



Bhutan Board
Products
Limited

2024

Annual REPORT

HO, Phuentsholing
Board Factory: Darla
RTAF Factory: Pasakha
Furniture Showroom: Phuentsholing -
Thimphu

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1. YEAR IN REVIEW



1.1.. FROM THE DESK OF MANAGING DIRECTOR

As I reflect on the journey of Bhutan Board Products Limited (BBPL) through 2024, I am both humbled and inspired by the resilience and determination that have defined our path. This year presented an array of challenges from geopolitical disruptions in India and Bangladesh to intensified market competition and internal operational hurdles. Yet, amidst these adversities, BBPL has not only endured but also laid the groundwork for a stronger, more innovative future.

The volatile external environment, marked by India's general elections and political instability in Bangladesh, significantly impacted our export-driven operations, which account for 79% of our business. Coupled with domestic challenges such as a sluggish construction sector and rising input costs, these factors tested our agility. Internally, aging infrastructure at our Darla Board Factory led to production setbacks, while competition from MDF, plywood, and particleboard manufacturers intensified. Despite these headwinds, BBPL achieved a modest net profit of Nu. 4.88 million, a testament to our strategic interventions and unwavering commitment to excellence. Our financial performance, while falling short of expectations with total operational revenue of Nu. 287.98 million, showcased pockets of strength. Furniture sales exceeded projections by 110.58%, reaching Nu. 52.64 million, driven by strategic wins such as large-scale school furniture projects and wardrobe supplies to Gyalsung Academies. Particleboard sales, though impacted by export challenges, remained the backbone of our revenue at Nu. 215.86 million. These results underscore our ability to pivot and capitalize on domestic opportunities while navigating export market constraints.

Operationally, we faced a 10.49% decline in raw board production and a 7.20% drop in laminated board output due to increased downtime and raw material shortages. However, our furniture production surged, reflecting our focus on capturing the high-margin domestic market. Our forestry operations also made strides, leveraging scientific thinning to secure cost-effective raw materials and reducing reliance on private forests, aligning with our sustainability goals.

Looking ahead, we are poised to transform challenges into opportunities. Our strategic roadmap includes securing BIS certification to strengthen our position in the Indian export market, upgrading critical machinery to enhance production reliability, and expanding our furniture portfolio through bold B2B and B2C initiatives. We are also exploring diversification into shuttering ply to tap into the growing construction sector and introducing premium particleboard variants to counter competitive pressures. These efforts, coupled with prudent cost management and a focus on sustainability, will drive long-term growth and profitability.

With optimism and resolve, I look forward to a transformative 2025, as we continue to build a resilient, future-ready BBPL that delivers value to all stakeholders.

With warm regards,

Sherab Namgay
Managing Director

1.2 About the Company

About BBPL

1. Background

The company was incorporated under the Companies Act in 1983 as one of the largest manufacturing units in Bhutan. The Tala factory was operationalized in 1988 and the Pasakha Furniture Factory was operationalized in 1991.

Bhutan Board Products Limited (BBPL) is a DHI linked Company. It was established with primary mandate of value addition to scarce forest resources, as a Joint Venture Undertaking between Royal Government of Bhutan and private promoter Company, M/s H& K Co., on the basis of 80:20 ownership.

2. Share Capital

S/N	Particulars	No. of Shares	Value (in Nu.)	%
1	Authorized Capital	-	150,000,000.00	-
2	Face Value of each share	-	10.00	-
3	Total No. of Shares issued	14,000,140	140,001,400.00	
4	Shares of Druk Holding and Investments (DHI)	6,683,340	66,833,400.00	47.7
5	Shares of Financial Institutions:			
(a)	Bank of Bhutan (BOB)	1,724,000	17,240,000.00	12.3
(b)	Royal Insurance Corporation of Bhutan (RICB)	118,300	1,183,000.00	0.8
(c)	Bhutan National Bank (BNB)	14,000	140,000.00	0.1
6	Shares of Zhung Dratshang	829,500	8,295,000.00	5.9
7	Shares owned by Hing & Kong Company (H&K Co)	480,000	4,800,000.00	3.4
8	Shares owned by others			
(a)	Royal Bhutan Army	294,000.00	2,940,000.00	2.1
(b)	Shares owned by the BBPL Employees.	11,500.00	115,000.00	0.1
(c)	Shares owned by the private individuals.	3,845,500.00	38,455,000.00	27.5
		14,000,140.00	140,001,400.00	100.0

3. Factories

The Particle Board Factory in Darla is equipped with sophisticated machineries imported from SIEMPELKAMP, Germany. The Plant consumes raw wood extracted from forest land leased to the Company as the primary raw material to produce medium density (graded) plain particleboards and pre-laminated particleboards conforming to German DIN. The products are also certified by Bhutan Standards Bureau.

BBPL's Furniture Factory is located at Balujhora, Pasakha about 15 Kms away from Phuentsholing. The Unit produces two ranges of furniture prefabricated from particleboards- Home and Office range with knockdown features and hardware imported from Malaysia and Singapore. The furniture is designed on machinery and equipment from BIESSE, Italy.

4. Human Resources

The company currently employs 274 people with bulk of the employees being skilled but primary and secondary education. Except for two employees in the export market, rest of the employees are Bhutanese.

The company currently engages about 19 contractors, including wood raw material suppliers, firewood transporters and 6 machine operators to extract firewood from the plantation areas managed by the company, executing works worth Nu.32.20 million during the year.

5. Key Markets

The two primary finished products - Particleboards and Furniture- are marketed mostly in India (about 85%) and the balance 15% in the local market of Bhutan.

6. Other projects

The company's foray into timber extraction and supply, along with its diversified revenue streams in organic manure production, tree sapling sales and exemplifies its commitment to sustainable business practices and environmental stewardship. Through these strategic initiatives, the company not only aims to enhance its revenue but also contributes to forest conservation, soil fertility enhancement, and sustainable development goals. By aligning its business activities with societal and environmental needs, the company positions itself as a responsible corporate entity driving positive change in the community.

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Board Directors visit to thinning site at Chanachen, Gelling Geog

1.3 Board Directors



MR. UGYEN PENJORE
Chairman



Mr. Ugyen Penjore has a Bachelor Degree in Science from University of Adelaide, West Australia and a Master Degree in the same discipline from Cranfield University, United Kingdom. He joined Ministry of Agriculture and Forests as Assistant Research Officer in April 1992. He served as Director, Department of Cottage and Small Industry, Ministry of Economic Affairs from July 2011 till July 2016. Prior to his current position, he served as the Director General in Department of Agriculture Marketing and Co-operatives, Ministry of Agriculture and Forests. Currently, he is the Director General, Competition and Consumer Affairs Authority under the Ministry of Industry, Commerce and Employment. He has long year of experience as board directors in several agencies.

Mr. Ugyen Penjore serves as the Chairman on BBPL Board.

MRS. KARMA CHODEN
Board Director

Ms. Karma Choden is the General Counsel of Druk Holding and Investments Limited. She earned her LL.M from Queensland University of Technology from Brisbane, Australia in July 2010 and Post Graduate Diploma in National Laws from Royal Institute of Management, Semtokha in June 2006. She completed her B.A,LLB(Honors), from Govt. Law College, Mumbai.

She serves as non-executive director on the board.



MR. PHUNTSHO RABSEL DORJI
Board Director



Mr. Phuntsho Rabsel Dorji works for the Gelephu Mindfulness City project under His Majesty's Secretariat. He was previously an entrepreneur and consultant with interests in social entrepreneurship, education, and tourism. He is passionate about the issues around Bhutan's transformation and arrival on the global stage, including the development of entrepreneurship education, advancement of emerging technologies, and the creation of new industries. He has a Bachelor's Degree from St. Stephen's College in India, and an MBA from the University of Geneva in Switzerland.

He serves as non-executive director on the board.

DR. DAMBER S KHARKA
Board Director



Dr. Damber S Kharka has a PhD in Financial Economics. Prior to his current position, he served for 13 years at DHI as the Director of Corporate Performance Department, and Royal Institute of Management (RIM) for 19 years as a faculty member. He is an economist by profession and a certified trainer in Corporate Governance and several other management disciplines. He has long years of experience as board director in several companies across industries in Bhutan and has significantly contributed to the growth of the companies.

He serves as the Independent Director on BBPL Board.

MR. PAYMA JUMTSO WANGCHUK
Board Director

An IT professional by trade and over 15 years of diverse experience, he worked in the private sector, corporations and own entrepreneurial ventures from 2008. He has experiences in various roles, spanning from application development, ERP implementation, project management and leadership positions. He is currently working in Gerab Nyed-Yon Limited as Senior Analyst.

He serves as non-executive director on the board.



MR. DRUYANG DORJI
Board Director



Mr. Druyang Dorji works in a family business, M/S Shangrila Enterprise, which is one of the biggest cold stores set ups in the country, from 2006. He also serves as a Director on board of M/s Shangri-La Enterprise Private Limited and now heads a new FDI Project, M/s Thai Bhutan Biotech Project for production of medicinal mushrooms and manufacture of medicinal mushroom products.

He serves as the non-independent director on BBPL Board.

MR. SHERAB NAMGAY
Managing Director



Mr. Sherab Namgay is the Managing Director of the Company. He obtained his Master of Business Administration (MBA) from Curtin University, Australia and Bachelor's Degree in Economics from PSG College of Arts and Science, India. He is a Certified Balanced Scorecard Professional focused in strategy formulation and execution from Balanced Scorecard Institute, USA.

Prior to joining BBPL, Mr. Namgay worked as the Associate Director at Druk Holding and Investments. In the past, he served on the board of multiple companies like BPC, CDCL, DCCL, DPL, ABHL and DML and participated extensively in various Board Committees. He also served in the Office of Performance Management, His Majesty's Secretariat for three years from 2015-2017.

He serves as the Executive Director on the board of BBPL.

1.4 Management Team

Management Team





**BHUTAN
BOARD**

SINCE 1983

BOARD DIRECTORS
visit to BBPL Showroom in Phuentsholing

2. DIRECTOR'S REPORT

DIRECTORS' REPORT 2024

Dear Shareholders,

I am honored to present the Directors' Report for the Financial Year 2024.

Performance and Operations Highlights

Fiscal Year 2024 posed significant challenges for BBPL, testing the company's resilience in an increasingly volatile market. As an export-driven business with 79% of operations reliant on external trade, BBPL faced severe disruptions stemming from India's general elections and Bangladesh's political instability. These external upheavals created an unfavorable economic climate, sending shockwaves through the company's revenue streams and profitability, factors beyond our control yet profoundly affecting our operations.

Compounding these external pressures were internal hurdles, including production setbacks due to aging infrastructure and outdated machinery, alongside surging raw material and input costs. Meanwhile, intensified competition in the export market from MDF, plywood, and local particleboard manufacturers, offering superior pricing and diversified product options, further strained the company's market position. Domestically, a slump in the construction industry dampened particleboard sales, while imported furniture added to the competitive landscape in the furniture segment.

Despite these formidable challenges, BBPL demonstrated resilience, securing a modest profit through timely and strategic interventions. This period of adversity underscores the necessity of continuous innovation and adaptability - key drivers for sustaining growth and maintaining a competitive edge in an evolving market.

Financial Highlights

In 2024, the company's total operational revenue stood at Nu. 287.98 million, reflecting a shortfall of 26.57% against the budgeted Nu. 392.18 million. Board sales contributed Nu. 215.86 million, falling short of the budgeted Nu. 270.00 million by 20.05%. Conversely, furniture sales significantly outperformed projections, reaching Nu. 52.64 million, exceeding the budgeted figure by 110.58%. However, timber sales remained substantially below expectations at Nu. 13.68 million, compared to the budgeted Nu. 93.18 million. Other revenue streams, including manure sales, nursery sapling sales, miscellaneous sales, and rental income, totaled Nu. 5.79 million, surpassing the budgeted Nu. 4.02 million. Despite these challenges, the company achieved a net profit from continuing operations of Nu. 4.88 million, falling short of the budgeted Nu. 19.05 million after tax.

As of December 31, 2024, the company's total assets stood at Nu. 1,270.68 million, financed through Nu. 1,054.49 million in equity and Nu. 172.16 million in debt. The net worth increased by Nu. 261.39 million, primarily due to the revaluation of biological assets.

Production Highlights

1. Particle Board Production:

In 2024, the production of raw boards declined, with 170,322 sheets produced, marking a decrease of 10.49% compared to the previous year. Similarly, the production of laminated boards totaled

143,683 sheets, a decrease of 7.20% from the prior year. This reduction in production can be attributed to an increase in downtime, which rose from 5,281.10 hours to 5,572.25 hours. The downtime was caused by disruptions in export market dispatches due to India's general election, as well as shortages of firewood raw materials, spare parts, and other key raw materials.

The specific production figures for the Darla Board Factory are:

S/N	Particulars	2024	2023	Remarks
1	Raw Board (in pcs)	170,322	188,184	(10.49%)
2	Laminated boards (in pcs)	143,683	154,020	(7.20%)
3	Plant Capacity utilization - Laminated (%)	64.94	41.29	23.65%
4	Total Down time (in hrs)	5,572.25	5,281.1	(5.22%)

2. Furniture Production:

In 2024, the Pasakha RTAF factory made significant progress in furniture production, completing a total of 9,094 sets. Of these, 8,781 sets were categorized as standard furniture, reflecting a substantial increase of 44.26% compared to the previous year. However, the production of customized furniture saw a sharp decline of 280%, with only 313 sets produced, mainly because of the change in the definition of customized and standard furniture.

Below are the production figures for 2024 in comparison to the preceding year:

S/N	Particulars	2024	2023	Remarks
1	Standard furniture	8,781	4,894	44.26%
2	Customized furniture	313	1,191	(280%)

The surge in total furniture production in 2024 was fueled by strategic breakthroughs, including large-scale school furniture refurbishment projects, substantial deliveries of tables and chairs to schools under Phuentsholing Thromde, and the successful supply of wardrobes to Gyalsung Academies, achieved after rigorous price negotiations and stringent quality approvals.

Recognizing the immense potential of the domestic furniture market and its superior profit margins, the management has launched bold initiatives to solidify our market dominance. A landmark B2B Memorandum of Understanding was executed with key agencies, state-owned enterprises, and corporations, laying the groundwork for continued expansion in the coming year. This marks just the beginning of our relentless pursuit to broaden our furniture portfolio, seamlessly integrating it with our particleboard products to capture untapped market opportunities.

Our commitment to innovation remains steadfast. Through dedicated research and development, we continuously push design boundaries to align with evolving consumer preferences. A significant milestone was the successful development of locally manufactured kitchen cabinet prototypes and school furniture, reducing reliance on costly imports for our customers. This initiative not only drives revenue growth but also addresses a key customer pain point by offering high-quality, affordable kitchen cabinets, reinforcing our focus on value-driven solutions.

In the particle board segment, we continue to innovate, strengthening product durability with value-added features such as water, fire, and termite resistance. The company has successfully reclaimed its reputation as a high-quality particle board manufacturer with the shortest delivery timelines, a standing it had lost in both domestic and export markets in recent years.

Meanwhile, challenges persist in timber exports, a new segment that emerged following the Royal Government's introduction of scientific forest thinning. Issues such as low timber recovery and regulatory constraints under India's Plant Quarantine Order have posed obstacles. Despite these challenges, the company generated Nu.13.68 million in business during the year. Notably, the scientific thinning initiative has significantly benefited the company by providing lops and tops as raw materials for particle board production.

With these, BBPL is not just navigating the market, but we are reshaping it, turning challenges into catalysts for transformation and sustainable growth.

Sales And Collection Performance

BBPL prioritizes the marketing and sales of particleboards and furniture, recognizing them as fundamental to financial stability and long-term growth. While India remains the primary market for particleboard sales, domestic demand has been steadily rising, driven by increased use in partitioning, ceilings, and furniture manufacturing. Traditionally, the company has focused on selling Ready-to-Assemble Furniture (RTAF) within the domestic market, as design constraints and quality issues have limited its export potential.

Particleboards continue to dominate BBPL's revenue stream, accounting for 77% of total earnings, with RTAF contributing 17% and timber contributing 5%, and the remaining from other sources. Within the particleboard segment, exports generate 80% of the revenue, while domestic sales account for 20%. Beyond these core products, BBPL also derives additional income from timber sales, tree saplings, and organic manure.

To maintain steady cash flow and minimize the risk of bad debts, BBPL strictly follows a cash-and-carry policy, extending credit only to channel partners with a proven track record of financial reliability.

Below are the detailed sales and collection data:

S/N	Particulars	Description	2024 (in million)	2023 (in million)
1	Sales	Board	208.26	242.09
		Furniture	45.72	56.68
		Others	18.61	6.22
		Total	272.60	304.99
2	Collection	Board	181.14	234.55
		Furniture	45.52	43.11
		Others	12.55	6.22
		Total	239.21	283.88
		Collection Efficiency	87.75%	93%

The company continues to face significant challenges in India due to intensified competition from local producers. These competitors offer more attractive trade terms, including competitive pricing, discounts, and extended credit periods, while also engaging in price undercutting to expand their market share and achieve economies of scale. BBPL is on a continuous hunt to match the offerings, both financial and non-financial, of the competitors to stay afloat in the market.

Moving forward, the company remains focused on strategic measures to strengthen its market position, enhance product competitiveness, and mitigate external disruptions, through value addition and capturing domestic market.

Forestry Operations

To ensure a consistent supply of raw materials for the particleboard factory, the company's forestry operations team carefully manages plantations and leased state forests. However, recognizing the need for additional resources, the company thoughtfully supplements its inventory by sourcing from private forests, sawmills, and billet collections.

A significant breakthrough came through the scientific thinning exercise, which provided a sustainable supply of lops and tops at a lower cost, alleviating the raw material shortages. Additionally, the company has proactively explored alternative solutions, such as utilizing wood waste from veneering plants - an initiative that has shown promising results and is expected to bring substantial cost savings in the years ahead.

With an unwavering commitment to sustainability and efficiency, the management continues to refine and strengthen its sourcing strategies, ensuring a reliable and responsible supply of wood raw materials for the future.

Below is a breakdown of the raw material sources used by the company in 2024:

S/N	Source of Raw Materials	2024 (in MT)	2023 (in MT)
1	Leased State Reserve Forests including scientific thinning	7,948.26	5,162.15
3	Sawmill Off-cuts	37.02	2,037.56
4	Private land	7,025.88	9,414.06
5	Billet collection (Sanitization)	356.70	268.35
6.	Wood chips	-	72.85
		15,367.865	16,954.97

In 2024, there was a 10.34% decline in the supply of wood raw materials, totaling 1,587.11 metric tons (MT) compared to the previous year. Production of wood raw materials from leased state forests increased by 53.97% (2,786.13 metric tons), while the inflow from private forests decreased by 25% (2,388.18 metric tons). The increase in wood supply from leased state forests is attributed to the operation of the company's own plantation at Chongaykha, which yielded better results, supplemented by firewood raw materials from thinning exercises at Kawang and Chanachen. On the other hand, the procurement of sawmill offcuts dropped by 98% (2,000 metric tons) compared to the previous year, due to the decision of the management to replace them with hardwood varieties to improve yield and reduce wastage.

Meanwhile, the company regularized the lease of 2,249.25 hectares (5,555 acres) of its plantations, paying a lease rent of Nu. 1.084 million along with an equivalent amount in security deposits. The company's forestry sector raised 84,945 seedlings, an increase of 49,882 over the previous year, in its nursery, and established 40 acres of new forest in leased areas. This initiative aims to reduce dependency on private forest land for firewood raw materials in the long term and minimize costs.

Human Resources and Administration

The company places great importance on its human resources, recognizing them as invaluable assets essential to its success. While some employees may not have formal educational qualifications, the workforce consists of highly skilled and experienced professionals proficient in various operational areas.

Acknowledging this, the board and management implemented a generous salary revision, comprising a 30% increase in the current basic salary and a 20% fixed allowance on the minimum scale, effective January 2024. This decision aims to motivate employees and retain experienced personnel, especially in light of the recent salary revision for civil servants and corresponding adjustments for subsidiary and linked companies under DHI.

With the exception of two non-Bhutanese employees handling export-related operations in India, the entire workforce consists of Bhutanese nationals. The company takes pride in its Bhutanese team's expertise, particularly their ability to independently repair, maintain, modify, and fabricate critical components onsite at the old Darla factory.

The breakdown of the company's workforce is as follows:

S/N	Locations	2024	2023
1	Board factory	174	173
2	RTAF factory	25	18
3	Forestry sector	32	29
4	Head office	36	40
5	Thimphu Furniture Showroom	05	06
6	Zones	02	02
	Total	274	268

In 2024, the company witnessed a modest increase in its workforce, growing from 268 to 274 employees. This expansion was driven by the recruitment of additional staff for the board factory, forestry department, and furniture factory. While ensuring sufficient manpower to manage aging plant and machinery remained a priority, the company chose to fill vacancies with existing employees rather than further expanding its workforce.

With an average employee age of 40.77, the workforce maintains a mix of experienced professionals and younger talent. To mitigate potential position gaps arising from the retirement of senior employees in key roles, the company has implemented a structured succession planning strategy. The attrition rate remained remarkably low at 0.67%, largely due to the positive impact of salary revisions.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) in a particleboard manufacturing plant entails maintaining a good balance between economic, environmental, and social responsibilities. The company strongly prioritizes CSR, embedding it into its business operations to promote sustainable development. In 2024, the company implemented several key CSR initiatives, including:

- a. To minimize deforestation and prevent pest infestation, the company utilized wood waste from thinning operations at Kawang and Chanachen, along with off-cuts from sawmills and billets from sanitization. Additionally, plantations were carried out on 40 acres of leased land in Chukha Dzongkhag, contributing to a reduction in the company's carbon footprint.

- b. BBPL prioritized hiring of people from local communities to provide sustainable income. In 2024, the company engaged a total of 19 contractors, including wood raw material supply contractors, 1 wood raw material transporter, and 6 machine contractors. These contractors executed projects worth Nu.32.20 million during the year.
- c. The company remains committed to supporting local institutions, including Rabdeys, schools, and resource-limited agencies, by donating particle boards and old furniture for their social initiatives. In 2024, the company extended assistance to the Kidu Housing fire victims in Toorsa by providing in-kind contributions. This initiative has strengthened goodwill within the community and among stakeholders.
- d. The management and employees of the company actively engage in national and major religious events like National Day, Moenlam Chenmo and Kurims at Gedu/ Darla and Phuntsholing by contributing both financially and materially, thereby cementing their bond with the community.
- e. The company has been actively involved in the "Gedu Zero to Dungna Zero" initiative since 2019, periodically cleaning the 10km national highway by installing garbage bins in the area. Employees from the board factory and forestry at Darla undertake highway cleaning tasks every quarter

The company remains committed to prioritizing its responsibilities towards the community and strives to make a positive impact through its CSR initiatives.

Challenges

The Darla Board Factory, in operation for over 36 years, is facing several challenges. Frequent breakdowns due to aging machinery have reduced production capacity, while rising costs and long lead times for spare parts have further strained operations. Despite financial difficulties, the company has invested Nu. 33.84 million in spare parts and other essential machineries to restore the factories to working condition. Although concerns remain about the equipment's long-term reliability, breakdowns and technical issues have significantly decreased.

Firewood is a crucial raw material for the particleboard industry. The factory primarily depends on lops, tops, and off-cuts sourced from leased and private forests, thinning operations, and sawmills. However, fluctuations in supply and pricing, driven by government regulations, transportation costs, and fuel prices, directly affect production expenses and overall profitability. Additionally, India's export restrictions and the rising costs of essential chemical inputs have further limited the plant's production capacity.

Increasing environmental concerns due to aging machinery and stringent regulations on emissions and waste management present further obstacles. Ensuring compliance with sustainability standards and adopting eco-friendly production processes require substantial investments and technological upgrades.

Particleboard faces stiff competition from alternative materials such as plywood, medium-density fiberboard (MDF), and other engineered wood and PVC products. These substitutes often offer superior durability, making them more attractive for certain applications. Additionally, the particleboard industry saw significant capacity expansion, particularly in regions like Gujarat, Tamil Nadu, Karnataka and Maharashtra by key industry players. This surplus led to price reductions, challenging the company's ability to maintain profitability. Additionally, the ongoing political



instability in Bangladesh has not improved, affecting dispatches and resulting in negative impacts on sales and revenue.

The enforcement of BIS standards by the Government of India for prelaminated and plain particle boards as non-tariff barrier have weakened us badly, as competitors with existing certification were better equipped to meet market demand. This shift created increased competition, with distributors favoring certified domestic products to comply with the new regulations. The company is pursuing with the relevant regulatory agencies in India for this certification with the assistance of Department of Trade and Ministry of Foreign and External Trade.

Timber exports continue to face restrictions due to species and form limitations set by the Plant Quarantine Order of the Government of India. Additionally, low timber recovery from scientific thinning is increasing costs while reducing overall output, although the company profits from the operations. This challenge is further compounded by the selective marketing of trees and the reduced efficiency of aging cable cranes, which are operating at only 50% capacity.

To overcome these challenges, collaboration among stakeholders, including government bodies, regulatory authorities, shareholders, suppliers, distributors, and transporters is essential. By prioritizing sustainability, innovation, and strategic investments, BBPL can navigate these obstacles and achieve long-term growth and competitiveness.

Way forward

Despite facing various operational challenges in 2024, we remain optimistic about our future, bolstered by strong market opportunities and a robust infrastructure. Our board and management are confident in the organization's ability to overcome current hurdles and restore past success through the following strategic initiatives:

- Obtain the mandatory BIS certification for particle boards on priority to stay afloat in the export market. The certification, assuring quality of the boards is expected to help generate orders from the Govt. Agencies and Projects in export market, while also helping with price increase in the future when uncertified products are eliminated from the market.
- Focus on the aging particle board factory by replacing critical parts for long-term sustainability. The company will also reinvest in critical machinery and strengthen the furniture factory recognizing that the demand for sleek and modern design furniture has potential in the domestic market.
- Strengthen the B2B and B2C furniture business through collaborations with agencies/organizations to reach a wider audience. Recognizing its potential, the management has executed Memorandum of Understanding (MOU) with the head of agencies of various Corporations, SOEs and institutions. The management will pursue this direct marketing strategy aggressively.
- Pursue timber extraction from the current thinning site in Chanachen and leased forest at Chongaykha to capitalize on the vast timber market in India. Identification of a new thinning site is underway after the current operation at Chanachen is complete.
- Introduce premium shades of decorative papers with high grammage to attract premium buyers and fight competition from new manufacturers of particleboards in south India. The company will soon be experimenting 16mm boards to counter competitive pressure in the particle board market.

- Continue to manage costs prudently, recognizing the tight market conditions where any increase in internal inefficiencies cannot be passed on to customers due to fierce competition. Price wars among competitors necessitate judicious cost management to safeguard market share, revenue, and profitability.
- Prepare for future opportunities through diversification of business in shuttering ply aligning with increasing demand from the construction industry. Preliminary discussions are being held with manufacturers of high-quality shuttering ply. This will eventually provide knowledge and market understanding for the company to enter into this highly lucrative market segment through setting up of plant in Bhutan.

Acknowledgement

On behalf of the Board of Directors and the management team, we wish to express our heartfelt gratitude to all Ministries and Organizations that have provided invaluable support and assistance to our operations. Special appreciation is extended to Chhukha Dzongkhag, Divisional Forestry Office, Gedu, and local government officials for their steadfast support throughout our journey. The company extends its appreciation to Department of Trade, MOICE and Ministry of Foreign and External Trade for their steadfast support in securing necessary approvals for the company.

We also recognize the significant contributions of our channel partners and suppliers in Bhutan, India, and Bangladesh whose collaboration has been instrumental in our success. Our sincere thanks are extended to our financiers, notably Bank of Bhutan, for their unwavering support of our operations.

Furthermore, we extend our gratitude to the Registrar of Companies, Royal Securities Exchange of Bhutan, and our auditors for their commitment to fostering operational efficiencies and upholding the highest standards of corporate governance.

In conclusion, we reaffirm our commitment to professionalism and ethical standards in managing the company. We look forward to a successful and productive year ahead for all stakeholders involved.


(Ugyen Penjore)
CHAIRMAN



BBPL's Ready-to Assemble Furniture in Gyalsung Academies

3. CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Bhutan Board Products Limited has complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy of Druk Holding & Investments Limited (DHI) and other statutory requirements.

BOARD

1. Board Charter

The Board charter outlines the guidelines governing the operations of the Board of Directors, including their roles and responsibilities, and specifies the board's functions and powers to ensure that all members are fully informed of their duties. During board meetings, the Directors are actively engaged and participate in discussions, contributing their professional expertise and opinions.

Table 1: Board Members, 2024

The details of the Board Directors and their date of appointment are:

Name	Designation	Date of initial appointment	Date of re-appointment	Status	Term	Board on other Companies
Mr. Ugyen Penjore	Director General, Competition and Consumers Affairs Authority, MOICE	29.04.2024	-	Non-independent	First term	None
Ms Karma Choden	Associate Director, DHI	02.04.2024	-	Non-independent	First term	None
Dr. Damber S Kharka	Private Business	21.04.2020	28.03.2023	Independent	Reappointed	None
Mr. Phuntsho Rabsel Dorji	GMC, HMS	02.04.2024	-	Non-independent	First term	None
Mr. Payma J Wangchuk	Sr. Analyst Gerab Nyed-Yon Limited	15.03.2024	-	Non-independent	First term	None
Mr. Druyang Dorji	M/s: Shangrila Enterprise Phuentsholing	21.04.2021	28.03.2023	Non-independent	Reappointed	M/s Shangrila Private Limited
Mr. Sherab Namgay	Managing Director BBPL Phuentsholing	16.03.2021	16.03.2021	Executive	Second term	Royal Bhutan Lottery Limited

(2) Board Composition

The Board is composed of seven directors, one of whom is the Managing Director. DHI appoints three members, while two members are nominated by minority shareholders, and there is one independent director. All director appointments are approved during the general meetings.

(3) Board Meetings

Five Board Meetings were held in the year 2024, adhering to the quorum requirements and the minimum gaps between meetings as specified by the Companies Act of Bhutan 2016. The following are the dates of the meetings and the attendance records of the Directors:

(a) Dates of Board Meetings held in 2024

S/N	Board Meeting Dates	Board Meeting Nos
1	March 27,2024	166 th Board Meeting
2	April 12, 2024	167 th Board Meeting
3	July 15, 2024	168 th Board Meeting
4	October 18,2024	169 th Board Meeting
5	November 29, 2024	170 th Board Meeting

Attendance of Board Directors from 27th March 2024 till 29th November 2024.

S/ N	Board Directors	166	167	168	169	170	Remarks
1	Mr. Ugyen Penjore	N	N	Y	Y	Y	3/5
2	Ms Karma Choden	N	Y	Y	Y	Y	4/5
3	Mr. Phuntsho Rabtsel Dorji	N	Y	Y	N	N	2/5
4	Dr Damber S Kharka	Y	Y	Y	N	Y	4/5
5	Mr. Payma J Wangchuk	N	Y	Y	Y	Y	4/5
6	Mr. Druyang Dorji	Y	N	N	Y	Y	3/5
7	Mr. Sherab Namgay	Y	Y	Y	Y	Y	5/5

The Directors are sent meeting notices, usually at least five working days in advance, along with a comprehensive agenda and a full set of board papers containing adequate information about the topics to be discussed. The Company Secretary is responsible for accurately recording and securely maintaining all minutes of the Board meetings, including decisions made through circular passed resolutions.

BOARD AUDIT COMMITTEE

In 2024, the Board Audit Committee comprised two Non-Independent Directors and one Independent Director. To ensure the highest standards of corporate governance, an independent Director chairs the Board Audit Committee, and the Managing Director does not sit on the BAC to maintain the committee's independence.

ATTENDANCE OF BOARD AUDIT

In 2024, the Board Audit Committee met three times.

S/N	BAC Members	1th BAC	17th BAC	18th BAC	Remarks
1	Dr. Damber S Kharka	Y	Y	Y	3/3
2	Ms Karma Choden	-	Y	Y	2/3
3	Mr. Phuntsho Rabtsel Dorji	-	Y	-	1/3
4	Mrs. Kinlay Tshering	Y	-	-	1/3
5	Mr. Sonam Tobgay	Y	-	-	1/3

DIRECTOR'S REMUNERATION

The Sitting Fees of Board Directors for the year 2024 is as follows:

S/N	Directors	Fees
1	Full Board	292,000.00
2	Board Audit Committee	30,000.00
3	Annual General Meetings	60,000.00

ANNUAL GENERAL MEETING

The 40th Annual General of the company was held on 28th March, 2025 at 2.00pm in Hotel Ro-Chog Pel, Thimphu.

Key highlights of the meetings:

The AGM endorsed the appointment of following Directors-

- (a) The Shareholders endorsed the continuation of Dr. Damber S Kharka, serving as an Independent Director, and Mr. Druyang Dorji, representing minority shareholders and founding promoter on the board.
- (b) The tenure of Director Ugyen Penjore, Director General of the Competition and Consumers Affairs Authority; Mr. Phuntsho Rabtsel Dorji of Gelephu Mindfulness City under His Majesty's Secretariat and Mr. Payma Juntsho Wangchuk, Senior Analyst, representing Gerab Nyed-Yon Limited would conclude in 2026.
- (c) The Shareholders approved the resignation and reappointment of Ms. Karma Choden, DHI nominee director on the board to ensure compliance with the Companies Act's provisions.

The shareholders approved a bonus share issuance at a ratio of 1:2 (one bonus share for every two shares held), equivalent to a 50% dividend or Nu. 70 million if distributed in cash.



BBPL's Kitchen Cabinet



4. AUDITED FINANCIAL REPORT 2024

Section I

Auditor's Report on the Financial Statement

INDEPENDENT AUDITORS' REPORT

The Shareholders
Bhutan Board Products Limited
Phuentsholing, Bhutan.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Bhutan Board Products Limited ("the Company") which comprise of the Statement of Financial Position as at December 31, 2024, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to the following matters:

1. With reference to Note 13 of the Statement of Financial Position, it has been observed that, Nu. 10,690,513.00 has been lying in Gratuity Payable Fund for an interminable period. In our opinion, this amount should be paid by the Company at the earliest as it is a statutory obligation.
2. With reference to Note 7 of the Statement of Financial Position, it has been observed that, Nu. 13,818,020.55 has been lying for a long period in BBEL A/c. In our opinion, this amount should be immediately adjusted after obtaining the approval of the Board of Directors.

Our opinion on these matters is not modified.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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.

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

Management is responsible for the other information. The other information comprises the information included in the annual 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.

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

The management is responsible for the preparation and fair representation of the financial statements in accordance with the Bhutanese Accounting Standards 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

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 International Standards on Auditing (ISA) 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 consolidated financial statements.



As part of an audit in accordance with International Standards on Auditing and terms of reference for audit, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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 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, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

As required by Section 266 of the Act (the Minimum Audit Examination and Reporting Requirements), we enclose in the Annexure a statement on the matters specified therein to the extent applicable.

As required by section 265 of the Act, we report that:

- 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 proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Company has complied with other legal and regulatory requirements.

For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E


CA. A. N. Chatterjee
Mem. No.: 055985



Place: Phuentsholing, Bhutan

Date: 09 MAY 2025

UDIN: 250 55985BNO T959325

Exhibit II

Minimum Audit Examination and Reporting Requirements
(To the Extent Applicable)

All audits have been carried out applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
General:

- a) The Company has adhered to the Corporate Governance Guidelines and Regulations as applicable to them.
- b) Generally, the governing board/authority pursued a prudent and sound financial management practice in managing the affairs of the company.
- c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- d) Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting principles.
- e) Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) Mandatory obligations social or otherwise, if any, entrusted are being fulfilled.
- g) The amount of tax is computed correctly and reflected in the financial statements.

In the case of a manufacturing, or processing company:

1. The Company is maintaining Fixed Assets Register under ERP system only. In this system, we came to know the details of assets the Company is holding. But we are unable to know the location of the assets as there are no asset codes marked based upon logical codification method on all the assets. There are no identification and codification by affixing code stickers on most of the assets.
2. As examined by us none of the assets were revalued during the year *except the Biological Asset*.
3. Yes, Physical verifications were conducted at reasonable intervals in respect of finished goods, stores, spares parts and raw materials. On examination, the management of the units had taken the responsibility to verify for the same. The management had issued the compact and basis on that, the units should reconcile and verify all the stocks and should send the reconciliation reports to the head office every month.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. No, such inadequacies in such procedures were found during the audit.
5. No material discrepancies were noticed on physical verification of stocks as compared to the manual book records, and, same have been properly dealt with in the books of accounts.



6. Yes, The Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.
7. Quantitative reconciliation is carried out at the end of accounting year in respect of all major items of inventories i.e., finished goods and raw materials.
8. In our observations, the Company has the process to determine the obsolete, damaged, slow moving and surplus inventories (Spare Parts) and on the event that the value is significant, adequate provisions are been made.
9. The obsolete, damaged, slow-moving, and surplus inventories (spare parts) are disposed of, and some of the damaged inventory is reused for the production of other finished goods. At every stage of production, there are damaged goods, some of which are reused in the production of secondary goods, addressing the damage in the process. Now BBPL has started preparing a reorder inventory level Excel manual template to address slow-moving items. Inventories are maintained only if required and no as such excess Inventories are been maintained.
10. Yes, the approval of Board/appropriate authority is obtained for writing off amounts due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares.
11. As per the examination and information provided by the management about the inventories, including the finished goods, raw materials, work in progress and stores and consumables is appropriate in accordance with Generally Accepted Accounting Principles. Same as previous method was followed during the year.
12. On the examination, the Company had closing balance, as given below, at the end of the audited Financial Year:

<u>Sl. No.</u>	<u>Name of Bank</u>	<u>Type of Account</u>	<u>Account Number</u>	<u>Balance as on 31.12.2024 (Nu.)</u>
1.	Bank of Bhutan	Term Loan	219820969	16,208,550.43
2.	Bank of Bhutan	Overdraft	100234140	23,203,352.61
3.	Bank of Bhutan	Bridge Loan	219821033	27,492,328.60

The interest and the other terms and conditions for the loans are not prejudicial to the interest of the company.

13. On the examination, no loan was granted to others party.
14. The loans/advances granted to officers/staff are in keeping with the provisions of service rules and, no excessive/frequent advances are granted and accumulation of large advances against particular individuals are avoided.
15. The Company has adequate internal control systems commensurate with the size of the company and the nature of its business.



16. There is appropriate and reasonable system of authorization at proper levels, and an adequate system of internal control commensurate with the size of the company and nature of its business, there is systematic procedure on issue of stores and allocation of materials and Labor to jobs.
17. On the examination, there is a system of competitive biddings, commensurate with the size of the company and the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services except for frequent office and administrative expenses.
18. a) On the examination, the procurement and sales division have their own procedure to be followed. No such involvement of directors is been recorded nor found any other party/parties related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested have been made at prices, which are unreasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties are recorded.
b) Our examination reveals that, no transactions entered into by the company wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company.
19. The expenses charged to the company accounts represent legitimate business expenses and no personal expenses are charged to the company.
20. On the examination, the Company had identified the dead stock or slow-moving spare parts. Provision for the loss is not been made in the books of account because the approval from management is not been received. For other raw materials and the finished goods, the treatments are given in the financial statements wherever necessary.
21. There is a reasonable system of ascertaining and identifying a point of occurrence of breakage/damaged raw materials, packaging materials, and finished products i.e., while in transit, during processing, during loading/ unloading, in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.
22. The Company is maintaining reasonable records for production of finished goods, by-products and they have maintained the adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the Company.
23. The Company is maintaining reasonable records for sales and disposal of realizable by-products and scraps.
24. The Company is regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authority. The provision for corporate tax is adequate and necessary adjustments have been made to compute the amount of tax as per the prevailing tax laws, rules, and regulations of Bhutan.



25. Undisputed amounts payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions were lying unpaid, as per the last day of the financial year concerned as below:

Sl. No.	Nature of due	Amount (Nu.)
1	Health contribution	2,883.00
	Total	2,883.00

26. The Company has a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size and nature of its business.
27. There is adequate reasonable system of price fixation taking into account the cost of production and market conditions.
28. The credit sales policy is reasonable and proper credit rating of customers are carried out. The management has framed the credit sales policy for the year 2022 and onwards.
29. No commission agent has been engaged by the Company except distributors.
30. The Company had come up with a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. Also, age-wise analysis of outstanding amounts is carried out for management information and follow-up action.
31. The management of liquid resources particularly cash/bank and short-term deposits etc. are adequate and excessive amounts are not lying idle in non-interest-bearing accounts, and the withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company.
32. The activities carried out by the Company are lawful and intra-vires to the Articles of Incorporation of the company.
33. The investment decisions are made subject to prior approval of the Board and investment in new projects is made only after ascertaining the technical and economic feasibility of such new ventures.
34. The Company has established an effective budgetary control system and company calculates the variance as per our examination. The variance is discussed in the board meeting and the internal meeting in a periodic manner.
35. As per the explanation provided to us no input-output ratio can be established hence no Standard costing system is established and the variance analysis is not carried out at periodic intervals.
36. The details of remuneration, commission, and other payments made in cash or kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including



spouse(s) and child/children) by the Company directly or indirectly are disclosed in notes to accounts.

37. The directives of the Boards have been complied with appropriate manner. The directive of the previous board is promptly discussed in succeeding board meetings for verification of compliance.
38. The officials of the Company have not transmitted any price-sensitive information, which is not made publicly available, to their relatives/friends/associates or close persons.
39. Proper records are kept for inter-unit transactions/services and arrangements for services made with other agencies engaged in similar activities.
40. Proper agreements are executed and the terms and conditions of leases are reasonable and the same are applied if machinery/equipment are acquired on lease or leased out to others.

Computerized Accounting Environment

1. The Company has transitioned from Tally 9.0, a multiuser ready-made package software, to ERP Next for general financial accounting.
2. Adequate safeguard measures and backup facilities exist (the data is maintained by TTPL data storage centre at Thimphu).
3. The operational controls are adequate and automatic to ensure the correctness and validity of input data and output information.
4. The measures taken by the Company to prevent unauthorized access over the computer installations and files are adequate, providing different access facilities to different levels of management according to roles assigned.
5. For the year ended December 31, 2024, books of account were maintained in ERP Next, and accordingly, financial statements were prepared.

Other requirements:

1. Going concern problem

The Company's present operational and financial data indicated that the Company is financially improving compared to the last year's performance. Based on our assessment, we have no reason to believe that the Company is not a going concern. Accordingly, the financial statements have been prepared on the going concern assumption.

2. Ratio analysis

Financial and Operational Resume including Ratio Analysis in respect of the Company has been worked out in **Exhibit-1**.



3. Compliance with the Companies Act of Bhutan 2016

During the course of an audit, we have verified compliance with the Companies Act of The Kingdom of Bhutan, 2016 by the Company and we have not come across any instance of non-compliance of the said provisions.

4. Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of The Kingdom of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of Audit, we have considered the compliance of provisions of the said Companies Act, Income Tax Laws and its Articles of Incorporation only.

For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E



CA. A. N. Chatterjee
Mem. No.: 055985



Place: Phuentsholing, Bhutan

Date: 09 MAY 2025



BHUTAN
BOARD



BBPL's furniture in Schools

Section II
Financial Statements

Bhutan Board Products Limited
Statement of Financial Position

(Amount in Nu.)

Particulars	Note	31/12/2024	31/12/2023 Restated	31/12/2023
Property, Plants & Equipments	1	151,744,493.72	124,331,796.93	125,732,734.32
ROU Assets	1A	10,057,073.14	6,160,985.04	6,160,985.04
Trade & Other Receivables	2	1,843,082.20	2,246,251.00	2,246,251.00
Other bank balances	4	1,154,619.41	414,441.00	414,441.00
Deferred Tax Assets	5	6,488,066.00	3,926,561.00	3,075,916.00
Other non current assets	6	-	-	-
Non - Current Assets		171,287,334.47	137,080,034.97	137,630,327.36
Biological Asset	31	891,820,000.00	652,206,233.04	652,206,233.04
Total Non-Current Assets -		1,063,107,334.47	789,286,268.01	789,836,560.40
Inventories	14	125,137,470.36	129,360,346.09	132,291,345.01
Trade & Other Receivables	2	34,167,496.44	27,436,919.80	27,282,243.55
Prepayments	7	41,444,206.19	55,143,814.75	55,159,057.75
Cash & Cash Equivalents	8	5,751,628.68	7,725,058.85	7,725,058.85
Current Tax Assets	9	1,072,621.65	334,079.29	334,079.29
Total Current Assets -		207,573,423.32	220,000,218.78	222,791,784.45
TOTAL ASSETS		1,270,680,757.79	1,009,286,486.79	1,012,628,344.85
Equity:				
Share Capital	15	140,001,400.00	140,001,400.00	140,001,400.00
General Reserve		29,149,212.00	29,149,212.00	29,149,212.00
Dividend Equilisation Reserve		12,000,000.00	12,000,000.00	12,000,000.00
Replacement & Maintenance Reserve		27,986,451.00	27,986,451.00	27,986,451.00
Revaluation of Land Reserve		406,630,049.61	167,016,282.65	167,016,282.65
Retained Earnings		438,730,879.45	462,804,667.89	475,710,876.41
Total Equities -		1,054,497,992.06	838,958,013.54	851,864,222.06
Liabilities:				
Employee Benefit Liabilities	10	38,897,029.34	29,375,356.87	29,375,356.87
Trade & Other Payables	11	5,125,178.41	5,035,234.31	5,035,234.31
Total Non-Current Liabilities -		44,022,207.75	34,410,591.18	34,410,591.18
Trade & Other Payables	11	15,965,314.12	27,102,643.74	17,572,898.76
Borrowings	12	128,880,121.99	82,313,833.88	82,313,833.88
Other current liabilities	13	13,824,568.27	16,100,292.48	16,065,687.00
Lease Liability		13,490,553.60	10,401,111.97	10,401,111.97
Total Current Liabilities -		172,160,557.98	135,917,882.07	126,353,531.61
Total Liabilities -		216,182,765.73	170,328,473.25	160,764,122.79
TOTAL EQUITY AND LIABILITIES		1,270,680,757.78	1,009,286,486.79	1,012,628,344.85

In terms of our Report of even date-
For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E



A. N. Chatterjee
Partner
Membership No.:055985

Ugyen Penjore
Dasho Ugyen Penjore
Chairman

Karma Choden
Director

Sherab Namgay
Sherab Namgay
Managing Director

Milan Ghising Tamang
Milan Ghising Tamang
Head - Finance

Place: Phuntsholing
Date: 09 MAY 2025

WDIN: 25055985BNOTQ59325

Bhutan Board Products Limited
STATEMENT OF COMPREHENSIVE INCOME

(Amount in Nu.)

Particulars	Note	31/12/2024	31/12/2023 Restated	31/12/2023
Continuing Operations:				
Revenue	16	270,770,731.69	286,267,519.69	287,754,417.51
Cost of Sales	17	(231,593,258.19)	(235,212,767.45)	(227,681,665.65)
Gross Profit/(Loss) -		39,177,473.50	51,054,752.24	60,072,751.86
Other Incomes	18	1,826,537.19	3,551,868.09	2,382,719.69
Selling & Distribution Expenses	19	(14,587,352.37)	(17,849,948.59)	(17,779,073.59)
Administrative Expenses	20	(10,253,470.35)	(11,631,587.19)	(12,193,066.58)
Other Expenses	21	(149,531.24)	(3,204,468.99)	(3,204,469.08)
Results from Operating Activities -		16,013,656.73	21,920,615.56	29,278,862.30
Finance Income	22	-	-	-
Finance Cost	22	(12,698,201.24)	(9,044,309.73)	(9,065,928.75)
Net Finance (Costs)/Income -		(12,698,201.24)	(9,044,309.73)	(9,065,928.75)
Profit Before Tax -		3,315,455.49	12,876,305.83	20,212,933.55
Tax Expenses	23	(994,636.65)	-	-
Current Tax				
Deferred Tax		2,561,505.00	3,147,428.00	2,296,783.00
Profit from Continuing Operations -		4,882,323.85	16,023,733.83	22,509,716.55
Profit/(Loss) For the Year -		4,882,323.85	16,023,733.83	22,509,716.55
Gain or Loss on Revaluation of Biological Assets	24	239,613,766.96	(111,533,766.96)	(111,533,766.96)
Loss on Re-measurement of Defined Benefit plan		(7,931,639.00)	(2,681,426.00)	(2,681,426.00)
Revaluation of land		-	-	-
Tax on Other Comprehensive Income		2,379,491.70	804,427.80	804,427.80
Net Other Comprehensive Income		234,061,619.66	(113,410,765.16)	(113,410,765.16)
Total Comprehensive Income for the Year		238,943,943.51	(97,387,031.33)	(90,901,048.61)
Earning per Share:				
Basic Earning per Share -	1	0.35	1.26	1.61
Diluted Earning per Share -	1	0.35	1.26	1.61

In terms of our Report of even date-

For A. N. Chatterjee & Co.

Chartered Accountants

FRN: 0302143E



(Signature)
A. N. Chatterjee

Partner

Membership No.:055985

(Signature)
Dasho Ugyen Penjore
Chairman

(Signature)
Krone Choden
Director

(Signature)
Sherab Namgay
Managing Director

(Signature)
Milan Ghising Tamang
Head - Finance

Place: Phuntsholing

Date: 09 MAY 2025

UDIN: 25055985BMDTQ59325

Bhutan Board Products Limited
STATEMENT OF CASH FLOW

(Amount in Nu.)

Particulars	Note	12/31/24	31/12/2023 Restated	31-12-2023
Cash Flows from Operating Activities:				
Profit/(Loss) for the Year	30	238,943,943.51	(97,387,031.33)	(90,901,048.61)
Adjustment for:				
- Depreciation	28	7,999,077.67	4,180,551.10	4,180,551.10
- Net Finance Costs	90	12,698,201.24	9,065,928.75	9,065,928.75
- Provision for Leave Encashment	2	1,077,421.47	3,745,334.37	3,745,334.37
Revaluation Reserves		(239,613,766.96)	111,533,766.96	111,533,766.96
Loss on remeasurement of Employee Benefit plan & Land Revaluation		7,931,639.00	2,681,426.00	2,681,426.00
Provision for tax		(3,374,128.35)	(804,427.80)	(804,427.80)
		25,662,387.57	33,015,548.05	39,501,530.77
Changes in:				
- Inventories	7	4,222,875.73	4,333,510.13	4,333,510.13
- Trade & Other Receivables	2	(20,333,791.40)	(17,188,002.21)	(17,727,932.11)
- Other non current assets	10	2,561,505.00	3,147,428.00	2,296,783.00
- Prepayments	16	6,773,754.90	(15,064,241.40)	(15,746,875.39)
- Current Tax Assets	18	(738,542.36)	(56,555.77)	(56,555.77)
- Employee Benefits (Excluding Actuarial Gain/Loss)	2	-	2,585,128.83	2,585,128.83
- Trade & Other Payables		(17,973,239.18)	11,275,510.96	6,897,342.61
- Other current liabilities		(2,275,724.21)	1,078,041.80	1,043,436.32
Cash Generated from Operating Activities -		(2,100,773.94)	23,126,368.39	23,126,368.39
Income Tax Paid		-	-	-
Net Cash from Operating Activities -		(2,100,773.94)	23,126,368.39	23,126,368.39
Cash Flows from Investing Activities:				
Purchase of fixed Assets		(33,841,198.49)	(7,904,143.00)	(7,904,143.00)
Net Cash from/(used) in Investing Activities -		(33,841,198.49)	(7,904,143.00)	(7,904,143.00)
Cash Flows from Financing Activities:				
Interest Payment		(11,459,903.45)	(8,728,233.54)	(8,728,233.54)
Lease Payment		(1,137,842.40)	(1,168,616.00)	(1,168,616.00)
Proceeds from Loans & Borrowings		46,566,288.11	956,708.21	956,708.21
Net Cash from/(used) in Financing Activities -		33,968,542.26	(8,940,141.33)	(8,940,141.33)
Net Increase/(Decrease) in Cash & Cash Equivalent -		(1,973,430.17)	6,282,084.06	6,282,084.06
Opening Balance of Cash & Cash Equivalent		7,725,058.85	1,442,974.79	1,442,974.79
CLOSING BALANCE OF CASH & CASH EQUIVALENT		5,751,628.68	7,725,058.85	7,725,058.85

In terms of our Report of even date-
For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E



A. N. Chatterjee
Partner
Membership No.:055985

(Signature)
Dasho Ugyen Penjore
Chairman

(Signature)
Karm Chukun
Director

(Signature)
Sherab Namgay
Managing Director

(Signature)
Milan Ghising Tamang
Head- Finance

Place: Phuntsholing
Date: 04 MAY 2025

Bhutan Board Products Limited
Statement of Changes in Equity
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Amount in Nu.)

Description	Equity share Capital	Reserves General Reserve	Reserves Dividend Fertilisation Reserve	Reserves Replacement & Maintenance	Revaluation of Land & Forest Reserve	Retained Earnings Retained earnings	Total equity
Balance at 01 January 2023	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	278,550,049.61	455,882,585.86	943,569,698.47
Profit / loss for the year		-				9,603,508.03	9,603,508.03
Revaluation of Biological Asset					(111,533,766.96)	-	(111,533,766.96)
Loss on re-measurement of Defined Benefit Plan (Net)						(1,876,998.20)	(1,876,998.20)
Tax Effect on Above Item						(804,427.80)	(804,427.80)
Balance at 31 December 2023	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	167,016,282.65	462,804,667.89	838,958,013.54
Balance at 01 January 2024	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	167,016,282.65	462,804,667.89	838,958,013.54
Profit for the year		-				4,882,323.85	4,882,323.85
Adjustment for Prior Periods						(21,024,473.29)	
Revaluation of Biological Assets					239,613,766.96	-	239,613,766.96
Loss on re-measurement of Defined benefit plan (Net)						(5,552,147.30)	(5,552,147.30)
Tax effects on above item						(2,379,491.70)	(2,379,491.70)
Balance as at 31 December 2024	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	406,630,049.61	438,730,879.45	1,075,522,465.35

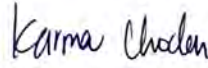
In terms of our Report of even date-
For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E

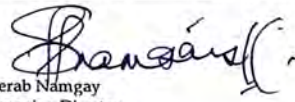

A. N. Chatterjee
Partner
Membership No.:055985




Dashe Ugyen Penjore
Chairman

Director


Karma Choden


Sherab Namgay
Managing Director


Milan Ghising Tamang
Head - Finance

Place: Phuntsholing
Date: 09 MAY 2025

Section III
Accounting Policies and Notes on Accounts

Bhutan Board Products Limited
Notes forming part of the financial statements
As at and for the year ended December 31, 2024

Accounting Policies:

1. Reporting Entity

The principal activities of Bhutan Board Products Limited (the "Company" or "BBPL.") cover all significant operations that have taken place in Bhutan and in India. The ultimate parent is the Royal Government of Bhutan. The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Phuntsholing, Bhutan. These financial statements relate to the year ended 31st December 2024.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the groups accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- 1 Fixed assets: critical judgments are expected period of use, condition of the asset, technological advances, regulation, and residual values.
- 2 Actuarial valuation of employee benefits: expected uptake of the gratuities and the discount rate used in the valuation.

The functional currency of preparation is the Bhutanese Ngultrum.

3. Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in line with Bhutanese Accounting Standards. The summarized impact of the introduction of BAS is:

- a) The company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements. Generally, the disclosure norms adopted by the company is as per function which is in confirmation with group accounting policies.
- b) Depreciation has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per DHI Group Accounting Policy and which are in line with BAS 16.
- c) Employee retirement benefits are valued on an actuarial basis which reflects the estimated liability at balance sheet date.
- d) The company has recognized Biological Assets in 2020 as a first-time recognition and fair value gain or loss has been presented through Other Comprehensive Income as company



don't have control over biological asset (log) until 2024. Accordingly, Para 12 of BAS 41 regarding subsequent change in fair value

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who are responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors

5. Foreign currency translation

- a) Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at balance sheet date are translated at the rates of exchange ruling at balance sheet date.
- b) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income.

6. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Costs includes purchase price, taxes and duties, Labor cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost. Subsequent costs are included in the assets carrying amount of assets 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 group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

- a) Land is not depreciated. Depreciation on other Assets has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per DHI Group Accounting Policy which in line with BAS 16. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within „Other Income“ or „Other expenses“ as the case may be, in the income statement.

7. Intangible assets

- a) Costs associated with maintaining computer software programmers are recognized as an expense incurred.
- b) The Company does not recognize the internally generated technical knowhow and hence recognition criteria and amortization policy are not defined by the entity.



8. Research and Development costs

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalized if a potentially profitable product has been found and management has given approval to further develop the product.

If the company decides to proceed and market the product, development costs will be amortized over the expected profitable period of marketing the product, not exceeding 5 years. Other development costs are expensed immediately if the decision is made not to proceed to market the product.

9. Receivables and advances.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "advance to party", "trade and other receivables" and "cash & cash equivalents" in the Statement of Financial Position.

10. Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined using the weighted average method. The cost of finished goods and work-in-progress includes design costs, raw materials, direct labor, other direct costs, and related production overheads, allocated based on normal operating capacity.

The company conducts physical inventory counts on a monthly basis. As part of its internal policy, the responsibility for verifying inventory balances is formally assigned to respective Heads of Departments (HODs), ensuring accountability and accuracy in inventory management. The physical counts are manually reconciled at month-end for closing inventory calculations. The amount of inventory taken in the Financial Statements has been taken from the summary statements calculated after the manual reconciliation of inventory. The system (ERP) amount regarding inventories is not taken as that amount does not match with the amount found through manual reconciling. The Company takes the amount calculated from manual reconciling as the true value for inventories.

11. Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment. The company has applied ECL model for impairment of trade receivables.

12. Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.



13. Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payments are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

14. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in Other Comprehensive Income and in this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in Bhutan. Management periodically evaluates computation made in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions wherever appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled for which it is disclosed in notes 28: Calculation of Deferred Tax.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

15. Employee benefits

a. Retirement Benefits

Defined Contribution Scheme

Employees belong to a defined contribution benefit plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme

The company makes retirement payments based on the final salary and years of service. The gratuity is accrued on the basis of actuarial valuation. Changes in service and interest are charged to the Profit and Loss Account. Changes to actuarial valuation are charged to the Statement of Comprehensive Income.

b. Other benefits

Other benefits, such as leave encashment and bonuses, are accrued and provided for in the company's financial statements.

As per the actuarial valuation, the net asset/liability for leave encashment is Nu. 2,528,303. However, the company has recognized a provision of Nu. 5,908,568.47 for leave encashment to ensure sufficient funds to meet its obligations. This provision includes Nu. 5,908,568.47 as the accumulated leave encashment payable to employees for the year 2023, along with an additional Nu. 3,160,186.25 for 2024, bringing the total provision to Nu. 9,068,754.72. The



amount Nu.3,160,186.25 is reflected under **Other Payables** as a current liability, accurately representing the company's short-term financial obligations.

16. Revenue recognition

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes and royalty collected on behalf of government. The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring a promised good (i.e., an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. An asset is assumed to be transferred to a customer when (or as) the customer obtains control of that asset. Incremental cost incurred by the company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods to which the asset relates.

17. Other Sales

In the notes 16. Revenue Company recognizes the sales other from manure

Particulars	31/12/2024
Manure Sale - BBPL	Nu. 947,818.42
TOTAL -	Nu. 947,818.42

18. Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

19. Comparative information

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison, comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.

20. Dividend Equalization Reserve:

The company has apportioned some portion of profit in the Dividend Equalization Reserve to strengthen the financial position of the company. It is a specific reserve that is distributable and set up specifically to ensure that dividends remain stable despite changes in earnings

21. Replacement and Maintenance Reserve:

Some portion of profit is put aside to Replacement and maintenance reserve by the Company to cover any major replacement that need to be done to the property plant and equipment due to wear and tear that comes with age of property plant and equipment.

22. General Reserve:

General reserve is referred to as the reserve fund that is created by keeping aside a part of profit earned by the business during the course of an accounting period for fulfilling various business needs. It is retained from company's profit for meeting the future needs of the business. These Reserves do not have any specific use but can be used for any purpose of the company's activities.

23. Biological Asset

As per 12 of BAS-41 "A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case described in paragraph 30 where the fair value cannot be measured reliably" A Biological Asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except in those cases where the fair value cannot be measured reliably. The Biological assets of the company's forestry was evaluated by M/s Karma & Associate, Thimphu, disclosing the value of its forestry assets at Nu.891.82 million during the year 2024.

<u>Particulars</u>	<u>Opening Balance (Nu.)</u>	<u>Changes in Fair Value (Nu.)</u>	<u>Closing Balance (Nu.)</u>
Trees in lease land	652,206,233.00	239,613,766.96	891,820,000.00

24. BAS 9: Complied the expected credit loss module of BAS -9, disclosing the ECL of Nu.1.06 million during the year 2024.

25. Commission:

No commission agent has been engaged by the Company except for distributors, for whom sales/turnover slab commission is given based on total sales. When the distributors are appointed by the company the company give a turnover slab based on the location. All distributors have different Turnover slab for which commission is given if the performance/turnover slab is achieved. Prior year the commission was adjusted with the trade receivables from distributors for which the company have started to disclose the commission from following year.

26. Other Receivables:

Other receivables include performance security deposits deposited with parties.

27. Liabilities for Expenses:

Liabilities for expenses are the payable to be paid to transporters for the services rendered by company to send the products to the export and domestic market. The Transporter bills the company for which the company verifies and keeps as liabilities for expenses before paying to Transporter for their services



28. Borrowings:

The Company has enhanced the Borrowing with BOBL and Group (ICL) from 74 million to 136 million in the year 2024. The following table shows the balance of Borrowings as on 31.12.2024:

Particulars	Amount (Nu.)
Bank of Bhutan Bridge Loan A/c No. - 219821033 - BBPL	27,492,328.60
Bank of Bhutan FEIF Loan A/c - 219821099 - BBPL	2,088,882.00
Bank of Bhutan OD A/c No. - 100234140	22,682,983.96
Bank of Bhutan Term Loan A/c No. - 219820969 - BBPL	16,208,550.43
Borrowings from Group (ICL) - BBPL	60,407,377.00
Total Borrowings	128,880,121.99

29. Other Payables:

Other payables include performance security deposits deposited by parties in the form of security deposit and Bank guarantee.

Particulars	Amount (Nu.)
Deposits	
- Security Deposits	2,915,000.00
- Performance Bonds	1,470,000.00
- Unclaimed Dividend	740,178.41
Total Other Payables-	5,125,178.41

30. Leases

The company assesses all lease contracts at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-to-use asset is recognized, and lease liability is recognized for all future lease payments. The standard provides an exemption for short-term i.e. less than 12 months and low-value leases.

31. Old Gratuity Payable amounting to Nu. 10,690,513.00, long overdue, should be deposited in an earmarked bank account. Though a bank account for this purpose exists, the Company is unable to transfer the amount due to a paucity of funds.
32. Due to merger with BBEL in the year 2022, a debit balance of Nu. 13,818,020.55 is lying unadjusted.
33. The previous year's figures have been regrouped and rearranged wherever applicable due to the restatement of accounts for the year 2023.



Initial Recognition and Measurement.

Lessee is required to recognize 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 in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such as Property, Plant and Equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. Assets and liabilities arising from a lease are initially measured on a present-value basis. The initial lease asset equals the lease liability in most cases.

At lease commencement, a lessee accounts for two elements:

- I. Right-of-use asset: Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs.
- II. Lease liability: The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments, variable payments, payments under residual value guarantees, purchase price in the event that purchase option will be exercised.

Subsequent Measurement

After commencement date, lessee needs to adjust both elements recognized initially. Lessee accretes the lease liability to reflect interest and reduce the liability to reflect lease payments made. The subsequent measurement of right-of-use, the standard provides a choice to adopt a cost model, revaluation model, or fair value model. The company will do subsequent measurements based on the cost model for leases recognized.

Right-of-Use Asset:

Lessee shall measure the right-of-use asset using a cost model under BAS 16 - "Property, Plant and Equipment" and depreciate the asset over the lease term on a straight-line basis. The resulting depreciation amount is charged to the Profit or Loss.

Lease Liability:

Lessee shall recognize an interest on the lease liability and the lease payments are recognized as a reduction of the lease liability. Interest on lease liability is charged to the Profit or Loss.



BRFS 16 introduces a single lessee accounting model and requires a lessee to recognize 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 recognize 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.

For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E



CA. A. N. Chatterjee
Mem. No.: 055985

Place: Phuentsholing, Bhutan

Date: 09 MAY 2025



1. Property, Plants & Equipments: (Amount in Nu.)

Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortisation (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 01.01.2024	Additions in the Year	Deletions in the Year	As on 31-12-2024	As on 31-12-2023	Depreciation for the Year	Adjustment s in the Year	As on 31-12-2024	As on 31-12-2024	As on 31-12-2023
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
Land and Development	80,494,261.26	-	-	80,494,261.26	-	-	-	-	80,494,261.26	80,494,261.26
Roads and Culverts	49,790,085.49	-	-	49,790,085.49	32,243,216.22	1,244,752.08	-	33,487,968.30	16,302,117.19	17,546,869.27
Factory Building	32,902,632.41	-	-	32,902,632.41	32,902,631.41	-	-	32,902,631.41	1.00	1.00
Housing Colony	7,153,373.98	-	-	7,153,373.98	6,931,653.10	178,832.88	-	7,110,485.98	42,888.00	221,720.88
Office Bldg/ Warehouse	10,306,186.55	-	-	10,306,186.55	8,298,309.01	257,654.65	-	8,555,963.66	1,750,222.89	2,007,877.54
Plant and Machinery	386,625,600.76	32,344,788.77	-	418,970,389.53	365,878,793.15	3,810,187.56	-	369,688,980.71	49,281,408.82	20,746,807.61
Electrical Installation	3,055,372.65	-	-	3,055,372.65	2,656,467.69	20,995.03	-	2,677,462.72	377,909.93	398,904.96
Generator	434,640.16	-	-	434,640.16	434,639.16	-	-	434,639.16	1.00	1.00
Laboratory Equipments	694,782.84	-	-	694,782.84	694,781.84	-	-	694,781.84	1.00	1.00
Tools and Implements	2,444,535.92	-	-	2,444,535.92	2,444,534.92	-	-	2,444,534.92	1.00	1.00
Semi Permanent Structure	2,913,215.72	-	-	2,913,215.72	2,913,213.72	-	-	2,913,213.72	2.00	2.00
Furniture and Fixture	7,789,309.31	-	-	7,789,309.31	7,686,277.70	88,634.95	-	7,774,912.65	14,396.66	103,031.61
Office Equipments	16,960,055.93	-	-	16,960,055.93	16,388,919.15	132,580.14	-	16,521,499.29	438,556.64	571,136.78
Water Works	845,338.24	-	-	845,338.24	845,337.24	-	-	845,337.24	1.00	1.00
Motor Vehicles	17,014,345.00	1,496,409.72	-	18,510,754.72	15,973,165.51	394,864.40	-	16,368,029.91	2,142,724.81	1,041,179.49
Software	2,011,325.50	-	-	2,011,325.50	811,324.97	300,000.01	-	1,111,324.98	900,000.52	1,200,000.53
A. Total Fixed Assets -	621,435,061.72	33,841,198.49	-	655,276,260.21	497,103,264.79	6,428,501.70	-	503,531,766.49	151,744,493.72	124,331,796.93
GRAND TOTAL	613,336,118.72	33,841,198.49	-	655,276,260.21	492,007,124.15	455,400,413.57	-	503,531,766.49	151,744,493.72	124,331,796.93
PREVIOUS YEAR -	596,206,186.01	17,129,932.71	-	613,336,118.72	489,222,922.95	455,400,413.57	-	492,007,124.15	121,328,994.57	107,639,047.37

1A Right of Use Assets (Amount in Nu.)

Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortisation (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 01.01.2024	Additions in the Year	Deletions in the Year	As on 31-12-2024	As on 31-12-2023	Depreciation for the Year	Adjustment s in the Year	As on 31-12-2024	As on 31-12-2024	As on 31-12-2023
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
Lease land	7,469,642.91	5,466,664.07	-	12,936,306.98	1,308,657.87	1,570,575.97	-	2,879,233.84	10,057,073.14	6,160,985.04
GRAND TOTAL	7,469,642.91	5,466,664.07	-	12,936,306.98	1,308,657.87	1,570,575.97	-	2,879,233.84	10,057,073.14	6,160,985.04
PREVIOUS YEAR -	7,469,642.91	-	-	7,469,642.91	628,510.02	680,147.85	-	1,308,657.87	6,160,985.04	6,841,132.89

- a. Depreciation has been computed on Straight Line Method on the salvage value of the assets.
b. Depreciation rates have been determined based on Useful Life of an asset.



Bhutan Board Products Limited
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

2. Trade & Other Receivables:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Security deposit	28,361.20	390,541.00	390,541.00
Other Deposits	-	-	-
Other Receivables	1,814,721.00	1,855,710.00	1,855,710.00
A. Total Non-Current Assets -	1,843,082.20	2,246,251.00	2,246,251.00
Trade Receivables (Subject to Confirmation)			
Due for more than 6 months	35,235,248.84	28,504,672.20	28,349,995.95
- Considered Good	-	-	-
- Considered Doubtful	-	-	-
Others - Considered Good	-	-	-
Others - Considered Doubtful	-	-	-
	35,235,248.84	28,504,672.20	28,349,995.95
Less: Allowance of Impairment Loss	(1,067,752.40)	(1,067,752.40)	(1,067,752.40)
a. Total Debts Considered Good -	34,167,496.44	27,436,919.80	27,282,243.55
Trade Receivables (Subject to Confirmation) on A/c of BBEL			
Due for more than 6 months	-	-	-
- Considered Good	-	-	-
- Considered Doubtful	-	-	-
Others - Considered Good	-	-	-
Others - Considered Doubtful	-	-	-
Less: Allowance of Impairment Loss	-	-	-
b. Total Debts Considered Good for BBEL -	34,167,496.44	27,436,919.80	27,282,243.55
Total Trade Receivables (a+b) -	34,167,496.44	27,436,919.80	27,282,243.55
B. Total Current Assets -	34,167,496.44	27,436,919.80	27,282,243.55

3. Investment in subsidiary company:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
In Equity Shares of Bhutan Board Exports Limited, the wholly owned subsidiary company.	-	-	-
- (5000 Eq. Shares @ 100/- each)	-	-	-
TOTAL -	-	-	-



4. Other Bank balances:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Balances with Banks in			
- Earmarked Dividend Account	1,154,619.41	414,441.00	414,441.00
- Public Issue Current A/c.	-	-	-
TOTAL -	1,154,619	414,441	414,441.00

5. Deferred Tax Assets:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Opening Balance	3,926,561.00	779,133.00	779,133.00
- On Temporary Timing Difference of Fixed Assets	-	-	-
Charged to Income Statement	2,561,505.00	3,147,428.00	2,296,783.00
Closing Balance	6,488,066.00	3,926,561.00	3,075,916.00

6. Other non current assets:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Sales Tax Deposits	-	-	-
Total Other non current assets -	-	-	-

7. Prepayments:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Advance to Party	11,437,146.37	27,556,509.94	27,571,752.94
Advance for Customs Duty	10,172,043.09	10,136,448.05	10,136,448.05
Advance to Staffs	468,933.67	309,815.00	309,815.00
Advance for Company Expenses	1,468,332.20	1,247,225.33	1,247,225.33
Tour Advance	272,930.00	308,598.00	308,598.00
Margin Money Balances	2,278,657.48	320,787.00	320,787.00
Prepaid Expenses	1,244,031.00	1,244,031.00	1,244,031.00
BBEL A/c	13,818,020.55	13,818,020.55	13,818,020.55
BBPL/BBEL Employees Welfare Scheme	284,111.83	202,379.88	202,379.88
	41,444,206.19	55,143,814.75	55,159,057.75



8. Cash & Cash Equivalents:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Balances with Banks in Current Accounts	5,238,262.75	7,579,249.44	7,579,249.44
Cash in Hand	513,365.93	145,809.41	145,809.41
CASH & CASH EQUIVALENTS AS PER CASH FLOW (A+B) -	5,751,628.68	7,725,058.85	7,725,058.85

9. Current Tax Assets:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Advance Tax - Opening Balance	-	277,523.52	277,523.52
- TDS Credit	334,079.29	334,079.29	334,079.29
- Advance Corporate Tax	334,079.29	611,602.81	611,602.81
Less: TDS Credit during the Year	738,542.36	-	-
Add: Advance Tax Paid during the Year	1,072,621.65	611,602.81	611,602.81
Less: Adjustments made during the Year	-	-	-
Less: Adjustments made during the Year	-	277,523.52	277,523.52
A. Closing Balance of Advance Tax -	1,072,621.65	334,079.29	334,079.29
Provision for Corporate Tax - Opening Balance	-	-	-
Add: Provision made during the Year	-	-	-
Less: Provision made during the year	-	-	-
Less: Tax Paid during the Year	-	-	-
Less: Adjustments made during the Year	-	-	-
B. Closing Balance of Provision -	-	-	-
Net Current tax assets/liabilities	1,072,621.65	334,079.29	334,079.29

10. Employee Benefits liabilities:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Defined Benefit Obligation - Gratuity Liability (Note-28)	-	-	-
Less: Fair Value of Plan Assets - Gratuity Fund (Note-28)	27,212,459.00	18,768,208.00	18,768,208.00
Provision for Bonus	5,776,001.87	5,776,001.87	5,776,001.87
Provision for Leave Encashment	5,908,568.47	4,831,147.00	4,831,147.00
NET EMPLOYEE BENEFIT (ASSETS)/LIABILITIES -	38,897,029.34	29,375,356.87	29,375,356.87

11. Trade & Other Payables:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Deposits			
- Security Deposits	2,915,000.00	3,615,234.31	3,615,234.31
- Performance Bonds	1,470,000.00	1,420,000.00	1,420,000.00
Unclaimed Dividend - BBPL	740,178.41	-	-
A. Total Non-Current Liabilities -	5,125,178.41	5,035,234.31	5,035,234.31
Sundry Creditors	6,637,123.53	21,240,024.99	12,787,701.48
Liabilities for Purchase	8,158.44	8,158.44	8,158.44
Liabilities for Expenses	2,590,545.54	4,536,040.48	4,536,040.48
Deposits			
- Earnest Money	-	-	-
- Others	240,998.36	240,998.36	240,998.36
Unclaimed Dividend	-	-	-
Salary Advance	56,566.00	-	-
Unpaid Salary	-	-	-
BBEL Current A/c	3,160,186.25	1,077,421.47	-
Leave Encashment Payable - BBPL	3,271,736.00	-	-
LTC Payable - BBPL	-	-	-
B. Total Current Liabilities -	15,965,314.12	27,102,643.74	17,572,898.76

12. Borrowings :

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Bank of Bhutan Bridge Loan A/c No. - 219821033 - BBPL	27,492,328.60	35,095,844.46	35,095,844.46
Bank of Bhutan FEIF Loan A/c - 219821099 - BBPL	2,088,882.00	-	-
Bank of Bhutan OD A/c No. - 100234140	22,682,983.96	34,589,730.35	34,589,730.35
Bank of Bhutan Term Loan A/c No. - 219820969 - BBPL	16,208,550.43	12,628,259.07	12,628,259.07
Borrowings from Group (ICL) - BBPL	60,407,377.00	-	-
Total Borrowings	128,880,121.99	82,313,833.88	82,313,833.88



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13. Other current liabilities:

Particulars	31/12/2024	31/12/23 Restated	31/12/2023
Advance from Customers	3,066,922.11	2,829,875.44	2,829,875.44
Other Advances Received	17,200.00	17,200.00	17,200.00
PF Settlement	-	2,358,431.30	2,368,135.30
GIS Contribution	-	157,080.26	157,080.26
TDS Payable	-	-	-
Health Contributions	2,883.00	2,883.00	2,883.00
BBPL/ BBEL Welfare Scheme	-	-	-
Gratuity Fund Payable	10,690,513.00	10,690,513.00	10,690,513.00
Other Deductions	47,050.16	44,309.48	-
B. Total Current Liabilities -	13,824,568.27	16,100,292.48	16,065,687.00



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14. Inventory

Particulars	For the Year 2024 (in Nu.)				For the Year 2023 (in Nu.)				As on 31-12-2023
	As on 01-01-2024	Purchases in the Year	Issue/ Adjustments ^a	Consumption/ Change	As on 31-12-2024	As on 01-01-2023	Purchases in the Year	Issue/ Adjustments ^b	
Wood	915,662.65	35,417,882.66	-	36,168,458.65	165,086.66	213,475.92	34,878,177.02	-	915,662.65
Chemicals	4,988,853.91	40,706,568.26	-	42,322,607.00	3,372,815.17	12,918,521.27	43,146,354.58	-	4,988,853.91
Decorative Paper	12,101,946.54	19,800,523.86	-	17,601,309.64	14,301,160.76	10,700,806.44	21,180,354.78	-	12,101,946.54
Board	3,124,041.98	-	-	1,234,624.24	1,889,417.74	2,156,423.94	-	-	3,124,041.98
Fittings	6,455,953.64	9,270,200.03	-	9,600,279.98	6,125,873.69	7,586,343.83	289,635.52	-	6,455,953.64
A. Raw Materials -	27,586,458.72	105,195,174.81	-	106,927,279.51	25,854,354.02	33,575,571.40	99,494,521.90	-	27,586,458.72
Imported	35,597,548.46	10,509,116.46	11,460,907.70	843,697.33	33,802,059.89	33,737,820.69	10,335,470.85	6,025,094.44	35,597,548.46
Indigenous	16,872,346.80	18,170,848.31	22,151,370.91	(6,677,499.35)	19,569,323.55	16,361,868.17	11,782,351.93	3,086,580.26	16,872,346.80
POL	717,812.11	7,050,648.69	1,969,036.19	4,648,437.75	1,150,986.86	1,048,199.75	5,168,840.27	2,977,297.67	717,812.11
B. Stores & Spares -	53,187,707.37	35,730,613.46	35,581,314.80	(1,185,364.27)	54,522,370.30	51,147,888.61	27,286,663.05	12,088,972.37	53,187,707.37
C. Packing Materials	-	-	-	-	-	275,676.00	997,471.00	-	-
Raw Materials and Consumables(A+B+C)-	80,774,166.09	140,925,788.27	35,581,314.80	105,741,915.24	80,376,724.32	84,999,136.01	127,778,655.95	12,088,972.37	80,774,166.09
Work-in-Progress	10,261,324.17	-	-	5,492,122.79	4,769,201.38	7,721,722.18	-	-	10,261,324.17
Finished Goods	38,324,855.83	-	-	(1,666,688.83)	39,991,544.66	43,903,996.95	-	3,203,735.99	38,324,855.83
Goods in Transit	-	-	-	-	-	-	-	-	-
GRAND TOTAL -	129,360,346.09	140,925,788.27	35,581,314.80	109,567,349.20	125,137,470.36	136,624,855.14	127,778,655.95	15,292,708.36	129,360,346.09



15. Share Capital:

Authorised Share Capital

Particulars	As on 31-12-2024		As on 31-Dec-23		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Equity Shares	15,000,000.00	150,000,000.00	15,000,000.00	150,000,000.00	15,000,000.00	150,000,000.00

Issued, Subscribed and Paid-up Share Capital

Particulars	As on 31-Dec-24		As on 31-Dec-23		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Fully paid up Equity Shares	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00
TOTAL -	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00

a. The reconciliation of the number of shares outstanding and the amount of share capital as on 31-12-2022 is set out as below,

Particulars	As on 31-Dec-24		As on 31-Dec-23		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Opening Balance	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00
Add: Issued during the year		-		-		-
Closing	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00

b. List of shares in the company held by it's associates are as follows,

Sl. No.	Name of the Shareholders	No. of Shares		
		As on 31-Dec-24	As on 31-Dec-23	As on 31-Dec-22
1	Druk Holding & Investment Ltd.	668,334.00	668,334.00	668,334.00
2	Bank of Bhutan Ltd.	172,400.00	172,400.00	172,400.00
3	Royal Insurance Corporation of Bhutan Ltd.	11,830.00	11,830.00	11,830.00
4	Bhutan National Bank Ltd.	1,400.00	1,400.00	1,400.00
TOTAL -		853,964.00	853,964.00	853,964.00

c. The company has not reserved any of it's shares for issue under Options and Contracts for the Sale of Shares including Terms & Amounts.

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16. Revenue:

(Amount in Nu.)

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Sale of Boards	215,863,949.65	242,087,190.41	242,172,919.66
Less: Discounts Allowed	(7,596,528.88)	(9,911,351.76)	(9,556,570.24)
A. Net Sales of Boards -	208,267,420.77	232,175,838.65	232,616,349.42
Sale of RTAFs	52,644,810.00	56,675,253.18	56,675,253.18
Less: Discounts Allowed	(6,924,566.95)	(5,095,384.95)	(5,069,062.48)
B. Net Sales of RTAFs -	45,720,243.05	51,579,868.23	51,606,190.70
Timber Sale	13,684,558.23	-	-
C. Net Sales of Timbers -	13,684,558.23	-	-
Total Net Sales of Finished Goods (A+B+C) -	267,672,222.05	283,755,706.88	284,222,540.12
Sale - Others	3,098,509.64	2,511,812.81	3,531,877.39
TOTAL -	270,770,731.69	286,267,519.69	287,754,417.51

17. Cost of Sales:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Changes in Inventories			
- (Increase)/Decrease in Work-in-Progress	5,492,122.79	(2,539,601.99)	(6,714,563.96)
- (Increase)/Decrease in Finished Goods	(1,666,688.83)	2,375,405.13	2,978,327.81
Raw Materials and Consumables Used			
- Raw Materials Consumed	106,927,279.51	105,483,634.58	110,981,935.37
- Stores & Spares Consumed	(1,185,364.27)	13,157,871.92	7,970,845.59
- Packing Material Consumed	-	1,273,147.00	1,516,792.71
Employee Benefit Expenses (Note - 27)	90,072,319.17	75,744,072.59	71,318,615.97
Depreciation & Amortisation Expenses	7,999,077.67	5,776,288.49	4,180,551.10
Other Direct Expenses (Note - 28)	23,954,512.15	33,941,949.73	35,449,161.06
TOTAL -	231,593,258.19	235,212,767.45	227,681,665.65

18. Other Incomes:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Miscellaneous Receipt	1,826,537.19	3,551,868.09	2,382,719.69
TOTAL -	1,826,537.19	3,551,868.09	2,382,719.69

19. Selling & Distribution Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Advertisement and Publicity	103,751.00	103,174.00	103,174.00
Business Promotion	72,349.00	8,400.00	8,400.00
Transportation Charges	13,022,756.53	16,442,351.00	16,371,166.00
Entertainment Expenses	381,102.70	277,452.41	277,762.41
Comission	1,007,393.14	1,018,571.18	1,018,571.18
TOTAL -	14,587,352.37	17,849,948.59	17,779,073.59



20. Administrative Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Rent, Rates and Taxes	1,312,287.77	961,490.68	762,772.01
Office Rent	1,215,720.00	1,181,200.00	1,181,200.00
Repairs & Maintenance - Others	817,442.75	771,183.82	904,993.82
Audit Expenses	180,203.75	238,869.05	238,869.05
Audit Fees	186,894.00	66,000.00	66,000.00
Board Meeting Expenses	346,146.00	223,929.00	223,043.00
BSB Fees		-	
Communication Expenses	400,466.96	416,414.56	416,414.56
Consultancy Charges	377,164.80	98,500.00	98,500.00
General Expenses	828,486.72	954,311.10	1,830,301.16
Guest house Expense	28,440.00	40,987.00	40,987.00
Insurance	841,120.00	820,884.00	746,064.00
Bank Charges	786,570.30	309,272.21	309,176.21
Legal Expense	190,000.00	109,400.00	109,400.00
Membership Fees	260,000.00	210,000.00	38,600.00
Printing and Stationery	368,716.54	497,866.60	497,866.60
Office Expense	186,749.00	169,852.00	167,452.00
Electricity Expenses		-	
Fine & Penalty	97.26	2,475,215.58	2,475,215.58
Donation & Subscription		-	
Postage & Telegram	60,606.00	47,083.00	47,083.00
Vehicle Hire Charges	72,560.00	119,020.00	
Travelling Expenses	1,793,798.50	1,920,108.59	2,039,128.59
TOTAL -	10,253,470.35	11,631,587.19	12,193,066.58

21. Other Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Miscellaneous Expenses	70,518.31	733.00	733.09
Party Advance writtenoff	79,012.93		
Loss on stocks		3,203,735.99	3,203,735.99
TOTAL -	149,531.24	3,204,468.99	3,204,469.08

22. Finance Incomes:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Interest from Fixed Deposit	-	21,619.02	
TOTAL -	-	21,619.02	

22. Finance Costs:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Interest on lease	830,920.79	337,695.21	337,695.21
Interest on Bank loan	11,459,903.45	8,728,233.54	8,728,233.54
Interest On Intercompany Bank	407,377.00	-	
TOTAL -	12,698,201.24	9,065,928.75	9,065,928.75



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23. Tax Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Current Tax Expenses	-	-	-
Deferred Tax Expenses (Note-28)	-	-	-
Earlier Year's Tax Adjustments	-	-	-
Tax Expenses on Continuing Operations -	-	-	-
TOTAL -	-	-	-

24. Other Comprehensive Incomes:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Actuarial Gain/(Loss) on Net Defined Plan (Note-28)	(7,931,639.00)	(2,681,426)	(2,681,426)
Revaluation of Biological assets	239,613,766.96	(111,533,766.96)	(111,533,766.96)
Loss on fair valuation of land	-	-	-
TOTAL -	231,682,127.96	(114,215,192.96)	(114,215,192.96)

25. Earning Per Share:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
A. Absolute No. of Shares	14,000,140.00	14,000,140.00	14,000,140.00
B. Diluted No. of Shares	14,000,140.00	14,000,140.00	14,000,140.00
C. Comprehensive Income for the Year	4,882,323.85	16,023,733.83	22,509,716.55
D. Income from Continuing Operation for t	4,882,323.85	16,023,733.83	22,509,716.55
Basic Earning per Share (C/A) -	0.35	1.14	1.61
Diluted Earning per Share (C/B) -	0.35	1.14	1.61
Basic Continuing Earning per Share (D/A) -	0.35	1.14	1.61
Diluted Continuing Earning per Share (D/B) -	0.35	1.14	1.61

26. Employee Benefit Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Salary and Wages	69,974,355.86	46,926,932.49	47,271,360.80
Extra Time Allowance	-	300.00	-
Medical Expenses	47,067.00	25,450.00	25,450.00
Field allowance	206,840.00	244,440.00	297,578.00
Bonus	-	5,779,859.83	5,772,143.91
Gratuity	4,403,180.00	3,253,188.00	3,253,188.00
Leave Encashment	3,177,119.25	8,093,098.64	3,697,412.63
Leave Travel Concession	3,271,736.00	3,916,100.00	3,916,100.00
Contribution to Provident Fund	7,727,667.06	5,426,797.48	5,426,797.48
Directors' Remuneration, Perks and Sitting Fees	424,000.00	378,000.00	378,000.00
Officiating allowance	-	-	-
Staff Welfare	840,354.00	1,699,906.15	1,280,585.15
TOTAL -	90,072,319.17	75,744,072.59	71,318,615.97



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27. Other Direct Expenses:

Particulars	31/12/2024	31/12/2023 restated	31/12/2023
Power and Fuel (Electricity)	11,408,933.72	11,395,975.00	11,395,975.00
Repairs & Maintenance:			
- Building	197,846.95	168,188.00	160,300.00
- Machinery	518,240.25	8,021,689.67	8,857,548.67
- Vehicle	888,283.62	2,416,658.42	2,491,478.42
- Road	-	-	-
Loading and Unloading Charges	317,997.60	232,703.00	232,703.00
Packing and Forwarding	591,326.71	234,289.81	320,429.81
POL Expenses for Vehicles	5,971,923.25	6,557,651.16	7,075,931.49
Purchase (Others)	2,186,151.81	3,836,073.30	3,836,073.30
Transportation Charges	-	-	-
Afforestation Expenses	1,629,035.24	780,314.12	780,314.12
Puja Expenses	244,773.00	298,407.25	298,407.25
Forestry Expenses	-	-	-
TOTAL -	23,954,512.15	33,941,949.73	35,449,161.06



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28. Calculation of Deferred Tax:

a. Detail calculation for Deferred Tax are as follows:

Particulars	Carrying Amount	Tax Base	Temporary Timing Diff.	Taxable Temporary Difference	Deductible Temporary Difference	Deferred Tax
As on 31.12.24-						
1 WDV of Fixed Assets	151,744,493.72	143,793,194.44	7,951,299.28	7,951,299.28		(2,385,390.00)
2 ROU Assets	10,057,073.14	-	10,057,073.14	10,057,073.14		(3,017,122.00)
3 Trade Receivable	34,167,496.44	35,235,248.84	(1,067,752.40)		(1,067,752.40)	(320,326.00)
4 Provision for Gratuity	27,212,459.00		27,212,459.00		27,212,459.00	8,163,738.00
5 Provision for Leave Encashment	9,068,754.72	9,068,754.72	-		-	-
Lease Liability	13,490,553.60	-	13,490,553.60		13,490,553.60	4,047,166.00
6 Provison on LTC	3,271,736.00	3,271,736.00	-		-	-
A. Deferred Tax Assets/(Liabilities) -	249,012,566.62	191,368,934.00	57,643,632.62	18,008,372.42	39,635,260.20	6,488,066.00

29. Impairment Loss on Trade Receivables:

a. Movements in the Allowance for Impairment Loss were as follows:

Particulars	Amount in Nu.	
	Year 2024	Year 2023
Balance at the beginning of the Year		
Add: Charge for the Year	79,012.93	3,203,735.99
	79,012.93	3,203,735.99
Less: Amount written off during the Year		-
Balance at the end of the Year -	79,012.93	3,203,735.99



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30. Employee Benefits:

a. Net Actuarial Gain during the year in Nu.

Particulars	Year 2024	Year 2023
Actuarial Gain/(Loss) due to Liability Experience	(7,693,208.00)	(3,754,225.00)
Actuarial Gain/(Loss) due to Liability assumption changes		
Actuarial (Gain) or loss due to change in assumption	238,431.00	348,997.00
Return on Plan Assets greater/(lesser) than Discount Rate		
Actuarial Gain/(Loss) recognised as OCI -	(7,454,777.00)	(3,405,228.00)
Less: Employee Benefit Cost charged to Profit & Loss Statement		
- Service Cost	2,354,080.00	2,354,080.00
Net interest on net defined benefit liability/asset	2,004,764.00	2,004,764.00
-actural gain /loss recognized in oci Interest on (Liability)/ Assets	(348,997.00)	(348,997.00)
Net Gain/(Expenses) for the Year -	4,009,847.00	4,009,847.00

b. Balance Position at year end in Nu.

Particulars	As on 31-12-2024	As on 31-12-2023
Opening Balance	13,080,306.00	19,266,518.00
Interest Income on Fund Assets	915,621.00	1,105,656.00
Benefits paid from the plan	-	(6,964,491.00)
Return on Plan Assets greater/(lesser) than Discount Rate	(238,431.00)	(348,997.00)
Paid into Gratuity Fund by Company	-	21,620.00
Benefits paid during the year	-	-
A. Gratuity Fund Assets at the Year end -	13,757,496.00	13,080,306.00
Opening Balance	31,848,514.00	32,121,731.00
Service Cost	3,225,575.00	2,354,080.00
Interest Cost on Obligation	2,093,226.00	2,004,764.00
Actuarial Gain due to Liability Experience	-	(6,964,491.00)
Actuarial gain/(loss) - Financial Assumption		
Benefits paid directly by the Co. during the year	(3,890,568.00)	
Benefits paid from Plan Assets	7,693,208.00	(3,754,225.00)
Actuarial (gain) loss due to change in assumption		6,086,654.00
B. Defined Benefit Obligation at the Year end -	40,969,955.00	31,848,514.00
Net Employee Benefit Assets/(Liabilities)[A-B]	(27,212,459.00)	(18,768,208.00)
c. Other Informations:		
i. Discount Rate as at 31st December, 2024	0.07	0.07
ii. Effect of 0.5% increase in Discount Rate on Obligation in Nu.	(1,319,945.00)	(1,019,294.00)
iii. Effect of 0.5% decrease in Discount Rate on Obligation in Nu.	1,406,946.00	1,082,546.00
iv. Salary Escalation Rate	0.05	0.05
v. Effect of 0.5% increase in Salary Escalation Rate on Obligation in Nu	2,654,112.00	2,154,059.00
vi. Effect of 0.5% decrease in Salary Escalation Rate on Obligation in Nu	(2,435,202.00)	(1,968,661.00)
vii. Type of Investments for Fund Assets	RICB Bond	RICB Bond

31. Income on Biological Asset Recognition as per BAS 41:

Particulars	As on 31-12-2024	As on 31-12-2023
Biological Asset Recognised as per BAS 41	891,820,000.00	652,206,233.04



BHUTAN BOARD PRODUCTS LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

32. Operating Segments:-

a. Identification of Reportable Segments:-

The operational segments are identified by the Management based on the nature of activities. Financial information about each of the operating activities segments is sent to the board on quarterly basis.

b. Type of Products:-

i. **Particle Board**:- The particle board segment encompasses activity associated with the production and sale.

ii. **Ready to Assemble Furniture (RTAF)**:- The furniture segment encompasses activity associated with the production, sale and trading of related items and services.

iii. **Unallocated**:- Represents other corporate support services which can not be allocated to any particular products.

c. Accounting Policies:-

The accounting policies used by the company in reporting segments are the same as those contained in Pt.-D of Note-31 of the Financial Statements. The Chief Executive assesses the performance of the operating segments on a measure of EBITDA. Segment EBITDA represents profit earned by each segment exclusive of any allocation of Depreciation & Amortisation, Impairment Loss on Trade Receivables, Finance Costs and Income Tax Expense.

d. Primary Segment Informations(Business Segment):-

Particulars	Amount for the year ended 2024 in Nu.				Amount for the year ended 2023 in Nu.			
	Board	RTAF	Timber	TOTAL	Board	RTAF	Timber	TOTAL
A. Segment Revenue:-								
Total Revenue	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05	232,175,838.65	51,579,868.23	-	283,755,706.88
Inter-Segment Transfer	-	-	-	-	-	-	-	-
External Revenue	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05	232,175,838.65	51,579,868.23	-	283,755,706.88
B. Segment Result:-								
External Sales	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05	232,175,838.65	51,579,868.23	-	283,755,706.88
Add: Other Incomes	4,925,046.83	-	-	4,925,046.83	6,063,680.90	-	-	6,063,680.90
Less: Operating Expenses	(204,389,622.62)	(33,221,174.69)	(10,973,737.17)	(248,584,534.48)	(221,266,029.57)	(37,651,985.17)	-	(258,918,014.74)
EBITDA -	8,802,844.98	12,499,068.36	2,710,821.06	24,012,734.40	16,973,489.98	13,927,883.06	-	30,901,373.04
Less: Depreciation	(6,576,951.66)	(1,069,007.60)	(353,118.41)	(7,999,077.67)	(5,251,294.29)	(525,727.20)	-	(5,777,021.49)
Impairment Loss	-	-	-	-	(3,203,735.99)	-	-	(3,203,735.99)
Finance Costs	(10,440,635.68)	(1,697,004.85)	(560,560.71)	(12,698,201.24)	(7,400,274.76)	(1,644,034.97)	-	(9,044,309.73)
Tax Expenses	(817,803.93)	(132,924.59)	(43,908.13)	(994,636.65)	-	-	-	-
Profit after Tax	(9,032,546.29)	9,600,131.31	1,753,233.82	2,320,818.85	1,118,184.93	11,758,120.90	-	12,876,305.83
C. Segment Assets:-								
Non-Current Assets	1,063,107,334.47	-	-	1,063,107,334.47	789,286,268.01	-	-	789,286,268.01
Current Assets	207,573,423.32	-	-	207,573,423.32	220,000,218.78	-	-	220,000,218.78
Total Assets	1,270,680,757.79	-	-	1,270,680,757.79	1,009,286,486.79	-	-	1,009,286,486.79
D. Segment Liabilities:-								
Non-Current Liabilities	44,022,207.75	-	-	44,022,207.75	34,410,591.18	-	-	22,137,133.00
Current Liabilities	172,160,557.98	-	-	172,160,557.98	135,917,882.07	-	-	118,316,965.26
Total Liabilities	216,182,765.73	-	-	216,182,765.73	140,454,098.26	-	-	140,454,098.26

d. Secondary Segment Informations(Geographical Segment):-

The Geographical Segments considered for disclosure are, a). Sales within Bhutan and b). Sales within India.

Particulars	Segment Revenue in Nu.		Segment Assets in Nu.	
	For the Year 2023	For the Year 2023		
Sales within India	168,132,220.38	177,583,250.23		
Sales within Bhutan	104,465,048.50	112,236,137.55		
Total	272,597,268.88	289,819,387.78		

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BHUTAN BOARD PRODUCTS LIMITED

a. List of Related Parties of the company are as follows:-

Name of the Related Parties	Nature of Relation	Name of the Related Parties	Nature of Relation
1. Druk Holding & Investments Limited	Associate Co.	10. Thimphu Tech park Ltd.	Group Associate Co.
2. CDCL	Group Associate Co.	11. Tangsibji hydro energy Ltd.	Group Associate Co.
3. Dagachu Hydro Power Corporation	Group Associate Co.	12. State Mining Corporation Ltd.	Group Associate Co.
4. Bank of Bhutan Limited	Group Associate Co.	13. Wood Craft centre Ltd.	Group Associate Co.
5. Bhutan Power Corporation Limited	Group Associate Co.	14. Druk Air Corporation Limited	Group Associate Co.
6. Bhutan Telecom Limited	Group Associate Co.	15. Druk Green Power Corporation	Group Associate Co.
7. Bhutan hydropower service Corporation Ltd.	Group Associate Co.	16. Natural Resources Development Corporation Ltd.	Group Associate Co.
8. Dungsam Cement Corporation Limited	Group Associate Co.	17. State Trading Corporation of Bhutan Limited	Group Associate Co.
9. Bank of Bhutan securities Ltd.	Group Associate Co.	18. Dungsam Polymers Limited	Group Associate Co.

d. Transactions with the Related Parties are as follows:-

Particulars	Amount for the year ended 2024 in Nu.				Amount for the year ended 2023 in Nu.			
	Associate	Subsidiary	KMP	TOTAL	Associate	Subsidiary	KMP	TOTAL
1. Sale of Finished Products	2,092,612.80			2,092,612.80	430,430.65			430,430.65
2. Purchase of Wood				-				-
3. Running and Maintenance Vehicles				-				-
2. Expenses								
- Electricity Charges	11,408,933.72			11,408,933.72	11,395,975.00			11,395,975.00
- Telephone Charges	400,466.96			400,466.96	416,414.56			416,414.56
- Interest on OD A/c	3,830,147.29			3,830,147.29	622,152.64			622,152.64
- Other Expenses	996,279.03			996,279.03	-			-
3. Payment to Directors								
- Salary to MD	2,792,550.00			2,792,550.00	2,210,112.00			2,210,112.00
- Other benefits to MD				-	1,518,588.00			1,518,588.00
- Sitting Fees	60,000.00			60,000.00	56,000.00			56,000.00
4. Balance at Year end								
- Amount Receivable	-			-	193,166.00			193,166.00
- Amount Payable	1,821,929.08			1,821,929.08	1,865,256.73			1,865,256.73



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Social Forestry Day in Darla

Section - IV

Ratio Analysis

BHUTAN BOARD PRODUCTS LIMITED

RATIO ANALYSIS

Particulars	Detail of Calculation	Year 2024	Year 2023
A. Ratios for Assessing Financial Health:			
1 Capital Turnover Ratio	(Sales / Capital Employed)	0.26	0.34
2 Current Ratio	(Current Assets / Current Liabilities)	1.21	1.62
3 Acid Test Ratio	(Current Assets other than Inventories / Current Liabilities)	0.48	0.67
4 Inventory Turnover Ratio	(Sales / Average Inventory)	2.13	2.15
5 Fixed Assets Turnover Ratio	(Sales / Fixed Asset)	1.78	2.30
6 Debtors Turnover Ratio	(Gross Debtors / Sales) X 365	47 Days	36 Days
7 Debt -Equity Ratio	(Borrowing / Equities	0.12	0.10
B. Ratios for Assessing Profitability:			
1 Return on Investments	(Profit after Tax / Capital Employed)	3.49%	11.45%
2 Net Profit Ratio	(Net Profit / Sales) X 100	1.80%	5.60%
3 Operating Ratio	(All Expenses excluding Finance Cost) / Sales X 100	94.76%	93.58%





Board Directors visit to RTAF Factory, Pasakha

2024

Section V

Compliance Calendar and Compliance Checklist

Sl. No.	Activity	Section		Remarks
1	Submission of Annual Return	267		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31 st May	a) As per Annual Return Form for a period relating to financial year ended on 31 st December.
b)	All unlisted companies include: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.		On or before 31 st July	b) Should be duly authenticated by at least one director and the Chief Executive Officer
2	Annual General Meeting	177		
a)	Listed Companies		On or before 30 th April	To be conducted once a year besides other meeting
b)	Unlisted Companies		On or before 30 th June	Board Cum AGM
c)	Government Companies		Same timing	
3	Notice Calling General Meetings	185	21 days before the AGM	
4	Payment of Dividend	204	Within 30 days of declaration in AGM	
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		By BoD
6	Filing of Documents with Register	267		
7	Appointment of auditor GCC & GC Reappointment Removal Resignation	251 260-262	AGM Notify the Registrar within 15 days from passing the resolution Convene the EGM within 14 days to discuss resignation.	Every year at AGM from panel of auditors-RAA AG of Bhutan. Not more than 3 years
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the registrar	
9	Board Meetings 1 st BM 2 nd BM 3 rd BM 4 th BM	146 & 149	3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	Quorum: 2/3 of total directors or 2 directors whichever is higher.
10	Appointment of CEO	210	Every 5 years	At General Meeting



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11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Prescribing forms, Payments of fees, generally for the purpose of this Act.
12	Appointment of Company Secretary	213	As per prescribed by MTI	Listed companies+ Companies with more than Nu.100,000,000 as paid-up capital
13	Statutory Record and Inspection	228	All times	



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Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

NAME OF THE COMPANY:	Bhutan Board Products Limited	DATE
REGISTERED NO:	L19901227BHU05	03/02/2025

COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

<u>No.</u>	<u>Ss.</u>	<u>INCORPORATION OF A COMPANY & SECURITIES</u>	<u>Yes</u>	<u>No</u>	<u>N A</u>	<u>REMARKS</u>
1	28	Changes to Articles/ Approval		✓		No change in the Articles
2	47	Change of name/ Approval		✓		No change in the name of the company
3	123	Increase or consolidation of share capital		✓		In our observation and explanation given by the management no shares have been issued.
4	124	Reduction of share capital		✓		In our observation and explanation given by the management there is no reduction of share capital.
5	82	License Copy and Share Certificate filing	✓			The company was registered on 27/12/1990 as per the Certificate of Incorporation.
6	107	Public offer of shares & Debentures-ROC Approval		✓		No shares were issued during the auditing period.
		MANAGEMENT & ADMINISTRATION	YES	N O	N A	REMARKS
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			Bhutan Board Product Limited, Phuentsholing: Bhutan Post Box No. 91 +97517120172
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			The company has its name imprinted on seals, letter head and signboard.
9	241	Financial Year of Companies as of 31st Dec	✓			The company is following the same financial year which ends on 31st Dec.
	242	Extension up to 15 months - ROC approval		✓		There was no such extensions.
	243	Extension up to 18 months - Authority's approval		✓		There was no such extensions.
	245	Financial Statements to follow BAS	✓			Company is following the BAS while making the financial statements



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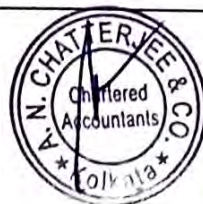
10	267	Annual Return Submission On/before 31st May for listed; others 31st July	✓		Annual returns for the year 2023 were submitted on 27.04.2024.
11	177	Annual General Meeting (Minutes)	✓		Annual general meeting of the company for the year 2023 was held on 27 th March 2024.
12	180	Extraordinary General Meeting (Minutes)		✓	No extraordinary General Meeting was conducted.
13	185	Notice for calling general meeting	✓		The notice of Annual General meeting was given on 03.03.2024.
	187	listed Co. - written as well as in media Public Co/Private Co. - Written Notice	✓		The company published a notice in media.
14	190	Chairman of meeting (CEO cannot chair)	✓		The Board Chairman chairs the board meetings and AGMs.
15	192	Representation of corporations at meetings (appointed by Board Directors)		✓	The Shareholders appoint their representative to attend the AGM.
16	193	Ordinary and special resolutions (Minutes)	✓		The company maintains ordinary and special resolutions (Minutes).
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	✓		Every minute of the board and AGM is been maintained and is signed by the chairman, Directors and CEO.
18	199	Declaration and payment of dividend (199-209)		✓	No dividends were declared during 2024.
19	232	Books of account to be kept by company (location & time)	✓		Kept at Head office of the company. The address of H.O. of the Company: Phuentsholing: Bhutan Post Box No. 91.
20		Board's report (signed by Chairman)	✓		It was signed by the Chairman.
21	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)	✓		The Appointment and Reappointment of the auditor is done by the Royal Audit Authority.
22	260	Resignation of Auditors from office (Annual Resignation)		✓	No such incident.
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓		Yes, The Auditor use AASBB.
24	133	Number of directors	✓		7 Directors (Including CEO)
25	139	Additional directors		✓	No such Director has been appointed.
26	140	Consent to act as directors	✓		Yes.



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27	141	Certain persons not to be appointed as Directors		✓	No such persons have been appointed as directors.
28	142	Resignation by a director		✓	No resignation of directors happened in 2024.
29	143	Removal of directors		✓	No removal of directors in 2024.
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt.)	✓		The board meetings were held on: 166 st board meeting: 27/03/2024 167 th board meeting: 12/04/2024 168 th board meeting: 15/07/2024 169 th Board meeting: 18/10/2024 170 th Board meeting: 29/11/2024
31	152	General powers of the board	✓		The General power of attorney is given by the board to CEO.
32	156	Restriction on powers of Board		✓	Restrictions on the power of the Board has been defined.
33	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	✓		The current CEO has been appointed in the year 2021. This is his 2 nd term as the CEO of the Company.
34	414	Appointment of selling or buying agents (govt. Approval obtained or not)		✓	There is no selling agents and buying agents in the company.
35	157	No loans to directors (only for Public Co.)	✓		There is no loan given to the Directors.
36	53	Inter-corporate investments (investments to be disclosed) apply old rule		✓	There is No Inter-Corporate Investments.
37	158	Contracts in which directors are interested		✓	No such contract was observed during the audit.
38	161	Companies to have secretaries.	✓		The Company has a Secretary.
39		Standard of care required by directors. (Reckless decision)	✓		Yes, in every meeting it's been taken care of.

40	228	Statutory record and inspection			
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41	(a)	Register of buy-back of shares	✓		There is register but no transactions as such is been done.
42	(b)	Register of transfers	✓		Yes. Maintained in soft copy.
43	(c)	Register of charges	✓		Yes. Maintained in soft copy.
	(d)	Register of inter-corporate loans	✓		Yes. Maintained in soft copy.
44	(e)	Register of inter-corporate investments	✓		This is registered but no transactions as such has been done.
45	(f)	Register of contracts in which directors are	✓		This is registered but no transactions as such has been done.
		Interested			
46	(g)	Register of directors	✓		Register is maintained.
47	(h)	Register of directors' shareholding	✓		Register is maintained.

For A. N. Chatterjee & Co.
Chartered Accountants
FRN: 0302143E

Phatterjee

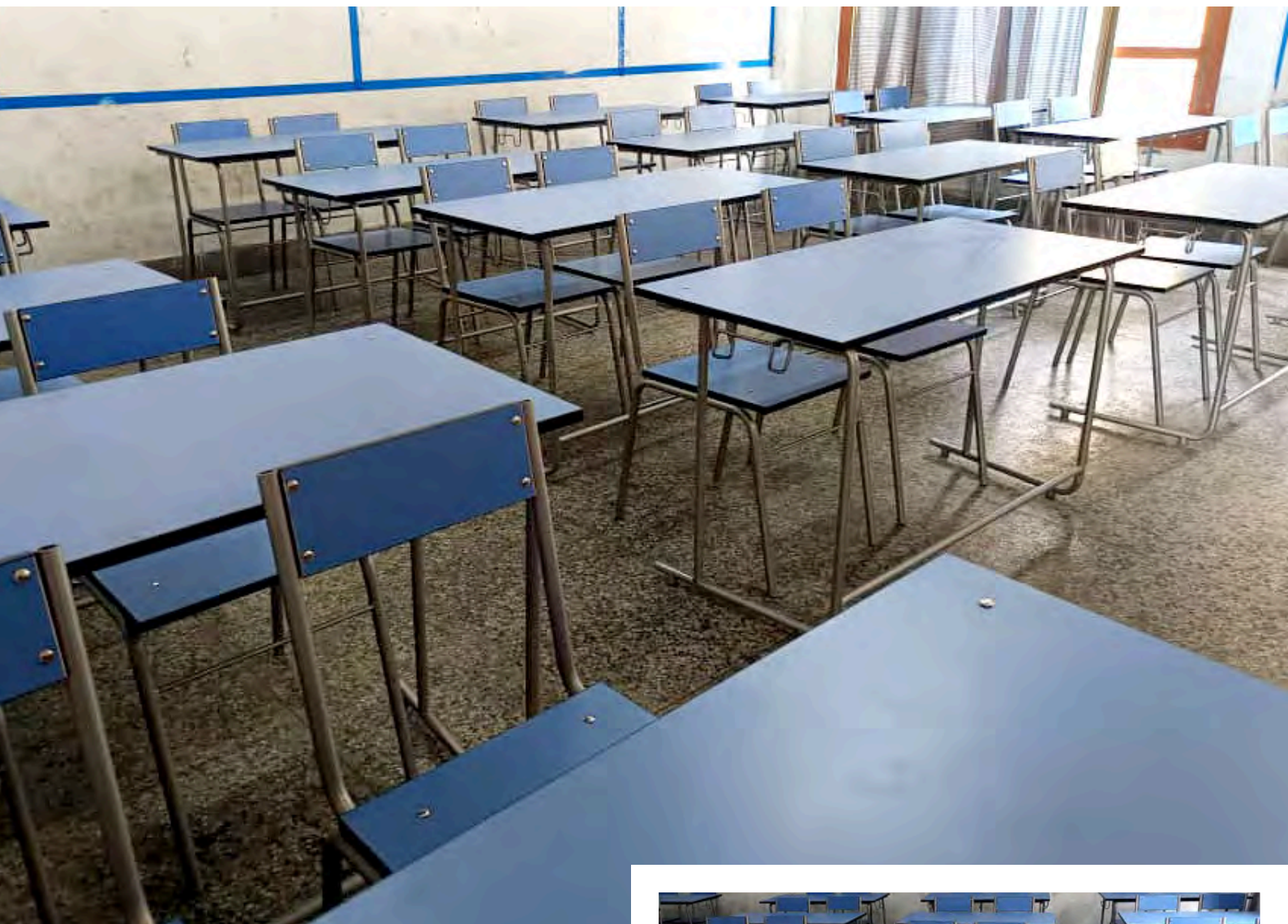


CA. A. N. Chatterjee
Mem. No.: 055985

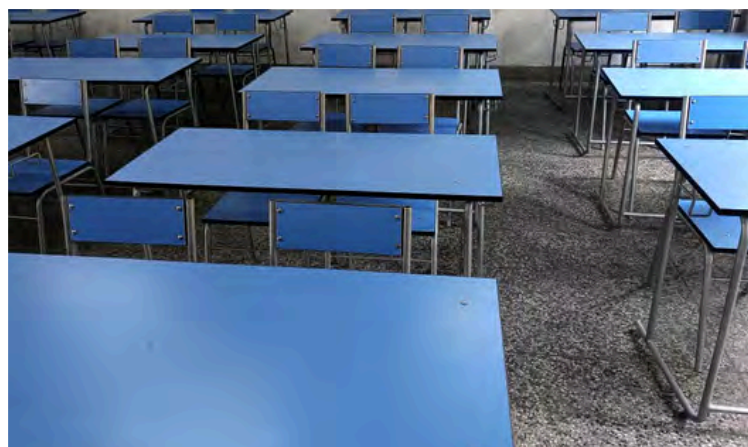
Place: Phuentsholing, Bhutan

Date: 09 MAY 2025

Chatterjee



BBPL Furniture supplied to the Schools
in 2024



Section VI
Management Report

1. Gratuity Fund Payable (Clause 5.2.17 of AIMS Category)

It has been observed that, Nu. 10,690,513.00 has been lying in Gratuity Payable Fund for a interminable period.

It is our recommendation that this amount should be paid by the Company at the earliest as it is a statutory obligation.

Management's Response:

The gratuity payable fund amounting to Nu. 10,690,513.00, which has been recorded in the company's books for an extended period. We note and acknowledge that this amount represents past accounting entries where the management in the past failed to deposit this statutory payment due to poor financial condition since 2016 and instead created a liability against the company. The auditors in the past also pointed out this issue and it was recommended that the management clear this payable by depositing the amount when the company's profitability and cash flow situation allowed. Since the company's financial situation is still on the path of recovery, the management is finding other avenues such as securing a bank loan to settle this account. The management will take up the matter with the board on how to proceed on this matter and close the case at the earliest.

The company remains fully committed to complying with all statutory obligations.

Auditor's further comments:

The management's response to initiate action to pay off the statutory obligation is noted. However, the management should note that such lapses had occurred due to a lack of funds to make payments.

As agreed in the exit meeting, the management should take up the matter with the Board of Directors immediately, and necessary action taken to pay off all statutory obligations.

Further, the management should strengthen internal controls to pay off the statutory obligation timely to avoid the reoccurrence of similar lapses in the future.

Accountability:

Direct Accountability	Mr. Jambay Dorji, Dy. Manager Finance and Accounts, CID No.:11407001132
Supervisory Accountability	Mr. Milan Ghising Tamang, Finance Head, CID No.: 11801001056.

2. Unadjusted BBEL A/c (Clause 7.2.40 of AIMS Category)

It has been observed that, Nu. 13,818,020.55 has been lying for an extended period. The amount has become a fictitious asset to the Company.

It is recommended that this amount should be adjusted after taking the approval of the Board of Directors.

Management's Response:

We acknowledge the audit observation regarding the amount of Nu. 13,818,020.55 recorded



in the company's books for a prolonged period. As recommended, we will assess the nature of this balance and seek the Board of Directors' approval for necessary adjustments to ensure accurate financial reporting in the coming year.

The case pertains to the adjustments done in the past between Bhutan Board Products Limited and its subsidiary company Bhutan Board Exports Limited. The auditors in the past have also pointed this issue which led to the closure of BBEL and later merging with its parent company BBPL. The management assures the auditors that this issue will be resolved during FY 2025 after seeking necessary write-off approvals from the board.

Auditor's further comments:

The management's response to assess the nature of the fund and initiate adjustment is noted.

As agreed in the exit meeting, the management should obtain approval from the Board of Directors immediately, and necessary action taken to adjust the fund balance and the outcome intimated accordingly.

Further, the management should strengthen internal controls to carry out timely adjustments and reconciliation of funds to avoid the reoccurrence of similar lapses in the future.

Accountability

Direct Accountability	Mr. Jambay Dorji, Dy. Manager Finance and Accounts. CID No.: 11407001132
Supervisory Accountability	Mr. Milan Ghising Tamang, Finance Head. CID No.: 11801001056



Section VII

Follow-up Report of earlier years' audit recommendations **(Management Report)**

Follow-up Report on Previous Years' management report
Summary of the Follow-up Report

Accounting Year	Total No. of recommendation provided/ pending for implementation	No. of recommendation implemented	Balance recommendations to be Partially implemented	Balance recommendations to be implemented
2021	1	1	0	0

Para No.	Observation in brief	Management's response	Auditors Comments	Current Status
1	Trade Receivables Pending recovery for considerable period (3.3.18)	Management would like to inform that the Royal Audit Authority vide their letter no. RAA/FLSD(20-CORP-SA)/BBPL/2024-2317 dated 25.06.2024 has stated that the action taken report submitted by the management vide letter no. BBPL/MD-37/2024/1994 dated 30.05.2024 has been reviewed and based on the justification	There are no pending observations requiring follow up in previous years' management report.	As the matter has been resolved and the required recommendations have been implemented, the status of the observation stands as fully implemented by the Company.



		<p>and documents made available and review conducted, the status report now stands as below:</p> <p>Total No. of observations in the report - 5.</p> <p>Observations resolved - 5.</p> <p>Balance - 0.</p>		
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Phuentsholing, Chukha, Bhutan



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