

लेखापरिक्षकको प्रतिवेदन

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BHUGARBHA CEMENT LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bhugarbha Cement Ltd. (referred to as the "Company"), which comprise the statement of financial position as at 32 Ashadh 2082 (16 July 2025), and the statement of profit or loss, statement of cash flows, statement of changes in equity for the year then ended and notes to the financial statements, including summary of significant accounting policies prepared in accordance with Nepal Financial Reporting Standards.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 32 Ashadh 2082 (16 July 2025), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ICAN's Handbook of Code of Ethics for Professional Accountants, together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on the circumstances and facts of the audit, we consider following following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1.	Useful life, depreciation method and impairment of property, plant & equipment (PPE)	
	We identified the assessment of useful lives, depreciation method and impairment indicators for property, plant and equipment as a key audit matter because the company's operations are capital intensive and the estimates and judgements applied by management have a significant effect on the carrying amounts and related depreciation charge	<ul style="list-style-type: none"> Obtain and document management's policy for estimating useful lives and any change in depreciation method. Verify that policy aligns with NFRS and is applied consistently. Request and evaluate technical reports prepared by management's engineers / technical experts. Test calculations for a representative sample of major asset classes: recompute depreciation, review



		<p>residual values and check for consistency with past experience.</p> <ul style="list-style-type: none"> Assess indicators of impairment (e.g., capacity, drop in demand). Ensure disclosures are adequate (change in estimate, impact on current and future years, basis for significant judgements). If management changed method/estimates, ensure the financial statements disclose nature and effect.
2.	Recoverability of trade and other receivables (expected credit loss / provision)	
	<p>The recoverability of trade and other receivables was considered a key audit matter due to the significance of the balances involved and the judgement required in assessing their recoverability. During the year, management has written off trade and other receivables amounting to NPR 12.05 million, which involved management judgement in determining the irrecoverable nature of the balances and assessing whether appropriate evidence existed to support the write-off.</p>	<ul style="list-style-type: none"> Obtain an understanding of management's policy and approval process for writing off trade and other receivables and evaluating its consistency with applicable financial reporting standards. Examine supporting documentation for the receivables written off, including ageing analysis, correspondence with customers, legal notices and evidence of recovery efforts undertaken by management. Assess the reasonableness of management's judgement in concluding that the balances written off were no longer recoverable, including evaluating subsequent receipts, if any. Perform substantive procedures on a sample of remaining trade and other receivables, including review of ageing, subsequent collections and customer confirmations, to assess the adequacy of the remaining balances. Evaluate the adequacy and appropriateness of the related disclosures in the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, Report of the Board of Directors (BOD), including annexures to the BOD's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

[Handwritten Signature]



P. & B. Associates
Chartered Accountants

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standards and Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



The image shows a handwritten signature in black ink over a blue circular stamp. The stamp contains the text "P. & B. Associates" at the top and "Chartered Accountants" at the bottom, separated by two small stars on each side.

We also provide those charged with governance with a statement 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 and Regulatory Requirements

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion the organization has kept proper books account as required by law so far, as appears from our examinations of those books.
- c) The financial statements are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanation given to us, the Statement of financial position, Statement of Profit or Loss and Cashflow Statement, read together with the notes forming part of the accounts give the information required in the manner so required and give a true and fair view:
 - In the case of Statement of financial position, of the state of affairs of the Company as at 32 Ashadh, 2082;
 - In the case of Statement of Profit or Loss, of the results of operations of the Company for the year ended on 32 Ashadh, 2082; and
 - In the case of the Cash Flow Statement, of the cash inflow and outflow of Company for the year ended on that date.
- e) Neither we have come across any of the information about the misappropriation of fund by the members or any of the representative or Company's staffs during the course of our audit nor have we received any such information from the management.
- f) No accounting fraud has been observed during the course of our audit.



CA. Birendra Gharti
Partner

P. & B. Associates,
Chartered Accountants

Thapagaun, New Baneshwor, Kathmandu

Date: 2025.12.12


UDIN : 251214CA01637GGXkK

BHUGARBHA CEMENT LIMITED
Kathmandu, Nepal
Statement of Financial Position
As at 32 Ashadh 2082 (16 July 2025)

Particulars	Notes	2082.03.32	2081.03.31
		2025.07.16	2024.07.15
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment (Net block)	3	998,802,396	918,502,908
Intangible assets	4	758,461,158	789,050,201
Deferred tax assets	27	-	-
Financial Assets		-	-
Investment	5	10,000,000	10,000,000
CURRENT ASSETS			
Inventories	6	642,303,217	362,249,925
Financial assets			
Trade receivables	7	751,289,383	1,469,808,572
Cash & cash equivalents	8	7,316,583	10,979,377
Other financial assets	9	37,312,000	24,950,000
Other current assets	10	250,878,834	284,802,722
TOTAL ASSETS		3,456,363,571	3,870,343,205
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	11	505,000,000	505,000,000
Other equity			
Advance for Share Capital	12.1	-	-
Reserve & surplus	12.2	172,186,525	140,201,776
NON CURRENT LIABILITIES			
Long Term Borrowings	13	1,341,690,045	1,528,965,709
Deferred Tax Liabilities	27	110,551,637	109,588,076
Other Payables	14	376,662,900	376,662,900
CURRENT LIABILITIES			
Financial liabilities			
Trade & Other Payables	14	605,103,636	623,188,944
Short Term Borrowings	13	279,531,601	507,548,738
Provision & Other current liabilities	15	65,637,227	79,187,062
TOTAL EQUITY & LIABILITIES		3,456,363,571	3,870,343,205

Summary of significant accounting policies 2
The accompanying notes are an integral part of these financial statements


 Kandi, K Poudyal
 Chairman

 Rishi Raj Baniya
 Director


 Deepak Raj Giri
 Managing Director

 Kimala Kandel
 Accounts Head

As per our report of even date
For and on behalf of
P & B Associates


 CA Birendra Chauri
 Partner

 Chartered Accountants

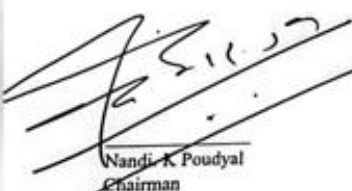
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Date : 2025 December 12

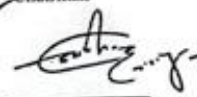
BHUGARBHA CEMENT LIMITED
Kathmandu, Nepal
Statement of profit or loss and other comprehensive income
For the Period ended on 32 Ashadh 2082 (16 July 2025)


Particulars	Notes	2081-82	2080-81
		2024-25	2023-24
INCOME			
Revenue	16	1,669,811,259	1,390,344,595
Less: Cost of Materials Consumed	17	1,224,641,303	867,621,155
Less: Manufacturing & other direct cost	18	149,908,600	80,943,673
Gross Profit from sale of goods		295,261,356	441,779,767
Other Operating Income	19	10,046,820	119,620,985
Net Revenue from Operations		305,308,176	561,400,752
Expenses			
Selling & distribution expenses	20	22,215,024	16,179,622
Administrative Expenses	21	19,790,868	10,308,357
Profit/(Loss) before Interest, Depreciation and Tax		263,302,284	534,912,773
Depreciation & Amortisation	3 & 4	77,916,774	78,336,556
Finance Income	22	-	1,534,040
Less: Finance Costs	23	147,023,515	246,639,356
Profit/loss before Provision and tax		38,361,995	211,470,901
Provision for Staff Bonus		3,836,200	21,147,090
Provision for CSR		323,078	1,422,618
Profit/loss before tax		34,202,717	188,901,193
Less: Income Tax	24	-	(3,828,199)
Current tax		-	(1,430,789)
Prior Period Taxation		(1,254,407)	(46,631,236)
Deferred tax Income/(Expenses)		(963,561)	
Net profit/(loss) for the year		31,984,750	137,010,969
Other comprehensive income			
Changes in revaluation surplus		-	-
Tax relating to item that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year		-	-
Total Profit / (Loss) & Other Comprehensive Income		31,984,750	137,010,969


The accompanying notes are an integral part of these financial statements

As per our report of even date
For and on behalf of
P & B Associates


Wandu K. Poudyal
Chairman


Rishi Raj Baniya
Director


Deepak Raj Giri
Managing Director


Kamala Kandel
Accounts Head


Brendra Gharti Magar
Partner
Chartered Accountants



Place : Kathmandu, Nepal
Date : 2025 December 12

BHUGARBHA CEMENT LIMITED
Kathmandu, Nepal
Statement of Cash Flows
For the Period ended on 32 Ashadh 2082 (16 July 2025)

Particulars	2082.03.32 2025.07.16	2081.03.31 2024.07.15
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	34,202,717	188,901,193
Adjustments		
Current Tax	-	(3,828,199)
Depreciation on Property, Plant & Equipment	77,916,774	78,336,556
Finance Cost	147,023,515	246,639,356
Gain on Disposal of Fixed Assets	(2,741,185)	-
Prior Period Taxation	(1,254,407)	(1,430,789)
Working capital adjustments:		
(Increase) Decrease in inventories	(280,053,292)	(125,083,997)
(Increase) Decrease in financial assets	(12,362,000)	(14,722,000)
(Increase) Decrease in other current assets	752,442,577	(10,336,304)
Increase (Decrease) in trade payables	(18,085,308)	(73,446,959)
Increase (Decrease) in other current liabilities	(13,549,835)	284,458,959
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	683,539,555	569,487,816
CASH FLOW FROM /USED IN) INVESTING ACTIVITIES		
Aquisition of Property, Plant & Equipment	(128,861,682)	(71,455,730)
Aquisition of Intangible Assets	(6,653,13)	(399,222,900)
Decrease/(Increase) in investment	-	(10,000,000)
Disposal of Fixed assets	3,982,300.88	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(124,886,034)	(480,678,630)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in share capital	-	-
Increase/(Decrease) in share calls in advance	-	-
Borrowing (repaid)/ taken (net)	(415,292,801)	162,333,021
Dividend Paid	-	-
Interest Paid	(147,023,515)	(246,639,356)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(562,316,316)	(84,306,335)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,662,795)	4,502,851
Cash and Cash Equivalents at Beginning of the Year	10,979,377	6,476,526
Cash and Cash Equivalents, end of period	7,316,583	10,979,377

The accompanying notes are an integral part of these financial statements


 Nand K Poudyal
Chairman

 Rishi Raj Baniya
Director

 Deepak Raj Giri
Managing Director

 Kamala Kandel
Accounts Head

As per our report of even date
For and on behalf of
P & B Associates


 CA Birendra Ghosh
Chartered Accountants


Place : Kathmandu, Nepal
Date : 2025 December 12

BIRUGAMBHA CEMENT LIMITED
Kathmandu, Nepal

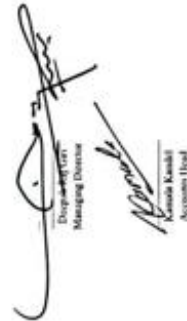
Statement of Changes in Equity
For the Period ended on 31 Ashad, 2082 (16 July 2025)

Particulars	Equity Share Capital	Advance Against Share Capital	Reserve & Surplus	Deferred Tax Reserve	Total
Balance as at 31 Shrawan, 2079 (17 July, 2023)	505,000,000	-	(15,441,905)	-	489,558,095
Profit/(loss) for the year	-	-	(165,083,313)	-	(165,083,313)
Other Comprehensive Income/(Expenses) for the year	-	229,652,638	(45,930,528)	-	183,722,110
Total comprehensive income	-	229,652,638	(210,993,841)	-	18,658,797
Issue Share Capital	-	-	-	-	-
Calls in Advance	-	-	-	-	-
Balance as at 31 Ashad, 2080 (16 July, 2023)	505,000,000	-	(186,531,303)	-	318,468,697
Changes to Accounting Policies	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Restated Balance as at 31 Ashad, 2080 (16 July, 2023)	505,000,000	-	(186,531,303)	-	318,468,697
Profit/(loss) for the year	-	-	137,010,909	-	137,010,909
Other Comprehensive Income/(Expenses) for the year	-	-	-	-	-
Total comprehensive income	-	-	137,010,909	-	137,010,909
Issue Share Capital	-	-	-	-	-
Calls in Advance	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Transferred to general reserve	-	-	-	-	-
Balance as at 31 Shrawan, 2081 (17 July, 2024)	505,000,000	-	(42,868,493)	-	462,131,507
Changes to Accounting Policies	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Restated Balance as at 31 Ashad, 2081 (17 July, 2024)	505,000,000	-	(42,868,493)	-	462,131,507
Profit/(loss) for the year	-	-	12,246,141	-	12,246,141
Other Comprehensive Income/(Expenses) for the year	-	-	-	-	-
Total comprehensive income	-	-	12,246,141	-	12,246,141
Issue Share Capital	-	-	-	-	-
Calls in Advance	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Transferred to general reserve	-	-	-	-	-
Revaluation Surplus	-	-	-	-	-
Balance as at 31 Ashad, 2082 (16 July, 2025)	505,000,000	-	(17,960,497)	(19,808,457)	467,231,046

The accompanying notes are an integral part of these financial statements


Nanda K.P. Singh
Chairman




Dipendra Singh
Managing Director


Kanta Karki
Account Head

Rishi Raj Basny
Director

Place: Kathmandu, Nepal
Date: 2025 December 12

As per our report of even date
For and on behalf of
P & B Associates
Chartered Accountants



1 GENERAL INFORMATION OF THE COMPANY

Bhugarbha Cement Udyog Private Limited (hereinafter referred to as "BCU" or the "Company") is a private limited company incorporated in Nepal under the provisions of the Companies Act, 2063. The Company's primary objectives encompass the production, sale, distribution, and export of cements, alongside its engagement in the extraction, production, and sale of raw materials.

As of the financial year ending on 2081.03.31, the Company underwent a significant transformation, transitioning from a private limited entity to a public limited one. This strategic decision aligns with the Company's growth and expansion plans, allowing it to access a broader capital market, attract diverse investors, and facilitate enhanced financial flexibility.

The reclassification of Bhugarbha Cement Udyog Private Limited to a public limited company is reflected in these financial statements. In the subsequent notes, the terms "BCU" or "Company" refer to Bhugarbha Cement Udyog Private Limited, whether in its previous private limited form or its current status as a public limited entity.

This change in corporate structure underscores the dynamic nature of the Company's operations and its commitment to adapting to evolving market conditions and opportunities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board (ASB). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

2.2 BASIS OF PREPARATION

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. The Company was established on 15 Mangsir, 2073. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.

2.3 BASIS OF MEASUREMENT

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Nepalese Rupee ("NPR"), which is the company's functional currency. All the financial information presented in Nepalese Rupee ("NPR") has been rounded to the nearest rupee, except otherwise indicated.

2.5 CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes:-

Useful life and residual value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Impairment of Property, Plant and Equipment

At the end of each reporting period, the Company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

Contingencies

In the normal course of business, contingent liabilities may arise from claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognize

Fair Value Measurements

The company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Those valuation techniques include, for example, the following:

- (a) present value techniques;
- (b) option pricing models, such as the Black-Scholes-Merton formula or a binomial model (ie a lattice model), that incorporate present value techniques and reflect both the time value and the intrinsic value of an option; and (c) the multi-period excess earnings method, which is used to measure the fair value of some intangible assets.

Present value techniques

Paragraphs B13-B30 of NFRS 13 describes the use of present value techniques to measure fair value. Those paragraphs focus on a discount rate adjustment technique and an expected cash flow (expected present value) technique. Those paragraphs neither prescribe the use of a single specific present value technique nor limit the use of present value techniques to measure fair value to the techniques discussed. The present value technique used to measure fair value will depend on facts and circumstances specific to the asset or liability being measured (eg whether prices for comparable assets or liabilities can be observed in the market) and the availability of sufficient data.

Present value (i.e an application of the income approach) is a tool used to link future amounts (eg cash flows or values) to present amount using a discount rate of 13% (Govt. Bond + Inflation+ Risk Premium; 7.5%+4.5%+1% = 13%).

Recognition of Deferred Tax Assets

Significant management judgement is required to determine the deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company based its assumptions and estimates on parameter available when the financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes and circumstances arising beyond the control of the company.

2.6 PROPERTY, PLANT AND EQUIPMENT

- i. Land is carried at historical cost and is not depreciated. All other item of property, plant and equipment except land; are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- ii. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate assets are derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
- iii. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset.
- iv. These components are depreciated over their useful lives.
- v. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- vi. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.



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2.7 DEPRECIATION & AMORTISATION

- i. Depreciation is recognized so as to write off the cost of assets (other than properties under construction), using the diminishing balance method.
- ii. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- iii. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:-

ASSET CLASS - SUBCLASS	During the F.Y 2081/82		During the F.Y 2080/81	
	RATE	DEPRECIATION METHOD APPLIED	RATE	DEPRECIATION METHOD APPLIED
Building	2.5%	DBM	2.5%	DBM
Furniture & Fixture	7.5%	DBM	7.5%	DBM
Office Equipment	7.5%	DBM	7.5%	DBM
Computer & Accessories	7.5%	DBM	7.5%	DBM
Vehicles	8.0%	DBM	8.0%	DBM
Plant & Machinery	7.5%	DBM	7.5%	DBM
Intangible Assets				
-Exploration & Evaluation Assets (Mines)	15 Years	SLM	15 Years	SLM
-Computer Software	5 Years	SLM	5 Years	SLM

2.8 BORROWING COST

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sell. All other borrowing costs are expensed in the period in which they occur.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 FOREIGN CURRENCY TRANSACTIONS

- i. The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR).
- ii. In preparing the financial statements the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.
- iii. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iv. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

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2.11 INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.
Purchased computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the software. These costs are amortized over the estimated useful life of 5 year.

Revaluation Model

As per paragraph 12, NFRS 6, "After recognition, an entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied (either the model in NAS 16 Property, Plant and Equipment or the model in NAS 38 Intangible Assets) it shall be consistent with the classification of the assets (as per paragraph 15)."

Para 15 NFRS 6 states that "An entity shall classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and apply the classification consistently."

As per paragraph 75 of NAS 38, "After initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. For the purpose of revaluations under this Standard, fair value shall be measured by reference to an active market. Revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value."

2.12 INVENTORIES

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

Raw Material	- At actual cost on FIFO basis
Packing Material	- At actual cost on FIFO basis
Promotional Material	- At actual cost on FIFO basis
Finished Goods	- At the cost of raw materials, packing materials, a proportionate share of fixed and variable production overheads incurred in bringing the inventories to their present location and condition

2.13 EMPLOYMENT BENEFITS

Short term employment benefits

- A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
- Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date.








2.14 TAXATION

Current tax

Income Tax

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to company:

Income from Manufacturing and sale of goods: 20% (2081/82: 20%)

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

The principal temporary difference arises from depreciation of fixed assets and carry forward of losses.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.15 PROVISIONS, CONTINGENCIES AND COMMITMENTS

- i. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and discounted at pre-tax rate reflecting current market assessments of the time value of the money and the risk specific to the liability. These are reviewed at each year end date and adjusted to reflect the best current estimates.
- ii. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed with the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amounts cannot be made. No contingent asset is recognized but disclosed by way of notes to accounts.
- iii. Large Taxpayers Office has issued ammended tax assessment letter u/s 101 to the company for FY 2074/75. The company has filed writ in Supreme Court against the order and thus stay order has been received from Supreme Court.



2.16 FINANCIAL INSTRUMENTS

Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent Measurement: For purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit or loss, or recognized in other comprehensive income. A financial asset that meets the following two conditions is measured at amortized cost.

- Business Model Test: The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.
- A financial asset that meets the following two conditions is measured at fair value through Other Comprehensive Income (OCI).
- Business Model Test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

During the year, the Board of Directors meeting held on Ashadh 2082 reviewed the status of outstanding trade receivables and advances. Based on the assessment presented by management, the Board concluded that certain balances were no longer recoverable due to prolonged overdue status, non-responsiveness of parties, and absence of any realistic prospect of recovery. Accordingly, the Board resolved to recognize an impairment loss on such financial assets amounting to NPR. 12,053,604.

Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss.

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[Circular stamp: & B. Associates Chartered Accountants]

2.17 LEASES

NFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

2.18 REVENUE RECOGNITION

The following specific criteria are used for the purpose of recognition of revenue.

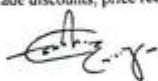
Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have transferred to the buyer, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Significant risk and rewards of ownership is transferred upon the products leaving the carrying and Forwarding Agent (C&FA) and/or factory and/or establishment from which the products are being sold. However, for ensuring more efficient transportation of products, the company at the request of the customer

for economies on freight, has arranged transportation for delivery of the products to the premises of the customer. In such event, it is agreed with the customer that the title to the products shall be deemed to have passed on to the customer upon delivery of the products by the company to the transporter, and this date shall be the date of delivery of the products being sold at ex-depot.

Sales are recognized net of trade discounts, price reduction, and indirect coverage subsidy, rebates, Incentives, sales taxes and excise duties.



BHUGARBHA CEMENT LIMITED
Kathmandu, Nepal

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Building	CWIP	ROU Assets	Furniture & Fixtures	Office Equipment	Vehicle	Leasehold Improvements	Plant & Machinery	Total
Year ended Ashad 31, 2081 (July 15, 2024)										
Gross Carrying Amount										
Opening Gross Carrying Amount	121,950,000	5,584,513	225,920,808	6,416,644	3,306,933	13,024,622	28,693,203	3,366,189	798,243,496	1,296,028,429
Additions	-	-	-	-	460,225	8,616,576	1,425,090	36,300	-	71,495,726
- Externally Acquired	-	-	-	-	-	-	-	-	-	-
- Capitalization of Borrowing Cost	-	-	60,917,629	-	-	-	-	-	-	-
Withdrawals and Adjustments	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	121,950,000	5,584,513	286,838,437	6,416,644	3,767,178	21,641,198	30,118,293	3,402,489	798,243,496	1,277,982,759
Accumulated Depreciation										
Opening Accumulated Depreciation	-	647,003	-	1,430,365	1,072,054	2,645,198	9,042,546	319,666	296,599,033	311,756,306
Depreciation charge for the year	-	121,438	5,650,292	1,430,365	195,582	797,035	1,672,834.73	229,443.85	37,623,335	47,723,245
Withdrawals and Adjustments	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation	-	778,441	5,650,292	2,860,731	1,267,636	3,442,233	10,715,481	549,119	334,222,368	399,479,253
Net Carrying Amount as on Ashad 31, 2081 (July 15, 2024)	121,950,000	4,814,072.21	281,187,646	3,555,913	2,499,542	18,198,765	19,402,722	2,853,040	464,021,127	918,502,906
Year ended Ashad 31, 2082 (July 16, 2025)										
Gross Carrying Amount										
Opening Gross Carrying Amount	121,950,000	292,422,951	-	6,416,644	3,287,178	21,641,198	30,118,203	3,402,489	798,243,496	1,277,982,759
Additions	-	109,204,492	-	-	235,031	832,599	3,200,000	-	15,369,559	128,861,682
- Externally Acquired	-	-	-	-	-	-	-	-	-	-
- Capitalization of Borrowing Cost	-	-	-	-	-	-	-	-	-	-
Withdrawals and Disposal	-	-	-	-	-	-	1,425,000	-	-	1,425,000
Closing Gross Carrying Amount	121,950,000	401,627,442	-	6,416,644	4,002,209	22,493,797	31,893,203	3,402,489	813,613,055	1,406,418,642
Accumulated Depreciation										
Opening Accumulated Depreciation	-	6,421,233	-	2,860,731	1,267,556	3,442,433	10,715,481	549,119	334,222,368	399,479,253
Depreciation charge for the year	-	7,651,605	-	1,430,365	190,739	1,403,324	1,495,344	213,978	34,830,640	47,236,378
Withdrawals and Disposal	-	-	-	-	-	-	100,652	-	-	100,652
Closing Accumulated Depreciation	-	14,072,838	-	4,291,096	1,458,295	4,845,757	12,199,833	763,127	369,073,009	406,818,444
Net Carrying Amount as on Ashad 31, 2082 (July 16, 2025)	121,950,000	387,554,604	-	2,145,548	2,543,914	17,648,040	19,703,270	2,639,362	444,540,046	909,600,298



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4 INTANGIBLE ASSETS

NPR

Particulars	Computer Software	Exploration & Evaluation Assets	Total
For the year ended 31 Ashadh, 2081			
Gross Carrying Amount			
Opening Gross Carrying Amount	318,000	457,278,615	457,596,615
Additions - Externally Acquired	560,000	398,662,900	399,222,900
Revaluation Surplus	-	-	-
Capitalization of Borrowing Cost	-	-	-
Withdrawals and Adjustments	-	-	-
Closing Gross Carrying Amount	878,000	855,941,515	856,819,515
Accumulated Amortization			
Opening Accumulated Amortization	200,829	36,955,175	37,156,004
Charge for the year	128,070	30,485,241	30,613,311
Withdrawals and Adjustments	-	-	-
Closing Accumulated Amortization	328,899	67,440,416	67,769,314
Carrying Amount as on Ashadh 31, 2081 (July 15, 2024)	549,101	788,501,099	789,050,201
For the year ended 32 Ashadh, 2082			
Gross Carrying Amount			
Opening Gross Carrying Amount	878,000	855,941,515	856,819,515
Additions - Externally Acquired	6,653	-	6,653
Revaluation Surplus	-	-	-
Capitalization of Borrowing Cost	-	-	-
Withdrawals and Adjustments	-	-	-
Closing Gross Carrying Amount	884,653	855,941,515	856,826,168
Accumulated Amortization			
Opening Accumulated Amortization	328,899	67,440,416	67,769,314
Charge for the year	110,455	30,485,241	30,595,696
Withdrawals and Adjustments	-	-	-
Closing Accumulated Amortization	439,353	97,925,657	98,365,010
Net Carrying Amount as on Ashadh 32, 2082 (July 16, 2025)	445,300	758,015,858	758,461,158

During the fiscal year 2079-80, the excavation capacity of the company's limestone mines was enhanced from 800 MT to 3200 MT per day. This operational improvement triggered a revaluation of the mine assets, resulting in an increase in asset value from NPR 227,625,977 to NPR 457,278,615. The revaluation resulted in a revaluation surplus of NPR 229,652,638 which was directly transferred to the equity of the company. For the fiscal year 2080-81 & 2081-82, amortization has been calculated on the revalued asset. The portion of amortization attributable to the revalued amount, amounting to NPR 15,310,176, has been transferred to Reserves and Surplus from Revaluation Reserve. This approach ensures that the impact of the revaluation is reflected within the equity section without affecting the company's equity. In line with the accounting standards, this adjustment maintains the original cost basis for depreciation calculation within the income statement, while isolating the effects of revaluation in equity. This method upholds prudence and transparency in financial reporting, providing a clearer view of both asset valuation and profitability.









BHUGARBHA CEMENT LIMITED
Kathmandu, Nepal

Schedules forming part of Financial Statements

5 INVESTMENTS

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Investment in Unlisted Shares	10,000,000	10,000,000
Total	10,000,000	10,000,000

6 INVENTORIES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Raw materials	642,303,217	362,249,925
Finished goods		
Total	642,303,217	362,249,925

7 TRADE RECEIVABLES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Trade & Other Receivables	751,289,383	1,469,808,572
Total	751,289,383	1,469,808,572

8 CASH & CASH EQUIVALENTS

Cash and cash equivalents include deposits account balances

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Cash	318,144	345,810
Balance with banks	6,998,439	10,633,567
Total	7,316,583	10,979,377

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OTHER FINANCIAL ASSETS

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Non current		
Deposits	1,150,000	750,000
Sub Total	1,150,000	750,000
Current		
LC Margin	35,862,000	23,900,000
Guarantee Margin	300,000	300,000
Sub Total	36,162,000	24,200,000
Total	37,312,000	24,950,000

10 OTHER CURRENT ASSETS

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Value added tax	9,570,899	3,000,749
Advance to employees	4,041,798	13,523,910
Trade and Other Advances	227,410,506	256,454,934
Advance to Suppliers	9,076,936	7,495,997
Prepayments:		
Advance Income Tax	-	3,844,971
Insurance Expenses	758,075	450,736
Internet	14,019	24,324
Prepaid Renewal Charge	6,602	6,602
Total	250,878,834	284,802,222

11 EQUITY SHARE CAPITAL

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Authorised		
63,12,500 nos. of ordinary shares of NPR. 100 each	631,250,000	631,250,000
Issued		
5,050,000 nos. of ordinary shares of NPR. 100 each	505,000,000	505,000,000
Subscribed and paid up		
5,050,000 nos. of ordinary shares of NPR. 100 each	505,000,000	505,000,000
Total	505,000,000	505,000,000

The company's registered share capital structure is as follows:

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Authorized capital	631,250,000	631,250,000
Issued capital	505,000,000	505,000,000
Paid up capital	505,000,000	505,000,000

12 OTHER EQUITY

12.1 Advance for share capital

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Advance against share capital	-	-
Total	-	-







BORROWING

The details of Borrowings is given below:

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Long term borrowings		
Term Loan (A)		
Term loan	748,855,154	915,750,816
Hire Purchase Loan (B)		
Hire Purchase Loan	1,801,813	3,637,018
Permanent Working Capital Loan (C)		
Permanent Working Capital Loan	591,033,078	609,577,876
Sub total (A+B+C)	1,341,690,045	1,528,965,709
Short term borrowings		
Short Term loan	254,920,000	455,095,000
Terminating Short Term Loan	24,611,601	52,453,738
Sub total	279,531,601	507,548,738
Total	1,621,221,646	2,036,514,447

14

TRADE PAYABLES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Non Current		
Non current Creditor- Mine	376,662,900	376,662,900
Total	376,662,900	376,662,900
Current		
Sundry creditors	469,425,341	529,943,802
Audit fees payable	295,500	295,500
Salary payable	1,924,137	1,623,081
Social Security Fund Payable	80,700	-
Reverse VAT payable	69,355	-
Lease Liability under NFRS 16	2,291,682	3,929,735
Other Payable	131,016,920	87,396,826
Total	605,103,636	623,188,944
Grand Total	981,766,536	999,851,844

15

PROVISION & OTHER CURRENT LIABILITIES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Provision for Staff Bonus	3,836,200	21,147,090
Provision for CSR	1,274,687	1,522,563
Provision for Income Tax	0	3,828,199
Advance from customers	44,737,899	37,495,980
Interest Payable	-	1,414,323
TDS payable	12,574,148	11,158,662
Excise duty payable	3,214,293	2,620,245
Expense Payable	-	-
Total	65,637,227	79,187,062










REVENUE FROM OPERATION

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Sale of goods	1,709,189,351	1,487,015,383
Less: Sales Return	39,378,092	96,670,788
Total	1,669,811,259	1,390,344,595

17 COST OF MATERIALS CONSUMED

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Opening Stock	362,249,925	237,165,928
Add: Purchase	1,563,520,192	993,319,432
Less: Purchase return	58,825,597	614,280
Less: Closing Stock	642,303,217	362,249,925
Total	1,224,641,303	867,621,155

18 MANUFACTURING & OTHER DIRECT COST

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Wages	15,098,580	4,193,977
Electricity And Fuel Expenses	66,756,802	28,741,074
Employee Benefit Expenses (refer note 26)	19,675,243	17,210,344
Factory Expenses	152,791	-
Electricals Expenses	876,023	112,304
Clearing Charges	256,500	6,600
Excise Duty	1,460,335	913,308
Factory Consumables	12,053,840	1,012,155
Fire Insurance Premium	2,228,385	2,734,931
Repair And Maintenance Expenses	3,588,291	3,333,990
Royalty Expenses	22,746,661	15,490,336
Security Expenses	2,165,903	2,093,001
Transportation	626,266	4,747,502
Loading and unloading expenses	19,500	16,800
Oil and lubricant	822,395	334,427
Lab Consumable	1,381,085	2,925
Total	149,908,600	80,943,673

19 OTHER INCOME

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Other Income	6,602,931	45,150
Claim Income	630,000	37,430,000
Other Revenue	-	82,145,835
Discount Income	72,704	-
Gain on Disposal of Fixed Assets	2,741,185	-
Total	10,046,820	119,620,985

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SELLING & DISTRIBUTION EXPENSES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Donation	97,000	200,069
Discount	42,396	18,850
Employee Benefit Expenses (refer note 26)	4,216,123	3,687,931
Business Promotion	1,824,180	193,228
Marketing And Advertising Expenses	907,103	349,668
Recovery Expenses	26,000	-
Marketing Allowance	1,162,905	435,274
Sales Commission	60,400	10,893,654
Impairment on Financial Assets	12,053,604	-
Travelling Expenses	1,783,625	385,508
Courier Expenses	41,687	15,440
Total	22,215,024	16,179,622

21 ADMINISTRATIVE EXPENSES

Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Audit Fees	300,000	300,000
Agency fee	500,000	500,000
Board Meeting Allowance	300,000	-
Employee Benefit Expenses (refer note 26)	4,216,123	3,687,931
Consultancy fee	1,256,765	1,983,850
Cleaning And Suppliers	19,374	-
Incentive	20,790	-
Fines and Penalties	2,003,115	-
IPO related expenses	45,000	-
Legal & professional fees	428,261	283,525
Lodging & fooding expenses	3,020,047	434,219
Refreshment & Hospitality Expenses	518,789	182,389
Customer Complaint Expenses	105,125	142,000
Nta Certificaton Fee	35,000	-
Recruitment Expense	15,000	-
Insurance Premium	452,246	52,732
Office Expenses	1,405,368	579,608
Social Security Fund Contribution	205,616	-
Printing & Stationery	462,400	335,567
Repair & Maintenance	203,989	1,300
Renewal Charge	1,234,059	435,300
Rent Vehicle	444,881	449,750
Prior Period Expenses	1,338,377	536,961
Internet & Communication Expenses	435,323	377,265
Medicine Expenses	359,965	18,010
Staff welfare	465,254	7,950
Total	19,790,868	10,308,357







FINANCE INCOME		
Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Bank interest	-	41,415
Interest Waiver	-	1,492,625
Total	-	1,534,040

23 FINANCE COST		
Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Bank charges	1,788,065	1,060,048
Interest	144,047,686	234,695,098
CICL Expense	4,200	-
Lc Document Charge	762,417	8,972,321
Facility Service Charge	-	58,933
Processing Charge	-	976,734
Finance Cost under NFRS 16	421,147	577,573
Loan management fee	-	298,650
Total	147,023,515	246,639,356

24 INCOME TAXES		
Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Current Tax		
Current Income tax	-	-
Deferred Tax (Credits)/ Charge		
Origination & Reversal of temporary difference	(963,561)	(46,631,236)
Adjustments/ (Credits) relating to the previous year	-	-
	963,561	46,631,236
Income tax expense/ (credit) recognized in the statement of profit or loss	963,561	46,631,236

25 EARNING PER SHARE		
Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Profit / (Loss) for the year	31,984,750	137,010,969
Weighted average number of equity shares outstanding	5,050,000	5,050,000
Earning per share - Basic(Face value of Rs. 100 per share)	6.33	27.13
Add: weighted average number of potential equity share	-	-
Weighted average number of equity shares (including dilutive shares) outstanding	5,050,000	5,050,000
Earning per share - Diluted(Face value of Rs. 100 per share)	6.33	27.13

26 EMPLOYEE BENEFIT EXPENSES		
Particulars	2082.03.32	2081.03.31
	2025.07.16	2024.07.15
Manufacturing Department	19,675,243	17,210,344
Selling & Distributing Department	4,216,123	3,687,931
Administrative Department	4,216,123	3,687,931
Total	28,107,489	24,586,206



BRUHARHA CEMENT UDHYOG PRIVATE LIMITED
Kathmandu, Nepal

NOTES TO THE FINANCIAL STATEMENTS

17. Deferred Tax

Item	2080/81			2081/82				
	Carrying Amount	Tax Base	Taxable/(Deductible) Temporary Difference	Deferred Tax Assets/(Liability)	Carrying Amount	Tax Base	Taxable/(Deductible) Temporary Difference	Deferred Tax Assets (Liability)
Fixed assets	1,585,603,109	940,561,332	645,041,776.71	(129,608,355)	1,635,313,554	1,007,468,427	627,845,127.01	(125,569,825)
Unpaid tax losses/ Credits			(87,301,394.85)	19,428,279			(72,795,259.04)	14,559,852
Lease Liability					(2,291,652)		(2,291,681,709)	498,276
Deferred Tax Assets/(Liability) arising from items charged to Profit and Loss				(109,888,076)				(118,551,637)
(Opening) Deferred Tax Assets/(Liability)				(62,956,849)				(199,588,876)
Deferred Tax Income/(Expenses) charged to Profit and Loss				(46,631,236)				(963,543)

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The company's business activities expose it to variety of financial risks, namely primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The company's Board and senior management has overall responsibility for the establishment and oversight of the company's risk management. The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management is done by the company's management that provides assurance that the company's financial risk activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with the company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risk which are summarized below:

Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy from time to time.

Liquidity Risk

Liquidity risk is the risk that the company will face in meeting its obligation associated with its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained negative operating cash flow could create potential business continuity risk. In order to control liquidity risk and for better working capital management, BCUPL has made arrangement adequate level of OD facility for short term financing. The company's finance department regularly monitors the cash position to ensure that it has sufficient cash on-going basis to meet operational needs.

29

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

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The assessment of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or whether the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether the contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified. The Company has right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: The Company has the right to operate the asset; or The Company designed the asset in a way that predetermines how and for what purpose it will be used. The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right to use of assets is the present value of the total lease payments up to the contract date from the start of contract inclusive of any increments on the payment of the rent. The present value has been derived using the discount rate equal to the interest rate of Employee Provident Fund. The Company has applied cost model after initial recognition on commencement date and subsequent measurement. The Company has measured the right-of-use asset at cost:

- a. Less accumulated depreciation and accumulated impairment and
- b. Adjusted for any remeasurement of lease liabilities if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's interest rate of Employee Provident Fund. Generally, the Company uses its interest rate of Loan from Employee Provident Fund as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Short term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases (that have a lease term of 12 months or less) and leases of low value assets. The Company recognizes lease payments associated with these leases as an expense on a straight line basis over the lease term.

Explanatory Notes

The Company has recognized a right of use of asset and lease liability as per NFRS 16 Leases. The right to use of assets and lease liability is the present value of the total lease payments up to the contract date from the start of contract inclusive of any increments on the payment of the rent. The right to use of assets is depreciated over the lease term on straight line basis. The lease liability is amortised over the lease term. As required by Para 53 of disclosure part of NFRS 16 Leases, following amounts shall be disclosed about the leases of the company and the maturity analysis of lease liability is shown as below.

	NRs.	
	Right to Use of Assets	Leased Liabilities
Opening 1st Shrawan 2081	3,575,913	3,929,735
Less: Depreciation on ROU Assets	1,430,365	421,147
Add: Interest Cost		2,059,200
Less: Total cash outflow of lease		-
Add: Prior Period Adjustment		-
Balance 32nd Ashad 2082	2,145,548	2,291,681

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RELATED PARTY DISCLOSURE

Relationship	Related Parties
Subsidiaries	Bhugarbha Investment Pvt. Ltd.
Company with common directors	Baniya Nirman Sewa Pvt. Ltd. Uma and Company Pvt. Ltd.

Those Charged with governance

The following expenses are incurred for those charged with governance of BCU:

S.N.	Name	Relation
1	Nandi Keshar Paudel	Chairman
2	Deepak Raj Giri	Managing Director
3	Hom Prasad Chaulagain	Director
4	Rishi Raj Baniya	Director
5	Mahendra Bahadur Rawal	Director

b) Key Management Personnel Compensations

Particulars	Related Parties
Short-term employee benefits	8,084,229.23

Further the detail of transaction of the company where directors are involved are as below:

S.N	Name of director	Closing receivable	Closing payable
1	Baniya Nirman Sewa Pvt. Ltd.	47,540,045	-
2	Bhugarbha Investment Pvt. Ltd.	15,053,596	-
3	Indra Bahadur Baniya	12,770,249	-
4	Dikshyant Baniya	35,716,000	-
5	Rishi Raj Baniya	948,000	-
6	Nandi Keshar Poudyal	1,176,496	-
7	Hom Prasad Chaulagain	1,386,285	-
8	Mahendra Bahadur Rawal	812,066	-
	Total	115,402,736	-



