

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SARBOTTAM CEMENT LTD.  
REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying Standalone Financial Statements of Sarbottam Cement Ltd. ("the Company") which comprises the Statement of Financial Position as at Ashadh 32, 2079 (July 16, 2022), Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year ended Ashadh 32, 2079 (July 16, 2022), and Notes to Financial Statement including Summary of Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give a true and fair view in conformity with Nepal Financial Reporting Standards (NFRSs), of the state of affairs of the Company as at Ashadh 32, 2079 (July 16, 2022), and its profit, total comprehensive income, its cash flows & the changes in equity for the year ended on that date.

**Basis of Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Nepal Standard on Auditing (NSAs) & applicable law. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the audit of the Standalone Financial Statements section of our report.

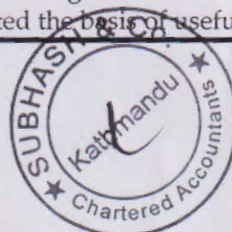
We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis of our audit opinion on Standalone Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
Useful life of Property, Plant and Equipment:	
Post adoption of NFRS, the Company has changed method of depreciation from Written Down Value (WDV) method to Straight Line Method (SLM). Given the judgement used for assessing useful life and its significant impact to the Financial Statement, this is a key audit matter.	Our principal audit procedures performed, among other procedures, included the following: <ol style="list-style-type: none"><li>1. We obtained understanding of the management's processes for assessing the useful life of PPE.</li><li>2. We carried out testing of management's control over assessing the useful life of PPE.</li><li>3. We tested the basis of useful life.</li></ol>







Depreciation on Property, Plant and Equipment other than Freehold Land is provided on "Straight Line Method (SLM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life are reviewed at the reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

4. We verified the technical evaluation done by management while assessing the useful life of PPE.
5. Assessed the accounting principles applied by the Company to estimate useful life in accordance with the Nepal Financial Reporting Standards and ensured adequacy of disclosures.

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**Contingent Liabilities related to Appeals against Dedicated Line Electricity Bill of Rs. 611,467,186**

The Company is exposed to different laws, regulations and their interpretations thereof. In this regulatory environment there is inherent risk of litigations and claims. Consequently, contingent liabilities disclosures may arise from Contractual Obligation, Direct & Indirect Taxes and Other Matters (If Any).

The company applies significant judgement in estimating the likelihood of the future outcome in the case of Electricity Over Billing Issues amounting to Rs.611,467,186 and the company has filed an Appeals against Nepal Electricity Authority at Honorable Supreme Court. Such legal case is pending till the date of reporting period. The impact of the same is not reflected in the profitability of respective financial years.

These estimates could change significantly over time as new facts emerge and each legal case progresses.

Given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures this is a key audit matter.

**Our audit procedures included:**

1. We have gained an understanding of outstanding litigations against the company from the company's in-house legal counsel and other key managerial personnel who have knowledge of these matters.
2. We have read the cases records and the legal opinions of external legal advisors where applicable for significant matters.
3. We have tested the completeness of the litigations and claims by examining on a sample basis the Company's legal expenses and minutes of the Board meetings.
4. We have assessed the adequacy of the Company's disclosures in respect of contingent liabilities for Electricity Overbilling Issues and legal matters.

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**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report and Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility report, but does not include the Consolidated Financial Statements, Standalone Financial Statements & our Auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone



financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Managements Responsibility for the Standalone Financial Statements**

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

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

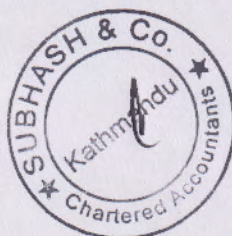
Those charged with governance are responsible for overseeing the Company's Financial Reporting process.

#### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 decision of users taken on the basis of these Standalone Financial Statements.

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

- i) Identify and assess the risk of material misstatement of the Standalone 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, misrepresentation, or the override of internal controls.
- ii) Obtain an understanding of Internal Control relevant to 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 Company's Internal Control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- iv) 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 Standalone 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.
- v) Evaluate the overall presentation, structure, and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.





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

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

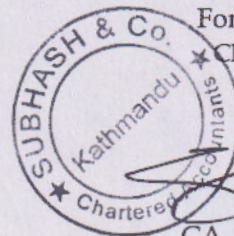
**Report on the Other Legal & Regulatory Requirements**

- i) 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.
- ii) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Financial Statements have been kept so far as it appears from our examination of those books.
- iii) Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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.
- iv) During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member of there or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company, and
- v) We have not come across any fraudulent activities in the books of accounts.

Place: Kathmandu

Date: 2022/11/27

UDIN: 221127CA000DWI4W



For, SUBHASH & CO.  
Chartered Accountants

CA. S. K. Jhunjhunwala  
Partner



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SARBOTTAM CEMENT LTD.  
REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying Consolidated Financial Statements of Sarbottam Cement Ltd. ("the Parent") & its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates, which comprises the Consolidated Statement of Financial Position as at Ashadh 32, 2079 (July 16, 2022), and the Consolidated Statement of Profit or Loss & Other Comprehensive Income, Consolidated Statement of Changes in Equity & Consolidated Statement of Cash Flows for the year ended Ashadh 32, 2079 (July 16, 2022), and Notes to Financial Statement including Summary of Significant Accounting Policies.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associates referred to in the Other Matters section below, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with Nepal Financial Reporting Standards (NFRSs), of the Consolidated state of affairs of the Group as at Ashadh 32, 2079 (July 16, 2022), and their consolidated Profit or Loss & Other Comprehensive Income, their consolidated Cash Flows and their Consolidated Changes in Equity for the year ended on that date.

**Basis of Opinion**

We conducted our audit of the Consolidated Financial Statements in accordance with the Nepal Standard on Auditing (NSAs) & applicable law. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the audit of the Consolidated Financial Statements section of our report.

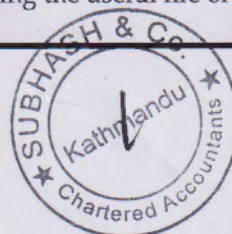
We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act & the Rules made thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ICAN's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis of our audit opinion on Consolidated Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
<b>Useful life of Property, Plant and Equipment:</b>	
Post adoption of NFRS, the Group has changed method of depreciation from Written Down Value (WDV) method to Straight Line Method (SLM). Given the judgement used for assessing useful life and its significant impact to the Financial Statement, this is a key audit matter.	Our principal audit procedures performed, among other procedures, included the following: <ol style="list-style-type: none"><li>1. We obtained understanding of the management's processes for assessing the useful life of PPE.</li><li>2. We carried out testing of management's control over assessing the useful life of PPE.</li></ol>





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and its significant impact to the Financial Statement, this is a key audit matter.

Depreciation on Property, Plant and Equipment other than Freehold Land is provided on "Straight Line Method (SLM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life are reviewed at the reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

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**Contingent Liabilities related to Appeals against Dedicated Line Electricity Bill Issues of Rs. 611,467,186**

The Company is exposed to different laws, regulations and their interpretations thereof. In this regulatory environment there is inherent risk of litigations and claims. Consequently, contingent liabilities disclosures may arise from Contractual Obligation, Direct & Indirect Taxes and Other Matters (If Any).

The company applies significant judgement in estimating the likelihood of the future outcome in the case of Electricity Over Billing Issues amounting to Rs. 611,467,186 and the company has filed an Appeals against Nepal Electricity Authority at Honorable Supreme Court. Such legal case is pending till the date of reporting period. The impact of the same is not reflected in the profitability of respective financial years.

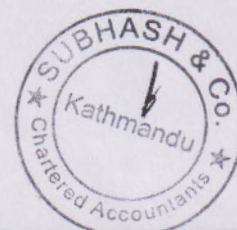
These estimates could change significantly over time as new facts emerge and each legal case progresses.

Given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures this is a key audit matter.

2. We carried out testing of management's control over assessing the useful life of PPE.
  3. We tested the basis of useful life.
  4. We verified the technical evaluation done by management while assessing the useful life of PPE.
  5. Assessed the accounting principles applied by the Group to estimate useful life in accordance with the Nepal Financial Reporting Standards and ensured adequacy of disclosures.
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Our audit procedures included:

1. We have gained an understanding of outstanding litigations against the company from the company's inhouse legal counsel and other key managerial personnel who have knowledge of these matters.
2. We have read the cases records and the legal opinions of external legal advisors where applicable for significant matters.
3. We have tested the completeness of the litigations and claims by examining on a sample basis the Company's legal expenses and minutes of the Board meetings.
4. We have assessed the adequacy of the Company's disclosures in respect of contingent liabilities for Electricity Overbilling Issues and legal matters.





### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Parent's Board of Directors is responsible for the other information. The other information comprises the Directors' report and Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility report, but does not include the Consolidated Financial Statements, Standalone Financial Statements & our Auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the Financial Statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Managements Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for preparation and fair presentation of the Consolidated Financial Statements in accordance with the Nepal Financial Reporting Standards (NFRSs) and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

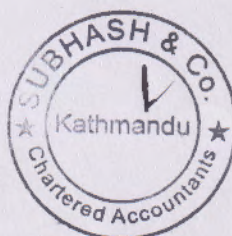
The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 decision of users taken on the basis of these Consolidated Financial Statements.

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

- i) Identify and assess the risk of material misstatement of the consolidated 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, misrepresentation, or the override of internal controls.





- ii) Obtain an understanding of Internal Control relevant to 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 Company's Internal Control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- iv) 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 its ability of the Group and its associates 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 Consolidated 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 Group and its associates to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

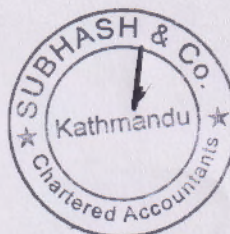
We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### Other Matters

In case of subsidiaries (Sarbotam Holding Pvt. Ltd. , Siddheshwar Minerals Pvt. Ltd., Sarbotam Investment Pvt. Ltd.) and Jyamire Minerals Pvt. Ltd. are audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the financial information and disclosures included in respect of the subsidiaries are based solely on such audited financial statements by other auditor.

Our opinion on the Consolidated Financial Statements above and our report on the Other Legal & Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.





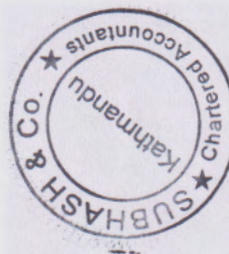
**Report on the Other Legal & Regulatory Requirements**

- i) 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 of the aforesaid consolidated financial statements.
- ii) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors
- iii) Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss & Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows have been prepared in accordance with the requirements of the Companies Act, 2063 and are in agreement with the books of account so maintained for the purpose of preparation of the consolidated financial statements.
- iv) During our examination of the books of account of the Group with reference to Other Matters so stated above, we have not come across the cases where the Board of Directors or any member of there or any representative or any office holder or any employee of the Group has acted contrary to the provisions of law or caused loss or damage to the Group, and
- v) We have not come across any fraudulent activities in the books of accounts.

Place: Kathmandu

Date: 27/11/2022

UDIN:221127CA00062mEJXP



For, SUBHASH & CO.  
Chartered Accountants

CA. S. K. Jhunjhunwala  
Partner



**Sarbottom Cement Ltd.**  
**Statement of Financial Position**  
**As At Ashad 32, 2079 (July 16, 2022)**

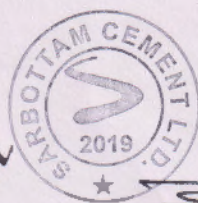
Fig. in NPR

Particulars	Notes	Sarbottom Cement		Group	
		Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Assets</b>					
<b>Non Current Assets</b>					
Property, Plant & Equipment	4	7,527,797,314	7,900,170,929	7,742,820,655	8,114,770,385
Intangible Assets	5	1,621,730	1,924,544	1,621,730	1,924,544
<b>Financial Assets</b>					
Investment	6	256,036,900	206,036,900	-	-
Investment Advance				26,355,000	26,355,000
Deferred Tax Assets	7	-	-	-	-
Other Non-Current Assets	8	3,771,038	-	105,952,413	21,609,925
<b>Total Non Current Assets</b>		<b>7,789,226,982</b>	<b>8,108,132,372</b>	<b>7,876,749,798</b>	<b>8,164,659,853</b>
<b>Current Assets</b>					
Inventories	9	2,700,866,887	1,413,488,571	2,708,451,103	1,424,872,926
<b>Financial Assets</b>					
Trade Receivables	10	1,483,166,876	1,268,031,972	1,547,666,516	1,306,310,081
Cash & Cash Equivalent	11	89,055,396	174,899,583	108,845,289	180,690,662
Bank Balance other than Cash & Cash Equivalent	12	43,500,000	-	43,500,000	-
Others	13	221,812,021	562,876,621	221,812,021	562,876,621
Other Current Assets	14	507,816,272	296,650,986	375,758,338	213,185,118
Income Tax Assets (Net)	22	26,548,255	-	28,810,179	-
<b>Total Current Assets</b>		<b>5,072,765,708</b>	<b>3,715,947,733</b>	<b>5,034,843,446</b>	<b>3,687,935,409</b>
<b>Total Assets</b>		<b>12,861,992,690</b>	<b>11,824,080,106</b>	<b>12,911,593,244</b>	<b>11,852,595,262</b>
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Equity Share Capital	15 (a)	4,050,000,000	4,050,000,000	4,050,000,000	4,050,000,000
Fair Value Reserve	15 (b)	-	-	-	-
Capital Reserve	15 (c)	-	-	-	-
Other Equity	15 (d)	2,905,431,587	2,435,247,577	2,909,403,591	2,436,882,723
Non-Controlling Interest					
<b>Total Equity</b>		<b>6,955,431,587</b>	<b>6,485,247,577</b>	<b>6,959,403,591</b>	<b>6,486,882,723</b>
<b>Non Current Liabilities</b>					
<b>Financial Liabilities</b>					
Long Term Borrowings	16	472,855,098	701,692,004	473,701,098	705,730,474
Provisions	17	-	-	-	-
Deferred Tax Liabilities	7	265,945,525	195,597,915	266,332,935	195,876,057
<b>Total Non Current Liabilities</b>		<b>738,800,623</b>	<b>897,289,919</b>	<b>740,034,033</b>	<b>901,606,531</b>
<b>Financial Liabilities</b>					
Trade Payables	18	794,433,397	799,506,982	813,320,886	815,015,524
Short Term Borrowings	19	3,351,465,789	2,895,398,467	3,354,666,328	2,898,350,735
Other Financial Liabilities	20	54,496,568	141,605,176	54,858,570	141,921,858
Other Current Liabilities	21	919,152,356	519,881,059	941,097,466	525,251,450
Provisions	17	48,212,369	45,065,726	48,212,369	45,065,726
Income Tax Liabilities (Net)	22	-	40,085,200	-	38,500,714
<b>Total Current Liabilities</b>		<b>5,167,760,479</b>	<b>4,441,542,610</b>	<b>5,212,155,620</b>	<b>4,464,106,008</b>
<b>Total Liabilities</b>		<b>5,906,561,103</b>	<b>5,338,832,529</b>	<b>5,952,189,653</b>	<b>5,365,712,539</b>
<b>Total Equity and Liabilities</b>		<b>12,861,992,690</b>	<b>11,824,080,106</b>	<b>12,911,593,244</b>	<b>11,852,595,262</b>

Summary of Significant Accounting Policies  
 Accompanying Notes are an Integral Part of Financial  
 Statements

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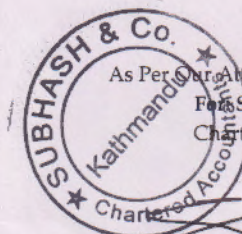
Kathmandu  
 Date:



Santosh KC  
 HOD-A&F

Bimal Kumar Sawartha  
 Director

Bishnu Prasad Neupane  
 Chairman



As Per Attached Report of Even Date  
 For SUBHASH & CO.  
 Chartered Accountants

CA. S. K. Jhunjunwala  
 Partner



**Sarbottam Cement Ltd.**  
**Statement of Profit or Loss & Other Comprehensive Income**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig. in NPR

Particulars	Notes	Sarbottam Cement		Group	
		FY 2078   2079	FY 2077   2078	FY 2078   2079	FY 2077   2078
<b>Income:</b>					
Revenue From Operations	23	7,881,499,346	8,937,836,889	7,911,338,817	8,974,514,842
Other Income	24	80,065,038	11,967,492	83,956,355	8,935,320
<b>Total Income</b>		<b>7,961,564,384</b>	<b>8,949,804,381</b>	<b>7,995,295,172</b>	<b>8,983,450,162</b>
<b>Expenses:</b>					
Raw Materials Consumption	25	2,400,005,411	2,762,689,168	2,340,401,684	2,755,084,859
Electricity/Power & Fuel		3,116,279,540	3,137,945,766	3,116,279,540	3,137,945,766
Changes in Inventories of Finished Goods	26	53,519,276	(197,778,880)	53,519,276	(197,778,880)
Employee Benefit Expenses	27	360,314,672	428,784,866	363,504,323	432,708,823
Depreciation & Amortization	28	670,915,523	570,309,380	675,045,823	571,958,645
Other Expenses	29	473,726,621	540,172,002	553,987,656	572,485,196
Finance Cost	30	325,459,161	205,602,956	325,938,726	205,922,636
<b>Total Expenses</b>		<b>7,400,220,206</b>	<b>7,447,725,257</b>	<b>7,428,677,030</b>	<b>7,478,327,044</b>
<b>Profit/(Loss) Before Tax from Continuing Operations &amp; Share of Profit of Associates</b>		<b>561,344,178</b>	<b>1,502,079,124</b>	<b>566,618,142</b>	<b>1,505,123,118</b>
Share of Profit of Associates accounted for using Equity Method					
<b>Profit/(Loss) Before Tax from Continuing Operations</b>		<b>561,344,178</b>	<b>1,502,079,124</b>	<b>566,618,142</b>	<b>1,505,123,118</b>
<b>Tax Expense</b>					
Current Tax	31	23,336,058	109,908,058	24,084,085	110,507,929
Deferred Tax	31	70,347,610	81,814,503	70,456,878	82,093,670
<b>Net Profit/(Loss) For The Year from Continuing Operations</b>		<b>467,660,510</b>	<b>1,310,356,563</b>	<b>472,077,179</b>	<b>1,312,521,519</b>
<b>Discontinued Operations</b>					
Profit from Discontinued Operation Before Tax					
Tax expense on Discontinued Operation					
<b>Net Profit/(Loss) For The Year</b>		<b>467,660,510</b>	<b>1,310,356,563</b>	<b>472,077,179</b>	<b>1,312,521,519</b>
<b>Other Comprehensive Income</b>					
Actuarial Gain/ Loss on Defined Benefit Pension Schemes					
Tax Relating to Components of Other Comprehensive Income					
<b>Items that will not be reclassified to profit or loss</b>					
Net fair value (losses)/gains on financial assets:					
Quoted Ordinary Shares					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Deferred Tax asset / (liability) on other comprehensive income					
<b>Total Other Comprehensive Income (OCI)</b>					
<b>Total Comprehensive Income (TCI)</b>		<b>467,660,510</b>	<b>1,310,356,563</b>	<b>472,077,179</b>	<b>1,312,521,519</b>
<b>Profit for the Year attributable to:</b>					
Non Controlling Interest					
Equity Holders		467,660,510	1,310,356,563	472,077,179	1,312,521,519
<b>Total Comprehensive Income for the Year attributable to:</b>					
Non Controlling Interest					
Equity Holders		467,660,510	1,310,356,563	472,077,179	1,312,521,519
Basic Earnings Per Share (NPR)		11.55	45.58	11.66	45.65
Diluted Earnings Per Share (NPR)		11.55	32.35	11.66	32.41

Summary of Significant Accounting Policies 2  
Accompanying Notes are an Integral Part of Financial Statements

Kathmandu  
Date:

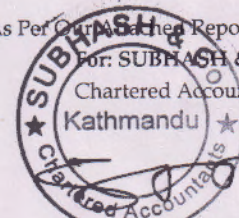


Santosh KC  
HOD-A&F

Bimal Kumar Sawartha  
Director

Bishnu Prasad Neupane  
Chairman

As Per Our Audited Report of Even Date  
For: SUBHASH & CO.  
Chartered Accountants  
Kathmandu



CA. S. K. Jhunjhunwala  
Partner



**Sarbottom Cement Ltd.**  
**Statement of Changes In Equity**  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

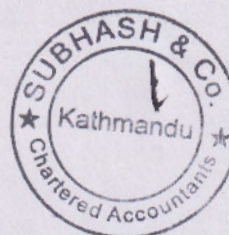
Sarbottom Cement						
Particulars	Share Capital	Share Premium	Fair Value Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01/04/2077	1,980,000,000	-	-	-	2,875,374,340	4,855,374,340
Issue of Right Share (198:142)	1,420,000,000	-	-	-	-	1,420,000,000
Distribution of Interim Dividend @54.23%	-	-	-	-	(1,073,754,000)	(1,073,754,000)
Issue of Bonus Share @19.118%	650,000,000	-	-	-	-	650,000,000
Distribution of Dividend @20.124%	-	-	-	-	(684,210,526)	(684,210,526)
Addition In Capital	-	-	-	-	-	-
Share Issuance Cost	-	-	-	-	-	-
CSR Provision Written Back	-	-	-	-	7,481,200	7,481,200
Profit/(Loss) For the Year	-	-	-	-	1,310,356,563	1,310,356,563
Excess of Purchase Consideration over Net Assets Acquired	-	-	-	-	-	-
Other Comprehensive Income for the Year	-	-	-	-	-	-
Deferred Tax Reversal on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-
Change in fair value of financial assets through OCI	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
<b>Balance as on 31/03/2078</b>	<b>4,050,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,435,247,577</b>	<b>6,485,247,577</b>
Balance as on 01/04/2078	4,050,000,000	-	-	-	2,435,247,577	6,485,247,577
Share Issuance Cost	-	-	-	-	-	-
CSR Provision Written Back	-	-	-	-	2,523,500	2,523,500
Profit/(Loss) For the Year	-	-	-	-	467,660,510	467,660,510
(-) Dividend Distribution from Post -acquisition Profit	-	-	-	-	-	-
Excess of Purchase Consideration over Net Assets Acquired	-	-	-	-	-	-
Other Comprehensive Income for the Year	-	-	-	-	-	-
Deferred Tax Reversal on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-
Change in fair value of financial assets through OCI	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
<b>Balance as on 32/03/2079</b>	<b>4,050,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,905,431,587</b>	<b>6,955,431,587</b>

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**Sarbottom Cement Ltd.**  
**Statement of Changes In Equity**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig. in NPR

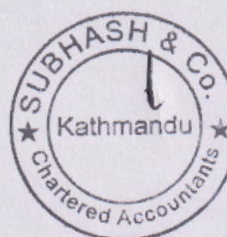
Particulars	Group						Controlling Interest	Total
	Share Capital	Share Premium	Fair Value Reserve	Revaluation Reserve	Capital Reserve	Retained Earnings		
Balance as on 01/04/2077	1,980,000,000	-	-	-	-	2,875,374,340	-	4,855,374,340
Issue of Right Share (198:142)	1,420,000,000	-	-	-	-	-	-	1,420,000,000
Distribution of Interim Dividend @54.23%	-	-	-	-	-	(1,073,754,000)	-	(1,073,754,000)
Issue of Bonus Share @19.118%	650,000,000	-	-	-	-	-	-	650,000,000
Distribution of Dividend @20.124%	-	-	-	-	-	(684,210,526)	-	(684,210,526)
Addition In Capital	-	-	-	-	-	-	-	-
Share Issuance Cost	-	-	-	-	-	-	-	-
CSR Provision Written Back	-	-	-	-	-	7,481,200	-	7,481,200
Profit/(Loss) For the Year	-	-	-	-	-	1,312,521,519	-	1,312,521,519
Excess of Purchase Consideration over Net Assets Acquired	-	-	-	-	-	(529,810)	-	(529,810)
Other Comprehensive Income for the Year	-	-	-	-	-	-	-	-
Deferred Tax Reversal on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-	-	-
Change in fair value of financial assets through OCI	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
<b>Balance as on 31/03/2078</b>	<b>4,050,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,436,882,723</b>	<b>-</b>	<b>6,486,882,723</b>
Balance as on 01/04/2078	4,050,000,000	-	-	-	-	2,436,882,723	-	6,486,882,723
Share Issuance Cost	-	-	-	-	-	-	-	-
CSR Provision Written Back	-	-	-	-	-	2,523,500	-	2,523,500
Profit/(Loss) For the Year	-	-	-	-	-	472,077,179	-	472,077,179
(-) Dividend Distribution from Post-acquisition Profit	-	-	-	-	-	(2,079,810)	-	(2,079,810)
Excess of Purchase Consideration over Net Assets Acquired	-	-	-	-	-	-	-	-
Other Comprehensive Income for the Year	-	-	-	-	-	-	-	-
Deferred Tax Reversal on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-	-	-
Change in fair value of financial assets through OCI	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-
<b>Balance as on 32/03/2079</b>	<b>4,050,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,909,403,592</b>	<b>-</b>	<b>6,959,403,592</b>

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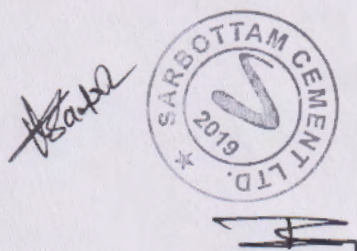




**Sarbottam Cement Ltd.**  
**Statement of Cash Flow**  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
<b>Cash Flow From Operating Activities:</b>				
Profit/(Loss) For the Year	467,660,510	1,310,356,563	472,077,179	1,312,521,519
<b>Adjustment for</b>				
Depreciation on Property, Plant & Equipment	669,801,332	569,354,349	673,931,632	571,003,614
Amortization of Intangible Assets	1,114,191	955,031	1,114,191	955,031
Profit/(Loss) on Sale of PPE	(3,013,629)	506,893	(3,013,629)	506,893
Interest Income	(616,028)	(281,389)	(635,980)	(281,389)
Change in Fair Value Gain on disposal of Investment	-	-	-	-
(Loss)/Gain on sale of Investment	-	-	-	-
Interest Cost	325,459,161	205,602,956	325,938,726	205,922,636
Deferred Tax	70,347,610	81,814,503	70,456,878	82,093,670
Current Tax	23,336,058	109,908,058	24,084,085	110,507,929
<b>Cash Flow Before Working Capital Change</b>	<b>1,554,089,204</b>	<b>2,278,216,964</b>	<b>1,563,953,082</b>	<b>2,283,229,902</b>
<b>Changes In Working Capital</b>				
Decrease/(Increase) In Inventory	(1,287,378,316)	(242,184,863)	(1,283,578,177)	(242,685,713)
Decrease/(Increase) In Trade Receivables	(215,134,904)	73,731,901	(241,356,435)	36,204,584
Decrease/(Increase) In Other Financial Assets	341,064,600	(332,914,426)	341,064,600	(325,008,068)
Decrease/(Increase) In Other Assets	(214,936,324)	266,507,877	(246,915,708)	328,363,819
Increase/(Decrease) In Sundry Creditors	(5,073,586)	146,501,777	(1,694,638)	147,865,329
Increase/(Decrease) In Financial Liabilities	(87,108,607)	49,148,192	(87,063,287)	49,464,874
Increase/(Decrease) In Other Liabilities	399,271,298	175,230,579	415,846,016	156,995,466
Increase/(Decrease) In Provisions	5,670,143	15,172,516	5,670,143	15,172,516
	<b>(1,063,625,697)</b>	<b>151,193,552</b>	<b>(1,098,027,487)</b>	<b>166,372,808</b>
<b>Cash Generated From Operations</b>	<b>490,463,508</b>	<b>2,429,410,516</b>	<b>465,925,596</b>	<b>2,449,602,711</b>
Income Tax Paid	(89,969,513)	(84,549,295)	(91,394,978)	(86,733,651)
<b>Net Cash Flow From Operating Activities [1]</b>	<b>400,493,995</b>	<b>2,344,861,221</b>	<b>374,530,618</b>	<b>2,362,869,059</b>
<b>Cash Flow From Investing Activities</b>				
Acquisitions of Property, Plant & Equipments	(299,313,187)	(1,103,893,874)	(303,867,373)	(1,281,942,505)
Proceeds From Sale of Property, Plant & Equipments	4,899,100	2,103,540	4,899,100	2,103,540
Proceeds From Sale of Investment	-	-	-	-
Acquisitions of Intangible Assets	(811,377)	(254,700)	(811,377)	(254,700)
Increase in Investment of Subsidiaries	(50,000,000)	(206,036,900)	-	-
Increase in Investment Advance	-	-	-	(26,355,000.00)
Acquisition of Subsidiary net of cash	-	-	-	(12,362,973.83)
Investment in Associates	-	-	-	-
Interest Income	616,028	281,389	635,980	281,389
<b>Total Cash Flow From Investing Activities [2]</b>	<b>(344,609,436)</b>	<b>(1,307,800,545)</b>	<b>(299,143,671)</b>	<b>(1,318,530,250)</b>



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**Sarbottam Cement Ltd.**  
**Statement of Cash Flow**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig. in NPR

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
<b>Cash Flow From Financing Activities</b>				
Proceeds From Long Term Borrowings	-	1,831,440,000	-	1,830,272,625
Repayment of Long Term Borrowings	(988,152,297)	(3,327,379,677)	(991,096,496)	(3,327,379,677)
Changes in Short-term Borrowings	1,215,382,713	445,788,143	1,215,382,713	445,788,143
Interest Cost	(325,459,161)	(205,602,956)	(325,938,726)	(205,922,636)
Issue of Right Share		1,420,000,000		1,420,000,000
Issue of Bonus Share		650,000,000		650,000,000
Changes in NCI		-		-
Share Issuance Cost		-		-
Dividend Paid		(1,757,964,526)	(2,079,810)	(1,757,964,526)
<b>Total Cash Flow From Financing Activities [3]</b>	<b>(98,228,745)</b>	<b>(943,719,016)</b>	<b>(103,732,320)</b>	<b>(945,206,070)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents [1]</b>	<b>(42,344,186)</b>	<b>93,341,660</b>	<b>(28,345,373)</b>	<b>99,132,739</b>
Cash & Cash Equivalents At Beginning of The Year	174,899,583	81,557,923	180,690,662	81,557,923
Cash & Cash Equivalents At End of The Year	132,555,397	174,899,583	152,345,289	180,690,662
<b>Components of Cash &amp; Cash Equivalents</b>				
Cash In Hand	16,789,955	26,363,588	17,010,208	29,085,699
Balance With Banks	115,765,441	148,535,995	135,335,081	151,604,962

**Notes:**

Cash Flow Statement has been prepared using Indirect Method In Accordance with NAS 7 [Statement of Cash Flows]

The Accompanying Notes are an Integral Part of Financial Statements

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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**Significant Information, Accounting Policies & Notes to the Accounts**

**1 General Information**

Sarbottam Cement Limited (Herein after referred to as "The Company") is a Public Limited Company domiciled in Nepal registered under the Company Act, 2063 of Nepal. The manufacturing unit is located at Sunwal, Nawalparasi with its registered corporate office at Neupane Tower, 5th Floor, Tinkune, Kathmandu. The Company was registered as a private limited company initially which later on changed to Public Limited Company from Shrawan 30, 2076.

With a vision to expand and grow, the company manufactures its own clinker and sources its limestone from mines located across Nepal, opting for higher quality limestone over the cheaper alternatives situated near by the plant with production capacity of 3,000 TPD Cement & Clinker each.

The Company was established with the vision to produce & provide quality OPC, PPC & PSC cement in the Nepalese market which was sustaining over imported cement from neighboring countries. The Company took the initiatives to explore Nepalese limestone potential to manufacture quality cement. The company are also the first and only manufacturer that produces cement through the use of a Vertical Roller Mill (VRM). This innovative technology allows us to save up to 50% in energy consumption, thereby drastically reducing our carbon footprint. In this regard, the company are the only Nepalese cement manufacturer able to produce eco-friendly or "green" cement. The Company's self-owned limestone quarries.

The Financial Statements of The Company are approved for issue by the Company's Board of Directors on \_\_\_\_/\_\_\_\_/\_\_\_\_

**2 Basis of Preparation**

**(a) Statement of Compliance**

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (NASB), as per the provisions of The Institute of Chartered Accountants of Nepal Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used. These financial statements are the Company's First Financial Statements under NFRS and the transition was carried out in accordance with NFRS 1, "First Time Adoption of NFRS".

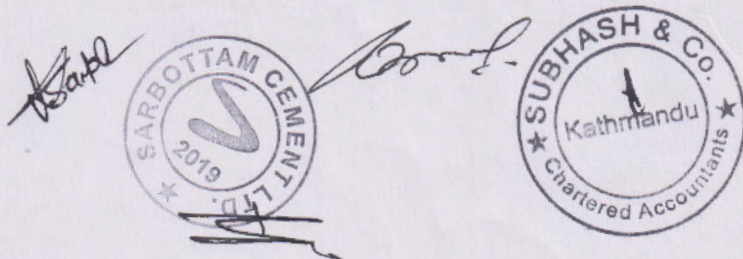
**(b) Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis except for certain Financial Assets & Liabilities which have been measured at Fair Value amount:

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the Fair Value of an Asset or a Liability, the Company takes into account the characteristics of the Asset or Liability if market participants would take those characteristics into account when pricing the Asset or Liability at the measurement date. Fair Value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, except for, measurements that have some similarities to Fair Value but are not Fair Value, such as Net Realizable Value in NAS 2 "Inventories" or Value in use in NAS 36 "Impairment of Assets". In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.





**Sarbottom Cement Ltd.**  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Consolidated

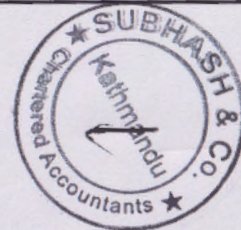
**4. Property, Plant & Equipment**

Categories	Land	Land & Road Development	Building	Computer & Accessories	Vehicles	Furniture & Fixture	Plant & Machinery	Office Equipment	Heavy Equipments	Mines Development	Other Assets	Total
Gross Block												
As on Shrawan, 1 2077	65,952,088	79,909,443	2,624,651,826	11,144,314	44,937,669	57,582,163	6,426,598,064	15,020,583	180,609,129	53,558,890	8,039,034	9,568,003,204
Addition During the Year	175,627,367	5,799,705	308,086,502	3,737,841	2,871,854	2,418,479	1,216,396,853	3,236,796	43,169,031	59,716,074	4,899,007	1,825,959,508
Acquisition	175,627,367	5,799,705	13,126,040	3,853,770	5,620,278	2,418,479	132,317,543	3,236,796	43,169,031	59,716,074	4,899,007	449,784,088
Capitalization	-	-	294,960,462	-	-	-	1,084,079,310	-	-	-	-	1,379,039,772
Disposal During the Year	-	-	-	(115,929)	(2,748,423)	-	-	-	-	-	-	(2,864,352)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Balance As on Ashad End 2078	241,579,455	85,709,148	2,932,738,329	14,882,155	47,809,523	60,000,642	7,642,994,917	18,257,378	223,778,159	113,274,964	12,938,041	11,393,962,712
Addition During the Year	-	-	397,059,583	2,255,685	4,331,062	3,072,980	165,344,192	4,302,073	73,759,665	39,253,273	207,965	689,586,478
Acquisition	-	-	33,731,116	2,255,685	4,331,062	3,072,980	23,403,995	4,302,073	80,638,604	39,253,273	207,965	191,196,752
Capitalization	-	-	363,328,467	-	-	-	145,517,097	-	-	-	-	508,845,564
Disposal During the Year	-	-	-	-	-	-	(3,576,900)	-	(6,878,938)	-	-	(10,455,838)
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Balance As on Ashad End 2079	241,579,455	85,709,148	3,329,797,912	17,137,840	52,140,585	63,073,623	7,808,339,109	22,559,451	297,537,825	152,528,236	13,146,006	12,083,549,190
Depreciation & Impairment												
As on Shrawan 1, 2077	-	-	485,609,713	7,697,809	18,620,079	34,416,833	2,452,168,331	11,805,767	86,484,886	2,189,368	5,624,791	3,104,617,576
Depreciation Charge For the Year	-	-	87,507,459	2,427,255	7,354,922	7,458,875	437,531,210	1,032,770	23,105,607	3,430,750	1,154,764	571,003,614
Impairment For the Year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(1,667)	(252,253)	-	-	-	-	-	-	(253,920)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Balance As on Ashad End 2078	-	-	573,117,172	10,123,397	25,722,748	41,875,708	2,889,699,542	12,838,537	109,590,493	5,620,118	6,779,555	3,675,367,270
Depreciation Charge For the Year	-	-	98,098,859	2,809,997	8,339,607	7,925,292	518,100,598	1,856,555	28,685,004	6,379,005	1,736,715	673,931,632
Impairment For the Year	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(2,568,494)	-	(6,001,874)	-	-	(8,570,368)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Balance As on Ashad End 2079	-	-	671,216,031	12,933,394	34,062,355	49,801,000	3,405,231,646	14,695,093	132,273,624	11,999,123	8,516,270	4,340,728,535
Capital WIP - 31/03/2078	-	-	321,730,792	-	-	-	74,444,151	-	-	-	-	396,174,943
Capital WIP - 32/03/2079	-	-	-	-	-	-	-	-	-	-	-	-
Net Book Value												
As on Ashad End 2078	241,579,455	85,709,148	2,681,351,949	4,758,759	22,086,775	18,124,935	4,827,739,526	5,418,841	114,187,666	107,654,846	6,158,486	8,114,770,385
As on Ashad End 2079	241,579,455	85,709,148	2,658,581,881	4,204,447	18,078,230	13,272,623	4,403,107,463	7,864,358	165,264,201	140,529,113	4,629,736	7,742,820,655

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**Sarbottom Cement Ltd.**  
For Year Ended Ashad 32, 2079 (July 16, 2022)

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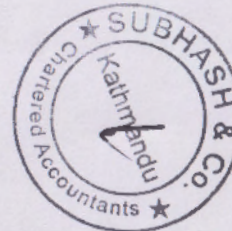
**4. Property, Plant & Equipment**

Categories	Land	Land & Road Development	Building	Computer & Accessories	Vehicles	Furniture & Fixture	Plant & Machinery	Office Equipment	Heavy Equipments	Mines Development	Other Assets	Total
Gross Block												
As on Shrawan, 1 2077	65,952,088	79,909,443	2,624,651,826	11,144,314	44,937,669	57,582,163	6,426,598,064	15,020,583	180,609,129	53,558,890	8,039,034	9,568,003,204
Addition During the Year	-	5,799,705	308,086,502	3,611,088	(1,647,096)	2,418,479	1,216,396,853	3,236,796	24,895,275	59,716,074	-	1,622,513,675
Acquisition	-	5,799,705	13,126,040	3,727,017	1,101,327	2,418,479	132,317,543	3,236,796	24,895,275	59,716,074	-	246,338,255
Capitalization			294,960,462				1,084,079,310					1,379,039,772
Disposal During the Year				(115,929)	(2,748,423)							(2,864,352)
Adjustment/Revaluation												-
Balance As on Ashad End 2078	65,952,088	85,709,148	2,932,738,329	14,755,402	43,290,573	60,000,642	7,642,994,917	18,257,378	205,504,404	113,274,964	8,039,034	11,190,516,879
Addition During the Year	-	-	383,504,162	2,237,685	4,134,690	3,072,980	165,344,192	4,302,073	72,082,350	37,551,273	-	672,229,404
Acquisition	-	-	33,731,116	2,237,685	4,134,690	3,072,980	23,403,995	4,302,073	78,961,288	37,551,273	-	187,395,099
Capitalization			349,773,046				145,517,097					495,290,143
Disposal During the Year							(3,576,900)		(6,878,938)			(10,455,838)
Adjustment/Revaluation												-
Balance As on Ashad End 2079	65,952,088	85,709,148	3,316,242,490	16,993,087	47,425,263	63,073,623	7,808,339,109	22,559,451	277,586,754	150,826,236	8,039,034	11,862,746,283
Depreciation & Impairment												
As on Shrawan 1, 2077	-	-	485,609,713	7,697,809	18,620,079	34,416,833	2,452,168,331	11,805,767	86,484,886	2,189,368	5,624,791	3,104,617,576
Depreciation Charge For the Year	-	-	87,507,459	2,407,392	7,092,660	7,458,875	437,531,210	1,032,770	22,161,660	3,430,750	731,571	569,354,349
Impairment For the Year												-
Disposals				(1,667)	(252,253)							(253,920)
Adjustment												-
Balance As on Ashad End 2078	-	-	573,117,172	10,103,534	25,460,486	41,875,708	2,889,699,542	12,838,537	108,646,546	5,620,118	6,356,362	3,673,718,005
Depreciation Charge For the Year	-	-	98,087,748	2,763,861	7,750,326	7,925,292	518,100,598	1,856,555	26,516,083	6,069,297	731,571	669,801,332
Impairment For the Year												-
Disposals							(2,568,494)		(6,001,874)			(8,570,368)
Adjustment												-
Balance As on Ashad End 2079	-	-	671,204,920	12,867,394	33,210,812	49,801,000	3,405,231,646	14,695,093	129,160,756	11,689,415	7,087,934	4,334,948,969
Capital WIP - 31/03/2078			308,927,904				74,444,151					383,372,054
Capital WIP - 31/03/2079			-				-					-
Net Book Value												
As on Ashad End 2078	65,952,088	85,709,148	2,668,549,060	4,651,868	17,830,087	18,124,935	4,827,739,526	5,418,841	96,857,858	107,654,846	1,682,671	7,900,170,929
As on Ashad End 2079	65,952,088	85,709,148	2,645,037,570	4,125,693	14,214,451	13,272,623	4,403,107,463	7,864,358	148,425,998	139,136,821	951,100	7,527,797,314

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## 5. Intangible Assets

Categories	Server & Networking	Accounting Software	Total Ashad End
<b>Gross Block</b>			
As on Shrawan 1, 2077	1,805,354	4,496,992	6,302,346
Addition During the Year			
Acquisition	14,700	240,000	254,700
Capitalization			
Disposal During the Year			
Adjustment/Revaluation			
Balance As on Ashad End 2078	1,820,054	4,736,992	6,557,046
Addition During the Year			
Acquisition	-	811,377	811,377
Capitalization			-
Disposal During the Year			-
Adjustment/Revaluation			-
Balance As on Ashad End 2079	1,820,054	5,548,370	7,368,424
<b>Amortisation &amp; Impairment</b>			
As on Shrawan 1, 2077	1,543,884	2,133,588	3,677,472
Amortization Charge For the Year	124,833	830,198	955,031
Impairment For the Year			-
Disposals			-
Adjustment			-
As on Ashad End 2078	1,668,717	2,963,786	4,632,503
Amortization Charge For the Year	121,718	992,473	1,114,191
Impairment For the Year			-
Disposals			-
Adjustment			-
As on Ashad End 2079	1,790,434	3,956,259	5,746,694
Capital WIP - 31/03/2078			
Capital WIP - 32/03/2079			
<b>Net Book Value</b>			
As on Ashad End 2077	261,471	2,363,404	2,624,875
As on Ashad End 2078	151,338	1,773,206	1,924,544
As on Ashad End 2079	29,620	1,592,110	1,621,730

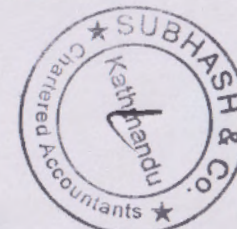
## 5. Intangible Assets

Categories	Server & Networking	Accounting Software	Total Ashad End
<b>Gross Block</b>			
As on Shrawan 1, 2077	1,805,354	4,496,992	6,302,346
Addition During the Year			
Acquisition	14,700	240,000	254,700
Capitalization			
Disposal During the Year			
Adjustment/Revaluation			
Balance As on Ashad End 2078	1,820,054	4,736,992	6,557,046
Addition During the Year			
Acquisition	-	811,377	811,377
Capitalization			-
Disposal During the Year			-
Adjustment/Revaluation			-
Balance As on Ashad End 2079	1,820,054	5,548,370	7,368,424
<b>Amortisation &amp; Impairment</b>			
As on Shrawan 1, 2077	1,543,884	2,133,588	3,677,472
Amortization Charge For the Year	124,833	830,198	955,031
Impairment For the Year			-
Disposals			-
Adjustment			-
As on Ashad End 2078	1,668,717	2,963,786	4,632,503
Amortization Charge For the Year	121,718	992,473	1,114,191
Impairment For the Year			-
Disposals			-
Adjustment			-
As on Ashad End 2079	1,790,434	3,956,259	5,746,694
Capital WIP - 31/03/2078			
Capital WIP - 32/03/2079			
<b>Net Book Value</b>			
As on Ashad End 2077	261,471	2,363,404	2,624,875
As on Ashad End 2078	151,338	1,773,206	1,924,544
As on Ashad End 2079	29,620	1,592,110	1,621,730

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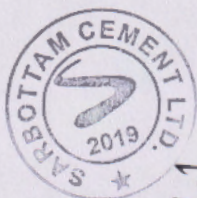




**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

6 Investment in Subsidiaries	Sarbottam Cement		Fig. in NPR Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Investment in Equity Shares of</b>				
Sarbottam Holding Pvt. Ltd. :				-
(5,000,000 Shares @ NPR.36.21 each partially paid up)	181,036,900	181,036,900.00		
Sarbottam Investment Pvt. Ltd. :				-
(500,000 Shares @ NPR.50 each partially paid up)	-	25,000,000		
(750,000 Shares @ NPR.100 each fully paid up)	75,000,000	-		
<b>Total</b>	<b>256,036,900</b>	<b>206,036,900</b>	<b>-</b>	<b>-</b>
<b>Percentage of Holding in Subsidiaries</b>	<b>Sarbottam Cement</b>		<b>Group</b>	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Sarbottam Holding Pvt. Ltd.</b>				
Number of Shares Held	5,000,000	5,000,000		-
Percentage of Holding	100%	100%		-
(100% shares held by Sarbottam Cement Ltd.)				
<b>Sarbottam Investment Pvt. Ltd.</b>				
Number of Shares Held	750,000	500,000		-
Percentage of Holding	100%	100%		-
(100% shares held by Sarbottam Cement Ltd.)				
<b>Siddheswor Minerals Pvt. Ltd.</b>				
Number of Shares Held	100,000	100,000		-
Percentage of Holding	100%	100%		-
(100% shares held by Sarbottam Holding Pvt. Ltd.)				
<b>Jyamire Minerals Pvt. Ltd.</b>	200,000	-		
(100% shares held by Sarbottam Holding Pvt. Ltd.)	100%	-		
<b>Total</b>				

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Sarbottom Cement Ltd.  
Notes to the Financial Statements  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

7 Deferred Tax Assets

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Deferred Tax Asset/(Liability)				
Property, Plant & Equipment	(272,253,923)	(201,159,574)	(272,641,333)	(201,437,716)
Provision For Gratuity	-	-	-	-
Provision For Doubtful Debts	3,334,194	3,554,244	3,334,194.00	3,554,244
Lease Equalization Liability	33,459	18,646	33,459.00	18,646
Changes in OH Component	(6,701,729)	(7,024,377)	(6,701,729.00)	(7,024,377)
Inclusion in Cost of Conversion				
Provision For CSR	9,642,474	9,013,146	9,642,474.00	9,013,146
<b>Total</b>	<b>(265,945,525)</b>	<b>(195,597,915)</b>	<b>(266,332,935)</b>	<b>(195,876,057)</b>
<b>Particulars</b>				
Ashad 31,2077 (July 15, 2020)		(113,783,412)		(113,783,412)
(Charged)/Credited to Statement of Profit & Loss		(81,814,503)		(82,092,645)
(Charged)/Credited to Other Comprehensive Income				
Ashad 31,2078 (July 15, 2021)		(195,597,915)		(195,876,057)
(Charged)/Credited to Statement of Profit & Loss		(70,347,610)		(70,456,878)
(Charged)/Credited to Other Comprehensive Income		-		-
Ashad 32,2079 (July 16, 2022)		(265,945,525)		(266,332,935)

8 Other Non Current Assets

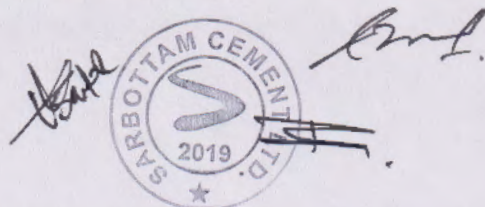
Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Capital Advances	3,771,038	-	105,952,413	21,609,925
<b>Total</b>	<b>3,771,038.00</b>	<b>-</b>	<b>105,952,413.00</b>	<b>21,609,925.00</b>

9 Inventories (as taken, valued & certified by the Management)

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Raw Materials	332,078,490	248,054,029	332,078,490	248,054,029
Power & Fuel	1,147,159,887	211,444,636	1,147,159,887	211,444,636
Packing Material	24,801,697	11,171,453	24,801,697	11,171,453
Semi Finished Goods	1,579,737	5,005,409	1,579,737	5,005,409
Finished Goods	356,033,639	409,552,915	356,033,639	409,552,915
Stores and Spares	839,213,437	528,260,128	846,797,654	539,644,483
<b>Total</b>	<b>2,700,866,887</b>	<b>1,413,488,571</b>	<b>2,708,451,103</b>	<b>1,424,872,926</b>

10 Trade Receivables

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Trade Receivables From Related Parties	8,344,627	18,237,919	8,344,627	14,869,319
Trade Receivables From Others	1,491,493,216	1,267,565,273	1,555,992,857	1,309,211,982
Provision for Impairment of Trade Receivables	(16,670,967)	(17,771,220)	(16,670,967)	(17,771,220)
<b>Total</b>	<b>1,483,166,876</b>	<b>1,268,031,972</b>	<b>1,547,666,516</b>	<b>1,306,310,081</b>





**Sarbottom Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig. in NPR

**11 Cash & Cash Equivalent**

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Cash In Hand (as certified by the Mangement)	16,766,460	26,363,588	16,986,713	29,085,699
Digital Wallet	23,495	-	23,495	-
<b>Balance With Banks</b>				
Agricultural Development Bank Ltd.	5,152,849	508,929	5,152,849	508,929
Bank of Kathmandu Ltd.	760,325	2,102,055	760,325	2,102,055
Century Commercial Bank Ltd.	1,162,129	9,546,766	1,162,129	9,546,766
Citizens International Bank Ltd.	469,072	467,471	469,072	467,471
Civil Bank Ltd.	1,181,511	17,645	1,181,511	17,645
Everest Bank Ltd.	1,250,386	196,603	1,338,084	237,207
Garima Bikash Bank Ltd.	11,178	92,235	11,178	92,235
Global IME Bank Ltd.	3,833,302	1,260,864	3,833,302	1,260,864
Himalayan Bank Ltd.	951,181	29,342	951,181	29,342
Kumari Bank Ltd.	2,646,348	13,948,249	2,646,348	13,948,249
Laxmi Bank Ltd.	10,127,718	24,378	10,127,718	24,378
Machhapuchre Bank Ltd.	1,021,064	42,556,709	1,021,064	42,556,709
Mega Bank Ltd.	2,094,516	822,260	2,094,516	822,260
Mukthinath Bikash Bank Ltd.	104,655	1,554,394	104,655	1,554,394
Nabil Bank Ltd.	3,950,216	7,254,767	3,950,216	7,254,767
NCC Bank Ltd.	629,162	645,576	629,162	645,576
Nepal Bangladesh Bank Ltd.	812,210	915,418	812,210	915,418
Nepal Bank Ltd.	4,548,428	3,159,203	4,548,428	3,159,203
Nepal Investment Bank Ltd.	1,717,640	5,212,666	2,551,861	6,344,246
Nepal SBI Bank Ltd.	18,437	486,320	18,437	486,320
NIC Asia Bank Ltd.	604,380	1,053,674	604,380	1,053,674
NMB Bank Ltd.	3,742,028	1,429,795	3,742,028	1,429,795
Prabhu Bank Ltd.	2,197,541	1,075,809	2,197,541	1,075,809
Shine Resunga Development Bank Ltd.	-	-	436,460	1,866,206
Prime Commercial Bank Ltd.	7,377,480	40,947,214	7,473,358	40,977,792
Rastriya Banijya Bank Ltd.	4,228,405	925,488	4,228,405	925,488
Sanima Bank Ltd.	4,496,078	812,985	4,496,078	812,985
Siddhartha Bank Ltd.	3,410,183	2,323,715	3,410,183	2,323,715
Sunrise Bank Ltd.	3,767,020	9,165,466	21,882,403	9,165,466
<b>Total</b>	<b>89,055,396</b>	<b>174,899,583</b>	<b>108,845,289</b>	<b>180,690,662</b>

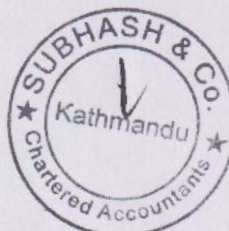
**12 Bank Balance other than Cash & Cash Equivalent**

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Fixed Deposits with Original Maturity of More than 3 months:</b>				
Prime Commercial Bank Ltd. IFD	25,000,000	-	25,000,000	-
Nabil Bank Ltd. IFD	18,500,000	-	18,500,000	-
<b>Total</b>	<b>43,500,000</b>	<b>-</b>	<b>43,500,000</b>	<b>-</b>

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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig. in NPR

**13 Other Financial Assets**

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Current</b>				
Bank Guarantee Margin	106,000	6,000	106,000	6,000
LC & NRB Margin	19,580,775	20,078,666	19,580,775	20,078,666
Deposit Against Letter of Credit & TT	202,125,247	542,791,956	202,125,247	542,791,956
<b>Total</b>	<b>221,812,021</b>	<b>562,876,621</b>	<b>221,812,021</b>	<b>562,876,621</b>

**14 Other Current Assets**

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Prepaid Expenses	12,805,741	10,588,252	12,916,404	10,659,765
Advance for Expenses	10,969,890	6,405,619	10,969,890	6,405,619
Advance to Suppliers				
To Related Parties	213,455,932	138,470,749	81,146,780	52,732,658
To Others	79,020,501	93,641,875	78,956,230	94,542,585
Advance Against Staff & Labors	2,074,917	1,939,505	2,074,917	1,939,505
Custom Deposit	13,248,782	44,021,986	13,248,782	44,021,986
Deposit Against Appeal	1,893,968	-	1,893,968	-
Mines Advances	150,730,000	-	150,730,000	-
Other Deposits	3,129,185	1,583,000	3,429,185	1,883,000
Other Receivables	-	-	1,000,000	1,000,000
VAT Receivable	20,487,356	-	19,392,183	-
<b>Total</b>	<b>507,816,272</b>	<b>296,650,986</b>	<b>375,758,338</b>	<b>213,185,118</b>

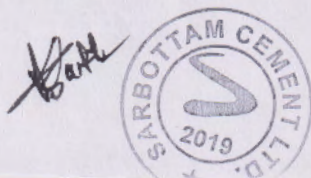
**15**

**(a) Equity Share Capital**

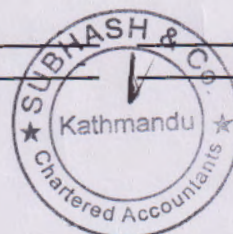
Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Authorised Capital:</b>				
50,000,000 Ordinary Shares of NPR 100 Each.	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
40,000,000 Ordinary Shares of NPR 100 Each.	-	-	-	-
<b>Issued Capital:</b>				
46,500,000 Ordinary Shares of NPR 100 Each.	4,650,000,000	4,650,000,000	4,650,000,000	4,650,000,000
22,500,000 Ordinary Shares of NPR 100 Each.	-	-	-	-
<b>Paid Up Capital:</b>				
40,500,000 Ordinary Shares of NPR 100 Each.	4,050,000,000	4,050,000,000	4,050,000,000	4,050,000,000
<b>Total</b>	<b>4,050,000,000</b>	<b>4,050,000,000</b>	<b>4,050,000,000</b>	<b>4,050,000,000</b>

**(b) Fair Value Reserve**

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Balance at the Beginning of the Year	-	-	-	-
Net fair value (losses)/gains on financial assets recognised through OCI	-	-	-	-
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-
<b>Balance at the End of the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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Sarbottom Cement Ltd.  
Notes to the Financial Statements  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

(c) Capital Reserve

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Balance at the Beginning of the Year	-	-	-	-
Pre-acquisition Profit of Subsidiary	-	-	-	-
Balance at the End of the Year	-	-	-	-

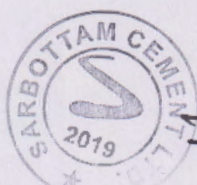
(d) Other Equity

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Retained Earnings</b>				
Balance at the Beginning of the Year	2,435,247,577	2,875,374,340	2,441,832,723	2,875,374,340
(-) Dividend Distribution from Pre-acquisition Profit	-	-	(4,420,190)	-
(-) Excess of Purchase Consideration over Net Assets	-	-	(529,810)	-
Acquired	-	-	-	-
Balance at the Beginning of the Year (Adjusted)	2,435,247,577	2,875,374,340	2,436,882,723	2,875,374,340
(+) Profit For the Year	467,660,510	1,310,356,563	472,077,179	1,312,521,519
Available For Distribution	2,902,908,087	4,185,730,903	2,908,959,902	4,187,895,859
(-) Dividend Distribution from Post -acquisition Profit	-	(1,757,964,526)	(2,079,810.40)	(1,757,964,526)
CSR Provision Written Back	2,523,500.00	7,481,200	2,523,500.00	7,481,200
(-) Excess of Purchase Consideration over Net Assets	-	-	-	(529,810)
Acquired	-	-	-	-
Other Adjustment	-	-	-	-
Balance at the End of the Year	2,905,431,587	2,435,247,577	2,909,403,591	2,436,882,723

16 Long Term Borrowings

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Hire Purchase Loan</b>				
Prime Commercial Bank Ltd. IHP	-	1,167,284	-	1,167,284
Nepal Investment Bank Ltd. IHP	-	-	4,046,538	6,990,738
(-) HP Loan Current Portion	-	(1,167,284)	(3,200,539)	(4,119,552)
<b>Long Term Loan</b>				
Mega Bank Nepal Ltd.	83,351,920	123,988,480	83,351,920	123,988,480
Nepal Bank Ltd.	188,080,760	627,787,660	188,080,760	627,787,660
Prabhu Bank Ltd.	145,682,902	199,459,462	145,682,902	199,459,462
Prime Commercial Bank Ltd.	298,102,005	750,966,997	298,102,005	750,966,997
(-) Term Loan Current Portion	(242,362,489)	(1,000,510,596)	(242,362,489)	(1,000,510,596)
<b>Total</b>	<b>472,855,098</b>	<b>701,692,004</b>	<b>473,701,098</b>	<b>705,730,474</b>

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Sarbottam Cement Ltd.  
Notes to the Financial Statements  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

17 Provisions

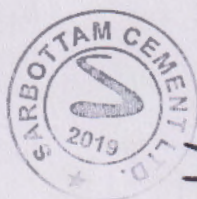
Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Non - Current</b>				
Provision For Leave Encashment	-	-	-	-
Provision For Gratuity	-	-	-	-
<b>Non Current Provisions</b>	-	-	-	-
<b>Current</b>				
Provision For Corporate Social Responsibility	48,212,369	45,065,726	48,212,369	45,065,726
Provision For Leave Encashment	-	-	-	-
<b>Current Provisions</b>	48,212,369	45,065,726	48,212,369	45,065,726

(a) Disclosure under NAS 37 "Provisions, Contingent Liabilities & Contingent Assets"

Particulars		
Shrawan 1, 2077 (July 16, 2020)	37,374,410	37,374,410
Additions During the Year	15,172,516	15,172,516
CSR Expenses During the Year	(7,481,200)	(7,481,200)
<b>Ashad 31,2078 (July 15, 2021)</b>	<b>45,065,726</b>	<b>45,065,726</b>
Additions During the Year	5,670,143	5,670,143
CSR Expenses During the Year	(2,523,500)	(2,523,500)
<b>Ashad 32,2079 (July 16, 2022)</b>	<b>48,212,369</b>	<b>48,212,369</b>

18 Trade Payable

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Trade Payable From Related Parties	284,396,262	223,155,887	284,396,262	223,155,887
Trade Payable From Others	510,037,135	576,351,095	528,924,625	591,859,637
<b>Total</b>	<b>794,433,397</b>	<b>799,506,982</b>	<b>813,320,886</b>	<b>815,015,524</b>





Sarbottam Cement Ltd.  
Notes to the Financial Statements  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

19 Short Term Borrowings

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Secured</b>				
<b>Overdraft Loan</b>				
Mega Bank Ltd.   OD	99,673,561	179,107	99,673,561	179,107
Prabhu Bank Ltd   OD	173,187,120	-	173,187,120	-
Nepal Bank Ltd.   OD	1,145,976,662		1,145,976,662	
Prime Commercial Bank Ltd   OD	1,286,584,774	153,601,314	1,286,584,774	153,601,314
<b>Working Capital Loan</b>				
Mega Bank Ltd.   WC	-	40,000,000	-	40,000,000
Nepal Bank Ltd.   WC	386,675,562	1,257,119,585	386,675,562	1,257,119,585
<b>TR Loan</b>				
Prime Commercial Bank Ltd.   TR	17,005,622	442,820,582	17,005,622	442,820,582
<b>Current Maturity of LTL</b>	242,362,489	1,001,677,880	245,563,028	1,004,630,148
<b>Total</b>	<b>3,351,465,789</b>	<b>2,895,398,467</b>	<b>3,354,666,328</b>	<b>2,898,350,735</b>

20 Other Current Financial Liabilities

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Deposit From Transporters	-			
Retention Money Payable	11,432,241	17,031,351	11,432,241	17,031,351
<b>Employee Related Payable</b>				
Bonus Payable	23,330,246	109,872,609	23,330,246	109,872,609
<b>Other Employee Related Payable</b>				
Salaries and Wages Payable	12,481,754	13,103,762	12,787,458	13,420,444
Gratuity Payable	6,140,205	-	6,196,503	-
Payable to Director	-	1,000,000	-	1,000,000
Payable to Staff	1,112,122	597,454	1,112,122	597,454
<b>Total</b>	<b>54,496,568.10</b>	<b>141,605,175.54</b>	<b>54,858,570.24</b>	<b>141,921,857.68</b>





Sarbottam Cement Ltd.  
Notes to the Financial Statements  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Fig. in NPR

21 Other Current Liabilities

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Provision for Expenses	32,029,324	23,153,898	35,095,376	25,664,950
Lease Equalization Liability	167,293	93,229	167,293	93,229
Advance From Customers				
From Related Parties	-	74,439,989	-	74,439,989
From Others	67,963,627	136,421,441	67,984,431	136,442,244
Statutory Dues				
TDS Payable	16,342,258	30,998,581	16,744,220	31,114,559
VAT Payable	-	23,247,883	-	25,363,140
Reverse VAT Payable	81,183	347,728	81,183	347,728
Excise payable	11,078,023	12,288,956	11,078,023	12,288,956
Royalty payable	9,764,287	13,411,741	9,764,287	13,411,741
CIT Payable	986,326	805,610	986,326	805,610
Kalyankari Kosh	-	-	-	-
Provident Fund Payable	1,244,708	-	1,254,424	-
Audit Fee Payable	999,775	999,775	1,156,350	1,177,075
Other Liabilities	-	-	-	-
Interest Payable	33,775,792	-	33,775,792	-
Payable Against Letter of Credit	233,554,344	-	233,554,344	-
Directors Payable	511,165,416	203,500,000	529,265,416	203,500,000
Rent Payable	-	172,228	190,000	602,228
<b>Total</b>	<b>919,152,356.31</b>	<b>519,881,058.54</b>	<b>941,097,465.90</b>	<b>525,251,450.05</b>

22 Income Tax (Assets)/Liabilities (Net)

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Income Tax Liabilities	23,336,058	109,908,058	24,084,085	111,013,349
Income Tax Assets	(49,884,313)	(69,822,858)	(52,894,264)	(72,512,635)
<b>Total</b>	<b>(26,548,255)</b>	<b>40,085,200</b>	<b>(28,810,179)</b>	<b>38,500,714</b>





**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig.in NPR

**23 Revenue From Operations**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Revenue From Cement Sales	5,789,157,057	5,144,793,406	5,789,157,057.45	5,144,793,406
Revenue From Clinker Sales	2,016,283,347	3,698,456,081	2,016,283,347.00	3,698,456,081
Revenue From Limestone Sales	-	-	29,839,470.80	36,677,953
<b>Other Operating Income</b>				
Revenue From Trading	9,502,159	67,638,355	9,502,159.41	67,638,355
Revenue From Scrap Sales	66,556,782	26,949,047	66,556,782.13	26,949,047
<b>Total</b>	<b>7,881,499,346</b>	<b>8,937,836,889</b>	<b>7,911,338,817</b>	<b>8,974,514,842</b>

**24 Other Income**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Writeback of Payable	71,783,295	4,372,661	73,683,300	4,372,661
Interest Income	616,028	281,389	635,980	281,389
Gain/(Loss) on Sale of PPE	3,013,629	-	3,013,629	-
Others	4,652,084	7,313,443	6,623,447	4,281,271
(Loss)/Gain on sale of Investment	-	-	-	-
Foreign Exchange Gain/(Loss)	-	-	-	-
<b>Total</b>	<b>80,065,037.66</b>	<b>11,967,492.27</b>	<b>83,956,355.23</b>	<b>8,935,320.47</b>

**25 Raw Material Consumption**

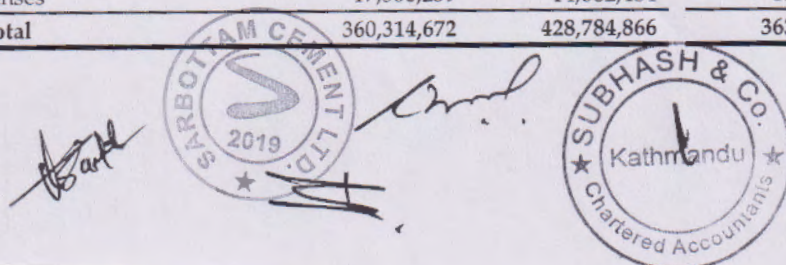
Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Raw Materials Consumed	2,164,806,411	2,504,131,159	2,105,202,684	2,496,526,850
Packing Materials Consumed	232,211,043	191,834,444	232,211,043	191,834,444
Other Materials Consumed	2,987,958	66,723,565	2,987,958	66,723,565
<b>Total</b>	<b>2,400,005,411.18</b>	<b>2,762,689,168.22</b>	<b>2,340,401,684.30</b>	<b>2,755,084,859.31</b>

**26 Changes in Inventories of Finished Goods**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Opening Stock - FG	409,552,915	211,774,035	409,552,915	211,774,035
Closing Stock - FG	(356,033,639)	(409,552,915)	(356,033,639)	(409,552,915)
<b>Total</b>	<b>53,519,276</b>	<b>(197,778,880)</b>	<b>53,519,276</b>	<b>(197,778,880)</b>

**27 Employee Benefit Expenses**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Salaries & Wages	294,293,509	273,169,376	297,064,399	276,887,472
Bonus	23,330,246	109,872,609	23,330,246	109,872,609
Staff Welfare	4,148,343	6,983,306	4,567,105	7,189,166
Sales Incentive	5,157,770	24,484,060	5,157,770	24,484,060
Post Employment Benefit Costs				
Gratuity Expenses	7,568,423	213,031	7,568,423	213,031
Providend Fund Expenses	8,310,142	-	8,310,142	-
Leave Encashment Expenses	17,506,239	14,062,484	17,506,239	14,062,484
<b>Total</b>	<b>360,314,672</b>	<b>428,784,866</b>	<b>363,504,323</b>	<b>432,708,823</b>





**Sarbottom Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig.in NPR

**28 Depreciation & Amortization**

Particulars	Sarbottom Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Depreciation of Property, Plant and Equipments	669,801,332	569,354,349	673,931,632	571,003,614
Amortization of Intangible Assets	1,114,191	955,031	1,114,191	955,031
<b>Total</b>	<b>670,915,523</b>	<b>570,309,380</b>	<b>675,045,823</b>	<b>571,958,645</b>

**29 Other Expenses**

Particulars	Sarbottom Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Excavator & Loader Charges	18,485,638	55,145,610	86,155,480	81,391,398
Other Production Expenses	30,189,892	40,654,673	35,988,865	43,563,424
Repair & Maintainance	157,328,355	161,336,375	159,219,488	161,979,163
Security Expenses	-	422,655	1,286,373	966,975
Foreign Exchange Gain/(Loss)	-	2,663,636	-	2,663,636
Gain/(Loss) on Sale of PPE	-	506,893	-	506,893
Rates & Taxes	2,527,455	1,531,560	2,681,438	1,676,260
Registration & Renewable Charges	5,179,191	4,915,566	5,207,191	5,151,566
Office Rent Expenses	4,201,196	3,026,062	4,334,530	3,118,840
Audit Fee	1,000,000	1,000,000	1,112,600	1,100,000
Tax Audit Fee	15,000	15,000	61,300	30,000
Guest Entertainment Expenses	1,844,274	1,117,345	1,879,454	1,152,124
Mess & Canteen Expenses	14,767,220	15,309,188	17,018,465	16,166,424
Insurance Premium	3,804,072	2,610,524	3,874,483	2,630,713
Internet Expense	1,914,460	2,079,924	1,914,460	2,079,924
Legal and Consultancy Charges	3,110,188	3,921,683	3,155,388	3,976,153
Postage & Courier Expenses	244,523	149,641	244,523	149,641
Books and Periodicals	3,090	3,400	3,090	3,400
Printing & Stationery	3,224,286	3,153,881	3,334,284	3,226,284
Telephone Expenses	2,493,196	2,220,560	2,590,838	2,287,120
Travelling & Conveyance	4,502,364	2,212,583	4,588,484	2,232,898
Corporate Social Responsibility (CSR)				
CSR Expenses	2,523,500	7,481,200	2,523,500	7,481,200
CSR Provision	5,670,143	15,172,516	5,670,143	15,172,516
Vehicle Running Expense	6,598,311	3,975,076	6,734,171	4,023,283
Advertisement & Publicly Expenses	97,633,732	67,414,733	97,633,732	67,414,733
Carriage Outward	420,888	405,592	420,888	405,592
Sales Commission	82,741,879	102,040,867	82,741,879	102,040,867
Sales Promotion	6,001,342	24,357,626	6,001,342	24,357,626
(Reversal) /Provision for Trade Receivables	(1,100,253)	11,028,688	(1,100,253)	11,028,688
Others	18,402,677	4,298,944	18,711,520	4,507,855
<b>Total</b>	<b>473,726,621</b>	<b>540,172,002</b>	<b>553,987,656</b>	<b>572,485,196</b>

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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

Fig.in NPR

**30 Finance Cost**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Interest on OD & Working Capital Loan	252,801,663	89,371,297	252,801,663	89,371,297
Interest on Term Loan	92,207,121	198,005,774	92,207,121	198,005,774
Interest on Bridge Gap Loan	-	47,779,964	-	47,779,964
Interest on Hire Purchase Loan	51,306	218,383	522,525	529,292
Bank Charges & Commission	13,614,904	6,895,468	13,623,249	6,904,238
(-) Interest Capitalized to Property, Plant & Equipment	(33,215,833)	(136,667,930)	(33,215,833)	(136,667,930)
<b>Total</b>	<b>325,459,161</b>	<b>205,602,956</b>	<b>325,938,726</b>	<b>205,922,636</b>

**31 Income Tax Expense**

Particulars	Sarbottam Cement		Group	
	FY 2078 I 2079	FY 2077 I 2078	FY 2078 I 2079	FY 2077 I 2078
Current Tax on Profit For The Year	23,336,058	109,908,058	24,084,085	110,507,929
Deferred Tax For The Year	70,347,610	81,814,503	70,456,878	82,093,670
<b>Income Tax Expense</b>	<b>93,683,668</b>	<b>191,722,561</b>	<b>94,540,963</b>	<b>192,601,599</b>

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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**32 Fair Value Measurements**

**(i) Financial Instruments by Category & Hierarchy**

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are measured at Amortised Cost and at which Fair Values are disclosed in the Financial Statements. The Company doesn't have any Financial Instruments which are to be measured at Fair Value through Profit & Loss or Fair Value through Other Comprehensive Income.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS. However, all the Financial Instruments held by the Company fall under Level 3 Category.

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

**33 Financial Risk Management**

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

**i) Credit Risk**

The Company is exposed to credit risk for various Financial Instruments, For Example Customer Receivables, Loans or Advances given. The Company continuously monitors Receivables and defaults with customers & other counterparties. Appropriate Security Deposits along with Bank Guarantee are kept against the supplies to customers.

Credit Risk with respect to Trade Receivable is managed by the Company through setting up Credit Limits for customers & also periodically reviewing the Credit worthiness of major customers.

**Impairment for Trade Receivables:**

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Gross Carrying Amount	1,499,837,843	1,285,803,192	1,564,337,484	1,324,081,301
Impairment Losses	(16,670,967)	(17,771,220)	(16,670,967)	(17,771,220)
<b>Carrying Amount of Trade Receivables</b>	<b>1,483,166,876</b>	<b>1,268,031,972</b>	<b>1,547,666,516</b>	<b>1,306,310,081</b>

The credit risk for cash & cash equivalents is considered negligible, since the counterparties are Nepal Rastra Bank approved Financial Institutions.

**ii) Liquidity Risk**

Prudent Liquidity Management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of internal and external financing to meet obligations when due. The Company monitors its risk to a shortage of funds on a regular basis through cash forecast for scheduled debts servicing payments and considering maturity profiles of Financial Assets & Other Financial Liabilities.

**a) Financing Arrangements:**

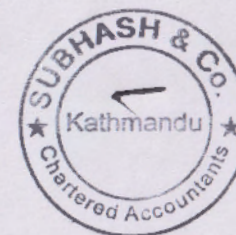
The Company had availed Financing Arrangements as categorised below. Closing balances of the same stands as follows:

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Short Term Borrowings	3,351,465,789	2,895,398,467	3,354,666,328	2,898,350,735
Long Term Borrowings	472,855,098	701,692,004	473,701,098	705,730,474
<b>Total Borrowings</b>	<b>3,824,320,887</b>	<b>3,597,090,471</b>	<b>3,828,367,426</b>	<b>3,604,081,209</b>

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**SARBOTTAM CEMENT LTD.**  
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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**b) Maturity of Financial Liabilities:**

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Sarbottam Cement				Group			
	Ashad 32,2079 (July 16, 2022)		Ashad 31,2078 (July 15, 2021)		Ashad 32,2079 (July 16, 2022)		Ashad 31,2078 (July 15, 2021)	
	< 1 Year	> 1 Year	< 1 Year	> 1 Year	< 1 Year	> 1 Year	< 1 Year	> 1 Year
Trade Payables	794,433,397	-	799,506,982	-	813,320,886	-	815,015,524	-
Borrowings	3,351,465,789	472,855,098	2,895,398,467	701,692,004	3,354,666,328	473,701,098	2,898,350,735	705,730,474
Other Financial Liabilities	54,496,568	-	141,605,176	-	54,858,570	-	141,921,858	-
<b>Total Financial Liabilities</b>	<b>4,200,395,754</b>	<b>472,855,098</b>	<b>3,836,510,625</b>	<b>701,692,004</b>	<b>4,222,845,785</b>	<b>473,701,098</b>	<b>3,855,288,117</b>	<b>705,730,474</b>

**iii) Market Risk**

**a) Interest Rate Risk**

Interest Rate Risk is the risk that the Fair Value or Future Cash Flows of a Financial Instrument will fluctuate because of changes in Market Rates. The Company's policy is to minimise Interest Rate Cash Flow risk exposure on borrowings.

**b) Interest Rate Sensitivity**

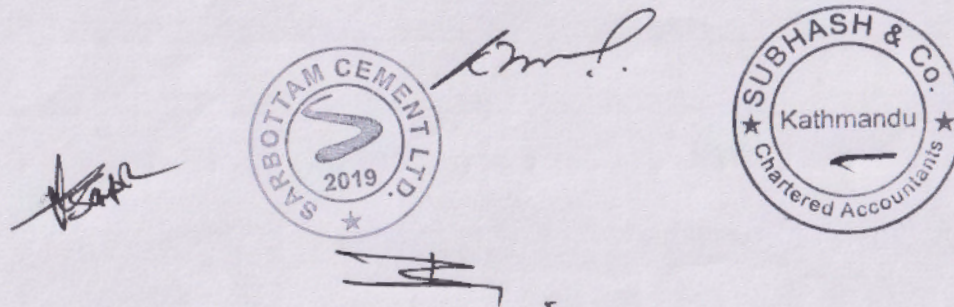
Profit or Loss is Sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 100 Basis Points which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Interest Rate - Increase By 100 Basis Points*	37,107,057	39,277,320	37,107,057	39,277,320
Interest Rate - Decrease By 100 Basis Points*	(37,107,057)	(39,277,320)	(37,107,057)	(39,277,320)

\* Holding all other Variable Constant

**34 Capital Management**

The Company has Equity Share Capital & Reserves as the source of capital. The primary objective of the Company's capital management is to maximize the shareholder value & provide adequate return to shareholders. To maintain or adjust the Capital Structure, the company may adjust the dividend payment to shareholders or Issue New Shares for further capital infusion.





**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**Significant Information, Accounting Policies & Notes to the Accounts**

**(c) Use of Estimates**

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

**(d) Going Concern**

The Financial Statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

**(e) COVID - 19 Impact & Assessment**

The COVID-19 pandemic has developed rapidly towards the end of FY: 2077/78 with a substantial rise in number of cases. Measures taken to control the virus have contributed significantly to decline & volatility in global as well as Nepalese financial markets thereby leading to a significant decrease in economic activities.

In view of the highly uncertain economic environment, the extent to which the COVID-19 pandemic will impact the business of the Company depends upon future developments that cannot be predicted reliably at this stage. However, based on the preliminary estimates the company has considered the possible effects that may result from this pandemic on the carrying amounts of its Property, Plant & Equipment, Inventory, advances & receivables based on this assessment the Company does not foresee or anticipate any significant risk to the recoverability & carrying value of its assets or in meeting its financial obligations over the foreseeable future.

Management has considered wide range of factors, such as: Current & Expected Profitability, Debt Repayment Schedules, Overall impact to Economy & Industry in which it operates, ability to continue selling its products and impact of subsequent events while evaluating going concern based on the same it has concluded that there is not a significant doubt upon Company's ability to continue as a going concern due to ongoing COVID-19 pandemic.

Beside that we have taken number of actions to monitor & mitigate the effects of COVID-19, such as safety & health measures for our people (Social Distancing & Work from home culture has been adapted) and securing the supply of materials that are essential to our production process is kept on top priority.

The Company will continue to closely monitor any material changes arising due to the impact of this pandemic/future economic conditions impacting the financial & operational performance of the Company and take necessary measures to address the same.

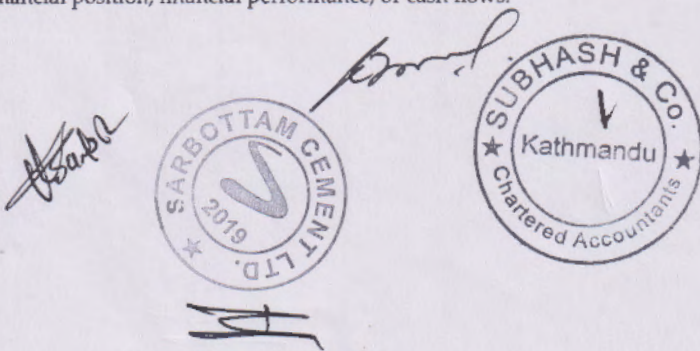
Given the uncertainty because of COVID-19, the final impact of the same on Company's assets in future may differ from that estimated as at the date of approval of these financial statements.

**(f) Functional and Presentation Currency**

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

**(g) Changes in Accounting Policies**

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.





Sarbottam Cement Ltd.  
Notes to the Financial Statements  
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Significant Information, Accounting Policies & Notes to the Accounts

(h) **Recent Accounting Pronouncements - Standards Issued but not Effective**

i) **NFRS 9 "Financial Instruments"** has been issued with but is not effective until further notified. Earlier application of this standard is also allowed, however, the Company has not opted for earlier application of NFRS 9. For the reporting of financial instruments, NAS 32 Financial Instruments: Presentation, NAS 39 Financial Instruments: Recognition and Measurements and NFRS 7 Financial Instruments: Disclosures have been applied. Company is evaluating impact of NFRS 9 on impairment of financial instruments.

(i) **Carve-outs**

Accounting Standard Board (ASB) has issued carve-outs as on Bhadra 28, 2075 (September 13, 2018) on impracticability to determine transaction cost of all previous years which is part of effective interest rate where, it is mentioned that the calculation of effective interest rate shall includes all fees and points paid or received, unless it is immaterial or impracticable to determine reliably. The Company has opted for this Carve-out, details of which has been mentioned in accounting policies of "Borrowings".

(j) Exemption to accounting method for business combinations: the company has accounted those business combinations by applying pooling interest method i.e. all assets and liabilities shall be accounted for at their book values. The company has not been recognized goodwill, however, it has debited the excess of purchase consideration over the net assets acquired over the purchase consideration in retained earnings.

**3 Significant Accounting Policies**

(a) **Property, Plant & Equipment & Depreciation**

i) **Recognition**

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

On transition to NFRS, the Company has elected to continue with the carrying value of all of its Property, Plant & Equipment recognized as at 1st Shrawan, 2074 (July 16, 2017) measured as per the Previous Local GAAP & have disclosed its Gross Acquisition Value along with Accumulated Depreciation separately.

ii) **Depreciation**

Depreciation on Property, Plant and Equipment other than Freehold Land is provided on "Straight Line Method (SLM)" based on Useful Life estimated by technical expert of the management.

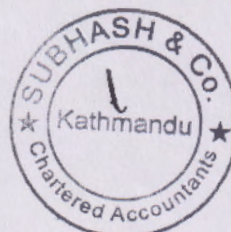
The Assets Useful Life are reviewed at the reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM is categorised as stated below:

List of Asset Categories	Life of Assets
Computer & Accessories	3 Years
Office Equipment	5 Years
Other Assets	5 Years
Furniture & Fixture	8 Years
Vehicles	8 Years
Heavy Equipments	9 Years
Plant & Machinery	15 Years
Mines Development	20 Years
Building	30 Years

iii) **Derecognition**

An item of Property, Plant & Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, Plant & Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit & Loss.





Sarbottam Cement Ltd.  
Notes to the Financial Statements  
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Significant Information, Accounting Policies & Notes to the Accounts

**iv) Impairment of Assets**

The Company assesses at each reporting date as to whether there is any indication that Property, Plant & Equipment may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit & Loss to the extent, asset's carrying amount exceeds its recoverable amount.

Here the recoverable amount is higher of an asset's fair value less cost of disposal & value in use. Whereas Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

**v) Capital Work-In-Progress**

These are expenses of capital nature directly incurred in the construction of buildings and major plant and machinery which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

**(b) Intangible Assets**

**i) Recognition**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is reflected in Statement of profit & loss in the year in which the expenditure is incurred.

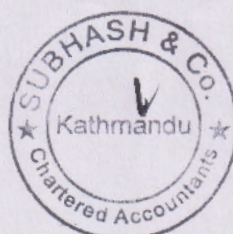
**ii) Amortization**

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortization is recognised in Statement of Profit & Loss on straight line method (SLM) over the estimated useful life of the intangible assets from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit & Loss.

Useful Life of Intangible Assets based on SLM is categorised as stated below:

List of Asset Categories	Life of Assets
Softwares/Server & Networking	5





Sarbottam Cement Ltd.  
Notes to the Financial Statements  
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**iii) Derecognition**

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit & Loss.

**iv) Impairment of Assets**

The Company assesses at each reporting date as to whether there is any indication that Intangible Asset may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit & Loss to the extent, asset's carrying amount exceeds its recoverable amount.

Here the recoverable amount is higher of an asset's fair value less cost of disposal & value in use. Whereas Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

**(c) Cash & Cash Equivalent**

For the purpose of presentation in the Statement of Cash Flows, Cash & Cash Equivalents includes Cash In Hand, Bank Balances & Positive Balance of Cash Credit Accounts.

**(d) Financial Assets**

**i) Initial Recognition & Measurement**

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not "at Fair value through Profit or Loss", transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried "at Fair Value through Profit or Loss" are expensed in the Statement of Profit & Loss.

**ii) Subsequent Measurement**

**a) Financial Assets carried at Amortized Cost (AC)**

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is measured using effective interest rate method.

**b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)**

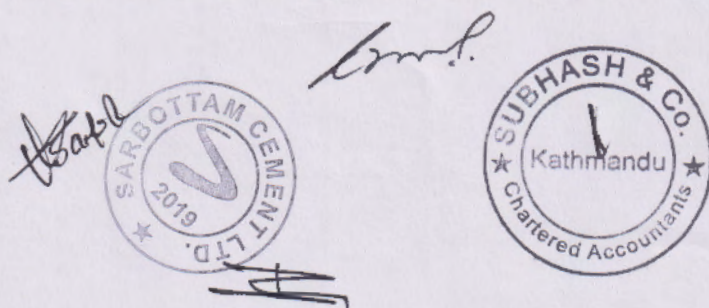
A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

**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. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

**iii) De-Recognition**

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.





**Sarbottam Cement Ltd.**  
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**iv) Impairment of Financial Assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**(e) Financial Liabilities**

**i) Initial Recognition & Measurement**

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

**ii) Subsequent Measurement**

After initial recognition, Financial Liabilities are subsequently measured at amortized cost.

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

**iii) De-Recognition**

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

**(f) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**(g) Inventories**

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

The cost is determined on weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

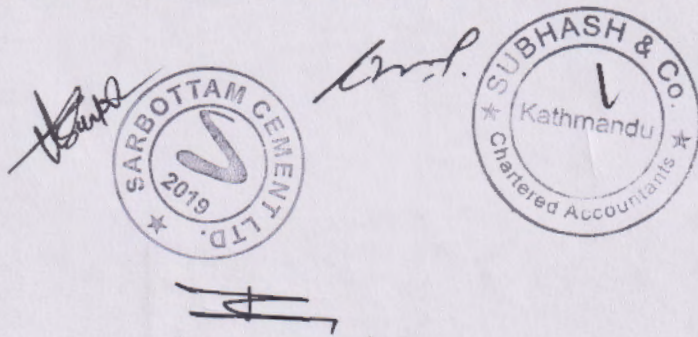
**(h) Share Capital**

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

**(i) Reserves & Funds**

**i) Fair Value Reserve:** Fair value reserve includes changes in fair value of investment in equity instruments.

**ii) Retained Earnings:** Retained earnings includes the accumulated Profit & Loss and amount retained by Company after distribution of dividends.





Sarbottam Cement Ltd.  
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(j) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit & Loss over the period of the borrowings using the effective interest method. Borrowings are derecognized from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

Carve-Out:

Carve out issued by Accounting Standards Board (ASB) of Nepal have provided exemption on including fees and points paid or received which are immaterial or impracticable to determine reliably for all previous years, while calculating effective interest rates. Accordingly company has not included transaction costs while calculating effective interest rates.

(k) **Provisions, Contingent Liabilities & Contingent Assets**

(i) **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(ii) **Contingent Liabilities**

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to 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. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) **Contingent Assets**

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(l) **Employee Benefits**

i) **Short Term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

- **Leave Encashment**

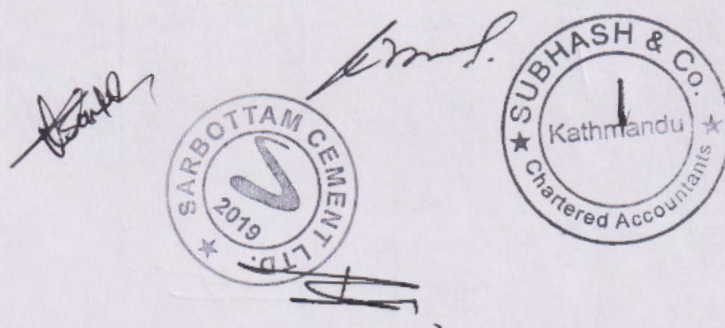
Leave related payables are settled every-year by the Company, hence, Company doesn't have long term leave encashments. Accordingly, actuarial valuation for leave encashment has not been carried out.

ii) **Post - Employment Benefits**

- **Defined Contribution Plan**

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

As per Section 53 of Labor Act, 2074, with effect from Bhadra 19, 2074 (September 04, 2017), Gratuity shall be treated as defined contribution plan to be calculated at 8.33% of Basic Salary Per Month, based on that Actuarial Valuation has not been carried out.





Sarbottam Cement Ltd.  
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**- Defined Benefit Plan**

For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested.

**(m) Revenue Recognition:**

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

Revenue is recognized upon transfer of ownership of goods to the customers, provided pervasive evidence of an arrangement exists whereby collectability of revenue is reasonably certain and no performance revenue from sales of goods or rendering of services is net of indirect taxes, returns & discounts.

**i) Revenue from Sale of Goods**

Revenue from sale of goods are recognized when the significant risks and rewards of ownership have been transferred to the Customers. Revenue is measured at the value of the consideration received or receivable, net of excise, trade discounts if any & Value Added Tax.

**(n) Leases**

**Finance Leases**

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalised at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

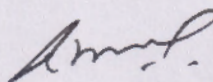


**Operating Lease**

Leases in which the Company doesn't have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight Line Basis.

**(o) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.



Sarboottam Cement Ltd.  
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**Significant Information, Accounting Policies & Notes to the Accounts**

**(p) Income Taxes**

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

**i) Current Tax**

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

**ii) Deferred Tax**

Deferred Tax is recognized on Temporary differences between the carrying amounts of Assets & Liabilities. Deferred Tax is recognized using the Statement of Financial Position and its Tax Base. Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

**(q) Cash Flow Statement**

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 of accruals of past or future cash receipts or payments.

**(r) Functional Currency & Foreign Currency Transactions**

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

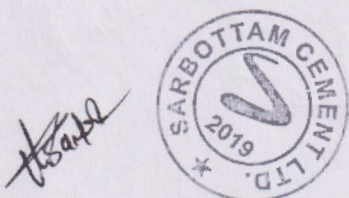
**(s) Earnings Per Share**

Earning 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.

**(t) Operating Segment**

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.





**Sarbottom Cement Ltd.**  
For Year Ended Ashad 32, 2079 (July 16, 2022)

Standalone

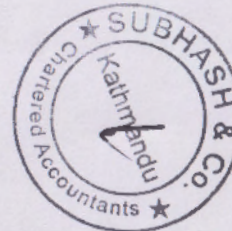
**4. Property, Plant & Equipment**

Categories	Land	Land & Road Development	Building	Computer & Accessories	Vehicles	Furniture & Fixture	Plant & Machinery	Office Equipment	Heavy Equipments	Mines Development	Other Assets	Total
Gross Block												
As on Shrawan, 1 2077	65,952,088	79,909,443	2,624,651,826	11,144,314	44,937,669	57,582,163	6,426,598,064	15,020,583	180,609,129	53,558,890	8,039,034	9,568,003,204
Addition During the Year	-	5,799,705	308,086,502	3,611,088	(1,647,096)	2,418,479	1,216,396,853	3,236,796	24,895,275	59,716,074	-	1,622,513,675
Acquisition	-	5,799,705	13,126,040	3,727,017	1,101,327	2,418,479	132,317,543	3,236,796	24,895,275	59,716,074	-	246,338,255
Capitalization			294,960,462				1,084,079,310					1,379,039,772
Disposal During the Year				(115,929)	(2,748,423)							(2,864,352)
Adjustment/Revaluation												-
Balance As on Ashad End 2078	65,952,088	85,709,148	2,932,738,329	14,755,402	43,290,573	60,000,642	7,642,994,917	18,257,378	205,504,404	113,274,964	8,039,034	11,190,516,879
Addition During the Year	-	-	383,504,162	2,237,685	4,134,690	3,072,980	165,344,192	4,302,073	72,082,350	37,551,273	-	672,229,404
Acquisition	-	-	33,731,116	2,237,685	4,134,690	3,072,980	23,403,995	4,302,073	78,961,288	37,551,273	-	187,395,099
Capitalization			349,773,046				145,517,097					495,290,143
Disposal During the Year							(3,576,900)		(6,878,938)			(10,455,838)
Adjustment/Revaluation												-
Balance As on Ashad End 2079	65,952,088	85,709,148	3,316,242,490	16,993,087	47,425,263	63,073,623	7,808,339,109	22,559,451	277,586,754	150,826,236	8,039,034	11,862,746,283
Depreciation & Impairment												
As on Shrawan 1, 2077	-	-	485,609,713	7,697,809	18,620,079	34,416,833	2,452,168,331	11,805,767	86,484,886	2,189,368	5,624,791	3,104,617,576
Depreciation Charge For the Year	-	-	87,507,459	2,407,392	7,092,660	7,458,875	437,531,210	1,032,770	22,161,660	3,430,750	731,571	569,354,349
Impairment For the Year												-
Disposals				(1,667)	(252,253)							(253,920)
Adjustment												-
Balance As on Ashad End 2078	-	-	573,117,172	10,103,534	25,460,486	41,875,708	2,889,699,542	12,838,537	108,646,546	5,620,118	6,356,362	3,673,718,005
Depreciation Charge For the Year	-	-	98,087,748	2,763,861	7,750,326	7,925,292	518,100,598	1,856,555	26,516,083	6,069,297	731,571	669,801,332
Impairment For the Year												-
Disposals							(2,568,494)		(6,001,874)			(8,570,368)
Adjustment												-
Balance As on Ashad End 2079	-	-	671,204,920	12,867,394	33,210,812	49,801,000	3,405,231,646	14,695,093	129,160,756	11,689,415	7,087,934	4,334,948,969
Capital WIP - 31/03/2078			308,927,904				74,444,151					383,372,054
Capital WIP - 31/03/2079			-				-					-
Net Book Value												
As on Ashad End 2078	65,952,088	85,709,148	2,668,549,060	4,651,868	17,830,087	18,124,935	4,827,739,526	5,418,841	96,857,858	107,654,846	1,682,671	7,900,170,929
As on Ashad End 2079	65,952,088	85,709,148	2,645,037,570	4,125,693	14,214,451	13,272,623	4,403,107,463	7,864,358	148,425,998	139,136,821	951,100	7,527,797,314

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**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**35 Related Party Disclosure**  
**Subsidiaries**

- 1) Siddheswor Minerals Pvt. Ltd.
- 2) Sarbottam Holding Pvt. Ltd.

- 3) Sarbottam Investment Pvt. Ltd.
- 4) Jyamire Minerals Pvt. Ltd.

**Other Related Entities**

- 1) Sarbottam Minerals Pvt Ltd
- 2) Jagdamba Spinning Pvt. Ltd.
- 3) Jagdamba Synthetics Pvt. Ltd.
- 4) Jagdamba Cement Pvt. Ltd.

- 5) Shubhashree Jagdamba Cement Pvt. Ltd.
- 6) Laxmi Steels Pvt. Ltd.
- 7) Saurabh Photo International
- 8) Neupane Tower

**Key Managerial Personnel**

Chairman  
 Director- Representative  
 Director  
 Director  
 Director  
 Board Advisor  
 Board Advisor  
 HOD-Account & Finance  
 GM-Sales

Bishnu Prasad Neupane  
 Bimal Kumar Sawathia  
 Tenzin Lakden Tamang  
 Tika Ram Neupane  
 Diwas Neupane  
 Meena Kumari Agrawal  
 Ankur Neupane  
 Santosh KC  
 Subhash Pandey

**(a) Key Management Personnel Compensation:**

	Sarbottam Cement		Group		
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Short Term Employee Benefits	13,188,945	17,498,673	13,188,945	13,188,945	17,498,673
	13,188,945	17,498,673	13,188,945	13,188,945	17,498,673

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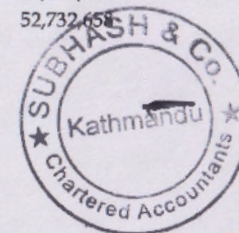


**(b) Related Party Transactions:**

Particulars	Sarbottam Cement				Group		
	Other Related Entities	Key Managerial Personnel	Subsidiaries	Total	Other Related Entities	Key Managerial Personnel	Total
<b>Sales</b>							
<b>Goods</b>							
For the Year Ended Ashad 32, 2079 (July 16, 2022)	970,669,495	-	-	970,669,494.54	970,669,495	-	970,669,495
For the Year Ended Ashad 31, 2078 (July 15, 2021)	1,112,079,898	-	-	1,112,079,898	1,112,079,898	-	1,112,079,898
<b>Service</b>							
For the Year Ended Ashad 32, 2079 (July 16, 2022)	-		125,841	125,840.71	-	-	-
For the Year Ended Ashad 31, 2078 (July 15, 2021)	36,167		3,039,433	3,075,600	36,167	-	36,167
<b>Purchases</b>							
<b>Goods</b>							
For the Year Ended Ashad 32, 2079 (July 16, 2022)	886,879,426	-	59,603,727	946,483,152.80	886,879,426	-	886,879,426
For the Year Ended Ashad 31, 2078 (July 15, 2021)	401,747,319	-	7,604,309	409,351,628	401,747,319	-	401,747,319
<b>Service</b>							
For the Year Ended Ashad 32, 2079 (July 16, 2022)	3,616,290	-	-	3,616,290	3,616,290	-	3,616,290
For the Year Ended Ashad 31, 2078 (July 15, 2021)	2,732,400	-	-	2,732,400	2,732,400	-	2,732,400

**(c) Related Party Balances:**

Particulars	Sarbottam Cement				Group		
	Other Related Entities	Key Managerial Personnel	Subsidiaries	Total	Other Related Entities	Key Managerial Personnel	Total
<b>Trade Receivables</b>							
As at Ashad 32, 2079 (July 16, 2022)	8,344,627	-	-	8,344,627.11	8,344,627	-	8,344,627
As at Ashad 31, 2078 (July 15, 2021)	14,869,319	-	3,368,600	18,237,918.95	14,869,319	-	14,869,319
<b>Customer Advance</b>							
As at Ashad 32, 2079 (July 16, 2022)	-	-	-	-	-	-	-
As at Ashad 31, 2078 (July 15, 2021)	74,439,989	-	-	74,439,989.32	74,439,989	-	74,439,989
<b>Trade Payables</b>							
As at Ashad 32, 2079 (July 16, 2022)	284,396,262	-	-	284,396,261.68	284,396,262	-	284,396,262
As at Ashad 31, 2078 (July 15, 2021)	223,155,887	-	-	223,155,887.03	223,155,887	-	223,155,887
<b>Advance to Suppliers</b>							
As at Ashad 32, 2079 (July 16, 2022)	81,146,780	-	132,309,152	213,455,932.16	81,146,780	-	81,146,780
As at Ashad 31, 2078 (July 15, 2021)	52,732,658	-	85,738,091	138,470,749.26	52,732,658	-	52,732,658





**Sarbottom Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**36 Legal Matters , Contingent Liabilities & Contingent Assets**

**i Claims against the Company - Nepal Electricity Authority**

Company has not ascertained the financial impact of Electricity Due (including interest & penalty) so arising against an appeal so filed at honorable Supreme Court by Sarbottom Cement Ltd. against Nepal Electricity Authority for electricity overbilling issues so prevailing in the reporting period. The impact of the same is not reflected in the profitability of respective financial years. The amount so quantified by the management in this regards is as stated below:

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Amount Payable to NEA (including interest &amp; penalty)</b>				
For Electricity Over Billing Issues	611,467,186	548,470,215	611,467,186	548,470,215

**ii Covid Subsidy During Lockdown Period on Electricity Bill from NEA**

NEA has awarded Covid Subsidy to the Company against Lockdown Period Electricity Bill, however, the Company will get the Covid Subsidy on solving of issue against dedicated line electricity bills charged by NEA. The impact of the same has been reflected in the profitability of respective financial years and the same has been credited to Electricity Expenses. The amount so quantified by the management in this regards is as stated below:

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Amount Receivable from NEA</b>				
Covid Subsidy During Lockdown Period	4,455,000	10,908,645	4,455,000	10,908,645

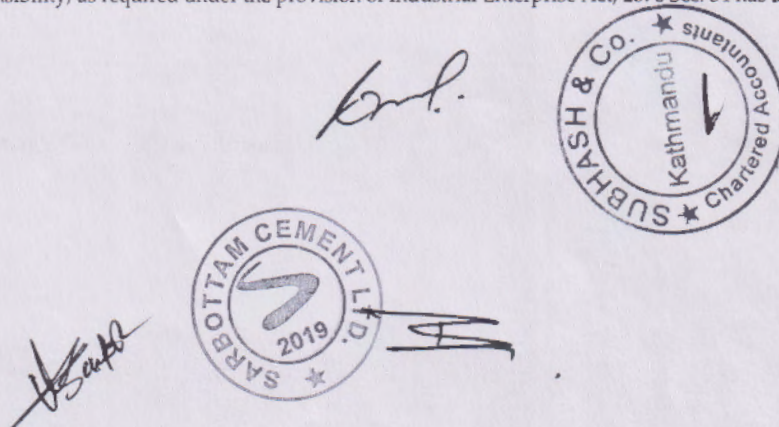
**iii Legal Case against Trade Debtors**

The company has started legal proceedings against various Trade Debtors to recover the receivable amount from them. Management believes that chances of losing of the legal cases against such Trade Debtors are remote and there will not be any probable cash outflow or loss. However, the management has provided of Rs.9,199,537.36 and Rs.9,488,299.52 for financial year 2078-79 and 2077-78 respectively against impairment of Trade Receivables for Legal Case Debtors. The amount so pending with various Court of Law is as stated below:

Particulars	Sarbottom Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
<b>Amount Receivable from Trade Debtors</b>				
Case Pending with variuos Court of Law	74,006,622	40,508,129	74,006,622	40,508,129

**37 Corporate Social Responsibility**

Provision for Corporate Social Responsibility, as required under the provision of Industrial Enterprise Act, 2076 Sec: 54 has been created.





**Sarbottam Cement Ltd.**  
**Notes to the Financial Statements**  
**For Year Ended Ashad 32, 2079 (July 16, 2022)**

**38 Earnings Per Share**

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
Profit For the Year	467,660,510	1,310,356,563	472,077,179	1,312,521,519
Weighted Avg. No. of Equity Shares O/S During the Year (For Basic)	40,500,000	28,750,685	40,500,000	28,750,685
Weighted Avg. No. of Equity Shares O/S During the Year (For Diluted)	40,500,000	40,500,000	40,500,000	40,500,000
Nominal Value of Equity Shares	100	100	100	100
Earnings Per Share (Basic) Annualized	11.55	45.58	11.66	45.65
Earnings Per Share (Diluted) Annualized	11.55	32.35	11.66	32.41

**39 Operating Leases as Lessee:**

The Company has various Operating Leases ranging from 1 Year to 2 Years. The leases are renewable by mutual consent & contains escalation clause.

Disclosure in respect of Operating Leases is as given below:

Particulars	Sarbottam Cement		Group	
	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)	Ashad 32,2079 (July 16, 2022)	Ashad 31,2078 (July 15, 2021)
i) Not Later than 1 Year	3,924,530	2,362,629	3,924,530	2,362,629
ii) Later than 1 Year & Not Later than 5 Years	1,474,220	4,758,930	1,474,220	4,758,930
iii) Later than 5 Years	-	-	-	-

**40 Assets Pledged**

The entity has pledged its Property, Plant & Equipment, Trading Assets i.e. Receivables & Inventory to collateralize its Interest Bearing Borrowings.

**41 Income Tax Rate**

As per Sec 11(3C) of Income Tax Act, 2058, 100% tax holiday for initial 5 years & 50% tax rebate for another 3 years shall be available to the company. The company was eligible for 100% tax exemption starting from 2071-072 to 2075-076 along with upto the period ended Magh 29, 2076 and from 1st Falgun, 2076 (2076-077) company is enjoy 50% tax rebate.

**42 Regrouping of Figures:**

Previous Year's figures have been regrouped/rearranged as and where necessary.

**43 Miscellaneous:**

- (i) All amounts are in Nepalese Rupees unless otherwise stated.  
(ii) All figures are in the Nearest Rupee & Rounded off.

