

SUBHASH & Co.

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

Opinion

We have audited the accompanying Consolidated Financial Statements of Palpa Cement Industries 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 31, 2080 (July 16, 2023), 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 31, 2080 (July 16, 2023), 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 31, 2080 (July 16, 2023), 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 that there are no key audit matters to communicate in our report.



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, they 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: 2023-12-17

UDIN: 240108CA0006298YFE

For SUBHASH & CO.
Chartered Accountants



CA. S.K. Jhunjhunwala
Partner



SUBHASH & Co.

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

Opinion

We have audited the accompanying Standalone Financial Statements of Palpa Cement Industries Ltd. ("the Company") which comprises the Statement of Financial Position as at Ashadh 31, 2080 (July 16, 2023), Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year ended Ashadh 31, 2080 (July 16, 2023), 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 31, 2080 (July 16, 2023), 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 that there are no key audit matters to communicate in our report.

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: 2023-12-17

UDIN: 240108CA00062vAbue

For SUBHASH & CO.
Chartered Accountants



CA. S.K. Jhunjunwala
Partner

Palpa Cement Industries Ltd.
Statement of Financial Position
As At 16th July, 2023 (Asadh 31, 2080)

Fig. in NPR

Particulars	Notes	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Assets					
Non Current Assets					
Property, Plant & Equipment	4	7,972,007,597	6,981,401,470	7,513,483,118	6,981,401,470
Intangible Assets	5	612,989	967,484	612,989	967,484
Investment	6	-	-	468,000,000	-
Deferred Tax Assets	7	-	-	-	-
Other Non-Current Assets	8	639,209	242,310,274	639,209	242,310,274
Total Non Current Assets		7,973,259,795	7,224,679,227	7,982,735,316	7,224,679,227
Current Assets					
Inventories	9	1,652,742,587	1,723,492,148	1,652,742,587	1,723,492,148
Financial Assets					
Trade Receivables	10	671,117,711	494,345,831	671,117,711	494,345,831
Cash & Cash Equivalent	11	140,508,388	157,757,910	139,289,527	157,757,910
Financial Asset at amortised Cost	12	3,000,000	-	3,000,000	-
Others	13	18,493,747	4,506,838	18,493,747	4,506,838
Other Current Assets	14	41,187,063	109,885,207	41,187,063	109,885,207
Income Tax Assets (Net)	23	4,291,913	3,100,645	4,291,913	3,100,645
Total Current Assets		2,531,341,411	2,493,088,579	2,530,122,550	2,493,088,579
Total Assets		10,504,601,207	9,717,767,806	10,512,857,867	9,717,767,806
Equity & Liabilities					
Equity					
Equity Share Capital	15 (a)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Other Equity	15 (b)	903,400,876	379,659,252	903,846,983	379,659,252
Total Equity		3,903,400,876	3,379,659,252	3,903,846,983	3,379,659,252
Non Current Liabilities					
Financial Liabilities					
Long Term Borrowings	16	5,283,578,207	4,520,315,456	5,283,578,207	4,520,315,456
Other Financial Liabilities	17	14,810,233	24,478,531	14,810,233	24,478,531
Provisions	18	-	-	-	-
Deferred Tax Liabilities	7	228,388,518	203,576,585	228,537,221	203,576,585
Total Non Current Liabilities		5,526,776,958	4,748,370,572	5,526,925,661	4,748,370,572
Current Liabilities					
Financial Liabilities					
Trade Payables	19	174,695,104	130,032,582	174,695,104	130,032,582
Short Term Borrowings	20	730,000,000	1,262,739,380	730,000,000	1,262,739,380
Other Current Financial Liabilities	21	60,073,254	92,313,788	68,006,529	92,313,788
Other Current Liabilities	22	109,006,865	103,348,008	108,735,440	103,348,008
Provisions	18	648,150	1,304,223	648,150	1,304,223
Income Tax Liabilities (Net)	23	-	-	-	-
Total Current Liabilities		1,074,423,373	1,589,737,982	1,082,085,223	1,589,737,982
Total Liabilities		6,601,200,331	6,338,108,554	6,609,010,884	6,338,108,554
Total Equity and Liabilities		10,504,601,207	9,717,767,806	10,512,857,867	9,717,767,806

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

As Per Our Attached Report of Even Date

Place: Kathmandu
Date: December 17, 2023

For SUBHASH & CO.
Chartered Accountants
Kathmandu
S. K. Jhunjhunwala
Partner


CFO


Director


Palpa Cement Industries Ltd.

Palpa Cement Industries Ltd.
Statement of Profit or Loss & Other Comprehensive Income
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Particulars	Notes	Consolidated		Fig. in NPR Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Income:					
Revenue From Operations	24	4,129,099,246	3,818,350,985	4,129,099,246	3,818,350,985
Cost of Sales	24	3,223,844,413	2,871,292,394	3,223,844,413	2,871,292,394
Gross Profit		905,254,833	947,058,591	905,254,833	947,058,591
Other Income	26	179,117,025	41,212,974	179,117,025	41,212,974
Expenses:					
Administration Expenses	27	116,549,740	130,644,879	115,954,930	130,644,879
Selling and Distribution Expenses	27	172,393,629	234,745,107	172,393,629	234,745,107
Operating Profit		795,428,489	622,881,580	796,023,299	622,881,580
Finance Cost	29	731,856,420	494,176,743	731,856,420	494,176,743
Profit/(Loss) Before Tax		63,572,068	128,704,837	64,166,878	128,704,837
Tax Expense					
Current Tax	30	-	-	-	-
Deferred Tax	30	24,811,933	101,429,254	24,960,636	101,429,254
Net Profit/(Loss) For The Year		38,760,135	27,275,583	39,206,242	27,275,583
Other Comprehensive Income					
Actuarial Gain/ Loss on Defined Benefit Pension Schemes					
Tax Relating to Components of Other Comprehensive Income					
Total Other Comprehensive Income (OCI)					
Basic/ Diluted Earnings Per Share (NPR)		1.29	1.22	1.31	1.22

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

Place: Kathmandu
Date: December 17, 2023

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

 CFO
 Director



CA S.K. Jhunjhunwala
Partner

Palpa Cement Industries Ltd.
Statement of Cash Flow
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Fig. in NPR

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Cash Flow From Operating Activities:				
Profit/(Loss) For the Year	38,760,135	27,275,583	39,206,242	27,275,583
Adjustment of Non Cash Charges				
Depreciation on Property, Plant & Equipment	278,072,740	334,906,644	278,072,740	334,906,644
Amoritzation of Intangible Assets	329,495	340,595	329,495	340,595
Provision of CSR written Back	1,304,223		1,304,223	-
Profit/(Loss) on Sale of PPE	(120,721)	-	(120,721)	-
Interest Income	(2,758,589)	(39,096,348)	(2,758,589)	(39,096,348)
Interest Cost	731,856,420	494,176,743	731,856,420	494,176,743
Deferred Tax	24,811,933	101,429,254	24,960,636	101,429,254
Current Tax	-	-	-	-
Cash Flow Before Working Capital Change	1,072,255,637	919,032,471	1,072,850,447	919,032,471
Changes In Working Capital				
Decrease/(Increase) In Inventory	70,749,560	(431,763,819)	70,749,560	(431,763,819)
Decrease/(Increase) In Trade Receivables	(176,771,880)	193,153,059	(176,771,880)	193,153,059
Decrease/(Increase) In Other Financial Assets	(13,986,909)	(3,317,615)	(13,986,909)	(3,317,615)
Decrease/(Increase) In Other Assets	310,369,208	97,706,909	310,369,208	97,706,909
Increase/(Decrease) In Trade Payables	44,662,522	39,613,047	44,662,522	39,613,047
Increase/(Decrease) In Financial Liabilities	(41,908,833)	(24,586,436)	(33,975,558)	(24,586,436)
Increase/(Decrease) In Other Liabilities	5,658,857	8,971,030	5,387,432	8,971,030
Increase/(Decrease) In Provisions	(656,073)	(1,364,935)	(656,073)	(1,364,935)
	198,116,452	(121,588,761)	205,778,302	(121,588,761)
Cash Generated From Operations	1,270,372,088	797,443,710	1,278,628,748	797,443,710
Income Tax Paid	(1,191,268)	(2,464,051)	(1,191,268)	(2,464,051)
Net Cash Flow From Operating Activities [1]	1,269,180,820	794,979,659	1,277,437,480	794,979,659
Cash Flow From Investing Activities				
Acquisitions of Property, Plant & Equipments	(786,180,882)	(517,401,905)	(327,656,403)	(517,401,905)
Proceeds From Sale of Property, Plant & Equipments	1,300,000	3,933,582	1,300,000	3,933,582
Acquisitions of Intangible Assets	25,000	-	25,000	-
Interest Income	2,758,589	39,096,348	2,758,589	39,096,348
Investment	-	-	(468,000,000)	-
Total Cash Flow From Investing Activities [2]	(782,097,293)	(474,371,975)	(791,572,814)	(474,371,975)
Cash Flow From Financing Activities				
Proceeds/(Repayment) - Long Term Borrowings	763,262,751	(397,441,946)	763,262,751	(397,441,946)
Changes in Short-term Borrowings	(532,739,380)	710,870,238	(532,739,380)	710,870,238
Interest Cost	(731,856,420)	(494,176,743)	(731,856,420)	(494,176,743)
Fixed Deposit	(3,000,000)	-	(3,000,000)	-
Proceeds From Issue of Share Capital	-	-	-	-
Proceeds From Share Application Money	-	-	-	-
Dividend Paid	-	-	-	-
Total Cash Flow From Financing Activities [3]	(504,333,050)	(180,748,451)	(504,333,050)	(180,748,451)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(17,249,522)	139,859,233	(18,468,383)	139,859,233
Cash & Cash Equivalents At Beginning of The Year/Period	157,757,910	17,898,677	157,757,910	17,898,677
Cash & Cash Equivalents At End of The Year/Period	140,508,388	157,757,910	139,289,527	157,757,910
Components of Cash & Cash Equivalents				
Cash In Hand	1,939,408	283,853	1,939,408	283,853
Balance With Banks	138,568,981	157,474,057	137,350,120	157,474,057

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



Palpa Cement Industries Ltd.
Statement of Changes In Equity
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Standalone

Fig. in NPR

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as on 01/04/2078	3,000,000,000	-	-	352,383,670	3,352,383,670
Addition In Capital	-	-	-	-	-
Profit/(Loss) For the Year	-	-	-	27,275,583	27,275,583
Other Comprehensive Income for the Year	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Balance as on 32/03/2079	3,000,000,000	-	-	379,659,252	3,379,659,252
Balance as on 01/04/2079	3,000,000,000	-	-	379,659,252	3,379,659,252
Addition In Capital	-	-	-	-	-
Profit/(Loss) For the Year	-	-	-	39,206,242	39,206,242
Other Comprehensive Income for the Year	-	-	483,677,265	-	483,677,265
Provision for CSR writtten back	-	-	-	1,304,223	1,304,223
Dividend Paid	-	-	-	-	-
Balance as on 31/03/2080	3,000,000,000	-	483,677,265	420,169,718	3,903,846,983







Palpa Cement Industries Ltd.
Statement of Changes In Equity
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Consolidated

Fig. in NPR

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as on 01/04/2078	3,000,000,000	-	-	352,383,670	3,352,383,670
Addition In Capital	-	-	-	-	-
Profit/(Loss) For the Year	-	-	-	27,275,583	27,275,583
Other Comprehensive Income for the Year	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Balance as on 32/03/2079	3,000,000,000	-	-	379,659,252	3,379,659,252
Balance as on 01/04/2079	3,000,000,000	-	-	379,659,252	3,379,659,252
Addition In Capital	-	-	-	-	-
Profit/(Loss) For the Year	-	-	-	38,760,135	38,760,135
Other Comprehensive Income for the Year	-	-	483,677,265	483,677,265	483,677,265
Provision for CSR written back	-	-	-	1,304,223	1,304,223
Dividend Paid	-	-	-	-	-
Balance as on 31/03/2080	3,000,000,000	-	483,677,265	419,723,611	3,903,400,876



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Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

1 General Information

Palpa Cement Industries Pvt. Ltd. (Herein after referred to as "The Company") is a Private Limited Company domiciled in Nepal registered under the Company Act, 2053 vide registration No. 67018/066/067 on 2009-10-26. The manufacturing unit is located at Sunwal - VDC 7, Sisauni Tol, Nawalparasi with its registered corporate office at Central Business Park, Thapathali, Kathmandu Metropolitan City, Ward No. 11, Nepal. The main objectives of company is to manufacture Cement & Clinker.

Further to that it has been now converted to a Limited Company under the name "Palpa Cement Industries Ltd." vide registration No. 264286/77/078 on 2021-07-05 through letter no. 62754.

The Financial Statements of The Company are approved for issue by the Company's Board of Directors on 2080/09/___.

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.

(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.

(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.



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

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

Economic Uncertainties & Market Volatility exists and shall continue as existing covid-19 variants are yet to be tamed & parallelly symptoms of new variants of COVID - 19 were being observed during the reporting period.

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.

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

i) **NFRS 9 "Financial Instruments"** has been issued but is effective for annual period beginning on or after July 16, 2021. 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.

ii) **NFRS 14 "Regulatory Deferral Account"** has been issued but is effective for annual reporting period beginning on or after July 16, 2021.

iii) **NFRS 15 "Revenue from Contract with Customer"** has been issued but is effective for annual reporting period beginning on or after July 16, 2021. This standards has supersedes NAS 11 Construction Contracts, NAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the construction of Real Estate, IFRIC 18 Transfer of Assets from Customers; and SIC 31 Revenue-Barter Transaction Involving Advertising Services. Company has considered NAS 18 for Revenue Recognition.

iv) **NFRS 16 "Leases"** has been issued but is effective for annual reporting period beginning on or after July 16, 2021. NFRS 16 requires lessees to recognise a right to use of asset and a liability for future payments arising from a lease contract. Lessor's accounting requirements remain aligned to the current approach under NAS 17.

v) **NFRS 17 "Insurance Contracts"** has been issued but is effective for annual reporting period beginning on or after July 16, 2024. As the company doesn't issues insurance & re insurance contracts, this standards doesn't have any impact even at earlier adoption.

Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

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, 2075 (July 17, 2018) 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	Revised Life of Assets
Computer & Accessories	3 Years	3 Years
Office Equipment	5 Years	5 Years
Other Assets	5 Years	5 Years
Furniture & Fixture	8 Years	8 Years
Vehicles	8 Years	8 Years
Heavy Equipments	9 Years	15 Years
Plant & Machinery	24 Years	30 Years
Mines Development	15 Years	15 Years
Building	40 Years	40 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 or Loss.

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 or Loss to the extent, asset's carrying amount exceeds its recoverable amount.

Where 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.



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

(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 or 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 or 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 or Loss.

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

List of Asset Categories	Life of Assets
Softwares	5

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 or 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 or 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 or Loss.



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

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.

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.



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

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

(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 or 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.



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

ii) Staff Bonus

The entity has not created any provision for staff bonus in absence of Taxable Profit.

(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

Long Term Leases

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Long Term 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.

Short Term 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 or 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.

All other borrowing costs are recognized in Profit or Loss in the period in which they are incurred.

(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.

Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Significant Information, Accounting Policies & Notes to the Accounts

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.

Company predominantly operates in the business of sale of cements and doesn't have major reportable segment.



Palpa Cement Industries Ltd.
Significant Accounting Policies & Notes to Financial Statements for the Year Ended on Asadh 31, 2080

Fig. in NPR

Standalone

4 Property, Plant & Equipments (PPE)

Particular	Land	Building	Furniture & Fixture	Computer & Accessories	Office Equipment	Plant & Machinery	Heavy Equipments	Vehicles	Mines Development	Other Assets	Total
Gross Block											
As on Shrawan 1, 2079	103,626,680	2,799,329,682	20,495,602	9,747,113	11,285,987	4,424,730,720	397,074,636	43,359,910	265,024,888	2,373,577	8,077,048,794
Addition During the Year											
Acquisition	7,101,725	11,142,250	114,145	284,693	492,941	89,360,710	4,038,799	1,629,250	219,700,792	-	333,865,304
Capitalization											
Disposal During the Year											
Adjustment/Revaluation	483,677,265							(2,289,558)			(2,289,558)
Balance as on Asadh 31, 2080	594,405,670	2,810,471,931	20,609,747	10,031,806	11,778,928	4,514,091,429	401,113,436	42,699,602	484,725,680	2,373,577	9,892,301,805
Depreciation and Impairment											
As on Shrawan 1, 2079		251,483,230	6,659,684	7,762,712	6,451,134	678,245,285	125,453,103	13,228,889	10,339,559	2,232,629	1,101,856,226
Depreciation Charge For the Year		70,120,708	2,586,004	1,410,465	2,164,488	148,561,346	27,104,524	5,675,852	20,376,782	72,571	278,072,740
Impairment For the Year											
Disposals											
Adjustment								(1,110,279)			(1,110,279)
As on Asadh 31, 2080	-	321,603,938	9,245,687	9,173,178	8,615,622	826,806,631	152,557,628	17,794,462	30,716,341	2,305,200	1,378,818,687
Capital Work in Progress											
As on Ashad End 2079		461,017				5,747,884					6,208,901
As on Asadh End 2080											
Net Book Value											
As on Ashad End 2079	103,626,680	2,548,307,469	13,835,919	1,984,401	4,834,853	3,752,233,319	271,621,533	30,131,021	254,685,329	140,948	6,981,401,470
As on Asadh End 2080	594,405,670	2,488,867,993	11,364,059	859,626	3,163,306	3,687,284,798	249,555,808	24,905,140	454,009,339	68,377	7,513,483,119



Palpa Cement Industries Ltd.
Significant Accounting Policies & Notes to Financial Statements for the Year Ended on Asadh 31, 2080

Fig. in NPR

Consolidated
4.1 Property, Plant & Equipments (PPE)

Particular	Land	Building	Furniture & Fixture	Computer & Accessories	Office Equipment	Plant & Machinery	Heavy Equipments	Vehicles	Mines Development	Other Assets	Total
Gross Block											
As on Shrawan 1, 2079	103,626,680	2,799,329,682	20,495,602	9,747,113	11,285,987	4,424,730,720	397,074,636	43,359,910	265,024,888	2,373,577	8,077,048,794
Addition During the Year											
Acquisition	465,626,204	#####	114,145	#####	492,941	89,360,710	4,038,799	#####	219,700,792	-	792,389,783
Capitalization								(2,289,558)			(2,289,558)
Disposal During the Year											
Adjustment/Revaluation	483,677,365										483,677,365
Balance as on Asadh 31, 2080	1,052,930,149	2,810,471,931	20,609,747	10,031,806	11,778,928	4,514,091,429	401,113,436	42,699,602	484,725,680	2,373,577	9,350,836,284
Depreciation and Impairment											
As on Shrawan 1, 2079		251,483,230	6,659,684	7,762,712	6,451,134	678,245,285	125,453,103	13,228,889	10,339,559	2,232,629	1,101,856,226
Depreciation Charge For the Ye		70,120,708	2,586,004	1,410,465	2,164,488	148,561,346	27,104,524	5,675,852	20,376,782	72,571	278,072,740
Impairment For the Year								(1,110,279)			(1,110,279)
Disposals											
Adjustment											
As on Asadh 31, 2080	-	321,003,938	9,245,687	9,173,178	8,615,622	826,806,631	151,557,628	17,794,462	30,716,341	2,305,200	1,398,818,687
Capital Work in Progress											
As on Asadh End 2079		461,017				5,747,884					6,208,901
As on Asadh End 2080											
Net Book Value											
As on Asadh End 2079	103,626,680	2,548,307,469	13,835,919	1,984,403	4,834,853	3,745,233,319	271,621,533	30,131,021	254,685,329	140,948	6,987,401,470
As on Asadh End 2080	1,052,930,149	2,486,567,993	11,364,064	858,628	3,163,306	3,687,284,788	246,555,808	24,905,140	454,009,339	68,377	7,972,007,597



Signature

Palpa Cement Industries Ltd.
Significant Accounting Policies & Notes to Financial Statements for the Year Ended on Asadh 31, 2080

5 Intangible Assets

Standalone

Categories	Accounting Software - I	Accounting Software - II	Accounting Software - III	Accounting Software - IV	Total Ashad End
Gross Block					
As on Shrawan, 2079	27,000	53,000	45,000	1,530,000	1,655,000
Addition During the Year					-
Acquisition					-
Capitalization					-
Disposal During the Year					-
Adjustment/Revaluation				(25,000)	(25,000)
Balance As on Asadh 31 2080	27,000	53,000	45,000	1,505,000	1,630,000
Amortisation & Impairment					
As on Shrawan, 2079	27,000	53,000	34,500	573,016	687,516
Amortisation Charge For the Year			10,500	318,995	329,495
Impairment For the Year					-
Disposals					-
Adjustment					-
Balance As on Asadh 31 2080	27,000	53,000	45,000	892,011	1,017,011
Capital Work in Progress					
As on Ashad End 2079					-
As on Asadh End 2080					-
Net Book Value					
As on Ashad End 2079	-	-	10,500	956,984	967,484
As on Asadh End 2080	-	-	-	612,989	612,989



Palpa Cement Industries Ltd.
Significant Accounting Policies & Notes to Financial Statements for the Year Ended on Asadh 31, 2080

5.1 Intangible Assets

Consolidated

Categories	Accounting Software - I	Accounting Software - II	Accounting Software - III	Accounting Software - IV	Total Ashad End
Gross Block					
As on Shrawan, 2079	27,000	53,000	45,000	1,530,000	1,655,000
Addition During the Year					-
Acquisition					-
Capitalization					-
Disposal During the Year					-
Adjustment/Revaluation				(25,000)	(25,000)
Balance As on Asadh 31 2080	27,000	53,000	45,000	1,505,000	1,630,000
Amortisation & Impairment					
As on Shrawan, 2079	27,000	53,000	34,500	573,016	687,516
Amortisation Charge For the Year	-	-	10,500	318,995	329,495
Impairment For the Year					-
Disposals					-
Adjustment					-
Balance As on Asadh 31 2080	27,000	53,000	45,000	892,011	1,017,011
Capital Work in Progress					
As on Ashad End 2079					-
As on Asadh End 2080					-
Net Book Value					
As on Ashad End 2079	-	-	10,500	956,984	967,484
As on Asadh End 2080	-	-	-	612,989	612,989



Volume 12



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

6	Investment	Consolidated		Standalone	
	Particulars	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	SUBSIDIARY				
	Devdah Mines And Minerals Pvt Ltd	-	-	10,000,000	-
	Ghari Mines & Minerals Pvt Ltd	-	-	10,000,000	-
	Gothadi Minerals Pvt Ltd	-	-	10,000,000	-
	Palpa Mines & Minerals	-	-	190,000,000	-
	R.K. Minerals Pvt Ltd	-	-	7,500,000	-
	R.M.C. Mines & Minerals	-	-	18,500,000	-
	Rahabas Minerals Pvt Ltd	-	-	10,000,000	-
	S.A. Minerals Pvt Ltd	-	-	10,000,000	-
	S.R.V. Mines Pvt Ltd	-	-	14,000,000	-
	Tansen Mines & Minerals	-	-	145,000,000	-
	V.K. Minerals Pvt Ltd	-	-	13,000,000	-
	Yash Minerals Pvt Ltd	-	-	30,000,000	-
	Total	-	-	468,000,000	-

7	Deferred Tax Assets	Consolidated		Standalone	
	Particulars	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Deferred Tax Asset/(Liability)				
	Property, Plant & Equipment	(440,306,581.00)	(350,388,145)	(440,306,581)	(350,388,145)
	Changes in OH Component Inclusion in Cost of Conversion	(1,510,585.00)	(2,842,466)	(1,510,585)	(2,842,466)
	Carried Forward of Losses	213,299,018.00	149,393,181	213,150,315	149,393,181
	CSR Provision	129,630.00	260,845	129,630	260,845
	Total	(228,388,518)	(203,576,585)	(228,537,221)	(203,576,585)
	15th July, 2021 (Ashad 31, 2078)		(102,147,331)		(102,147,331)
	(Charged)/Credited to Statement of Profit & Loss		(101,429,254)		(101,429,254)
	(Charged)/Credited to Other Comprehensive Income				
	16th July, 2022 (Ashad 32, 2079)		(203,576,585)		(203,576,585)
	(Charged)/Credited to Statement of Profit & Loss		(24,811,933)		(24,960,636)
	(Charged)/Credited to Other Comprehensive Income				
	16th July, 2023 (Asadh 31, 2080)		(228,388,518)		(228,537,221)

8	Other Non Current Assets	Consolidated		Standalone	
	Particulars	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Capital Advances	-	241,671,064	-	241,671,064
	Security Deposits	639,209	639,209	639,209	639,209
	Total	639,209.35	242,310,274	639,209	242,310,274

9	Inventories	Consolidated		Standalone	
	Particulars	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	As Certified By Management				
	Raw Materials	365,225,930	609,061,226	365,225,930	609,061,226
	Power & Fuel	870,581,537	619,877,991	870,581,537	619,877,991
	Packing Material	12,053,063	15,724,965	12,053,063	15,724,965
	Semi Finished Goods	3,859,470	3,503,057	3,859,470	3,503,057
	Finished Goods	82,498,346	138,760,511	82,498,346	138,760,511
	Stores and Spares	318,524,241	336,564,398	318,524,241	336,564,398
	Total	1,652,742,587	1,723,492,148	1,652,742,587	1,723,492,148



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Palpa Cement Industries Ltd.
Notes to the Financial Statements

10	Trade Receivables	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2023 (Asadh 31, 2080)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Trade Receivables From Related Parties	111,824,587	37,418,503	111,824,587	37,418,503
	Trade Receivables From Other Parties	559,293,124	456,927,328	559,293,124	456,927,328
	Provision for Impairment of Trade Receivables	-	-	-	-
	Total	671,117,711	494,345,831	671,117,711	494,345,831
11	Cash & Cash Equivalent	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Cash in Hand (As Certified By Management)	1,939,408	1,646,509	1,939,408	1,646,509
	Bank Balance:				
	- In deposit accounts with maturity of 3 months	-	150,000,000	-	150,000,000
	- In current accounts	138,568,981	6,111,401	137,350,120	6,111,401
	Total	140,508,388	157,757,910	139,289,527	157,757,910
12	Financial Asset at amortised Cost	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Nepal Investment Bank Ltd. (Fixed Deposit)	3,000,000	-	3,000,000	-
	Total	3,000,000	-	3,000,000	-
13	Other Financial Assets	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	<i>Current</i>				
	Custom Dharauti (Returnable Goods)	285,075	276,000	285,075	276,000
	Bank Guarantee Margin	697,900	646,600	697,900	646,600
	Export Incentive Receivable	12,344,958	-	12,344,958	-
	Letter of Credit Margin	5,149,209	3,573,572	5,149,209	3,573,572
	Deposit Against Letter of Credit	16,605	10,666	16,605	10,666
	Total	18,493,747	4,506,838	18,493,747	4,506,838
14	Other Current Assets	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Prepaid Expenses	1,999,927	422,338	1,999,927	422,338
	Advance to Suppliers	-	-	-	-
	Related Parties	112,968	-	112,968	-
	Capital Advance to Suppliers	-	7,788,039	-	7,788,039
	Other Advance to Suppliers	14,638,814	50,134,363	14,638,814	50,134,363
	Custom Deposit	17,668,413	1,619,661	17,668,413	1,619,661
	Advance Against Staff & Labors	1,726,624	422,000	1,726,624	422,000
	Other Receivables	5,040,317	7,860,901	5,040,317	7,860,901
	VAT Receivable	-	41,637,904	-	41,637,904
	Total	41,187,063	109,885,207	41,187,063	109,885,207
15	(a) Equity Share Capital	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Authorised Capital:				
	37,500,000 Ordinary Shares @ Rs.100 Each	3,750,000,000	3,750,000,000	3,750,000,000	3,750,000,000
	Issued Capital:				
	37,500,000 Ordinary Shares @ Rs.100 Each	3,750,000,000	3,750,000,000	3,750,000,000	3,750,000,000
	Paid Up Capital:				
	30,000,000 Ordinary Shares of NPR 100 Each	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
	Total	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000

Palpa Cement Industries Ltd.
Notes to the Financial Statements

(b) Other Equity

(i) Free Reserve

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Retained Earnings				
Balance at the Beginning of the Year	379,659,252	352,383,670	379,659,252	352,383,670
(+) Profit For the Year	38,760,135	27,275,583	39,206,242	27,275,583
(+) Other Comprehensive Income	-	-	-	-
Available For Distribution	418,419,388	379,659,252	418,865,495	379,659,252
(-) Dividend Paid	-	-	-	-
(+) Provision for CSR written back	1,304,223	-	1,304,223	-
Balance at the End of the Year	419,723,611	379,659,252	420,169,718	379,659,252

(ii) Revaluation Reserve

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Land Revaluation Reserve	483,677,265	-	483,677,265	-
Balance at the End of the Year	483,677,265	-	483,677,265	-
Grand Balance at the End of the Year	903,400,876	379,659,252	903,846,983	379,659,252

16 Long Term Borrowings

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Hire Purchase Loan				
Himalayan Bank Ltd.	22,698,000	29,682,000	22,698,000	29,682,000
Nepal Investment Bank Ltd.	6,664,917	8,650,179	6,664,917	8,650,179
Permanent working capital				
Global Bank Ltd.	340,000,000	-	340,000,000	-
Himalayan Bank Ltd.	240,000,000	-	240,000,000	-
Nabil Bank	160,000,000	-	160,000,000	-
Nepal Investment Bank Ltd.	390,000,000	-	390,000,000	-
Sanima Bank Ltd.	270,000,000	-	270,000,000	-
Long Term Loan				
Global Bank Ltd.	1,261,618,128	1,408,559,957	1,261,618,128	1,408,559,957
Himalayan Bank Ltd.	858,013,902	939,333,710	858,013,902	939,333,710
Nabil Bank	560,529,732	613,654,532	560,529,732	613,654,532
Nepal Investment Bank Ltd.	921,844,341	981,844,680	921,844,341	981,844,680
Sanima Bank Ltd.	882,209,187	965,822,411	882,209,187	965,822,411
(-) Term Loan Current Portion	(630,000,000)	(427,232,013)	(630,000,000)	(427,232,013)
Total	5,283,578,207	4,520,315,456	5,283,578,207	4,520,315,456

17 Other Non Current Financial Liabilities

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Retention Money	14,810,233	24,478,531	14,810,233	24,478,531
Total	14,810,233	24,478,531	14,810,233	24,478,531

18 Provisions

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Current				
Provision For Corporate Social Responsibility	648,150	1,304,223	648,150	1,304,223
Current Provisions	648,150	1,304,223	648,150	1,304,223

19 Trade Payable

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Trade Payable From Related Parties	-	-	-	-
Trade Payable From Others	174,695,104	130,032,582	174,695,104	130,032,582
Total	174,695,104	130,032,582	174,695,104	130,032,582

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[Circular stamp: SUBHASH CHANDRA ACCOUNTANTS]

Palpa Cement Industries Ltd.
Notes to the Financial Statements

20	Short Term Borrowings	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Secured				
	Overdraft				
	Global IME Bank	-	67,291,951	-	67,291,951
	Himalayan Bank Ltd.	-	35,326,631	-	35,326,631
	Nepal Investment Bank Ltd.	-	42,249,330	-	42,249,330
	Nabil Bank Ltd.	-	15,639,455	-	15,639,455
	Working Capital Loan				
	Global Bank Ltd.	-	130,000,000	-	130,000,000
	Himalayan Bank Ltd.	-	200,000,000	-	200,000,000
	Nabil Bank Ltd.	-	140,000,000	-	140,000,000
	Nepal Investment Bank Ltd.	100,000,000	150,000,000	100,000,000	150,000,000
	Sanima Bank Ltd.	-	55,000,000	-	55,000,000
	Current Maturity of LTL	630,000,000	427,232,013	630,000,000	427,232,013
	Total	730,000,000	1,262,739,380	730,000,000	1,262,739,380
21	Other Current Financial Liabilities	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Other Payable	456,984	1,314,968	8,390,259	1,314,968
	Customer Deposit	183,918	110,295	183,918	110,295
	Payables Against Capital Purchase				
	Others	-	30,092,840	-	30,092,840
	Related Parties	-	-	-	-
	Retention Money	2,991,985	13,036,128	2,991,985	13,036,128
	Other Employee Related Payable				
	Salaries and Wages Payable	13,986,573	13,337,406	13,986,573	13,337,406
	Staff Deposit Payable	42,453,792	34,422,151	42,453,792	34,422,151
	Total	60,073,254	92,313,788	68,006,529	92,313,788
22	Other Current Liabilities	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Provision for Expenses	-	-	-	-
	Audit Fee Payable	1,267,375	999,775	999,775	999,775
	Advance From Customers				
	From Related Parties	446,610	-	446,610	-
	From Others	22,846,260	70,691,257	22,846,260	70,691,257
	Statutory Dues				
	TDS Payable	4,207,047	20,772,877	4,203,222	20,772,877
	Excise Payable	5,265,270	3,222,013	5,265,270	3,222,013
	Vat Payable	2,174,288	-	2,174,288	-
	Royalty Payable	1,034,433	7,352,707	1,034,433	7,352,707
	Royalty Renewal charges	-	-	-	-
	Reverse VAT Payable	123,645	-	123,645	-
	Other Liabilities				
	Payable Against Letter of Credit	71,641,938	-	71,641,938	-
	Rent Payable	-	309,379	-	309,379
	Total	109,006,865	103,348,008	108,735,440	103,348,008
23	Income Tax (Assets)/Liabilities (Net)	Consolidated		Standalone	
		16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
	Particulars				
	Income Tax Liabilities	-	-	-	-
	Income Tax Assets	4,291,913	3,100,645	4,291,913	3,100,645
	Total	4,291,913	3,100,645	4,291,913	3,100,645



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Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Fig.in NPR

24 Revenue From Operations	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Revenue From Cement Sales	2569234247	2,851,280,816	2,569,234,247	2,851,280,816
Revenue From Clinker Sales	1533485877	948,145,324	1,533,485,877	948,145,324
Other Operating Income				
Revenue From Trading	20,584,222	12,278,635	20,584,222	12,278,635
Revenue From Scrap Sales	5,794,900	6,646,210	5,794,900	6,646,210
Total	4,129,099,246	3,818,350,985	4,129,099,246	3,818,350,985

25 Cost of Sales	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Raw Materials Consumed	903,769,064	926,670,018	903,769,064	926,670,018
Packing Materials Consumed	98,434,675	118,451,210	98,434,675	118,451,210
Other Materials Consumed	11,610,804	25,793,301	11,610,804	25,793,301
Production Expenses (Sch 24A)	2,154,124,119	1,797,954,656	2,154,124,119	1,797,954,656
(+) Opening stock - FG	138,760,511	142,297,981	138,760,511	142,297,981
(+) Opening Stock - WIP	3,503,057	2,388,797	3,503,057	2,388,797
(-) Closing Stock - WIP	(3,859,470)	(3,503,057)	(3,859,470)	(3,503,057)
(-) Closing Stock - FG	(82,498,346)	(138,760,511)	(82,498,346)	(138,760,511)
Total	3,223,844,413	2,871,292,394	3,223,844,413	2,871,292,394

25A Production Expenses (Sch 23A)	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Electricity/Power & Fuel	1,589,771,317	1,017,431,216	1,589,771,317	1,017,431,216
Generator Running Expenses	71,123,529	214,624,308	71,123,529	214,624,308
Security	5,208,000	5,786,729	5,208,000	5,786,729
Insurance Premium	10,940,962	9,596,966	10,940,962	9,596,966
Repair & Maintenance Expense Block A	310,514	107,153	310,514	107,153
Repair & Maintenance Expense Block D	41,291,649	63,030,977	41,291,649	63,030,977
Cleaning & Maintenance Expenses	510,306	2,517,372	510,306	2,517,372
Salaries & Allowances	91,596,080	63,828,022	91,596,080	63,828,022
Wages	66,581,335	81,028,892	66,581,335	81,028,892
Mess Expenses	2,265,570	6,108,821	2,265,570	6,108,821
Depreciation on Building & Plant & Machinery	266,235,932	322,800,472	266,235,932	322,800,472
Other Manufacturing Expenses	8,288,924	11,093,729	8,288,924	11,093,729
Total	2,154,124,119	1,797,954,656	2,154,124,119	1,797,954,656

26 Other Income	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Insurance Claim	459,030	2,529,854	459,030	2,529,854
Interest Income	2,758,589	39,096,348	2,758,589	39,096,348
Exchange Gain/(Loss)	-	-	-	-
Profit on Sale of Fixed Assets	120,721	(413,228)	120,721	(413,228)
Miscellaneous Income	17,349,749	-	17,349,749	-
Other Income (Land)	158,428,936	-	158,428,936	-
Total	179,117,025	41,212,974	179,117,025	41,212,974



Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Fig.in NPR

27 Administration Expenses

Particulars	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Electricity	186,860	212,149	186,860	212,149
Salaries & Allowances	45,362,526	32,915,689	45,362,526	32,915,689
Staff Welfare	1,979,396	4,032,169	1,979,396	4,032,169
Bonus	-	-	-	-
Insurance Premium	4,362,611	3,524,101	4,362,611	3,524,101
Repair & Maintenance Expense Block B	1,614,724	3,709,860	1,614,724	3,709,860
Repair & Maintenance Expense Block C	3,234,120	2,261,749	3,234,120	2,261,749
Rent	4,814,111	4,394,889	4,814,111	4,394,889
Rates & Taxes	4,477,710	6,964,578	4,171,310	6,964,578
Consultancy Fees	6,609,274	8,035,439	6,609,274	8,035,439
Audit Fee	1,203,400	1,000,000	1,000,000	1,000,000
Tax Audit Fee	82,800	15,000	15,000	15,000
Local Conveyance	44,790	72,910	44,790	72,910
Printing & Stationery	1,871,771	2,154,701	1,871,771	2,154,701
Travelling	6,033,863	5,793,764	6,033,863	5,793,764
Bank Charges & Commission	5,282,861	6,712,440	5,282,601	6,712,440
Membership & Subscription	29,500	140,000	29,500	140,000
Donation	1,897,277	3,383,959	1,897,277	3,383,959
Communication Charges	2,274,776	2,411,794	2,274,776	2,411,794
Guest Entertainment	447,537	392,079	447,537	392,079
Miscellaneous Expenses	138,800	37,379	138,800	37,379
Office Upkeep & Maintenance	1,318,878	999,395	1,318,878	999,395
Sundry Balance Written Off A/C	-	1,338,425	-	1,338,425
Annual Maintenance Charges	543,142	1,501,480	543,142	1,501,480
Vehicles Running Expenses	7,006,082	18,910,766	7,006,082	18,910,766
Postage & Courier Charge	213,571	156,122	213,571	156,122
Assessment Expenses	-	1,653,864	-	1,653,864
Pooja Expenses	665,395	2,576,793	665,395	2,576,793
Cleaning & Maintainance Expenses	405,912	825,184	405,912	825,184
Fine & Penalty	15,501	767,210	15,501	767,210
Corporate Social Responsibility (CSR)				
CSR Expenses	1,304,223	-	1,304,223	-
CSR Provision	648,150	1,304,223	648,150	1,304,223
Certificate Of Origin	313,875	-	296,925	-
Depreciation of Property, Plant and Equipments	11,836,808	12,106,172	11,836,808	12,106,172
Amortization of Intangible Assets	329,495	340,595	329,495	340,595
Total	116,549,740	130,644,879	115,954,930	130,644,879

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Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

Fig.in NPR

28 Selling and Distribution Expenses	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Salaries & Allowances	27,213,263	30,427,109	27,213,263	30,427,109
Advertisement & Business Promotion	4,847,467	21,365,682	4,847,467	21,365,682
Selling & Distribution	44,786,217	12,066,748	44,786,217	12,066,748
Repair & Maintenance (S&D)	5,402,141	-	5,402,141	-
Commission	90,144,542	170,885,569	90,144,542	170,885,569
Total	172,393,629	234,745,107	172,393,629	234,745,106.54

29 Finance Cost	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Interest On Term Loan	579,376,620	457,731,759	579,376,620	457,731,759
Interest On Working Loan	152,479,801	36,444,984	152,479,801	36,444,984
(-) Finance Cost Capitalized to Property, Plant & Equipment	-	-	-	-
Total	731,856,420	494,176,743	731,856,420	494,176,743

30 Income Tax Expense	Consolidated		Standalone	
	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Particulars				
Current Tax on Profit For The Year	-	-	-	-
Deferred Tax For The Year	24,811,933	101,429,254	24,960,636	101,429,254
Income Tax Expense	24,811,933	101,429,254	24,960,636	101,429,254

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Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

31 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 & 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.

32 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	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Gross Carrying Amount	671,117,711	494,345,831
Impairment Losses	-	-
Carrying Amount of Trade Receivables	671,117,711	494,345,831

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	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Short Term Borrowings	730,000,000	1,262,739,380
Long Term Borrowings	5,283,578,207	4,520,315,456
Total Borrowings	6,013,578,207	5,783,054,837

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Palpa Cement Industries Ltd.
Notes to the Financial Statements
For Period ended on 16th July, 2023
(Year Ended Upto Asadh 31, 2080)

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	16th July, 2023 (Asadh 31, 2080)		16th July, 2022 (Ashad 32, 2079)	
	< 1 Year	> 1 Year	< 1 Year	> 1 Year
Trade Payables	174,695,104		130,032,582	
Borrowings	730,000,000	5,283,578,207	1,262,739,380	4,520,315,456
Other Non Current Financial Liabilities		14,810,233		24,478,531
Other Current Financial Liabilities	68,006,529		92,313,788	
Total Financial Liabilities	972,701,633	5,298,388,440	1,485,085,751	4,544,793,987

iii) Market Risk

a1) Foreign Currency Risk Exposure

The Company imports are predominantly denominated in INR. As the exchange rate between India & Nepal is fixed, Company doesn't have foreign currency risk for its transactions.

b1) 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. Company also have interest rate risk in-terms of opportunity cost on Interest Income.

b2) 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	16th July, 2023 (Asadh 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Interest Rate - Increase By 100 Basis Points*	58,983,165	49,949,710
Interest Rate - Decrease By 100 Basis Points*	(58,983,165)	(49,949,710)

* Holding all other Variable Constant

33 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 issue new shares for further capital infusion.



Palpa Cement Industries Ltd
Notes to the Financial Statements
For Period ended on 16th July, 2023
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34 Related Party Disclosure

Key Managerial Personnel

Chairman - Mr. Shrawan Kumar Agrawal
Director - Mr. Rajesh Kumar Agrawal
Director - Mr. Vishnu Kumar Agrawal
Director - Mr. Binod Kumar Shrestha
CEO - Mr. Atul Dalmia
CFO - Mr. Sandeep Sewa

Related Entities

RMC Cement Pvt. Ltd.
Rajesh Metal Crafts Pvt. Ltd.
RMC Foods Pvt. Ltd.

Fig. in NPR

(a) Key Management Personnel Compensation:

Particulars	Consolidated		Standalone	
	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Short Term Employee Benefits	3,077,602	3,755,000	3,077,602	3,755,000
	3,077,602	3,755,000	3,077,602	3,755,000

(b) Related Party Transactions:

Particulars	Consolidated			Standalone		
	KMP	Other Related Entities	Total	KMP	Other Related Entities	Total
Sales						
For The Year Ended 16th July, 2023 (Ashad 31, 2080)	-	146,117,563.60	146,117,564		146,117,564	146,117,564
For The Year Ended 16th July, 2022 (Ashad 32, 2079)	-	70,143,412.51	70,143,413		70,143,413	70,143,413
Purchases						
For The Year Ended 16th July, 2023 (Ashad 31, 2080)	-	2,673,234.90	2,673,235		2,673,235	2,673,235
For The Year Ended 16th July, 2022 (Ashad 32, 2079)	-	47,166,038.00	47,166,038		47,166,038	47,166,038
Services Purchase						
For The Year Ended 16th July, 2023 (Ashad 31, 2080)	3,600,000	-	3,600,000	3,600,000	-	3,600,000
For The Year Ended 16th July, 2022 (Ashad 32, 2079)	3,600,000	-	3,600,000	3,600,000	-	3,600,000

(c) Related Party Balances:

Particulars	Consolidated			Standalone		
	KMP	Other Related Entities	Total	KMP	Other Related Entities	Total
Trade Receivables						
As at 16th July, 2023 (Ashad 31, 2080)		111,824,587	111,824,587		111,824,587	111,824,587
As at 16th July, 2022 (Ashad 32, 2079)		37,418,503	37,418,503		37,418,503	37,418,503
Trade Payables						
As at 16th July, 2023 (Ashad 31, 2080)		-	-		-	-
As at 16th July, 2022 (Ashad 32, 2079)		-	-		-	-
Share Application Money						
As at 16th July, 2023 (Ashad 31, 2080)		-	-		-	-
As at 16th July, 2022 (Ashad 32, 2079)		-	-		-	-
Net Staff Payable						
As at 16th July, 2023 (Ashad 31, 2080)		-	-		-	-
As at 16th July, 2022 (Ashad 32, 2079)	2,536,067	-	2,536,067	2,536,067	-	2,536,067

35 Legal Matters & Contingent Liabilities

Claims against the Company Not Acknowledged as Debts - Inland Revenue Department

Particulars	Consolidated		Standalone	
	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Claims against the Company not acknowledged as debts:				
For Income Tax/VAT/Excise*	4,941,986	-	4,941,986	-

* Note:

- Company has not acknowledged the above stated claim as debts for Income Tax, VAT & Excise as the company has applied for amendment of the assessment order so issued for the same at respective legal forums for Fiscal Year 2075/76, 2076/77, 2078/79 (Jeopardy Assessment).
- Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

36 Corporate Social Responsibility

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

37 Earnings Per Share

Particulars	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)	16th July, 2023 (Ashad 31, 2080)	16th July, 2022 (Ashad 32, 2079)
Profit For the Year	38,760,135	27,275,583	39,206,242	27,275,583
Weighted Avg. No. of Equity Shares O/S During the Year	30,000,000	22,292,551	30,000,000	22,292,551
Nominal Value of Equity Shares	100	100	100	100
Earnings Per Share	1.29	1.22	1.31	1.22

38 Assets Pledged

To Collateralize its borrowings following arrangements has been done:

Entity has entered into Pari Passu agreement where it has pledged all its movable/non movable assets (Existing & Future Expansions), Individual Guarantee has also been provided by Directors along with that first charge over income so generated from project has also been given to the consortium banks.

39 Regrouping of Figures:

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

40 Miscellaneous:

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

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