

Annual REPORT 2022



BHUTAN BOARD PRODUCT LIMITED



Annual REPORT
2022



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1. YEAR IN REVIEW



1.1 From the Desk of Managing Director

I am pleased to report that despite the challenges faced by Bhutan Board, the company has achieved a significant feat this year. It's worth noting that just a few years ago, the company was almost written off. The credit for our success goes to our employees who have gone above and beyond to achieve the desired outcome with the guidance of our competent board of directors.

As a company, we have faced various challenges, such as the breakdown of old machinery at the board factory, which has been in operation for 35 years without an upgrade. This issue has hindered production, but our core business of particle board requires us to keep the machines healthy to capitalize on market opportunities. The management is devoting significant time in ensuring proper upkeep of the machines through sourcing of right spares. This year, we revamped our Ready-to-Assemble (RTA) Furniture Factory in Pasakha with the latest BIESSE Technology from Italy. This upgrade has resulted in improved furniture quality and reduced wastages. Additionally, we started an organic manure business using wood mulch stored for over three decades, with positive early market feedback indicating good prospects for domestic and export markets.

Our plantation on government leased land has helped us cushion the erratic supplies from private sources, and we conduct an afforestation program to sustainably use resources. However, we still face challenges with the cost and availability of some key chemicals required for particle board production. To tackle this challenge, we use intelligence and foresight to procure and maintain inventory for uninterrupted production.

As part of our transformation program and performance turnaround strategy, we have migrated our system from Tally to a modern ERPNext that operates live round the clock. This migration has brought efficiency across locations through data-based decision-making and real-time information sharing on various operational matters. We intend to leverage technology in managing our operations and continue fine-tuning our systems to make Bhutan Board a system-driven company. This system upgrade has enabled us to satisfy all statutory and regulatory requirements, resulting in zero audit observations during the statutory audit of our books of accounts for the year 2022.

Looking forward, considering the demand from both domestic and export markets, the future of our company is very bright. We will stay nimble in aligning our strategy with market requirements to ensure appropriate shareholders' return in the immediate future.

We appreciate your continued support in furthering our progress.



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

SL. #	Particulars	No. of Shares	Value (in Nu.)	%
1	Authorized Capital	-	150,000,000	-
2	Face Value of each share	-	10	-
3	Total No. of Shares issued	1,400,0140	140,001,400	
4	Shares of Druk Holding and Investments (DHI)	668,3340	66,833,400	47.74
5	Shares of Financial Institutions:			
(a)	Bank of Bhutan (BOB)	1,724,000	17,240,000	12.31
(b)	Royal Insurance Corporation of Bhutan (RICB)	118,300	1,183,000	0.84
(c)	Bhutan National Bank (BNB)	14,000	140,000	0.10
6	Shares of Zhung Dratshang	829,500	8,295,000	5.92
7	Shares owned by Hing & Kong Company (H&K Co)	480,000	4,800,000	3.43
8	Shares owned by others			
(a)	Royal Bhutan Army	294,000	2,940,000	2.10
(b)	Shares owned by the BBPL Employees.	11,500	115,000	0.08
(c)	Shares owned by the private individuals.	3,845,500	38,455,000	27.47
		14,000,140	140,001,400	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 260 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 33 logging contractors 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 has set up an organic manure plant based on wood mulch to cater to the needs of consumers engaged in organic farming and floriculture in Bhutan. In addition, the company maintains a large plant nursery to raise tree sapling for commercial sale and plantation in our leased areas. The company also ventured into production of MDF crates from the factory rejects to meet the wooden box requirement of orange exporters in the later part of current year.

2.2 Board Directors



Dasho Sonam Jamtsho, Director General, Department of Revenue & Customs, Thimphu

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.



Lupon 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.

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



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 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 Ltd. and Food Corporation of Bhutan Ltd.

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



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. In the past, he served on the board of Wood Craft Centre.

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



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. 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.

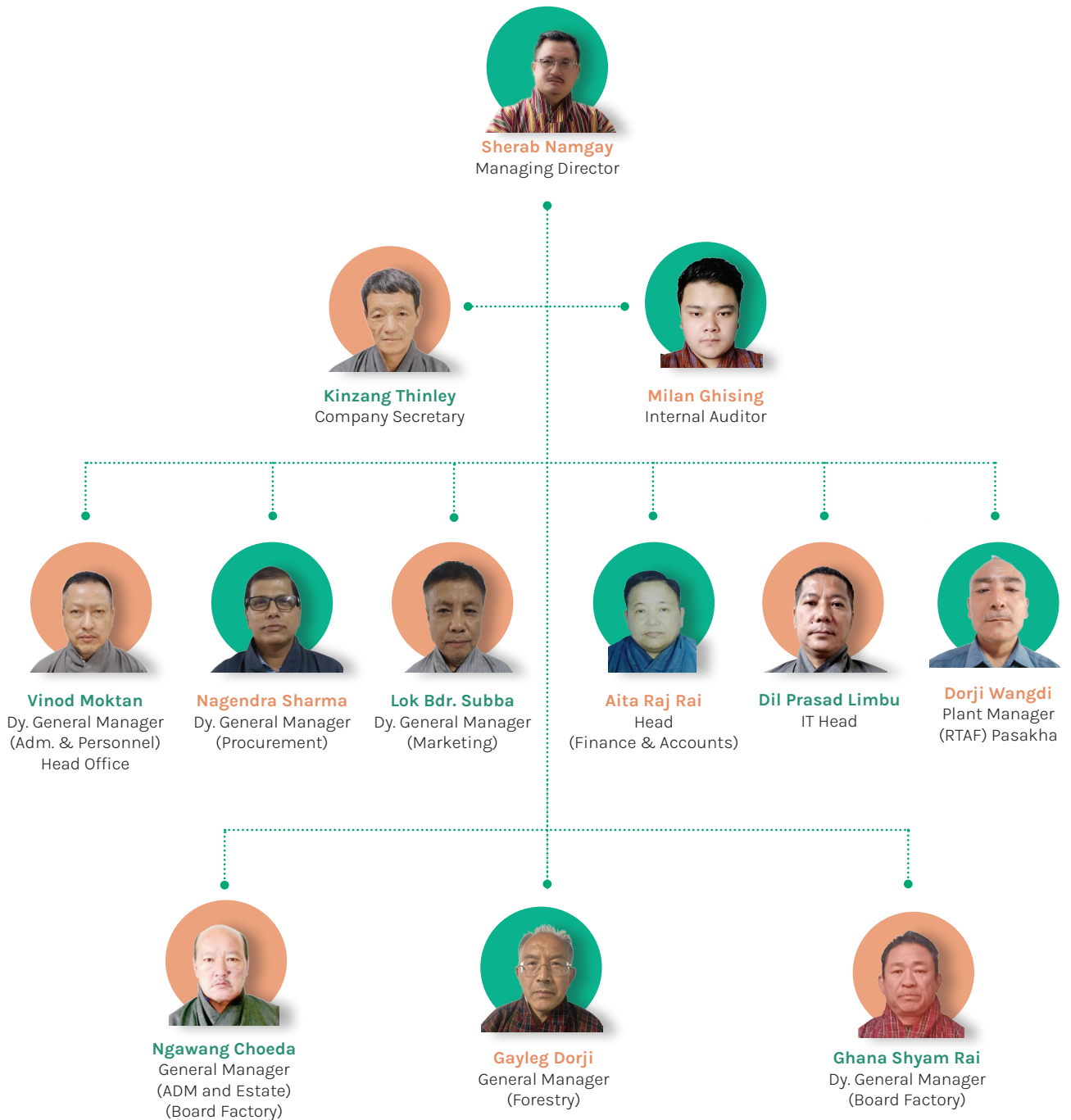


Mr. Sherab Namgay is the Managing Director of the Company. He obtained his Master of Business Administration (MBA) from Curtin University, Australia and Bachelor's Degree in Economics from PSG College of Arts and Science, India. He is a Certified Balanced Scorecard Professional focused in strategy formulation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





3. Director's Report

3.1 Director's Report

Dear Shareholders,

I am honored to provide the Directors' Report for the Financial Year 2022.

Performance and Operations Highlights

The year 2022 marked a significant improvement in the company's performance, despite the aging plants and outdated machinery. Notwithstanding the tough competition in the particleboard market, the company achieved an increase in revenue, cost reduction, and improved profitability through several initiatives. However, the dispatch of finished goods to external markets posed a challenge due to interruptions in production, principally caused by non-availability of spares with the equipment manufacturers and shortage of key raw materials. The competition in the external market also intensified during the year with the entry of new manufacturers offering lower prices and better services, such as varied shades and sizes of MDF boards.

Upon assuming the office in March 2021, the current management implemented significant reforms in all areas of operations. These reforms included introducing new customer friendly policies, substituting third-country imports with cheaper alternatives from India, improving the supply chain, and introducing new ERPNext and production systems. These measures have resulted in significant cost savings for the company. As a result of the above initiatives, the company achieved a profit after tax of Nu.20.85 million in 2022.

Production highlights

1. Particle Board Production:

The production performance of the particleboard factory in 2022 is commendable, despite the lockdown in the first quarter of the year. The achievement is attributed to the reduction of downtime, as compared to previous years, through preventive and scheduled maintenance plans for the old machinery and equipment.

The actual production figures for the Darla Board Factory are as follows:

Sl. #	Particulars	2022	2021	Remarks
1	Raw Board (in pcs)	211,565	184,053	14.95%
2	Laminated boards (in pcs)	175,043	170,423	2.71%
3	Plant Capacity utilization (%)	41.69	35.53	6.16%
4	Total Down time (in Hrs)	4,396.33	4,811.20	414.87

The Darla Board Factory experienced a 14.95% increase in raw board production and a 2.71% rise in laminated board production in 2022 compared to the previous year. Despite the pandemic's impact in the first quarter, plant capacity utilization improved by 6.16%. Moreover, downtime hours decreased from 4,811.20 in 2021 to 4,396.33 in 2022, a reduction of 414.87 hours, leading to a boost in the company's performance and profitability.

It is important to note that the board factory saw substantial performance improvements, thanks to various maintenance plans. However, plant availability was impacted in 2022 due to issues with the hydraulic press seal and production line beam, hydraulic oil leakage, and damage to high-tension cables from lightning.

2. Furniture Production:

In 2022, the Pasakha RTAF factory manufactured 3,615 sets of standard furniture and 547 sets of customized furniture. The furniture production witnessed a decline of 39%, with standard furniture production falling by 44.6% and customized furniture production decreasing by 2.37%.

Sl.#	Particulars	2022	2021
1	Standard furniture	3,615	5,227
2	Customized furniture	547	560

The decline in furniture production in 2022 can be attributed to several factors. Firstly, the national lockdown in January and February 2022 led to the suspension of particleboard and furniture production. Secondly, the commissioning and testing of new machinery, including CNC, Edge Banding, and Beam Saw, impacted furniture production from April to June. Thirdly, the shortage of manpower to operate critical machines also contributed to the decline in production. Despite management's efforts to recruit additional employees, only few candidates were hired due to low salary.

Considering the significant potential for the furniture business in the domestic market and higher profit margins, the board of directors have approved the replacement of all critical machines to produce defect-free furniture and meet furniture demand. The management continues to devote significant time and energy in furthering the furniture business to value add the particle board and capitalize the commercial opportunities in terms of higher margins.

Inventory management

To enhance inventory management, the company has implemented various systems across its operations, such as the introduction of bin card systems in the board and furniture warehouses and RTAF factory. This has enabled better monitoring and control of inventory levels, reducing the amount of deadstock on the factory floor and in the warehouses. In addition, the company has closely linked its production levels to market demand, resulting in fewer finished goods in inventory. Periodic physical verification by section in-charges and internal auditors has further improved inventory accuracy. The ERPNext system that operates live, implemented towards the middle of the year has brought sea changes in the way inventory is managed by closing the account at the end of day across the locations. During the year, the company segregated all kinds of stocks for better use including auctioning off the non-serviceable parts. We are proud to share that the company closes the accounts on a monthly basis that requires precision in the inventory value for correct financial statements, for which everyone works in maintaining up to date data in the system.

Going forward, the company remains committed to minimizing waste and optimizing working capital through effective inventory management, despite the company having to stock up key raw materials because of scarcity and logistical issues.

Sales and collection performance

BBPL places a strong emphasis on marketing and sales of particleboards and furniture to maintain its financial stability and success. While most of the particleboards are sold in India, there has been an increase in demand from local customers for interior design and furniture. Historically, the company has mainly focused on selling Ready-to-Assemble Furniture (RTAF) in the domestic market, as export sales of furniture are limited due to design constraints. Particleboard sales contribute to 87% of the company's revenue, while RTAF sales make up the remaining 13%. The company generates 80% of its revenue from exports and 20% from domestic sales. Additionally, BBPL also generates significant revenue from the sale of timber, tree saplings, and organic manure.

To maintain a steady cash flow and reduce the risk of bad debts, the company operates on a cash-and-carry basis, except for channel partners with good credit history. The sales and collection data are shown below:

Sl.#	Particulars	Description	2022(in million)	2021(in million)
1	Sales	Board	229.22	201.43
		Furniture	23.57	31.15
		Others	7.51	-
		Total	260.30	232.58
2	Collection	Board	225.16	193.87
		Furniture	21.42	29.80
		Others	7.51	-
		Total	254.10	223.67

The sales performance of BBPL in 2022 has improved by about 12%, primarily due to increased production, better exports, and a stronger performance in the domestic market. The collection over sale rate was about 98%, indicating a strong cash flow. The company's sales were impacted in the first quarter of the year due to the national lockdown which hindered the company from exporting goods to Indian market. However, the implementation of the Credit Policy, Sale & Discount Policy from January 2022 led to an improvement in collection efficiency. BBPL's particleboards continue to be popular in the market due to their high compactness and density.

Forestry operations

To ensure an uninterrupted supply of raw materials for particleboard production, the company's forestry operations team manages plantations and forests on leased land. However, as the supply of wood from these sources is not enough, the company

also sources raw materials from private forests, sawmills, and billet collections. The breakdown of the sources of raw materials for the company in 2022 is as follows:

Sl.#	Source of Raw Materials	2022 (in MT)	2021 (in MT)
1	Leased State Reserve Forests	6,501.61	11,235.16
3	Sawmill Off-cuts	2,138.40	710.25
4	Private land	6,583.13	4,672.38
5	Billet collection (Sanitization)	546.58	623.26
6.	Wood chips	41.27	-
	Total	15,810.99	17,241.05

During 2022, there was a 9.5% (1,430.06 MT) reduction in the supply of wood due to lockdowns in January and February, which typically are the prime seasons for sourcing and collecting raw materials. The supply was further affected by an early and prolonged monsoon. In order to ensure a steady supply of raw materials, the company obtained wood from private forests and saw mills. Meanwhile, the forestry team of the company grew 66,656 seedlings in its nursery and created 19.28 hectares of new forest in leased areas to protect the company from rising costs of firewood from external sources. The management also sold 2,120 seedlings to government agencies and farmers.

Human Resources and Administration

The company places great importance on its human resources, viewing them as a critical asset for its ongoing success. Its personnel include a highly skilled and experienced team in various areas of operations, with the exception of two non-Bhutanese who serves in the export market. The rest of the employees are Bhutanese nationals. The company is pleased to report that its Bhutanese team is capable of repairing and maintaining the old Darla factory, including modifying and fabricating critical components on-site, which were previously sourced from manufacturers.

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

Sl.#	Locations	2022	2021
1	Board factory	168	164
2	RTAF factory	19	22
3	Forestry sector	26	32
4	Head office	38	37
5	Thimphu Furniture Showroom	06	05
6	Zones	03	03
	Total	260	263

In 2022, the company experienced a slight decrease in its workforce, dropping from 263 to 260 employees. Despite the need to maintain the aging plant and machinery, the company did not hire any new employees but partially replaced those who left the company. To motivate the existing employees, the board approved a 10% corporate

allowance effective from August 1st, 2022, taking into account the low salary levels among corporations. The company's workforce has an average age of 42, with a mix of experience and youth. To address potential position gaps when senior employees in key positions retire, the management is implementing succession planning.

Since 2021, the company implemented a Performance Management System as part of its re-engineering exercise to turnaround the company. This system is expected to improve employee performance through close supervision and empower supervisors to hold employees accountable for their achievements and underperformance. The implementation of the system is also expected to result in enhanced revenue for the company.

Corporate Social Responsibility

The company places great importance on Corporate Social Responsibility (CSR) and incorporates it into its business processes for sustainable development. The following are some of the CSR activities undertaken by the company in 2022:

- ✓ Since 2019, the company has been periodically cleaning the national highway from Gedu Zero to Dugna Zero by installing garbage bins within the area. The company's employees from the board factory and forestry at Darla are entrusted with the highway cleaning work every quarter.
- ✓ The company relies on 33 contractors for the extraction and supply of wood raw materials from its plantations and private forests, who in turn rely on the company for their livelihood.
- ✓ The company donates particle boards and furniture to local institutions that cannot afford to purchase these items in their social activities, generating positive impressions in the community and among stakeholders.
- ✓ The management and employees of the company participate in all major religious events at Gedu and Darla by contributing in cash and kind, strengthening their bond with the community.

Overall, the company continues to prioritize its social responsibilities towards the community and strives to create a positive impact through its CSR initiatives.

Challenges

The Darla Board factory, which has been in operation for more than 35 years, is facing various challenges. Firstly, the factory is operating at low capacity due to its aging machines breaking down frequently. Additionally, the company is facing increasing raw material costs and long lead times for spare parts from European OEMs. The non-availability of critical spares at short notice has greatly affected the production, sales, and income of the company.

Competition in the particleboard market is severe, with competitors setting up manufacturing units with modern technology. These competitors offer better alternatives in terms of shades, sizes, price, and density, depending on the tastes

and preferences of customers. The increase in prices of spares and exclusive shades of decorative papers has contributed to an increase in production costs, which is encouraging distributors to look for other alternative brands.

Furthermore, BBPL has harvested most of the leased State Reserve Forests except for a few hectares identified as water catchment areas/elephant corridors, which have been surrendered to the government for replacement. Sourcing raw materials from far-flung locations and transporting them to the factory is expensive for the company.

Way forward

Despite facing operational challenges, BBPL has a bright future due to the potential market prospects and existing infrastructure. The board and management are optimistic that the company will rebound to its former glory by implementing the following strategies:

- a. The furniture plant at Pasakha was revamped by replacing three critical machines - Edge Banding, Beam Saw, and CNC machine. The commissioning of these machines from April-June 2022 led to defect-free furniture production and increased productivity at the RTAF factory. The management is also exploring ways to tap into the market potential and generate more revenue from furniture sales.
- b. The company undertook an exercise to clean up inventories of old and damaged boards and furniture at warehouses. A proposal for the write-off of bad stock worth Nu.6.219 million was submitted to the board for approval, and the following check and balance initiatives were implemented:
 - ✓ demand-based production indents,
 - ✓ monthly inventory closing to monitor the value of each warehouse and factory, and
 - ✓ quarterly physical verification of inventory.
- c. The salary of BBPL employees has been one of the lowest among corporations in Bhutan, prompting experienced employees to look for better opportunities elsewhere. To retain experienced employees, the board approved a 10% corporate allowance on basic salary for regular and contract employees, excluding the Managing Director, effective from August 2022. This incentive is expected to boost employee morale and improve performance.
- d. BBPL has diversified its activities by producing organic manure, selling saplings, and manufacturing MDF crates. Although income from these activities is currently minimal, they have generated interest and awareness among the public, which could translate into revenue in the future.
- e. The company's ERP Next system went live from 1st September 2022, running parallel with the TALLY system for safety reasons, and became functional independently from 1st January 2023. The implementation of the system enables designated users to access data from any location, allowing the employees to make informed decisions for the betterment of the company.

Acknowledgement

The Board and the management of BBPL extend our heartfelt gratitude to all the Ministries and Organizations that have supported and assisted our operations. We express special appreciation to Chhukha Dzongkhag, Divisional Forestry Office, Gedu, and local governments for their unwavering support. We also acknowledge the channel partners and suppliers in Bhutan and India for their contributions. Our sincere thanks also go to our financiers, particularly Bank of Bhutan and Druk PNB Limited, for their continued support of our operations. We are grateful to the Southern COVID-19 Task Force for facilitating imports and exports during the lockdown in the first quarter of 2022. We look forward to continued support and cooperation from all as we work towards achieving our business goals for the betterment of the nation.

In conclusion, we assure you that the Board of Directors and Management will continue to uphold professionalism and ethical standards in managing the company.

We wish everyone a successful and productive year ahead.

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

(Dasho Sonam Jamtsho)
Chairman



4. Corporate Governance Report

4.1. 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.

A. Board

(1) Board Charter

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

Table 1: Board Members, 2022

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

Name	Designation	Date of appointment	Status	Term	Board on other Companies
Dasho Sonam Jamtsho	Director General, Department of Revenue & Customs	27.03.2020	Non-independent	Reappointed	None
Lopen Rinzin	Central Monastic Body Thimphu/ Punakha	21.04.2021	Non-independent	First Term	None
Aum Kinlay Tshering	Director, DAMC	03.08.2022	Non-independent	First term	Queen's Project, Bhutan Agro Industries and Food Corporation of Bhutan
Dr. Damber S Kharka	MD, M/s Ugen Trading Thimphu	21.04.2020	Independent	Reappointed	None
Mr. Druyang Dorji	M/s: Shangrila Enterprise Phuentsholing	21.04.2021	Non-independent	Reappointed	M/s Shangrila Private Limited
Mr. Sonam Tobgay	Senior Analyst DHI Thimphu	21.04.2021	Non-independent	First Term	None
Mr. Sherab Namgay	Managing Director BBPL Phuentsholing	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

Six Board Meetings were held in the year 2022, 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 2022

Sl.#	Board Meeting Dates	Board Meeting Nos
1	4 February,2022	155th Board Meeting (Virtual)
2	27th April, 2022	156th Board Meeting
3	19th July, 2022	157th Board Meeting
4	17th August,2022	158th Board Meeting (Virtual)
5	21st October,2022	159th Board Meeting
6	9th December ,2022	160th Board Meeting

Attendance of Board Directors from 4th February 2022 till 9th December 2022.

Sl.#	Board Directors	155th	156th	157th	158th	159th	160th	Remarks
1	Dasho Chencho Dorji	Y	N	Y	-	-	-	2/3
2	Lopon Rinzin	N	Y	Y	Y	N	Y	4/6
3	Dasho Sonam. Jamtsho	N	Y	N	Y	Y	Y	4/6
4	Dr Damber S Kharka	Y	Y	Y	Y	Y	Y	6/6
5	Mr. Sonam Tobgay	Y	Y	Y	Y	Y	Y	6/6
6	Mr. Druyang Dorji	Y	N	Y	Y	Y	Y	5/6
7	Mr. Sherab Namgay	Y	Y	Y	Y	Y	Y	6/6
8	Aum Kinlay Tshering	-	-	-	Y	Y	Y	3/3

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.

B. Board Audit Committee

Until July 2022, the Board Audit Committee comprised four non-independent Directors and one independent Director. However, due to unavailability of some committee members owing to prior engagements, the BAC was reconstituted in the 157th Board Meeting held on July 19, 2022, with three Directors - one independent and two non-independent.

To ensure the highest standards of corporate governance, an independent Director chairs the Board Audit Committee, and the Managing Director does not sit on the BAC to maintain the committee's independence.

Attendance of Board Audit Committee Members

In 2022, the Board Audit Committee met four times.

Sl.#	BAC Members	9th BAC	10th BAC	11th BAC	12th BAC	Remarks
1	Dr. Damber S Kharka	Y	Y	N	Y	3/4
2	Dasho Sonam Jamtsho	Y	Y	-	-	2/2
3	Lopen Rinzin	N	N	-	-	0/2
4	Mr. Sonam Tobgay	Y	Y	Y	Y	4/4
5	Mr. Druyang Dorji	N	N	-	-	0/2
6	Aum Kinlay Tshering	-	-	Y	Y	2/2

The BAC was reconstituted in the 157th Board Meeting on July 19, 2022 with 3 directors due to unavailability of some board directors because of prior engagement. The reconstituted board audit committee members were Dr. Damber S Kharka, Managing Director of Ugen Trading House, Thimphu, Aum Kinlay Tshering, Director, DAMC and Mr. Sonam Tobgay, Associate Director, DHI.

C. Director's Remuneration

The Sitting Fees of Board Directors for the year 2022 is as follows:

Sl.#	Directors	Fees
1	Full Board	312,000.00
2	Board Audit Committee	68,000.00
3	Annual General Meetings	96,000.00

D. Annual General Meeting

The 38th Annual General of the company was held on 28th March, 2023 in Kuenphen Rabten Resort Conference Hall, Thimphu at 2.00pm.

Key highlights of the meetings:

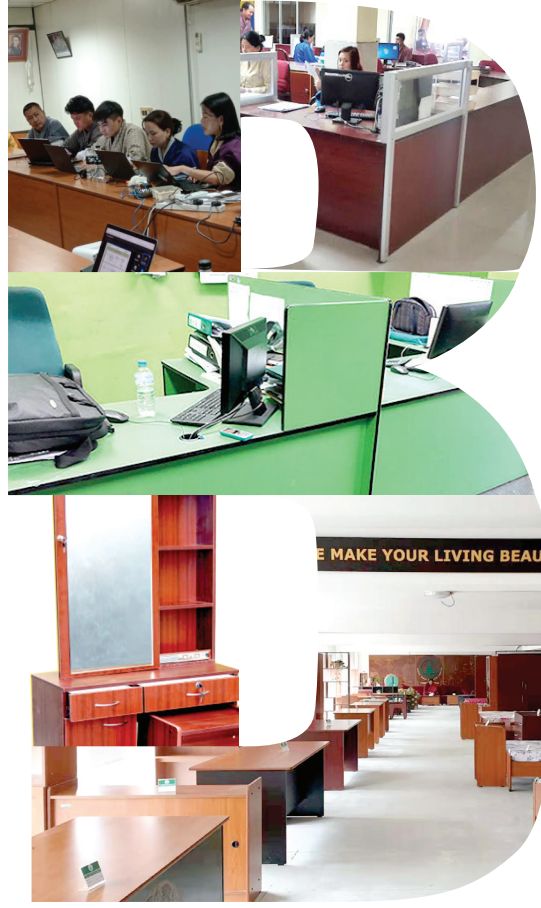
The AGM endorsed the appointment of following Directors-

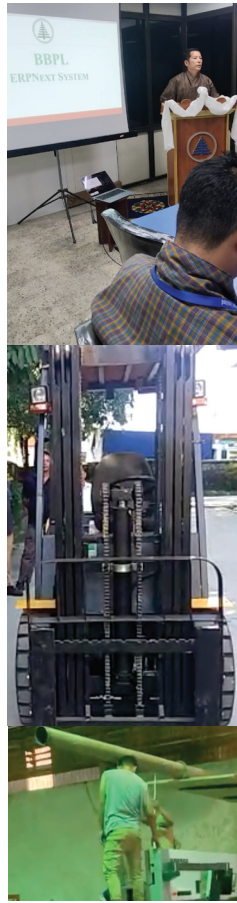
- The shareholders endorsed the appointment of Aum Kinlay Tshering as non-independent director. Aum Kinlay replaces Dasho Chencho Dorji, Hon'ble Secretary, MoWHS.
- Director Sonam Tobgay would continue as DHI nominee director.
- Lopen Rinzin representing Central Monastic Body, and director Druyang Dorji representing minority shareholders would continue as non-independent directors
- Dr. Damber S Kharka to continue as independent director.

No dividend was declared for the year.

E. Risk Management and Internal Control

Risk mitigation involves identifying, evaluating, and managing potential risks that could affect a business or project. The goal of risk mitigation is to decrease the probability and impact of unfavorable events, safeguard the organization's assets, and proactively handle risk. The management of BBPL is pleased to announce that the company has created a risk register based on the framework issued by DHI. The risk register identifies potential risks, categorizes them according to their likelihood and impact, assesses their severity, and devises appropriate mitigation strategies such as risk transfer, avoidance, reduction, or acceptance. The risk register is a comprehensive, pertinent, and effective tool for minimizing risks and has been approved by the BAC in its 13th meeting.







5. Audited Financial Statement 2022

**DILLI YOK
&
ASSOCIATES
CHARTERED
ACCOUNTANTS**

Third Floor, Jojo's Building.
Email: cabhutan@yahoo.com
Thimphu, Bhutan
Contact No: 17258738/17420185

**AUDIT REPORT ON THE FINANCIAL
STATEMENTS OF BHUTAN BOARD
PRODUCT LIMITED**

PERIOD: JANUARY 1, 2022 to DECEMBER 31, 2022

April 2023

TITLE SHEET

Title	:	Audit Report on the financial Statements Bhutan Board Product Limited
AIN:		
Head of the Agency	:	Mr. Sherab Namgay (Chief Executive Officer) CID No. 11411002407
Finance Personnel	:	Mr. Aita Raj (Head Finance & Accounts) CID No.10201000464
Period Audited	:	Jan. 1, 2022 – Dec. 31, 2022
Schedule of Audit	:	Planning: 10 – 14 February, 2023 Actual: 12 – 22 February, 2023 Reporting: April
Composition of Audit Team	:	Team Leaders: 1. CA Dilli Ram Bista CID No.:11810002939 2. Yok Bahadur Karki CID No.: 10302003793 Team Members: 1. Passang Tobgay CID No.: 11505002480 2. Tshering Lham CID No.: 11201003104 3. Uttam Waklay CID No.: 11804000789 4. Rinchen Dorji CID No: 10904000627 5. Ugyen Thinley CID No:10104000267 6. Sangay Wangmo CID No: 11403000026 7. Indra Kumari Neopaney CID: 11109000193
Supervising Officer	:	Yok Bahadur Karki, Managing Partner
Engagement Letter	:	Appointment letter dated 14-11-2022 vide letter no: RAA(SA-06)/COAD/2022/2053
Focal Person	:	CA Dilli Ram Bista Email: cabhutan@yahoo.com Phone: 17258738/17420185
Date of Exit Conference	:	02-03-2023

INDEPENDENT AUDITORS' REPORT

The Share holders
Bhutan Board Product Limited
Phuentsholing, Bhutan.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Bhutan Board Product Limited ("the Company") which comprise the Statement of Financial Position as at December 31, 2022, 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with applicable 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.

Emphasis of Matters

- a) *We draw the attention to Note No.27 which describes the merger of BBEL with BBPL with effect from 1st September 2022 by transferring all assets and liabilities at its book value as at 31st August 2022.*
- b) *We also draw the attention to Note No:26 of the financial statements, which describes the effects of restatement of financial statements for the year ended 31st December 2022. In accordance with Para 23 and 42 of BAS 8 "Accounting Policies, changes in Accounting Estimates and Errors, financial statements have been restated and material changes in accounting estimates is incorporated to the extent practical for the prior period.*

Our opinion is not modified in respect of these matters.



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 Auditing Standards and the General Terms of Reference in Bhutan 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, related safeguards.

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 auditors 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: *Thimphu*
Date: *15/03/20*



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 land and 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 new compact from 2021, 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. 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. The obsolete, damaged, slow moving and surplus inventories (Spare Parts) has been determined during the internal verification and all the items are been recorded and it's been sent to the management for further discussions and approval. The provision for the



same is not been made as the managements had not verified for the same. Other inventories which are damaged is been resized where every necessary and it's been sold. Old stocks are been cleared, resized and it's been sold in the market.

9. Damaged and obsolete inventories are disposed of and some of the inventory which is damaged is reused for the productions of another finished goods. In every stage of production, there is the damage goods some of which are reused in productions of the secondary goods, fixing the damaged in the process. They have maintained the appropriated record for the same while doing the productions. The productions stages have different stage of productions. Whereas in case of the spare parts, the damaged and obsolete inventories is been determined and had send for the approval from the managements.
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. 10,262,200 for the term loan Nu. 22,290,336.21 for Bank Overdraft and Bridge loan amounting to 48,804,589.46 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	2,282.00
2	GIS Contributions	67,637.78
3	PF Settlements	17,46,568.49
	Total	18,16,488.27

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 been using Tally 9.0 multiuser ready-made package software for general Financial Accounting.
2. Adequate safeguard measures and back up facilities exist (the data are maintained in the server).
3. Though the company had maintained the back up in server, the company had not maintained other back up in different locations.



4. The operational controls are adequate and automatic to ensure correctness and validity of input data and output information.
5. The Measures taken by the Company to prevent unauthorized access over the Computer Installations and Files are adequate providing the different accessing facility to different level of the managements according to role assigned.
6. For the year ended 31st December 2022 books of account were maintained in Tally ERP 9 and accordingly financial statements are prepared. The company is in the process of data migration to ERP next.

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.



Bhutan Board Products Limited
Statement of Financial Position as at 31st December 2022 (Amount in Nu.)

Particulars	Note	31/12/2022	31/12/2021 Restated	01/01/2021 Restated
Property, Plants & Equipment	1	121,328,994.45	107,639,047.37	107,591,820.17
ROU Assets	1A	6,841,132.89	-	-
Trade & Other Receivables	2	1,928,721.00	3,605,461.86	2,490,272.20
Other bank balances	4	414,441.00	568,429.00	568,429.00
Deferred Tax Assets	5	779,133.00	128,584.00	(486,981.00)
Other non-current assets	6	-	-	150,687.00
Non - Current Assets		131,292,422.34	111,941,522.23	110,314,227.37
Biological Asset	31	763,740,000.00	560,790,000.00	560,790,000.00
Total Non-Current Assets -		895,032,422.34	672,731,522.23	671,104,227.37
Inventories	14	136,624,855.14	105,578,416.00	95,663,133.58
Trade & Other Receivables	2	10,566,447.59	6,429,301.27	16,736,693.26
Prepayments	7	40,079,573.35	50,325,683.00	34,486,403.39
Cash & Cash Equivalents	8	1,442,974.79	7,531,059.02	7,410,761.00
Current Tax Assets	9	277,523.52	5,801.57	2,127,736.94
Total Current Assets -		188,991,374.39	169,870,260.86	156,424,728.17
TOTAL ASSETS		1,084,023,796.73	842,601,785.59	827,528,955.54
Equity:				
Share Capital	15	140,001,400.00	140,001,400.00	140,001,400.00
General Reserve		29,149,212.00	29,149,212.00	29,149,212.00
Dividend Equalization Reserve		12,000,000.00	12,000,000.00	12,000,000.00
Replacement & Maintenance Reserve		27,986,451.00	27,986,451.00	27,986,451.00
Revaluation of Land Reserve		278,550,049.61	76,172,811.09	76,172,811.09
Retained Earnings		455,882,585.86	452,435,565.55	445,250,835.61
Total Equities -		943,569,698.47	737,745,439.64	730,560,709.70
Liabilities:				
Employee Benefit Liabilities	10	17,131,898.69	3,350,938.00	2,878,884.00
Trade & Other Payables	11	5,005,234.31	4,742,225.00	1,436,363.00
Total Non-Current Liabilities -		22,137,133.00	8,093,163.00	4,315,247.00
Trade & Other Payables	11	10,705,556.15	15,300,629.80	22,218,198.57
Borrowings	12	81,357,125.67	61,543,394.30	52,803,149.98
Other current liabilities	13	15,022,250.68	19,919,158.85	17,631,650.29
Lease Liability		11,232,032.76		
Total Current Liabilities -		118,316,965.26	96,763,182.95	92,652,998.84
Total Liabilities -		140,454,098.26	104,856,345.95	96,968,245.84
TOTAL EQUITY AND LIABILITIES		1,084,023,796.73	842,601,785.59	827,528,955.54

In terms of our Report of even date-

For Dilli & YOK ASSOCIATES
 Chartered Accountants
 FRN: CRC2625

CA Dilli Ram Bista
 Membership No.: 452831
 Place: THIMPHU
 Date: 15/05/22



Souam Jamtsho
 Souam Jamtsho
 Chairman

Souam Jamtsho
 Director

Sherab Namgay
 Sherab Namgay
 Managing Director

Aita Raj Rai
 Aita Raj Rai
 Head - Finance

Bhutan Board Products Limited
Statement of comprehensive Income for the year ended 31st December 2022
(Amount in Nu.)

Particulars	Note	31/12/2022	31/12/2021
Continuing Operations:			
Revenue	16	255,477,885.03	232,884,358.14
Cost of Sales	17	(211,935,643.95)	(210,827,427.48)
Gross Profit/(Loss) -		43,542,241.08	22,056,930.66
Other Incomes	18	4,839,996.20	4,950,442.07
Selling & Distribution Expenses	19	(14,833,918.09)	(12,711,790.00)
Administrative Expenses	20	(10,028,445.09)	(7,710,034.23)
Other Expenses	21	(3,997,234.26)	(406,267.46)
Results from Operating Activities -		19,522,639.84	6,179,281.04
Finance Cost	22	(2,506,407.96)	-
Net Finance (Costs)/Income -		(2,506,407.96)	-
Profit Before Tax -		17,016,231.88	6,179,281.04
Tax Expenses	23	-	-
Current Tax			
Deferred Tax		650,549.00	615,565.00
Profit from Continuing Operations -		17,666,780.88	6,794,846.04
Profit/(Loss) For the Year -		17,666,780.88	6,794,846.04
Items not recycled to Profit & Loss account			
Revaluation of Biological Assets	24	202,950,000.00	556,977.00
Loss on Re-measurement of Defined Employee Benefit		(9,839,182.06)	-
Revaluation of Land		(572,761.79)	-
Tax on Other Comprehensive Income		2,951,754.62	(167,093.10)
Net Other Comprehensive Income		195,489,810.77	389,883.90
Total Comprehensive Income for the Year		213,156,591.65	7,184,729.94
Earnings per Share:			
Basic Earnings per Share -	1	1.26	0.49
Diluted Earnings per Share -	1	1.26	0.49

In terms of our Report of even date-

For Dilli & Yok Associates
Chartered Accountants
FRN: GRC2625

CA Dilli Ram Bista
Membership No.: 542831
Place: Thimphu
Date: 17/01/23



Sunam Jamtsho *Sherab Namgay*

Sunam Jamtsho
Chairman

Sherab Namgay
Managing Director

[Signature]
Director

[Signature]
Aita Raj Rai
Head - Finance

Bhutan Board Products Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(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 Reserve	Retained earnings	
Balance at 01 January 2021	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	76,172,811.40	445,250,835.61	730,560,710.01
Profit for the year		-				6,794,846.04	6,794,846.04
Other comprehensive income						389,883.90	389,883.90
Fixed Asset Impairment					-		-
Balance at 31 December 2021	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



Description	Equity share Capital	Reserves	Reserves	Reserves	Revaluation	Reserve and surplus	Total equity
		General Reserve	Dividend Equalisation Reserve	Replacement & Maintenance Reserve	of Land 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						(4,350,575.51)	(4,350,575.51)
Profit for the year						17,666,750.55	17,666,750.55
Revaluation of Biological Assets					202,950,000	-	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)						(6,557,427.44)	(6,557,427.44)
Tax effects on above item						(2,951,734.62)	(2,951,734.62)
Balance as 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

For Dilli & Yok ASSOCIATES

Chartered Accountants

FRN: CRC2625

Dashi Sonam Lamtsho
Chairman

Sherab Nangay
Managing Director

Aita Raj Rai
Director

Aita Raj Rai
Head - Finance



Membership No.:

Place: Thimphu

Date:

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 the Zonal Offices 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 Phuentsholing, Bhutan. These financial statements relate to the year ended 31 December 2022.

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 in accordance with BAS 41.

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. Consolidation

The Company has control over and owns all the shares in subsidiary company Bhutan Board Exports Ltd. Consolidated financial statements have been prepared as the Company itself is an intermediate parent.

6. 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.

7. 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.



8. 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.

9. 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.

10. 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).

11. 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).

12. 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.

13. 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.



14. 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.

15. 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.

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.

16. 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.



17. 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.

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 Disclosure:

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 Disclosure:

As per BAS-41 Biological assets of the company's forestry was evaluated by M/s Karma & Associate, Thimphu, disclosing the value of its forestry assets at Nu.763.73 million during the year 2022. The changes in the fair value of biological assets in the beginning and at the end are given below.

Particulars	Opening Balance	Changes in Fair Value	Closing Balance
Trees in lease land	560,790,000.00	202,950,000.00	763,740,000.00

24. BAS 9: Complied the expected credit loss module of BAS -9, disclosing the ECL of Nu.1.06 million during the year 2022.

25. BAS-17: Complied the BAS -17 (Lease) capitalizing the assets and liabilities in adoption basis during the year 2022.

26. Revaluation of land of DHI Group of Companies done and retrospective adjustment was done in the Book of Accounts 2022.

Particular	Opening 1.1.2021	Adjustment	Restated 31.12.2021
Land	4,894,211.26	76,172,811.40	81,067,022.66

27. With the approval of Board and Company register BBEL merged with BBPL with effect from 1st September 2022 by transferring all assets and liabilities at its book value as at 31st August 2022.



Bhutan Board Products Limited										
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS										
1. Property, Plants & equipment:										(Amount in Nu.)
Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortization (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 01.01.2022	Additions in the Year	Deletions in the Year	As on 31-12-2022	As on 31-12-2021	Depreciation for the Year	Adjustments in the Year	As on 31-12-2022	As on 31-12-2022	As on 31-12-2021
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
Land and Development	80,494,261.26			80,494,261.26	-	-	-	-	80,494,261.26	81,067,022.66
Roads and Culverts	49,790,085.49	-	-	49,790,085.49	29,753,712.00	1,244,752.14	-	30,998,464.14	18,791,621.35	20,036,373.35
Factory Building	32,902,632.41	-	-	32,902,632.41	32,902,630.40	-	-	32,902,630.40	2.01	2.01
Housing Colony Office Building	7,153,373.98	-	-	7,153,373.98	6,573,983.35	178,834.35	-	6,752,817.70	400,556.28	579,390.63
Warehouse	10,306,186.55	-	-	10,306,186.55	7,782,999.66	257,654.66	-	8,040,654.32	2,265,532.23	2,523,186.89
Plant and Machinery	365,546,685.10	13,174,772.66	-	378,721,457.76	362,894,497.01	791,348.03	-	363,685,845.04	15,035,612.72	2,652,188.09
Electrical Installation	2,635,472.65	419,900.00	-	3,055,372.65	2,635,470.65	-	-	2,635,470.65	419,900.00	2.00
Generator	434,640.16	-	-	434,640.16	434,639.16	-	-	434,639.16	1.00	1.00
Laboratory equipment	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	7,575,038.00	214,271.31	-	7,789,309.31	7,575,036.00	214,271.31	-	7,596,463.33	192,845.98	4,273.31



Fixture										
Office Equipment	16,003,068.19	762,187.74	-	16,765,255.93	15,871,566.00	127,669.99	-	15,999,235.99	766,019.94	210,250.93
Water Works	845,338.24	-	-	845,338.24	845,336.24	-	-	845,336.24	2.00	2.00
Motor Vehicles	15,955,544.00	1,058,801.00	-	17,014,345.00	15,389,198.00	162,514.70	-	15,551,712.70	1,462,632.30	566,347.00
Software	511,325.50	1,500,000.00	-	2,011,325.50	511,325.00	-	-	511,325.00	1,500,000.50	0.50
A. Total Fixed Assets -	596,206,186.01	17,129,932.71	-	613,336,118.72	489,222,922.95	2,784,201.20	-	492,007,124.15	121,328,994.57	107,639,047.37
GRAND TOTAL	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
PREVIOUS YEAR -	517,885,997.28	7,699,402.29	15,883,550	509,701,850.07	455,400,413.57	9,050,999.28	870,000.00	463,581,412.85	46,120,437.23	62,485,583.71

1A Right of Use Assets (ROU Assets equipment):										(Amount in Nu.)
Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortization (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 01.01.2022	Additions in the Year	Deletions in the Year	As on 31-12-2022	As on 01-01-2022	Depreciation for the Year	Adjustments in the Year	As on 31-12-2022	As on 31-12-2022	As on 31-12-2021
	A	B	C	D = A + B - C	E	F	G	H = E + F - G	I = D - H	J = A - E
Lease land	-	7,469,642.91	-	7,469,642.91	-	628,510.02	-	628,510.02	6,841,132.89	-
GRAND TOTAL	-	7,469,642.91	-	7,469,642.91	-	628,510.02	-	628,510.02	6,841,132.89	-
PREVIOUS YEAR -	-	-	-	-	-	-	-	-	-	-



2. Trade & Other Receivables:

(Amount in Nu.)

Particulars	31/12/2022	31/12/2021	01/01/2021
Security deposit	504,541.00	504,541.00	15,563.00
Other Deposits	-	-	39,997.8
Other Receivables	1,424,180.00	3,100,920.86	20,74731.2
A. Total Non-Current Assets -	1,928,721.00	3,605,461.86	2,490,272.20
<u>Trade Receivables (Subject to Confirmation)</u>			
Due for more than 6 months			
- Considered Good	11,634,199.99	5,425,021.31	9,589,026.30
- Considered Doubtful	-	-	-
Others - Considered Good			
Others - Considered Doubtful			
	11,634,199.99	5,425,021.31	9,589,026.30
Less: Allowance of Impairment Loss	1,067,752.40	1,412,173.00	2,236,163.00
a. Total Debts Considered Good -	10,566,447.59	4,012,848.31	7,352,863.30
<u>Trade Receivables (Subject to Confirmation) on A/c of BBEL</u>			
Due for more than 6 months			
- Considered Good		5,268,405.00	13,671,616.00
- Considered Doubtful	-	-	-
Others - Considered Good			
Others - Considered Doubtful	-	-	-
	-	5,268,405.00	13,671,616.00
Less: Allowance of Impairment Loss		2,851,947.04	4,287,786.04
b. Total Debts Considered Good for BBEL -	-	2,416,457.96	9,383,829.96
Total Trade Receivables (a+b)	10,566,447.59	6,429,306.27	16,736,693.26
B. Total Current Assets -	10,566,447.59	6,429,306.27	16,736,693.26

3. Investment in subsidiary company:

Particulars	31/12/2022	31/12/2021	01/01/2021
In Equity Shares of Bhutan Board Exports Limited, the wholly owned subsidiary company. - (5000 Eq. Shares @ 100/- each)	-	-	-
TOTAL -	-	-	-



4. Other Bank balances:

Particulars	31/12/2022	31/12/2021	01/01/2021
Balances with Banks in			
- Earmarked Dividend Account	414,441.00	568,429.00	568,429.00
TOTAL -	414,441.00	568,429.00	568,429.00

5. Deferred Tax Assets:

Particulars	31/12/2022	31/12/2021	01/01/2021
Opening Balance	128,584.00	(486,981.00)	-
Charged to Income Statement	650,549.00	615,565.00	(486,981.00)
Closing Balance	779,133.00	128,584.00	(486,981.00)

6. Other non-current assets:

Particulars	31/12/2022	31/12/2021	01/01/2021
Sales Tax Deposits	-	-	150,687.00
Total Other non-current assets -	-	-	150,687.00

7. Prepayments:

Particulars	31/12/2022	31/12/2021	01/01/2021
Advance to Party	11,832,695.40	17,890,415.92	10,594,919.46
Advance for Customs Duty	10,054,221.30	10,995,822.85	11,550,074.13
Advance to Staffs	627,726.00	182,652.94	731,414.88
Advance for Company Expenses	1,773,587.29	632,776.68	444,246.82
Tour Advance	254,648.00	57,223.00	51,723.00
Margin Money Balances	320,787.00	5,419,787.00	632,816.00
Prepaid Expenses	1,244,031.00	1,141,981.00	1,097,379.00
BBEL A/c	13,818,020.55	13,818,020.00	9,383,830.10
BBPL/BBEL Employees Welfare Scheme	153,856.81	187,003.81	
	40,079,573.35	50,325,683.20	34,486,403.39



8. Cash & Cash Equivalents:

Particulars	31/12/2022	31/12/2021	01/01/2021
Balances with Banks in Current Accounts	1,141,464.54	7,211,796.55	6,663,491.90
Cash in Hand	301,510.25	319,262.47	747,269.37
CASH & CASH EQUIVALENTS AS PER CASH FLOW (A+B) -	1,442,974.79	7,531,059.02	7,410,761.27

9. Current Tax Assets:

Particulars	31/12/2022	31/12/2021	01/01/2021
Advance Tax - Opening Balance			
- TDS Credit	5,801.57	-	
- Advance Corporate Tax	271,721.95	2,127,737.00	1,264,319.00
	277,523.52	2,127,737.00	1,264,319.00
Less: TDS Credit during the Year		227,248.00	863,417.94
Add: Advance Tax Paid during the Year	-	-	
	277,523.52	2,354,985.00	2,127,736.94
Less: Adjustments made during the Year	-	-	
Less: Adjustments made during the Year		2,349,183.43	
A. Closing Balance of Advance Tax -	277,523.52	5,801.57	2,127,736.94
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	277,523.52	5,801.57	2,127,736.94

10. Employee Benefits liabilities:

Particulars	31/12/2022	31/12/2021	01/01/2021
Defined Benefit Obligation - Gratuity Liability (Note-28)	-	-	673,758.00
Less: Fair Value of Plan Assets - Gratuity Fund (Note-28)	12,855,213.02	-	
Provision for Bonus	3,190,873.04	1,806,619.00	
Provision for Leave Encashment	1,085,812.63	1,544,319.00	2,205,126.00
NET EMPLOYEE BENEFIT (ASSETS)/LIABILITIES -	17,131,898.69	3,350,938.00	2,878,884.00



11. Trade & Other Payables:

Particulars	31/12/2022	31/12/2021	01/01/2021
Deposits			
- Security Deposits	3,635,234.31	3,635,225.00	300,000.00
- Performance Bonds	1,370,000.00	1,107,000.00	1,136,363.00
A. Total Non-Current Liabilities -	5,005,234.31	4,742,225.00	1,436,363.00
Sundry Creditors	9,504,257.07	12,009,732.73	15,747,134.79
Liabilities for Purchase	8,158.44	8,158.44	368,269.00
Liabilities for Expenses	680,913.28	2,775,969.27	2131,639.78
Deposits			
- Earnest Money	239,446.00	80,000.00	3,508,711.00
- Others	240,998.36	240,998.36	280,576.00
Unclaimed Dividend		153,988.00	153,988.00
Unpaid Salary	31,783.00	31,783.00	27,880.00
BBEL Current A/c	-	-	
B. Total Current Liabilities -	10,705,556.15	15,300,629.80	22,218,198.57

12. Borrowings :

Particulars	31/12/2022	31/12/2021	01/01/2021
Bank Bridge loan DPNBL - Hypothecation of Stocks & Land)	48,804,589.46	51,624,751.46	18,628,323.45
Bank Overdraft with DPNBL - Hypothecation of Stocks & Book Debts)	22,290,336.21	2,338,642.84	34,174,826.53
Term Loan Druk PNB	10,262,200.00	7,580,000.00	
Total Borrowings	81,357,125.67	61,543,394.30	52,803,149.98

13. Other current liabilities:

Particulars	31/12/2022	31/12/2021	01/01/2021
Advance from Customers	2,498,049.41	6,744,010.65	5,421,312.21
Other Advances Received	17,200.00	-98,235.08	1,365,646.29
PF Settlement	1,746,568.49	2,596,613.98	976,023.78
GIS Contribution	67,637.78	272,326.30	350,953.01
TDS Payable		1,000.00	
Health Contributions	2,282.00	4,563.00	
BBPL/BBEL Welfare Scheme			
Gratuity Fund Payable	10,690,513.00	10,398,880.00	9,517,715.00
B. Total Current Liabilities -	15,022,250.68	19,919,158.85	17,631,650.29



14. Inventory

Particulars	For the Year 2021 (in Nu.)					For the Year 2020 (in Nu.)				
	As on 01-01-2022	Purchases in the Year	Issue/ Adjustme nts ^b	Consumpti on/ Change	As on 31-12-2022	As on 01.01.2021	Purchases in the Year	Issue/ Adjustment s ^b	Consumption/ Change	As on 31-12-2021
Wood	3,794,408	29,933,577	-	33,532,941	195,045	567,144	31,408,561	-	28,181,297	3,794,408
Chemicals	7,747,478	80,889,987	-	68,964,075	19,673,390	6,789,535	53,550,558	-	52,592,615	7,747,478
Decorative Paper	9,566,506	22,373,140	-	21,725,461	10,214,185	9,758,052	22,678,921	-	22,870,467	9,566,506
Board	2,442,698	113,226	2,020,268	(1,577,629)	2,113,285	2,317,239	-	-	(125,459)	2,442,698
Fittings	11,978,153	5,622,133	502,115	7,096,161	10,002,010	10,340,004	6,485,182	-	4,847,033	11,978,153
A. Raw Materials -	35,529,243	138,932,063	2,522,384	129,741,008	42,197,914	29,771,974	114,123,222	-	108,365,953	35,529,243
Imported	26,489,382	7,304,901.88	6,189,182	1,115,720	26,489,382	23,220,327	9,282,851.30	5,419,364	594,432	26,489,382
Indigenous	15,133,634	12,450,094.91	8,871,984	578,111	18,133,634	12,246,151	10,780,664.35	7,475,929	417,252	15,133,634
POL	767,370	5,136,043.98	4,287,401	692,694	923,318	236,196	5,341,922.05	4,574,552	236,196	767,370
B. Stores & Spares -	42,390,386	24,891,040.77	19,348,567	2,386,525	45,546,335	35,702,674	25,405,437.70	17,469,845	1,247,880	42,390,387
C. Packing Materials	876,038	1,456,144.79	-	1,456,145	876,038	913,121	1,081,218.00	-	1,118,301	876,038
Raw Materials and Consumables(A+B+C)	78,795,667	-	21,870,951	133,583,678	88,620,287	66,387,769	140,609,878	17,469,845	110,732,135	78,795,668
Work-in-Progress	2,815,665	-	-	(731,095)	3,546,760	1,491,526	-	-	(1,324,129)	2,815,655
Finished Goods	23,967,093	-	1,191,901	(21,682,616)	44,457,808	27,783,839	-	3,731,661	85,085	23,967,093
Goods in Transit	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL -	105,578,425	165,279,248.96	23,062,852	111,169,967	136,624,855	95,663,134	140,609,878	21,201,506	109,493,091	105,578,416



15. Share Capital:

Authorized Share Capital

Particulars	As on 31-12-2022		As on 31-Dec-21		As on 01-Jan-21	
	No. of Shares	Amount in Nu.	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	15,000,000	150,000,000

Issued, Subscribed and Paid-up Share Capital

Particulars	As on 31-Dec-22		As on 31-Dec-21		As on 01-Jan-21	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Fully paid up Equity Shares	14,000,140	140,001,400	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	14,000,140	140,001,400

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

Particulars	As on 31-Dec-22		As on 31-Dec-21		As on 01-Jan-21	
	No. of Shares	Amount in Nu.	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	14,000,140	140,001,400
Add: Issued during the year		-		-		
Closing	14,000,140	140,001,400	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-Dec-22	As on 31-Dec-21	As on 01-Jan-21
1	Druk Holding & Investment Ltd.	668,334	668,334	668,334
2	Bank of Bhutan Ltd.	172,400	172,400	172,400
3	Royal Insurance Corporation of Bhutan ltd.	11,830	11,830	11,830
4	Bhutan National Bank Ltd.	1,400	1,400	1,400
TOTAL -		853,964	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	31/12/2022	31/12/2021
Sale of Boards	238,908,005	216,398,942
Less: Discounts Allowed	-9,679,133	18,563,665
A. Net Sales of Boards -	229,228,872	197,835,277
Sale of RTAFs	29,856,858	39,988,753
Less: Discounts Allowed	-6,282,539	8,574,459
B. Net Sales of RTAFs -	23,574,319	31,414,294
Total Net Sales of Finished Goods (A+B) -	252,803,191	229,249,571
Sale - Others	2,674,694	3,634,787
TOTAL -	255,477,885	232,884,358

17. Cost of Sales:

Particulars	31/12/2022	31/12/2021
Changes in Inventories		
- (Increase)/Decrease in Work-in-Progress	(731,095)	(1,324,129)
- (Increase)/Decrease in Finished Goods	(21,682,616)	85,085
Raw Materials and Consumables Used		
- Raw Materials Consumed	129,741,008	108,365,953
- Stores & Spares Consumed	2,386,525	1,247,880
- Packing Material Consumed	1,456,145	1,118,301
Employee Benefit Expenses (Note - 27)	59,764,380	52,624,123
Depreciation & Amortization Expenses	3,412,711	3,763,112
Other Direct Expenses (Note - 28)	37,588,585	43,140,482
TOTAL -	211,935,644	209,020,807

18. Other Incomes:

Particulars	31/12/2022	31/12/2021
Miscellaneous Receipt	4,839,996	4,950,442
TOTAL -	4,839,996	4,950,442

19. Selling & Distribution Expenses:

Particulars	31/12/2022	31/12/2021
Advertisement and Publicity	86,033	99,810
Business Promotion	56,332	125,114
Transportation Charges	14,154,960	12,486,866
Entertainment Expenses	536,592.92	-
TOTAL -	14,833,918	12,711,790



20. Administrative Expenses:

Particulars	31/12/2022	31/12/2021
Rent, Rates and Taxes	1,045,746	1,199,253.49
Office Rent	1,647,000	1,128,600.00
Repairs & Maintenance - Others	2,016,000	1,153,746.03
Audit Expenses	92,368	248,822.00
Audit Fees	150,000	
Board Meeting Expenses	192,469	66,630.00
BSB Fees		31,500.00
Communication Expenses	428,563	587,080.75
Consultancy Charges	53,870	100,000.00
General Expenses	363,555	397,111.42
Guest house Expense	32,728	
Insurance	683,136	747,385.50
Bank Charges	218,449	466,372.04
Legal Expense	57,200	
Membership Fees	250,000	200,000.00
Printing and Stationery	487,554	444,051.00
Office Expense	166,424	29,617.00
Electricity Expenses		74,935.00
Fine & Penalty	820,276	
Donation & Subscription	5,000	
Postage & Telegram	24,290	47,559.00
Vehicle Hire Charges	13,225	256,100.00
Travelling Expenses	1,280,592	531,271.00
TOTAL -	10,028,445	7,710,034.23

21. Other Expenses:

Particulars	31/12/2022	31/12/2021
Miscellaneous Expenses	248,191	406,267
Loss on stocks	3,749,043	-
TOTAL -	3,997,234	406,267

22. Finance Costs:

Particulars	31/12/2022	31/12/2021
Interest on lease	550,427.34	
Interest on Bank OD A/c	1,955,980.62	
TOTAL -	2,506,407.96	-

23. Tax Expenses:

Particulars	31/12/2022	31/12/2021
Current Tax Expenses		-
Deferred Tax Expenses (Note-28)		-
Earlier Year's Tax Adjustments	-	-
Tax Expenses on Continuing Operations -	-	-
TOTAL -	-	-



24. Other Comprehensive Incomes:

Particulars	31/12/2022	31/12/2021
Actuarial Gain/(Loss) on Net Defined Plan (Note-28)		
Revaluation of Biological assets	202,950,000	
Loss on fair valuation of land	(572,762)	
	-	
TOTAL -	202,377,238	-

25. Earnings Per Share:

Particulars		31/12/2022	31/12/2021
A.	Absolute No. of Shares	14,000,140	14,000,140
B.	Diluted No. of Shares	14,000,140	14,000,140
C.	Comprehensive Income for the Year	17,666,781	6,794,846.04
D.	Income from Continuing Operation for the Year	17,666,781	
Basic Earnings per Share (C/A) -		1.26	0.49
Diluted Earnings per Share (C/B) -		1.26	0.49
Basic Continuing Earning per Share (D/A) -		1.26	0.49
Diluted Continuing Earning per Share (D/B) -		1.26	0.49

26. Employee Benefit Expenses:

Particulars	31/12/2022	31/12/2021
Salary and Wages	41,400,372	38,001,980
Extra Time Allowance	18,272	774,756
Medical Expenses	10,000	10,000
Field allowance	296,185	9,600
Bonus	3,190,873	
Gratuity	2,098,452	1,806,620
Leave Encashment	772,190	1,725,325
Leave Travel Concession	2,441,087	2,462,394
Contribution to Provident Fund	5,519,807	5,498,265
Directors' Remuneration, Perks and Sitting Fees	2,683,034	2,721,894
Officiating allowance	111,614	
Staff Welfare	1,222,494	1,419,909
TOTAL -	59,764,380	54,430,743



27. Other Direct Expenses:

Particulars	31/12/2022	31/12/2021
Power and Fuel (Electricity)	13,619,060	16,083,085
Repairs & Maintenance:		
- Building	151,550	35,923
- Machinery	10,620,761	11,693,680
- Vehicle	2,237,209	1,753,651
Road		
Loading and Unloading Charges	460,552	1,031,614
Packing and Forwarding	30,320	159,795
POL Expenses for Vehicles	8,085,830	4,555,339
Purchase (Others)	1,493,500	542,987
Transportation Charges	-	99,516
Afforestation Expenses	473,772	382,556
Puja Expenses	416,030	344,471
Forestry Expenses		6,457,864
TOTAL -	37,588,585	43,140,482



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 31.12.21-						
1 WDV of Fixed Assets	121,328,994.57	119,195,102.39	2,133,892.18	2,133,892.18		(640,168.00)
2 ROU Assets	6,841,132.89	-	6,841,132.89	6,841,132.89		(2,052,340.00)
3 Trade Receivable	10,566,447.59	11,634,199.99	1,067,752.40		1,067,752.40	320,326.00
4 Provision for Gratuity	5,010,156.25	-	5,010,156.25		5,010,156.25	1,503,047.00
5 Provision for Leave Encashment	1,085,812.63	-	1,085,812.63		1,085,812.63	325,744.00
Lease Liability	11,232,032.76	(6,823,619.24)	4,408,413.52		4,408,413.52	1,322,524.00
A. Deferred Tax Assets/(Liabilities)	156,064,576.69	124,005,683.14	20,547,159.87	8,975,025.07	11,572,134.80	779,133.00

29. Impairment Loss on Trade Receivables:

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

Particulars	Amount in Nu.	
	Year 2022	Year 2021
Balance at the beginning of the Year		
Add: Charge for the Year	3,749,043.00	-
	3,749,043.00	-
Less: Amount written off during the Year	-	-
Balance at the end of the Year -	3,749,043.00	-



30. Employee Benefits:

a. Net Actuarial Gain during the year in Nu.

Particulars	Year 2022	Year 2021
Actuarial Gain/(Loss) due to Liability Experience	7,845,057	6,506,718
Actuarial Gain/(Loss) due to Liability assumption charges		(8,398,203)
Actuarial (Gain) or loss due to change in assumption		15,574
Return on Plan Assets greater/ (lesser) than Discount Rate	1,994,125	1,318,934
Actuarial Gain/(Loss) recognized as OCI -	9,839,182	(556,977)
Less: Employee Benefit Cost charged to Profit & Loss Statement		
- Service Cost	1,984,813	1,752,719
Net interest on net defined benefit liability/ asset	2,107,764	2,417,275
-actuarial gain /loss recognized in oci Interest on (Liability)/ Assets	(1,994,125)	(2,363,374)
Net Gain/(Expenses) for the Year -	2,098,452	1,806,620

b. Balance Position at year end in Nu.

Particulars	As on 31-12-2022	As on 31-12-2021
Opening Balance	30,586,613.78	36,433,661.00
Interest Income on Fund Assets	1,994,125.29	2,363,374.00
Benefits paid from the plan	(12,325,917.00)	(6,891,487.00)
Return on Plan Assets greater/ (lesser) than Discount Rate	(1,994,125.29)	1,318,934.00
Paid into Gratuity Fund by Company	1,005,821.59	-
Benefits paid during the year	-	-
A. Gratuity Fund Assets at the Yearend -	19,266,518.37	30,586,614.00
Opening Balance	32,510,014.13	37,107,419.00
Service Cost	1,984,813.04	1,752,719.00
Interest Cost on Obligation	2,107,764.45	2,417,275.00
Actuarial Gain due to Liability Experience	(12,325,917.00)	6,506,718.00
Actuarial gain/(loss) - Financial Assumption		(8,398,203.00)
Benefits paid directly by the Co. during the year		
Benefits paid from Plan Assets		(6,891,487.00)
Actuarial (gain) loss due to change in assumption		15,574.00
B. Defined Benefit Obligation at the Yearend -	24,276,674.62	32,494,441.00
Net Employee Benefit Assets/(Liabilities)[A-B]	(5,010,156.25)	(1,907,827.00)
c. Other Information:		
i. Discount Rate as at 31st December, 2020	8.00%	8.00%
ii. Effect of 0.5% increase in Discount Rate on Obligation in Nu.	(839,985)	(839,985)
iii. Effect of 0.5% decrease in Discount Rate on Obligation in Nu.	887,692	887,692
iv. Salary Escalation Rate	2.50%	2.50%
v. Effect of 0.5% increase in Salary Escalation Rate on Obligation in Nu	1,025,843	1,025,843
vi. Effect of 0.5% decrease in Salary Escalation Rate on Obligation in Nu	(977,491)	(977,491)
vii. Type of Investments for Fund Assets	RICB Bond	RICB Bond



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

Particulars	As on 31-12-2022	As on 31-12-2021
Biological Asset Recognized as per BAS 41	763,740,000.00	560,790,000.00



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

32. Operating Segments:

a. Identification of Reportable Segments:-

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

b. Type of Products:-

- Particle Board** - The particle board segment encompasses activity associated with the production and sale.
- Ready to Assemble Furniture (RTAF)** - The furniture segment encompasses activity associated with the production, sale and trading of related items and services.
- Unallocated** - Represents other corporate support services which cannot be allocated to any particular products.

c. Accounting Policies:-

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

d. Primary Segment Information (Business Segment):-

Particulars	Amount for the year ended 2022 in Nu.				Amount for the year ended 2021 in Nu.			
	Board	RTAF	Unallocated	TOTAL	Board	RTAF	Unallocated	TOTAL
A. Segment Revenue:-								
Total Revenue	229,228,872	23,574,319.00	-	252,803,191.00	197,835,277.00	31,414,294	-	229,249,571.00
Inter-Segment Transfer								
External Revenue	229,228,872.00	23,574,319.00	-	252,803,191.00	197,835,277.00	31,414,294.00	-	229,249,571.00
B. Segment Result:-								
External Sales	229,228,872.00	23,574,319.00	-	252,803,191.00	197,835,277.00	31,414,294.00	-	229,249,571.00
Add: Other Income	7,514,690.00			8,585,229.00			8,585,229.00	860,348.80
Less: Operating Expenses	(215,618,961.86)	(21,763,567.93)		(237,382,529.79)	(31,228,320.50)		(227,892,407.17)	(265,309,555.80)
EBITDA -	21,124,600.14	1,810,751.07	-	22,935,351.21	9,756,419.33	185,973.50	-	9,942,392.83
Less: Depreciation	(2,218,262.00)	(1,194,449.00)		(3,412,711.00)	(1,412,718.48)		(3,763,112.00)	(6,627,578.00)



Finance Cost	(2,506,407.96)			(2,506,407.96)				(4,703,984.00)
Profit after Tax	16,399,930.18	616,302.07	-	17,016,232.25	7,406,025.81	(1,226,744.98)	-	6,179,280.83
C. Segment Assets:-								
Non-Current Assets	895,032,422.34			895,032,422.34	672,731,522.23			672,731,522.23
Current Assets	188,991,374.39			188,991,374.39	169,870,260.86			169,870,260.86
Total Assets	1,084,023,796.73			1,084,023,796.73	842,601,783.09			842,601,783.09
D. Segment Liabilities:-								
Non-Current Liabilities	22,137,133.00			22,137,133.00	8,093,163.00			8,093,163.00
Current Liabilities	118,316,965.26			118,316,965.26	96,763,182.95			96,763,182.95
Total Liabilities	140,454,098.26			140,454,098.26	104,856,345.95			104,856,345.95



d. Secondary Segment Information (Geographical Segment):-

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

Particulars	Particulars		Segment Revenue in Nu.		
	For the Year 2022	For the Year 2021			
Sales within India	Sales within India	229,228,872.00	197,835,277.00		
Sales within Bhutan	Sales within Bhutan	23,574,319.00	31,414,294.00		
Total		252,803,191.00	228,249,571.00		

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. Bank of Bhutan securities Ltd.	Group Associate Co.
2. CDCL	Group Associate Co.	11. Thimphu Tech Park Ltd.	Group Associate Co.
3. Dagachu Hydro Power Corporation	Group Associate Co.	12. Tangsibji hydro energy Ltd.	Group Associate Co.
4. Bank of Bhutan Limited	Group Associate Co.	13. State Mining Corporation Ltd.	Group Associate Co.
5. Bhutan Power Corporation Limited	Group Associate Co.	14. Wood Craft Centre Ltd.	Group Associate Co.
6. Bhutan Telecom Limited	Group Associate Co.	15. Druk Air Corporation Limited	Group Associate Co.
7. Bhutan Board Exports Ltd.	Wholly Owned Subsidiary Co.	16. Druk Green Power Corporation	Group Associate Co.
8. Bhutan hydropower service Corporation Ltd.	Group Associate Co.	17. State Trading Corporation of Bhutan Limited	Group Associate Co.
9. Dungsam Cement Corporation Limited	Group Associate Co.	18. Dungsam Polymers Limited	Group Associate Co.
		19. State Trading Corporation of Bhutan Limited	



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

Particulars	Amount for the year ended 2022 in Nu.				Amount for the year ended 2021 in Nu.			
	Associate	Subsidiary	KMP	TOTAL	Associate	Subsidiary	KMP	TOTAL
1. Sale of Finished Products	132,900.00			132,900.00	3,582,700.12	162,819,182.00		166,401,882.12
2. Purchase of Wood				-				-
3. Running and Maintenance Vehicles					244,939.65			244,939.65
3. Expenses								
- Electricity Charges	6,776,453.61			6,776,453.61	16,949,256.29			16,949,256.29
- Telephone Charges	204,096.88			204,096.88	468,051.90			468,051.90
- Travelling Exp.				-				-
- Interest on OD A/c	2,506,407.96			2,506,407.96	988,818.18			988,818.18
- Exp. Reimbursed						20,758,873.95		20,758,873.95
4. Payment to Directors					114,639.18			114,639.18
- Salary to MD and Other benefits to MD	2,683,034.00			2,683,034.00	1,847,604.00			1,847,604.00
					158,700.00			158,700.00
5. Balance at Year end					280,000.00			280,000.00
- Amount Receivable								
- Amount Payable					59,484.00			59,484.00
					1,421,176.00			1,421,176.00



BHUTAN BOARD PRODUCTS LIMITED
RATIO ANALYSIS

Particulars	Detail of Calculation	Year 2022	Year 2021
A. Ratios for Assessing Financial Health:			
1 Capital Turnover Ratio	(Sales/Capital Employed)	0.27	0.32
2 Current Ratio	(Current Assets/Current Liabilities)	1.55	1.76
3 Acid Test Ratio	(Current Assets other than Inventories/Current Liabilities)	0.39	0.66
4 Inventory Turnover Ratio	(Sales/Average Inventory)	2.11	1.39
5 Fixed Assets Turnover Ratio	(Sales/Fixed Asset)	2.11	2.16
6 Debtors Turnover Ratio	(Gross Debtors/Sales) X 365	17 Days	17 Days
7 Debt -Equity Ratio	(Borrowing /Equities)	0.09	0.08
B. Ratios for Assessing Profitability:			
1 Return on Investments	(Profit after Tax /Capital Employed)	10.57%	4.85%
2 Net Profit Ratio	(Net Profit/Sales) X 100	81.16%	3.09%
3 Operating Ratio	(All Expenses excluding Finance Cost)/Sales X 100	93.00%	98.70%







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	NA to PVT. LTD
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	251	AGM Notify the Registrar within 15 days from passing the resolution	Every year at AGM from panel of auditors-RAA AG of Bhutan. Not more than 3 years
	Resignation	260-262	Convene the EGM within 14 days to discuss resignation.	
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 27 th April 2022
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		
17	192	Representation of corporations at meetings (appointed by Board Directors)	X		Yes, the shareholders appoint their representative to attain 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 2022
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		2 Directors are retired during the financial year.
29	139	Additional directors		X	No such Director is 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	
33	143	Removal of directors		X	
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings	X		The board meeting was held on 1 st board meeting: 04/02/2022



		for Pvt.)			2 nd board meeting: 27/04/2022 3 rd board meeting: 19/07/2022 4 th Board meeting: 17/08/2022 5 th Board meeting: 21/10/2022 6 th Board meeting: 09/12/2022
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 company was chaired by the New 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 Interested	X		This is registered but no transactions as such is been done.
	(g)	Register of directors	X		Registered is maintained.
	(h)	Register of directors' shareholding	X		





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