SUBHASH & CO.

Chartered Accountants
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Kathmandu, Nepal

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF Sarbottam Cement Pvt. Ltd.

Disclaimer of Opinion

We have audited the accompanying Financial Statements of Sarbottam Cement Pvt. Ltd. which comprises the Statement of Financial Position as at Ashad 31, 2076, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year ended Ashad 31, 2076, and Notes to Financial Statement including Summary of Significant Accounting Policies.

We do not express an opinion on the accompanying Financial Statements of the Company. Because of the significance of the matters described in Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Financial Statements.

Basis for Disclaimer of Opinion

The Institute of Chartered Accountants of Nepal (ICAN) changed the applicable Financial Reporting Framework to "Nepal Financial Reporting Standards (NFRS)" from "Nepal Accounting Standards (NAS)" effective from Financial Year 2073|74 (i.e. 2016|17). Change in Financial Reporting Framework required transition to NFRS as at 16th July, 2016 & Presentation of at least Three Statements of Financial Position, Two Statements of Comprehensive Income, Cash Flow, Changes In Equity, Two Separate Income Statements and related notes, including comparative information.

However, Financial Statement of Sarbottam Cement Pvt. Ltd. has not been prepared based on Transitional Provision of NFRS - 1 which requires Identification, Restatement, Presentation & Disclosure of Financial Information based on New Accounting Policies as per NFRS.

The cumulative effect of not Restating, Presenting & Disclosing Financial Information in compliance with Transitional Provision of NFRS is uncertain and could be material & pervasive.

Beside that we conducted our audit of the 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 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), and we have fulfilled our ethical responsibilities in accordance with these requirements.

Managements Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of the 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 Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsible 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 or the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our Audit 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 financial statements, including the disclosures, and whether the 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.

SUBHASH & Co. * Chartered Accountants * Kathmandu

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) Company has kept proper books of accounts as required by law, so far as it appears from the examination of those books of accounts.

(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 fraudlent activities in the books of accounts.

Suresh Singhi

SUBHASH & Co. Kathmandu Chartered Accountants

CA. Suresh Singhi
Partner
SUBHASH & CO.
Chartered Accountants

Place: Kathmandu
Date: 2020/01/12
UDIN: 200112CA00697ciCel

Sarbottam Cement Pvt. Ltd.

Statement of Financial Position

As on Ashadh 31, 2076 (July 16, 2019)

Particulars	Schedule	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Assets			
Non - Current Assets			
Property, Plant & Equipment (Net)	1	5,994,445,087.96	3,731,194,555.43
Capital Work In Progress		263,067,451.49	796,224,762.83
Investment Held for Sale	2	4,577,174.92	4,577,174.92
Deffered Tax Asset		106,991,416.00	86,955,479.00
Total Non - Current Assets		**6,369,081,130.37**	**4,618,951,972.18**
Current Assets			
Inventories (as Certified by Management)	3	1,321,351,672.39	1,201,403,304.18
Trade Receivables		1,943,011,489.90	1,330,757,408.77
Advances & Deposits	4	1,285,134,611.38	1,886,939,590.50
Cash & Cash Equivalents	5	228,390,982.18	354,479,629.21
Total Current Assets		**4,777,888,755.84**	**4,773,579,932.66**
Total Assets		**11,146,969,886.22**	**9,392,531,904.84**
Equity			
Share Capital	6	1,980,000,000.00	1,980,000,000.00
Reserve & Surplus	7	1,761,131,798.41	1,407,453,398.62
Total Equity		**3,741,131,798.41**	**3,387,453,398.62**
Liabilities			
Non-Current Liabilities			
Long Term Borrowings	8	3,742,733,844.35	3,085,007,426.60
Total Non-Current Liabilities		**3,742,733,844.35**	**3,085,007,426.60**
Current Liabilities			
Short Term Borrowings	9	2,423,460,119.58	2,029,588,605.56
Trade Payables		926,243,615.16	552,381,182.01
Other Current Liabilities	10	313,400,508.72	338,101,292.02
Total Current Liabilities		**3,663,104,243.46**	**2,920,071,079.59**
Total Equity & Liabilities		**11,146,969,886.22**	**9,392,531,904.84**

Notes to the Accounts 15

SARBOTTAM CEMENT PVT. LTD. 2010

Kathmandu

Date:

Director Director

As Per Our Attached Report of Even Date

For: SUBHASH & CO.

Chartered Accountants

SUBHASH & CO. Kathmandu Chartered Accountants

CA. Suresh Singhi

Partner

Sarbottam Cement Pvt. Ltd.

Statement of Profit or Loss

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Particulars	Schedule	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Sales		7,042,447,131.38	6,255,405,772.57
(-) Cost of Sales	11	4,578,717,983.31	3,815,298,464.15
Gross Profit		**2,463,729,148.07**	**2,440,107,308.42**
(+) Other Income	12	4,535,223.31	12,688,415.30
(+-) Exchange Gain/ (Loss)		(2,005,545.14)	(14,452,248.48)
(-) Administrative Expenses	13	111,943,993.40	73,528,271.85
(-) Selling & Distribution Expenses	14	294,772,842.94	285,522,498.03
(-) Depreciation Charges		519,008,101.60	629,737,645.19
(-) Financial Cost		414,285,792.28	383,395,376.78
Profit/(Loss) Before Bonus , CSR & Tax		**1,126,248,096.03**	**1,066,159,683.39**
(-) Staff Bonus		82,386,191.00	96,923,608.00
Profit/(Loss) Before CSR & Tax		**1,043,861,905.03**	**969,236,075.39**
(-) Corporate Social Responsibility (CSR)		10,438,619.00	9,692,360.75
Net Profit/(Loss) Before Tax		**1,033,423,286.03**	**959,543,714.64**
Current Tax		13,698.73	-
Deffered Tax		20,035,937.00	(13,872,421.00)
Net Profit/(Loss) Transferred to Reserve & Surplus		**1,053,445,524.30**	**945,671,293.64**

Notes to the Accounts 15

SARBOTTAM CEMENT PVT. LTD. 2010

As Per Our Attached Report of Even Date

For: SUBHASH & CO.

Chartered Accountants

SUBHASH & CO. Kathmandu Chartered Accountants

Kathmandu

Date:

Suresh Singhi

Director Director

CA. Suresh Singhi

Partner

Sarbottam Cement Pvt. Ltd.

Statement of Cash Flow

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
A.Cash Flow from Operating Activities		
Net Profit/(Loss) for the Year	1,053,445,524.30	945,671,293.64
Depreciation Charges	519,008,101.60	629,737,645.19
Finance Cost	414,285,792.28	383,395,376.78
Deferred Tax	(20,035,937.00)	13,872,421.00
Assessment Expenses	-	-
Loss on Sale of Assets	10,139.64	
Net Cash Flow Before Changes in Working Capital	**1,966,713,620.82**	**1,972,676,736.60**
Changes in Current Assets	(130,397,470.21)	(1,506,911,523.99)
Changes in Current Liabilities	743,033,163.86	842,794,552.40
Net Cash Flow From Operating Activity	**2,579,349,314.47**	**1,308,559,765.02**
B. Cash Flow from Investing Activity		
Addition of Fixed Asset	(2,782,841,208.03)	(50,523,888.60)
Disposal of Fixed Asset	805,309.80	
Addition of Investment	-	-
Addition of Capital WIP	533,157,311.34	(701,108,908.48)
Net Cash Flow from Investing Activities	**(2,248,878,586.89)**	**(751,632,797.08)**
Cash Flow from Financing Activity		
Proceeds from Issue of Equity Share		-
Increase / (Decreases) in Long Term Borrowings	657,726,417.75	155,549,350.21
Finance Cost	(414,285,792.28)	(383,395,376.78)
Dividend Distribution	(700,000,000.00)	
C. Net Cash Flow from Financing Activities	**(456,559,374.53)**	**(227,846,026.57)**
Total Cash Flow (A+B+C)	**(126,088,646.96)**	**329,080,941.36**
Add:Opening Cash & Bank Balances	**354,479,629.13**	**25,398,687.77**
Closing Cash & Bank Balances	**228,390,982.18**	**354,479,629.13**

SARBOTTAM CEMENT PVT. LTD. 2010

SUBHASH & Co. Kathmandu Chartered Accountants

Sarbottam Cement Pvt. Ltd.

Statement of Changes in Equity

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Particulars	Share Capital	Share Premium	Revaluation Reserve	Accumulated Profit/(Loss)	Total
Balance as on 01/04/2074	1,980,000,000.00	-	-	461,782,104.98	2,441,782,104.98
Assessment Expenses				-	-
Issue of Equity Shares					-
Profit/(Loss) for the Year				945,671,293.64	945,671,293.64
Balance as on 32/03/2075	**1,980,000,000.00**	-	-	**1,407,453,398.62**	**3,387,453,398.62**
Balance as on 01/04/2075	1,980,000,000.00	-	-	1,407,453,398.62	3,387,453,398.62
Issue of Equity Shares					-
Dividend Distribution				(700,000,000.00)	(700,000,000.00)
Assessment Expenses				-	-
Profit/(Loss) for the Year				1,053,445,524.30	1,053,445,524.30
Prior Period Item				232,875.49	232,875.49
Balance as on 31/03/2076	**1,980,000,000.00**	-	-	**1,761,131,798.41**	**3,741,131,798.41**

SUBHASH & Co. Kathmandu Chartered Accountants

SARBOTTAM CEMENT PVT. LTD. 2010

Sarbottam Cement Pvt. Ltd.
Schedules Forming Part of the Financial Statements
For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Property, Plant & Equipment — **Schedule - 1**

Particulars	Dep. Rate	Gross Block As On	Gross Block Addition			Transfer/	As on	Depreciation As On	Depreciation For The Year		As on	WDV As On	WDV As On
		01-04-2075	Upto Poush	Magh to Chaitra	Baishakh to Ashadh	Disposal	31-03-76	01-04-2075	For the Year	Transfer/Disposal	31-03-76	31-03-76	32-03-75
Non Depreciable Assets													
Land		65,648,208.47	-	303,880.00	-		65,952,088.47	-				65,952,088.47	65,648,208.47
Land & Road Development		28,259,151.66	43,271,563.13	3,271,243.15	5,107,485.36		79,909,443.30	-				79,909,443.30	28,259,151.66
		93,907,360.13	43,271,563.13	3,575,123.15	5,107,485.36	-	145,861,531.77	-	-	-	-	145,861,531.77	93,907,360.13
Depreciable Assets:													
Block - A	5%												
Building & Civil Structure		1,987,691,482.45	6,198,588.29	1,731,502.38	548,778,313.21	-	2,544,399,886.33	383,140,633.41	89,741,493.83		472,882,127.24	2,071,517,759.09	1,604,550,849.05
		1,987,691,482.45	6,198,588.29	1,731,502.38	548,778,313.21	-	2,544,399,886.33	383,140,633.41	89,741,493.83	-	472,882,127.24	2,071,517,759.09	1,604,550,849.05
Block - B	25%												
Air Conditioner		1,171,943.19					1,171,943.19	708,165.12	115,944.52		824,109.64	347,833.55	463,778.07
Computer & Peripherals		6,499,456.35	590,226.73	702,704.97	1,226,683.85		9,019,071.90	3,726,397.92	1,060,162.44		4,786,560.36	4,232,511.55	2,773,058.44
Furniture & Fixture		44,775,760.03	686,456.05	74,383.76	10,121,727.00		55,658,326.84	25,255,517.45	5,907,549.20		31,163,066.65	24,495,260.19	19,520,242.58
Office Equipment		10,255,376.03	133,116.33	783,364.85	435,685.38		11,607,542.59	6,690,238.68	1,091,431.34		7,781,670.02	3,825,872.57	3,565,137.35
		62,702,535.60	1,409,799.11	1,560,453.58	11,784,096.23	-	77,456,884.52	36,380,319.16	8,175,087.50	-	44,555,406.66	32,901,477.86	26,322,216.44
Block - C	20%												
Vehicle		25,687,479.64	-	2,141,592.92	3,292,035.40	(2,792,858.40)	28,328,249.56	11,826,231.45	2,718,692.71	3,025,733.89	11,519,190.27	16,809,059.29	13,861,248.19
Motor Bike		7,682,300.14	3,276,460.21	433,451.34	826,194.71	(1,534,690.29)	10,683,716.11	3,280,338.57	1,341,619.46	719,240.85	3,902,717.18	6,780,998.93	4,401,961.57
		33,369,779.78	3,276,460.21	2,575,044.26	4,118,230.11	(4,327,548.69)	39,011,965.67	15,106,570.03	4,060,312.16	3,744,974.75	15,421,907.45	23,590,058.23	18,263,209.75
Block - D	15%	-	-	-	-	-		-					-
Plant & Machinery - Grinding		947,394,451.16	-	-	3,037,657.77		950,432,108.93	378,508,278.36	85,484,808.81		463,993,087.17	486,439,021.77	568,886,172.81
Plant & Machinery - Thermal		410,920,701.78	-	3,505.66	-		410,924,207.44	200,434,033.85	31,573,350.76		232,007,384.60	178,916,822.83	210,486,667.93
Pool D-Plant & Machinery-1800 TPD			64,681,597.13	63,304,660.60	1,979,021,955.61		2,107,008,213.34		114,983,803.41		114,983,803.41	1,992,024,409.93	
Plant & Machinery - Clinker		2,448,025,443.52					2,448,025,443.52	1,358,039,602.64	163,497,876.13		1,521,537,478.77	926,487,964.75	1,089,985,840.89
Tools & Equipment		50,749,056.95	6,460,323.91	2,404,563.81	(1,591,979.47)	-	58,021,965.20	21,983,358.49	5,444,760.76		27,428,119.25	30,593,845.95	28,765,698.46
DG Set & Transformer		80,678,916.34	-	-	-	-	80,678,916.34	46,418,385.68	5,139,079.60		51,557,465.28	29,121,451.06	34,260,530.66
Wheel Loader, Crane & Breaker		65,273,135.19	-	-	-	-	65,273,135.19	27,561,080.27	5,656,808.24		33,217,888.51	32,055,246.68	37,712,054.92
Lorry & Tripper		14,333,038.36	-	-	-	-	14,333,038.36	6,169,935.89	1,224,465.37		7,394,401.26	6,938,637.10	8,163,102.47
Bulker		5,752,212.39	-	5,676,991.15	-	-	11,429,203.54	383,480.83	1,373,008.85		1,756,489.68	9,672,713.86	5,368,731.56
Other Assets & Equipment		5,795,670.99	-	2,243,362.83	-		8,039,033.82	3,028,943.95	639,345.34		3,668,289.29	4,370,744.53	2,766,727.04
Mine Development (Jyamire)			124,955.00	919,214.28	21,560,189.37		22,604,358.65		1,188,674.15		1,188,674.15	21,415,684.50	-
		4,028,922,626.69	71,266,876.04	74,552,298.33	2,002,027,823.28	-	6,176,769,624.34	2,042,527,099.95	416,205,981.41	-	2,458,733,081.37	3,718,036,542.97	1,986,395,526.73
Block - E													
Server & Networking	1/5	1,740,354.30	65,000.00	-	-	-	1,805,354.30	1,175,792.92	246,197.46		1,421,990.38	383,363.92	564,561.38
Accounting Software	1/5	2,059,106.00	681,263.56	-	861,287.80	-	3,601,657.36	868,274.00	579,029.23		1,447,303.23	2,154,354.13	1,190,832.00
		3,799,460.30	746,263.56	-	861,287.80	-	5,407,011.66	2,044,066.92	825,226.69	-	2,869,293.61	2,537,718.05	1,755,393.38
Total (A)		6,210,393,244.95	126,169,550.34	83,994,421.70	2,572,677,235.99	(4,327,548.69)	8,988,906,904.29	2,479,198,689.47	519,008,101.60	3,744,974.75	2,994,461,816.33	5,994,445,087.96	3,731,194,555.48
Capital WIP													
Civil Construction		387,753,646.23	63,410,334.88	75,941,201.32	96,894,391.41	470,366,355.95	153,633,217.88	-			-	153,633,217.88	387,753,646.23
Plant & Machinery		408,471,116.60	165,358,350.95	160,245,355.88	107,[illegible]	732,220,981.43	109,434,233.61	-			-	109,434,233.61	309,787,191.00
Total (B)		796,224,762.83	228,768,685.83	236,186,557.19	204,774,783.02	1,202,587,337.38	263,067,451.49	-	-	-	-	263,067,451.49	697,540,837.23
Grand Total (A+B)		7,006,618,007.78	354,938,236.17	320,180,978.89	2,777,[illegible],019.01	1,198,259,788.69	9,251,974,355.78	2,479,198,689.47	519,008,101.60	3,744,974.75	2,994,461,816.33	6,257,512,539.45	4,428,735,392.71

Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Investment Held for Sale (at Cost) **Schedule - 2**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Nepal Life Insurance Company Ltd. *(1741 Equity Shares @ Rs.1425 Per Share)* *(1349 Bonus Equity Shares)*	2,480,924.92	2,480,924.92
Standard Chartered Bank Ltd. *(1625 Equity Shares @ Rs.1290 Per Share)* *(1625 Bonus Equity Shares)*	2,096,250.00	2,096,250.00
Total	**4,577,174.92**	**4,577,174.92**

Inventories (As Certified By Management) **Schedule - 3**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Raw Material		
Clinker	239,050,496.29	309,335,234.93
Cement	30,016,202.25	30,187,372.87
Packing Material	11,949,108.70	12,437,526.66
Work in Progress		
Clinker	4,411,688.64	4,883,919.26
Cement	39,641,540.99	24,570,698.70
Finished Goods		
Clinker	62,975,745.27	72,938,318.83
Clinker (Purchase)		-
Cement	-	-
Store & Consumables		
Coal	357,520,802.74	252,476,814.22
Diesel	6,003,826.10	6,749,522.26
Store & Spares	535,576,112.19	481,549,978.34
Scrap	-	-
Scheme Stock	34,206,149.23	6,273,918.10
Total	**1,321,351,672.39**	**1,201,403,304.18**

SARBOTTAM CEMENT PVT. LTD. 2010

SUBHASH & Co. Kathmandu Chartered Accountants

Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Advances & Deposits **Schedule - 4**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Advance Tax	2,820,539.05	2,007,315.59
Advance VAT	16,428,961.57	1,807,238.61
Deposits	9,782,787.00	14,324,500.00
Prepaid Expenses	8,640,111.54	5,265,178.17
Staff Advance	519,668.01	854,294.87
Land Advance	317,683,670.33	280,833,260.59
LC Advance	420,776,530.44	1,383,795,747.34
Rent Advance	16,000.00	
TT Advance	18,382,674.23	55,960,401.35
LC Margin	9,418,063.08	2,386,127.08
NRB Margin		14,131,000.00
NRB Cheque	8,184,500.00	2,832,500.00
Advance to Suppliers	370,328,614.92	39,073,307.65
Sarbottam Minerals Pvt. Ltd.	96,580,338.21	71,216,992.65
Ayoki Cembol (Moblisation Advance)		6,569,642.61
Telephone Advance		9,931.00
Bank Guarantee Margin	6,000.00	306,000.00
Mining Kachal	5,566,153.00	5,566,153.00
Total	**1,285,134,611.38**	**1,886,939,590.50**

SARBOTTAM CEMENT PVT. LTD. 2010

SUBHASH & Co. Kathmandu Chartered Accountants

Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Cash & Cash Equivalents — **Schedule - 5**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Cash Balances		
Cash in Hand (As Certified By Management)	25,201,116.51	24,230,960.04
Bank Balances		
Bank of KTM Lumbini (012300001314524)	2,150,218.18	656,091.00
Century Bank Ltd (0010001273 CA)	1,217,974.05	205,161.62
Citizens Int. Bank (0070000210 CC) AC	15,700,067.67	3,910,569.44
Everest Bank Limited	9,223,003.65	4,410,295.79
Garima Bikash Bank Ltd(4-1-679074-1)	949,002.18	259,797.47
Global Bank Ltd (0201010001955 CA)	4,623,067.22	2,905,752.53
Himalayan Bank - 02706615760018 (CA)	3,284,056.67	1,695,853.91
Kailash Bikas Bank -02300100115541000001 CA	174,825.64	469,315.50
Laxmi Bank Ltd. -01211030846	1,266,941.02	629,723.47
Mega Bank Limited	135,904.85	-
Muktinath Bikash Bank ltd (03510200208762000001)	1,071,506.60	835,972.47
Nabil Bank Ltd.		465,343.12
Nabil Bank Ltd-A/c No 2401017501774	2,163,638.00	1,968,256.00
Nabil Bank Ltd. (5501017500023)	337,173.05	
Nabil Bank Ltd (KTM) 3101017501204	7,225,639.06	13,313,831.99
Nepal Bangladesh Bank- A/c No 005193301C	4,912,174.00	
Nepal Bank Ltd- CA 00200106247808000001	671,393.85	3,375,933.14
Nepal Bank Ltd. Call A/c 00211606247808000002	2,706,267.11	1,819,231.29
Nepal SBI Bank Ltd- 20325240200518	881,658.68	1,691,466.98
Nepal Investment Bank Limited - 02801030258494 CA	3,421,558.56	7,351,929.70
NIC Asia Bank- 5444495351524001 CAll	6,368,161.99	585,193.49
Prime Bank Ltd.- Current A/c	-	182,909,160.03
Prabhu Bank Ltd.-Loan	438,078.55	175,443.14
Prabhu Bank (5911600706277000001)	3,947,552.56	11,548,549.30
Prime Bank Ltd (Current AC)	2,310,793.42	
Prime Bank Ltd - OD(00100730)		38,368,034.93
Prime Bank Ltd - OD(00100667)	79,516,417.17	43,282,901.42
Rastriya Banijya Bank (142000423301)	7,830,137.40	800,159.18
Sanima Bank Ltd.	2,039,891.77	374,917.68
Siddhartha Bank Ltd.	38,364,507.77	5,987,538.63
Siddhartha Bank Ltd-Tinkune(01715294259)	52,500.00	52,500.00
Sunrise Bank Ltd.	205,755.00	199,745.95
Total	**228,390,982.18**	**354,479,629.21**

SARBOTTAM CEMENT PVT.

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Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Share Capital **Schedule - 6**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
<u>**Authorised Capital**</u>		
40,000,000 Ordinary Shares @ Rs. 100.00 each	4,000,000,000.00	4,000,000,000.00
<u>**Subscribed & Issued Capital**</u>		
19,800,000 Ordinary Shares @ Rs. 100.00 each	1,980,000,000.00	1,980,000,000.00
<u>**Paid up Capital**</u>		
19,800,000 Ordinary Shares @ Rs. 100.00 each	1,980,000,000.00	1,980,000,000.00
Total	**1,980,000,000.00**	**1,980,000,000.00**

Reserve & Surplus **Schedule - 7**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Profit / (Loss) Upto Previous Year	1,407,453,398.62	461,782,104.98
Add: Prior Period Adjustment	232,875.49	-
Less: Tax Assessment Expenses	-	-
Less: Dividend for 2074/75	700,000,000.00	-
Add: Profit / (Loss) for the Year	1,053,445,524.30	945,671,293.64
Total	**1,761,131,798.41**	**1,407,453,398.62**

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Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Long Term Borrowings — **Schedule - 8**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Term Loans (I)		
Centuary Commercial Bank Ltd.	103,505,600.00	130,972,160.00
Civil Bank Ltd.	119,031,440.00	150,618,000.00
Janta Bank Nepal Ltd.	137,144,900.00	173,538,100.00
Kumari Bank Ltd.	129,382,060.00	172,298,560.00
Sanima Bank Ltd.	77,629,201.27	98,229,128.99
Mega Bank Nepal Ltd.	103,505,600.00	130,972,160.00
NCC Bank Ltd.	90,567,450.00	114,600,690.00
Nepal Bank Ltd.	129,382,060.00	163,715,260.00
Prabhu Bank Ltd.	103,504,582.32	130,971,142.32
Prime Bank Ltd.	187,345,142.16	237,059,631.34
Sunrise Bank Ltd.	111,268,520.78	140,795,083.85
Machhapuchhre Bank Ltd. (Power Plant)	77,629,201.44	98,229,129.16
	1,369,895,757.97	**1,741,999,045.66**
Term Loans (II)		
Centuary Bank Ltd.	19,814,000.00	29,876,000.00
Civil Bank Ltd.	7,958,000.00	11,972,000.00
Janata Bank Ltd.	17,838,000.00	26,892,000.00
Kumari Bank Ltd.	19,814,000.00	32,391,500.00
Nepal Bank Ltd.	138,806,000.00	209,204,000.00
Prime Bank Ltd.	61,526,000.00	92,684,000.00
Sanima Bank Ltd.	59,496,000.00	89,664,000.00
Sunrise Bank Ltd.	17,838,000.00	26,892,000.00
	343,090,000.00	**519,575,500.00**
Term Loans (III)		
Prime Commercial Bank Ltd.	286,042,830.97	125,163,896.29
Mega Bank Nepal Ltd.	91,803,357.06	35,779,991.69
Nepal Bank Ltd.	183,711,042.18	71,515,933.64
Century Bank Ltd.	166,591,314.18	71,515,933.64
Janata Bank Nepal Ltd.	209,708,918.31	82,263,146.07
Sunrise Bank Ltd.	168,247,980.07	71,515,933.64
Civil Bank Ltd.	91,873,696.36	35,779,991.69
NCC Bank Ltd.	137,819,933.04	53,647,962.66
Kumari Bank Ltd.	183,207,121.56	71,515,933.64
Sanima Bank Ltd.	183,607,659.82	71,515,933.64
Machhapuchhre Bank Ltd.	137,663,053.04	53,647,962.66
Prabhu Bank Ltd.	183,589,843.24	71,515,933.64
	2,023,866,749.83	**815,378,552.90**
Vehicle Loan		
Vehicle Loan- Prime Bank Ltd.	633,458.52	1,081,047.93
Hire Purchase Loan - 2 (Tata Tipper)- Prime Bank Ltd.	5,247,878.03	6,973,280.11
	5,881,336.55	**8,054,328.04**
Total	**3,742,733,844.35**	**3,085,007,426.60**

SARBOTTAM CEMENT LTD. 2010

Chartered Accountants

Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Short Term Borrowings **Schedule - 9**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Working Capital Loan		
NCC Bank Ltd.	170,005,619.37	188,268,716.82
Janta Bank Ltd.	125,337,134.68	136,596,730.59
Nepal Bank Ltd.	200,000,000.00	
Century Bank Ltd.	27,000,000.00	27,750,000.00
Nepal Bank Ltd.	190,000,000.00	162,475,000.00
Prabhu Bank Ltd.	97,199,609.65	97,200,000.00
Sanima Bank Ltd.	140,000,000.00	97,200,000.00
Mega Bank Ltd.	99,999,084.71	69,175,100.80
Sunrise Bank Ltd.	35,000,000.00	24,300,000.00
Bridge Gap Loan		
Prime Bank Ltd.	242,523,529.13	600,000,000.00
Trust Receipt Loan		
TR Loan/IB Loan	440,804,608.96	50,351,000.00
Overdraft		
Century Bank - OD(0010000178BD)	129,511,835.89	118,308,431.84
Civil Bank Ltd.	98,270,516.94	121,904,368.46
Prime Bank Ltd - OD(00100730)	106,542,141.73	-
Sunrise Bank Ltd. - 0610188201019	69,911,214.79	99,249,557.57
Sunrise Bank (OD) 02010188201019	44,836,080.60	50,533,066.21
Machhapuchre Bank Ltd.	57,160,915.77	45,257,959.15
Kumari Bank Ltd.	149,357,827.36	141,018,674.12
Total	**2,423,460,119.58**	**2,029,588,605.56**

Other Current Liabilities **Schedule - 10**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
TDS Payable	59,504,623.80	35,104,428.48
Reverse VAT Payable	8,124.11	2,354,272.13
Excise Payable	5,436,250.00	3,812,420.00
Retention Money	27,613,636.64	14,484,651.63
Dividend Payable	2,125,000.00	100,930,235.50
Advance From Customers	66,485,767.33	43,549,369.80
Advance From Parties	1,500,000.00	
Provision For CSR	27,952,527.28	17,513,908.28
Bonus Payable	82,386,191.00	96,923,608.00
Provision for Expenses	40,374,689.83	23,428,398.20
Tax Payable	13,698.73	-
Total	**313,400,508.72**	**338,101,292.02**

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SUBASH & Co. Kathmandu Chartered Accountants

Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Cost of Sales **Schedule - 11**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Raw Materials Consumption	1,530,581,385.13	1,460,292,258.40
Cost of Sales of Raw Materials	728,937.56	4,318,162.91
Packing Material Consumption	106,554,910.05	111,351,696.18
Production Expenses (Schedule - 10A)	2,945,961,019.29	2,238,055,831.28
	4,583,826,252.03	**3,814,017,948.77**
Add: Opening Stock of Clinker	72,938,318.83	61,375,688.66
Add: Opening Stock of Cement WIP	24,570,698.70	37,413,844.25
Less: Closing Stock of Cement WIP	39,641,540.99	24,570,698.70
Less: Closing Stock of Clinker	62,975,745.27	72,938,318.83
Total	**4,578,717,983.31**	**3,815,298,464.15**

Manufacturing Expenses **Schedule - 11A**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Coal Consumption	2,192,796,377.36	1,614,189,781.67
Fuel & Lubricant	152,504,457.95	240,693,115.56
Electricity & Water	272,254,181.23	108,054,683.53
Lab Expenses	3,442,617.74	2,179,226.18
Repairs & Maintenance (Block - D)	123,210,488.23	93,942,254.73
Salary & Allowances	101,654,603.00	55,412,768.95
Wages Expenses	69,544,102.62	94,225,236.77
Rent Expenses	599,999.49	393,333.28
Consumable Goods	-	322,582.37
Load, Unload & Internal Haulage	2,817,364.99	78,021.60
Workshop Expenses	392,364.03	417,027.17
Annual Maintenance Charge	17,370,169.00	21,206,510.30
Insurance Expenses	9,374,293.65	6,941,289.17
Total	**2,945,961,019.29**	**2,238,055,831.28**

Other Income **Schedule - 12**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Bonus Provision (Written Back)		5,031,222.47
Interest Income	3,845,110.57	6,702,529.64
Insurance Claim		671,713.41
Miscellaneous Income	516,549.16	282,949.78
Dividend Income	173,563.58	
Total	**4,535,223.31**	**12,688,415.30**

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Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Administration Expenses **Schedule - 13**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Salary & Allowances	49,911,122.40	26,213,020.21
Office Rent	2,853,848.65	2,893,000.00
Electricity & Water	496,150.73	517,601.63
Insurance Premium	1,424,514.18	422,867.94
Printing & Stationary	2,956,863.38	2,569,787.80
News Paper & Magazine	7,797.00	25,492.00
Telephone Charges	2,368,170.93	1,430,348.43
E-Mail & Internet	1,720,513.56	1,776,409.01
Postage & Courier	368,067.42	413,446.67
Office Expenses	1,480,752.71	761,576.99
Staff Welfare	3,908,695.67	3,062,501.10
Guest Entertainment	666,933.14	1,390,107.41
Local Conveyance	292,903.00	145,982.60
Vehicle Running Expense	4,690,223.56	4,509,207.39
Parking Expenses	84,060.00	41,775.00
Audit Fee	250,000.00	250,000.00
Tax Audit Fee	15,000.00	-
Repairs & Maintenance (Block - A)	2,066,387.13	1,028,986.90
Repairs & Maintenance (Block - B)	390,480.37	494,188.38
Repairs & Maintenance (Block - C)	2,009,703.19	1,505,998.47
Fine & Penalty	50,500.00	13,500.00
Gift and Donation	747,198.93	2,360,162.24
Consultancy Fee	2,361,383.00	1,514,418.24
Accomodation / Hospitality Exp.	-	4,537,499.24
Travelling Expenses	7,714,918.15	1,913,978.63
Rate & Taxes	3,086,749.36	2,078,613.00
Registration & Renewal	2,436,233.85	1,733,400.10
Puja Exp	574,090.06	185,643.54
Medical Exp	321,015.00	60,538.00
Mess & Canteen Expenses	11,081,379.46	5,276,394.44
Security Expenses	4,612,687.50	3,446,530.00
Annual Maintenance Charge	12,000.00	770,297.00
Loss on Sale of Assets	10,139.64	
Vehicle Rental Expenses	598,950.00	
Miscellaneous Expenses	134,870.33	91,015.83
Sundry Balance W/Off	239,691.10	93,983.66
Total	**111,943,993.40**	**73,528,271.85**

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Sarbottam Cement Pvt. Ltd.

Schedules Forming Part of the Financial Statements

For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Selling & Distribution Expenses **Schedule - 14**

Particulars	Ashadh 31, 2076 (July 16, 2019)	Ashadh 32, 2075 (July 16, 2018)
Markeing Salary	16,911,735.88	13,562,500.16
Commission on Sales	189,340,048.76	176,083,034.98
Advertisement Expenses	32,017,303.90	68,319,753.67
Branding Expenses	40,257,749.45	-
Business Promotion Exp	14,603,798.18	23,516,365.57
Complaint Solution Expenses	53,748.77	-
Cash Discount Expenses	243,333.00	-
TA/DA & Fooding Expenses	1,345,125.00	3,146,441.09
Freight on Sales	-	894,402.56
Total	**294,772,842.94**	**285,522,498.03**

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Sarbottam Cement Pvt. Ltd
Schedules Forming Part of the Financial Statements
For the Year Ended Ashadh 31, 2076 (July 16, 2019)

Schedule-15

Significant Accounting Policies & Notes to the Accounts

A Significant Accounting Policies

1 **Accounting Conventions**
The Financial Statements are prepared under the Histrocial Cost Convention on an Accural Concept and are in accordance with Nepal Accounting Standards and others applicable laws prevalent in Nepal. The accounting policies are consistently applied by the company.

2 **Use of estimates:**
The preparation of Financial Statements in confirmity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of revenue & expenses during the reporting period.

3 **Property, Plant & Equipment and Depreciation**
i) Property, Plant & Equipment are stated at cost inclusive of all direct/ indirect expenses incurred in commissioning/ putting them into use, less
ii) Depreciation on Property, Plant & Equipment has been charged on Written Down Value (WDV) Method as per the rates (including 1/3 rd) prescribed in the Income Tax Act 2058.

4 **Revenue Recognition**
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

5 **Inventories (As taken, Valued & Certified by the Management as per Income tax Act , 2058):**
i) Primary Raw Materials have been valued at Cost on FIFO method and the raw material derived from primary raw material i.e. crushed limestone from limestone has been valued at cost on Average Cost method.
ii) Finished Goods have been valued at cost on Average Cost method.

6 **Corporate Social Responsibility**

Provision for Corporate Social Responsibility, as required under the provision of Industrial Enterprise Act, 2073 Sec: 48 has been created.

7 **Debtors/Creditors/Advances to Suppliers**
Debtors/Creditors/Advances to Suppliers are subject to confirmation.

B Notes to the Accounts

1 **Recognition of Deferred Tax Assets & Liability**
a) Nepal Accounting Standard on Income Taxes as 12 (NAS 12)-" Income Taxes" issued by Accounting Standard Board Nepal, has been adopted.
b) Deferred tax is measured based on the tax rates and the laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certaintly that sufficient future taxable income will be available against which such deferred
The company has recognized deferred tax assets/(liability) amounting to Rs.106,991,416.00 which resulted from the timing differences between the Book Profit and Tax Profit, for the reporting period ended Asadh 31, 2076 (July 16, 2019) in Income Statements, the details of which is as under:

Particulars	Carrying Amount	Tax Base	Differences	Tax Rate	DTA/(DTL)
Carry Forward Loss			-	20.00%	-
Timing Differences :					
Property, Plant & Equipment	5,848,583,556.19	6,355,588,112.24	507,004,556.04	20.00%	101,400,911.00
Corporate Social Responsibility	(27,952,527.28)	-	27,952,527.28	20.00%	5,590,505.00
Total					**106,991,416.00**
Opening Balances of Deffered Tax Asset/(Liability)					86,955,479.00
Adjustment During the Year					**20,035,937.00**

2 Previous Year's figures have been regrouped/rearranged wherever necessary.

3 Schedule 1 to 15 form the integral parts of the Financial Statements.

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