Grant date fair value of options granted to employees is recognised as employee 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.

### **2.17.8 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.

### **2.18 Cash and Bank Balances:**

Cash and bank balances comprises cash in hand and balances with Banks as on Balance Sheet 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 Balance Sheet.

### **2.19 Related party transactions:**

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

### **2.20 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.



## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

### Note 3: Notes to Accounts:

#### 3.1 Income Tax:

Tax expenses comprises of Current and Deferred Tax. Current Tax has been made as per the provisions of Nepal 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.

Income tax has not been provided in view of taxable losses during the year.

The branch has obtained tax registration vide Permanent Account Number (PAN) 606610377 on September 10, 2018 (Bhadra 25, 2075) from Inland Revenue Taxpayer Service Office, Putalisadak.

#### 3.2 Deferred Tax:

##### Recognition of Deferred Tax Liability & Assets:

Deferred tax is measured based on the tax rates and the laws enacted or substantively enacted at the Balance Sheet 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.

The company has not recognized any deferred tax during the year.

#### 3.3 Allocation to CSR Fund:

As per Industrial Enterprise Act 2073, 1% of Annual Net Profit is to be provided for Corporate Social Responsibility. As the company has not earned any profit, no provision for CSR has been made during the year.

#### 3.4 Capital Work in Progress:

The company has booked NPR. 985.38 Lakh as capital work in progress being in the completion stage which will be capitalized to respective assets at the stage of completion.

#### 3.5 Staff Bonus:

Staff bonus has not been provided in view of taxable losses.

#### 3.6 Period & Purpose of Financial Statement:

The company was registered with Company Registrar's Office under sec 5 of Company Act, 2007 on August 30, 2018. As per the provisions of Income Tax Act, 2002, the period of financial statements should be from the date of registration to the end of financial year i.e. July 16, 2019. However this financial statement has been prepared for the period from August 30, 2018 to March 31, 2019 for purpose of consolidation with the holding company M/s Caravella Entertainment Private Limited, India.

#### 3.7 Event after Balance Sheet date:

No events have occurred since the Balance Sheet date in respect of the matters which would require adjustment to or disclosure in the accounts, or which should be disclosed to shareholders through some other medium.

#### 3.8 Contingent Liability:

i) Capital Commitment: Nil

ii) Company has taken Bank Guarantee amounting to NPR 3,00,000 issued to department of customs for Exim Code Certificate.

#### 3.9 Exchange Gain/loss:

i) The company has recognized exchange gain/loss amounting to Rs.2,16,633 arising due to the difference of rate on date of transaction & date of payment.

#### 3.10 Advances to Suppliers:

The company has given advances of Rs.421.93 Lakh to various suppliers during the year.

#### 3.11 Comparison with previous year figure:

This being the first year of operation of the company, no previous year's figures have been available for comparison.

#### 3.12 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 12 form integral part of the financial statements.



**Deitin Nepal Private Limited**

Notes forming part of the Accounts for the period ended March 31, 2019

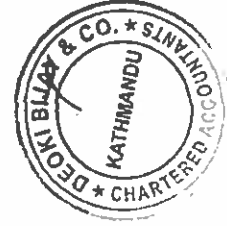
**Note 4 - Property, Plant and Equipment**

Particulars	Land (NRS)	Building (NRS)	Computer (NRS)	Furniture (NRS)	Vehicles (NRS)	Plant & Machineries (NRS)	Total (NRS)
Cost of asset							
At April 1, 2017							
Additions							
Impairment							
Disposals							
At March 31, 2018							
Additions							
Impairment							
Disposals							
At March 31, 2019							
Depreciation and Impairment							
At April 1, 2017							
Net retrospective restatement							
Restated At April 1, 2017							
Depreciation charge for the year							
Disposals							
At March 31, 2018							
Depreciation charge for the period							
Impairment							
Disposals/Adjustments							
At March 31, 2019							
Net book value							
At March 31, 2017							
At March 31, 2018							
At March 31, 2019							

**Note 5 - Capital Work In Progress**

Particulars	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)
Capital Work in progress*	98,537,987	-
	98,537,987	-

\*Capital work in progress includes assets purchased but not put to use & includes fitting, installation & fabrication works.





## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

### Note 6: Prepayments, Advances & Deposits

Particulars	Non Current		Current	
	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)
10% Margin		-	3,927,000.00	
Interest Receivable	310,685	-		
Security Deposit (FDI)	20,000	-		
Bank Guarantee- EXIM	300,000	-		
	<u>630,685</u>	<u>-</u>	<u>3,927,000</u>	<u>-</u>

### Note 7: Prepayments, Advances & Deposits

Particulars	Non Current		Current	
	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)
Advance to Creditor		42,192,507		-
	<u>-</u>	<u>42,192,507</u>	<u>-</u>	<u>-</u>

### Note 8: Cash & Cash Equivalents

Particulars	As on March 31, 2019 (NRS)	As on March 31, 2018 (NRS)
Cash Balance:		
Cash in Hand (As Certified)	800,000	-
Bank Balance		
Nepal Sbi Bank Ltd- 17725240200928	80,978,644	-
Fixed Deposits		
Nepal SBI Bank Ltd.	60,000,000	-
	<u>141,778,644</u>	<u>-</u>



## Deltin Nepal Private Limited

Notes forming part of the Accounts for the period ended March 31, 2019

### Note 9: Share Capital

<u>Particulars</u>	<u>As on March 31, 2019 (NRS)</u>	<u>As on March 31, 2018 (NRS)</u>
<u>Authorised</u>		
25,00,000 Shares of Rs.100.00 each	250,000,000	
<u>Issued</u>		
25,00,000 Shares of Rs.100.00 each	250,000,000	
<u>Called up and Paid Up</u>		
25,00,000 Shares of Rs.100.00 each	250,000,000	
	<u>250,000,000</u>	<u>-</u>

*Of which:*

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

### Note 10: Other Equity

<u>Particulars</u>	<u>As on March 31, 2019 (NRS)</u>	<u>As on March 31, 2018 (NRS)</u>
Income Statement Balance	-	-
Profit/(Loss) for the year	(559,229)	-
	<u>(559,229)</u>	<u>-</u>

### Note 11: Other Financial Liabilities

<u>Particulars</u>	<u>As on March 31, 2019 (NRS)</u>	<u>As on March 31, 2018 (NRS)</u>
Audit Fee Payable	197,000	-
Reverse VAT Payable	2,557,365	-
Sundry Creditors (For Capital Assets)	33,653,473	-
B.K Agrawal & Co.	108,000	-
Retention Payable	632,015	-
	<u>37,347,853</u>	<u>-</u>

### Note 12: Other Current Liabilities

<u>Particulars</u>	<u>As on March 31, 2019 (NRS)</u>	<u>As on March 31, 2018 (NRS)</u>
TDS payable	278,199	-
	<u>278,199</u>	<u>-</u>

### Note 13: Other Income

<u>Particulars</u>	<u>Period ended March 31, 2019 (NRS)</u>	<u>Period ended March 31, 2018 (NRS)</u>
Interest Income	310,685	-
	<u>310,685</u>	<u>-</u>

### Note 14: Administrative, Selling & Distribution Expenses

<u>Particulars</u>	<u>Period ended March 31, 2019 (NRS)</u>	<u>Period ended March 31, 2018 (NRS)</u>
Bank Charges	122,212	-
Exchange Loss	216,633	-
Advertisement Expenses	241,182	-
Audit Fees	200,000	-
Company Incorporation Expenses	88,000	-
Miscellaneous Expenses	1,887	-
	<u>869,914</u>	<u>-</u>

