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# 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 2025, 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 2025.

## 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 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 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 2025 and should not be used for any other purpose.

Shashi Satyal Partner

PKF TR Upadhya & Co. Chartered Accountants

Date: 28 April 2025

UDIN: 250429CA000089H3ss

## Balance Sheet As at 31 March 2025

			Amount in NPR
Particulars	Schedules	As at 31 March 2025	As at 31 March 2024
Equity and Liabilities			
Equity	w. j		£ 000 000
Share capital	1	5,000,000	5,000,000 (779,184)
Reserve & surplus	2	247,080	
Total Shareholders Fund		5,247,080	4,220,816
Non Current Habilities	,		
Current Liabilities			
Trade & other payables	8	49,373,756	34,912,159
Provisions	9	32,783	77,601
Total Current Liabilities		49,406,539	34,989,760
Total Equity and Liabilities		54,663,619	39,210,576
Assets			
Non-Current Assets			
Property, Plant and Equipment (Net)	3	90,377	
Other non current assets	4		50,000
Total Non Current Assets		90,377	50,000
Current assets			
Trade & other receivables	5	36,470,752	17,278,306
Cash & cash equivalents	6	11,724,735	15,951,840
Current tax assets (net)	7	6,367,755	5,930,430
Total current assets		54,563,242	39,160,576
Total Assets		54,653,619	39,210,576

Significant Accounting Policies & Notes to Accounts
The accompanying schedules form an integral part of the Financial Statements

For and on behalf of Board

Rajkiran Jayaram Kanagala Director

Girdhari Singh Shekhawat Chairman

Shashi Satyal Partner

PKF TR Upadhya & Co. Chartered Accountants

As per our report of even date

Subhash Singh Shekhawat Accountant

Date: 2 8 APR 2025 Kathmandu



#### Income Statement For the year ended 31 March 2025

Amount in NPR

Particulars	Schedules	Current Period	Previous Period
Revenue from operation	10	132,653,983	108.941.429
Other income	11	60,000	717,377
Total income	4.0	132,713,983	109,658,806
Cost of rendering services	12	122,618,302	98,824,619
Employee benefit expenses	13	5,049,979	5,569,393
Administrative expenses	14	3,995,655	4,503,925
Total Expense		131,663,936	108,887,937
Profit/(Loss) before interest, depreciation and tax		1,050,047	770,869
Interest expense	3	23.783	14,082
Depreciation Profit Before Tax	3	1,026,264	756,786
Tax Expenses			
Current tax expenses Deterred tax expense /(income)			
Net Profit/(Loss) transferred to Balance Sheet		1,026,264	756,786

Significant Accounting Policies & Notes to Accounts
The accompanying schedules form an integral part of the Financial Statements

For and on behalf of Board

Rajkiran Jayaram Kanagala Director Girdhan Sirigh Shekhawat Chairman

Shashi Satyal Partner

PKF TR Upadhya & Co. Chartered Accountants

As per our report of even date

Subhash Singh Shekhawat

Date 2 8 APR 2025



## Cash Flow Statement For the year ended 31 March 2025

Amount in NPR

Particulars	Current Period	Previous Period
Cash Flow from Operating Activities	***************************************	**************************************
Net profit/(Loss) as per income Statement	1,026,264	756,786
Add Depreciation	23,783	14,082
Add: Deferred Tax Liability		*
Less: Interest Income		(19,164)
Cash flow from Operating activities before working capital changes	1,050,047	751,704
(Increase)/Decrease in Current Assets	(19,629,771)	(742.370)
(Increase)/Decrease in Non Current Assets	50,000	*
Increase/(Decrease) in Current Liabilities	14,416,779	14,975,642
Cash Flows from Operating Activities (A)	(4,112,945)	14,984,976
Cash Flows from Investing Activities		
Purchase of fixed assets	(114,160)	
Decrease/(Increase) in Investment	•	
Decrease/(Increase) in Pre-operating expenses		
Interest Income		19,164
Cash Flows from Investment Activities (B)	(114,160)	19,164
Cash Flows from Financing Activities		
Issue of shares		
Increase/(Decrease) in loans	*	
Advance against share capital	*	
Cash Flows from Financing Activities (C)	***************************************	*
Net Increase/ Decrease in Cash (A+B+C)	(4,227,105)	15,004,140
	15 951 840	947.700
Cash and Cash Equivalent at the beginning of the period	15,851,640	
Cash and Cash Equivalent at the end of the period	11,724,735	15,951,840

Significant Accounting Policies & Notes to Accounts
The accompanying schedules form an integral part of the Financial Statements

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For and on behalf of Board

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Subhash Singh Shekhawat Accountant

Date: 2 8 APR 2025

Rajkiran Jayaram Kanagala Director 3

Ardhari Singh Shekhawat Chairman Shash<del>i Satyal</del> Partner

PKF TR Upadhya & Co. Chartered Accountants



#### Statement of Changes in Equity for the year ended 31 March 2025

		Amount in NPR	
Share Capital	Retained earnings	Total	
 5,000,000	(1,535,968)	3,464,030	
*		*	
*			
	756,786	756,786	
5,000,000	(779,181)	4,220,816	
	×	×	
	1,026,264	1,026,264	
5,000,000	247,083	5,247,080	

Significant Accounting Policies & Notes to Accounts
The accompanying schedules form an integral part of the Financial Statements

Particulars

For and on behalf of Board

Balance as on 31 March 2023

Issue of Capital Net profit /(loss) for the penod Balance as on 31 March 2024

tssue of Capital Net profit /(loss) for the period Balance as on 31 March 2025

Strate Kuthar Patel Country Head

Subhash Singh Shekhawat Accountant

Date: 2 8 APR 2025

Gudhfadi Sirgh Sheknawat

Rajkiran Jayaram Kanagala Director

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As per our report of even date

Shashi Satyal

PKF TR Upadhya & Co. Charlered Accountants

Schedules forming part of Financial Statements for the year ended 31 March 2025

Schedule 3: Property, Plant and Equipment

Schedule S. Property, Fairs and Equipme	Computer	Printer	Battery and UPS	Amount in NPR Total
Gross Carrying Value		33,690	68,142	390,281
Balance as at 31 March 2023	288,449	33,080	00,142	
Addition				
Sales/Adjustment			*	*
Balance as at 31 March 2024	288,449	33,690	68,142	390,281
Addition Sales/Adjustment	114,160			
Balance as at 31 March 2025	402,609	33,690	68,142	504,441
Accumulated Depreciation		33,478	54,272	376,199
Balance as at 31 March 2023	288,449	33,478	34,272	
Addition		212	13,870	14,082
Sales/Adjustment			68,142	390,281
Balance as at 31 March 2024	288,449	33,690	00,142	330,201
Addition	23.783		*	23,783
Sales/Adjustment	*	***************************************	58,142	414,064
Balance as at 31 March 2025 Net Book Value	312,232	33,690	00,142	
Balance as at 31 March 2023		212	13,870	14,082
Balance as at 31 March 2024		*	Management of the second secon	-
Balance as at 31 March 2025	90,377	25%	25%	90,377

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Schedules forming part of Financial Statements for the year ended 31 March 2025

Schedule 1: Share capital	As at 31 March 2025	Amount in NPR As at 31 March 2024
Authorised Share Capital 1.00,000 Equity Shares of Rs. 100 each	10,000,000	10,000,000
Issued Capital 50,000 Equity Shares of Rs. 100 each	5,000,000	5,000,000
Subscribed and Paid up Capital 50,000 Equity Shares of Rs. 100 paid	5,000,000	5,000,000
Schedule 2: Reserve & surplus :	As at 31 March 2028	As at 31 March 2024
Accumulated Profit/(Loss): Opening Balance as on 1 April Add: Transferred from Income Statement Total	(779,184) 1,026,264 247,080	(1,536,970) 756,786 (779,184)









Schedules forming part of Financial Statements for the year ended 31 March 2025

Schedule 4: Other non current assets			Amount in NPR
		As at 31 March 2025	As at 31 March 2024
Bank Guarantee			50,000
Total			60,000
Schedule 5: Trade & other receivables		As at 31 March	As at 31 March
		2025	2024
Trade Receivables		36,422.714	16,469,484
Other Receivables			783,052
Staff Advance		48,038	25,770
Total		36,470,752	17,278,306
Schedule 6: Cash & cash equivalents		As at 31 March	As at 31 March
		2025	2024
Cash in Hand		86.732	37.986
Bank Balance		11 638 004	15,913,854
Total		11,724,735	15,951,840
	Date:		
Schedule 7: Current tax assets (Net)			
		As at 31 March 2025	As at 31 March 2024
			5,930,430
Advance tax		6,367,755	5,930,430
Less: Provision for tax Total		6,367,755	5,930,430
Schedule 8: Trade & other payables		As at 31 March	As at 31 March
		2025	2024
Payable to TCI Freight*		10,303,775	4.342,267
Payable to TCI SCS*		37,509,680	29.298,640
Audit Fees Payable		150,000	150,000
TDS Payable		140,556	219,043
VAT Payable		523,668	348,947
Expenses Payable		691,173	482,479
Employee Related Payables		54,795	70,782
Total		49,373,756	34,912,159
Schedule 9: Provisions			
Walter to the Contract of the		As at 31 March	As at 31 March
		2025	2024
Provision for bonus		6.311	51,545
Provision for CSR		26,472	26,056
Trottom for cont		32,783	77,601









Schedules forming part of Financial Statements for the year ended 31 March 2025

Schedule 10: Revenue from operation		Current period	Amount in NPR Previous period	
		44 087 685	37,898.830	
Freight Income-local bills		87,195,859	70,200,634	
Freight Income-through bills in India		1,370,439	841.965	
Demurrage Charges	***************************************	132,653,983	108,941,429	
Schedule 11: Other income				
		Current period	Previous period	
Rental Income		60,000	60,000	
interest Income		*	19,164	
Other Miscellaneous Income		60,000	638,212 717,377	
Daland de 17. Care of mandarina continue				
Schedule 12: Cost of rendering services		Current period	Previous period	
Lorry Hire and transportation Charges		117,405,149	92,848,162	
Custom clearance charges		3,843,553	4,352,467	
Crane Operation Charges and Other direct expenses		1.369,600	1,624,000	
		122,618,302	98,824,619	
Schedule 13: Employee benefit expenses				
		Current period	Previous period	
Salaries and Allowance		4,149,991	4,468,110 533,274	
Contribution to SSF		480,038 419,950	558.009	
Other employee Benefit Expenses		5,049,979	5,559,393	
Schedule 14: Administrative expenses		Current period	Previous period	
			22200	
Rent Audit Fee		1 802,411	2,241,733	
Statutory Audit Fee		192,500	130,000	
Tax Audit Fees		82,500	60,000	
Group Audit Fee		150,000	150,000	
Consultancy Fee		144,000	144,000	
Bank Charges		174,919	131,990	
Office Expenses		26,175	9,800	
Travei Expenses		201,468	406,520	
Printing and Stationery		44,840	36,033	
Conveyance Expenses		283,420	284,432	
Repair and Maintenance	Dat	226,921	335,970	
Telephone and Postage		121,012	142,980	
Foreign Exchange Fluctuation		89,343	63,432	
Entertainment Expenses		2,000	1,950	
Miscellaneous Expenses		91,129 112,800	21,500	
Rates and taxes		112,800	21,000	
CSR expenses		250,000	3,904	
Subscription fees		200,000		









#### TCI Nepal Private Limited

# Schedule 15: Significant Accounting Policies and Notes to Accounts For the year ended 31 March 2025

#### 1. Corporate Background

TCI Nepal Private Limited ("Company") is a private limited company incorporated in Nepal under the Companies Act 2063 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 company 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 2063. 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, 2063.

#### 2.3 Basis of Measurement

The financial statements have been prepared in accordance with historical cost convention and accrual basis and the presentation requirement of Companies Act 2063.

#### 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 the 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:

Nature of Assets	Useful Life	Depreciation Rate
Office Equipment- Computers, printers and batteries	4 years	25%

## 2.7 Cash and cash equivalents

Cash and cash equivalents include 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

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:

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Income from sale of services and other income: 25%

#### 2.12 Retirement and Employee Benefits

Liabilities in respect of employee benefits to employees are provided for as follows:

Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are expensed in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Long term employee benefits:

## (a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the financial year to which they relate.

The Company is registered in the Social Security Fund (SSF) and the Social Security Fund Contribution @31% of basic salary for all the retirement benefits (Provident fund, Social Security tax, Gratuity and Medical Insurance to the staff) are deposited therein on monthly basis.

## (b) Other long-term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave and annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves.

However, the Company has not determined the liability for such accumulated leave as of reporting

## 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.

## 2.15 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.







