

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAMA PRINTERS PVT. LTD**

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

**Opinion**

We have audited the financial statements of **SAMA Printers Pvt. Ltd.** (the "Company"), which comprise the balance sheet as at 31 Ashad 2076 (16 July 2019), the income statement, cash flows statement and statement of changes in equity for the year then ended and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashad 2076 (16 July 2019), and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards (NAS).

**Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standards (NAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

#### **Report on Other Legal and Regulatory Requirements**

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet as at 31 Ashad 2076 (16 July 2019), the income statement, cash flows statement and statement of changes in equity for the year then ended have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.



Shashi Satyal  
Partner



PKF T R Upadhyaya & Co.  
Chartered Accountants

124 Lal Colony Marg, Lal Durbar, Kathmandu, Nepal  
UDIN: 200109CA000088G2qT

Date: 26/12/2019

**SAMA PRINTERS PVT. LTD.**  
**Bhaisepatti**  
**Lalitpur, Nepal**


**BALANCE SHEET**  
**As at 31 Ashad 2076 (16 July 2019)**

| Particulars  | Schedules | As at 31 Ashad 2076 | As at 32 Ashad 2075 |
|--|-----------|---------------------|---------------------|
|  |           | Amount in NPR       | Amount in NPR       |
| <b>SOURCES OF FUNDS</b>  |           |                     |                     |
| <b>Shareholders' Fund:</b>   |           |                     |                     |
| Share Capital  | 1         | 27,796,454          | 27,796,454          |
| Reserves and Surplus   | 2         | 3,601,201           | (120,087,412)       |
| <b>Total Equity</b>  |           | <b>31,397,655</b>   | <b>(92,290,958)</b> |
| <b>Non-Current Liabilities:</b>  |           |                     |                     |
| Bank Loan  | 3         | 420,959,994         | 449,383,108         |
| Deferred Tax Liability   | 14.3c     | 6,254,249           | 5,300,326           |
| <b>Total Non-Current Liabilities</b>   |           | <b>427,214,243</b>  | <b>454,683,434</b>  |
| <b>Current Liabilities:</b>  |           |                     |                     |
| Sundry Creditors and Other Payables  | 9         | 311,409,646         | 193,857,292         |
| Provisions   | 10        | 13,355,299          | 8,485,838           |
| <b>Total Current Liabilities</b>   |           | <b>324,764,945</b>  | <b>202,343,130</b>  |
| <b>Total</b>   |           | <b>783,376,843</b>  | <b>564,735,606</b>  |
| <b>APPLICATION OF FUNDS</b>  |           |                     |                     |
| <b>Non-Current Assets:</b>   |           |                     |                     |
| Fixed Assets   | 4         | 319,313,910         | 240,614,855         |
| Intangible Assets  | 4.1       | 601,255             | -                   |
| <b>Total Non-Current Assets</b>  |           | <b>319,915,165</b>  | <b>240,614,855</b>  |
| <b>Current Assets:</b>   |           |                     |                     |
| <b>Current Assets, Loans and Advances</b>  |           |                     |                     |
| Inventories  | 5         | 198,163,773         | 148,112,256         |
| Account Receivables  | 6         | 158,703,620         | 90,162,186          |
| Cash and Cash Equivalents  | 7         | 21,917,785          | 7,042,098           |
| Advances, Deposits and Prepayments   | 8         | 84,676,500          | 78,804,211          |
| <b>Total Current Assets</b>  |           | <b>463,461,678</b>  | <b>324,120,751</b>  |
| <b>Total</b>   |           | <b>783,376,843</b>  | <b>564,735,606</b>  |
| Schedules 1 to 10 & 14 forms an integral part of this Balance Sheet<br>Significant Accounting Policies and Notes to Accounts |           | 14                  |                     |

As per our report of even date

  
**Ravin Lama**  
 Director



  
**Shashi Satyal**  
 Partner  
 TR Upadhya & Co.

Place: Kathmandu  
 Date:

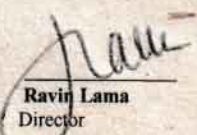
26 DEC 2019

**SAMA PRINTERS PVT. LTD.**  
**Bhaisepatti**  
**Lalitpur, Nepal**

**INCOME STATEMENT**  
**For the year ended 31 Ashad 2076 (16 July 2019)**


| Particulars  | Schedules | Current Year       | Previous Year      |
|--|-----------|--------------------|--------------------|
|  |           | Amount in NPR      | Amount in NPR      |
| <b>Income</b>  |           |                    |                    |
| Sales  |           | 500,231,207        | 453,964,854        |
| Other Income   | 11        | 13,163,752         | 14,878,620         |
| Unrealised Foreign Exchange Gain   |           | 4,692,582          | -                  |
| <b>Total Income</b>  |           | <b>518,087,541</b> | <b>468,843,474</b> |
| <b>Expenditure</b>   |           |                    |                    |
| Cost of Sales  | 12        | 384,247,263        | 338,189,299        |
| Administrative expenses  | 13        | 23,621,940         | 24,229,885         |
| Interest expenses  |           | 51,006,791         | 62,902,072         |
| Depreciation   | 4 & 4.1   | 31,888,089         | 16,296,571         |
| Foreign exchange fluctuations  |           | 209,821            | 397,274            |
| Unrealised foreign exchange loss   |           | -                  | 2,624,685          |
| Provision for staff bonus  |           | 2,711,364          | 2,420,369          |
| <b>Total Expenditure</b>   |           | <b>493,685,268</b> | <b>447,060,155</b> |
| <b>Profit Before Tax</b>   |           | <b>24,402,273</b>  | <b>21,783,319</b>  |
| Provision for Taxation:  |           |                    |                    |
| Current Tax Expense  |           | 4,129,148          | -                  |
| Deferred Tax (Income)/Expense  | 14.3c     | 953,923            | 6,371,377          |
| <b>Profit After Tax</b>  |           | <b>19,319,202</b>  | <b>15,411,942</b>  |
| Profit transferred to CSR Reserves                                       |           | 193,192            | 154,119            |
| <b>Net Profit</b>  |           | <b>19,126,010</b>  | <b>15,257,823</b>  |
| Schedules 4 and 11 to 14 forms an integral part of this Income Statement |           |                    |                    |
| Significant Accounting Policies and Notes to Accounts                    |           | 14                 |                    |

As per our report of even date

  
**Ravin Lama**  
 Director

Place: Kathmandu  
 Date:



  
**Shashi Satyal**  
 Partner  
 TR Upadhya & Co.

**SAMA PRINTERS PVT. LTD.**

Bhaisepatti

Lalitpur, Nepal

**CASH FLOW STATEMENT**

For the year ended 31 Ashad 2076 (16 July 2019)

| Particulars   | Current Year        | Previous Year       |
|---|---------------------|---------------------|
|   | Amount in NPR       | Amount in NPR       |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                     |                     |                     |
| Profit before taxation & extraordinary items                      | 24,402,273          | 21,783,319          |
| Adjustments:  |                     |                     |
| Depreciation  | 31,888,089          | 16,296,571          |
| Interest expenses   | 51,006,791          | 62,902,072          |
| Loss from Foreign exchange fluctuation                            | 209,821             | 397,274             |
| Unrealised Foreign exchange (Gain)/Loss                           | -                   | 2,624,685           |
| Provision for bonus   | 2,711,364           | 2,420,369           |
| Provision for gratuity  | 1,015,107           | 1,778,170           |
| Provision for csr reserve   | -                   | -                   |
| <b>Cash flow from operation before changes in working capital</b> | <b>111,233,445</b>  | <b>108,202,462</b>  |
| (Increase) / decrease in current assets                           | (117,789,710)       | (19,836,409)        |
| Increase / (decrease) in current liabilities                      | 117,552,355         | 21,282,838          |
| <b>Cash flow from operation before income tax</b>                 | <b>110,996,090</b>  | <b>109,648,891</b>  |
| Gratuity Paid   | (565,789)           | (57,866)            |
| Bonus paid  | (2,420,369)         | (4,488,824)         |
| Advance income tax  | (6,675,531)         | (6,224,289)         |
| <b>Net cash flow from operating activities:</b>                   | <b>101,334,401</b>  | <b>98,877,912</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |                     |                     |
| Purchase of fixed assets  | (6,818,989)         | (1,537,792)         |
| Proceeds from sale of investment                                  | -                   | -                   |
| Proceeds from sale of fixed assets                                | -                   | -                   |
| <b>Net cash flow from investing activities:</b>                   | <b>(6,818,989)</b>  | <b>(1,537,792)</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                     |                     |                     |
| Repayment of loan   | (55,531,771)        | (27,614,466)        |
| Proceeds from borrowing   | 27,108,657          | 2,632,009           |
| Interest income/(expenses)  | (51,006,791)        | (62,902,072)        |
| <b>Net cash flow from financing activities :</b>                  | <b>(79,429,905)</b> | <b>(87,884,530)</b> |
| <b>D. EFFECT OF EXCHANGE RATE CHANGES</b>                         | <b>(209,820)</b>    | <b>(3,021,960)</b>  |
| <b>Net increase/ (decrease) in cash (A+B+C+D) :</b>               | <b>14,875,686</b>   | <b>6,433,631</b>    |
| Cash and cash equivalents at the beginning of the year            | 7,042,098           | 608,467             |
| <b>Cash and cash equivalents at the end of the year</b>           | <b>21,917,785</b>   | <b>7,042,098</b>    |

Schedule 1 to 14 form an integral part of this Cash Flow Statement

Significant Accounting Policies and Notes to Accounts

14

As per our report of even date

*Ravin Lama*  
Ravin Lama

Director

Date :

26 DEC 2019

Place : Kathmandu, Nepal

*Shashi Satyal*  
Shashi Satyal

Partner

TR Upadhy & Co.

**SAMA PRINTERS PVT. LTD.**  
Bhaisepati  
Lalitpur, Nepal

**STATEMENT OF CHANGES IN EQUITY**  
As at 31 Ashad 2076 (16 July 2019)

| Particulars                         | Share Capital | Share application | CSR reserve | Revaluation Reserve | Accumulated Profit/(loss) | Total         |
|-------------------------------------|---------------|-------------------|-------------|---------------------|---------------------------|---------------|
| Opening Balance as at 31 Ashad 2074 | 27,796,000    | 454               | -           | 66,381,419          | (202,176,925)             | (107,999,052) |
| Transferred to CSR Reserve          | -             | -                 | 154,119     | -                   | -                         | 154,119       |
| Net profit/(loss) for the period    | -             | -                 | -           | -                   | 15,257,823                | 15,257,823    |
| Prior year adjustment               | -             | -                 | -           | -                   | 296,152                   | 296,152       |
| Balance as at 32 Ashad 2075         | 27,796,000    | 454               | 154,119     | 66,381,419          | (186,622,950)             | (92,290,958)  |
| Transferred to CSR Reserve          | -             | -                 | 193,192     | -                   | -                         | 193,192       |
| Net profit/(loss) for the period    | -             | -                 | -           | -                   | 19,126,010                | 19,126,010    |
| Revaluation Reserve                 | -             | -                 | -           | 104,369,411         | -                         | 104,369,411   |
| Balance as at 31 Ashad 2076         | 27,796,000    | 454               | 347,311     | 170,750,830         | (167,496,939)             | 31,397,655    |

Amount in NPR

As per our report of even date

*Ravin Lama*  
Ravin Lama



Director

Date : 26 DEC 2019

Place : Kathmandu, Nepal

*Shashi Satyal*  
Shashi Satyal

Partner

T R Upadhyaya & Co

Chartered Accountants