

ANNUAL REPORT 2023



BHUTAN BOARD PRODUCTS LIMITED

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1. YEAR IN REVIEW

1.1 From the Desk of Managing Director



I extend my heartfelt gratitude to all stakeholders who have supported our operations and contributed to the success of Bhutan Board. A few years ago, Bhutan Board was facing significant challenges, with shareholders losing hope amidst consecutive financial losses. However, through perseverance and dedication, we have transformed from a struggling entity on the brink of closure to a robust company that has delivered consistent profits for three consecutive years.

Despite navigating through a demanding business landscape, our company has continued to make remarkable progress and achieve significant milestones.

We have faced challenges such as aging infrastructure, equipment issues, and disruptions in the supply chain due to various factors, including adverse weather conditions. However, the resilience and commitment of our team have propelled us forward.

Our strategic measures have yielded positive results, leading to increased revenue and profitability in both the particleboard and furniture segments. Our successful entry into the Bangladesh market is a testament to our growing reputation and acceptance of our products internationally. Furthermore, the recent expansion into the timber and organic fertilizer businesses will further strengthen our position as a profitable company capable of providing substantial dividends to our shareholders in the near future.

While we celebrate our achievements, we remain cognizant of the challenges that lie ahead. The particleboard industry faces stiff competition from alternative materials, and regulatory complexities persist in export markets. Additionally, shortages of skilled workers and logistical hurdles continue to pose ongoing challenges. Although our furniture business is currently confined to domestic markets, we are actively working towards expanding our reach.

Nevertheless, we are undeterred in our pursuit of growth and sustainability. Through strategic initiatives such as obtaining quality certifications, expanding our market presence, and investing in research and development, we are confident in overcoming these challenges and capitalizing on new opportunities.

I express my sincere appreciation to all stakeholders for their unwavering support and commitment to our shared objectives. Together, we will uphold the highest standards of professionalism and ethical conduct as we navigate the journey ahead.

With collective efforts and determination, I am confident that we will continue to achieve success and create value for our shareholders and the communities we serve.

Warm regards,

A handwritten signature in blue ink, appearing to read "Shauqat". The signature is fluid and cursive, with a prominent initial 'S'.

Managing Director



2. About the Company

2.1 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	1,400,0140	140,001,400.00	
4	Shares of Druk Holding and Investments (DHI)	668,3340	66,833,400.00	47.74
5	Shares of Financial Institutions:			
(a)	Bank of Bhutan (BOB)	1,724,000	17,240,000.00	12.31
(b)	Royal Insurance Corporation of Bhutan (RICB)	118,300	1,183,000.00	0.84
(c)	Bhutan National Bank (BNB)	14,000	140,000.00	0.10
6	Shares of Zhung Dratshang	829,500	8,295,000.00	5.92
7	Shares owned by Hing & Kong Company (H&K Co)	480,000	4,800,000.00	3.43
8	Shares owned by others			
(a)	Royal Bhutan Army	294,000	2,940,000.00	2.10
(b)	Shares owned by the BBPL Employees.	11,500	115,000.00	0.08
(c)	Shares owned by the private individuals.	3,845,500	38,455,000.00	27.47
		14,000,140	140,001,400.00	100.00

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 and Indian BIS standards. 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 268 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 36 contractors, including wood raw material suppliers, firewood transporters and machine operators to extract firewood from the plantation areas managed by the company.

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. New projects

The company's foray into timber extraction and supply, along with its diversified revenue streams in organic manure production, tree sapling sales, and MDF crate production, 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.

2.2 Board Directors



DASHO SONAM JAMTSHO
BOARD CHAIRMAN

Dasho Sonam Jamtsho has a Master Degree in Taxation and Business Laws from NALSAR University, Hyderabad. He joined civil service in 1993 as Senior Tax Officer and served as Senior Tax Officer, Assistant Director, Joint Commissioner and Regional Director in Phuentsholing, Samtse and Gelephu till 2013. Prior to his current position, he served as the Director, Department of Medical Supplies and Health Infrastructure under Ministry of Health & as Dzongda of Wangduephodrang Dzongkhag. Currently, he is the Director General, Department of Revenue & Customs.

Dasho Sonam Jamtsho serves as the Chairman on BBPL Board.



LOPON RINZIN
BOARD OF DIRECTOR

Lopon Rinzin graduated from Tango Buddhist College in 2007. He served as Accountant of the Central Monastic Body from 2008 for three years before his appointment as the Cultural Officer in 2012. He also served as Assistant Administrative Officer in Central Monastic Body before his current appointment as Lam of Dechenphug Lhakhang.

Lopon Rinzin serves as the non-independent director on BBPL Board.



AUM KINLAY TSHERING
BOARD OF DIRECTOR

Aum Kinlay Tshering has a Master of Horticulture (Master by Research) from the Melbourne University, Australia in 2008 and a Post Graduate Diploma in Agricultural Science from the same University in 2005. She joined civil service in November 2016 as the Director in the Department of Agriculture. Currently she is the Director General in the Department of Agricultural Marketing and Cooperatives (DAMC), under Ministry of Agriculture and Forests. She serves as Director on the board of Bhutan Agro-Industries Limited. and Food Corporation of Bhutan Limited.

Aum Kinlay Tshering serves as the non-independent director on BBPL Board



DR. DAMBER S KHARKA
BOARD OF DIRECTOR

Dr. Damber S Kharka has a PhD in Financial Economics and currently works as MD of Ugen Trading, Thimphu. 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. SONAM TOBGAY
BOARD OF DIRECTOR

Mr. Sonam Tobgay is currently serving as Associate Director in the Department of Finance, Druk Holding & Investment (DHI). He has a Master of Business Administration (MBA) from the Hague University of Applied Sciences, Netherland in 2012 and Bachelor of Degree in Commerce (Hons) Delhi University from Sherubtse College in 2006. He worked in Bhutan Power Corporation as Finance Officer from 2007 till 2014. He is currently on board of Bhutan National Bank Limited and Bhutan Livestock Development Corporation Limited.

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



MR. DRUYANG DORJI
BOARD OF 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.



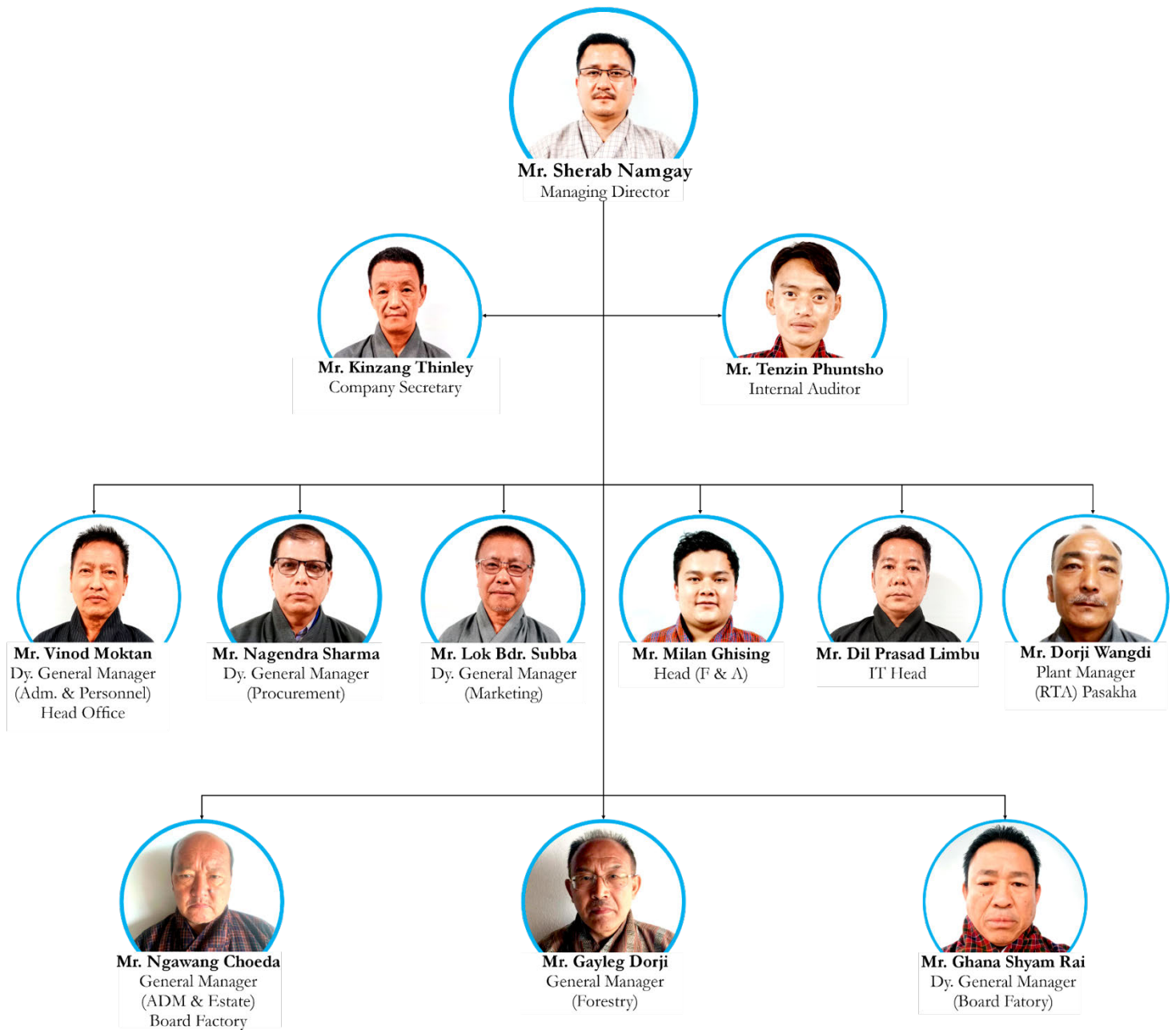
MR. SHERAB NAMGAY
MANAGING DIRECTOR

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.

2.3 Management Team



30.05.2023



BOARD OF DIRECTORS



BOARD DIRECTORS' VISIT TO FURNITURE WAREHOUSE



BOARD OF DIRECTORS' DINNER WITH EMPLOYEES



3. Director's Report

3.1 Director's Report

Dear Shareholders,

I am honored to present the Directors' Report for the Financial Year 2023.

Performance and Operations Highlights

In 2023, the company made significant strides in performance despite facing challenges from the demanding business landscape, aging infrastructure, and outdated machinery. Despite fierce competition in the particleboard market, the company successfully increased its revenue and profitability through a variety of strategic measures. Additionally, the furniture segment saw a rise in revenue, primarily fueled by institutional orders from Gyalsung. However, delivering particle boards to external markets posed challenges due to production disruptions caused by unavailable spare parts from equipment manufacturers and shortages of critical raw materials like firewood, exacerbated by severe monsoon conditions affecting harvesting plans.

Moreover, the company continues to face obstacles in external markets, where competitors offer competitive pricing and enhanced services, including a broader range of shades, thicknesses, and board sizes. These challenges highlight the need for ongoing adaptation and innovation to maintain competitiveness and ensure sustained growth amid changing market dynamics. The entry into Bangladesh market during the year gives much hope after our products were received well by interior designers, contractors and furniture manufacturers.

Production highlights


1. *Particle Board Production:*

The production of raw boards experienced a decline in 2023, with 188,184 sheets produced, indicating a decrease of 12.42% compared to the previous year. Likewise, the production of laminated boards totaled 154,020 sheets, reflecting a decrease of 13.64% from the previous year. This reduction in production can be linked to an increase in downtime from 4,396.33 hours to 5,281.10 hours due to a shortage of spare parts, key raw materials and market demands.

The specific production figures for the Darla Board Factory are:

S/N	Particulars	2023	2022	Remarks
1	Raw Board (in pcs)	188,184	211,565	(12.42%)
2	Laminated boards (in pcs)	154,020	175,043	(13.64%)
3	Plant Capacity utilization- Laminated (%)	41.29	41.69	(0.40%)
4	Total Down time (in hrs)	5,281.1	4,396.33	(884.77)

Despite the production decrease and heightened downtime, it's important to highlight the improved financial and overall performance of the board factory compared to prior years. This improvement is attributed to enhanced operational efficiencies, stricter cost control, and waste reduction efforts. It underscores the resilience and adaptability of our operations in overcoming challenges and sustaining advancement.



Our commitment remains steadfast in further enhancing efficiency and overcoming operational obstacles to ensure continued growth and profitability in the future.

2. *Furniture Production:*

In the year 2023, the Pasakha RTAF factory made significant strides in furniture production, completing a total of 6,156 sets. Out of these, 4,896 sets were classified as standard furniture, marking a notable rise of 35.43% compared to the previous year. Furthermore, the production of customized furniture experienced a remarkable surge of 130%, resulting in a total of 1,260 sets manufactured.

Below are the production figures for 2023 in comparison to the preceding year:

S/N	Particulars	2023	2022
1	Standard furniture	4,896	3,615
2	Customized furniture	1,260	547

The notable rise in furniture production this year can be credited to the initiation of the Gyalsung project order, which began in the latter part of the year after extensive negotiations on pricing and the approval of quality samples.

Recognizing the significant potential within the domestic furniture market and the higher profit margins it offers, our management is steadfast in advancing the furniture business. We are committed to investing considerable time and effort in expanding our furniture offerings to complement our particle board products and capitalize on market opportunities.

Inventory management

In the dynamic landscape of modern business operations, efficient inventory management has played a pivotal role in ensuring streamlined operations, minimizing waste, and optimizing working capital. Periodic physical verification of inventories by departmental heads ensures accurate recording of inventory levels, facilitating management in making informed decisions.

The management has proactively taken measures to write off dead stock from previous years, including defective and damaged furniture, from the books of accounts. This initiative has not only decluttered the inventory but also prevented tied-up capital in obsolete or non-usable assets, thereby optimizing working capital and resource allocation. To further streamline inventory management, the company ensures monthly closure of accounts, facilitating regular assessment of inventory performance and timely decisions to address emerging issues. Monthly inventory reconciliation of system records with physical stocks also enables the management to maintain accurate financial records and align inventory management strategies with broader financial objectives.

Demonstrating a steadfast commitment to minimizing waste and optimizing working capital through effective inventory management practices, the company continuously evaluates and refines inventory management processes. The introduction of a bin card system in the board and furniture warehouses enhances transparency and better tracking of stock levels, reducing



the likelihood of overstocking. This system enables informed decision-making in organizing clearance sales to flush out old and slow-moving stocks from the system on a periodic basis.

Through the implementation of systematic inventory management systems and practices, the company has successfully improved monitoring, control, and accuracy of inventory levels while minimizing waste and optimizing working capital. Leveraging periodic physical verification, bin card systems, and proactive measures to remove non-usable inventory, the company ensures streamlined operations and maintains a competitive edge in the market. Moving forward, the management remains dedicated to fostering a culture of continuous improvement and innovation in inventory management to sustain long-term success and profitability.

Sales and collection performance

BBPL places a strong emphasis on the marketing and sales of particleboards and furniture, considering them as fundamental pillars for maintaining its financial stability and ongoing success. While the majority of particleboards are marketed in India, there has been a noticeable increase in local demand for partitioning, ceilings, and furniture. Historically, the company has focused on selling Ready-to-Assemble Furniture (RTAF) primarily within the domestic market due to limitations in furniture design for export sales. Particleboard sales account for 87% of the company's revenue, with RTAF sales contributing the remaining 13%. Within the particle board segment, export sales represent 80% of the revenue stream, while domestic sales make up the remaining 20%. Additionally, BBPL generates some revenue from timber sales, tree saplings, and organic manure, business units that the company has recently initiated.

To ensure a consistent cash flow and mitigate the risk of delinquent debts, the company adheres to a cash-and-carry policy, except for channel partners with a proven track record of creditworthiness. Below are the detailed sales and collection data:

S/N	Particulars	Description	2023 (in million)	2022 (in million)	Remarks
1	Sales	Board	242.09	229.22	5.61%
		Furniture	56.68	23.57	140%
		Others	6.22	7.51	-20.73%
		Total	304.99	260.30	
2	Collection	Board	234.55	225.16	4.17%
		Furniture	43.11	21.42	101.26%
		Others	6.22	7.51	-20.73%
		Total	283.88	254.10	

BBPL's sales performance in 2023 demonstrated a notable improvement of approximately 17.16%, primarily attributed to expanded export endeavors, and strong performance in the domestic market. Correspondingly, there was an 11.71% enhancement in collection performance compared to the previous year. Remarkably, the collection over sale rate stood at an impressive 93%, indicating a robust cash flow.



However, the company faced challenges in exporting to certain markets in 2023. Factors such as agitation/strikes in the northeastern Indian state of Manipur, assembly elections in Chattisgarh and Andhra Pradesh, and a disrupted bridge between Dalsingpara and Bebarey, Bengal, hindered the transportation of goods to the Indian market for about a month. The ICE Gate system upgrade of the Indian Customs in April also affected export sales for about a month which gravely impacted our top line.

Notably, in a significant milestone, the company successfully entered the Bangladesh market for the first time in its history, receiving positive reception for its particle board product from consumers. Encouraged by the business volume achieved in the current financial year, the company is confident about expanding its operations in the coming years to diversify its market presence and spread market risks. Additionally, preparations are underway to enter the Nepal markets in the future.

Furthermore, the company has been recognized as one of the key participants in the scientific thinning exercise of forests initiated by the Royal Government. Under this initiative, harvested timber would be exported to India either in log or sawn form. Currently, the company is engaged in a scientific thinning exercise in the Kawang Gewog of Thimphu Dzongkhag, an area allocated for this purpose. During the current year, the company successfully piloted the export of sawn timber and is poised to export timber in log form in the upcoming year.

Forestry operations

To ensure an uninterrupted supply of raw materials for particleboard production, the company's forestry operations team manages plantations and forests located on leased land. However, owing to inadequate wood supply from these sources, the company supplements its raw material inventory by sourcing from private forests, sawmills, and billet collections. Below is a breakdown of the raw material sources utilized by the company in 2023:

S/N	Source of Raw Materials	2023	2022 (in MT)
1	Leased State Reserve Forests	5,162.15	6,501.61
3	Sawmill Off-cuts	2,037.56	2,138.40
4	Private land	9,414.06	6,583.13
5	Billet collection (Sanitization)	268.35	546.58
6.	Wood chips	72.85	41.27
	Total	16,954.97	15,810.99

Throughout 2023, there was a notable 7.23% increase in the supply of wood raw materials, totaling 1,143.98 metric tons (MT), primarily due to enhanced provisions from private forest lands. However, there was a decrease in wood raw material supplies from leased SRF, declining by 20.6% (1,339.46 MT), and sawmill off-cuts, which reduced by 4.71% (100.84 MT). This decline in wood raw material from these sources stemmed from restricted operating areas and a strategic decision to substitute with hardwood varieties for improved yield and reduced wastage.

Meanwhile, the company's forestry team cultivated 35,063 seedlings in its nursery and established 32.38 hectares of new forest in leased areas, aiming to mitigate the escalating costs of firewood from external sources. Additionally, the company facilitated the sale of 727 seedlings to private individuals and farmers.

Human Resources and Administration

The company places significant emphasis on its human resources, recognizing them as indispensable assets vital for its prosperity. Despite potential shortcomings in formal educational qualifications, the workforce comprises a highly proficient and seasoned team skilled in diverse operational domains.

Notably, with the exception of two non-Bhutanese individuals serving in export-related roles in India, all other employees are Bhutanese nationals. The company proudly highlights the competence of its Bhutanese team, showcasing their ability to undertake tasks such as repairing, maintaining, modifying, and fabricating critical components onsite at the old Darla factory. This capability marks a shift from previous reliance on external service providers for such tasks.

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

S/N	Locations	2023	2022
1	Board factory	173	168
2	RTAF factory	18	19
3	Forestry sector	29	26
4	Head office	40	38
5	Thimphu Furniture Showroom	06	06
6	Zones	02	03
	Total	268	260

In 2023, the company experienced a modest increase in its workforce, growing from 260 to 268 employees. This expansion was driven by the recruitment of additional personnel for various roles within the board factory, forestry department, and head office. Despite the need to maintain sufficient manpower to oversee the aging plant and machinery, the company chose not to hire new employees but rather filled vacancies left by departing staff. The company's workforce has an average age of 41.3, comprising a mix of experienced professionals and younger talent. Implementation of succession planning within the company is expected to address potential position gaps resulting from the retirement of senior employees in key roles in the future.

Since 2021, the company has instituted a robust Performance Management System to closely monitor employee performance through rigorous supervision. This initiative has made a positive contribution to the company's overall performance and turnaround.

Corporate Social Responsibility

The company places significant emphasis on Corporate Social Responsibility (CSR) and integrates it into its business operations to foster sustainable development. Below are some of the CSR activities undertaken by the company in 2023:

- The company has been actively involved in the "Gedu Zero to Dungna Zero" initiative since 2019, periodically cleaning the national highway by installing garbage bins in the area. Employees from the board factory and forestry at Darla undertake highway cleaning tasks every quarter.
- In 2023, the company engaged a total of 36 contractors, including 28 wood raw material supply contractors, 5 wood raw material transporters, and 6 machine contractors (excavator and power saw chain). These contractors executed projects worth Nu.33.94 million during the year.



- The company donated particle boards and old furniture to local institutions such as Rabdeys, Schools, and other agencies that lack the resources to purchase these items for their social activities. This initiative has generated positive impressions in the community and among stakeholders.
- The management and employees of the company actively participate in all major religious events at Gedu, Darla, and Phuntsholing by contributing both financially and materially, thereby strengthening their bond with the community.

Overall, the company remains committed to prioritizing its social responsibilities towards the community and endeavors to make a positive impact through its CSR initiatives.

Challenges

The Darla Board factory, with over 35 years of operation, encounters several hurdles. Aging machinery frequently breaks down, causing the factory to operate at reduced capacity. Furthermore, rising raw material costs and prolonged lead times for spare parts from European Original Equipment Manufacturers (OEMs) add to the challenges. The conflicts in regions like Russia-Ukraine and Israel-Palestine disrupt the shipment of raw materials and critical spares, impacting production, sales, and revenue.

The particleboard industry heavily depends on wood-based raw materials like sawmill off-cuts and lops and tops. Fluctuations in their availability and costs due to factors such as government regulations, fuel prices, and transportation charges significantly affect production costs and profitability. Growing environmental concerns and strict regulations on emissions and waste management pose additional challenges. Compliance with sustainability standards and the adoption of eco-friendly production processes necessitate substantial investments and technological upgrades.

Particleboard faces tough competition from alternative materials like plywood, medium-density fiberboard (MDF), and other engineered wood products. Price, quality, and performance characteristics influence consumer preferences, making market penetration and expansion challenging.

In the export market, regulatory hurdles persist. While the particleboard currently meets Bhutan Standards Bureau (BSB) requirements, India mandates Bureau of Indian Standards (BIS) certifications for all particle boards, posing compliance challenges. Exporting timber faces restrictions due to limitations in species and form dictated by the Plant Quarantine Order of the Government of India.

Shortages of skilled workers and insufficient specialized training hinder recruitment, training, and retention efforts. Inadequate infrastructure and logistical challenges, such as transportation disruptions, disrupt supply chains and inflate operational costs, reducing margins.

Addressing these challenges requires collaboration among stakeholders, including government bodies, regulatory authorities, shareholders, suppliers, distributors, transporters,



and research institutions. By prioritizing sustainability, innovation, and strategic investments, BBPL can overcome these obstacles and achieve long-term growth and competitiveness.

Way forward

Despite facing a myriad of operational challenges, we maintain a positive outlook on our future prospects, driven by promising market opportunities and our well-established infrastructure. Our board and management are confident in the organization's capacity to overcome current obstacles and regain previous success through the following strategic initiatives:

- Prioritize securing ISI/BIS certification for particle boards to ensure unhindered export business in India. This emphasis on quality products is expected to benefit us in the long term by distinguishing our offerings in the market and weed out low quality products that competes against us.
- Maintain focus on the particle board business by strategically managing the aging board factory, reinvesting profits into critical parts for long-term sustainability. We aim to deepen our market presence in India while exploring opportunities in Bangladesh and the domestic market.
- Expand the furniture business and venture into the export market, leveraging our revamped infrastructure at the furniture factory. Investment in research and development and strategic alliances will enable us to meet the needs of customers in the export market effectively.
- Pursue aggressive timber extraction and export initiatives, capitalizing on the vast opportunities in India. Recognized by the Royal Government as a key player in this endeavor, coupled with the timber output from our leased land forests, we see immense revenue and profit potential in this business unit.
- Implement optimization and recycling measures to reduce costs and manage waste, contributing to environmental conservation. Exploration of converting dust from our particle board factory into briquettes for boiler fuel is underway.
- Manage costs judiciously, 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 prudent cost management to safeguard market share, revenue, and profitability.
- Prepare for future opportunities in charcoal and woodchips, aligning with existing market demand and emerging prospects in new industrial estates housing ferro silicon companies. Laboratory-scale trials and feasibility studies are currently ongoing to assess potential in this area.

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.

We also recognize the significant contributions of our channel partners and suppliers in Bhutan and India, whose collaboration has been instrumental in our success. Our sincere



thanks are extended to our financiers, notably Bank of Bhutan and Druk PNB Limited, 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.

A handwritten signature in blue ink, appearing to read 'Sokham Jamtsho', with a stylized flourish at the end.

(Sokham Jamtsho)
Chairman



02.06.2023



OBSERVING SOCIAL FORESTRY DAY AT DARLA



4. Corporate Governance Report

4. 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.

4.1 BOARD

(1) Board Composition

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,2023

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

Name	Designation	Date of initial appointment	Date of reappointment	Status	Term	Board on other Companies
Dasho Sonam Jamtsho	Director General, Department of Revenue & Customs	27.03.2020	05.04.2022	Non-independent	Reappointed	None
Lopen Rinzin	Central Monastic Body Thimphu/Punakha	21.04.2021	28.03.2023	Non-independent	First Term	None
Aum Kinlay Tshering	Director General, DAMC	03.08.2022	03.08.2022	Non-independent	First term	Bhutan Agro Industries and Food Corporation of Bhutan
Dr. Damber S Kharka	Private Business	21.04.2020	28.03.2023	Independent	Reappointed	None
Mr. Druyang Dorji	M/s: Shangrila Enterprise Phuentsholing	21.04.2021	28.03.2023	Non-independent	Reappointed	M/s Shangrila Private Limited
Mr. Sonam Tobgay	Associate Director, DHI Thimphu	21.04.2021	21.04.2021	Non-independent	First Term	Bhutan National Bank Limited and Bhutan Livestock Development

						nt Corporation
Mr. Sherab Namgay	Managing Director BBPL Phuentsholing	16.03.2021	16.03.2021	Executive	First term	None

(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 2023, 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 2023

S/N	Board Meeting Dates	Board Meeting Nos
1	28 th March, 2023	161 st Board Meeting
2	27 th May, 2023	162 nd Board Meeting
3	04 th August, 2023	163 rd Board Meeting
4	20 th October, 2023	164 th Board Meeting
5	15 th December, 2023	165 th Board Meeting

Attendance of Board Directors from 28th March 2023 till 15th December 2023.

S/N	Board Directors	161	162	163	164	165	Remarks
1	Dasho Sonam. Jamtsho	Y	Y	Y	Y	Y	5/5
2	Lopon Rinzin	Y	Y	N	N	Y	3/5
3	Aum Kinlay Tshering	N	Y	Y	N	Y	3/5
4	Dr Damber S Kharka	Y	Y	Y	Y	Y	5/5
5	Mr. Sonam Tobgay	Y	Y	Y	Y	Y	5/5
6	Mr. Druyang Dorji	N	Y	Y	Y	Y	4/5
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.

4.2 BOARD AUDIT COMMITTEE

In 2023, 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.

4.2.1 Attendance of Board Audit Committee

In 2023, the Board Audit Committee met three times.

S/N	BAC Members	13 th BAC	14 th BAC	15 th BAC	Remarks
1	Dr. Damber S Kharka	Y	Y	Y	3/3
2	Aum Kinlay Tshering	Y	Y	N	2/3
3	Mr. Sonam Tobgay	Y	Y	Y	3/3

4.3 DIRECTOR'S REMUNERATION

The Sitting Fees of Board Directors for the year 2023 is as follows:

S/N	Directors	Fees
1	Full Board	334,000.00
2	Board Audit Committee	38,000.00
3	Annual General Meetings	44,000.00

4.4 ANNUAL GENERAL MEETING

The 39th Annual General of the company was held on 27th March, 2024 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 appointment of Ms Karma Choden, Associate Director, DHI and Mr. Phuntsho Rabsel Dorji, HM's Project, Gelephu Mindful City. The directors replaces Dasho Sonam Jamtsho and Director Sonam Tobgay on the board.
- (b) Aum Kinlay Tshering will continue on the board as non-executive director
- (c) Director Druyang Dorji would continue as representative of minority shareholder.
- (d) Mr. Payma J Wangchuk, Gerab Nyed-Yon Limited replaced Lam Rinzin of Central Monastic Body representing Central Monastic Body was replaced by Mr.
- (e) Dr. Damber S Kharka to continue as independent director.

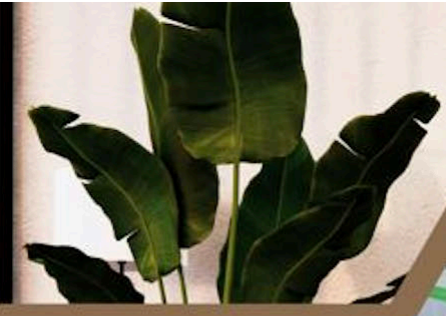
No dividend was declared for the year.

4.5 RISK MANAGEMENT AND CONTROL

Risk mitigation involves the systematic identification, assessment, and management of potential risks that could impact a business or project adversely. The primary objective of risk mitigation is to reduce the likelihood and impact of unfavorable events, protect the organization's assets, and proactively address risk.

The management of BBPL has developed a comprehensive risk register, built upon the framework provided by DHI. This risk register serves as a repository for identifying potential risks, categorizing them based on their probability and impact, evaluating their severity, and formulating appropriate mitigation strategies. These strategies may include risk transfer, avoidance, reduction, or acceptance, depending on the nature and severity of each risk.

Furthermore, the management is obligated to conduct quarterly reviews to ensure compliance with the established risk mitigation measures. These reviews aim to assess the effectiveness of the mitigation strategies implemented and their alignment with the objectives outlined in the DHI framework. Subsequently, a report detailing the findings of these reviews is submitted to DHI as part of the performance compact target.



17-03-2023



Hon'ble Finance Minister's visit to RTAF Factory, Pasakha.





5. Audited Financial Statement 2023

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

The Share holders
Bhutan Board Products Limited
Phuntsholing, Bhutan.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Bhutan Board Products Limited ("the Company") which comprise the statement of financial position as at December 31, 2023, 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 presents fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards for (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.

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 Dilli Yok & Associates
Chartered Accountants
FRN: CRC2625



CA. Dilli Ram Bista
Membership No. 542831
Place: *Thimpu*
Date: *08/04/24*

**REPORT ON MINIMUM AUDIT EXAMINATION
REQUIREMENTS**

Annexure A
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 records.
- 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 separate fixed Assets Register showing full particulars of respective items showing locations. Reference numbers and location of the assets are indicated appropriately in the asset's items. Therefore, discrepancies as such could not be identified on our examination.
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 doing the audit.
5. No material discrepancies were noticed on physical verification of stocks as compared to the 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 if 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 accounting principal. Same as previous method was followed during the year.
12. On the examination, the company had closing balance amounting to Nu. 12,628,259.07 for the term loan Nu. 34,589,730.35 for Bank Overdraft and Bridge loan amounting to 35,095,844.46 at the end of audited financial year. 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 individual are avoided.
15. The company has adequate internal control systems commensurate with the size of the company and 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 material and the finished goods, the treatments are given in the financial statements where ever necessary.
21. There is a reasonable system of ascertaining and identifying point of occurrence of breakage/damages 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 that necessary adjustments have been made to compute 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 outstanding, as per the last day of the financial year concerned as below:

Sl. No.	Nature of due	Amount
1	Health contribution	2,883.00
2	GIS Contributions	157,080.26
3	PF Settlements	2,368,135.30
	Total	2,528,098.56

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 had come with the new compact for the year 2022 onwards and has credit sales policy.
29. No commission agent has been engaged by the Company except distributors
30. The company had come up with the 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 that excessive amount 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 are 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 calculate the variance as per our examination. The variance is discussed in the board meeting and the internal meeting on periodically 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 are not carried out on periodic intervals.
36. The details of remuneration, commission and other payments made in cash or in 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 previous board is promptly discussed in succeeding board meeting for verification of the compliance.
38. The officials of the company have not transmitted any price sensitive information, which are 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 that 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, 2023, books of account were maintained in ERP Next, and accordingly, financial statements are 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. As such, we have no reason to believe that the Company is not a going concern entity. 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 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 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.



FINANCIAL STATEMENTS

Bhutan Board Products Limited
Consolidated Statement of Financial Position

(Amount in Nu.)

Particulars	Note	31/12/2023	31/12/2022
Property, Plants & Equipment	1	125,732,734.32	121,328,994.45
ROU Assets	1A	6,160,985.04	6,841,132.89
Trade & Other Receivables	2	2,246,251.00	1,928,721.00
Other bank balances	4	414,441.00	414,441.00
Deferred Tax Assets	5	3,075,916.00	779,133.00
Other non-current assets	6	-	-
Non - Current Assets		137,630,327.36	131,292,422.34
Biological Asset	31	652,206,233.04	763,740,000.00
Total Non-Current Assets		789,836,560.40	895,032,422.34
Inventories	14	132,291,345.01	136,624,855.14
Trade & Other Receivables	2	27,282,243.55	10,566,447.59
Prepayments	7	55,159,057.75	40,079,573.35
Cash & Cash Equivalents	8	7,725,058.85	1,442,974.79
Current Tax Assets	9	334,079.29	277,523.52
Total Current Assets -		222,791,784.45	188,991,374.39
TOTAL ASSETS		1,012,628,344.85	1,084,023,796.73
Equity:			
Share Capital	15	140,001,400.00	140,001,400.00
General Reserve		29,149,212.00	29,149,212.00
Dividend Equalization Reserve		12,000,000.00	12,000,000.00
Replacement & Maintenance Reserve		27,986,451.00	27,986,451.00
Revaluation of Land Reserve		167,016,282.65	278,550,049.61
Retained Earnings		475,710,876.41	455,882,585.86
Total Equities -		851,864,222.06	943,569,698.47
Liabilities:			
Employee Benefit Liabilities	10	29,375,356.87	17,131,898.69
Trade & Other Payables	11	5,035,234.31	5,005,234.31
Total Non-Current Liabilities -		34,410,591.18	22,137,133.00
Trade & Other Payables	11	17,572,898.76	10,705,556.15
Borrowings	12	82,313,833.88	81,357,125.67
Other current liabilities	13	16,065,687.00	15,022,250.68
Lease Liability		10,401,111.97	11,232,032.76
Total Current Liabilities -		126,353,531.61	118,316,965.26
Total Liabilities -		160,764,122.79	140,454,098.26
TOTAL EQUITY AND LIABILITIES		1,012,628,344.85	1,084,023,796.73

In terms of our Report of even date-

For Dilli Yok & Associates
Chartered Accountants
FRN: CRC2625

CA Dilli Ram Bista
Membership No: 542831
Place: THIMPHU
Date: 08/04/24



(Signature)
Dasho Sonam Jamtsho
Chairman

(Signature)
Sherab Namgay
Managing Director

(Signature)
Director

(Signature)
Milan Ghising Tamang
Head - Finance

Bhutan Board Products Limited
STATEMENT OF COMPREHENSIVE INCOME

(Amount in Nu.)

Particulars	Note	31/12/2023	31/12/2022
Continuing Operations:			
Revenue	16	287,754,417.51	255,477,885.03
Cost of Sales	17	(227,681,665.65)	(211,935,643.95)
Gross Profit/(Loss) -		60,072,751.86	43,542,241.08
Other Incomes	18	2,382,719.69	4,839,996.20
Selling & Distribution Expenses	19	(17,779,073.59)	(14,833,918.09)
Administrative Expenses	20	(12,193,066.58)	(10,028,445.09)
Other Expenses	21	(3,204,469.08)	(3,997,234.26)
Results from Operating Activities -		29,278,862.30	19,522,639.84
Finance Cost	22	(9,065,928.75)	(2,506,407.96)
Net Finance (Costs)/Income -		(9,065,928.75)	(2,506,407.96)
Profit Before Tax -		20,212,933.55	17,016,231.88
Tax Expenses	23	-	-
Current Tax			
Deferred Tax		2,296,783.00	650,549.00
Profit from Continuing Operations -		22,509,716.55	17,666,780.88
Profit/(Loss) For the Year -		22,509,716.55	17,666,780.88
Gain or Loss on Revaluation of Biological Assets	24	(111,533,766.96)	202,950,000.00
Loss on Re-measurement of Defined Benefit plan		(2,681,426.00)	(9,839,182.06)
Revaluation of land		-	(572,761.79)
Tax on Other Comprehensive Income		804,427.80	2,951,754.62
Net Other Comprehensive Income		(113,410,765.16)	195,489,810.77
Total Comprehensive Income for the Year		(90,901,048.61)	213,156,591.65
Earnings per Share:			
Basic Earnings per Share -	1	1.61	1.26
Diluted Earnings per Share -	1	1.61	1.26

In terms of our Report of even date-

For Dilli & Yok ASSOCIATES
Chartered Accountants
FRN: CRC2625

Dasho Sonam Jamtsho
Chairman

Sherab Namgay
Managing Director

CA Dilli Ram Bista
Membership No.: 542831

Milan Ghising Tamang
Director

Milan Ghising Tamang
Head - Finance

Place: Thimphu

Date: 08/04/24



Bhutan Board Products Limited
Statement of Changes in Equity
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount in Nu.)

Description	Equity share Capital	Reserves	Reserves	Reserves	Revaluation	Retained Earnings	Total equity
		General Reserve	Dividend Equalization Reserve	Replacement & Maintenance Reserve	of Land & Forest Reserve	Retained earnings	
Balance at 01 January 2022	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	76,172,811.40	452,435,565.55	737,745,439.95
Adjustment on account of lease						(4,380,578.51)	(4,380,578.51)
Profit /loss for the year		-				17,666,780.88	17,666,780.88
Revaluation of Biological Asset					202,950,000.00	-	202,950,000.00
Loss on Fair valuation of land				-	(572,761.79)	-	(572,761.79)
Loss on re-measurement of Defined Benefit Plan (Net)						(6,887,427.44)	(6,887,427.44)
Tax Effect on Above Item						(2,951,754.62)	(2,951,754.62)
Balance at 31 December 2022	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



Description	Equity share Capital	Reserves	Reserves	Reserves	Revaluation	Retained Earnings	Total equity
		General Reserve	Dividend Equalization Reserve	Replacement & Maintenance Reserve	of Land & Forest Reserve	Retained earnings	
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 for the year		-				22,509,716.55	22,509,716.55
Revaluation of Biological Assets					(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 effects on above item						(804,427.80)	(804,427.80)
Balance as at 31 December 2023	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	167,016,282.65	475,710,876.41	851,864,222.06

For Dilli & Yok ASSOCIATES
Chartered Accountants
FRN: CRC2625

CA Dilli Ram Bista
Membership No.: 542831
Place: Thimphu
Date: 08/04/24



Dasho Sonam Jamtsho
Dasho Sonam Jamtsho
Chairman

[Signature]
Director

Sherab Namgay
Sherab Namgay
Managing Director

[Signature]
Milan Ghising Tamang
Head - Finance

Bhutan Board Products Limited
STATEMENT OF CASH FLOW

(Amount in Nu.)

Particulars	Note	12/31/2023	31-12-2022
Cash Flows from Operating Activities:			
Profit/(Loss) for the Year	30	(90,901,048.61)	213,156,591.65
Adjustment for: - Depreciation	28	4,180,551.10	3,412,711.22
- Net Finance Costs	90	9,065,928.75	2,506,407.96
- Provision for Leave Encashment	2	3,745,334.37	(458,506.37)
Revaluation Reserves		111,533,766.96	(202,950,000.00)
Loss on remeasurement of Employee Benefit plan & Land Revaluation		2,681,426.00	10,411,943.85
Provision for tax		(804,427.80)	(2,951,754.62)
		39,501,530.77	23,127,393.69
Changes in:			
- Inventories	7	4,333,510.13	(31,046,439.14)
- Trade & Other Receivables	2	(17,727,932.11)	(2,460,400.46)
- Other non-current assets	10	2,296,783.00	499,862.00
- Prepayments	16	(15,746,875.39)	10,246,109.65
- Current Tax Assets	18	(56,555.77)	(271,721.95)
- Employee Benefits (Excluding Actuarial Gain/Loss)	2	2,585,128.83	1,097,985.88
- Trade & Other Payables		6,897,342.61	(1,432,361.05)
- Other current liabilities		1,043,436.32	(4,896,908.17)
Cash Generated from Operating Activities -		23,126,368.39	(5,136,479.55)
Income Tax Paid		-	-
Net Cash from Operating Activities -		23,126,368.39	(5,136,479.55)
Cash Flows from Investing Activities:			
Purchase of fixed Assets		(7,904,143.00)	(17,129,932.71)
Net Cash from/(used) in Investing Activities -		(7,904,143.00)	(17,129,932.71)
Cash Flows from Financing Activities:			
Interest Payment		(8,728,233.54)	(2,506,407.96)
Lease Payment		(1,168,616.00)	(1,128,995.38)
Proceeds from Loans & Borrowings		956,708.21	19,813,731.37
Net Cash from/(used) in Financing Activities -		(8,940,141.33)	16,178,328.03
Net Increase/(Decrease) in Cash & Cash Equivalent -		6,282,084.06	(6,088,084.23)
Opening Balance of Cash & Cash Equivalent		1,442,974.79	7,531,059.02
CLOSING BALANCE OF CASH & CASH EQUIVALENT		7,725,058.85	1,442,974.79

In terms of our Report of even date -
For Dilli Yok & Associates
Chartered Accountants
FRN: CRC2625

Dasho Sonam Jamtsho
Chairman

Sherab Namgay
Managing Director

CA Dilli Ram Bista
Membership No.: 542831
Place: Thimphu
Date: 08/04/24

Director

Milan Ghising Tamang
Head- Finance



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Bhutan Board Products Limited
Notes forming part of the financial statements
As at and for the year ended December 31, 2023

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 2023.

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 2023. 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 „loans to customers“, „trade and other receivables“ and „cash & cash equivalents“ in the Statement of Financial Position (notes 2, 8).

10. Inventories

Inventories are stated at cost or net realizable value whichever is lower. Costs are determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct Labor, other direct costs and related production overheads (based on normal operating capacity).

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 bonus are accrued and are provided for.

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, create sale and nursery plant sale.

Particulars	31/12/2023
Manure Sale - BBPL	386,056.00
Log Sales - BBPL	231,432.00
Crate Sale - BBPL	31,320.00
TOTAL -	648,808.00

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 loan 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 Dividend Equalization Reserve for strengthening financial position of the company. It is specific reserve which is distributable set up specifically to ensure that dividends remain stable despite change 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 BAS-41 Biological assets of the company's forestry was evaluated by M/s Dechok & Associates Private Limited, Thimphu, disclosing the value of its forestry assets at Nu.652.21 million during the year 2023. The changes in the fair value of biological assets in the beginning and at the end are given below. It was considered that Plantations of less than five years are not taken into account for the purpose of valuation. Fair value of lops and tops which can be used as firewood are not taken into account. The Company have handed over the 9 hectares forest land at Rupang under Chukka Dzongkhag to the government since the plantation was falling under the water catchment area that would affect the water source of the community in the short and long term.

Particulars	Opening Balance	Changes in Fair Value	Closing Balance
Trees in lease land	763,740,000.00	(111,533,767.00)	652,206,233.00

24. BAS 9: Complied the expected credit loss module of BAS -9, disclosing the ECL of Nu.1.06 million during the year 2023.

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 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 adjust with the trade receivables form 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 expert 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:

Company have increased the OD facticity from 50 million to 74 million in the year 2023.

Particulars	Amount
Bank Bridge loan DPNBL - Hypothecation of Stocks & Land)	35,095,844.46
Bank Overdraft with DPNBL and BOB - Hypothecation of Stocks & Book Debts)	34,589,730.35
Term Loan Druk PNB	12,628,259.07
Total Borrowings	82,313,833.88



29. Other Payables:

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

Particulars		Amount
Deposits		
	- Security Deposits	3,615,234.31
	- Performance Bonds	1,420,000.00
Total Other Payables-		5,035,234.31

30. Leases

The company assesses all lease contract 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 exemption for short term i.e. less than 12 months and low value leases.

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 if 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 choice to adopt cost model or revaluation model, or fair value model. The company will do subsequent measurement based on 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 to depreciate the asset over the lease term on a straight-line basis. The resulted 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 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.



Bhutan Board Products Limited

Notes Forming Integral Part of the Financial Statements

1. Property, Plants & Equipment's:

(Amount in Nu.)

Particulars	Gross Carrying Amount (in Nu.)			Depreciation/Amortization (in Nu.)			Net Carrying Amount (in Nu.)	
	As on 01.01.2023	Additions in the Year	As on 31-12-2023	As on 01-01-2023	Depreciation for the Year	As on 31-12-2023	As on 31-12-2023	As on 31-12-2022
	A	B	D = A + B - C	E	F	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	30,998,464.14	1,244,752.14	32,243,216.27	17,546,869.22	18,791,621.35
Factory Building	32,902,632.41	-	32,902,632.41	32,902,630.40	-	32,902,630.40	2.01	2.01
Housing Colony	7,153,373.98	-	7,153,373.98	6,752,817.70	178,834.35	6,931,652.05	221,721.93	400,556.28
Office Bldg./Warehouse	10,306,186.55	-	10,306,186.55	8,040,654.32	257,654.66	8,298,308.99	2,007,877.56	2,265,532.23
Plant and Machinery	378,721,457.76	7,904,143.00	386,625,600.76	363,685,845.04	1,186,555.18	364,872,400.22	21,753,200.54	15,035,612.72
Electrical Installation	3,055,372.65	-	3,055,372.65	2,635,470.65	20,995	2,656,465.75	398,906.90	419,902.00
Generator	434,640.16	-	434,640.16	434,639.16	-	434,639.16	1.00	1.00
Laboratory Equipment's	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	2,444,533.92	-	2,444,533.92	2.00	2.00
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	7,596,463.33	21,427.13	7,617,890.46	171,418.85	192,845.98
Office Equipment's	16,765,255.93	-	16,765,255.93	15,999,235.99	127,669.99	16,126,905.98	638,349.95	766,019.94
Water Works	845,338.24	-	845,338.24	845,336.24	-	845,336.24	2.00	2.00
Motor Vehicles	17,014,345.00	-	17,014,345.00	15,551,712.70	162,514.70	15,714,227.40	1,300,117.60	1,462,632.30
Software	2,011,325.50	-	2,011,325.50	511,325.00	300,000.00	811,325.00	1,200,000.50	1,500,000.50
A. Total Fixed Assets -	613,336,118.72	7,904,143.00	621,240,261.72	492,007,124.15	3,500,403.25	495,507,527.40	125,732,734.32	121,328,996.57
GRAND TOTAL	613,336,118.72	7,904,143.00	621,240,261.72	492,007,124.15	455,400,413.57	495,507,527.40	125,732,734.32	121,328,996.57
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 (ROU Asset Equipment's):

(Amount in Nu.)

Particulars	Gross Carrying Amount (in Nu.)			Depreciation/Amortization (in Nu.)			Net Carrying Amount (in Nu.)	
	As on 01.01.2023	Additions in the Year	As on 31-12-2023	As on 01-01-2023	Depreciation for the Year	As on 31-12-2023	As on 31-12-2023	As on 31-12-2022
	A	B	D = A + B - C	E	F	H = E + F - G	I = D - H	J = A - E
Lease land	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
GRAND TOTAL	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
PREVIOUS YEAR	-	-	-	-	-	-	-	-

- 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.



2. Trade & Other Receivables:

Particulars	31/12/2023	31/12/2022
Security deposit	390,541.00	504,541.00
Other Deposits	-	-
Other Receivables	1,855,710.00	1,424,180.00
A. Total Non-Current Assets -	2,246,251.00	1,928,721.00
Trade Receivables (Subject to Confirmation)		
Due for more than 6 months		
- Considered Good	28,349,995.95	11,634,199.99
- Considered Doubtful	-	-
Others - Considered Good		
Others - Considered Doubtful		
	28,349,995.95	11,634,199.99
Less: Allowance of Impairment Loss	(1,067,752.40)	(1,067,752.40)
a. Total Debts Considered Good -	27,282,243.55	10,566,447.59
Total Trade Receivables (a+b) -	27,282,243.55	10,566,447.59
B. Total Current Assets -	27,282,243.55	10,566,447.59

4. Other Bank balances:

Particulars	31/12/2023	31/12/2022
Balances with Banks in		
- Earmarked Dividend Account	414,441.00	414,441.00
TOTAL -	414,441.00	414,441.00

5. Deferred Tax Assets:

Particulars	31/12/2023	31/12/2022
Opening Balance	779,133.00	128,584.00
- On Temporary Timing Difference of Fixed Assets	-	-
Charged to Income Statement	2,296,783.00	650,549.00
Closing Balance	3,075,916.00	779,133.00

7. Prepayments:

Particulars	31/12/2023	31/12/2022
Advance to Party	27,571,752.94	11,832,695.40
Advance for Customs Duty	10,136,448.05	10,054,221.30
Advance to Staffs	309,815.00	627,726.00
Advance for Company Expenses	1,247,225.33	1,773,587.29
Tour Advance	308,598.00	254,648.00
Margin Money Balances	320,787.00	320,787.00
Prepaid Expenses	1,244,031.00	1,244,031.00
BBEL A/c	13,818,020.55	13,818,020.55
BBPL/BBEL Employees Welfare Scheme	202,379.88	153,856.81
Total	55,159,057.75	40,079,573.35



8. Cash & Cash Equivalents:

Particulars	31/12/2023	31/12/2022
Balances with Banks in Current Accounts	7,579,249.44	1,141,464.54
Cash in Hand	145,809.41	301,510.25
Cash & Cash Equivalents As Per Cash Flow (A+B)	7,725,058.85	1,442,974.79

9. Current Tax Assets:

Particulars	31/12/2023	31/12/2022
Advance Tax - Opening Balance		
- TDS Credit	277,523.52	5,801.57
- Advance Corporate Tax	334,079.29	271,721.95
	611,602.81	277,523.52
Less: TDS Credit during the Year		
Add: Advance Tax Paid during the Year	-	-
	611,602.81	277,523.52
Less: Adjustments made during the Year	-	-
Less: Adjustments made during the Year	277,523.52	
A. Closing Balance of Advance Tax -	334,079.29	277,523.52
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	334,079.29	277,523.52

10. Employee Benefits liabilities:

Particulars	31/12/2023	31/12/2022
Defined Benefit Obligation - Gratuity Liability (Note-28)	-	-
Less: Fair Value of Plan Assets - Gratuity Fund (Note-28)	18,768,208.00	12,855,213.02
Provision for Bonus	5,776,001.87	3,190,873.04
Provision for Leave Encashment	4,831,147.00	1,085,812.63
Net Employee Benefit (Assets)/Liabilities -	29,375,356.87	17,131,898.69



11. Trade & Other Payables:

Particulars	31/12/2023	31/12/2022
Deposits		
- Security Deposits	3,615,234.31	3,635,234.31
- Performance Bonds	1,420,000.00	1,370,000.00
A. Total Non-Current Liabilities -	5,035,234.31	5,005,234.31
Sundry Creditors	12,787,701.48	9,504,257.07
Liabilities for Purchase	8,158.44	8,158.44
Liabilities for Expenses	4,536,040.48	680,913.28
Deposits		
- Earnest Money	-	239,446.00
- Others	240,998.36	240,998.36
Unpaid Salary	-	31,783.00
B. Total Current Liabilities -	17,572,898.76	10,705,556.15

12. Borrowings:

Particulars	31/12/2023	31/12/2022
Bank Bridge loan DPNBL - Hypothecation of Stocks & Land)	35,095,844.46	48,804,589.46
Bank Overdraft with DPNBL - Hypothecation of Stocks & Book Debts)	34,589,730.35	22,290,336.21
Term Loan Druk PNB	12,628,259.07	10,262,200.00
Total Borrowings	82,313,833.88	81,357,125.67

13. Other current liabilities:

Particulars	31/12/2023	31/12/2022
Advance from Customers	2,829,875.44	2,498,049.41
Other Advances Received	17,200.00	17,200.00
PF Settlement	2,368,135.30	1,746,568.49
GIS Contribution	157,080.26	67,637.78
Health Contributions	2,883.00	2,282.00
Gratuity Fund Payable	10,690,513.00	10,690,513.00
B. Total Current Liabilities -	16,065,687.00	15,022,250.68



14. Inventory

Particulars	For the Year 2023 (in Nu.)					For the Year 2022 (in Nu.)				
	As on 01-01-2023	Purchases in the Year	Issue / Adjustments ^b	Consumption / Change	As on 31-12-2023	As on 01-01-2022	Purchases in the Year	Issue a/ Adjustments ^b	Consumption / Change	As on 31-12-2022
Wood	195,044.74	34,878,177.02	-	34,157,559.11	915,662.65	3,794,408.00	29,933,577.26	-	33,532,940.52	195,044.74
Chemicals	19,673,390.00	43,146,354.58	-	54,706,848.69	8,112,895.89	7,747,478.00	80,889,986.93	-	68,964,074.93	19,673,390.00
Decorative Paper Board	10,214,185.00	21,180,354.78	-	19,292,593.24	12,101,946.54	9,566,506.00	22,373,140.33	-	21,725,461.33	10,214,185.00
Fittings	2,113,284.91	-	-	(1,010,757.07)	3,124,041.98	2,442,698.00	113,226.00	2,020,268.40	(1,577,629.31)	2,113,284.91
	10,002,009.52	289,635.52	-	3,835,691.40	6,455,953.64	11,978,153.00	5,622,132.88	502,115.44	7,096,160.92	10,002,009.52
A. Raw Materials	42,197,914.17	99,494,521.90	-	110,981,935.37	30,710,500.70	35,529,243.00	138,932,063.40	2,522,383.84	129,741,008.39	42,197,914.17
Imported	26,489,382.26	10,335,470.85	6,025,094.44	(4,704,369.79)	35,504,128.46	26,489,382.00	7,304,901.88	6,189,181.77	1,115,719.85	26,489,382.26
Indigenous	18,133,634.38	11,696,231.73	3,086,580.26	10,278,166.45	16,465,119.40	15,133,634.00	12,450,094.91	8,871,983.57	578,110.96	18,133,634.38
POL	923,318.44	5,168,840.27	2,977,297.67	2,397,048.93	717,812.11	767,370.00	5,136,043.98	4,287,401.33	692,694.21	923,318.44
B. Stores & Spares -	45,546,335.08	27,200,542.85	12,088,972.37	7,970,845.59	52,687,059.97	42,390,386.00	24,891,040.77	19,348,566.67	2,386,525.02	45,546,335.08
C. Packing Materials	876,037.71	997,471.00	-	1,516,792.71	356,716.00	876,038.00	1,456,144.79	-	1,456,145.08	876,037.71
Raw Materials & Consumables (A+B+C)	88,620,286.96	-	12,088,972.37	120,469,573.67	83,754,276.67	78,795,667.00	-	21,870,950.51	133,583,678.49	88,620,286.96
Work-in-Progress	3,546,760.21	-	-	(6,714,563.96)	10,261,324.17	2,815,665.14	-	-	(731,095.07)	3,546,760.21
Finished Goods	44,457,807.97	-	3,203,735.99	2,978,327.81	38,275,744.17	23,967,092.95	-	1,191,901.12	(21,682,616.14)	44,457,807.97
Goods in Transit	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	136,624,855.14	127,692,535.75	15,292,708.36	116,733,337.52	132,291,345.01	105,578,425.09	165,279,248.96	23,062,851.63	111,169,967.28	136,624,855.14

a). Issue of Stores & Spares was for Repairs of Machineries.

b). Adjustment of Finished Goods is for Opening stock.



15. Share Capital:

Authorized Share Capital

Particulars	As on 31-12-2023		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Equity Shares	15,000,000	150,000,000	15,000,000	150,000,000

Issued, Subscribed and Paid-up Share Capital

Particulars	As on 31-Dec-23		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Fully paid-up Equity Shares	14,000,140	140,001,400	14,000,140	140,001,400
TOTAL -	14,000,140	140,001,400	14,000,140	140,001,400

- a. The reconciliation of the number of shares outstanding and the amount of share capital as on 31-12-2023 is set out as below,

Particulars	As on 31-Dec-23		As on 31-Dec-22	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Opening Balance	14,000,140	140,001,400	14,000,140	140,001,400
Add: Issued during the year		-		-
Closing	14,000,140	140,001,400	14,000,140	140,001,400

- b. List of shares in the company held by its associates are as follows,

Sl. No.	Name of the Shareholders	No. of Shares	
		As on 31-12-23	As on 31-12-22
1	Druk Holding & Investment Ltd.	668,334	668,334
2	Bank of Bhutan Ltd.	172,400	172,400
3	Royal Insurance Corporation of Bhutan Ltd.	11,830	11,830
4	Bhutan National Bank Ltd.	1,400	1,400
	TOTAL	853,964	853,964

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



16. Revenue:

(Amount in Nu.)

Particulars	31/12/2023	31/12/2022
Sale of Boards	242,172,919.66	238,908,004.97
Less: Discounts Allowed	(9,556,570.24)	(9,679,132.63)
A. Net Sales of Boards -	232,616,349.42	229,228,872.34
Sale of RTAFs	56,675,253.18	29,856,858.00
Less: Discounts Allowed	(5,069,062.48)	(6,282,539.04)
B. Net Sales of RTAFs -	51,606,190.70	23,574,318.96
Total Net Sales of Finished Goods (A+B) -	284,222,540.12	252,803,191.30
Sale - Others	3,531,877.39	2,674,693.73
TOTAL -	287,754,417.51	255,477,885.03

17. Cost of Sales:

Particulars	31/12/2023	31/12/2022
Changes in Inventories		
- (Increase)/Decrease in Work-in-Progress	(6,714,563.96)	(731,095.07)
- (Increase)/Decrease in Finished Goods	2,978,327.81	(21,682,616.14)
Raw Materials and Consumables Used		
- Raw Materials Consumed	110,981,935.37	129,741,008.39
- Stores & Spares Consumed	7,970,845.59	2,386,525.02
- Packing Material Consumed	1,516,792.71	1,456,145.08
Employee Benefit Expenses (Note - 27)	71,318,615.97	59,764,380.46
Depreciation & amortization Expenses	4,180,551.10	3,412,711.22
Other Direct Expenses (Note - 28)	35,449,161.06	37,588,584.99
TOTAL -	227,681,665.65	211,935,643.95

18. Other Incomes:

Particulars	31/12/2023	31/12/2022
Miscellaneous Receipt	2,382,719.69	4,839,996.20
TOTAL -	2,382,719.69	4,839,996.20

19. Selling & Distribution Expenses:

Particulars	31/12/2023	31/12/2022
Advertisement and Publicity	103,174.00	86,032.80
Business Promotion	8,400.00	56,332.00
Transportation Charges	16,371,166.00	14,154,960.37
Entertainment Expenses	277,762.41	536,592.92
Commissions	1,018,571.18	-
TOTAL -	17,779,073.59	14,833,918.09



20. Administrative Expenses:

Particulars	31/12/2023	31/12/2022
Rent, Rates and Taxes	762,772.01	1,045,746.46
Office Rent	1,181,200.00	1,647,000.00
Repairs & Maintenance - Others	904,993.82	2,016,000.07
Audit Expenses	238,869.05	92,368.00
Audit Fees	66,000.00	150,000.00
Board Meeting Expenses	223,043.00	192,469.00
Communication Expenses	416,414.56	428,563.31
Consultancy Charges	98,500.00	53,870.00
General Expenses	1,830,301.16	363,554.80
Guest house Expense	40,987.00	32,728.00
Insurance	746,064.00	683,136.00
Bank Charges	309,176.21	218,448.95
Legal Expense	109,400.00	57,200.00
Membership Fees	38,600.00	250,000.00
Printing and Stationery	497,866.60	487,553.90
Office Expense	167,452.00	166,424.00
Fine & Penalty	2,475,215.58	820,275.60
Donation & Subscription	-	5,000.00
Postage & Telegram	47,083.00	24,290.00
Vehicle Hire Charges	-	13,225.00
Travelling Expenses	2,039,128.59	1,280,592.00
TOTAL -	12,193,066.58	10,028,445.09

21. Other Expenses:

Particulars	31/12/2023	31/12/2022
Miscellaneous Expenses	733.09	248,191.26
Loss on stocks	3,203,735.99	3,749,043.00
TOTAL -	3,204,469.08	3,997,234.26

22. Finance Costs:

Particulars	31/12/2023	31/12/2022
Interest on lease	337,695.21	550,427.34
Interest on Bank loan	8,728,233.54	1,955,980.62
TOTAL -	9,065,928.75	2,506,407.96

24. Other Comprehensive Incomes:

Particulars	31/12/2023	31/12/2022
Actuarial Gain/(Loss) on Net Defined Plan (Note-28)	(111,533,766.96)	202,950,000.00
Revaluation of Biological assets	-	(572,761.79)
Loss on fair valuation of land	-	(572,761.79)
TOTAL -	(111,533,766.96)	202,377,238.21



25. Earnings Per Share:

Particulars		31/12/2023	31/12/2022
A.	Absolute No. of Shares	14,000,140.00	14,000,140.00
B.	Diluted No. of Shares	14,000,140.00	14,000,140.00
C.	Comprehensive Income for the Year	22,509,716.55	17,666,780.88
D.	Income from Continuing Operation for the Year	22,509,716.55	17,666,780.88
Basic Earnings per Share (C/A) -		1.61	1.26
Diluted Earnings per Share (C/B) -		1.61	1.26
Basic Continuing Earning per Share (D/A) -		1.61	1.26
Diluted Continuing Earning per Share (D/B) -		1.61	1.26

26. Employee Benefit Expenses:

Particulars	31/12/2023	31/12/2022
Salary and Wages	47,271,360.80	41,400,371.65
Extra Time Allowance	-	18,272.00
Medical Expenses	25,450.00	10,000.00
Field allowance	297,578.00	296,185.00
Bonus	5,772,143.91	3,190,873.04
Gratuity	3,253,188.00	2,098,452.20
Leave Encashment	3,697,412.63	772,190.39
Leave Travel Concession	3,916,100.00	2,441,087.00
Contribution to Provident Fund	5,426,797.48	5,519,807.15
Directors' Remuneration, Perks and Sitting Fees	378,000.00	2,683,034.00
Officiating allowance	-	111,613.60
Staff Welfare	1,280,585.15	1,222,494.43
TOTAL -	71,318,615.97	59,764,380.46

27. Other Direct Expenses:

Particulars	31/12/2023	31/12/2022
Power and Fuel (Electricity)	11,395,975.00	13,619,060.49
Repairs & Maintenance:		
- Building	160,300.00	151,550.00
- Machinery	8,857,548.67	10,620,760.62
- Vehicle	2,491,478.42	2,237,209.46
Loading and Unloading Charges	232,703.00	460,551.94
Packing and forwarding	320,429.81	30,320.00
POL Expenses for Vehicles	7,075,931.49	8,085,830.40
Purchase (Others)	3,836,073.30	1,493,500.00
Afforestation Expenses	780,314.12	473,772.08
Puja Expenses	298,407.25	416,030.00
TOTAL -	35,449,161.06	37,588,584.99



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 31.12.23-						
1 WDV of Fixed Assets	125,732,734.32	120,803,987.55	4,928,746.77	4,928,746.77		(1,478,624.00)
2 ROU Assets	6,160,985.04	-	6,160,985.04	6,160,985.04		(1,848,296.00)
3 Trade Receivable	27,282,243.55	28,349,995.95	1,067,752.40		1,067,752.40	320,326.00
4 Provision for Gratuity	5,042,772.00	-	5,042,772.00		5,042,772.00	1,512,832.00
5 Provision for Leave Encashment	4,831,147.00	-	4,831,147.00		4,831,147.00	1,449,344.00
Lease Liability	10,401,111.97	-	10,401,111.97		10,401,111.97	3,120,334.00
A. Deferred Tax Assets/(Liabilities) -	169,049,881.91	149,153,983.50	22,031,403.21	11,089,731.81	21,342,783.37	3,075,916.00

29. Impairment Loss on Trade Receivables:

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

Particulars	Amount in Nu.	
	Year 2023	Year 2022
Balance at the beginning of the Year		
Add: Charge for the Year	3,203,735.99	3,203,735.99
	3,203,735.99	3,203,735.99
Less: Amount written off during the Year	-	-
Balance at the end of the Year -	3,203,735.99	3,203,735.99



30. Employee Benefits:

a. Net Actuarial Gain during the year in Nu.,

Particulars	Year 2023	Year 2022
Actuarial Gain/(Loss) due to Liability Experience	(3,754,225.00)	7,845,056.77
Actuarial Gain/(Loss) due to Liability assumption charges		
Actuarial (Gain) or loss due to change in assumption		
Return on Plan Assets greater/(lesser) than Discount Rate	348,997.00	1,994,125.29
Actuarial Gain/(Loss) recognized as OCI -	(3,405,228.00)	9,839,182.06
Less: Employee Benefit Cost charged to Profit & Loss Statement		
- Service Cost	2,354,080.00	1,984,813.04
Net interest on net defined benefit liability/asset	2,004,764.00	2,107,764.45
-actuarial gain /loss recognized in oci Interest on (Liability)/ Assets	(348,997.00)	(1,994,125.29)
Net Gain/(Expenses) for the Year -	4,009,847.00	2,098,452.20

b. Balance Position at year end in Nu.,

Particulars	As on 31-12-2023	As on 31-12-2022
Opening Balance	19,266,518.00	30,586,613.78
Interest Income on Fund Assets	1,105,656.00	1,994,125.29
Benefits paid from the plan	(6,964,491.00)	(12,325,917.00)
Return on Plan Assets greater/(lesser) than Discount Rate	(348,997.00)	(1,994,125.29)
Paid into Gratuity Fund by Company	21,620.00	1,005,821.59
Benefits paid during the year	-	-
A. Gratuity Fund Assets at the Year-end -	13,080,306.00	19,266,518.37
Opening Balance	32,121,731.00	32,510,014.13
Service Cost	2,354,080.00	1,984,813.04
Interest Cost on Obligation	2,004,764.00	2,107,764.45
Actuarial Gain due to Liability Experience	(6,964,491.00)	(12,325,917.00)
Actuarial gain/(loss) - Financial Assumption		
Benefits paid directly by the Co. during the year	(3,754,225.00)	
Benefits paid from Plan Assets		
Actuarial (gain) loss due to change in assumption	6,086,654.00	
B. Defined Benefit Obligation at the Year-end -	31,848,514.00	24,276,674.62
Net Employee Benefit Assets/(Liabilities)[A-B]	(18,768,208.00)	(5,010,156.25)
c. Other Information:		
i. Discount Rate as at 31st December, 2023	0.07	0.08



d. Primary Segment Information (Business Segment): -

Particulars	Amount for the year ended 2023 in Nu.				Amount for the year ended 2022 in Nu.			
	Board	RTAF	Unallo- cated	TOTAL	Board	RTAF	Unallo- cated	TOTAL
A. Segment Revenue: -								
Total Revenue	232,616,349.42	51,606,190.70	-	284,222,540.12	229,228,872.00	23,574,319.00	-	252,803,191.00
Inter-Segment Transfer				-				-
External Revenue	232,616,349.42	51,606,190.70	-	284,222,540.12	214,610,202.00	36,910,803.00	-	252,803,191.00
B. Segment Result: -								
External Sales	232,616,349.42	51,606,190.70	-	284,222,540.12	229,228,872.00	23,574,319.00	-	252,803,191.00
Add: Other Incomes	5,914,597.08	-		5,914,597.08	7,514,690.00			7,514,690.00
Less: Operating Expenses	(216,476,731.37)	(40,200,992.43)	-	(256,677,723.80)	(215,618,961.86)	(21,763,567.93)	-	(237,382,529.79)
EBITDA -	22,054,215.13	11,405,198.27	-	33,459,413.40	21,124,600.14	1,810,751.07	-	22,935,351.21
Less: Depreciation	(2,717,358.22)	(1,463,192.89)	-	(4,180,551.10)	(2,218,262.00)	(1,194,449.00)	-	(3,412,711.00)
Impairment Loss				-				-
Finance Costs	(7,706,039.44)	(1,359,889.31)	-	(9,065,928.75)	(2,506,407.96)			(2,506,407.96)
Tax Expenses				-				-
Profit after Tax	11,630,817.47	8,582,116.07	-	20,212,933.55	16,399,930.18	616,302.07	-	17,016,232.25
C. Segment Assets: -								
Non-Current Assets	789,836,560.40			789,836,560.40	895,032,422.34			895,032,422.34
Current Assets	222,791,784.45			222,791,784.45	188,991,374.39			188,991,374.39
Total Assets	1,012,628,344.85	-	-	1,012,628,344.85	1,084,023,796.73	-	-	1,084,023,796.73
D. Segment Liabilities: -								
Non-Current Liabilities	34,410,591.18			34,410,591.18	22,137,133.00			22,137,133.00
Current Liabilities	126,353,531.61			126,353,531.61	118,316,965.26			118,316,965.26
Total Liabilities	160,764,122.79	-		160,764,122.79	140,454,098.26	-		140,454,098.26



e. Secondary Segment Information's (Geographical Segment): -

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

Particulars	Segment Revenue in Nu.	
	For the Year 2023	For the Year 2022
Sales within India	176,380,161.20	176,376,181.20
Sales within Bhutan	107,842,378.92	76,427,009.80
Total	284,222,540.12	252,803,191.00

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 2023 in Nu.				Amount for the year ended 2022 in Nu.			
	Associate	Subsidiary	KMP	TOTAL	Associate	Subsidiary	KMP	TOTAL
1. Sale of Finished Products	430,430.65	-	-	430,430.65	132,900.00	-	-	132,900.00
2. Expenses		-	-			-	-	-
- Electricity Charges	11,395,975.00	-	-	11,395,975.00	6,776,453.61	-	-	6,776,453.61
- Telephone Charges	416,414.56	-	-	416,414.56	204,096.88	-	-	204,096.88
- Interest on OD A/c	622,152.64	-	-	622,152.64	2,506,407.96	-	-	2,506,407.96
- Exp. Reimbursed	-	-	-	-	-	20,758,873.95	-	20,758,873.95
3. Payment to Directors		-	-		-	-	-	-
- Salary to MD	2,210,112.00	-	-	2,210,112.00	-	-	-	-
- Other benefits to MD	1,518,588.00	-	-	1,518,588.00	2,683,034.00	-	-	2,683,034.00
- Sitting Fees	56,000.00	-	-	56,000.00	-	-	-	-
4. Balance at Year end		-	-		-	-	-	-
- Amount Receivable	193,166.00	-	-	193,166.00		-	-	-
- Amount Payable	1,865,256.73	-	-	1,865,256.73		-	-	-



17.12.2023



**GLIMPSES FROM THE
116TH NATIONAL DAY
CELEBRATION AT BBPL, DARLA.**



BHUTAN BOARD PRODUCTS LIMITED

RATIO ANALYSIS

**BHUTAN BOARD PRODUCTS LIMITED
RATIO ANALYSIS**

	Particulars	Detail of Calculation	Year 2023	Year 2022
A. Ratios for Assessing Financial Health:				
1	Capital Turnover Ratio	(Sales/Capital Employed)	0.34	0.27
2	Current Ratio	(Current Assets/Current Liabilities)	1.76	1.60
3	Acid Test Ratio	(Current Assets other than Inventories/Current Liabilities)	0.72	0.44
4	Inventory Turnover Ratio	(Sales/ Average Inventory)	2.14	1.39
5	Fixed Assets Turnover Ratio	(Sales/Fixed Asset)	2.29	2.11
6	Debtors Turnover Ratio	(Gross Debtors/Sales) X 365	36 Days	17 Days
7	Debt -Equity Ratio	(Borrowing /Equities	0.10	0.09
B. Ratios for Assessing Profitability:				
1	Return on Investments	(Profit after Tax /Capital Employed)	16.08%	12.62%
2	Net Profit Ratio	(Net Profit/Sales) X 100	7.82%	6.92%
3	Operating Ratio	(All Expenses excluding Finance Cost)/Sales X 100	90.65%	94.25%



COMPLIANCE CALENDAR AND CHECKLIST

COMPLIANCE CALANDAR

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 Board Cum AGM
b)	Unlisted Companies		On or before 30 th June	
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
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	

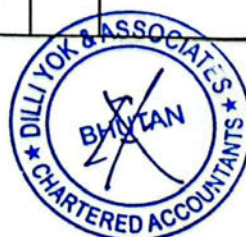
COMPLIANCE CHECKLIST

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

N o.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	Yes	No	N A	REMARKS
1	28	Changes to Articles/ Approval		X		No change in the Articles
2	47	Change of name/ Approval		X		No change in the name of the company
3	123	Increase or consolidation of share capital		X		In our observation and explanation given by the management no shares are been issued and increased
4	124	Reduction of share capital		X		In our observation and explanation given by the management no shares are been issued and increased
5	82	License Copy and Share Certificate filing	X			The company was registered on 27/12/1990 as per the Certificate of Incorporation
6	107	Public offer of shares & Debentures-ROC Approval		X		No shares were issued during the auditing period
		MANAGEMENT & ADMINISTRATION	Y E S	N O	N A	REMARKS
7	217	Registered Office of Company (Postal Address & Contact Number)	X			Bhutan Board Product Limited, Phuentsholing: Bhutan Post Box No. 91
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	X			Bhutan Board Product Limited The company has their seals, letter head and signboard.
9	241	Financial Year of Companies as of 31st Dec	X			Yes, the company is following the same financial year which ends on 31st Dec.
	242	Extension up to 15 months - ROC approval		X		There are no such extensions
	243	Extension up to 18 months - Authority's approval		X		There are no such extensions
10	245	Financial Statements to follow BAS	X			Yes, company is following the BAS while making the financial statements



11	267	Annual Return Submission On/before 31st May for listed; others 31st July	X		As per the observations the annual returns for the year of audit were submitted on time
12	177	Annual General Meeting (Minutes)	X		Annual general meeting of the company was held on 28 th March 2023
13	180	Extraordinary General Meeting (Minutes)		X	No extraordinary General Meeting was conducted.
14	185	Notice for calling general meeting	X		The notice of Annual General meeting was given
15	187	listed Co. - written as well as in media Public Co/Private Co. - Written Notice	X		The company published a notice in media.
16	190	Chairman of meeting (CEO cannot chair)	X		The Board Chairman chairs the board meetings and AGMs
17	192	Representation of corporations at meetings (appointed by Board Directors)	X		Yes, the shareholders appoint their representative to attend the AGM.
18	193	Ordinary and special resolutions (Minutes)	X		
19	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	X		Yes, every minute of the board and AGM is been maintained and is signed by the chairman, Directors and CEO
20	199	Declaration and payment of dividend (199-209)		X	No dividends were declared during 2023
21	232	Books of account to be kept by company (location & time)	X		Head office of the company.
22		Board's report (signed by Chairman)	X		Yes, it was signed by the chairman
23	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)	X		The Appointment and Reappointment of the auditor is done by the Royal Audit Authority.
24	260	Resignation of Auditors from office (Annual Resignation)		X	
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	X		Yes, The Auditor use AASBB
26	133	Number of directors	X		7 Directors (Including CEO)
27	134	One third of all Public Companies shall be independent		X	There was only one independent director in the company.
28	138	(Minimum No. & retirement on rotation)		X	No retirement of Directors during the financial year.
29	139	Additional directors		X	No such Director has been appointed.
30	140	Consent to act as directors	X		Yes.
31	141	Certain persons not to be appointed as Directors		X	



32	142	Resignation by a director		X	No resignation during 2023
33	143	Removal of directors		X	No removal of directors in 2023
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt.)	X		The board meeting was held on: 161 st board meeting: 28/03/2023 162 nd board meeting 27/05/2023 163 rd board meeting:04/08/2023 164 th Board meeting: 20/10/2023 165 th Board meeting: 15/12/2023
35	152	General powers of the board	X		The General power of attorney is given to board by CEO.
36	156	Restriction on powers of Board		X	
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	X		The CEO appointed in the year 2021.
38	213	Company Secretary required in all Public Companies	X		Yes, the company does have company secretary.
39	414	Appointment of selling or buying agents (govt. Approval obtained or not)		X	This is no selling agents and buying in the company.
40	157	No loans to directors (only for Public Co.)	X		There is no loan given to the Directors.
41	53	Inter-corporate investments (investments to be disclosed) apply old rule		X	There is No Inter-Corporate Investments
42	158	Conflict of Interest Transactions by Board		X	No such transaction was observed during the audit.
43	161	Standard of care required by directors (Reckless decision) Statutory record and inspection	X		Yes, in every meeting it's been circulated and been taken care of.
44	228	Statutory record and inspection			
	(a)	Register of buy-back of shares	X		This is registered but no transactions as such is been done.
	(b)	Register of transfers	X		
	(c)	Register of charges	X		Registered is maintained.
	(d)	Register of inter-corporate loans	X		This is registered but no transactions as such is been done.
	(e)	Register of inter-corporate investments	X		This is registered but no transactions as such is been done.



(f)	Register of contracts in which directors are	X		This is registered but no transactions as such is been done.
	Interested			
(g)	Register of directors	X		Registered is maintained.
(h)	Register of directors' shareholding	X		





09.03.2023



AS PART OF CORPORATE SOCIAL RESPONSIBILITY, BBPL
CLEANS GEDU ZERO TO DUNGNA ZERO THIMPHU -
PHUENTSHOLING HIGHWAY.



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