

**INDEPENDENT AUDITORS' REPORT  
TCI NEPAL PRIVATE LIMITED**

**To  
The Board of Directors**

**Report on Audit of Financial Statements**

We have audited the accompanying financial statements of TCI Nepal Private Limited ('the Company') which comprise the balance sheet as at 31 March 2020, income statement, the statement of changes in equity and the cash flow statement for the year then ended, annexed thereto, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared solely to enable the parent company, Transport Corporation of India Limited ('Group'), to prepare its consolidated financial statements as at 31 March 2020.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements have been prepared, in all material respects, in accordance with Nepal Accounting Standards and are suitable for inclusion in the consolidated financial statements of Transport Corporation of India Limited.

**Management's responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the preparation of the Financial Statements that give a true and fair view of the financial position, financial performance, financial cash flows of the entity, and a summary of significant account policies and other explanatory information, prepared in accordance with group accounting policies followed by the holding company of the group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The financial statements have been prepared by the Management of the Company, on the basis of instructions received in this regard solely to enable Transport Corporation of India Limited to prepare its consolidated financial statements.

**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. We conducted our audit in accordance with the Nepal Standards on Auditing (NSAs). Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting

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and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 basis for our audit opinion.

#### **Other Matters**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The balance sheet, the income statement, the statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements.

#### **Limitation of Use**

This report is intended solely for use by Transport Corporation of India Limited in connection with its consolidated financial statements as at and for the year ended 31 March 2020 and should not be used for any other purpose.



Shashi Satyal  
Partner

PKF TR Upadhyaya & Co.  
Chartered Accountants

Date: 15 May 2020  
UDIN: 200522CA00008TxUw4

TCI Nepal Private Limited  
Kathmandu, Nepal

Balance Sheet  
As at 31 March 2020

Amount in NPR

| Particulars   | Schedules | As at 31 March 2020 | As at 31 March 2019 |
|---|-----------|---------------------|---------------------|
| <b>Equity and Liabilities</b>                                     |           |                     |                     |
| <b>Equity</b>   |           |                     |                     |
| Share capital   | 1         | 5,000,000           | 5,000,000           |
| Reserve & surplus   | 2         | (3,945,370)         | (4,121,232)         |
| <b>Total Shareholders Fund</b>                                    |           | <b>1,054,630</b>    | <b>878,768</b>      |
| <b>Non Current liabilities</b>                                    |           |                     |                     |
| <b>Current Liabilities</b>  |           |                     |                     |
| Trade & other payables  | 9         | 28,383,756          | 23,933,027          |
| <b>Total Current Liabilities</b>                                  |           | <b>28,383,756</b>   | <b>23,933,027</b>   |
| <b>Total Equity and Liabilities</b>                               |           | <b>29,438,385</b>   | <b>24,811,795</b>   |
| <b>Assets</b>   |           |                     |                     |
| <b>Non-Current Assets</b>   |           |                     |                     |
| Property, Plant and Equipment (Net)                               | 3         | 263,009             | 256,498             |
| Other non current sssets  | 4         | 50,000              | 54,000              |
| <b>Total Non Current Assets</b>                                   |           | <b>313,009</b>      | <b>310,498</b>      |
| <b>Current assets</b>   |           |                     |                     |
| Trade & other receivables   | 5         | 21,169,336          | 17,987,201          |
| Advances & deposits   | 6         | 1,775,800           | -                   |
| Cash & cash equivalents   | 7         | 4,556,537           | 6,067,696           |
| Current tax assets (net)  | 8         | 1,623,703           | 446,400             |
| <b>Total current assets</b>                                       |           | <b>29,125,376</b>   | <b>24,501,297</b>   |
| <b>Total Assets</b>   |           | <b>29,438,385</b>   | <b>24,811,795</b>   |
| Significant Accounting Policies & Notes to Accounts               | 15        |                     |                     |
| Schedules 1 to 15 forms integral part of the Financial Statements |           |                     |                     |

For and on behalf of Board

As per our report of even date

Girdhari Singh Shekhawat  
Chairman  
Date: 15-05-20.  
Kathmandu



Dharmendra K Yadav  
Accountant

Shashi Satyal  
Partner  
PKF TR Upadhyaya & Co.  
Chartered Accountants



TCI Nepal Private Limited  
Kathmandu, Nepal

INCOME STATEMENT  
For the year ended 31 March 2020


| Particulars  | Schedules | Current Year      | Amount in NPR      |
|--|-----------|-------------------|--------------------|
|  |           |                   | Previous Year      |
| Revenue from operation                                     | 10        | 99,146,248        | 25,737,601         |
| Other income   | 11        | 114,000           | -                  |
| <b>Total Income</b>  |           | <b>99,260,248</b> | <b>25,737,601</b>  |
| Cost of rendering services                                 | 12        | 89,784,256        | 26,477,347         |
| Employee benefit expenses                                  | 13        | 3,820,228         | 121,635            |
| Administrative expenses                                    | 14        | 5,316,983         | 2,606,441          |
| <b>Profit/(Loss) before interest, depreciation and tax</b> |           | <b>338,780</b>    | <b>(3,467,822)</b> |
| Interest expense   |           | -                 | -                  |
| Depreciation   | 3         | 79,772            | 47,500             |
| <b>Profit/(Loss) before tax</b>                            |           | <b>259,008</b>    | <b>(3,515,322)</b> |
| Tax Expenses   |           |                   |                    |
| Current tax expenses                                       |           | 83,147            | -                  |
| Deferred tax income  |           | -                 | -                  |
| <b>Net Profit/(Loss) transferred to Balance Sheet</b>      |           | <b>175,862</b>    | <b>(3,515,322)</b> |

Significant Accounting Policies & Notes to Accounts  
Schedules 1 to 14 forms integral part of the Financial Statements


15


For and on behalf of Board

As per our report of even date

  
Girdhari Singh Shekhawat  
Chairman  
Date: 15.05.20.



  
Dharmendra K Yadav  
Accountant

  
Shashi Satyal  
Partner  
PKF TR Upadhyay & Co.  
Chartered Accountants



TCI Nepal Private Limited  
Kathmandu, Nepal

**CASH FLOW STATEMENT**  
For the year ended 31 March 2020

Amount in NPR

| Particulars   | Current Year       | Previous Year      |
|---|--------------------|--------------------|
| <b>Cash Flow from Operating Activities</b>                                |                    |                    |
| Net profit/(Loss) as per Profit and Loss Account                          | 175,862            | (3,515,322)        |
| Add: Depreciation   | 79,772             | 47,500             |
| Add: Deferred Tax Liability   | -                  | -                  |
| <b>Cash flow from Operating activities before working capital changes</b> | <b>255,634</b>     | <b>(3,467,822)</b> |
| (Increase)/Decrease in Current Assets                                     | (6,135,238)        | (18,433,601)       |
| (Increase)/Decrease in Non Current Assets                                 | 4,000              | (54,000)           |
| Increase/(Decrease) in Current Liabilities & Provisions                   | 4,450,729          | 23,933,027         |
| <b>Cash Flows from Operating Activities (A)</b>                           | <b>(1,424,876)</b> | <b>1,977,604</b>   |
| <b>Cash Flows from Investing Activities</b>                               |                    |                    |
| Purchase of fixed assets  | (86,283)           | (303,998)          |
| Decrease/(Increase) in Investment   | -                  | -                  |
| Decrease/(Increase) in Pre-operating expenses                             | -                  | -                  |
| <b>Cash Flows from Investment Activities (B)</b>                          | <b>(86,283)</b>    | <b>(303,998)</b>   |
| <b>Cash Flows from Financing Activities</b>                               |                    |                    |
| Issue of shares   | -                  | 5,000,000          |
| Opening Profit & Loss Effect  | -                  | (605,910)          |
| Increase/(Decrease) in loans  | -                  | -                  |
| Advance against share capital   | -                  | -                  |
| <b>Cash Flows from Financing Activities (C)</b>                           | <b>-</b>           | <b>4,394,090</b>   |
| <b>Net Increase/ Decrease in Cash (A+B+C)</b>                             | <b>(1,511,159)</b> | <b>6,067,696</b>   |
| Cash and Cash Equivalent at the beginning of the period                   | 6,067,696          | -                  |
| <b>Cash and Cash Equivalent at the end of the period</b>                  | <b>4,556,537</b>   | <b>6,067,696</b>   |

Significant Accounting Policies & Notes to Accounts  
Schedules 1 to 14 forms integral part of the Financial Statements

15


For and on behalf of Board


  
Girdhari Singh Shekhawat  
Chairman

Date: 15-05-20.



As per our report of even date

  
Dharmendra K Yadav  
Accountant

  
Shashi Satyal  
Partner  
PKF TR Upadhyaya & Co.  
Chartered Accountants



TCI Nepal Private Limited  
Kathmandu, Nepal

Statement of Changes in Equity for the year ended 31 March 2020


Amount in NPR


| Particulars                        | Share Capital    | Retained earnings  | Total            |
|------------------------------------|------------------|--------------------|------------------|
| Opening Balance as on 1 April 2018 | -                | -                  | -                |
| Change in accounting Policy        | -                | -                  | -                |
| Issue of Capital                   | 5,000,000        |                    | 5,000,000        |
| Net loss for the period            |                  | (4,121,232)        | (4,121,232)      |
| <b>Balance as on 31 March 2019</b> | <b>5,000,000</b> | <b>(4,121,232)</b> | <b>878,768</b>   |
| Change in accounting Policy        | -                | -                  | -                |
| Issue of Capital                   | -                | -                  | -                |
| Net loss for the period            |                  | 175,862            | 175,862          |
| <b>Balance as on 31 March 2020</b> | <b>5,000,000</b> | <b>(3,945,370)</b> | <b>1,054,630</b> |


Significant Accounting Policies & Notes to Accou 15  
Schedules 1 to 14 forms integral part of the Financial Statements

For and on behalf of Board

As per our report of even date

  
Girdhari Singh Shekhawat  
Chairman  
Date: 15-05-20.

  
Dharmendra K Yadav  
Accountant

  
Shashi Satyal  
Partner  
PKF TR Upadhya & Co.  
Chartered Accountants





TCL Nepal Private Limited  
Kathmandu, Nepal

Schedules forming part of Financial Statements for the year ended 31 March 2020

Schedule 3: Property, Plant and Equipment (Net)

Amount in NPR

| Particulars   | Depreciation<br>Rate (%) | Gross Block           |               |           | As At 31<br>March 2020 | Depreciation          |               |           | As At 31<br>March 2020 | Net Block              |                        |
|---------------|--------------------------|-----------------------|---------------|-----------|------------------------|-----------------------|---------------|-----------|------------------------|------------------------|------------------------|
|               |                          | As At 1 April<br>2019 | Additions     | Disposals |                        | As At 1 April<br>2019 | Additions     | Disposals |                        | As At 31<br>March 2020 | As At 31<br>March 2019 |
| Computer      | 25.00                    | 284,998               | 3,451         | -         | 288,449                | 44,531                | 71,365        | -         | 115,896                | 172,553                | 240,467                |
| Printer       | 25.00                    | 19,090                | 14,690        | -         | 33,690                 | 2,969                 | 5,242         | -         | 8,210                  | 25,480                 | 16,031                 |
| Battery & UPS | 25.00                    | -                     | 68,142        | -         | 68,142                 | -                     | 3,165         | -         | 3,165                  | 64,977                 | -                      |
| <b>TOTAL</b>  |                          | <b>303,998</b>        | <b>86,283</b> | <b>-</b>  | <b>390,281</b>         | <b>47,500</b>         | <b>79,772</b> | <b>-</b>  | <b>127,272</b>         | <b>263,009</b>         | <b>256,498</b>         |



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**TCI Nepal Private Limited**  
Kathmandu, Nepal

Schedules forming part of Financial Statements for the year ended 31 March 2020

**Schedule 1: Share capital**

|  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>Authorised Share Capital</b>        |                     |                     |
| 1,00,000 Equity Shares of Rs. 100 each | 10,000,000          | 10,000,000          |
| <b>Issued Capital</b>                  |                     |                     |
| 50,000 Equity Shares of Rs. 100 each   | 5,000,000           | 5,000,000           |
| <b>Subscribed and Paid up Capital</b>  |                     |                     |
| 50,000 Equity Shares of Rs. 100 paid   | <u>5,000,000</u>    | <u>5,000,000</u>    |

**Schedule 2: Reserve & surplus :**

|  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>Accumulated Profit/(Loss):</b>      |                     |                     |
| Opening Balance                        | (4,121,232)         | (605,910)           |
| Add: Transferred from Income Statement | 175,862             | (3,515,322)         |
| <b>Total</b>                           | <u>(3,945,370)</u>  | <u>(4,121,232)</u>  |

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**TCI Nepal Private Limited**  
Kathmandu, Nepal

Schedules forming part of Financial Statements for the year ended 31 March 2020

**Schedule 4: Other non current assets**

|                                   | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|---------------------|---------------------|
| Deposit in Department of Industry | 4,000               | 4,000               |
| Bank Gurantee                     | 46,000              | 50,000              |
| <b>Total</b>                      | <b>50,000</b>       | <b>54,000</b>       |

**Schedule 5: Trade & other receivables**

|                   | As at 31 March 2020 | As at 31 March 2019 |
|-------------------|---------------------|---------------------|
| Trade Receivables | 16,910,944          | 10,161,601          |
| Other Receivables | 4,258,392           | -                   |
| Unbilled Income   | -                   | 7,825,600           |
| <b>Total</b>      | <b>21,169,336</b>   | <b>17,987,201</b>   |

**Schedule 6: Advances and deposits**

|  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| Advances against custom clearance and others | 1,775,800           | -                   |
| <b>Total</b>                                 | <b>1,775,800</b>    | <b>-</b>            |

**Schedule 7: Cash & cash equivalents**

|              | As at 31 March 2020 | As at 31 March 2019 |
|--------------|---------------------|---------------------|
| Cash in Hand | 150,429             | 15,367              |
| Bank Balance | 4,406,108           | 6,052,329           |
| <b>Total</b> | <b>4,556,537</b>    | <b>6,067,696</b>    |

**Schedule 8: Current tax assets (Net)**

|                   | As at 31 March 2020 | As at 31 March 2019 |
|-------------------|---------------------|---------------------|
| Advance tax       | 1,706,850           | 446,400             |
| Provision for tax | (83,147)            | -                   |
| <b>Total</b>      | <b>1,623,703</b>    | <b>446,400</b>      |

**Schedule 9: Trade & other payables**

|                           | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------|---------------------|---------------------|
| Payable to TCI Freight    | 22,258,781          | -                   |
| Payable to TCI SCS        | 4,401,600           | 23,126,400          |
| Payable to TCI Branch     | 196,008             | 224,258             |
| Audit Fees Payable        | 150,000             | 27,875              |
| TDS Payable               | 424,465             | 405,504             |
| VAT Payable               | 858,325             | -                   |
| Expenses Payable          | -                   | 5,000               |
| Rent Payable              | -                   | 136,850             |
| Employee Related Payables | 94,577              | 7,140               |
| <b>Total</b>              | <b>28,383,756</b>   | <b>23,933,027</b>   |

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TCI Nepal Private Limited  
Kathmandu, Nepal

Schedules forming part of Financial Statements for the year ended 31 March 2020

Schedule 10: Revenue from operation

Amount In NPR

|                       | Current Year      | Previous Year     |
|-----------------------|-------------------|-------------------|
| Freight Income-Local  | 76,131,366        | 25,737,601        |
| Freight Income-Export | 22,526,802        | -                 |
| Demurrage Charges     | 488,079           | -                 |
|                       | <u>99,146,248</u> | <u>25,737,601</u> |

Schedule 11: Other income

|               | Current Year   | Previous Year |
|---------------|----------------|---------------|
| Rental Income | 114,000        | -             |
|               | <u>114,000</u> | <u>-</u>      |

Schedule 12: Cost of rendering services

|                                       | Current Year      | Previous Year     |
|---------------------------------------|-------------------|-------------------|
| Lorry Hire and transportation Charges | 85,152,766        | 26,297,827        |
| Custom clearance charges              | 4,102,440         | -                 |
| Crane Operation Charges               | 359,040           | 179,520           |
| Handling & Other Direct Expenses      | 170,010           | -                 |
|                                       | <u>89,784,256</u> | <u>26,477,347</u> |

Schedule 13: Employee benefit expenses

|                                 | Current Year     | Previous Year  |
|---------------------------------|------------------|----------------|
| Salaries and Allowance          | 3,221,802        | 121,635        |
| Contribution to SSF             | 345,314          | -              |
| Other employee Benefit Expenses | 253,112          | -              |
|                                 | <u>3,820,228</u> | <u>121,635</u> |

Schedule 14: Administrative expenses

|                              | Current Year            | Previous Year           |
|------------------------------|-------------------------|-------------------------|
| Rent                         | 3,378,566               | 2,276,100               |
| Audit Fee                    |                         |                         |
| Statutory Audit Fee          | 150,000                 | 28,250                  |
| Tax Audit Fee                | 60,000                  | -                       |
| Group Audit Fee              | 150,000                 | -                       |
| Consultancy Fee              | 196,500                 | 127,000                 |
| Bank Charges                 | 92,445                  | 4,830                   |
| Fines and Penalties          | 73,578                  | -                       |
| Office Expenses              | 161,352                 | 42,220                  |
| Travel Expenses              | 89,828                  | -                       |
| Printing and Stationery      | 63,360                  | 11,144                  |
| Electricity Charges          | 6,934                   | 1,500                   |
| Conveyance Expenses          | 248,641                 | 38,407                  |
| Repair and Maintenance       | 8,400                   | 480                     |
| Telephone and Postage        | 121,033                 | 14,640                  |
| Rates and Taxes              | -                       | 20,060                  |
| Insurance Charges            | 22,020                  | -                       |
| Foreign Exchange Fluctuation | 44,201                  | -                       |
| Miscellaneous Expenses       | 450,125                 | 41,810                  |
| <b>Total</b>                 | <u><b>5,316,983</b></u> | <u><b>2,606,441</b></u> |

*JP Yadav*

*[Signature]*



## **TCI Nepal Private Limited**

### **Schedule 15: Significant Accounting Policies and Notes to Accounts For the year ended 31 March 2020**

#### **1. Corporate Background**

TCI Nepal Private Limited ("Company") is a private limited company incorporated in Nepal under the Companies Act, 2006 on 2 June 2017 after obtaining approval from for Foreign Direct Investment under the Foreign Investment and Technology Transfer Act, 1992. The registered office of the company is located at Kathmandu Metropolitan city Ward no. 22

TCI Nepal Private Limited is a wholly owned subsidiary of Transport Corporation of India (TCI) Limited headquartered in Gurgaon, Haryana, India. The principal business of the company is warehousing and Cargo handling.

#### **2. Summary of Significant Accounting Policies**

##### **2.1 Basis of Preparation**

The financial statements have been prepared in accordance with applicable Nepal Accounting Standard (NAS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) and in accordance with the relevant presentation requirement of Companies Act, 2006. The accounting policies are applied consistently to all the periods presented in the financial statements.

##### **2.2 Responsibility for Financial Statements**

The Management is responsible for the preparation of financial statements of the company. The management has prepared the financial statements in accordance with Nepal Accounting Standards and in compliance with the Companies Act, 2006.

##### **2.3 Basis of Measurement**

The Financial Statements has been prepared in accordance with historical cost convention and accrual basis and the presentation requirement of Companies Act, 2006.

##### **2.4 Going Concern**

The financial statements are prepared on the assumption that the Company is a going concern.

##### **2.5 Revenue Recognition**

Revenue is recognized to the extent that the economic benefits will flow to the company, the revenue, the associated cost incurred and to be incurred and the stage of completion of transaction at the end of the reporting period can be measured reliably.

##### ***Rendering of Services***

Revenue from rendering of services is recognized on accrual basis as per contractual agreements entered into with the customers.

##### ***Other Income***

Other incomes are recognized on an accrual basis.



## **2.6 Property, Plant and Equipment and Depreciation**

Property, Plant and Equipment (PPE) are measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

Depreciation on each part of an item of property, plant and equipment is provided using the straight line method based on the useful life of the asset as prescribed by operational policy of the group company and is charged to the income statement. Depreciation on additions is charged on a pro rata basis from the date the assets are purchased or become ready for use.

The depreciation rate for the assets are mentioned as follows:

Office Equipment- Computers and printers: 25%

## **2.7 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and cash at bank.

## **2.8 Trade receivables**

Trade receivables are stated at their book value.

## **2.9 Lease**

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## **2.10 Cash flow statement**

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

## **2.11 Income Tax**

### *Current Income Tax*

Current tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 2002. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities. Income tax rates applicable to the company:

Income from sale of services and other income: 25%



## 2.12 Retirement and Employee Benefits

The Company is registered with the Social Security Fund (SSF) on 18 September 2019 and all retirement benefits (Provident fund, Social security tax, Gratuity and Medical Insurance to the staff) are deposited therein. The contribution pattern to SSF by the employee and employer is described as below:

| S.No. | Heading             | Employee (Rate) | Employer (Rate) | Remarks                               |
|-------|---------------------|-----------------|-----------------|---------------------------------------|
| 1     | Provident fund      | 10%             | 10%             | The rates are applied on basic salary |
| 2     | Social Security Tax | 1%              | –               |                                       |
| 3     | Gratuity            | –               | 8.33%           |                                       |
| 4     | Medical Insurance   | –               | 1.67 %          |                                       |
|       | <b>Total</b>        | <b>11%</b>      | <b>20%</b>      | <b>31%</b>                            |

## 2.13 Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

## 2.14 Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorised for issue.

Due to the COVID -19 pandemic, the Government of Nepal has announced the countrywide lockdown from 23 March 2020 due to which the operation of the company in remains shut down. However, the company has made an assessment on the Going Concern Assumption and other important areas that are affected from the COVID -19. The management is of the view that there is enough surplus cash available with the company to normalise the operation as soon as the lockdown is over.



## **2.15 Provision for bonus**

Provision for Staff Bonus is required to be set aside at the rate of 10% of profit before tax by all entities making profit under the Bonus Act. The bonus provision has not been considered in preparation of financial statements for the period ended 31 March 2020 as the financial statements have been prepared for consolidation purpose as per the requirement of the parent company.

## **2.16 Provision for Corporate Social Responsibilities (CSR)**

Section 54 of the Industrial Enterprises Act, 2020 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the “CSR Requirement”). The fund created for CSR is to be utilized on the basis of annual plans and programs in the sectors that are prescribed under the Act .The progress report of the utilization of the fund collected for CSR is required to be submitted to the relevant government authorities registered within six months from expiry of the financial year.

The CSR provision has not been considered in preparation of financial statements for the period ended 31 March 2020 as the financial statements have been prepared for consolidation reporting purpose as per the requirement of the parent company.

## **2.17 Rounding off and Comparative Figures**

The financial statements are presented in Nepalese Rupees (NPR), rounded off to the nearest rupee. Previous year figures have been reclassified/ regrouped whenever necessary.





### 3. Other Notes

#### 3.1 Equity

TCI Nepal Private Limited is a 100% subsidiary of Transport Corporation of India Limited (TCI), registered and operating India. The following are the details relating to its Share Capital:

| Particulars                            | Amount in NPR |
|--|---------------|
| Authorized Share Capital               | 10,000,000    |
| Issued Share Capital                   | 5,000,000     |
| Called Up and subscribed Share Capital | 5,000,000     |
| Paid Up Share Capital                  | 5,000,000     |

#### 3.2 Related party Transactions

The related party transactions during the year were as follows:

Amount in NPR

| Name of related parties    | Nature of Relationship        | Nature of transaction | Transactions in Current year | Transactions in previous year |
|----------------------------|-------------------------------|-----------------------|------------------------------|-------------------------------|
| TCI Freight                | Subsidiary of Holding Company | Purchase of services  | 36,706,232                   | -                             |
| TCI Supply Chain Solutions | Subsidiary of Holding Company |                       | 17,524,800                   | 23,126,400                    |
| TCI Supply Chain Solutions | Subsidiary of Holding Company | Sale of services      | 14,312,480                   | -                             |
| TCI Freight                | Subsidiary of Holding Company |                       | 524,857                      | 89,601                        |

| Name of related parties    | Nature of Relationship        | Nature of account balance | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------|-------------------------------|---------------------------|---------------------|---------------------|
| TCI Branch                 | Subsidiary of Holding Company | Trade Payables            | (196,008)           | (222,528)           |
| TCI Freight                | Subsidiary of Holding Company |                           | (22,258,781)        | -                   |
| TCI Supply Chain Solutions | Subsidiary of Holding Company |                           | (4,401,600)         | (23,126,400)        |
| TCI Supply Chain Solutions | Subsidiary of Holding Company | Trade Receivables         | 2,618,240           | -                   |
| TCI Freight                | Subsidiary of Holding Company |                           | 13,870              | 89,601              |

