STCBL

State Trading Corporation of Bhutan Ltd.

ANNUAL REPORT 2024

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COMPANY PROFILE

State Trading Corporation of Bhutan Limited (STCBL) was established in 1968 by the Royal Government of Bhutan (RGoB) under the administrative control of the Ministry of Trade and Industry and was declared as an autonomous body in 1984.

The company was registered as a limited company under the Companies Act of the Kingdom of Bhutan from March 5, 1996. The Royal Government of Bhutan (Druk Holding and Investments) holds 51% of share and it is the only state owned enterprise into trading. The company is overseen by a Board of Directors whose members are a mix of private and public sector professionals.

VISION

'The first choice for quality and trust'

MISSION

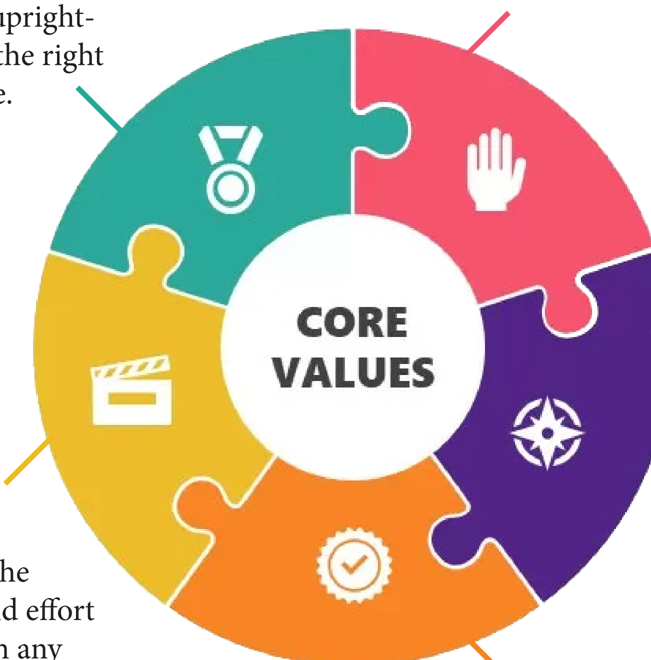
1. Creating value by leveraging on technology and people

2. Building trust by providing genuine products and services to the customers

CORE VALUES

RESPECT
Feeling of appreciation and understanding for co-worker's ability, qualities, or achievements resulting in an atmosphere where the freedom of being honest, candid and content are present throughout the workplace.

INTEGRITY
Being honest and having strong moral principles; moral upright-ness, not compromising the right choice for the easy choice.

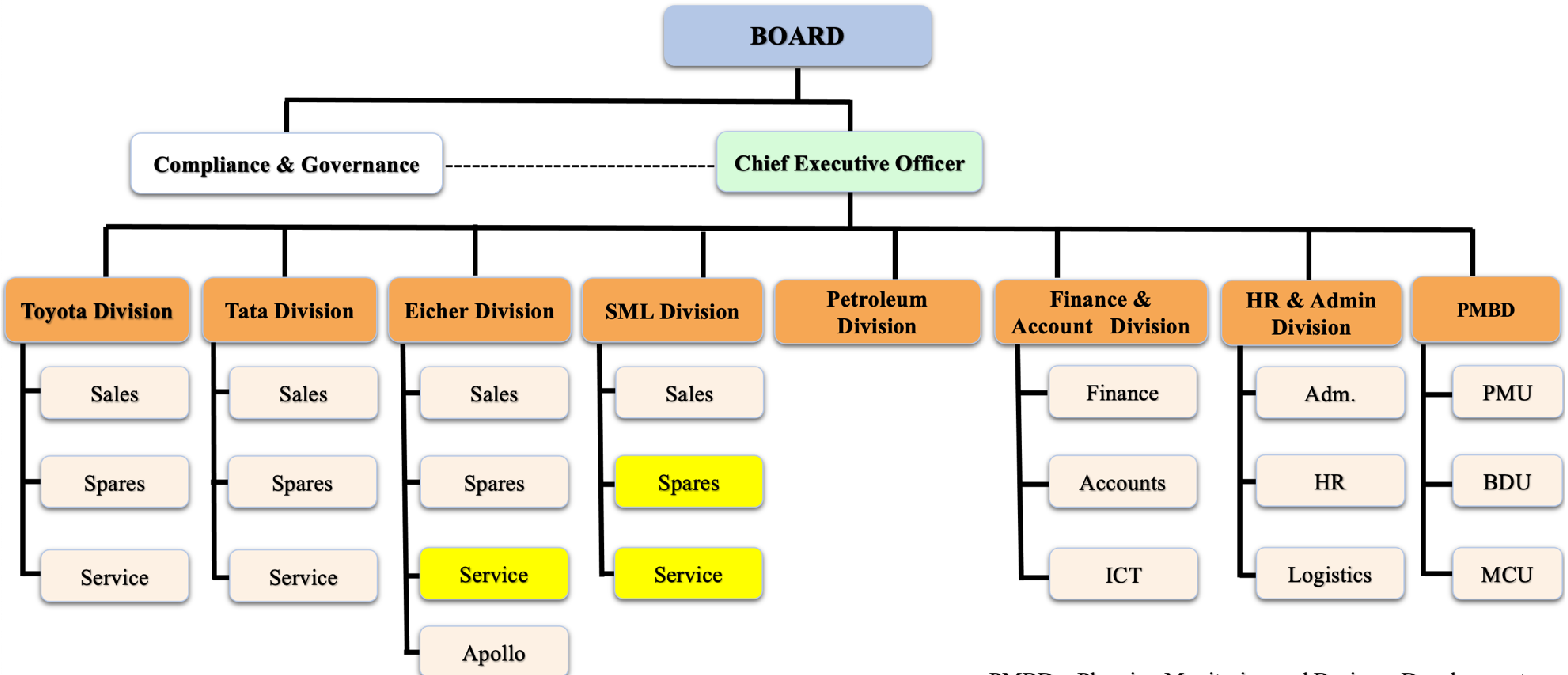


LOYALTY
A strong feeling of support and allegiance to STCBL and what it stands for.

PRODUCTIVITY
The ability to maximize the effective usage of time and effort on achieve ideal results in any endeavour.

ACCOUNTABILITY
Deep comprehension and appreciation for one's personal duties and responsibilities, taking recog-nition of one's role regardless of positive or negative outcomes.

ORGANIZATION STRUCTURE OF STCBL



- PMBD – Planning Monitoring and Business Development
- PMU – Performance Monitoring Unit
- BDU – Business Development Unit
- MCU – Market and Communication Unit
- Laiaion Offices under Logistics Unit
- - Future expansion

Key Financial highlights (Past 5 Years):

Particulars	Year		Growth	
	2024	2020	Absolute	%
Net worth (Nu. Millions)	1,737.11	1,323.73	413.38	31.23%
Revenue (Nu. Millions)	5,692.87	1,668.00	4,024.87	241.30%
Profit (Nu. Millions)	17.84	(8.93)	26.77	-299.78%
Fixed Assets (Nu. Millions)	581.12	311.21	269.91	86.73%
Resrve and Surplus (Nu. Millions)	243.95	264.52	(20.57)	-7.78%
Earning per share (Nu. Millions)	0.18	-0.5	0.68	-136.00%

BOARD OF DIRECTORS

Mr. Chimmi Tshering
Chairman

Mr. Chimme Tshering is the Director General of Department of Industry under Ministry of Industry, Commerce and Employment. He is the current Chairman of STCBL Board. He earned his Master's Degree in Agricultural Economics from Michigen State Univeristy, USA.
He served as the Director of National Statistics Bureau prior to his appointment as Director General of Department of Industry.

Mr. Phuntsho Namgyal is currently the Director of the Department of Geology and Mines under the Ministry of Energy and Natural Resources. Prior to this role, he served as the Director of the Department of Renewable Energy from March 2020 to October 2022.
He began his professional career in 2004 as a Civil Engineer with the Department of Energy. Mr. Namgyal holds a Bachelor's degree with Honours in Civil Engineering from Thailand and a Master's degree in Environment, Climate Change, and International Development from the United Kingdom. In addition to his current role, he also serves as the Non-Executive Chairman of the Electricity Regulatory Authority of Bhutan.

Mr. Phuntsho Namgyal
(Non-Independent, Non Executive Director)

Mr. Singye N Dorji
Non-independent,
Non-Executive Director)

Mr. Singye N Dorji is the Joint Managing Director of RSA Pvt Ltd. He began his career in 2001 with the Ministry of Education as an education planner in the Policy and Planning Division. He received a Master's Degree in Professional Studies from Cornell University, USA, a PG Diploma in Development Management from the Royal Institute of Management, Thimphu and a Diploma in Project Management from Tietgen Business College, Nordic Agriculture Academy Odense, Denmark.
He is currently the Chairman of the SAARC Young Entrepreneurs' Forum and President of Association of Bhutanese Industries. He is also a member of the Private Sector Development Committee (PSDC), Bhutan. He served as a member of the National Task Force for the development of Bhutan's 21st Century Economic Roadmap.

Mr. Chencho Tshering
Independent,
Non-Executive

Mr. Chencho Tshering is the Chief Executive Officer of Bhutan Yuden Travels. He started his career as a reporter for Kuensel in 1990. He climbed his way to be appointed as the Managing Director of Kuensel Corporation Limited in April 2009. He was also the First Chairman of the Bhutan Media Foundation (BMF) from 2011 to 2013.
In addition to being the Chairman of BMF, he also served as the Deputy Chairman of South Asia Foundation (SAF) and Board Director of Kidu Foundation, Lhaksam and Menjong Diagnostic Centre. After his retirement from Kuensel in 2014 he started his own tour company and is presently in the business of tourism and hospitality.

Mr. Kelzang Lhendup worked as Senior Analyst at Druk Holding and Investments Limited (DHI) in Bhutan. He has over a decade of experience in corporate human capital management, strategic planning, and governance. He was among the first few professionals selected for Gelephu Mindfulness City, a Royal Project initiated by His Majesty the King.
He holds an MBA from VIT Business School, India, and is currently pursuing a higher degree by research at Charles Darwin University, Australia.

Mr. Kelzang Lhendup
Non-independent,
Non-Executive Director

Mr. Prem Bdr. Moktan
Non-independent,
Non-Executive Director

Mr. Prem Bdr. Moktan, Director of the Credit & Operations Department, Bank of Bhutan, possesses extensive qualifications and expertise in banking and finance. He holds a Master of Business Administration (MBA) in Banking & Finance from the University of Canberra, Australia, and a Bachelor of Commerce (Honours) degree from Sherubtse College. Additionally, he is a Certified Trade Finance Professional (CTFP) accredited by the International Chamber of Commerce (ICC) Academy, and he has earned the Advanced Certified Banking and Credit Analyst (CBCA™) certification from CFI, CPA Canada.
Mr. Moktan further specialized in Environmental, Social, and Governance (ESG) matters in relation to green and sustainable Finance, bringing over 25 years of experience across various business functions at the Bank of Bhutan. His prior roles include serving as Chief Financial Officer (CFO) and Director of Credit before assuming his current position as the Director of Credit & Operations at Bank of Bhutan. Additionally he is also adjunct faculty of Financial Institution Training Institute (FITI) since 2016.

Mr. Tshering Wangchuk is the Chief Executive Officer of the STCBL. He is the only Bhutanese to have headed print, radio and television having been the co-founding CEO of Business Bhutan newspaper and the CEO of the national television (Bhuatn Broadcasting Service) and radio. He graduated from Sherubtse College in 1993 and started his career in the civil service in 1994.
He published his book 'A Thousand Footprints' in 2021, Yangchen in 2022 and has worked on other publications such as A King of Destiny, 100 Years of Monarchy and Jewel in the Crown. Apart from writing, he enjoys reading and sports.

Mr. Tshering Wangchuk
Non-independent,
Executive Director

STCBL MANAGEMENT TEAM

Tshering Wangchuk
Chief Executive Officer

Chencho
Chief Financial Officer

Ugyen Chada
Regional Head

Sujan Pradhan
General Manager
Petroleum Division

Leki Dhendup
Chief Internal Auditor
Internal Audit Unit

Sangay Tshering
General Manager
HRAD

Dechen Wangdi
General Manager
Toyota Division

Pem Tshogay
General Manager
Tata Division

Tashi Pemo
General Manager
Eicher Division

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, the Management and employees of STCBL, I am pleased to present the Directors' Report for the year 2024.

OPERATIONAL HIGHLIGHTS :

In 2024, STCBL experienced renewed growth with the lifting of the vehicle import moratorium on 18th August 2024. Today, Toyota received 165 new orders with the value of Nu.666.96 million, Eicher sold 11 units with 3 bookings amounting to Nu.31.80 million, and Tata secured 85 bookings and sold 69 units amounting to Nu.193.07 million, reaffirming STCBL's market strength. Beyond business, STCBL remains committed to corporate social responsibility.

FINANCIAL POSITION AND PERFORMANCE HIGHLIGHTS :

The financial statements for 2024 of the STCBL has been prepared as per the Bhutan Accounting Standards (BAS). The financial performance of STCBL for the year 2024 reflects substantial growth in revenue, a strengthened asset base, and increased liabilities due to higher operational activities. Despite the challenges posed by changes in policies, rising costs, and financial expenses, STCBL has maintained a stable financial position and continues to grow.

A. REVENUE :

The company achieved a 65.4% increase in total revenue, reaching Nu. 5,692.88 million, compared to Nu. 3,443.46 million in 2023. The increase was primarily driven by higher sales volume, enhanced market presence, and improved operational efficiencies.

B. EXPENSES TRENDS :

The Company purchase of stock-in trade accounted for Nu.5,446.91 million, reflecting increased business operations and higher procurement costs. Employee benefit expenses rose to Nu. 151.66 million, a 25.3% increase from Nu. 121.04 million in 2023, due to salary adjustments and workforce expansion. Finance costs surged to Nu. 50.40 million, up from Nu.32.28 million, driven by an increase in borrowings.

C. PROFITABILITY PERFORMANCE :

While revenue saw significant growth, net profit declined to Nu. 4.01 million from Nu. 12.71million in the previous year. The decline was mainly due to the refund of the excess Green Tax and Custom Duty collected from the customers, increased costs in procurement, employee benefits, and finance expenses. The company also faced higher tax expenses, amounting to Nu.13.83 million, up from Nu. 7.31 million in 2023.

D. ASSET AND LIABILITY POSITION :

Total assets grew by 18.04%, reaching Nu. 1,737.12 million, compared to Nu. 1,471.99 million in 2023. This growth was fuelled by increased inventories, trade receivables, and cash & cash equivalents. Total liabilities increased to Nu. 1,105.96 million, primarily due to a rise in shortterm borrowings and trade payables, reflecting the company's expanding business activities.

E. SHAREHOLDERS' EQUITY :

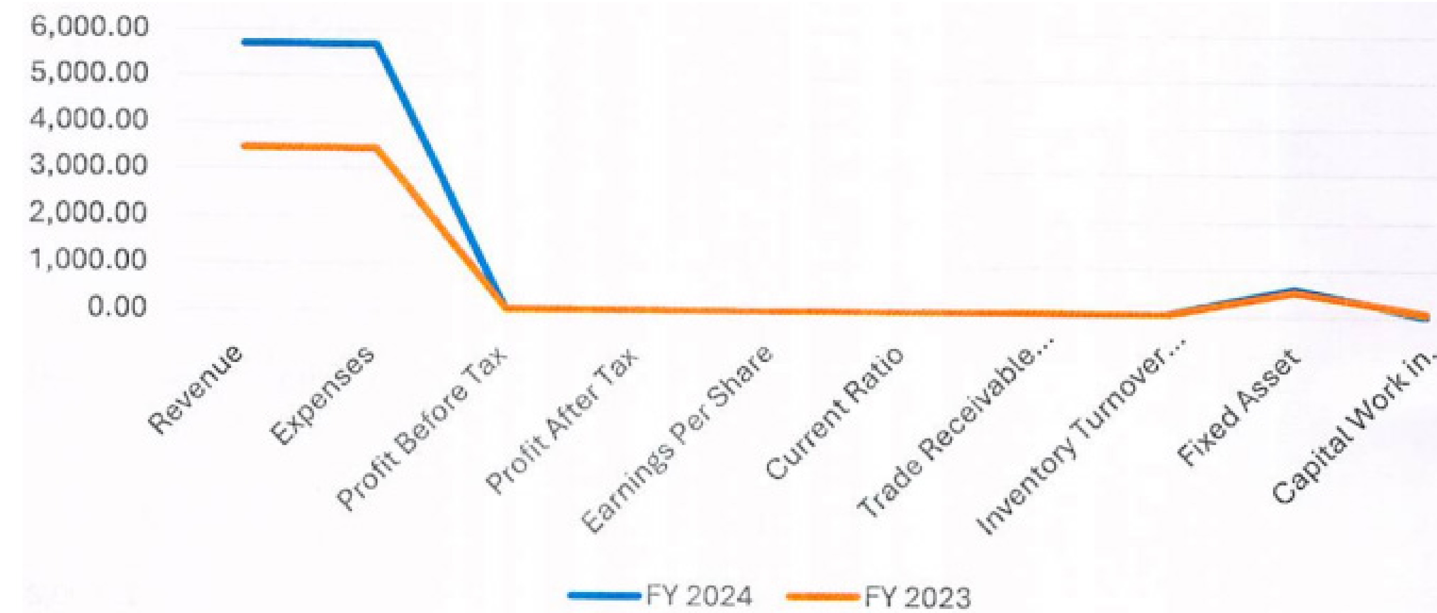
Total equity remained stable at Nu.631.16 million, with an increase in equity share capital offsetting reductions in reserves. The company's Earnings Per Share (EPS) declined from 0.71 to 0.18, reflecting lower net profitability despite revenue growth.

PARTICULARS	FY 2023	FY 2022
Revenue	5,692.90	3,443.46
Expenses	5,675.00	3,423.44
Profit Before Tax	17.70	20.01
Profit After Tax	4.00	12.70
Earnings Per Share	0.18	0.71
Current Ratio	1.12	1.21
Trade Receivable Turnover days	22.02	28.87
Inventory Turnover Ratio	13.26	7.89
Fixed Asset	581.10	506.80
Capital Work in Progress	13.8	67.54

The company has achieved a score of 78.18% in the annual company compact evaluation.

CORPORATE GOVERNANCE :

STCBL upholds strong corporate governance, ensuring transparency, accountability, and regulatory compliance. Regular audits, compliance reviews, and gover-



nance assessments maintain operational integrity and stakeholder trust. In 2024, eight board meetings were held on key decisions. The board consists of seven members, including the Chairman and CEO, who provide strategic oversight and leadership.

The Board is assisted by the Board sub-committees. The Board Audit Committee (BAC) conducted seven meetings, the Board Level Tender Committee (BLTC) held two meetings, and the Board Human Resources Committee (BHRC) met three times during the year. The company complied with the minimum requirement to hold board meetings as prescribed by section 146 of the Companies Act of Bhutan 2016. The BAC, supported by the Internal Audit Unit, oversees risk governance and internal controls.

CORPORATE SOCIAL RESPONSIBILITY (CSR) :

STCBL's commitment to Corporate Social Responsibility (CSR) was evident in its support for the Gyalsung Project, providing Nu. 435,000/- worth of skid tanks and dispensing units to enhance fuel transfer efficiency. This in-kind contribution underscores STCBL's dedication to national development.

Additionally, STCBL trained nine DeSuups under the DeSuup Skilling Program, through onthe-job programs, equipping them with practical skills for workforce readiness. Service Centers and Fuel Retail Outlets also maintained Environmental Check Position One status, reinforcing sustainability efforts. Moving forward, STCBL aims to expand CSR initiatives, integrate sustainability into operations, and support national projects for long-term impact.

STATUTORY AUDIT REPORT :

Ghosh and Associates was appointed as the statutory auditors for the year by the Royal Audit Authority. The firm audited the accounts from 26 January to 6 February 2025 in accordance with International Standards on Auditing and relevant provisions of the Companies Act of Bhutan 2016 and issued an unqualified report.

BOARD'S RECOMMENDATION ON DIVIDEND :

After reviewing the company's financial position, the Board submits that declaring dividend for FY 2024 is not feasible. Short-term borrowings and overdrafts stand at Nu. 222.97 million, exceeding available cash, which is automatically transferred to the overdraft account, resulting in zero cash. Thus, the Board recommends not declaring dividend for FY2024.

CHALLENGES AND WAY FORWARD :

The economy and financial situations are still recovering, and full momentum may take time. Amid these challenges, STCBL remains committed to serving the country and its customers with seamless service delivery. Encouragingly, the lifting of the import ban on 18th August 2024 has resulted in increase of vehicle orders across all divisions, reflecting positive market demand. However, STCBL is facing challenges related to fuel product losses that are impacting our operational efficiencies in our fuel business. To address this, the Board directed the Management to conduct a thorough review of the FROs' operations, to explore options to improve operational efficiencies and reduce losses. Amongst others, the Management also engaged with HPCL on these issues. HPCL has committed to assist STCBL with all the necessary technical handholding and HRD support.

Looking ahead, STCBL remains focused on sustainable growth, operational efficiency, and market expansion. A Key initiative includes the establishment of new fuel retail outlets in Doksum, Jungzhina, Lhamoizingkha, and Nganglam. This expansion is envisaged to enhance accessibility, reinforce market presence, and improve service delivery. However, based on the challenges due to the fuel product losses, the management has been directed to assess and review the FRO expansion plan and report to the Board by mid-year.

ACKNOWLEDGEMENT :

On behalf of the Board of Directors, Management, and employees of the STCBL, we extend our deepest gratitude to His Majesty the Druk Gyalpo for his selfless and exemplary leadership in safeguarding the well-being and prosperity of every Bhutanese. We humbly offer our prayers for His Majesty's good health and reaffirm our unwavering dedication to serving the nation with commitment and integrity.

We also extend our sincere appreciation to the Royal Government of Bhutan, DHI, the Royal Securities Exchange of Bhutan, and the financial institutions for their invaluable support and partnership.

Finally, we express our heartfelt gratitude to our esteemed shareholders and valued customers for their trust, support, and encouragement. Your confidence in us continues to inspire STCBL to excel and we remain committed to delivering the highest quality of service and contributing to the socio-economic development of Bhutan.

Tashi Delek!
For and on behalf of the Board

(Chimmi Tshering)
Chairman

STCBL

BOARD DIRECTORS :

SI NO.	NAME	ADDRESS	DATE OF APPOINTMENT	STATUS
1.	Mr. Chimmi Tshering	Director General, Ministry of Industry, Commerce and Employement	18th July 2022	Non-Independent
2.	Mr. Phuntsho Namgyal	Department of Geology and Mines, Ministry of Energy & Natural Resources	22nd March 2024	Non-Independent
3.	Mr. Kelzang Lhendup	Druk Holding and Investments Ltd.	22nd March 2024	Non-Independent
4.	Mr. Prem Bdr. Moktan	Credit and Operations Department, BOBL	22nd March 2024	Non-Independent
5.	Mr. Chencho Tshering	CEO, Bhutan Yuden Tours and Travels	14th March 2020	Independent
6.	Mr. Singay Namgyel Dorji	MD, DDPL Private Ltd.	14th March 2020	Non-Independent
7.	Mr. Tshering Wangchuk	Chief Executive Office, STCBL	01st December 2021	By Default

BOARD MEETINGS:

Eight Board Meeting were held in 2024. The details of the Board Attendance are as follows:

Board Meeting No.	Date	Members Present	Leave of Absence
156	15th March 2024	1. Chimmi Tshering 2. Singay Namgyel Dorji 3. Kinga Lotey 4. Chencho Tshering 5. Kinga Thinley 6. Tshering Wangchuk 7. Chencho 8. Cheki Dorji	None
157	11th April 2024	1. Chimmi Tshering 2. Singay Namgyel Dorji 3. Chencho Tshering 4. Kelzang Lhendup 5. Prem Bdr. Moktan 6. Tshering Wangchuk 7. Chencho	1. Phuntsho Namgyal
158	17th May 2024	1. Chimmi Tshering 2. Singay Namgyel Dorji 3. Chencho Tshering 4. Prem Bdr. Moktan 5. Tshering Wangchuk 6. Chencho	1. Phuntsho Namgyal 2. Kelzang Lhendup

Board Meeting No.	Date	Members Present	Leave of Absence
159	01st July 2024	1. Chimmi Tshering 2. Singay Namgyel Dorji 3. Prem Bdr. Moktan 4. Chencho Tshering 5. Kelzang Lhendup 6. Phuntsho Namgyal 7. Tshering Wangchuk 8. Chencho	None
160	02nd August 2024	1. Chimmi Tshering 2. Prem Bdr. Moktan 3. Chencho Tshering 4. Kelzang Lhendup 5. Tshering Wangchuk 6. Chencho	1. Singay Namgyel Dorji 2. Phuntsho Namgyal
161	27th September 2024	1. Chimmi Tshering 2. Kelzang Lhendup 3. Prem Bdr. Moktan 4. Chencho Tshering 5. Tshering Wangchuk 6. Chencho	1. Singay Namgyel Dorji 2. Phuntsho Namgyal
162	31st October 2024	1. Chimmi Tshering 2. Phuntsho Namgyal 3. Kelzang Lhendup 4. Chencho Tshering 5. Prem Bdr. Moktan 6. Tshering Wangchuk 7. Chencho	1. Singay Namgyel Dorji
163	25th November 2024	1. Chimmi Tshering 2. Singay Namgyel Dorji 3. Kelzang Lhendup 4. Chencho Tshering 5. Prem Bdr. Moktan 6. Tshering Wangchuk 7. Chencho	1. Phuntsho Namgyal

BOARD COMMITTEE:

The Company had twelve Board Level Committees for the year 2024 as follows:
1. Board Audit Committee
2. Board Level Tender Committee
3. Board Human Resource Committee

SI NO.	Name of the committee meeting	Numbers of meeting conducted	Date	Members Present	Leave of Absece
1.	Board Audit Committee	7	29th February 2024	1. Kinga Thinley 2. Kinga Lotey 3. Leki Dendup (CIA)	None
			13th March 2024	1. Kinga Thinley 2. Cheki Dorji 3. Kinga Lotey 4. Leki Dendup (CIA)	None
			25th April 2024	1. Chencho Tshering 2. Prem Bdr. Moktan 3.Kelzang Lhendup 4.Leki Dendup	None
			30th July 2024	1. Chencho Tshering 2. Prem Bdr. Moktan 3.Kelzang Lhendup 4.Leki Dendup	None
			22nd August 2024	1. Chencho Tshering 2. Prem Bdr. Moktan 3.Kelzang Lhendup 4.Leki Dendup	None
			21st Novemder 2024	1. Chencho Tshering 2. Prem Bdr. Moktan 3.Kelzang Lhendup 4.Leki Dendup	None
			4th December 2024	1. Chencho Tshering 2. Prem Bdr. Moktan 3.Kelzang Lhendup 4.Leki Dendup	None
2.	Board Level Tender Committee	3	15th April 2024	1. Singye Namgyal Dorji 2. Tshering Wangchuk 3. Chencho (CFO) 4. Sugan Pradhan	None
			17th May 2024	1. Singye Namgyal Dorji 2. Tshering Wangchuk 3. Chencho (CFO) 4. Sangay Tshering	None
			29th August 2024	1. Singye Namgyal Dorji 2. Phuntsho Namgyal 3. Tshering Wangchuk 4. Chencho (CFO) 5. Sugan Pradhan	None

SI NO.	Name of the committee meeting	Numbers of meeting conducted	Date	Members Present	Leave of Absece
3	Board Human Resource Committee	2	06th June 2024	1. Chencho Tshering 2. Kelzang Lhendup 3. Chencho 4. Sangay Tshering	None
			20th September 2024	1. Chencho Tshering 2. Kelzang Lhendup 3. Tshering Wangchuk 4. Sangay Tshering	None

Annual General Meeting

The 28th Annual General Meeting for the Company was held on 25th March 2025 at Board Room, Head Office, Thimphu. The AGM passed the following resolution:

- Approved the Audited Accounts for Financial Year Ended 2023 along with Auditors Report and Director's Report.
- The meeting decided to not to declare the dividend for the Financial Year 2024 due to the Company largely impacted by ad hoc refunds of excess Green Tax and Customs Duty, changes in inventory valuation methods, and other extraordinary factors. These events adversely affected profitability and cash flow, making dividend distribution unfeasible for the year.

Ghosh & Associates
Chartered Accountants

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AUDIT REPORT ON THE FINANCIAL STATEMENTS OF STATE TRADING CORPORATION OF BHUTAN LIMITED

PERIOD: 01/01/2024 to 31/12/2024

Independent Auditor's Report

Chartered Accountants
P-325, C. I. T. Road, Kankurgachi, Kolkata -700 054
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Report on the Audit of the Financial Statements

To the Members of the State Trading Corporation of Bhutan Limited:

Opinion

We have audited the financial statements of the State Trading Corporation of Bhutan Limited, which comprise the statement of financial position as on 31 December 2024 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Emphasis of Matter

We draw the attention of the shareholders in respect of the following observation;

i. *As per Section 134 of Companies Act of Bhutan 2016, "In a Board of Public Company at least one third of the directors shall be independent to protect the interest and investment of all he shareholders and particularly the minority shareholders". The Corporation is presently having seven members in the Board of Directors including only one Independent Director, which violates the provisions of Section 134 as stated above.*

ii. *No periodical/year-end Balance Confirmation Certificates of the Holding Company Druk Holding and Investment Limited (DHI) and of the Associates/Subsidiary Companies of DHI could be made available to us for verification. In the absence of proper management system of availment and reconciliation thereof with the balances in the books of accounts, it is not possible for us to opine on the extent of any discrepancies, if any, in the book balance with consequential impact on the year-end state of affairs and operational results of the Corporation.*

iii. *Inventory amount of Petrol (ITM0071103) and HSD (ITM0071104) of Nu. 135,957,735.68 as per books of account as on 31st December, 2024 includes stock amounting to Nu. 40,141,903.09, which was not physically available with the Corporation as at the end of the year. Consequently, the amount of Inventory and Profit have been overstated by the identical amount at the year-end for which necessary provisions should be made in the account.*

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance.

We have nothing to report in this regard.

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

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materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS, 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 Responsibilities for the Audit of the Financial Statements

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

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

i. 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

GHOSH & ASSOCIATES Chartered Accountants

ii. 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 purpose of expressing an opinion on the effectiveness of the Company's internal control;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the Company to cease to continue as a Going concern; and

v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as ***Appendix-I*** with statements on the matters specified therein to the extent applicable.

Further, as required by Section 265 of the Act, we report that:

a) We have obtained all the information and explanation, except for the matters referred to in Emphasis of Matter and Key Audit Matter Paragraph, which to the best of our knowledge and beliefs were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of the books.

c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

d) In our opinion, the company has complied with other legal and regulatory requirements.

For GHOSH & ASSOCIATES

Chartered Accountants

Firm Registration No.: 322016E

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

CA. P. P. Ghosh, Partner

Membership No.: 055752

UDIN: 25055752BNFYKC4317

Place: Thimphu, Bhutan

Date: 05/05/2025

STCBL

Report Minimum Audit Examination Requirement

<u>MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS FOR 2024</u>

Our audit was carried out by applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

The statutory audit report was prepared under the Companies Act of Bhutan 2016 and other relevant Acts and regulatory norms in examining the accounts of the company containing *inter alia*, the following:

General:

a) The Companies audited adhere to the Corporate Governance Guidelines and Regulations as applicable to them.
b) The governing board/authority pursue 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) The mandatory obligations social entrusted are being fulfilled.
g) The amount of tax is computed correctly and reflected in the financial statements.

1. The Company has maintained Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details and situation of PPE. *The physical verification report for the year ended 31.12.2024 has not yet been finalized as some differences were reported in the same by the verifier which needs to be rechecked.*

2. As per the information provided by the company, they had conducted the Physical Verification of the Assets once during the financial year 2024.
3. The fixed assets of the Company have not been revalued during the year under audit.
4. The company had conducted physical verification of the inventories twice during the year (October& November, 2024 by Accounts Division) excluding physical verification conducted by respective division.

5. *The Physical Verification Report of the Inventories for the year ended 31st December 2024 could not be made available to us for verification. Therefore, we are unable to comment whether there is any*

GHOSH & ASSOCIATES Chartered Accountants

discrepancy found in the period under audit. We have physically verified some of the items of Home Store Division on sample basis and observed that no "Bin Card" or "Stores Ledger" for spare parts are maintained for the stock.

6. The inventories records are adequately maintained by the Company. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of business.
7. Based on the information provided to us, the reconciliation is done between physical inventories and system recorded inventories wherever necessary.
8. It has been confirmed by management that after physical verification of inventories the obsolete, damaged, slow moving and surplus goods/inventories lying in the stores were dealt as per their manual at the end of the year.
9. There is amount to be recovered from the employees due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares.

12. The Basis of Valuation of Stock is adequate and no deviation from the preceding financial year has been observed.
13. According to the information and explanations given to us, the Company has not taken secured/unsecured loans from companies, firms or other parties and/or from the companies under the same management.
14. The company has not granted any loans to other parties which are ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.
15. Advances granted to officers/staff are generally in keeping with the provisions of service rules and no excessive/frequent advances are granted and accumulation of large advances against any particular individual is avoided.
16. In our opinion and according to the information and explanations given to us in course of the audit, the Company has generally established reasonably adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules / regulations and systems and procedures.

GHOSH & ASSOCIATES Chartered Accountants

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STCBL

17. In our opinion and according to the information and explanations given to us, there is a 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, on issue of stores and allocation of materials and labour to Jobs.
18. In our opinion and according to the information and explanations given to us, having regard to the exception that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations thereof, there is an adequate system of competitive bidding, 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.
19. As explained to us, the Company has entered into transactions for purchases and sales of goods and services during the year in pursuance of contracts or arrangements entered into with the company in which the director(s) are directly or indirectly interested at the prices which are reasonable considering the prevailing market conditions. *However, there are no Balance Confirmation Certificates for the Inter Corporate Balances as appearing in the Statement of Financial Position for the year ended 31st December 2024.*
20. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management.
21. According to the information and explanations given to us and also as examined by us, there was no cases, where any items of inventory, which are unserviceable or damaged.
22. The Company, in general, has an adequate system of ascertaining and identifying unserviceable or damaged inventories and loss, if any, on the sale of the same, which needs to be duly accounted /charged in these accounts.
23. The corporation is having adequate physical safeguards to prevent unauthorized or irregular movement of materials from the corporation.
24. The Company is maintaining reasonable records for sales and disposal of realizable scraps.
25. According to the records maintained by the company and produced to us, the Company has generally been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities. In our opinion, the provision for Corporate Tax is adequate and that necessary adjustments have been made to compute amount of tax

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GHOSH & ASSOCIATES Chartered Accountants

required under the Rules on the Income Tax Act of the Kingdom of Bhutan - 2001.

26. According to the information and explanations provided to us and so far it appears from the examination of the books, there were *Nu. 5,433,715.65* (PY: Nu. *8,827,491.70*) undisputed amounts payable in respect of rates and taxes as on the last day of Financial Year 2023.2

27. Green Tax and Custom duty of Nu. 10.820,930.91 is due to be refunded by STCBL to customers within 15th February, 2025 as per order of Department of Revenue and Customs vide order no. RRCO/PL/BST (STCBL)/2025/2002.

28. According to the information and explanations provided to us, the company has a reasonable system of allocating man hours utilized to the respective jobs, commensurate with the size and nature of its business.

29. In our opinion, there is a reasonable system of price fixation taking into account the market conditions and the cost of purchase of stores, spares and fuels, etc. and hiring charges are fixed with the approval of the management.

30. *No credit rating of customers is being carried out.*

31. According to the information and explanation given to us, the Company does not make any sales through commission agents and hence, this paragraph is not applicable.

32. There is a proper system for continuous follow-up with debtors and other parties for recovery of outstanding amounts by way of sending reminders and personal visits. Age-wise analysis of outstanding amounts between more than 3 months and under 3 months is maintained by the Corporation. *Old Outstanding Debtors to the tune of Nu. 394.94 Million (P.Y. 482.26 Million), are appearing in the books of Corporation for the year ended 31st December 2024, which is unconfirmed and unreconciled.*

33. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash/bank etc. are, in generally, reasonably adequate.

34. In our opinion and to the extent our examination reveals, the business activities carried out by the Company are lawful and intra-vires to its Articles of Incorporation.

35. In our opinion and according to the information and explanation given to us, the company has a system of obtaining approval of the Board for all major capital investment decisions.

36. In our opinion and according to the information and explanations given to us, the company has established an effective budgetary control system.

37. Being a non-manufacturing concern, question of standard costing and variance analysis does not arise.

38. In our opinion and to the extent revealed by our examination, the details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Managing Director or to any of their relatives by the Company, directly or indirectly, are disclosed in Note 31 (a)of the Notes to the Accounts.

39. As informed, all the directives of the board have been complied with.

40. According to the information and explanations given to us, the officials of the company are refrained from transmitting any price sensitive information which is not made publicly available. Unauthorized to their relatives/friends/associates or close persons which will directly or indirectly benefit them.

41. According to the information and explanations given to us, the company maintains proper records for Inter Unit Transactions/services and arrangement for services made with other agencies engaged in similar activities

42. According to the information and explanations given to us, proper agreements are executed and that the terms and conditions of Lease are reasonable and the same are applied if machinery and Equipment are acquired on lease or leased out to others.

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

COMPUTERISED ACCOUNTING ENVIRONMENT

1. In our opinion, organizational and system development controls and other internal controls appears to be generally adequate relative to the size and nature of computer installation.
2. According to the information and explanations given to us, disaster recovery plans are in place in the Company.
3. The Company has a Disaster Recovery Plan (DRP) in place commensurate with the size and nature of business of the Company.
4. The operational controls in the Company are generally adequate to ensure correctness and validity of input data and output information.
5. According to the information and explanations given to us, measures to prevent unauthorized access to the computer installation and files are adequate.
6. The Company does not have any physical access control in the form of access doors and CCTV in Stores.
7. The Corporation has been using Microsoft Dynamic 365 ERP System for bookkeeping, which may be upgraded for better output. *The System is not equipped with the facility of extracting Audit Trails for the verification of Auditors.*

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

STCBL

GENERAL

1. Going Concern Issues:

On the basis of the attached Financial Statements as at 31 December 2024 and according to the information and explanations given to us, the financial position of the company is healthy, and we have no reason to believe that the Company is likely to become sick in the near future.

Ratio Analysis:

Financial and Operational Results of the Company has been given in Annexure to this report.

Compliances with the Companies Act of Bhutan, 2016

According to the information and explanations given to us by the management and based on a Compliance Checklist completed by the Company Officials, the Company has generally complied with the provisions of The Companies Act of Bhutan, 2016.

Our observations in this regard are given below: -

a) The Company has filed annual return as required by Section 267 of the Act.

b) The Company has held annual general meeting as required by Section 177 of the Act.

c) The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.

d) Following statutory registers have been maintained by the Company depicting certain prescribed particulars as required to be disclosed under the Act.

   i. Register of Directors
   ii. Register of charges [Section 228(c)]

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 statements, as produced to us by the management. In the course of audit, we have reviewed compliance to the Companies Act of Bhutan, 2016 and its Articles of Incorporation and as explained to us, the Company has been generally complying with appropriate laws, rules and regulations, systems, procedures and practices.

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

For GHOSH & ASSOCIATES
Chartered Accountants
Firm Registration No: 322016E

CA. P. P. Ghosh, Partner
Membership No.: 055752
UDIN:25055752BNFYKC4317
Place: Bhutan
Date: 05/05/2025

Financial Statement

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

(Amounts in Nu.)

Particulars	Note	31-Dec-24	31-Dec-23
ASSETS			
Non-current assets			
Property, plant and equipment	2	581,120,443.59	506,801,804.08
Capital working-in-progress	3	13,780,452.47	67,541,480.49
Right of Use	4	69,578,074.11	54,769,044.07
Non-current tax assets	5	36,288,214.83	29,815,887.19
Deferred tax assets	6	7,814,267.00	13,602,061.67
Total non-current assets		**708,581,452.00**	**672,530,277.50**
Current assets			
Inventories	7	439,577,264.74	363,070,992.36
Investments	8	20,484,628.31	14,516,753.31
Trade and other receivables	9	339,450,057.83	266,062,724.78
Cash and cash equivalents	10	109,605,755.19	42,160,697.97
Other current assets	11	119,417,918.99	113,650,550.02
Total current assets		**1,028,535,625.06**	**799,461,718.44**
TOTAL ASSETS		**1,737,117,077.06**	**1,471,991,996.24**
EQUITY AND LIABLITIES			
Equity			
Equity share capital	12	270,002,400.00	180,001,600.00
Retained Earnings	13 i	117,207,845.12	117,180,809.84
Reserves	13 ii	243,951,232.76	333,952,032.76
Total equity		**631,161,477.88**	**631,134,442.60**
Non-current liabilities			
Long term borrowings	14	94,883,109.42	109,006,370.56
Employee benefits obligation	15	20,545,557.69	15,956,763.68
Lease liability	16	68,271,496.84	56,322,066.68
Total non-current liabilities		**183,700,164.05**	**181,285,200.92**
Current Liabilities			
Short term borrowings	17	546,552,764.88	365,016,946.69
Trade and other payables	18	234,997,145.13	206,037,427.21
Other current liabilities	19	122,993,256.64	74,140,913.58
Employee benefits obligation	20	14,000,939.43	6,925,264.40
Current tax liabilities	21	3,711,328.75	7,451,800.15
Total current liabilities		**922,255,435.13**	**659,572,352.02**
Total liabilities		**1,105,955,599.18**	**840,857,552.95**
TOTAL EQUITY & LIABILITIES		**1,737,117,077.06**	**1,471,991,996.24**

The notes to accounts referred to above form an integral part of Statement of Financial Position.

For Ghosh & ASSOCIATES
Chartered Accountants
Firm's Registration no. 322016E

CA. P.P. Ghosh, Partner
Membership No. 055752
UDIN:25055752BNFYKC4317
Place: Thimphu, Bhutan
Date: 05/05/2025

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

On Behalf of Board

Chairperson

Director

CEO

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Nu.)

Particulars	Note	31-Dec-24	31-Dec-23
Income			
Revenue from operations	22	5,626,403,432.77	3,363,520,135.18
Other income	23	66,471,769.70	79,943,393.45
Total revenue		**5,692,875,202.47**	**3,443,463,528.63**
Expenses			
Purchases of stock-in-trade		5,446,908,537.77	3,129,803,472.78
Changes in inventories of stock-in-trade	24	(124,329,625.63)	70,089,245.81
Employee benefit expenses	25	151,658,910.76	121,035,415.45
Finance costs	26	50,400,062.57	32,282,635.49
Depreciation expense	2,4	35,905,919.09	23,090,309.33
Other expenses	27	114,489,435.08	47,148,402.04
Total expenses		**5,675,033,239.64**	**3,423,449,480.90**
Profit before tax		17,841,962.83	20,014,047.73
Tax expense	28	13,829,697.55	7,308,906.12
Current tax expense		6,333,942.55	7,451,800.15
(1) Current Tax		*6,333,942.55*	*7,451,800.15*
(2) Prior Year Tax		-	-
Deferred tax expense		*7,495,755.00*	*-142,894.02*
Net profit for the year		**4,012,265.28**	**12,705,141.61**
Other comprehensive income			
Re-measurement gain/ (loss) on defined benefit plans		(5,693,187.00)	11,929,731.87
Gain on revaluation of land		-	-
Income tax relating to component for other comprehensive income		1,707,957.00	3,578,919.56
Other comprehensive income for the year, net of tax		**(3,985,230.00)**	**15,508,651.43**
Total comprehensive income for the year		**27,035.28**	**28,213,793.04**
Earnings Per Share	29	0.18	0.71

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

For Ghosh & ASSOCIATES
Chartered Accountants
Firm's Registration no. 322016E

CA P.P. Ghosh, Partner
Membership No. 055752
UDIN:25055752BNFYKC4317
Place: Thimphu, Bhutan
Date: 05/05/2025

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

On Behalf of Board

Chairperson

Director

CEO

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TATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Am

Particulars	Share Capital	Reserve Fund	Retained Earnings	Other Comprehensive Income/(loss)	Tota
anuary 1, 2023	180,001,600.00	333,952,032.76	133,967,416.80	58,425,452.25	
year adjustment	-	-			
t for the year	-	-	12,705,141.61	-	
r Comprehensive Income	-	-	15,508,651.43	15,508,651.43	
dend for the year	-	-	(45,000,400.00)	-	
31 December 2023	180,001,600.00	333,952,032.76	117,180,809.84	73,934,103.68	
anuary 1, 2024	180,001,600.00	333,952,032.76	117,180,809.84	73,934,103.68	
year adjustment	-	-	-	-	
t for the year	-	-	4,012,265.28	-	
r Comprehensive Income	-	-	(3,985,230.00)	(3,985,230.00)	
s shared issued	90,000,800.00	(90,000,800.00)	-	-	
31 December 2024	270,002,400.00	243,951,232.76	117,207,845.12	69,948,873.68	

gnificant Accounting Policies & Notes to Financial Statement 1 to 40

e notes to accounts referred to above form an integral part of Statement of Change in Equity

hosh & ASSOCIATES
ered Accountants
Registration no. 322016E

P Ghosh Partner
ership No. 055752
25055752BNFYKC4317
Thimphu, Bhutan
05/05/2025

On behalf of Board

Chairperson

Director

CEO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Nu.)

Particulars	31-Dec-24	31-Dec-23
Cash flow from operating activities		
Profit before tax	17,841,962.83	20,014,047.73
Depreciation	35,905,919.09	23,090,309.33
Interest expense	50,400,062.57	32,282,635.49
Interest income	8,843,612.56	(14,032,977.21)
Unrealized foreign exchange loss/(gain)	(42,202.89)	59,115.17
Net profit from operating activities before working capital changes	**112,949,354.16**	**61,413,130.51**
Adjustment for:		
(Increase)/Decrease in inventory	(76,506,272.38)	85,009,047.44
(Increase)/Decrease non-current/current financial and other assets	(94,470,642.22)	(46,911,201.88)
		-
(Increase)/Decrease in Trade and Other Receivables	*(82,230,945.61)*	*(37,622,634.28)*
(Increase)/Decrease in other current Assets	*(12,239,696.61)*	*(9,288,567.60)*
Increase/(Decrease) non-current/current financial and other liabilities	81,750,828.62	55,672,901.35
Increase/(Decrease) in other Current Liability	*45,111,871.66*	*4,303,391.73*
Increase/(Decrease) in Trade and other Payables	*28,959,716.93*	*51,646,886.22*
Increase/(Decrease) in Short Term Provision	*7,679,239.04*	*(295,700.10)*
Increase/(Decrease) in Short Term borrowing	-	13,039,288.07
	(89,226,085.98)	**106,810,034.99**
Cash generated from operating activities	23,723,268.18	168,223,165.50
Income tax paid	13,829,697.55	18,371,334.86
(i) Net cash from operating activities	**9,893,570.63**	**149,851,830.64**
Cash flow from investing activities		
Investment in fixed deposits	(5,967,875.00)	1,212,126.15
Investments in property, plant and equipment	(101,085,316.22)	(98,546,887.35)
ROU asset	(23,948,272.42)	-
Capital Work in Progress	53,761,028.02)	(22,013,316.99)
Deferred tax assets	5,787,794.67	(3,578,919.18)
(ii) Net cash from (used in) investing activities	**(71,452,640.95))**	**(122,926,997.37)**
Cash flow from financing activities		
Interest on loans paid	(42,436,748.69)	(32,282,635.49)

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Proceeds from short term borrowings	181,535,818.19	-
Repayment of long-term borrowings	(14,123,261.14)	(19,779,249.86)
Payment of lease liabilities	3,986,116.28	-
Dividend Paid	200.00	(45,000,400.00)
(iii) Net cash from (used in) financing activities	**(128,961,924.64)**	**(97,062,285.35)**
Net Increase/Decrease in Cash & Cash Equivalent (i+ii+iii)	**67,403,054.32**	**(70,137,452.07)**
Cash and cash equivalent in the beginning of the financial year	40,905,778.34	112,357,265.21
Effect of exchange rate changes on cash and cash equivalents	42,202.89	(59,115.17)
Unclaimed dividend	1,254,719.63	1,254,919.63
Cash and cash equivalent in the end of the financial year (excluding unclaimed dividend)	**108,351,035.56**	**40,905,778.34**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

For Ghosh & ASSOCIATES
Chartered Accountants
Firm's Registration no. 322016E

CA. P.P Ghosh, Partner
Membership No. 055752
UDIN:25055752BNFYKC4317
Place: Thimphu, Bhutan
Date: 05/05/2025

On Behalf of Board

Chairperson

Director

CEO

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Accounting Policies & Notes to Accounts

Notes to Financial Statement for the year ended December 31, 2024

A: General Information:

I. Reporting Entity:

State Trading Corporation of Bhutan ("STCBL" or "the Company") – has been incorporated and registered under the Companies Act of the Kingdom of Bhutan, 2016 and has registered office located at Thimphu, Bhutan. The Company is a subsidiary of Druk Holding and Investments Limited (DHI) which holds 50.98% stake in STCBL. The Company derives its revenue primarily from trading of automobiles, petroleum, computer and IT accessories, stones, household items etc.

B: Disclosure of Significant Accounting Policies:

The note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

I. Basis of Preparation:

a) Compliance with BAS/BFRS

The 'Accounting and Auditing Standards Board of Bhutan' (AASBB) has decided to adopt BFRS in phases. The Company in compliance with the Companies Act of Kingdom of Bhutan has adopted all the applicable Standards. The financial statements have been prepared in accordance with all applicable BAS/BFRS and other applicable laws such as Companies Act of the Kingdom of Bhutan, 2016.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans

c) Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle;

b) Held primarily for the purpose of trading:

c) Expected to be realized within twelve months after reporting period.

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) It is expected to be settled in normal operating cycle;

b) It is held primarily for the purpose of trading;

c) It is due to be settled within twelve months after reporting period.

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

ii. Use of estimates

The preparation of Financial Statements in conformity with BAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment etc., deferred tax assets, provisions, fair value measurements of financial instruments and retirement benefit obligations.

iii. Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of discounts, rebates, returns and taxes and amounts collected on behalf of third parties.

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

a) Sale of traded goods

The company is involved in trading of various goods such as automobiles, computer and IT accessories, stones, household items etc.

Revenue is recognized when control of the goods has transferred to the customer.

In case of sale where the Company provides an option of deferred payment, significant financing component in the contract is identified and interest income is recognised over the concerned period.

The Company considers whether there is other obligation in the contract that are separate performance obligation and determines whether a portion of transaction price needs to be allocated to those obligations.

b) Service revenue

Revenue from service mainly comprises of revenue from maintenance services. Revenue from providing services is recognized at the point in time when the service is rendered.

c) Interest income

Other income comprises interest income on fixed deposits and sale on deferred instalment payment basis.

d) Other Income

Other Incomes are recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity.

iv. Property, plant and equipment

a) PPE is initially recognized at cost.

The company follows cost model for property, plant and equipment and are stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed

assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The Property, plant and equipment are derecognized when no future economic benefits are expected from its use or on disposal.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount. These are recognized net within "other income / other expenses" in Statement of profit and loss.

b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of property, plant and equipment are expensed off in the year in which they are incurred.

c) Depreciation methods, estimated useful lives and residual value

Company provides depreciation on property, plant and equipment on straight-line method to allocate cost, net of their residual values, over their estimated useful lives or, in case of certain structure constructed on leased land, the shorter lease term as follows:

Asset	Estimated useful life
Buildings and civil structures: a) Temporary structure b) Permanent structure	 5-8 years 35 years
Furniture	10 years
Office Equipment	3-8 years
Vehicles	7-10 years with 20% residual value
Air conditioner	3-7 years
Loose tools	7 years
Plant & machineries (ACW)	7 years
Software	5-7 years
Central Heating System	20 years

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v. Foreign currency

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. The functional currency of STCBL is Bhutanese Ngultrum (Nu) which is also the presentation currency.

Transactions and balances

Transactions in foreign currency are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

vi. Investments and other financial assets

a) Initial measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

b) Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets of the Company are classified in the following categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- Financial assets measured at fair value through profit and loss (FVTPL)

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

STCBL

Financial assets measured at amortized cost:

A financial asset is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. Any gain or loss on de-recognition is recognized directly in profit or loss and presented in other income or expense. This category generally applies to trade and other receivables, bank deposits, security deposits, investment in bonds, cash and cash equivalents and employee loans, etc.

Financial instruments measured at fair value through other comprehensive income:

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- the asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI).

Financial instruments measured at fair value through profit and loss:

Fair value through profit and loss is the residual category. Any financial instrument which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified at FVTPL. Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements are recorded in statement of profit and loss.

c) **Impairment of financial assets**

The Company recognizes an allowance for expected credit loss (ECLs) for all financial instruments except for financial assets classified at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The ECL is recognized for 12 months and lifetime. The ECL is determined based on the significant increase in the credit risk 'SICR' and objective evidence of impairment over the life of the financial asset. For the computation of ECL, the standard prescribes a rebuttable presumption of 30 days past due as 'SICR' and 90 days past due as default. As a practical expedient, the standard allows simplified approach for ECL computation of trade receivables, contract assets and lease receivable. The policy prescribes the following:

1) 30 days past due as trigger point for SICR
2) 90 days past due as the default point
3) Simplified approach for computation of ECL for trade receivables, contract assets and lease receivables.

The impairment of financial asset is guided by the guidelines issued by the DHI.

d) **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized only when:

- The rights to receive cash flows from the asset have been transferred, or
- The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is

vii. Financial liability

a) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts.

b) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Borrowings

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity classify the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

viii. Offsetting financial instruments

Financial assets and financial liabilities or income and expenses are offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when, and only when, the entity has a legal right and is allowed by the standard to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability

simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity or the counterparty.

ix. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short – term highly liquid investments with original maturities of three months. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

x. Provision, contingent liabilities and contingent assets

Provisions are recognized if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent liabilities are not recognized but disclosed for all possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

xi. Income tax

Income tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax base).

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

xii. Inventories

a. Inventories are valued at lower of cost or net realizable value.

b. Cost is calculated on the basis of specific identification for all automobiles and on weighted average method for all other items. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

xiii. Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the company as detailed below:

a) Defined contribution plan (pension and provident fund)

As required by National Pension & Provident Fund, both the employee and employer make monthly contributions to the provident fund, which is a defined contribution plan, equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company does not have any legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all of the employee's entitlements. Obligation for contributions to the plan is recognized as an employee benefit expense in profit or loss when the contribution to the fund becomes due.

b) Post-employment - Defined benefit plans

Gratuity

In accordance with the STCBL service rule, the company provides for gratuity, a defined benefit retirement plan covering all employees. The gratuity provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. The calculation is performed annually by a qualified actuary using the projected unit credit method and amount of obligation is provided in profit or loss. The plan is unfunded.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and presented within equity.

Transfer grant and travel allowance

As per company's service manual, the employee who have rendered minimum one year of service excluding probation period are entitled to one-month basic pay as travel allowance and the employee who have rendered minimum two years of service excluding probation period are entitled one-month basic pay as transfer grant at the time of leaving the service. One-month basic pay for this purpose is the pay at the time of leaving the service. The calculation is performed annually by a qualified actuary and amount of obligation is provided in profit or loss. The plan is unfunded.

Carriage Charge

As per company's service manual, the employee who have rendered minimum one year of service excluding probation period are entitled to freight allowance based on employee grade at the time of leaving the service. The calculation is performed annually by a qualified actuary and amount of obligation is provided in profit or loss. The plan is unfunded.

c) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

d) Earned leave encashment

The employees of the company are entitled for earned leave. The portion of the unutilized earned leave at the end of the year shall be compensated in cash during the end of the year or retirement or termination of employment for the unutilized accrued earned leave based on the salary at the time. The calculation is performed annually and amount of obligation is provided in profit or loss. The plan is unfunded.

xiv. Leases

The company assesses all lease contract at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then a right-to-use asset is recognized, and lease liability is recognized for all future lease payments.

The standard provides exemption for short-term i.e. less than 12 months and low value leases.

Right-of-use asset

The standard provides the option to present right-of-use as separate item on the balance sheet or as part of PPE or investment properly. For subsequent measurement of right-of-use, the standard provides choice to adopt cost model or revaluation model, or fair value model.

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The DHI Group policy prescribes to:

1) Apply exemption on short term and low value leases as defined in the guidelines for materiality.
2) Present the right-to-use asset as a separate item on balance sheet.
3) Subsequent measurement based on cost model for leases recognized.

Lease Liability

The lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less than any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

xv. Impairment - non-current assets

The carrying amount of the non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss statement

xvi. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable; asset is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised

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xvii. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are added to the cost of those assets until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

xviii. Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

xix. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period

xx. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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the after-Income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

xxi. Comparative information

Prior year figures have been restated, regrouped or reclassified to comply with BAS and effect of which, if any, has been adjusted.

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NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

Property, Plant and Equipment's

Amou

	Freehold land	Buildings and civil structures	Furniture	Office equipment	Vehicles	Air conditioner	Loose tools	Plant & machineries	Central Heating System
	150,676,566.29	235,544,620.53	10,804,560.35	20,789,060.16	42,262,237.89	1,635,961.68	14,964,515.82	2,630,620.94	50,044,974.80
	-	83,822,174.48	740,962.49	2,155,015.46	6,812,600.64	-	-	1,316,456.91	-
3	150,676,566.29	319,366,795.01	11,545,522.84	22,944,075.62	49,074,838.53	1,635,961.68	14,964,515.82	3,947,077.85	50,044,974.80
	150,676,566.29	319,366,795.01	11,545,522.84	22,944,075.62	49,074,838.53	1,635,961.68	14,964,515.82	3,947,077.85	50,044,974.80
	-	70,656,704.40	2,347,853.64	4,300,871.55	23,341,970.94	-	-	1,316,456.91	-
4	150,676,566.29	390,023,499.41	13,893,376.48	27,244,947.17	72,416,809.47	1,635,961.68	14,964,515.82	4,347,193.85	50,044,974.80
	-	42,675,872.77	6,062,322.95	12,080,883.95	15,848,986.43	1,127,426.84	11,651,867.01	2,494,732.22	6,908,713.48
	-	-	-	-	-	-	-	-	-
	-	10,118,675.72	896,043.74	2,112,388.45	4,841,566.10	89,863.56	1,532,231.40	92,001.98	-
3	-	52,794,548.49	6,958,366.69	14,193,272.40	20,690,552.53	1,217,290.40	13,184,098.41	2,586,734.20	6,908,713.48
	-	52,794,548.49	6,958,366.69	14,193,272.40	20,690,552.53	1,217,290.40	13,184,098.41	2,586,734.20	6,908,713.48
	-	-	-	-	-	-	-	-	-
	-	13,006,646.34	995,492.65	2,554,883.94	8,265,036.91	87,459.55	1,408,461.32	268,749.35	
24	-	65,801,194.83	7,953,859.34	16,748,156.34	28,955,589.44	1,304,749.95	14,592,559.73	2,855,483.55	6,908,713.48
	150,676,566.29	324,222,304.58	5,939,517.14	10,496,790.83	43,461,220.03	331,211.73	371,956.09	1,491,710.30	43,136,261.32
	150,676,566.29	266,573,489.90	4,556,230.15	8,662,563.08	28,384,277.71	418,668.26	1,780,313.40	1,360,343.65	43,136,261.32

of assets were reviewed and extended.

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: Capital working-in-progress

iculars	As at 1 January 2024	Addition during the year	Adjustment/ Deduction	Total	Capitalized during the year
tail & Others	67,541,480.49	-	-	164,422,266.75	53,761,028.02
.	67,541,480.49	-	-	164,422,266.75	53,761,028.02

Note 4: Right of Use Asset

Particulars	31-Dec-24	31-Dec-23
Opening balance	54,769,044.07	26,368,605.99
Additions	23,948,272.42	31,683,090.66
Adjustments/Disposals		-
Depreciation for the year	9,139,242.38	3,282,652.58
Closing balance	69,578,074.11	54,769,044.07

Note 5 : Non-current tax assets

Particulars	31-Dec-24	31-Dec-23
Advance tax	53,520,281.27	29,815,887.19
Less: Provision for tax	17,232,066.44	-
Total	36,288,214.83	29,815,887.19

Note 6 : Deferred tax assets (net)

Particulars	31-Dec-24	31-Dec-23
Deferred tax assets		
Employee benefit obligations	6,647,335.00	3,726,197.06
Deferred revenue	(710,467.00)	(1,232,129.46)
Deferred rent	-	-
	5,936,868.00	2,494,067.60
Deferred tax liabilities		
Property, plant and equipment	7,830,146.00)	11,261,123.79
Recognition of revenue as per BFRS 15	-	4,918,776.49
Inventory	(4,844,815.00)	(5,071,906.21)
Lease rentals	(1,107,932.00)	-
	1,877,399.00	11,107,994.06
Total	7,814,267.00	13,602,061.67

Note 7 : Inventories

Particulars	31-Dec-24	31-Dec-23
Trading stock	493,096,423.26	368,865,671.48
Goods-in-transit	-	-
Less: Provision for obsolence and shortages	(53,519,158.52)	(5,794,679.12)
Total	439,577,264.74	363,070,992.36

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Note 8 : Investments

Particulars	31-Dec-24	31-Dec-23
Fixed deposits with maturity more than 3 months	20,484,628.31	14,516,753.31
Interest accrued and not due on fixed deposits	-	-
Total	**20,484,628.31**	**14,516,753.31**

Note 9 : Trade and other receivables

Particulars	31-Dec-24	31-Dec-23
Unsecured, considered good	400,758,790.42	328,732,101.70
	-	-
Debtors suspense	(43,570,533.27)	(48,225,967.68)
Trade receivables (Unsecured, considered good)*	357,188,257.15	280,506,134.02
Interest accrued and due on sale made on deferred settlement terms	21,347.08	21,347.08
Less: Provision for loss allowance	52,878,100.00	52,878,100.00
	304,331,504.23	**227,649,382.10**
Security deposits	12,716,009.48	11,874,142.24
Other receivable (Net of provision of Nu. 1,800,000 (2018: Nu. 1,800,000, 2017: Nu. 1,800,000)	19,857,931.92	23,994,588.24
Recoverable from employees	2,544,612.20	2,544,612.20
Total	**339,450,057.83**	**266,062,724.78**

Note 10 : Cash and cash equivalents

Particulars	31-Dec-24	31-Dec-23
Cash and Cash Equivalents		
Cash at bank	43,418,930.09	25,949,480.60
Cash on hand including cheques	7,022,157.96	6,038,683.74
Other bank balances*	-	-
Margin money with banks against LC	57,909,947.51	8,917,614.00
Unclaimed dividend a/c	1,254,719.63	1,254,919.63
Total	**109,605,755.19**	**42,160,697.97**

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Note 11 : Other current assets

Particulars	31-Dec-24	31-Dec-23
Advance recoverable in cash or in kind/ for value to be received	112,559,366.99	105,101,811.13
Considered Bad or Doubtful:	-	-
Total	112,559,366.99	105,101,811.13
Less: Provision for Bad or Doubtful Advances	-	-
Advance to suppliers	112,559,366.99	105,101,811.13
Prepaid expenses	2,586,117.54	6,478,242.37
Advances for expenses	4,272,343.46	2,070,496.52
Total	**119,417,918.99**	**113,650,550.02**

Note 12: Equity share capital

Particulars	31-Dec-24	31-Dec-23
Authorized		
50,000,000 equity shares of Nu.10 each	500,000,000	500,000,000
Issued, Subscribed and Paid up:		
27,000,240 (Previous year-18,000,160 @ 10) equity shares of Nu 10 each fully paid up.	270,002,400	180,001,600
Out of above, following bonus shares were allotted as fully paid up without payment being received in cash:		
(a) 200,003 equity shares were allotted by capitalization of reserve in year 2010 & 2011		
(b) 300,005 equity shares were allotted by capitalization of reserve in year 2012		
(c) 9,000,080 equity share were allotted by capitalization of reserve in the year 2023		
(50.98% of the share capital are held by Holding Company - Druk Holding and Investment Ltd.)		
Total	**270,002,400**	**180,001,600**

Note 13 i: Retained Earnings

Particulars	31-Dec-24	31-Dec-23
Retained Earnings	117,207,845.12	117,180,809.84

Note 13 ii: Reserves

Particulars	31-Dec-24	31-Dec-23
Reserves	243,951,232.76	333,952,032.76

Note 14 : Long term borrowings

Particulars	31-Dec-24	31-Dec-23
Long term borrowings from Bank of Bhutan, NPPF and T Bank	94,883,109.42	109,006,368.56
Total	**94,883,109.42**	**109,006,368.56**

Note:

(a) The Company has borrowed funds from Bank of Bhutan (BOB) amounting to Nu. 103,400,000 as on 15 September 2015 at a floating rate of MLR (Minimum Lending Rate) plus margin. The term loan is subject to moratorium period and thereafter repayable in equal monthly instalments of Nu. 1,104,914 each starting from 1 July 2018. The said loan is secured by hypothecation of property (vehicles, plant and machinery, equipment and tools, stock, book debts and other assets) to BOB by way of first charge as security.

(b) The Company has borrowed funds from Bank of Bhutan (BOB) amounting to Nu. 5,100,000 as on 12 January 2017 at a floating rate of MLR (Minimum Lending Rate) plus margin. The term loan is repayable in equal monthly instalments of Nu. 55,400 each starting from 1 February 2017 and was liquidated during the year.

(c) The Company has borrowed funds from National Pension and Provident Fund (NPPF) amounting to Nu. 20,000,000 as on 11 September 2019 at a fixed interest rate of 7% per annum payable quarterly. The term loan is repayable in equal quarterly instalments starting from 1 January 2021.

(d) The Company has borrowed funds from T Bank amounting to Nu. 30,000,000 as on 23 October 2020 at a floating interest rate of 5% per annum as Bridging Loan under the COVID-19 Pandemic Phase II Monetary Measures. The term loan is repayable in equal quarterly instalments starting from 1 October 2021.

Note 15 : Employee benefits obligation - non-current

Particulars	31-Dec-24	31-Dec-23
Gratuity	15,340,514.69	9,765,785.50
Leave encashment	-	3,688,122.00
Travel allowance	4,317,767.00	1,441,931.33
Transport charge	478,583.00	218,799.52
Transfer grant	354,693.00	842,125.33
Total	**20,545,557.69**	**15,956,763.68**

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Note 16 : Lease liability

Particulars	31-Dec-24	31-Dec-23
Balance at 1 January 2024	56,322,066.68	31,200,463.60
Additions	11,949,430.16	25,121,603.08
Adjustments/Disposals	-	-
Balance at 31 December 2024	**68,271,496.84**	**56,322,066.68**

Note 17 : Short term borrowings

Particulars	31-Dec-24	31-Dec-23
Overdraft with Bank of Bhutan	124,281,081.60	7,098,308.24
Overdraft with T Bank	98,689,113.31	27,288,982.41
Short term loan from NPPF	41,723,281.58	5,390,150.25
Commercial paper	200,000,000.00	200,000,000.00
Inter-corporate borrowings	50,000,000.00	100,314,520.55
Current maturities of long term borrowings	31,859,288.39	24,924,985.24
Total	**546,552,764.88**	**365,016,946.69**

Note:

(a) The Company has availed an overdraft facility from Bank of Bhutan (BOB) as on 5 August 2015 at a floating interest rate. The said loan is secured by hypothecation of property (vehicles, plant and machinery and tools) to BOB by way of first charge as security.

(b) The Company has borrowed working capital loan from T Bank Ltd. with a fund-based limit of Nu. 100 million at a fixed interest rate of 11% per annum. The said loan is secured by mortgage of company's property as collateral.

(c) The company issued 2,000 units (FV of Nu. 100,000 per unit) of commercial paper from a bank amounting to Nu. 200 million on 12 September, 2024 for 180 days at a discount rate of 5.50%. The said issue was secured against trade receivables and stock-in-trade.

(d) The Company has taken a term loan of Nu. 50 million from NPPF at a fixed interest rate of 10.50% per annum. The said loan is repayable within 1 year from the date of disbursement.

(e) The Company has taken an inter-corporate loan from DHI on 4 September, 2024 (Nu.50 million) at a fixed interest rate of 3.50% per annum for 120 days.

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Note 18 : Trade and other payables

Particulars	31-Dec-24	31-Dec-23
Trade payables	203,763,972.82	172,685,797.13
Liability for purchase	-	(0.99)
Liability for expenses	23,336,440.20	889,233.26
Liabilities of un-withdrawn cheque	6,624.27	6,624.27
Earnest money deposits	163,011.82	285,800.42
Security deposit	2,785,554.62	3,182,094.62
Retention money	3,091,023.62	7,287,315.67
Unclaimed dividend	1,254,719.63	1,255,019.61
Payable to employees for provident fund	595,798.15	320,820.49
Payable to employees	-	20,124,722.73
Total	**234,997,145.13**	**206,037,427.21**

Note 19 : Other current liabilities

Particulars	31-Dec-24	31-Dec-23
Advance from customers	103,349,099.96	61,403,080.77
Deferred revenue	2,589,303.00	850,433.89
Bhutan Sales Tax	14,475,958.91	8,827,491.70
Others	2,578,894.77	3,059,907.22
Total	**122,993,256.64**	**74,140,913.58**

Note 20 : Employee benefits obligation – current

Particulars	31-Dec-24	31-Dec-23
Gratuity	5,259,554.00	3,849,220.49
Leave encashment	-	380,585.00
Travel allowance	376,508.00	865,386.25
Transport charge	3,991,682.00	1,021,643.41
Transfer grant	4,373,195.43	808,429.25
Total	**14,000,939.43**	**6,925,264.40**

Note 21 : Current tax liabilities

Particulars	31-Dec-24	31-Dec-23
Provision for tax	3,711,328.75	7,451,800.15
Less: Advance tax	-	-
Total	**3,711,328.75**	**7,451,800.15**

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Note 22 : Revenue from operations

Particulars	31-Dec-24	31-Dec-23
Trading:		
Sale of products	5,592,139,545.59	3,337,205,542.57
Sale of services	34,263,887.18	26,314,592.61
Total	**5,626,403,432.77**	**3,363,520,135.18**

Note: *These represents revenue from customers and revenue recognized at a point in time.

Note 23 : Other income

Particulars	31-Dec-24	31-Dec-23
BST refund	37,076,897.03	48,167,638.32
Interest income from financial assets at amortized cost	8,766,803.37	14,032,977.21
Gain on exchange fluctuation (net)	42,202.89	(59,115.17)
Gains/ (losses) on sale of property, plant and equipment	4,977,673.28	(162,947.36)
Commission and auction	-	98,497.79
Provision no longer required	15,608,193.13	17,866,342.66
Total	**66,471,769.70**	**79,943,393.45**

Note 24 : Changes in inventories of stock-in-trade

Particulars	31-Dec-24	31-Dec-23
Opening balance		
Traded goods	363,770,368.99	447,981,162.08
Goods-in-transit	-	-
Total opening balance	**363,770,368.99**	**447,981,162.08**
Closing balance		
Traded goods	488,099,994.62	377,891,916.27
Goods-in-transit	-	-
Total closing balance	**488,099,994.62**	**377,891,916.27**
Total	**(124,329,625.63)**	**70,089,245.81**

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Note 25 : Employee benefit expenses

Particulars	31-Dec-24	31-Dec-23
Pay and allowances	124,642,677.40	85,481,638.29
Provident fund contribution	8,271,505.25	7,100,414.00
Gratuity	5,000,000.00	5,855,333.96
Travel allowance	1,254,405.88	623,348.63
Transport charge	1,642,495.84	572,105.84
Transfer grant	3,302,082.98	859,904.87
Bonus and variable pay	-	16,172,241.23
Medical expenses	39,522.00	49,538.64
Staff training and development expenses	2,755,561.90	575,007.19
Uniform expenses	1,435,757.68	858,035.00
Welfare expenses	3,314,901.83	2,887,847.80
Others	-	-
Total	**151,658,910.76**	**121,035,415.45**

Note 26 : Finance costs

Particulars	31-Dec-24	31-Dec-23
Interest expense from financial instruments at amortized cost	50,400,062.57	32,282,635.49
Total	**50,400,062.57**	**32,282,635.49**

Note 27 : Other expenses

Particulars	31-Dec-24	31-Dec-23
Administrative Expenses		
Communication, internet and telephone charges	2,276,522.70	1,913,641.20
Fees and taxes	15,893,095.42	3,073,964.42
Printing and stationery including postage	2,378,228.56	2,136,130.89
General insurance	2,163,833.79	540,682.25
Electricity expenses	1,857,022.36	1,502,136.38
Lease rent	2,703,192.71	-
Others (Royalty, transportation, labour charges)	4,263,469.62	3,644,762.48

Repairs and Maintenance	-	-
Repairs & maintenance of buildings and civil structures	933,712.51	1,799,069.80
Repairs & maintenance of furniture, fixtures and equipment's	720,368.02	459,910.36
Running & maintenance of vehicle	6,654,103.00	7,104,371.25
Running & maintenance of other	-	47,933.38
Travelling and Conveyance	-	-
Travelling expenses including foreign travels	11,046,521.81	8,626,757.50
Others		
Marketing & sales promotions	1,079,094.58	1,169,055.76
Board meeting expenses and sitting fees	1,233,115.00	953,680.00
Office meeting expenses	518,103.02	1,101,626.94
Other Operating expenses	2,720,847.63	3,390,250.96
Bank charges - others	565,295.16	1,425,172.78
Consultancy charges	2,930,731.76	359,839.52
Advance written off	33,879.83	-
Product and Shrinkage loss	53,000,000.00	-
Provision for obsolescence and shortages	-	5,794,679.12
Advance written off	-	351,656.53
CSR Project	-	682,880.00
Stock Vehicle maintenance	1,197,767.60	682,242.52
Auditor's Remuneration		
Audit Fee	138,500.00	280,000.00
Out of pocket expenses	182,030.00	107,958.00
TOTAL	**114,489,435.08**	**47,148,402.04**

Note 28(a): Tax expense

Particulars	31-Dec-24	31-Dec-23
(a) Income tax expenses recognized in P&L		
Current tax		
Current tax on profit for the year	6,333,942.55	7,451,800.15
Current tax adjustment for earlier years	-	-
Total current tax expenses	**6,333,942.55**	**7,451,800.15**
Deferred tax		
Decrease/(increase) in deferred tax assets	(1,961,935.00)	841,233.00
(Decrease)/increase in deferred tax liabilities	9,457,690.00	-984,127.02
Total deferred tax expenses	7,495,755.00	(142,894.02)
Income tax expenses recognized in P&L	**13,829,697.55**	**7,308,906.12**

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Note 28 (b): Numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the tax rate

Particulars	31-Dec-24	31-Dec-23
Tax expenses		
- Current tax	6,333,942.55	7,451,800.15
- Deferred tax	7,495,755.00	(142,894.02)
Total tax expense	**13,829,697.55**	**7,308,906.12**
Profit (Loss) before tax	17,841,962.83	20,014,047.73
Income tax expense/(income) calculated at 30%	5,352,588.85	6,004,214.32
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	981,353.40	1,447,585.83
Others	7,495,755.00	(142,894.02)
Reconciled with tax expense as above	**13,829,697.55**	**7,308,906.12**

Note 29: Earnings per share

Particulars	31-Dec-24	31-Dec-23
Profit attributable to equity shareholders of the Company (A)	4,012,265.28	12,705,142
Weighted average number of equity shares (B)	22,500,200	18,000,160
Basic and diluted earnings per share (A/B)	**0.18**	**0.71**

Note 30: Leases

Operating lease: Company as lessee

Certain office premises, buildings, land etc. are obtained on leases. The lease term is for 1-30 years with renewal clauses. There is no escalation clause in majority of lease agreements except in few such arrangements. There are restrictions imposed by lease arrangements which restrict sublease/ mortgage of lease property. There are no subleases or contingent rents.

Particulars	Land	Building	Total
Balance at 1 January 2023	**14,381,030.37**	**26,902,880.91**	**41,283,911.28**
Additions	136,386.77	31,546,703.62	31,683,090.39
Adjustments/Disposals	-	-	-
Balance at 31 December 2023	**14,517,417.14**	**58,449,584.53**	**72,967,001.67**
Accumulated Depreciation			
Balance at 1 January 2023	**1,026,992.16**	**13,888,313.12**	**14,915,305.28**
Adjustments/Disposals	-	-	-
Depreciation for the year	881,742.67	2,400,909.91	3,282,652.58
Balance at 31 December 2023	**1,908,734.83**	**16,289,223.03**	**18,197,957.86**
As at 31 December 2023	**12,608,682.31**	**42,160,361.50**	**54,769,044.07**
Balance at 1 January 2024	**12,608,682.31**	**42,160,361.50**	**54,769,044.07**
Additions	-	23,948,272.42	23,948,272.42
Adjustments/Disposals	-	-	-
Balance at 31 December 2024	**12,608,682.31**	**66,108,633.92**	**78,717,316.23**
Depreciation for the year	-	9,139,242.38	9,139,242.3
Balance at 31 December 2024	**12,608,682.31**	**56,969,391.54**	**69,578,074.11**

Note 31: Movement in deferred tax assets/ (liabilities)

Particulars	Property, plant and equipment	Revenue recognition as per BFRS 15	Deferred revenue	Adjustments in inventory	Employee benefits	Lease rentals	Total
At 1 January 2023	**11,261,123**	**4,918,777**	**(261,160)**	**(6,056,034)**	**17,538**	**-**	**9,880,248**
Charged/(credited):							
- to profit or loss	-	-	(970,970)	984,127	129,737	-	142,894
- to other comprehensive income					3,578,920		3,578,920
At 31 December 2023	**11,261,123**	**4,918,777**	**(1,232,130)**	**(5,071,907)**	**3,726,195**	**-**	**13,602,062**
At 1 January 2024	11,261,123	4,918,777	(1,232,130)	(5,071,907)	3,726,195	-	13,602,062
Charged/(credited):							
- to profit or loss	(3,430,977)	(4,918,777)	521,661	227,091	1,213,183	(1,107,935)	(7,495,754)
- to other comprehensive income					1,707,957		1,707,957
At 31 December 2024	**7,830,146**	**-**	**(710,469)**	**(4,844,816)**	**6,647,335**	**(1,107,935)**	**7,814,265**

Note 32: Related party disclosures

The Druk Holding and Investment (DHI) Company is the holding company (i.e. Parent Company) holding 50.98% equity shares of the company.

Fellow subsidiaries

Name of the company
Bhutan Power Corporation Limited
Druk Green Power Corporation Limited
Bhutan Telecom Limited
Druk Air Corporation Limited
Natural Resource Development Corporation Limited
Bank of Bhutan Limited
Dungsam Cement Corporation Limited
Dungsum Polymers Limited
Druk Holding & Investments Ltd.
Dagachu Hydro power Corporation Limited
Bhutan Board Product Limited
Bhutan Hydropower Services Limited
Thimphu Tech Park Limited
Penden Cement Authority Limited
Tangsibji Hydro Energy Limited
Construction Development Corporation Limited
State Mining Corporation Limited
Crawfish Himalayan Limited
Khorlochhu Hydro Energy Limited
Druk Hydro Energy Limited
Koufuku International Limited

(a) Key Management Personnel Compensation

According to BAS -24, Key Management Personnel (KMP) is those having the authority and responsibility for planning, directing and controlling the activities of the entity.

Details of compensations paid to key management personnel (Chief Executive Officer):

Particulars	31 December 2024	31 December 2023
Short-term employee benefits	2,586,118.15	2,074,891.55
Other long term and Post-employment benefits *	160,556.00	167,829.00
Others	96,000.00	88,000.00
Total	**2,842,674.15**	**2,330,720.55**

*The amount specified is in relation to provident fund contribution. Other benefits are determined on the basis of actuarial valuation for the Company as a whole and hence segregation is not available

(b) Transactions with related parties

(i) Transactions with directors for FY 2024 & 2023

Name of Company	31 December 2024	31 December 2023
RSA Pvt. Ltd*	6,737,485.94	15,814,948.48

* *Mr. Singye N Dorji is the owner and Joint MD of RSA Pvt. Ltd*

(ii) Transaction with the DHI, holding company during the financial year 2024 & 2023

Description	31 December 2024	31 December 2023
DHI	**Nu.**	**Nu.**
Sale of vehicle services, spare parts and tyres	2,094,350.77	440,188.52
Trading revenue	2,997,338.00	5,689,443.00
Sale of vehicles	-	9,710,332.00
Corporate guarantee fees	1,005,429.99	250,719.00
Interest on borrowing	506,147.54	-
Payable (training fees)	127,135.50	-
Brand management fees	753,869.93	1,321,624.72

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(iii) Goods and Services availed from fellow subsidiaries during the financial year 2024 & 2023

Fellow subsidiaries	Particulars	31 December 2024		31 December 2023	
		Value of Goods & Services	Value of Goods & Services	Value of Goods & Services	Outstanding Amount at year end
Bhutan Telecom Limited	Communication, internet and telephone charges	1,338,290.25	-	1,802,456.78	-
Bhutan Power Corporation Limited	Electricity charges	1,281,492.40	-	1,224,277.94	-
Bank of Bhutan Limited	Bank charges and fees other financial services	687,025.24	-	4,374,848.62	-
Bank of Bhutan Limited	Interest charge on loans	11,597,948.81	-	11,770,245.86	-
Bhutan Telecom Limited		-	-	2,557,397.26	-
Druk Air Limited	Flight ticket and other services purchase	1,498,981.00	-	806,681.00	-
Thimphu Tech Park Limited	ICT related	229,875.00	-	-	-

(iv) Liabilities booked for the DHI guarantee fee:

Guarantee amount (Nu.)	31 December 2024	31 December 2023
40 million	251,560.06	-
Total	**251,560.06**	-

(v) Goods and services availed by fellow subsidiaries during financial year 2024 & 2023

Fellow Subsidiary	31-Dec-24		31-Dec-23	
	Value of Goods & Services	Outstanding Amount at year end	Value of Goods & Services	Outstanding Amount at year end
Bhutan Board Product Ltd.	106,404.03	125,620.08	36,604.84	
Bank of Bhutan Ltd.	786,774.17		394,827.00	-

			608,292.26	
Bhutan Power Corporation Ltd.	21,157,172.63		7,721,343.17	-
Bhutan Telecom Ltd.	1,573,539.76		1,122,190.90	-
Construction Development Corporation Ltd.	18,021,787.32	370,959.33	15,373,540.80	
	-		10,793,297.59	
			148,429.00	
Druk Air Corporation Ltd.	30,494.96		-	
Dungsam Cement Corporation Ltd.	1,400,842.00	28,651.98	2,292,391.95	
	250,191.98		916,952.00	
Druk Green Power Corporation	23,613,268.92	3,002,572.60	16,381,679.25	2,218,227.92
	616,600.00		911,822.00	
Dagachu Hydro Power Corporation	1,462,015.28			
Druk Holding & Investment	2,094,350.77	53,812.78	440,188.52	
	2,997,338.00		5,689,443.00	
			9,710,332.00	
Dungsam Polymers Ltd.	241,463.11	241,463.11	308,233.35	
Koufuku International Limited	112,340.00		18,350.00	
Natural Resources Development Corporation Ltd.	294,150.00	415,769.62	1,815,373.80	
	1,422,440.00		171,320.00	
	-		450,900.00	
Penden Cement Authority Ltd.	118,033.41			
State Mining Corporation Ltd.	87,957,142.85		2,365,301.31	
	-		28,193,713.82	

	-		162,615.00	
Tansibji Hydro Energy Ltd.	179,256.00		270,494.00	
Thimphu Tech Park Ltd.	-		326,450.00	
	238,051.13	3,277,157.24	233,193.95	
Bhutan Hydropower Service Ltd.	323,961.15	140,590.00	5,946,397.29	
Menjong Sorig Pharmaceuticals Corporation Ltd.	-		10,000.00	
	-		228,407.00	
Crawfish Himalayan Limited	573,656.90			
	167,550.32			
Khorlochu Hydro Energy Limited	1,150,295.52	342,028.00		
Druk Hydro Energy Limited	1,110,390.23	159,968.00		

Note: Running & maintenance of vehicles includes Apollo tyres, JK tyres, spares, services

Terms and conditions of the transactions:

a. No amount has been written back/written off during the year in respect of dues to/ from related party.

b. All transactions were made on normal commercial terms and conditions and at market rates.

c. Outstanding balances are unsecured and are repayable in cash.

Note 33: Segment reporting

Description of Segments

State Trading Corporation of Bhutan Limited has identified the following divisions: Toyota, Tata, Eicher, Home store, Explosive and others segment. It is identified taking into account the nature of the products, deferring risks and returns, organizational structure and internal business reporting. Following are the segments of the Company-

(i) Toyota - This division deals with sales of vehicles, spare parts and servicing of Toyota vehicles.

(ii) Tata - This division deals with sales of vehicles, spare parts and servicing of Tata vehicles.

(iii) Eicher - This division deals with sales of Eicher vehicles, spare parts, two wheelers and Appolo tyres.

(iv) Home store & Others - This division deals with household items, agriculture machineries, Bitumen, Kent filter etc.

(v) SMLI - This division deals with sales of vehicles, spare parts and servicing of SMLI vehicles.

(vi) Petroleum - This division deals with sales of MS and HSD.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to group as a whole and are not allocable to a segment on a reasonable basis, have been disclosed as "Unallocable"

b) Segment assets and liabilities represent assets and liabilities of the respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated for a segment on a reasonable basis, have been disclosed as "Un-allocable".

c) The company does not have any single customer from whom it receives more than 10% of the revenue.

d) Information about operating segment:

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Particulars	Toyota	Tata	Eicher	SMLI	Petroleum	Home-store & Others	Unallocable	
nent Revenue venue from	437,592,457.81 391,425,466.93	346,644,622.98 158,180,701.03	200,902,286.68 167,750,685.44	15,043,277.70 31,242,740.48	4,452,732,191.35 2,483,297,061.41	239,960,365.95 211,566,873.34	- -	5,6 3,4
ue	437,592,457.81 802,286,011.45	346,644,622.98 300,950,410.07	200,902,286.68 324,277,363.00	15,043,277.70 31,504,411.57	4,452,732,191.35 1,596,619,587.28	239,960,365.95 175,625,450.49	- -	5,6 3,2
sults before preciation and tax	65,746,403 73,115,044	11,479,715.44 6,502,123.55	14,375,173.26 17,049,701.30	(1,493,421.13) (231,179.16)	48,842,308.06 15,822,440.54	5,716,098.04 11,629,773.85	- (37,064,110) (62,533,889)	
ion to profit/ (loss) : ome								
: (Note a)								
ı and amortization								(3
before tax								
/ (income)								
loss) for the year								
nation								
ets - As at 31 24	306,393,156	201,806,479	221,745,950	41,736,398	386,517,286	205,691,814	373,225,995	1
Assets - As at 31 ember 2023	257,152,095	117,239,759	50,322,359	17,898,003	62,595,690	44,282,364	922,501,212	1
abilities - As at 31 ember 2024	60,088,586	25,684,410	32,393,800	17,504,453	58,247,492	160,865,396	751,171,462	1
abilities - As at 31 ember 2023	77,029,537	28,927,401	34,547,582	16,612,593	82,650	4,297,785	679,360,004	

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Note 34: Capital management

(a) Risk management

The Company is a subsidiary of Druk Holding & Investments Limited (DHI). The amount mentioned under total equity in balance sheet is considered as Capital.
The company's objectives when managing capital are to:

i. safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
ii. Maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet strategic and day-to-day needs. The Company manages its structure and makes adjustments in light of changes in economic conditions. The funding requirements are primarily met through the equity given by the shareholders.

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid

Particulars	31 December 2024	31 December 2023
(i) Equity shares Final dividend for the year ended 31 December 2020 - nil (1 January 2019 - Nu. 2.1 per fully paid equity share) per fully paid share	-	45,000,400.00
(ii) Dividends not recognized at the end of the reporting period	-	

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Note 35: Fair value measurements

Financial instruments by category

Particulars	31 December 2024	31 December 2023
	Amortized cost	Amortized cost
Financial assets		
Investments	20,484,628.31	14,516,753.31
Trade receivables	304,331,504.23	221,854,702.98
Deposits and other receivables	35,118,553.60	38,413,343.68
Cash & cash equivalent	109,605,755.19	42,160,697.97
Total financial assets	**469,540,441.33**	**316,945,496.94**
Financial liabilities		
Long term borrowings	94,883,109.42	109,006,370.56
Current maturities of long term borrowings	31,859,288.39	24,924,985.24
Short term borrowings	546,552,764.88	365,016,946.69
Deferred rent	-	-
Trade payables	203,763,972.82	172,685,797.13
Deposits	2,948,566.44	3,467,895.04
Other payables	28,284,605.87	4,958,749.80
Total financial liabilities	**908,292,307.82**	**680,060,744.46**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the fair value of the financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortized cost

Particulars	31-Dec-24		31-Dec-23	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade receivables (Refer note (a))	304,331,504.23	304,331,504.23	227,649,382.10	221,854,702.98
Land	37,403,883.00	150,676,566.29	37,403,883.00	150,676,566.29
Financial liabilities				
Long term borrowings from Bank of Bhutan (Refer note (b))	46,525,839.46	46,525,839.46	56,211,451.01	56,211,451.01
Long term borrowings from NPPF	36,981,009.48	36,981,009.48	36,602,285.96	36,602,285.96
Long term borrowings from TBank	11,376,260.48	11,376,260.48	16,192,633.59	16,192,633.59

a) Trade receivables from customers on deferred instalment payment basis are charged approximately the market rate of interest and hence the fair value approximates their carrying values.

b) Long term borrowings from Bank of Bhutan are at floating rate of interest and hence the fair value approximates their carrying values.

c) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

d) The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

Note 36: Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure arising	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, and other financial assets.	Ageing analysis	Diversification of customer base.
Liquidity risk	Trade payables and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasts & sensitivity analysis	Availability of committed LC facilities and diversification of liability
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from various financial institutions

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade and other receivables.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company regularly monitors its outstanding customer receivables. The Company has a detailed review mechanism of overdue customer receivables at various levels within organization to ensure proper attention and focus for realization.
The Company has two categories of trade receivables –

a) Customer to whom the vehicles are sold on deferred settlement terms.

b) Other than (a) above - All the sales are made on normal credit period of 30 days to 60 days.

The requirement for loss allowance is analyzed at each reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 35: Fair value measurement. The Company does not hold collateral as security.

(ii) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on January 1, 2024	52,878,100
Changes in loss allowance	-
Loss allowance on December 31, 2024	52,878,100

iii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Companies' Board of Directors on an annual basis. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

Financial assets are considered to be of good quality and there is no significant credit risk.

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally performed in accordance with practice and limits set by the Company.

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Contractual maturities of financial liabilities:

Particulars	Less than 1 year	More than 1 year	Total
31 December 2024			
Long term borrowings and interest	31,859,288	63,023,821	94,883,109
Short term borrowings	546,552,765	-	546,552,765
Trade payables	203,763,973	-	203,763,973
Deposits	2,948,566	-	2,948,566
Other payables	28,284,606	-	28,284,606
Total non-derivative liabilities	**813,409,198**	**63,023,821**	**876,433,019**
31 December 2023			
Long term borrowings and interest	24,924,985	84,081,385	109,006,371
Short term borrowings	365,016,947	-	365,016,947
Trade payables	172,685,797	-	172,685,797
Deposits	3,467,895	-	3,467,895
Other payables	4,958,750	-	4,958,750
Total non-derivative liabilities	**571,054,374**	**84,081,385**	**655,135,759**

(B) Market risk

(i) Foreign currency risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The company is exposed to foreign currency risk as it maintains a foreign currency bank account and has a foreign exchange receivable.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Nu. are as follows:

Particulars	31 December 2024	31 December 2023
	USD	USD
Financial assets	-	-

Particulars	31 December 2024	31 December 2023
	BDT	BDT
Financial assets	2,305,890	852,373

The receivable/ payable from/to India is in foreign currency (Indian Rupee) which does not have foreign exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR).

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Change in currency exchange rate	Impact on profit before tax	
		31 December 2024	31 December 2023
USD sensitivity			
Appreciation in Nu.	5%	-	-
Depreciation in Nu.	-5%	-	-
BDT sensitivity			
Appreciation in Nu.	5%	82,551	32,305
Depreciation in Nu.	-5%	(82,551)	(32,305)

* *Holding all other variables constant*

As value of Nu. is constantly equal to the INR, company is not exposed to any foreign currency risk relating to amount receivables/ payable in INR.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

(a) Interest rate risk exposure

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31 December 2024	31 December 2023
Variable rate borrowings	94,883,109	109,006,371

(b) Sensitivity

Profit before tax is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	*Impact on profit before tax	
	31 December 2024	31 December 2023
Interest rate – increase by 0.5%	(474,416)	(545,032)
Interest rate – decrease by 0.5%	474,416	545,032

** Holding all other variables constant*

(ii) Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company does not have any financial asset investments which are exposed to price risk.

Note 37: Disclosure for employees' benefit - defined benefit scheme (Gratuity)

A. Change in defined benefit obligation (DBO)	31 December 2024	31 December 2023
DBO at end of prior period	32,786,256.63	26,012,873.00
Current service cost	4,921,677.00	4,071,009.98
Interest cost on the DBO	2,148,891.00	1,784,323.98
Past service cost - plan amendments	(4,175,623.00)	(4,443,773.12)
Actuarial (gain)/loss - experience	(7,031,263.00)	(7,902,474.96)
Actuarial (gain)/loss - financial assumptions	(6,627,768.00)	14,174,656.49
DBO at end of current period	**36,084,696.63**	**32,786,256.63**

B. Statement of Profit & Loss	31 December 2024	31 December 2023
Current service cost	4,921,677.00	4,071,009.98
Net interest on net defined benefit liability / (asset)	2,148,891.00	1,784,323.98
Cost recognized in P&L	**7,070,568.00**	**5,855,333.96**

C. Other Comprehensive Income (OCI)	31 December 2024	31 December 2023
Actuarial (gain)/loss due to liability experience	7,031,263.00	(7,902,474.96)
Actuarial (gain)/loss due to liability assumption changes	(6,627,768.00)	14,174,656.49
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**403,495.00**	**6,272,181.53**

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D. Reconciliation of Net Balance Sheet Position	31 December 2024	31 December 2023
Net defined benefit asset/ (liability) at end of prior period	32,786,256.63	26,012,873.00
Current service cost	7,070,568.00	4,071,009.98
Net interest on net defined benefit liability/ (asset)	-	1,784,323.98
Amount recognized in OCI	403,495.00	6,272,181.53
Benefit paid directly by the company	(4,175,623.00)	(4,443,773.12)
Net defined benefit asset/ (liability) at end of current period	**36,084,696.63**	**33,696,615.37**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2024	31 December 2023
Up to 1 year	5,259,554.00	6,309,348.06
Between more than 1 to 3 years	14,812,894.00	17,952,208.09
Between more than 3 to 5 years	18,985,858.00	25,368,756.20
Between more than 5 to 10 years	31,917,103.00	53,330,680.05

(i) Expected employer contributions for the period ending 31 December 2025 Nu 7,623,365.00

(ii) Weighted average duration of defined benefit obligation 11.74 years (31 Dec 2024: 15.28 years)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2024	31 December 2023
Discount rate	7.00%	7.50%
Effect on DBO due to 0.5% increase	34,663,904.00	31,355,174.67
Effect on DBO due to 0.5% decrease	37,615,283.00	34,338,167.57

B. Salary escalation rate	31 December 2024	31 December 2023
Salary escalation rate	8.00%	10.50%
Effect on DBO due to 0.5% increase	39,203,911.00	34,375,094.88
Effect on DBO due to 0.5% decrease	33,342,944.00	31,305,031.68

C. Mortality rate	31 December 2024	31 December 2023
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

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D. Employee turnover rate	31 December 2024	31 December 2023
Employee turnover rate	7.00%	7.32%
Effect on DBO due to 1% increase	35,783,982.00	32,076,594.47
Effect on DBO due to 1% decrease	36,422,152.00	33,545,704.53

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase of the plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Liquidity risk:

This is the risk that the plan is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets.

Demographic risk:

The company has used certain mortality and attrition assumptions in the valuation of liability. Thus, the plan is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Asset liability mismatching or market risk:

The duration of the liability is longer than the duration of assets exposing the company to market risk for volatilities/fall in interest rate.

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Investment risk:

The plan is exposed to the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Note 37: Disclosure for employees benefit - defined benefit scheme (Travel allowance)

A. Change in defined benefit obligation (DBO)	31 December 2024	31 December 2023
DBO at end of prior period	1,664,648.27	2,730,885.00
Current service cost	1,802,991.00	334,310.51
Interest cost on the DBO	101,916.00	180,324.43
Actuarial (gain)/loss - experience	2,775,505.00	(1,473,426.31)
Actuarial (gain)/loss - financial assumptions	(1,179,367.00)	531,578.51
Benefits paid	(417,418.00)	(653,118.56)
DBO at end of current period	**4,748,275.27**	**1,664,648.27**

B. Statement of Profit & Loss	31 December 2024	31 December 2023
Current service cost	1,802,991.00	334,310.51
Net interest on net defined benefit liability / (asset)	101,916.00	180,324.43
Cost recognized in P&L	1,904,907.00	**514,634.94**

C. Other Comprehensive Income (OCI)	31 December 2024	31 December 2023
Actuarial (gain)/loss due to liability experience	2,775,505.00	(1,473,426.31)
Actuarial (gain)/loss due to liability assumption changes	(1,179,367.00)	531,578.51
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**1,596,138.00**	**(941,847.80)**

D. Reconciliation of Net Balance Sheet Position	31 December 2024	31 December 2023
Net defined benefit asset/ (liability) at end of prior period	1,664,648.27	2,730,885.00
Amount recognized in OCI	1,596,138.00	(927,753.11)
Amount recognized in profit & loss	1,904,907.00	514,634.94

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	31 December 2024	31 December 2023
Benefit paid directly by the company	(417,418.00)	(653,118.56)
Net defined benefit asset/ (liability) at end of current period	**4,728,275.27**	**1,664,648.27**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2024	31 December 2023
Up to 1 year	376,508.00	710,151.72
Between more than 1 to 3 years	1,138,229.00	1,849,056.47
Between more than 3 to 5 years	1,796,135.00	2,530,197.21
Between more than 5 to 10 years	3,573,241.004	4,396,233.54

(i) Expected employer contributions for the period ending 31 December 2025 is Nu.1,706,372.00

(ii) Weighted average duration of defined benefit obligation 11.63 years (31 Dec 2023: 11.17 years)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2024	31 December 2023
Discount rate	7.00%	7.50%
Effect on DBO due to 0.5% increase	4,503,820.00	1,610,374.20
Effect on DBO due to 0.5% decrease	5,015,064.00	1,723,135.47

B. Salary escalation rate	31 December 2024	31 December 2023
Salary escalation rate	8.00%	10.50%
Effect on DBO due to 0.5% increase	5,295,606.00	1,725,942.83
Effect on DBO due to 0.5% decrease	4,279,404.00	1,607,085.21

C. Mortality rate	31 December 2024	31 December 2023
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2024	31 December 2023
Employee turnover rate	7.00%	7.32%
Effect on DBO due to 1% increase	4,712,607.00	1,651,160.77
Effect on DBO due to 1% decrease	4,790,778.00	1,678,987.99

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase of the plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Liquidity risk:

This is the risk that the plan is not able to meet the short-term payouts. This may arise due to non-availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets.

Demographic risk:

The company has used certain mortality and attrition assumptions in the valuation of liability. Thus, the plan is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Asset liability mismatching or market risk:

The duration of the liability is longer than the duration of assets exposing the company to market risk for volatilities/fall in interest rate.

Investment risk:

The plan is exposed to the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

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Note 37: Disclosure for employees benefit - defined benefit scheme (Transport Charge)

A. Change in defined benefit obligation (DBO)	31 December 2024	31 December 2023
DBO at end of prior period	1,283,497.34	3,553,218.00
Current service cost	1,491,412.00	242,010.58
Interest cost on the DBO	71,182.00	244,116.86
Actuarial (gain)/loss - experience	1,965,868.00	(2,254,597.86)
Actuarial (gain)/loss - financial assumptions	191,517.00	52,348.55
Benefits paid	(533,211.00)	(596,653.20)
DBO at end of current period	**4,470,265.34**	**1,283,497.34**

B. Statement of Profit & Loss	31 December 2024	31 December 2023
Current service cost	1,491,412.00	242,010.58
Net interest on net defined benefit liability / (asset)	71,182.00	244,116.86
Cost recognized in P&L	**1,562,594.00**	**486,127.44**

C. Other Comprehensive Income (OCI)	31 December 2024	31 December 2023
Actuarial (gain)/loss due to liability experience	1,965,868.00	(2,254,597.86)
Actuarial (gain)/loss due to liability assumption changes	191,517.00	52,348.55
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**2,157,385.00**	**(2,202,249.31)**

D. Reconciliation of Net Balance Sheet Position	31 December 2024	31 December 2023
Net defined benefit asset/ (liability) at end of prior period	1,283,497.33	3,553,218.00
Amount recognized in OCI	2,157,385.00	(2,159,194.91)
Amount recognized in profit & loss	1,562,594.00	486,127.44
Benefit paid directly by the company	(533,211.00)	(596,653.20)
Net defined benefit asset/ (liability) at end of current period	**4,470,265.33**	**1,283,497.33**

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E. Expected benefit payments (undiscounted) for the year ending	31 December 2024	31 December 2023
Up to 1 year	478,583.00	693,361.47
Between more than 1 to 3 years	1,336,653.00	1,913,052.30
Between more than 3 to 5 years	2,075,799.00	2,820,605.72
Between more than 5 to 10 years	3,931,303.00	4,943,763.79

(i) Expected employer contributions for the period ending 31 December 2025 Nu 1,480,259.00

(ii) Weighted average duration of defined benefit obligation 9.59 years (31 Dec 2023:10.22 years)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2024	31 December 2023
Discount rate	7.00%	7.50%
Effect on DBO due to 0.5% increase	4,278,749.00	1,246,259.11
Effect on DBO due to 0.5% decrease	4,677,051.00	1,323,246.46

B. Carrier charges	31 December 2024	31 December 2023
Carrier charges	5.00%	5.10%
Effect on DBO due to 0.5% increase	4,905,110.00	1,327,759.09
Effect on DBO due to 0.5% decrease	4,091,213.00	1,241,668.86

C. Mortality rate	31 December 2024	31 December 2023
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2024	31 December 2023
Employee turnover rate	7.00%	7.32%
Effect on DBO due to 1% increase	4,542,036.00	1,290,200.93
Effect on DBO due to 1% decrease	4,389,732.00	1,276,437.96

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Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:
The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:
The present value of the defined benefit plan is calculated with the assumption of salary increase of the plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Liquidity risk:
This is the risk that the plan is not able to meet the short-term payouts. This may arise due to non-availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets.

Demographic risk:
The company has used certain mortality and attrition assumptions in the valuation of liability. Thus, the plan is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Asset liability mismatching or market risk:
The duration of the liability is longer than the duration of assets exposing the company to market risk for volatilities/fall in interest rate.

Investment risk:
The plan is exposed to the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Note 37: Disclosure for employees benefit - defined benefit scheme (Transfer grant)

A. Change in defined benefit obligation (DBO)	31 December 2024	31 December 2023
DBO at end of prior period	1,664,648.58	2,717,161.00
Current service cost	1,802,991.00	332,161.94
Interest cost on the DBO	103,254.00	177,784.79
Actuarial (gain)/loss - experience	2,715,161.00	(1,414,738.31)
Actuarial (gain)/loss - financial assumptions	(1,178,992.00)	531,578.51
Benefits paid	(379,174.00)	(693,394.35)
DBO at end of current period	**4,727,888.58**	**1,650,553.58**

B. Statement of Profit & Loss	31 December 2024	31 December 2023
Current service cost	1,802,991.00	332,161.94
Net interest on net defined benefit liability / (asset)	103,254.00	177,784.79
Cost recognized in P&L	**1,906,245.00**	**509,946.73**

C. Other Comprehensive Income (OCI)	31 December 2024	31 December 2023
Actuarial (gain)/loss due to liability experience	2,715,161.00	(1,414,738.31)
Actuarial (gain)/loss due to liability assumption changes	(1,178,992.00)	531,578.51
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**1,536,169.00**	**(883,159.80)**

D. Reconciliation of Net Balance Sheet Position	31 December 2024	31 December 2023
Net defined benefit asset/ (liability) at end of prior period	1,664,648.58	2,717,161.00
Amount recognized in OCI	1,536,169.00	(869,064.80)
Amount recognized in profit & loss	1,906,245.00	509,946.73
Benefit paid directly by the company	(379,174.00)	(693,394.35)
Acquisitions credit/ (cost)		
Cost of termination benefits		
Net defined benefit asset/ (liability) at end of current period	**4,727,888.58**	**1,664,648.58**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2024	31 December 2023
Up to 1 year	354,693.00	664,859.59
Between more than 1 to 3 years	1,116,414.00	1,803,764.34
Between more than 3 to 5 years	1,774,320.00	2,484,905.08
Between more than 5 to 10 years	3,551,426.00	4,350,941.41

(i) Expected employer contributions for the period ending 31 December 2025 Nu 1,705,708.00

(ii) Weighted average duration of defined benefit obligation 11.69 years (31 Dec 2023: 11.30 years)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2024	31 December 2023
Discount rate	7.00%	7.50%
Effect on DBO due to 0.5% increase	4,483,527.00	1,610,374.20
Effect on DBO due to 0.5% decrease	4,994,580.00	1,723,135.47

B. Salary escalation rate	31 December 2024	31 December 2023
Salary escalation rate	8.00%	10.50%
Effect on DBO due to 0.5% increase	5,275,029.00	1,725,942.83
Effect on DBO due to 0.5% decrease	4,259,205.00	1,607,085.21

C. Mortality rate	31 December 2024	31 December 2023
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2024	31 December 2023
Employee turnover rate	7.00%	7.32%
Effect on DBO due to 1% increase	4,689,307.00	1,651,160.77
Effect on DBO due to 1% decrease	4,773,303.00	1,678,987.99

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

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The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase of the plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Liquidity risk:

This is the risk that the plan is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets.

Demographic risk:

The company has used certain mortality and attrition assumptions in the valuation of liability. Thus, the plan is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Asset liability mismatching or market risk:

The duration of the liability is longer than the duration of assets exposing the company to market risk for volatilities/fall in interest rate.

Investment risk:

The plan is exposed to the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Note 38: Contingent liability

The company has no outstanding legal claims filed against the company.

Note 39: Court cases filed against company's debtors.

Sl. No.	Clients	Amount (Nu.)	Year	Status
1	Dechen Pemo	207,414.59	2018	Judgment appealed to Supreme Court.
2	Ugyen Dorji Tshechu	379,025.10	2022	Judgment appealed to High Court.
3	Phajo Nidup	1,443,323.00	2022	Submitted to Phuntsholing Court for judgement enforcement.
4	Phajo Nidup	7,269,979.43	2022	Submitted to Thimphu Court for judgment enforcement.
5	Ajang Gari Auto spare parts	752,456.07	2023	Case ongoing at court.

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6	Pema Tobgay	2,650,350.82	2018	Case ongoing at court.
7	Ugyen Wangchuk (Deyjung Const.)	6,285,390.29	2018	Case under arbitration.
8	Lobzang Tshering	1,828,312.82	2022	Case under arbitration.
9	Sonam Norbu	1,011,579.50	2021	Case ongoing at court.
10	Mr. Sonam Jamtsho	3,282,943.25	2018	Case ongoing at court.
11	Khenrab Wangchuk	34,281,907.69	2023	Case under arbitration.
12	Phuntsho Tobden Wangyel	6,826,249.78	2023	Award rendered but applied for clarification.
13	Karma Rinzin	2,412,566.64	2022	Case ongoing at court.
14	Pema Tobgay	2,380,361.36	2022	Case ongoing at court.
15	Ngawang Tshering	2,742,613.30	2022	Received payments (Nu.400,000 & Nu.253,450 in 2024)
16	Pema Khenrab	19,380,723.10	2018	Case under arbitration.

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Ratio Analysis

RATIO ANALYSIS

Ratio	2024	2023	Remarks
Current Ratio	1.12	1.21	Current Assets has decreased proportionately compared to 2023. The reason for decrease in current ratio was due to increase in trade and other payables.
Acid Test Ratio	0.64	0.66	Acid test ratio has decreased compared to previous year due to increase in short-term borrowing and trade and other payables.
Fixed Assets Turnover Ratio	9.68	6.64	Fixed asset turnover ratio has increased due to increase in revenue for the year.
Inventory Turnover Ratio	13.26	7.83	There was increase in the inventory ratio due to increase in revenue and cost of goods sold accordingly.
Trade Receivable Turnover Ratio	22.02	28.24	There was increase in revenue as compared to previous year led to decrease in trade receivable turnover ratio.
Return on Investment	0.64	2.01	Due to decrease in net profit, the return on investment has decreased.
Net Profit Ratio	0.07	0.37	Due to increase in expenses, the net profit ratio has decreased.
Earnings Per Share	0.18	0.71	Due to decrease in net profit, the earnings per share has decreased.

For Ghosh & ASSOCIATES
Chartered Accountants
Firm's Registration no. 322016E

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

CA. P.P. Ghosh, Partner
Membership No. 055752
UDIN: 25055752BNFYKC4317
Place: Thimphu, Bhutan
Date: 05/05/2025

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STCBL

State Trading Corporation of Bhutan Ltd.