



# ANNUAL REPORT

**NRDCL**  
a **dhi** Company

**2022**

**NATURAL RESOURCES DEVELOPMENT  
CORPORATION LIMITED**

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**NRDCL**

a **dhi** Company

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“As a developing country,  
we have limited resources. We must  
manage our available resources wisely,  
minimize waste, and ensure that all our  
resources are directed at improving the  
wellbeing of the people, and in fulfilling  
our national vision”

- His Majesty The King Jigme Khesar Namgyel Wangchuck



# ANNUAL REPORT 2022

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On behalf of the Natural Resources Development Corporation Limited (NRDCL) Management, I would like to present its Annual Report for the year 2022 highlighting the key aspects of the business activities, achievements and challenges.

With the country just recovering from COVID-19 pandemic, the company witnessed numerous challenges especially the huge accumulation of unsold timbers which were getting deteriorated, poor export market for boulders resulting from overall economic crises in the region, and poor liquidity position of the company. Also, there was restriction on timber production volume due to the company's inability to clear the old stock. Nevertheless, it made persistent efforts in fulfilling its mandates of making the construction materials available, accessible, and affordable. The company generated a revenue of Nu. 755.201 million in 2022, which is a decrease of Nu. 8.953 million from 2021.



In an effort to clear the old timber stock and minimize the loss from its deterioration, the company resorted to discount sales, sawing and value addition. A total of 0.460 million cft of old stock timber valued at Nu. 81.699 million were sold for Nu. 46.374 resulting in a financial loss of Nu. 35.325 million.

The pandemic kept us on our toes and gave us an opportunity to rethink, realign, and consider new avenues for improving operational efficiency and service delivery. The company seized the opportunity to focus and venture into timber value addition activities especially on the production of construction joineries such as doors, windows, and dimensional timbers.

As part of improving service delivery, the online service app "My Resource App" is continuously being improved and enhanced for resources optimization, scale, and efficiency. E-payment system for automating online payments was also introduced.

Despite the numerous issues and challenges associated with the boulder business like poor export market, transportation and cross border issues, the company made continuous efforts to boost its boulder export through adoption of multipronged approach such as pursuing of departmental export, export through agent, and export through sales of boulders to private exporters. The company also established direct business to business connection with the customers in Bangladesh.





On the front of its corporate social responsibilities, the company undertook various plantation programs, supplied firewood to the Point of Presence (PoPs) and De-suups on duty in Thimphu. The company also continued to supply Kidu firewood to the retail outlet at Hejo cremation ground.

As we continue in our endeavor in natural resources management with renewed energy, integrity and commitment, I would like to thank all our valued customers for being with us and providing us with the platform to grow and improve in our business system. I also take this privilege to thank the DHI and the NRDC Board for all the guidance and support. I am equally thankful to the DoFPS, MoENR and all other relevant stakeholders for their continued cooperation and support in enabling us to collectively support nation building. I thank all the employees of the company for their unwavering efforts and hard work despite numerous challenges faced in the year 2022.

I on behalf of the employees of the company and on my own behalf, would like to rededicate our services to the Tsawa-Sum and look forward to having a successful year 2023.

*Kadrincheyla*

Yours Sincerely

(Jigme Thinley)  
**Offtg. Chief Executive Officer**



## VISION

### VISION

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To be the premier institution in providing reliable and quality natural resource products and services to support nation building.

### MISSION

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Sustainably harvest and market the nation's natural resources ensuring availability, accessibility and affordability.



## MISSION



## VALUES

### CORE VALUES

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1. Steadfast service delivery: Strive to deliver services at the shortest possible time.
2. Proactiveness and promptness: Be proactive and act promptly and ensure that required timely actions are taken.
3. Productivity and Efficiency: Strive for highest-levels of productivity and efficiency.
4. Innovation and Creativity: Be creative and innovative in improving the products, services, and technologies to realize our strategic goals (vision, mission and objectives)
5. Integrity and Honesty: Be fair, honest and ethical in what we seek to do and how we deliver as an organization, and have zero tolerance to corruption.



Natural Resources Development Corporation Limited (NRDCL) was established in November 2007 based on an Executive Order of the Royal Government of Bhutan, which was issued in response to the Royal Command conveyed to the 87th session of the National Assembly. However, its history dates back to 1979 when it was created as the Logging Division under the Department of Forest, Ministry of Agriculture. In 1984, the Logging Division was transitioned into a State-Owned Enterprise known as the Bhutan Logging Corporation. BLC evolved into the Forestry Development Corporation Limited (FDCL) in 1996 with the assignment of additional commercial mandates, before setting into its present state as the NRDCL in 2007.

NRDCL is a fully-owned Druk Holding and Investments (DHI) company. The company is governed by the Articles of Incorporation under the Companies Act of the Kingdom of Bhutan 2016. The company engaged in the business of harvesting, processing, and marketing of timber and timber products, sand, stone, and stone aggregates, through its four regional offices, two branch offices, and two service centres as given below with administrative office in Thimphu.

Sl. No.	Name of Region/ Branch/Centre	Activities/Products	Coverage/Operational Area
1	Rinpung Region	Timber, Sand & Stone (except sand business from Wangdue under Sha Branch)	Thimphu, Paro, Haa, Wangdue, Punakha, Gasa, Dagana & Tsirang
2	Phuentsholing Region	Timber, Sand & Stone	Chhukha, Samtse & Lhamoiz- ingkha (Dagana)
3	Jakar Region	Timber, Sand & Stone	Bumthang, Trongsa & Zhemgang
4	Zhonggar Region	Timber, Joinery Products, Sand, Stone & Stone aggregate	Mongar, T/Yangtse, T/Gang, Lhuentse, P/Gatshel & S/ Jongkhar
5	Sha Branch	Sand, Stone & Stone aggregate	Wangdue & Dagana
6	Gelephu Branch	Timber, Sand, Stone & Stone aggregate	Sarpang
7	Wood Craft Centre (WCC)	Timber related value-added products	Operational from Lanjophaka, Thimphu
8	Wang Service Centre (WSC)	Wood Joinery Products, Briquette & Sawn Timber	Operational from Ramtokto, Thimphu

## A GLANCE AT THE COMPANY'S PERFORMANCE IN THE LAST FIVE YEARS

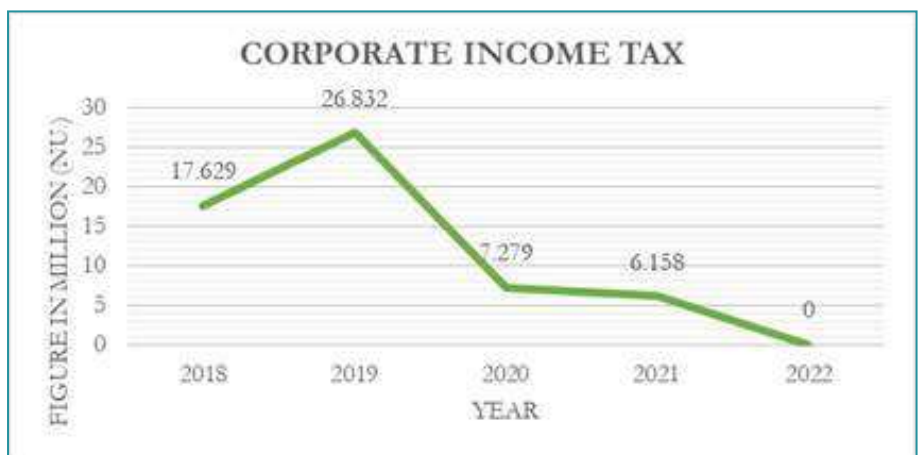
REVENUE	
Year	Revenue
2018	681.67
2019	787.39
2020	630.32
2021	764.15
2022	755.20



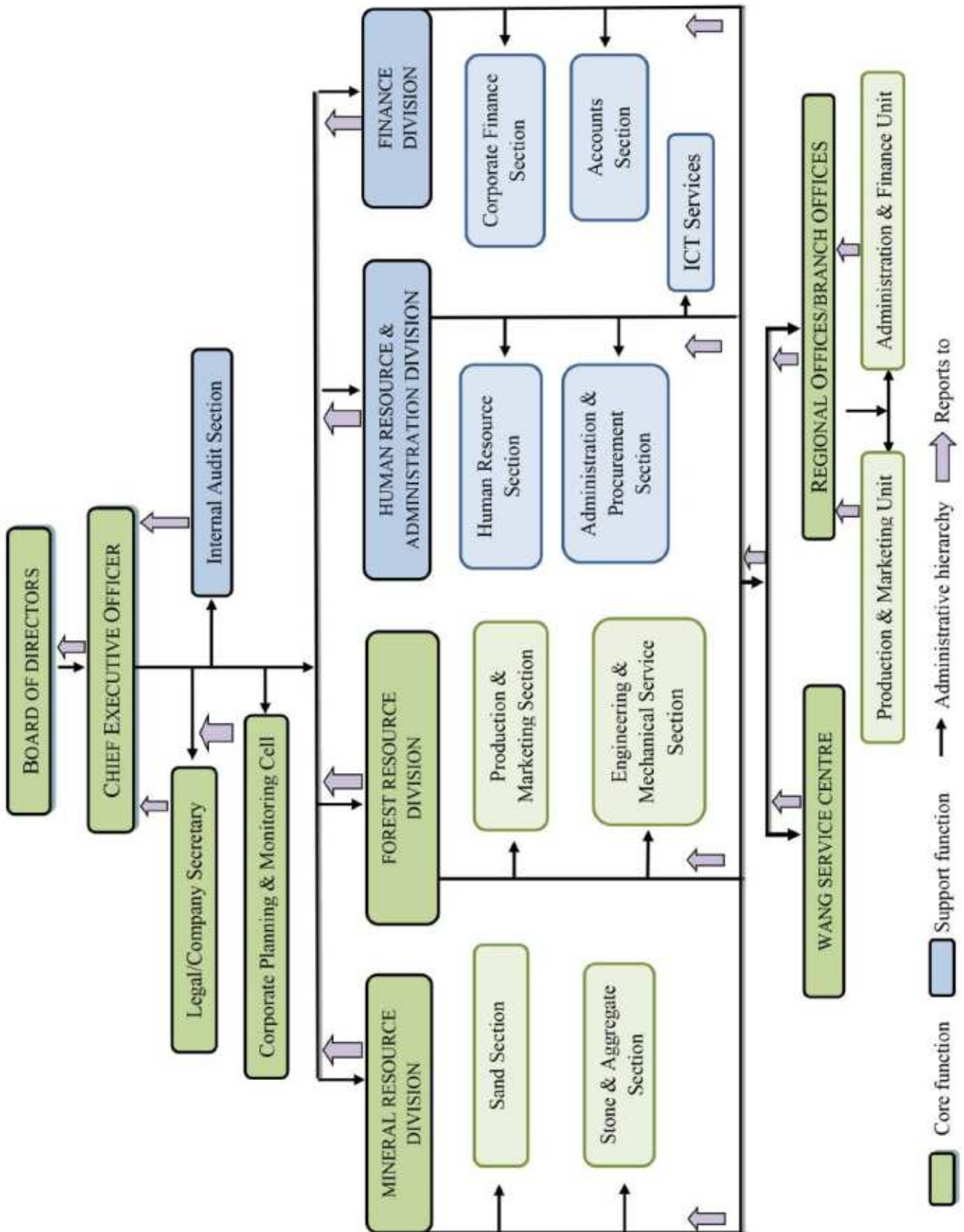
PROFIT AFTER TAX	
Year	PAT
2018	39.808
2019	51.569
2020	12.13
2021	1.084
2022	-25.37



CORPORATE INCOME TAX	
Year	CIT
2018	17.629
2019	26.832
2020	7.279
2021	6.158
2022	-



# ORGANIZATION STRUCTURE



## BOARD OF DIRECTORS



Dasho Karma Tshiteem is the Chairman of NRDCL Board. Dasho serves as the Head of the National Service Core Working Group. Prior to that, Dasho has served in various capacities in the Royal Government of Bhutan such as the Member of the Internal Government, 2018, Chairman of the Royal Civil Service Commission and the Secretary of the Gross National Happiness Commission. Dasho has also served in many other important managerial positions in public service and also holds additional portfolios in various committee and boards including The Royal Academy and the Royal Institute of Governance and Strategic Studies. Dasho was awarded the Red Scarf by His Majesty the King on 17 December, 2015. He has MBA from University of Canberra, Australia.



Mr. Rinzin Dorji joined the Board in March 2021 and serves as an Independent Non-Executive Director of NRDCL Board. He is currently serving as the Chief Executive Officer of Bhutan Agro Industries Limited. Prior that, he had served as the Secretary of Ministry of Agriculture & Forests and shouldered various other important portfolios in the Government. He received his Master in Public Administration from Virginia Commonwealth University, United States of America and Bachelor degree from Punjab University, India.



Mr. Karma Tenzin joined the Board from November 2020 and serves as an Independent Non-Executive Director of NRDCL Board. His Majesty The King appointed Karma Tenzin as a Zimpon Wogma on 10 November 2016. Previously, he served as Livestock Officer under Department of Livestock and also served at the National Cold Water Fishery Centre, Haa. He was also the Project Coordinator of the Royal Projects Coordination Office under the Ministry of Agriculture and Forests. He has a Bachelor Degree from Sherubtse College, Kanglung and Master Degree in Biology (Environmental Fisheries) from the University of New Brunswick, Canada.



Mr. Rinchen Wangdi joined the Board from March 2020 and serves as an Independent Non-Executive Director on NRDCL Board. He is currently serving as the Director of the Gross National Happiness Commission. He received his Master Degree in Development Economics from Australian National University (ANU), Canberra, Australia. He has Bachelor of Arts from Sherubtse College, Kanglung.



Mr. Chencho joined the Board in March 2021 and serves as an Independent Non-Executive Director of the NRDCL Board. He is currently serving as the Cabinet Director and Principal Secretary to Hon'ble Prime Minister. He received his Master in Applied Science (Information System) RMIT University, Australia and Bachelors in Information Technology from Sherubtse College. Before joining to the Prime Minister's Office, he served as a Chief Program Officer in GNHC.



Mr. Ugyen Wangdi is an Associate Director at Druk Holding and Investments (DHI) Limited. Ugyen received his Bachelor's of Science degree from Sherubtse College and Masters in Business Administration with finance specialization from Australian National University, Canberra. He also obtained one year post graduate diploma in public administration prior to his appointment in civil service in 2006. Ugyen has over 15 years of experience in the corporate governance (CG) and currently heads the CG functions at DHI.



Mr. Bachu Phub Dorji joined NRDCL as its Chief Executive Officer in November 2020. Prior to joining NRDCL, he had the privilege of serving as the Managing Director of Kuensel Corporation Ltd., an Advisor in the 2nd Interim Government, a Commissioner for RCSC and a Militia Officer. He has Master in Infrastructure Management and Post Graduate Diploma in Development Administration from Australian National University, Australia.

## MANAGEMENT TEAM



**Bachu Phub Dorji**  
Chief Executive Officer

Mr. Bachu Phub Dorji joined NRDCL as its Chief Executive Officer in November 2020. Prior to joining NRDCL, he had the privilege of serving as the Managing Director of Kuensel Corporation Ltd., an Advisor in the 2nd Interim Government, a Commissioner for RCSC and a Militia Officer. He has Master in Infrastructure Management and Post Graduate Diploma in Development Administration from Australian National University, Australia.



**Sonam Chopel**  
General Manager  
Finance Division

MBA from  
University of  
Canberra, Australia



**Ashit Chhetri**  
General Manager  
HR & Admin. Division

MSc. in Natural  
Resource Management  
from Mahidol  
University, Thailand



**Deo Kr. Biswa**  
General Manager  
Forest Resources  
Division

MBA from Utkal  
University, Bhu-  
baneswar, India



**Dorji Wangmo**  
General Manager  
Mineral Resources  
Division

Master in Management  
from University of  
Canberra, Australia

**Sangay Choden**  
Company Secretary  
Office of the Company  
Secretary

PGDNL,  
BA (LLB Hons.)



**Karma Wangdi**  
Head/Sr. Analyst  
Corporate Planning &  
Monitoring Cell

MBA, B Com (Hons.)

To the Shareholder,

On behalf of the Board of Directors of Natural Resources Development Corporation Limited (NRDCL) and the management, I would like to present the Directors' Report for the year ending 31st December 2022.

The year 2022 has been difficult for NRDCL owing to the challenges imposed by the post Covid-19 pandemic. The company, with primary responsibility to provide construction materials to the general public was directly affected because of the ripple effect unleashed by the pandemic which has adversely affected the physical and financial performance of the company. Despite the challenges, NRDCL through its concerted efforts, attempted various approaches in order to fulfil its mandate of 3As (making natural resources available, affordable and accessible) and to contribute significantly towards nation's development.

The report on the operational and financial performance of the company for the year 2022 is presented below.

## 1. Operational highlights

The product-wise production and disposal report for 2022 vis-à-vis 2021 and 2020 are presented in the table below.

#	Particulars	2022			2021 Achievement (Quantity)	2020 Achievement (Quantity)
		Annual Target	Achievement (Quantity)	Achievement %		
	<b>Core products</b>					
1	Timber Production (cft.)	2,238,103.27	1,779,387.35	79.50%	1,554,399.48	2,693,875.03
2	Timber Disposal (cft.)	1,820,447.14	2,057,038.83	112.99%	1,866,326.13	1,687,893.35
3	Sand Production (m3)	537,512.00	468,536.17	87.16%	381,675.11	491,021.45
4	Sand Disposal (m3)	541,420.00	499,353.98	92.23%	391,155.96	467,522.66
5	Stone Production (cft)	36,968,039.00	15,109,092.43	40.87%	23,079,963.83	16,158,282.42
6	Stone Disposal (cft)	36,963,575.92	13,712,491.35	37.09%	22,696,454.96	13,019,298.54
7	Stone Chips Production (cft)	5,562,602.58	3,015,745.57	54.21%	3,048,134.18	701,571.35
8	Stone Chips Disposal (cft)	5,562,602.58	2,783,538.52	50.04%	2,716,767.13	704,727.26

## 1.1. Timber

- a. Timber production in 2022 was 1.779 million cft against the target of 2.238 million cft. Timber target allotted by the DoFPS was 1.75 million cft which in actual has been achieved. Production target was increased to 2.238 million cft with a provision to seek additional volume from the DoFPs to meet the increased demand and expected financial return to the shareholder.
- b. Total revenue of Nu. 322.647 million was earned from the sale of timber in 2022 against the target of Nu. 323.534 million as compared to revenue earning of Nu. 315.187 million in 2021.
- c. Revenue from sale of timber was affected to great extent because of the following reasons:
  - i) Sale of old and deteriorated timber stock at discounted rate with revenue implication of Nu. 41.332 million,
  - ii) Lack of demand for old and deteriorated/poor-quality timber, and
  - iii) Shortfall in the actual timber production against the target by 0.459 million cft with estimated revenue implication of 73 million.
- d. The emergence of COVID-19 had resulted in deterioration of accumulated timbers due to the unavailability of market and the halt in construction industry. With the support from DoFPS, MoAF NRDCL managed to dispose around 170809 cft of Broadleaved timber and 37,675.77cft of unsold lops tops as firewood through export. NRDCL had also disposed such deteriorated timbers through offering appropriate discount rates to the interested customers taking into account the age analysis.
- e. The closing stock of log, pole and hakaries stood at 0.577 million cft. and total sawn timber and block timber 0.074 million cft. at the end of 2022.
- f. For timber activities, NRDCL is guided by Timber Extraction and Distribution Modality (TEDM), 2019 formulated by the erstwhile Department of Forest and Park Services, MoAF.
- g. There is no freehand in terms of marketing and distribution of all timbers extracted by the company although NRDCL invests heavily in machineries for scientific logging from various parts of the country. 50% of timber is allotted to Association of Wood Based Industries and the other 50% has to be supplied through close coordination with the DoFPS.

## 1.2. Sand

- a. Sand extraction in 2022 was 468,536.17 m<sup>3</sup> against the target of 537,512.00 m<sup>3</sup> and disposal was 499,353.98 m<sup>3</sup> against the target of 541,420.00 m<sup>3</sup>.
- b. Total revenue of Nu.112.335 million was earned from sale of sand in 2022 against the target of Nu.135.653 million as compared to revenue earning of Nu.100.664 million in 2021.
- c. Sha Branch continues to be the main source for supply of sand for Thimphu, Wangdue, Punakha, Tsirang, Dagana, Paro, Haa, Trongsa and Chukha Dzongkhags. About 55% of the total sand supply made during 2022 was from Sha Branch followed by Zhonggar Region about 19% of the total supply and Gelephu Branch about 18% of the total supply during the year.



- d. With the change in policy, all River Bed materials (RBM) sites along the southern belt were taken over by the Department of Forest and Park Services (DoFPS) for allotment through open auction. With surrendering of RBM sites, NRDCL also lost most of the sand extraction sites (as many of the sand extractions were alongside the RBM sites) under Phuentsholing and Gelephu Regional/Branch offices thereby disrupting the overall sand supply.
- e. As the RBM sites under Mao chu (main source of sand collection) were taken over by the DoFPS, the management requested the DoFPS to allot the sand collection sites to NRDCL to meet the sand supply to Gyalsung and other important projects in Gelephu. The DoFPS allotted a small sand collection site at Mao in September 2022 but the stock lasted for a month only. Therefore, further request was submitted for allotment of bigger sand collection sites at Mao chu and accordingly about 270 acres was allotted to NRDCL, but it requires site development works for extraction of sand in the next season.

Supply of sand for Gyalsung project and rural households are done directly by DoFPS.

- f. Overall production target for sand could have easily achieved with increased production in the eastern part of the country but the production is scaled down as there is a market issue. One of the major challenges for NRDCL is mismatch in demand and supply centre.

### 1.3. Stone

- a. Stone/boulder extraction in 2022 was 15.109 million cft. against the target of 36.968 million cft and disposal was 13.712 million cft. against the target of 36.963 million cft.
- b. Total revenue of only Nu.119.489 million was earned from sale of stone in 2022 against the target of Nu. 368.709 million as compared to revenue earning of Nu. 127.906 million in 2021.
- c. The implementation of new system for payment of Reserve Price (RP) for surface collection and dredging sites along the southern border started from April 2022. The implementation of the new system in Gelephu was done with affect from August 2022. The approval for three RBM sites proposed to retain by NRDCL was delayed by 3 months' time which has affected the production and disposal of stone from Gelephu Branch.
- d. Economic condition especially Dollar crises faced by the main importing country Bangladesh has affected the overall demand for stone. As a result, the production of stone had to be scaled down.

### 1.4. Stone Chips

- a. Stone chips production in 2022 was 3.015 million cft. against the target of 5.562 million cft. and disposal was 2.783 million cft. against the target of 5.562 million cft.
- b. Currently, three of the five crushing plants are completely dedicated to supply of stone chips requirement of the Gyalsung Infra projects. Production is mainly focused on 20 mm and 10 mm products. Production of 40 mm which constitute 40% of the production is blocked and 5 mm products is not accounted in the production as there is no market.
- c. Total revenue of Nu. 48.638 million was earned from the sale of stone aggregates in 2022 against the target of Nu. 99.100 million as compared to revenue earning of Nu. 50.565 million in 2021.

d. About 1.312 million cft. Of raw materials were extracted for use in the stone crushing plant against the extraction of 2.663 million cft in 2021. About 2.442 million cft. of raw materials were used for production of stone aggregates in 2022. The use of raw material for production of stone aggregates in 2021 was 2.832 million cft.

The Board and management would also like to present the report on NRDCL's other important activities which arise from its social mandates and are of long-term significance, as follows:

#	Particulars	2022			2021 Achievement (Quantity)	2020 Achievement (Quantity)
		Annual Target	Achievement (Quantity)	Achievement %		
1	Glue Laminated Timber - Production (cft.)	6,000.00	3,046.00	50.76	1,344.14	5,281.22
2	Joinery- Production (sq ft.)	380,000.00	308,999.64	81.31	230,297.87	198,324.38
3	Joinery- Disposal (sq. ft.)	380,000.00	338,615.36	89.10	213,691.31	167,333.18
4	Bhutanese Craft/ Construction Joinery -Production (in Nos.)	11,818.00	34,812.62	294.57	6,186.00	-
5	Bhutanese Craft/ Construction Joinery -Disposal (in Nos.)	11,818.00	33,985.70	287.57	7,450.00	-
6	Woodchips- Production & Supply (MT)	1,930.00	2.67	0	342.88	1,111.64
7	Firewood Production (m3)	31,345.00	42,149.35	134.46	44,477.19	32,124.38
8	Firewood Supply (m3)	31,845.00	43,850.96	137.70		
9	Briquette Production (kg)	300,000.00	132,390.00	44.13	152,940.00	179,700.00
10	Briquette Disposal (kg)	300,000.00	92,198.73	30.73	167,820.00	334,560.00
11	Plantation Creation (Ha.)	33.96	25.43	74.88	53.66	66.27
12	Seedling- Production (Nos.)	195,000.00	166,284.00	85.27	186,846.00	175,735.0
13	Road Construction (km)	12.50	11.62	92.96	5.47	11.83

## 1.5. Glue Laminated Timber

- During the year 3,046.00 cft. beams of various sizes of glu-laminated timber were produced at the Glu-lam Unit at Pangbisa, Paro against the target of 6,000.00 cft. These beams were produced mainly for supply to the De-suung Skilling Programme (DSP) and other important Government Projects.
- Glu-lam product is high-end products. Production is done based on demand.

## 1.6. Joinery Products

- Produced 308,999.64 sq. ft. and disposed 338,615.36 sq. ft. of joinery respectively against the target of 380,000.00 sq. ft. from the joinery unit in Ramtokto, Thimphu and Lingmithang, Mongar.
- The revenue earning from sale of joinery products was Nu. 26.200 million against the target of Nu.26.980 million.

## 1.7. Bhutanese Crafts/ Construction Joinery

- Produced 34,812.62 Nos. of Bhutanese crafts/construction joinery against the target of 11,818 Nos. and the disposal was 33,985.70 Nos. against the target of 11,818 Nos.
- Revenue is affected because the supply to Gyalsung Infra is at service cost excluding cost of material i.e., timber
- Further, there is no standard products to scale up the volume through mass production. Every product is customized and this has affected the production efficiency level.

## 1.8. Woodchips

- A volume of 2.67 MT of woodchips was produced and sold against the target of 1,930 MT in 2022.
- Revenue of Nu. 0.043 million was earned from sale of woodchips in 2022 against the target of Nu.8.106 million as compared to revenue earning of Nu. 0.123 million in 2021.
- Demand for woodchips from the Ferro Industries have dropped because of alternative solutions.

## 1.9. Firewood

- Produced 42,149.35 (m3) of firewood against the target of 31,345.00 (m3) and the supply was 43,850.96 (m3) against the target of 31,845.00 (m3).
- Firewood supply was done based on demand and subject to availability of lops and tops or forest residue after extraction of prime timber.

## 1.10. Briquette

- During the year 132,390.00 kg sawdust briquettes were produced and 92,198.73 kg disposed against the target of 300,000.00 kg in 2022.

### 1.11. Plantation and Maintenance

- A total of 25.43 hectares of plantation was carried out in 2022 against the target of 33.96 hectares. A total amount of Nu. 5.161 million was spent for the creation and maintenance of plantation in 2022.

### 1.12. Seedling Production

- During the year 166,284 Nos. of seedlings were produced against the target of 195,000 Nos. in 2022.

### 1.13. Road Construction

- Roads are constructed to get access to the operation sites and facilitate timber harvesting which also benefits the local communities at large. NRDCL incurs huge expenditure in the construction and maintenance of road.
- During the year, 11.62 km of road construction were constructed and completed against the target of 12.50 km at a cost of Nu. 31.185 million. Approximately, Nu. 4.688 million was spent on maintenance.

### Highlights of initiatives taken for fulfilment of its mandates

- As a token of appreciation for refurbishment of works of the GST training hall, Department of Revenue and Custom, NRDCL management had received a certificate from Ministry of Finance for the works carried out in 2021.
- Taking up of construction joinery for Gyalsung Infra at Khotokha has helped the employees developed skills and professionalism in taking up the big projects. In future, NRDCL will have the required skills and capacity to take up bigger projects.
- During the nation-wide lockdown, NRDCL management had assumed the following initiatives:
- Mobilising around 17 voluntary staffs including the Hon`ble CEO to cater to the demand of firewood at the Point of Presence (PoPs) and the De-suups on duty in Thimphu. The staffs` worked untiringly in self-containment mode with the harsh weather conditions, aggravated by snowfall.
- Also, for the cremation purpose in Hejo, firewood was supplied through NRDCL making such products readily available and affordable to the public.
- The management has initiated the production and supply of dimensional timbers. Certain standard sizes of dimensional timber will be produced and if such dimensional timbers has no demand, it will be utilised as raw materials for doors and windows. The production of dimensional timbers entails overtime work i.e., 2 hours each at Wang Service Center and Wood Craft Center.

### Other activities

- For fulfilment of the company`s mandate of makings resources available, accessible and affordable, two SAGA Vacuum Dryer from China and a Mebor Branded Industrial Sawmill (HTZ1200 Plus) from Slovenia were installed at the NRDCL operational sites.

- As part of the in-house capacity development and to enhance professionalism, a week-long hands-on training on Chainsaw Operations was held in Gidakom FMU from 2nd August – 8th August 2022. Three trainers/resource persons from within the company provided the training to 18 field staffs from across all regions and branches of the company.
- In order to take forward its mandate and also in support of significant Projects, NRDCL continues to collaborate with different stakeholders and thus, has signed the following legal documents:
- A contract with Gyalsung Infra Project pertaining to transportation and installation and fabrication of timber window frames and cornices on barrack buildings and common block buildings at Khotokha worth Nu. 5.8 million.
- A contract with Department of Revenue and Custom (DRC) for revamping of DRC Head Office and Bumthang regional office i.e., worth Nu. 2.6 M.
- A Memorandum of Understanding (MoU) with Department of Forest and Park Services to ensure timely achievement of annual targets of timber extraction and disposal, plantation creation and maintenance, sand, stone and RBM extraction with DoFPS.

### Key challenges

- One of the major impact of COVID-19 pandemic was the huge accumulation of unsold timbers in the respective depots of NRDCL. The unavailability of market for such timbers had resulted in its deterioration. During the year, MoAF had accorded one time approval for export of around 170809 cft of Broad-leaved timber and 37,675.77cft of unsold lops tops as firewood which has helped NRDCL in disposal of such timbers. The management continues to dispose the old unsold timbers at appropriate discount rates taking into account age analysis of those timber and its quality to avoid the risk of not getting any monetary return.
- In contrast to the previous system, NRDCL have to pay Reserve Price determined by the DoFPS for the surface collection and RBM dredging at the Southern borders. Considering the need to pay huge amount of Reserve Price, the management had to surrender most of the RBM sites.
- With the introduction of allotment of RBM sites in Southern border, sand supply to the public was disrupted due to unavailability of sites. Also, the sand sites at Lhamoyzingkha unit were taken over by the DoFPS. However, through continuous follow-up, sand collection and extraction sites at Mao chu, Gelephu and Jitti, Samtse were allotted to NRDCL.
- Due to increase in the fuel cost and subsequent increase in transportation rates, the management was under tremendous pressure as only few number of vehicles reported for transportation of boulders for export.
- Under Sha Branch, Punakha and Wangdue were under complete lockdown as indicated below:
  - a. Wangdue - January 16 to March 16, 2022.
  - b. Punakha – January 16 to February 25, 2022, and again from March 9 to 22, 2022

In 2022, considerable time for extraction was lost because of the nation-wide lockdown which was for more than two months. At the time of partial relaxation, restrictions on movement of vehicles affected

the disposal of sand. Transportation of sand could not materialise despite the repeated efforts taken due to the risk of transmission of CoVID-19.

- NRDCCL management had observed quite a high number of attrition rate. In the beginning of 2022, the company had a total of 534 employees (458 regular, 37 contract, 29 ESP). However, during the year, a total of 63 employees left the company on various reasons and thus, at the end of the year, the company had a total HR strength of 471.

## 2. Financial highlights

The highlights of the financial performance of the company in 2022 is presented below:

### Revenue, OpEx, PAT and Dividend trend

*Nu. in million*

Particulars	2022	2021	I/(D)
<b>Revenue</b>			
Sales	725.870	720.955	4.91
Other Income	29.331	43.19	(13.86)
<b>Total</b>	<b>755.201</b>	<b>764.145</b>	<b>(8.94)</b>
<b>Expense</b>			
Cost of sales	699.522	657.837	41.685
Operating expense	81.053	99.066	(18.013)
<b>Total</b>	<b>780.575</b>	<b>756.903</b>	<b>145.988</b>
Profit before tax	(25.374)	7.242	(32.616)
Tax (assessed)	-	6.158	(6.158)
Profit After Tax (PAT)	(25.374)	1.084	(26.458)

Overall revenue for the company has decreased by Nu. 8.94 million in 2022 as compared to 2021. However, revenue from sales have increased by Nu. 4.91 million in 2022 as compared to 2021.

Revenue growth from sale during the year is nominal. Highlights of the factors deterring the revenue growth are:

- Reduction in the timber production volume, timber production during the year 2022 is 1.779 million cft only,
- Non revision of prices for timber, sand and stone since 2020 which is the main revenue growth driver for the company,
- Sale of old and quality deteriorated timber stock at discounted rate,
- Agreement with the Gyalsung Infra (GI) project to execute production and supply of wood related construction materials with service cost only. Raw material (timber) is supplied by the GI project);

- v) Dollar crises faced by importing country and other cross border issues related to export of stone resulting gross underachievement in the sales target.

Whereas, the cost of sales has increased by Nu. 41.68 million in 2022 as compared to 2021. However, there is a decrease in the operating cost by Nu. 18.01 million in 2022 as compared to 2021.

As a result, the company has incurred loss of Nu. 25.374 million in 2022 as compared to profit of Nu. 1.084 million in 2021.

Year	2018	2019	2020	2021	2022
<b>Revenue</b>	681.665	787.393	630.324	764.154	755.201
Expenses excluding dep. and interest	555.351	637.129	524.875	653.012	780.575
Tax	17.629	26.832	7.279	6.158	
Profit After Tax (PAT)	39.807	51.569	12.13	1.084	(25.374)
<b>Dividend</b>		6.750		9.000	
Revenue per employee	1.73	1.89	1.4	1.44	
PAT per employee	0.1	0.12	0.03		
Number of employees	393	417	450	531	

#### Revenue composition trend in % - Product-wise

Particular	2018	2019	2020	2021	2022
Timber	45.92%	43.85%	46.91%	41.25%	44.45%
sand	29.87%	31.63%	30.03%	13.17%	15.48%
stone	8.34%	9.58%	5.31%	16.74%	16.46%
stone chips	2.27%	2.37%	3.37%	6.62%	6.70%
Joinery	0.55%	1.11%	2.13%	10.75%	3.60%
Others	13.05%	11.45%	12.25%	11.47%	13.31%
	100.00%	100.00%	100.00%	100.00%	100.00%

- In the past five years (2018 to 2022), the revenue has grown from Nu. 681.665 million to Nu. 755.201 at a compounded annual growth rate (CAGR) of 2.59% only.
- Revenue growth for the company is badly affected as a result of slowdown in the construction industry (2020 & 2021) because of the COVID19 pandemic.
- Timber and timber related products constitute major contributor to the overall revenue. Revenue from stone and Joinery has picked up from 5% of the total revenue in 2017 to 17% in 2021 and 2022. Revenue from sand has decreased in the past two years (2021 and 2022) because of the segregation of transportation cost from the revenue from sale of sand.

## Summary of expenditure for five years

*Nu. in million*

Particular	2018	2019	2020	2021	2022
OpEx	555.619	640.207	524.875	653.013	683.928
Depreciation	63.647	69.58	84.029	97.677	87.499
Finance cost	4.963	6.244	2.011	6.214	9.149
CapEx	104.207	87.863	125.1	122.6	94.869
Total	728.436	803.894	736.015	879.504	875.444

The Compounded annual percentage growth in OpEx in the past 5 years is found much higher than the percentage growth in revenue. CAGR of revenue for the past 5 years is 2.59% with corresponding CAGR of 8.88% for OpEx. The growth in OpEx is substantial in the year 2022 because of the reasons stated above. It is very clear that the financial performance of the company can be revived only with timely revision of prices to match the cost escalation and either increase or maintain the consistency in the annual production volume. The company noted fluctuating trend in the capital expenditure (CapEx) in the past 5 years depending on the need for/and nature of investment.

## Revenue and OpEx growth comparison

There is a direct correlation between OpEx growth and reduction in PAT. For instance, the OpEx growth in 2018 is much lower than revenue growth and the company had made fairly a good profit. Likewise, during the year 2022 the growth in OpEx is higher than the growth in revenue and the company has incurred loss.

Particular	2018	2019	2020	2021	2022
Revenue	49%	16%	-20%	21%	-1.17%
OpEx	24%	15%	-18%	24%	3.13%

## Summary of Cash Flow for five years

Particular	2018	2019	2020	2021	2022
Cash inflow/(outflow) from Operating activities	32.284	66.775	20.894	54.761	32.748
Cash inflow/(outflow) from Financing Activities	(21.428)	17.047	85.368	31.891	45.779
Increase/(Decrease) in cash	10.856	83.822	106.261	86.652	78.527
Cash inflow/(outflow) from Investing Activities	(79.643)	(94.831)	(124.036)	(67.733)	(91.476)
Increase/(Decrease) in cash	(68.787)	(11.009)	(17.775)	18.919	(12.949)



Past five-year cash flow trend shows cash inflow from the Operating Activities which indicates that the company generates enough cash to meet the operating activities. However, the cash generated from the operating activities is not sufficient to meet the capital investment for Business as usual.

## Key Financial Ratios

A. Ratio Assessing Profitability						
Sl. No	Ratio	Profitability	Numerator - 2022	Denominator - 2022	2022	2021
1	Return on Investment	(EBIT/Net Assets or Net worth) * 100	(21,496,436)	637,072,874	(3.37)	3.33
2	Operating Profit	(Operating Profit excluding financial charges)/Net Sales *100	(18,662,420)	725,869,862	(2.57)	3.40
3	Net Profit Ratio	Net Profit before Tax/Net Sales*100	(25,374,321)	725,869,862	(3.50)	3.08
B. Ratio for Assessing Financial Health					Ratio	
Sl. No	Ratio	Financial Health	Numerator - 2022	Denominator - 2022	2022	2021
1	Capital Turn-over Ratio	Net Sales/(Average Capital employed (Less Capital Reserve))	725,869,862	637,072,874	1.14	0.98
2	Fixed Assets Turnover Ratio	Net Sales/Net Fixed Assets	725,869,862	405,453,169	1.79	1.19
3	Stock Turn-over Ratio	Cost of Goods sold including selling expenses/Average Inventory	700,010,732	294,861,467	2.37	2.43
4	Current Ratio	Current Asset/Current Liabilities	498,120,161	170,694,164	2.92	2.03
5	Liquid Ratio	(Current Assets Less Inventory less Pre-paid Expenses)/(Current Liabilities Less Bank Overdraft)	209,196,933	170,694,164	1.23	0.76

### 3. Audit Report

The company's books of accounts for the financial year 2022 were audited by Jigme Audit and Financials Pvt. Ltd, Thimphu. For the financial year, the company did not have any material audit observation in Audit report.

Under the Management Report some recommendatory observations were made on account of pending dues collections.

### 4. Dividend

In view of the financial instability and difficulties faced by the Company due to the ripple effects of the Covid-19 pandemic, which had adversely affected the activities and performance of the Company, the 103rd Board meeting held on 06.03.2023 endorsed the submission of management i.e., not to declare dividend for the year.

### 5. Corporate Governance

The company complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Code of DHI and other statutory requirements.

In 2022, NRDCL Board comprised of seven Board Directors, including the Chairman and the CEO. The company had nine Board meetings.

The Board sub-committees such as the Board Audit Committee and Board Governance Committee met as and when required, to make recommendations to the full Board for its decision-making. Three Board Audit Committee meetings and three Board Governance Committee meetings were held in 2022 maintaining the quorum requirements in accordance with the Companies Act 2016 and DHI CG Code.

### 6. Corporate Social Responsibility

#### a. Firewood supply

The company supplied a total of 278.5 m<sup>3</sup> of firewood as part of Corporate Social Responsibility (CSR) for cremation purpose at Hejo retail outlet. The company also handled the supply of firewood for COVID – 19 related requirements as CSR.

#### b. Briquette production and marketing

One very important activity that the company continues to carry out as part of its corporate social responsibility is the production and supply of sawdust briquettes from its plant at Ramtokto, Thimphu. Purely a non-profit venture, sawdust briquettes are produced as a substitute for fuel wood in order to a) reduce the increasing pressure on our forest resources exerted by local demand for fuel wood (for heating & cooking) and b) to utilize sawdust (waste wood) from sawmills.

Briquette business is found to be operating under loss since inception due to various factors. The demand for the products is seen a drastic decrease especially in the year 2022 which is reported because of; i) ban on use of Bukhari (wood heating) within the core city, and ii) shifting of heating and cooking to electric appliances.

### **c. Donations**

In 2022, the company made donations amounting to a total of Nu. 45,000.00 for various social, religious and welfare purposes.

### **d. Construction and maintenance of forest roads**

Many of the forest roads constructed by NRDCL for timber extraction in different regions are also planned to benefit the local communities, with positive socio-economic impacts to the communities concerned. Such roads are maintained by NRDCL even after completion of the operations.

Apart from the roads constructed by NRDCL, the company also contributes annually towards maintenance of farm roads which are used for log transportation. Communities are able to commercialise their agricultural and dairy products and also extract Non-wood forest products, such as mushrooms, ferns, etc., to earn livelihood. They can now easily access health and Dzongkhag services and buy other necessities and groceries by quick travel to the Dzongkhag centres.

## **7. Environment Protection and Promotion Activities**

NRDCL complies with all the requirements of the environmental rules and regulations of the RGoB in carrying out its operations. Further, every effort is made to protect the environment and minimize impact of NRDCL operations on the natural environment and health of the ecosystem. Some of the activities that NRDCL carries out towards this are:

- a. Use of environment-friendly technology and processes in its operations such as mechanized logging operations, environment friendly road constructions, etc.
- b. In keeping with the constitutional requirement to maintain 60% of the areas under forest cover for all times to come and managing the natural resources on a sustainable basis, NRDCL has been investing in afforestation and reforestation activities.
- c. To maintain the general health and hygiene of the forests, NRDCL carries out sanitation/salvage operations as and when required.

## **8. Customer Service**

The Customer Satisfaction Index (CSI) for 2022 is 4.01 in the scale of 1-5 as per the Customer Satisfaction Survey Report. It is the endeavour of the Board, management and employees of the company to render public service in the best way possible and achieve and uphold the very important and noble mandates and responsibilities entrusted to the company.

## **9. Organizational and Human Resource Management and Development**

Considering human capital as one of the most important investments for smooth execution of company's activities and its perpetual succession, the company pays coveted emphasis on optimum utilization and development of available human resources.

In the beginning of 2022, the company had a total of 534 employees (458 regular, 37 contract, 29 ESP and 10 CPE) managing the business operations at the Head Office, four Regional Offices, two Branch Offices and

two business centres (Woodcraft Centre and Wang Service Centre). However, during the year, a total of 63 employees left the company on various reasons and thus, at the end of the year, the company had a total HR strength of 471.

As part of HR capacity development and to encourage multitasking to execute field activities, Field Assistants (FA) were trained in Chainsaw Operations. Further, in order to equip staff in handling the ERP system with higher efficiency and accuracy, different categories of office staff were given hands-on training on ERP. Additionally, the staff working under sawmills and seasoning kilns were also given hands-on training on operations of newly purchased technologically advanced machines. However, major training programs, as planned, could not be implemented due to financial constraint of the company in 2022.

## 10. Way forward

As we embark into 2023, we look forward to the revival of the construction industry at large. NRDCL Board and the management will explore ways and means to take the performance of the company to a different level to contribute to the nation's further development.

## 11. Acknowledgement

The Board of Directors would like to express the deep appreciation and sincere gratitude to the Royal Government, Druk Holding & Investments (DHI), Department of Forests & Park Services (DoFPS), Department of Geology & Mines (DGM), National Environment Commission, National Land Commission Secretariat, Royal Academy Project, Dzongkhag administrations, Thromdes and local governments, rural communities and other government concerned and private agencies for their guidance, continued cooperation and support, feedback and encouragement which have been valuable for directing the course of the Company affairs and achievement of its various goals and objectives.

The Board would also like to extend appreciation for the leadership and guidance provided to the company by the Shareholder, DHI towards fulfilment of its very important mandates of making natural resources affordable, available and accessible.

Furthermore, the Board would also like to acknowledge the hard work and efforts of the management team and employees of NRDCL and thank them for their unfailing dedication and commitment towards achievement of the Company's vision, goals and objectives and also, in maintaining continuity of work despite the enormous disruptions caused to the operations of the company by the COVID-19 pandemic.

### TASHI DELEK

**For and on behalf of the Board.**



(Karma Tshitem)

**Chairman**

**NRDCL**

It is the NRDCL Board's and Management's continuing endeavour to engage in good corporate governance practices. Accordingly, the company is mostly compliant with the requirements of the Companies Act of the Kingdom of Bhutan 2016, Corporate Governance Code of DHI and other statutory requirements.

## Board composition

The Board of Directors are entrusted with the crucial responsibility of management of general affairs, strategic direction and performance of NRDCL. To that effect, it is vested with the requisite powers, authorities and duties.

In 2022, the NRDCL Board comprised of seven Board Directors, including the Chairman and the CEO. The details of each Board Directors are provided below

Name	Role	Profile	Appointment to present term	Term
Dasho Karma Tshiteem	Chairman	Former Chairperson, Royal Civil Service Commission	March 2021	2nd
Mr. Karma Tenzin	Independent Non-Executive	Zimpon Wogma, His Majesty's Secretariat	November 2020	1st
Mr. Rinchen Wangdi	Independent Non-Executive	Secretary, Gross National Happiness Commission	March 2020	1st
Mr. Rinzin Dorji	Independent Non-Executive	Chief Executive Officer, Bhutan Agro Industries Ltd	March 2021	1st
Mr. Chencho	Independent Non-Executive	Director, Cabinet Secretariat	March 2021	1st
Mr. Ugyen Wangdi	Non-Independent, Non-Executive	Associate Director, CPD, DHI.	April, 2022	1st
Mr. Bachu Phub Dorji	Non-Independent Executive	Chief Executive Officer, NRDCL	November 2020	1st

The size, composition and number of independent Directors were determined in keeping with the Board Charter – Section 2.2 and 2.3 of the CG Code. None of the Directors held more than a total of three directorships in other DHI owned companies. The CEO attended all board meetings, except when the CEO's terms and conditions are being evaluated. The CEO reported to the Board on the operation, management and performance of the company. Other members of the management team attended as and when required in order to provide the board with required information. The Board is assisted by a Company Secretary who is not a member of the Board.

Notices including agenda with the necessary information and reference materials are sent to Board Directors before the meetings in keeping with the requirements of the CG Code. Additional meetings were held on shorter notice in the case of exigencies.

## Board Meetings

In total, NRDCL held nine Board meetings in 2022, maintaining the quorum requirements and the gaps between the meetings not exceeding three months in accordance with the Companies Act 2016 and DHI CG Code. Details of Board meetings and Board Directors` attendance were as follows

Meeting No.	Date	Members Present	Apologies
94th	4th April 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Karma Tenzin</li> <li>3. Mr. Rinchen Wangdi</li> <li>4. Dr. Damber Singh Kharka</li> <li>5. Mr. Chencho</li> <li>6. Mr. Bachu Phub Dorji</li> </ol>	7. Mr. Rinzin Dorji
95th	3rd June 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Karma Tenzin</li> <li>3. Mr. Rinchen Wangdi</li> <li>4. Mr. Chencho</li> <li>5. Mr. Ugyen Wangdi</li> <li>6. Mr. Bachu Phub Dorji</li> </ol>	7. Mr. Rinzin Dorji
96th	15th July 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Rinzin Dorji</li> <li>3. Mr. Rinchen Wangdi</li> <li>4. Mr. Ugyen Wangdi</li> <li>5. Mr. Bachu Phub Dorji</li> </ol>	<ol style="list-style-type: none"> <li>6. Mr. Karma Tenzin</li> <li>7. Mr. Chencho</li> </ol>
97th	3rd August 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Rinzin Dorji</li> <li>3. Mr. Rinchen Wangdi</li> <li>4. Mr. Ugyen Wangdi</li> <li>5. Mr. Bachu Phub Dorji</li> </ol>	<ol style="list-style-type: none"> <li>6. Mr. Karma Tenzin</li> <li>7. Mr. Chencho</li> </ol>
98th	1st September 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Karma Tenzin</li> <li>3. Mr. Rinzin Dorji</li> <li>4. Mr. Rinchen Wangdi</li> <li>5. Mr. Chencho</li> <li>6. Mr. Ugyen Wangdi</li> <li>7. Mr. Bachu Phub Dorji</li> </ol>	
99th	16th September 2022	<ol style="list-style-type: none"> <li>1. Dasho Karma Tshiteem</li> <li>2. Mr. Rinchen Wangdi</li> <li>3. Mr. Chencho</li> <li>4. Mr. Ugyen Wangdi</li> <li>5. Mr. Bachu Phub Dorji</li> </ol>	<ol style="list-style-type: none"> <li>6. Mr. Karma Tenzin</li> <li>7. Mr. Rinzin Dorji</li> </ol>

100th	14th November 2022	1. Dasho Karma Tshiteem 2. Mr. Rinzin Dorji 3. Mr. Rinchen Wangdi 4. Mr. Chenchu 5. Mr. Ugyen Wangdi 6. Mr. Sonam Chophel (Offtg. CEO)	7. Mr. Karma Tenzin
101st	27th November 2022	1. Dasho Karma Tshiteem 2. Mr. Karma Tenzin 3. Mr. Rinzin Dorji 4. Mr. Chenchu 5. Mr. Ugyen Wangdi 6. Mr. Sonam Chophel	
102nd	24th December 2022	1. Dasho Karma Tshiteem 2. Mr. Karma Tenzin 3. Mr. Rinzin Dorji 4. Mr. Chenchu 5. Mr. Ugyen Wangdi 6. Mr. Sonam Chophel	

### Board Committees and meetings

Three Board Committees are formed to assist the Board in executing its responsibilities. The power and responsibilities of each Committee was established in the applicable Committee Charter, which was approved by the Board. The Committee Charter outlined the terms and responsibilities of the committee. Board committees did not have a legal standing or a distinction from the Board itself, and worked only to make recommendations to support board decision-making.

The Board committees are:

- 1. Board Audit Committee:** Its primary function is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Board Audit Committee was comprised of three independent non-executive Directors as members and three meetings were held in 2022.

Meeting No.	Date	Members Present	Apologies
39th	28th March 2022	1. Dr. Damber Singh Kharka 2. Mr. Rinchen Wangdi 3. Mr. Karma Tenzin 4. Mr. Bachu Phub Dorji	
40th	18th May 2022	1. Mr. Rinchen Wangdi 2. Mr. Karma Tenzin 3. Mr. Ugyen Wangdi 4. Mr. Bachu Phub Dorji	
41st	26th October 2022	1. Mr. Rinchen Wangdi 2. Mr. Ugyen Wangdi 3. Mr. Sonam Chophel	4. Mr. Karma Tenzin

**2. Board Governance Committee:** Its primary responsibility is to review and make recommendations to the Board on issues related to policies, procedures, systems and the company's budget and business plans. It also functions as the HR and procurement committee of the Board.

The Board Governance Committee was comprised of three Directors as members including Chief Executive Officer and three meetings were held in 2022

Meeting No.	Date	Members Present	Apologies
55th	15th April 2022	1. Mr. Rinzin Dorji 2. Mr. Chencho 3. Mrs. Dorji Wangmo (Offtg. CEO)	
56th	10th June 2022	1. Mr. Rinzin Dorj 2. Mr. Bachu Phub Dorji	3. Mr. Chencho
57th	30th August 2022	1. Mr. Rinzin Dorj 2. Mr. Chencho 3. Mr. Bachu Phub Dorji	

**3. Nomination and Governance Committee:** The NGC for the selection of CEO is carried out by the Board with board members representing from the DHI. The NGC is set up as and when required and follows procedures as streamlined within the DHI Guideline for Selection and Appointment of CEOs in DHI Owned Companies. No NGC meeting was conducted in 2022 as there was no requirement

## Board Fees And Remuneration

The Board of Directors of the company received sitting fees for their participation in Board meetings and Board Committee meetings. The Fees and remuneration paid to the CEO and Board of Directors in 2022 are as follows:

#	Particulars/Details	Remuneration & other benefits (Nu)	Sitting Fees (Nu)
1	Board of Directors	-	460,000.00
2	Chief Executive Officer	2,271,612.00	92,000.00
<b>Total</b>		<b>2,271,612.00</b>	<b>552,000.00</b>

## Annual General Meeting

The 15th Annual General Meeting was held on 19th April, 2022 virtually through Zoom meeting which was attended by the Shareholder, Board Directors and the key members of the management team. The 19th Annual General Meeting transacted the following business items:

- a. Ratification of Minutes of 14th Annual General Meeting
- b. Action taken report on decision of 14th AGM
- c. Consideration of the Audited Accounts for the financial year ended 31st December 2021, Auditors' Report and Directors' Report
- d. Dividend 2021
- e. Consideration of appointment/retirement of Board Directors



- f. Appointment of, and fixing the remuneration of Statutory Auditors
- g. Declaration of remuneration paid to Chief Executive Officer and Directors
- h. Consideration of the Annual Compact Evaluation Report and declaration of PBVA based on the outcome of the Annual Compact 2021

### **Extraordinary General Meeting**

No extraordinary General meeting was held in 2022.

### **BUSINESS CODE OF CONDUCT**

Natural Resource Development Corporation Limited (NRDCL) is committed to implementing its Business Code of Conduct to strengthen and promote integrity. The company embraces honesty, transparency and legitimacy in all transactions and actions and strive for the highest level of ethical standards, morality and integrity within the organization.

Integrity is one of the fundamental values of the NRDCL and every employee, officer and the management acts towards achieving high levels of integrity at all times. Thus, the business code of conduct enhances and ensures the practice of high levels of integrity, transparency and honesty by every individual at every level in the company.

The code also serves as a valuable reference for helping employees locate relevant documents, services and other resources related to ethics.

### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

As part of good corporate governance, NRDCL's Risk Management report provides for a framework for the management of the company's business risks. The key risks, which may hinder the achievement of the company's objectives are identified, assessed, evaluated and compiled in a risk register.

The company is actively engaging in risk management practices, ensuring that risks are identified, assessed, and addressed in a systematic manner. By regularly updating the Risk Register and following the risk framework, the company aims to effectively manage and mitigate potential risks to its operations and overall performance.

The risk register is reviewed on a yearly basis and mitigation action plans are proposed and implemented. The risk register is reviewed by the Board and submitted to the Shareholder.

### **POLICIES AND PRACTICES OF CEO AND BOARD EVALUATION**

The evaluation of Board Directors and CEO have been carried out for the financial year 2022 as per the existing policies and practices of DHI and DHI owned companies.



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**JIGMI Audit & Financials**  
(A Private Limited Company)

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2022

To the Shareholder(s) of Natural Resources Development Corporation Limited,  
Thimphu

### Opinion

We have audited the financial statements of Natural Resources Development Corporation Limited, (the 'Company'), which comprises the Statement of Financial Position as at 31 December 2022, Statement of Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, of the financial position of the Company as at 31 December 2022, 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 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 ethical requirements 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.

### Emphasis of Matter

Per policy direction from DHI Ltd., the holding company, ownership of the Company's land was transferred to DHI. This has resulted in the reduction of the paid-up share capital of the company from Nu.215,958,300 as of 21 December 2021 to Nu.152,808,852 as of 31 December 2022 (*Refer Note 25.1*).



Lodrey Lam 11/B, P.O. Box. No. 689, Thimphu 11001, Bhutan. Tel. +975 2 350868, +975 2 350869;  
Mobile: +975 17601963, +975 77719442, Email: [jafplc2018@gmail.com](mailto:jafplc2018@gmail.com), [pjrinzin@gmail.com](mailto:pjrinzin@gmail.com)

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

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS, and for such internal control as the 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, the 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 the 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.

### **Auditors' 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 misstatements, 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 audit. We also:

Lodrey Lam 11/B, P.O. Box. No. 689, Thimphu 11001, Bhutan. Tel. +975 2 350868, +975 2 350869;  
Mobile: +975 17601963, +975 77719442, Email: [jafplc2018@gmail.com](mailto:jafplc2018@gmail.com), [pjrinzin@gmail.com](mailto:pjrinzin@gmail.com)



- 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;
- 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 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 audit 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 the public interest benefits of such communication.

### 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 under Section 265 of the Companies Act of Bhutan 2016, we report that:

- a. We have obtained all information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Company's Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of accounts; and
- d. The Company has complied with other legal and regulatory requirements to the extent applicable to the company.


Jigmi Rinzin FCCA  
(Membership No. 0283308)  
Partner

Date: ..... 08/05/2023 .....

## MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

In compliance with the ISA as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB), and as required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of the property, plant & equipment in the Assets Register to show full particulars including quantitative details and situation of the assets. As explained to us, the property, plant & equipment have been physically verified by the management during the year in a phased/periodical manner which in our opinion is reasonable having regard to the size of Company and nature of its assets. As informed, no material discrepancies were noted in the physical verification.
2. None of the property, plant & equipment have been revalued during the year.
3. Physical verification of stocks were conducted at reasonable intervals in respect of finished goods, stores, spare parts and raw materials by the management. As informed to us, no material discrepancies were noticed on physical verification of stocks.
4. Procedures of such physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The Company has a reasonable system of recording receipts, issues and consumptions of materials and stores and allocating materials consumed to the respective jobs commensurate with its size and nature of the business.
6. Quantitative reconciliation is generally carried out at the end of the accounting year in respect of all major items of inventories, i.e., finished goods and raw materials.
7. Obsolete, damaged, slow moving and surplus goods/inventories, if any, were determined and adjustments for losses, if any, have been made in the Books. Further, wherever the value is significant, adequate provisions were made. Obsolete and surplus inventories are generally disposed of and proceeds from such disposals are accounted for appropriately;
8. Approval of Board/appropriate authority is obtained for writing off of amounts due to material loss/discrepancies in physical vis-à-vis book balances of inventories including finished goods, raw materials, stores and spares.
9. Valuation of inventories are fair and proper in accordance with the applicable BAS issued by the AASBB. Basis of valuation of stocks is the same as in the preceding year and there is no deviation on the basis of valuation.
10. Rate of interest and other terms and conditions of loans availed, if any, by the Company, secured or unsecured, are *prima facie* not prejudicial to the interest of the Company.



11. The Company has not granted any loans to other parties which are *Ultra Vires* the Articles of Incorporation and other relevant Acts and regulations.
12. Loans and advances granted by the Company to its officers/staff are as per the provisions of service rules. No instance of excessive/frequent advances or accumulation of large advance against particular individual has been noted during our test verification.
13. In our opinion, there are adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules/regulations, system and procedures.
14. In our opinion, there is adequate system of competitive biddings, commensurate with the size of the Company and nature of its business, for the purchase of goods and services, including property, plant & equipment and other items, such as, raw materials, stationeries and related expendable items, and for the sale of goods and services.
15. Transactions for purchase of goods and services made in pursuance of contracts or arrangements entered into with Director(s) or any other party(ies) related to the Director(s) or with companies or firms in which the Director(s) is/are directly or indirectly interested have been made at prices, which are reasonable having regard to the prevailing market rates/prices for such goods or services or at rates/prices at which the transactions for similar goods or services have been made with other parties. Details of such transactions, if any, are adequately disclosed in the Financial Statements.
16. There is a reasonable system of ascertaining and identifying point of occurrence of breakage/damages of raw materials, packaging materials and finished products, i.e. while in transit, during processing, during loading/unloading, in storage and during handling, etc. so that responsibility could be fixed and compensation sought from those responsible.
17. To the best of our knowledge, expenses charged to the Company's accounts represent legitimate business expenses and no personal expenses have been debited to the Statement of Comprehensive Income other than those payable under contractual obligations/service rules.
18. The company is maintaining reasonable records for production of finished goods, by-products and whether adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company.
19. The company is maintaining reasonable records for sales and disposal of realizable by-products and scraps where applicable.
20. In our opinion, the Company is regular in depositing rates, taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authorities. Further, the provision for corporate tax was found to be adequately computed and deposited timely in accordance with the current applicable tax laws, rules and regulations of the country, and has been appropriately disclosed in the financial statements.



21. There was no undisputed amount payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions at the year-end other than tax deducted at source (TDS) which was paid later on within the stipulated time period.
22. The company has a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size and nature of its business.
23. There is a reasonable system of price fixation taking into account the cost of production and market conditions.
24. The credit sales policy is reasonable and proper credit rating of customers are carried out.
25. The system of screening commission agents is adequate where sales are made through commission agents and that the agency commission structure is in keeping with the industry norms/market conditions, and/or where the company has a system of evaluating performance of each agent on a periodic basis.
26. There is a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. Age-wise analysis of outstanding amounts is carried out for management information and system of continuous follow-up is in place. *However, the same needs to be strengthened as there are instances of old outstanding debtors reflected in the Financial Statements.*
27. Management of liquid resources, particularly cash/bank and short term deposits, etc. are adequate and that excessive amount are not lying idle in non-interest bearing accounts, and withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company.
28. Activities carried out by the company are lawful and intra-vires to the Articles of Incorporation of the company.
29. Investment decisions are made subject to prior approval of the Board and investment in new projects are made only after ascertaining the technical and economic feasibility of such new ventures.
30. The company has established an effective budgetary control system.
31. Being involved in manufacturing activities, input-output relationship can be established, standard costing system is established and the variance analysis carried out on periodic intervals and corrective action taken if warranted.
32. In our opinion, other than the remunerations to the Chief Executive Officer, and sitting fees to other Directors, no other payments in cash or in kind, has been paid to them or any of their relatives, in the nature of remuneration or commission. Remunerations, commission and other payments, made in cash or in kind, to the Board of Directors, including the Chief Executive Officer, or any of their relatives, including spouse(s) and child/children, if any, by





the Company directly or indirectly are disclosed in the Financial Statement (*Refer Note 1(29): Transactions with Related Parties – Key Management Personnel*).

33. The directives of the Board have been found to be complied with by the Company.
34. Price sensitive information, to the best of our knowledge, have not been transmitted by any official of the Company, unauthorized to any other person with intent to benefit themselves.
35. In our opinion, proper records are kept for inter-unit transactions and services and arrangements for services made with other agencies engaged in similar activities.
36. In our opinion, proper agreements are executed and that the terms and conditions of leases are reasonable and the same are applied if machinery/equipment are acquired on lease or leased out to others.
37. Sourcing of products for retailing has been done rightly from manufacturers and authorized dealers at most advantageous terms and prices.
38. Appropriate levels of inventory requirements are determined and maintained to avoid stock-out and excessive stocking situations.

#### **Computerized Accounting Environment:**

In our opinion:

1. Size and nature of IT (Computer) system and installations are adequate for organizational and system development and other relevant internal control.
2. The Company has adequate safeguard measures, back-up facilities and disaster recovery measures including system of keeping files in different locations.
3. Operational controls are adequate to ensure correctness and validity of input data and output information.
4. Measures to prevent unauthorized access over the computer installation and files are in existence and adequate.
5. Data migration during change over to new system are effectively managed to ensure completeness and integrity of data as well as smooth operation of the system.

#### **General**

##### **1. Going Concern Problems**

*The company has suffered an operating loss of Nu.25,374,321 for the year ended 31 December 2022. The company had an operating profit of Nu.7,241,518 for the year ended 31 December 2021, which is a 63% reduction from the operating profit Nu.19,408,799 for the year 2020. As such, the financial performance of the company has depicted a downward trend in the last three years.*



Nonetheless, considering the net asset position of the company of more than Nu.628 million reflected in the Statement of Financial Position as at 31 December 2022, as audited by us in accordance with ISA and such other tests, as necessary, we have no reason to believe that the Company is not a *going concern* for the next twelve months from the report date.

**2. Ratio Analysis (attached separately)**

Significant ratios indicating the financial health and performance of the Company are provided under *Annexure-I* of this Report.

**3. Compliance with the Companies Act of the Kingdom of Bhutan**

The Company has complied with the applicable provisions of the Companies Act of Bhutan, 2016. Details of Compliance calendar and Compliance checklist are given under *Annexure-II* of this Report.

**4. Adherence to Laws, Rules and Regulations**

The audit of the Company is governed by the Companies Act of Bhutan 2016 and the scope of audit is limited to examination and reviews of the financial statements as produced to us by the Management.

In the course of the audit, we have considered the compliance of provisions of the said Companies Act, its Articles of Incorporation and applicable Bhutanese Accounting Standards.

*For JIGMI Audit & Financials Pvt. Ltd.*



Jigmi Rinzin FCCA  
(Membership No. 0283308)  
Partner

Date: ..... **08/05/2023** .....

NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED				
Statement of Financial Position as at 31 December 2022				
PARTICULARS	Note	31-12-2022	Restated 31-12-2021	Restated 01-01-2021
		(Nu.)	(Nu.)	(Nu.)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	403,519,579	393,683,871	528,813,873
Intangible assets	3	1,933,590	4,187,419	2,941,378
Right of Use Asset	3.a	1,623,390	-	-
Non-Current Provision for employee benefits	13.a	14,301,644	-	-
Capital work-in-progress	4	1,638,698	3,774,906	9,307,318
Other non-current assets	5	1,448,875	3,929,794	4,128,080
Deferred Tax Assets	6	3,419,968	4,370,674	5,518,984
<b>Total non-current asset</b>		<b>427,885,743</b>	<b>409,946,663</b>	<b>550,709,633</b>
<b>Current assets</b>				
Other current assets	7	42,854,983	31,558,781	54,711,260
Cash and cash equivalent	8	34,503,083	47,452,263	28,533,376
Trade and other receivables	9	133,884,097	94,114,754	85,429,163
Inventories	10	286,877,998	302,844,936	279,939,616
<b>Total current assets</b>		<b>498,120,161</b>	<b>475,970,734</b>	<b>448,613,413</b>
<b>TOTAL ASSETS (Current + Non-Current)</b>		<b>926,005,904</b>	<b>885,917,397</b>	<b>999,323,047</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		152,808,852	152,808,852	86,850,552
Retained earnings		295,158,481	312,375,854	312,654,866
Capital Reserves		34,584,297	34,584,297	34,584,297
General reserves		145,912,558	145,912,558	145,912,558
Revaluation Reserve		-	-	115,144,864
<b>Total equity</b>		<b>628,464,188</b>	<b>645,681,561</b>	<b>695,147,137</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	11.a	115,100,847	63,635,614	63,784,711
Government grant	12.a	3,384,518	5,427,593	1,535,816
Non-Current Provision for employee benefits	13.a	-	13,241,564	18,182,656
Lease Liability	15.a	1,917,491	-	-
Deferred Tax Liability	15.c	6,444,697	-	-
<b>Total Non-current liabilities</b>		<b>126,847,553</b>	<b>82,304,772</b>	<b>83,503,183</b>
<b>Current liabilities</b>				
Current borrowings	11.b	29,377,524	34,978,696	59,926,891



Government grant	12.b	2,472,545	2,902,015	1,275,000
Provision for employee benefits	13.b	22,374,263	12,701,060	9,871,310
Trade and other payables	14	87,922,870	93,048,274	133,441,769
Other current liabilities	15.b	28,546,962	14,301,019	13,708,642
Provision for corporate income tax	16	-	-	2,449,115
<b>Total Current liabilities</b>		<b>170,694,164</b>	<b>157,931,064</b>	<b>220,672,727</b>
<b>Total liabilities (Current + Non-Current Liabilities)</b>		<b>297,541,716</b>	<b>240,235,836</b>	<b>304,175,910</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>926,005,904</b>	<b>885,917,397</b>	<b>999,323,047</b>

For JIGMI Audit & Financials Pvt. Ltd.

For Natural Resources Development Corporation Limited


Jigmi Rinzin FCCA  
(Membership No.0283308)  
Partner

  
General Manager  
General Manager  
Finance Division  
NRDCL HQ, Thimphu

  
Chief Executive Officer  
Chief Executive Officer  
Natural Resources Development Corporation Ltd.  
Thimphu : Bhutan

Date: 08/05/2023

  
Chairman  
NRDCL Board  
Natural Resources Development Corporation Limited  
Thimphu : Bhutan

NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED  
Statement of Comprehensive Income for the period ended 31 December 2022

Particulars	Note	31-12-2022	31-12-2021	01-01-2021
		(Nu.)	(Nu.)	(Nu.)
Revenue	17.a	725,869,862	720,954,591	592,832,224
Cost of Sales (Direct Expenses)	18	699,521,677	648,122,788	513,419,240
<b>Gross Profit</b>		<b>26,348,185</b>	<b>72,831,803</b>	<b>79,412,985</b>
<b>Other income</b>	<b>17.b</b>	<b>29,330,971</b>	<b>43,190,252</b>	<b>37,491,658</b>
<b>Operating Expenses:</b>				
Administrative Expenses	19	71,090,856	101,120,207	93,541,051
Selling & Distribution Expenses	20	813,779	932,414	866,694
Finance cost	21	9,148,842	6,727,916	3,088,099
<b>Total Operating expenses</b>		<b>81,053,477</b>	<b>108,780,538</b>	<b>97,495,843</b>
<b>Operating profit/(loss)</b>		<b>(25,374,321)</b>	<b>7,241,518</b>	<b>19,408,799</b>
<b>Profit/(loss) before income tax</b>		<b>(25,374,321)</b>	<b>7,241,518</b>	<b>19,408,799</b>
Deferred Tax Income/(Expense)	22	(2,834,016)	-	-
Provision for Current Tax	22	-	6,157,814	7,278,645
<b>Profit (loss) for the year from continuing operations</b>		<b>(28,208,337)</b>	<b>1,083,703</b>	<b>12,130,155</b>
<b>Profit (loss) for the year</b>		<b>(28,208,337)</b>	<b>1,083,703</b>	<b>12,130,155</b>
<b>EPS attributable to owners of the parent:</b>				
<b>Basic EPS</b>				
From continuing operations		(18.46)	0.71	13.97
From discontinued operations		-	-	-
<b>From profit for the year</b>		<b>(18.46)</b>	<b>0.71</b>	<b>13.97</b>
<b>Diluted EPS</b>				
From continuing operations		(18.46)	0.71	13.97
From discontinued operations		-	-	-
<b>From profit for the year</b>		<b>(18.46)</b>	<b>0.71</b>	<b>13.97</b>
<b>Statement of Other comprehensive income</b>				
Profit (loss) for the year from continuing operations		(28,208,337)	1,083,703	12,130,155
Actuarial gain(losses) on defined benefit plans		15,204,623	1,990,395	3,008,589
Deferred Tax on Provision for Gratuity (OCI)	22	(4,561,387)	(597,118)	(902,577)
Tax Paid/Refund relating to earlier years		608,786	-	-
<b>Total comprehensive income for the year</b>		<b>(16,956,314)</b>	<b>2,476,980</b>	<b>14,236,167</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		(16,956,314)	2,476,980	14,236,167
Non-controlling interests		-	-	-
		<b>(16,956,314)</b>	<b>2,476,980</b>	<b>14,236,167</b>
<b>Total comprehensive income attributable to owners of the parent arises from:</b>				
Continuing operations		(16,956,314)	2,476,980	14,236,167
Discontinued operations		-	-	-
		<b>(16,956,314)</b>	<b>2,476,980</b>	<b>14,236,167</b>



For JIGMI Audit & Financials Pvt. Ltd.

For Natural Resources Development Corporation Limited

*Jigmi Rinzin*



Jigmi Rinzin FCCA  
(Membership No.0283308)  
Partner

*[Signature]*  
General Manager  
Finance Division  
NRDCL HQ, Thimphu

*[Signature]*  
Chief Executive Officer  
Natural Resources Development Corporation Ltd.  
Thimphu : Bhutan

*[Signature]*

Chairman  
NRDCL Board  
Natural Resources Development Corporation Limited  
Thimphu : Bhutan

Date: 08/05/2023

**NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED**  
**Statement of Changes in Equity for the year ended 31 December 2022**

Particulars	Equity Share Capital			Reserves and Surplus (Nu.)				Other Reserves (Nu.)		Total (Nu.)
	No. of Shares (issued and fully paid up)	Par value (Nu.)	Issued share value (Nu.)	General Reserves	Retained Earnings	Revaluation Reserves	Capital Reserves			
<b>Balance as at 01.01.2021 (A)</b>	868,506	100	86,850,552	145,912,558	312,654,866	115,144,864	34,584,297		695,147,137	
Profit for the year	-	-	-	-	1,083,703	-	-	-	1,083,703	
Retirement benefit obligations-Retained Earning	-	-	-	-	1,990,395	-	-	-	1,990,395	
Deferred Tax on Provision for Gratuity (OCI)	-	-	-	-	(597,118)	-	-	-	(597,118)	
Capital transfer from WCCL	659,583	100	65,958,300	-	-	-	-	-	65,958,300	
Retained Earnings transfer from WCCL	-	-	-	-	6,244,009	-	-	-	6,244,009	
Transfers of Land to DHI	-	-	-	-	-	(115,144,864)	-	-	(115,144,864)	
<b>Total Comprehensive Income (B)</b>	1,528,089	100	152,808,852	145,912,558	321,375,854		34,584,297		654,681,561	
Dividends paid	-	-	-	-	(9,000,000)	-	-	-	(9,000,000)	
<b>Total Contributions by and Distributions to Owners (C)</b>	-	-	-	-	(9,000,000)	-	-	-	(9,000,000)	
<b>Total transactions with Non-Controlling Interests directly recognized in Equity (D)</b>	-	-	-	-	-	-	-	-	-	
<b>Balance as at 31.12.2021 (E=A+B+C+D) Restated</b>	1,528,089	100	152,808,852	145,912,558	312,375,854	-	34,584,297	-	645,681,561	
<b>Balance as at 01.01.2022 (A)</b>	1,528,089	100	152,808,852	145,912,558	312,375,854	-	34,584,297	-	645,681,561	
Profit for the year	-	-	-	-	(28,208,337)	-	-	-	(28,208,337)	
Retirement benefit obligations-Retained Earning	-	-	-	-	15,204,623	-	-	-	15,204,623	
Deferred Tax on Provision for Gratuity (OCI)	-	-	-	-	(4,561,387)	-	-	-	(4,561,387)	
Tax Paid relating to earlier years	-	-	-	-	608,786	-	-	-	608,786	
Lease adjustments	-	-	-	-	(261,059)	-	-	-	(261,059)	
Retained Earnings transfer from WCCL	-	-	-	-	-	-	-	-	-	
Transfers of Land to DHI	-	-	-	-	-	-	-	-	-	
<b>Total comprehensive income for the year (B)</b>	1,528,089	100	152,808,852	145,912,558	295,158,481	-	34,584,297	-	628,464,188	
Dividends paid	-	-	-	-	-	-	-	-	-	
Proceeds from Shares issued	-	-	-	-	-	-	-	-	-	
<b>Total Contributions by and Distributions to Owners (C)</b>	-	-	-	-	-	-	-	-	-	
<b>Total transactions with Non-Controlling Interests directly recognized in Equity (D)</b>	-	-	-	-	-	-	-	-	-	
<b>Balance as at 31.12.2022 (E=A+B+C+D)</b>	1,528,089	100	152,808,852	145,912,558	295,158,481	-	34,584,297	-	628,464,188	



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Number of shares authorised for each class of shares:

	As at 31 December	
	2022	2021
Authorised share capital		
Number of ordinary shares of face value Nu.100 each	8,000,000	8,000,000

For JIGMI Audit & Financials Pvt. Ltd.



*Jigmi Rinzin*

Jigmi Rinzin FCCA  
(Membership No.0283308)  
Partner

For Natural Resources Development Corporation Limited

*[Signature]*  
General Manager  
Finance Division  
NRDCL HQ, Thimphu

*[Signature]*  
Chief Executive Officer  
Chief Executive Officer  
Natural Resources Development Corporation Ltd.  
Thimphu ; Bhutan

*[Signature]*

Chairman  
NRDCL Board  
Natural Resources Development Corporation Limited  
Thimphu ; Bhutan

Date: *08/05/2023*



**NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED**  
**Statement of Cash Flows for the year ended 31 December 2022**

Particulars	Notes/ Refs.	Period Ended		
		31-12-2022	31-12-2021	01-01-2021
<b>Cash flows from operating activities</b>				
Profit before income tax		(25,374,321)	7,241,518	19,408,799
<i>Adjustments for:</i>				
Depreciation and amortization	2&3	87,498,741	97,676,667	84,028,619
Provision for Impairment of non-current assets	2	-	-	-
(Profit) loss on disposal of PPE	17	(1,744,250)	(55,140)	(101,854)
Release of Grant received to SCI	12	(2,472,545)	(2,902,015)	(1,275,000)
Liabilities no more required written back	17	(7,137,663)	(7,914,730)	(10,284,051)
Interest paid	20	8,242,028	6,214,156	2,011,484
Interest received	17	(1,347,407)	(98,447)	(565,040)
<b>Cash flows from operating activities-Before Working Capital</b>		<b>57,664,582</b>	<b>100,162,008</b>	<b>93,222,957</b>
Changes in other current assets	7	(7,896,822)	23,152,479	(25,358,480)
Changes in trade and other receivables	9	(39,769,343)	(31,792,449)	22,250,956
Changes in inventories	10	15,966,938	(22,905,321)	(124,726,752)
Changes in trade and other payables	14	2,012,259	(25,815,017)	94,990,519
Changes in other current and non-CL	15	22,608,131	(4,132,379)	7,903,473
Changes in trade and other payables	6	950,705	(1,148,311)	(562,052)
Changes in provision for employee benefits	13	(17,870,004)	(963,031)	(259,917)
Changes in current and non-current assets	5	2,480,919	26,215,222	(24,531,492)
<b>Cash generated from operations</b>		<b>36,147,366</b>	<b>62,773,201</b>	<b>42,929,212</b>
Income tax paid	16	(3,399,380)	(10,002,785)	(25,044,277)
<b>Net cash flows from operating activities (A)</b>		<b>32,747,985</b>	<b>52,770,416</b>	<b>17,884,935</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	2	(94,868,543)	(74,175,577)	(125,100,295)
Purchase of intangible assets	3	-	(4,762,000)	(2,004,119)
Right of Use Asset	3a	(1,945,238)	-	-
Purchase of capital WIP	4	2,136,208	5,532,412	2,370,007
Receipt of Grant for Glulam Project/Transfer from WCCL	12	-	5,518,792	-
Proceeds from sale of property, plant and equipment		1,854,021	55,141	133,095
Interest Received	17	1,347,407	98,447	565,040
<b>Net cash used in investing activities (B)</b>		<b>(91,476,145)</b>	<b>(67,732,784)</b>	<b>(124,036,272)</b>
<b>Cash flows from financing activities</b>				
Interest Paid	20	(8,242,028)	(6,214,156)	(2,011,484)
Long-Term Borrowings (Net of receipt of Nu.70,000,000 and repayment of Nu.18,534,768)	11	51,465,232	(149,097)	(48,700,838)
Overdraft/Short-Term Borrowings	11	(5,601,172)	(24,948,195)	46,079,931
Issue/Adjustment of Share Capital	SOCE	-	-	90,000,000
Actuarial gain/(losses) on defined benefit plans	SOCE	15,204,623	1,990,395	3,008,589
Tax Paid relating to earlier years	SOCE	608,786	-	-
Lease adjustments	SOCE	(261,059)	-	-



Deferred Tax	SOCE	(7,395,403)	-	-
Dividends paid to owners of the parent	SOCE	-	(9,000,000)	-
Capital transfer from WCCL	SOCE	-	65,958,300	-
Retained Earnings transfer from WCCL	SOCE	-	6,244,009	-
<b>Net cash used in financing activities (C)</b>		<b>45,778,980</b>	<b>33,881,256</b>	<b>88,376,197</b>
<b>Net increase(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(12,949,180)</b>	<b>18,918,888</b>	<b>(17,775,140)</b>
Cash and cash equivalents at beginning of year		47,452,263	28,533,376	46,308,515
<b>Cash and cash equivalents at end of the year</b>	<b>5</b>	<b>34,503,083</b>	<b>47,452,263</b>	<b>28,533,376</b>

*For JIGMI Audit & Financials Pvt. Ltd. For Natural Resources Development Corporation Limited*


Jigmi Rinzin FCCA  
 (Membership No.0283308)  
 Partner

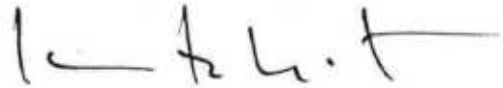
  
 General Manager

General Manager  
 Finance Division  
 NRDCL HQ, Thimphu

  
 Chief Executive Officer

Chief Executive Officer  
 Natural Resources Development Corporation Ltd.  
 Thimphu : Bhutan

Date: 09/05/2023



Chairman  
 NRDCL Board  
 Natural Resources Development Corporation Limited  
 Thimphu : Bhutan

**NOTE 1: GROUP ACCOUNTING POLICY****Introduction**

Druk Holdings and Investment Limited (DHI) is a company limited by shares, incorporated and domiciled in the Kingdom of Bhutan. The principal business of the Group, (DHI and its Subsidiaries, Associates) is diversified across various sectors, such as power generation and distribution, aviation, banking, manufacturing, construction, telecom, natural resources, etc. All significant operations of the Group take place within the Kingdom of Bhutan. The ultimate parent of the Group is DHI, a company limited by shares whose 100% shares are owned by the Royal Government of Bhutan.

The financial statements shall be prepared as per the standards prescribed by the Accounting and Auditing Standard Board of Bhutan (AASBB). IFRS/BFRS (International Financial Reporting Standards/Bhutanese Financial Reporting Standards) is a principle-based framework and provides choices within the standards for application and recognition. The Group Accounting Policy document provides the significant accounting policies applicable to the preparation of financial statements wherever the standard provides options in the choice of methodology, recognition and measurement. These policies need to be followed consistently, unless otherwise stated.

**Objective of Group Accounting Policies**

The Objective for the Group Accounting Policies is to achieve the following benefits across Group entities:

- (a) **Consistency of Application:** Group Accounting Policies help in bringing consistent accounting treatment of similar transactions across the group companies.
- (b) **Correct Accounting Treatment:** Group Accounting Policies help and ensure that the correct accounting treatment has been followed for complex accounting issues, such as revenue recognition or classification of securities, etc. across all the group entities.
- (c) **Efficiency:** By streamlining decision processes, accounting policies help in making the process of recording and measuring accounting transactions more efficient and effective.

**Implementation of Bhutanese Accounting Standards**

The AASBB has issued the first set of the Bhutanese Accounting Standards 'BAS 2015' which is a local version of IFRS issued by International Accounting Standards Board hereafter 'IASB', with minor changes to suit local needs. The AASBB has decided to adopt IFRS in a phased manner. As per the roadmap issued by AASBB a total of 18 standards are to be implemented in the first phase commencing in 2013 for a period of 3 years, while 9 standards will be implemented in second phase and 10 standards in third phase from 2016 and 2018 respectively.

The third and final phase of Bhutanese Accounting Standards (BAS) is due for implementation in 2018 as per the notification issued by AASBB in July 2017. DHI and its group companies had decided to early adopt the full BAS from 2017.

In January 2022, the AASBB has issued new standards BAS 2020 which has replaced the Bas 2015 for implementation in 2022.





### Reporting Entity (Company overview)

Natural Resources Development Corporation Ltd. (the 'Company') is a wholly-owned subsidiary of Druk Holdings and Investment Ltd (DHI). The Company was incorporated vide Registration of Incorporation No.U19901227THI05 under the Companies Act of the Kingdom of Bhutan 1989 (Amendments, 2000 and 2016) and domiciled in the Kingdom of Bhutan. It was initially incorporated in 1984 under the Royal Charter as Bhutan Logging Corporation, which later evolved into Forestry Development Corporation Ltd. (FDCL) in 1996.

The primary activity of the Company is to supply and make the basic construction materials such as timber, sand, and stones affordable, accessible and available to the public at large.

With its Head Office at Phendey Lam, P.O. Box 192, Thimthrom, Thimphu, its activities are spread across the country. Its field activities are managed by four Regional Offices, two Branches and two Service Centres, as detailed below.

Region/Branch/Centre	Activities/Products	Coverage/Operational Area
Rinpung Region	Timber, sand, stone (except sand from Wangdue is under Sha Branch)	Thimphu, Paro, Haa, Wangdue, Punakha, Gasa, Dagana and Tsirang
Phuentsholing Region	Timber, sand, stone	Chhukha, Samtse, and Lhamoizingkha (Dagana)
Jakar Region	Timber, sand, stone	Bumthang, Trongsa and Zhemgang
Zhonggar Region	Timber, sand, stone, and Joinery Products	Mongar, Trashigang, Trashigang, Lhuentse, Pemagatshel, and Samdupjongjhar
Sha Branch	Sand	Wangdue
Gelephu Branch	Timber, sand, stone	Sarpang
Wood Craft Centre (WCC)	Timber related value-added products	Operational from Langjuphakha, Thimphu
Wang Service Centre (WSC)	Wood Joinery Products, Briquette and Sawn Timber Outlet	Operational from Ramtokto, Thimphu

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 7 March 2023.

### 1. Basis of preparation

#### 1.1 Compliance with Bhutanese Accounting Standard (BAS)

The preparation of financial statements under BAS requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

**Income:** Revenue is recognized at a point in time when the entity transfers the control of goods or services or over the time based on input or output method.



**Property, Plant and Equipment (PPE):** Critical judgments are expected for period of use, condition of the asset, technological advances, regulation, and residual values.

**Actuarial valuation of employee benefits:** Expected uptake of the gratuities and the discount rate used in the valuation.

**Tax:** The group is subject to taxes in Bhutan and other jurisdictions in which it operates. The application of tax law to specific circumstances and transactions requires the exercise of judgment by the management.

**Impairment of Financial Asset:** The provisions on financial assets- loans, trade receivable and contract assets are measured using expected credit loss model which requires the exercise of significant judgement and estimates according to historical data and macroeconomic data.

**Offsetting:** Assets and Liabilities or Income and Expenses, are not offset unless required or permitted by the standards.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to off-set the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of Profit or loss unless required or permitted by an accounting standard or an interpretation, and as specifically disclosed in the significant accounting policies of the Group.

#### **Use of Estimates and Judgment**

In preparing the Financial Statements in conformity with BFRS/BAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgement about the carrying amount of assets and liabilities that are not readily apparent from other sources.

#### **Functional and Presentation Currency**

The functional currency of preparation is the Bhutanese Ngultrum.

#### **1.2 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by *BAS 1: Presentation of Financial Statements*.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. Materiality assessment also involves making sure that information that is important to the users is not obscured by immaterial information, or by aggregating material items that have different natures or functions.



Determining the threshold level of materiality requires that an appropriate base level and percentage be decided on. The materiality threshold benchmarks, specific level of materiality for individual balances, class of transaction or disclosures shall be provided in the DHI's guidelines on Materiality.

### 1.3 Historical cost convention

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

- Financial instruments - measured at fair value;
- Assets held for sale - measured at fair value less cost to sell;
- Defined benefit plans - plan assets measured at fair value; and
- Biological assets - measured at fair value.

### 1.4 Current versus 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:

- 1) Expected to be realized or intended to be sold or consumed in normal operating cycle;
- 2) Held primarily for the purpose of trading;
- 3) Expected to be realized within twelve months after the reporting period; or
- 4) 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:

- 1) It is expected to be settled in normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is due to be settled within twelve months after the reporting period; or
- 4) There is no substantial right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

## 2 Presentation of Financial Statements (BAS 1)

Financial Statements are required to be prepared fairly as set out in the framework and are required to be compiled with all requirements of BFRS. A complete set of financial statements comprise of:

1. Statement of Financial Position;
2. Statement of Profit or Loss and Other Comprehensive Income;



3. Statement of Equity;
4. Statement of Cash Flow; and
5. Notes comprising of significant accounting policies, estimates and judgements.

The Statement of Financial Position can be presented as:

1. Current and Non-current separately; and
2. In order of Liquidity.

The statement of Profit or Loss and Other Comprehensive Income can be presented:

1. Nature of expense;
2. Function of expense; and
3. Mixed approach if entity is of the view that statement will be presented fairly and more relevant depending on the industry.

### 3 Inventories (BAS 2)

This Standard prescribes the basis of accounting treatment of inventories. It states that inventories need to be measured at lower of cost and net realizable value and cost can be determined using *first in first out (FIFO) or weighted average method*.

The Group Accounting policy prescribes the weighted average method.

### 4 Cash Flows (BAS 7)

This standard provides information about the cash flow flows of the entity and shall present it as an integral part of the financial statements. The cash flow for the period shall be classified as operating, investing and financing. The standard provides option for preparing the cash flows from operation either by *direct method or the indirect method*.

The Group Accounting Policy prescribes *the indirect method of presentation of the cash flow statement*.

### 5 Property, Plant and Equipment (BAS 16)

This Standard prescribes the accounting treatment for property, plant and equipment (PPE). PPE are tangible items that:

1. *Are held for use in the production or supply of good and services, for rental to others, or for administrative purposes; and*
2. *Are expected to be used during more than one period.*

PPE shall be measured at its cost initially and will need to be depreciated using the useful life. The useful life of the PPE will be ascertained by the respective entities within the range prescribed in the group policy.

The Standard allows different methods of depreciation as follows:



1. *Straight line method;*
2. *Diminishing Balance method; and*
3. *Unit of production method*

The Standard allows PPE to be stated as per:

1. *Historical cost less accumulated depreciation less accumulated impairment, if any; or*
2. *Re-valued amount less subsequent accumulated depreciation less subsequent accumulated impairment losses.*

The Group Accounting Policy prescribes the following:

1. *Straight-line method for depreciation;*
2. *Historical cost less accumulated depreciation less accumulated impairment, if any, for all PPE except land; and*
3. *Land will be measured at revalued amount less subsequent accumulated depreciation less subsequent accumulated impairment losses.*

The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The useful life of an asset is defined in terms of the asset's expected utility to the entity. Given the different sectors within the group, the Group Accounting Policy does not prescribe a standard useful life among the asset class rather a range is defined within which the respective companies are expected to provide (*Refer Annexure - 'A'*).

#### **Decommissioning liability**

Any cost of dismantling or restoration works that have been included in the cost of the PPE are also recognized as decommissioning liability at a discounted rate. A catch-up adjustment to the liability is made annually through the profit and loss.

The residual value and useful life of the asset are reviewed at end of each financial year and if expectations differ from previous year estimates, the changes are accounted for as a change in accounting estimate under BAS 8.

#### **6 Government Grants (BAS 20)**

This Standard prescribes the accounting treatment and disclosures for government grants or other forms of government assistances. There are two types of grants, viz. grants related to income and grants related to assets.

A grant related to income may be presented:

1. Separately as 'other income'; and
2. Deducted from related expenses.

Grants related to assets may be presented as:

1. As deferred income (released to profit and loss statement when related expenditures impact profit and loss statement); and
2. By deducting the grant from the asset's carrying amount.





Grants receivable as compensation for costs, either incurred or for immediate financial support with no future related costs, are recognized as income in the period in which it is receivable.

Non-monetary grants such as land or other properties, can be accounted at fair value or nominal value.

The Group policy prescribes the following:

- 1) *Grants related to income from RGoB and other organizations relating to costs are recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate;*
- 2) *Grants relating to PPE are included in non-current liabilities as Deferred Government Grants. Depreciation on the assets is charged against the grant and not to the Operating Statement; and*
- 3) *The non-monetary assets can be accounted at nominal value.*

## 7 Separate Financial Statements (BAS 27)

This Standard prescribes accounting and disclosure requirement for investments in subsidiaries, joint ventures and associates. The Standard allows investments in subsidiaries, joint ventures and associates to be recorded as follows:

1. Cost;
2. Fair value as per BFRS 9; and
3. Equity method

The group Accounting Policy investments to be recorded *at cost*.

## 8 Investment in Associates and Joint ventures (BAS 28)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The company's investment in the associates and joint ventures are accounted for using the equity method as the company is not an investing entity and does not account the fair value through profit and loss.

Only investments in associates and joint ventures that are investing entities are accounted at fair value through profit and loss.



## 9 Intangible Assets (BAS 38)

This Standard prescribes the accounting treatment for intangibles that are not dealt with specifically in another Standard. Intangible are recognized if, and only if

1. It is probable that the expected future economic benefits that are attributable to the assets will flow to the entity; and
2. The cost of the assets can be measured reliably.

The Standard allows different methods of amortization as follows:

1. *Straight line method;*
2. *Diminishing Balance Method; and*
3. *Unit of production method*

The Standard allows intangibles to be stated as per;

1. *Cost less accumulated amortization less accumulated impairment, if any; or*
2. *Re-valued amount less subsequent accumulated amortization less subsequent accumulated impairment losses.*

The Group Accounting Policy prescribes the following:

1. *Straight-line methods for amortization; and*
2. *Cost less accumulated amortization less accumulated impairment, if any.*

## 10 Investment Property (BAS 40)

This Standard prescribes accounting treatment for investment property. An investment Property is a property held to earn rental or for capital appreciation or both, rather than use in the production or supply of goods and services, for administrative purpose, or sale in the ordinary course of business. An investment property shall be initially measured at its cost and can be stated *at cost or fair value subsequently.*

The group accounting policy prescribes to apply *cost model* for the subsequent measurement.

## 11 Business Combination and Goodwill (BFRS 3)

### 11.1 Business combination other than under common control

The objective of this Standard is to improve relevance, reliability and comparability of information about business combinations. A business combination requires that the assets acquired, and liabilities assumed constitute a business and shall account business combinations by applying the acquisition method.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the company elects whether to measure the non-controlling interests in the acquiree



at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is financial instrument and within the scope of *BFRS 9: Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with BFRS 9.

Other contingent consideration that is not within the scope of BFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognized immediately in the income statement.

Goodwill is not subject to amortization but will be reviewed for impairment annually.

#### **11.2 Business combination under common control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition of business under common control is not covered in the above Standard (BFRS 3). Business combinations involving entities under common control are accounted for using the 'pooling of interests' method until an appropriate Standard on the same is introduced.

### **12 Exploration and Evaluation of mineral resources (BFRS 6)**

This Standard's objective is to specify the financial reporting for the exploration and evaluation of mineral resources.

Exploration and evaluation shall be measured at cost and accumulated as capital work-in-progress. The entity needs to classify them as tangible, or intangible based on the nature of the assets and apply consistently. As the operation commences, the cost needs to be depreciated/amortized using the following methods:

1. Unit of production method;
2. Straight line method; and
3. Diminishing Balance Method.



It also allows these exploration and evaluation assets to be classified under *cost or revaluation model*.

The Group Accounting Policy prescribes the following:

1. To adopt the units of production method for depreciation; and
2. To adopt the cost less accumulated depreciation less accumulated impairment, if any.

### 13 Segment Reporting (BFRS 8)

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's another component, and for which discrete financial information is available.

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

However, BFRS 8 is applicable only to listed company and hence an unlisted company is not required to identify the operating segment as per above-mentioned policy.

DHI Group Accounts shall *present segmental reporting based on the sector of the company that it holds*. The policy adopted by the individual companies within the group for the segment accounting will not impact the accounting policies used by DHI for the consolidated accounts.

### 14 Financial Instruments (BFRS 9)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 14.1 Financial Assets

Financial assets are measured at fair value on initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics (solely for payment of principal and interest 'SPPI' test) and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price under BFRS 15. Based on SPPI test and business model, the financial assets will have to be subsequently classified as:

1. At amortized cost;
2. Fair value through Profit and Loss; and/or
3. Fair value through Other Comprehensive Income.



#### 14.2 Financial Asset at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes loans, trade receivables, and loans to subsidiaries.

#### 14.3 Financial Assets at Fair Value through OCI

The investment in equity shares where the shareholding is less than 20% will be required to be measured at fair value at each balance sheet date and the subsequent changes in the fair value to be designated through the Profit or Loss account or Other Comprehensive Income depending on the SPPI and business model test. The Standards allow one time option to elect the equity instruments to be classified at Fair Value through Other Comprehensive Income (without recycling).

The Group Accounting Policy prescribes to *classify irrevocably its equity investment of less than 20% at Fair Value through Other Comprehensive Income unless the assets are held for trading purposes.*

#### 14.4 Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all financial instruments except for financial asset 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 Group expects to receive, discounted at an approximation of the original effective interest rate.

ECL is recognized for 12 months and life time. ECL is determined based on the significant increase in credit risk 'SICR' and objective evidence of impairment over the life of the financial assets. For computation of ECL, the Standard prescribes a rebuttable presumption of 30 days past due as approach for ECL computation of trade receivables, contract assets and lease receivable.

The Group Accounting Policy prescribes the following:

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

Impairment of financial asset shall be further guided by Guidelines issued by the DHI. Impairment of loans and advances for bank shall be guided by the guidance issued by the Royal Monetary Authority.

#### 14.5 Financial Liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are subsequently measured at:



1. Amortized cost; and
2. Fair value through profit and loss.

The Group's financial liabilities are measured *at amortized cost*.

## 15 Consolidation (BFRS 10)

BFRS 10 provides exception from consolidation requirement to the parent company, which are investment entity. DHI does not qualify as an investment entity under BFRS 10 and thus is required to prepare consolidated financial statements. Financial statements of the subsidiaries are consolidated on a line-by-line basis. All significant intra-group balances and transactions, and any unrealized incomes and expenses arising from group transactions, are eliminated.

Financial statements shall be prepared by applying uniform accounting policies prescribed for the group as a whole. Where, companies in the group have applied accounting policies that do not match group accounting policies, adjustments need to be made to ensure that consistent accounting policies have been applied in the group.

Financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases.

Where a parent of a subsidiary produces consolidated financial statements, the entity that is a parent (have subsidiary/subsidiaries) **does not** have to prepare and produce consolidated financial statements.

### Balance and Transaction Eliminated on Consolidation

Intra-group balances and transactions, including incomes, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

## 16 Lease (BFRS 16)

The Group 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 payment.

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 asset as separate item on the balance sheet or as part of PPE or investment property. For subsequent measurement of right-of-use, the Standard provides choice to adopt cost model or revaluation model, or fair value model.

The group Accounting 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; and
3. Subsequent measurement based on cost model for leases recognized.

### **Lease Liability**

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

### **17. Impairment of Assets (BAS 21)**

The company assesses at each balance sheet date whether there is objective evidence that an asset or a group of assets is impaired. An asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the value of an asset. PPE are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flow that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If asset(s) is/are considered to be impaired, the impairment to be recognized in net profit in the statement of comprehensive income is measured by the amount by which the carrying amount of the assets exceeds the estimated recoverable amount of the assets.

### **18. Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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 in profit or loss in the period in which they are incurred.

### **19. Current and deferred income tax**

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the company operates and generates taxable income.



Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes viable which causes the company to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made.

Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax charge for the year in which the assessment is completed.

## 20. Employee benefits

### a) Retirement Benefits

Retirement benefit liabilities are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Gratuity and leave wages is accrued and provided for on the basis of actuarial valuation as at the Statement of Financial Position date. Actuarial gains or losses arising adjustments and changes in actuarial assumptions are charged in other comprehensive income in the period in which they arise. Changes in service and interest are also charged to OCI.

Contribution towards the gratuity liability is funded by allocating a separate fund or assets and investment return earned thereon. Leave encashment is not supported by a separate fund.

### b) Other benefits

Other benefits such as leave encashment, bonus and Performance Based Variable Allowance (PBVA) are accrued at year-end without actuarial valuation.

Leave encashment, Bonus and the expected cost of Performance Based Variable Allowance (PBVA) is recognized as an expense when there is legal or constructive obligation to make such payment as a result of past performance and reliable estimate of the obligation can be made and accrued as at the Statement of Financial Position date without actuarial valuation.





## Explanatory Notes on Financial Statements

21. Natural Resources Development Corporation Limited (NRDCL) is a wholly owned subsidiary company of Druk Holding and Investments (DHI), a holding company owned by the Royal Government of Bhutan.

22. The Company has adopted Bhutanese Accounting Standards (BAS) from the year 2013 correspondingly the financial figures of the earlier year have been restated wherever necessary as per BAS.

23. **Functional currency** used is Ngultrum (Nu.) and figures are rounded off to the nearest Ngultrum.

24. The Operating Cycle for the Company has been considered as one year and the corresponding bifurcation of assets and noncurrent assets/ liabilities has been done on this basis. Previous year's figures are regrouped/rearranged wherever necessary.

### **25. Financial Statements**

#### **25.1 Share Capital**

All ordinary shares are ranked equally. The authorized share capital of the company is Nu.800.00 million (8,000,000 equity share @ Nu.100 per share). As of the report date, the total subscribed and paid-up share capital is Nu.152,808,852 (1,528,088.52 @ Nu.100 per share).

During the year, with reference to the letter no. DHI/FD/DGA/Group Companies/2022/304 dated 28 June 2022, accounting treatment on transfer of NRDCL Land to DHI was revised retrospectively through adjustment from the Capital Accounts and restated the financial statements. With the adjustment of transferred land value, the paid-up share capital of the company has reduced to Nu.152,808,852.00 as of 31 December 2022 from Nu.215, 958,300.00 as of 31 December 2021.

#### **Before Restatement (Amount in Nu.)**

Particular	31.12.2021	31.12.2020
Share Capital	215,958,300.00	150,000,000.00
General Reserves	116,028,035.07	116,028,035.07
Retained Earnings	279,085,778.40	279,364,790.17
Revaluation Reserves	25,150.88	115,170,015.00
Capital Reserves	34,584,296.72	34,584,296.72
<b>Total Equity</b>	<b>645,681,561.07</b>	<b>695,147,136.96</b>

#### **After Restatement (Amount in Nu.)**

Particular	31.12.2022	31.12.2021	31.12.2020
Share Capital	152,808,851.60	152,808,851.60	86,850,551.60
General Reserves	145,912,558.35	145,912,558.35	145,912,558.35
Retained Earnings	295,158,481.06	312,375,854.40	312,654,866.17
Revaluation Reserves	-	-	115,144,864.12
Capital Reserves	34,584,296.72	34,584,296.72	34,584,296.72
<b>Total Equity</b>	<b>628,464,187.73</b>	<b>645,681,561.07</b>	<b>695,147,136.96</b>



## 25.2 Capital Management

The company manages its capital so as to ensure funds are available to meet future commitments, as well as commitments to outside parties. The company has a requirement to meet dividend and tax expectations as contained to the Annual Compact, the parent company and the RGOB.

Capital expenditure is mostly met from operating cash flows. Fixed term borrowings are made mainly for major capital projects. Such borrowings are repaid based on applicable Terms and Conditions.

### a. Presentation of expenses

The company uses functional approach in presenting the expenses. The expenses on employees and depreciation are bifurcated by function.

Employee Compensation and Benefit Expenses	Direct (Nu.)	Indirect (Nu.)	Total (Nu.)
Basic Salaries	104,281,922.54	18,581,628.00	122,863,550.54
PF - Employer's Contribution	14,577,623.00	3,883,074.65	18,460,697.65
Allowances	22,234,023.00	6,299,157.00	28,533,180.00
Master roll payment	489,980.72	-	489,980.72
Overtime allowance	1,967,034.06	-	1,967,034.06
Leave Encashment	8,685,800.50	97,970.20	8,783,770.70
Leave Travel Concession (LTC)	5,941,395.00	582,420.00	6,523,815.00
Transfer Grant	724,438.12	-	724,438.12
Carriage charges	282,129.64	12,589.00	294,718.64
Travel Allowance	136,714.23	-	136,714.23
Salary Arrear	879,305.00	85,000.00	964,305.00
<b>Separation Allowances - NRDCL</b>			
Separation - Gratuity Expenses	7,339,239.57	951,559.43	8,290,799.00
Separation - Transfer Grant	5,460,614.99	534,120.01	5,994,735.00
Separation - Travel Allowance	5,461,044.99	534,120.01	5,995,165.00
Separation - Carriage Charges	3,587,053.29	372,827.75	3,959,881.04
<b>Depreciation and amortization</b>			
Depreciation-Building	4,445,701.54	1,164,142.97	5,609,844.51
Depreciation-Road	32,937,200.04	-	32,937,200.04
Depreciation-Cable Crane	12,574,104.21	-	12,574,104.21
Depreciation-Machinery and Equipment	27,625,807.79	-	27,625,807.79
Depreciation-Tractors and Trucks	900,936.46	-	900,936.46
Depreciation-Vehicle	727,505.17	782,991.05	1,510,496.22
Depreciation-Furniture	274,189.30	104,550.11	378,739.41
Depreciation-Office Equipment	2,081,063.29	1,080,112.55	3,161,175.84
Tools & implements	224,759.59	-	224,759.59
Depreciation-ROU	321,848.54	-	321,848.54
Depreciation-Software	-	2,253,828.73	2,253,828.73

## 26. Inventory



**a) Products**

The Company has adopted cost (using the weighted average method) for valuation of closing inventory (*Refer Annexure - 'B'*).

**b) Spare parts and consumable store inventory**

The carrying amount of inventory on spare parts and consumable stores as on 31 December 2022 is Nu.43,944,924.10 (previous year Nu.31,758,978.44) including dead stock of Nu.2,651,653.67 (previous year Nu.2,651,653.67). Provision has been made fully in respect of the Dead stock.

27. The confirmations for the closing balances of Receivables, Payables, Creditors, and Advances have been obtained for majority and as such, the amounts are stated as per their respective book balances.

**28. Retirement Benefit Obligations**

**a) Defined Benefit Scheme-Gratuity**

Qualifying employee are members of the defined benefit plan sponsored by the company. Employees are entitled to a lump sum payment computed based on the last basic pay drawn times the number of completed years of service.

**i) Statement of Financial Position**

*Nu. in million*

Particulars	2022	2021
Defined benefit obligation (DBO)	114.957	(134.645)
Fair value of Plan Assets (FVA)	131.603	123.503
Funded Status (Surplus/(Deficit))	16.646	(11.141)
<b>Effect of Asset ceiling</b>	-	-
Net defined benefit asset (DBA)	16.646	(11.141)

**ii. Statement of Comprehensive Income**

*Nu. in million*

Particulars	2022	2021
Current Service Cost	8.560	10.457
Past Service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	9.935	9.927
Less: Expected interest on plan asset	(10.204)	(9.320)
Expenses recognised in profit or loss	8.291	11.064

**iii. Other Comprehensive Income**

*Nu. in million*

Particulars	2022	2021
Actuarial (gain) or loss due to experience adjustments	(8.966)	(3.619)
Actuarial (gain) or loss due to changes in financial assumptions	-	0.124
Actuarial (gain) or loss due to changes in demographic assumptions	(8.311)	-
Return on plan assets (greater) or less than discount rate	10.204	2.319
Expenses recognised as OCI	(7.073)	(1.176)



- Scheme is funded by allocating a separate fund;
- Retirement age:  
Grade 3 and above: 60 years  
Grade 4 and below: 58 years
- Benefit payable on Retirement/Resignation/Disability/Death; and
- Form of benefit: Lump sum (no ceiling)

**b) Defined Benefits Scheme- Other Long-term Employee Benefits- Leave Encashment Benefits**

- As per the Service Rules and Regulation (SRR) of the company, employees shall be allowed to accrue leave a maximum 60 days.
- An employee can encash leave equal to one-month basic pay (excluding all allowances) once a year provided there is a minimum of 30 days leave to his credit.
- Encashing leave in fraction of a month is not permitted

**i) Statement of Financial Position**

*Nu. in million*

Particulars	2022	2021
Defined benefit obligation (DBO)	12.163	14.801
Fair value of Plan Assets (FVA)	-	-
Funded Status (Surplus/(Deficit))	(12.163)	(14.801)
Effect of Asset ceiling	-	-
Net defined benefit asset (DBA)	(12.163)	(14.801)

**ii. Statement of Comprehensive Income**

*Nu. in million*

Particulars	2022	2021
Current Service Cost	(2.638)	(0.943)
Past Service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	0.727	0.393
Less: Expected interest on plan asset	-	-
Immediate recognition of gains/losses	10.695	10.443
Expenses recognised in profit or loss	8.784	9.893

**c) Defined Benefits Scheme- Other Long-term Employee Benefits- Travelling Allowance**

**i) Statement of Financial Position**

*Nu. in million*

Particulars	2022	2021
Defined benefit obligation (DBO)	4.654	-
Fair value of Plan Assets (FVA)	-	-
Funded Status (Surplus/(Deficit))	(4.654)	-
Effect of Asset ceiling	-	-
Net defined benefit asset (DBA)	(4.654)	-



ii. Statement of Comprehensive Income

*Nu. in million*

Particulars	2022	2021
Current Service Cost	0.541	-
Past Service cost	5.508	-
Loss/(Gain) on settlement	-	-
Interest on DBO	(0.054)	-
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	5.995	-

d) Defined Benefits Scheme- Other Long-term Employee Benefits- Transfer Grant

i) Statement of Financial Position

*Nu. in million*

Particulars	2022	2021
Defined benefit obligation (DBO)	4.654	-
Fair value of Plan Assets (FVA)	-	-
Funded Status (Surplus/(Deficit)	(4.654)	-
Effect of Asset ceiling	-	-
Net defined benefit asset (DBA)	(4.654)	-

ii. Statement of Comprehensive Income

*Nu. in million*

Particulars	2022	2021
Current Service Cost	0.541	-
Past Service cost	5.508	-
Loss/(Gain) on settlement	-	-
Interest on DBO	(0.054)	-
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	5.995	-

e) Defined Benefits Scheme- Other Long-term Employee Benefits- Carriage Charges

i) Statement of Financial Position

*Nu. in million*

Particulars	2022	2021
Defined benefit obligation (DBO)	3.248	-
Fair value of Plan Assets (FVA)	-	-
Funded Status (Surplus/(Deficit)	(3.248)	-
Effect of Asset ceiling	-	-
Net defined benefit asset (DBA)	(3.248)	-

ii. Statement of Comprehensive Income

*Nu. in million*

Particulars	2022	2021
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Current Service Cost	0.421	-
Past Service cost	3.567	-
Loss/ (Gain) on settlement	-	-
Interest on DBO	(0.028)	-
Less: Expected interest on plan asset	-	-
Expenses recognised in profit or loss	3.960	-

#### 29. Transactions with Related Parties:

Name of Related Party	Relationship	Nature of transaction	Amount (Nu)
Druk Holding and Investments	Holding company	a. Equity Shares held by DHI	152,808,851.60
		b. Inter-group Brand Management Fees (Expense)	1,111,323.40
		c. Sale of Furniture	7,290.00
		d. Corporate Guarantee Fee	722,435.53
		e. Trade payables	678,304.79
		f. Lease Rent (Expense)	173,450.36
Bhutan Power Corporation Limited	Fellow Subsidiary	a. Electricity Charges	3,238,029.27
		b. Trade payables	273,170.00
		c. Sale of Furniture	457,115.00
		d. Trade receivables	8,781.66
		e. Sale of natural resources	11,213.81
Bank of Bhutan Limited	Fellow Subsidiary	a. Bank Charges	321,653.72
		b. Bank balance (Cash book)	28,111,535.23
		c. Borrowings (OD)	7,112,122.45
		d. Interest on (OD)	1,867,548.92
Bhutan Telecom Limited	Fellow Subsidiary	a. Communication; internet and telephone charges	1,270,646.39
		b. Trade payable	73,259.55
		c. Sale of Furniture	175,373.00
State Trading Corporation Limited	Fellow Subsidiary	a. Running & Maintenance of Vehicle (Expense)	532,059.76
		b. Sale of Furniture	53,695.00
		c. Purchase of truck	2,654,614.00
		d. Sale of natural resources	385,201.60
		e. Purchase of Office equipment	366,749.00
Construction Development Corporation Limited	Fellow Subsidiary	a. Sale of natural resources	2,038,133.38
		b. Running & Maintenance others	9,570.19
		c. Trade receivables	1,486,341.47
Druk Green Power Corporation Limited	Fellow Subsidiary	a. Sale of natural resources	101,564.31
		b. Sale of Furniture	542,167.03
Thimphu Tech Park Limited	Fellow Subsidiary	a. AMC for ERP (Expense)	1,848,527.00
		b. ERP user training fees	30,000.00
State Mining Corporation Limited	Fellow Subsidiary	a. Sale of natural resources	18,250.76
		b. Sale of Furniture	83,290.00
		c. Trade receivables	3,985.28
		a. Flight tickets expenditure	117,102.00



Druk Air Corporation Limited	Fellow Subsidiary	b. Commission (Income)	2,691.00
Bhutan Hydropower Services Limited	Fellow Subsidiary	a. Running & Maintenance others	201,179.79
		b. Trade payable	185,754.81

### Key Management Personnel

#### A) Managing Director's Remuneration and other benefits

Particulars	2022 (Nu)	2021 (Nu)
Salary	2,103,936	2,025,996
Other benefits	-	23,814
Provident Fund	167,676	162,816
Sitting fee	64,000	64,000
Setting fee (Offtg. CEO)	28,000	
<b>Total</b>	<b>2,363,612</b>	<b>2,276,626</b>

#### B) Board Directors - Sitting fee

Position	Name	2022 (Nu)	2021 (Nu)	Remarks
Chairperson	Dasho Karma Tshiteem	84,000	56,000	
Director	Mr. Karma Tenzin	60,000	44,000	
Director	Mr. Chencho	68,000	40,000	
Director	Mr. Rinzin Dorji	72,000	44,000	
Director	Mr. Damber Singh Kharka	24,000	72,000	Resigned
Director	Mr. Lobzang Dorji		24,000	Resigned
Director	Mr. Rinchen Wangdi	76,000	68,000	Resigned
Director	Mr. Ugyen Wangdi	76,000		New

#### C) Special Invitees - Sitting fee

Position	Name	2022 (Nu)	2021 (Nu)
Internal Auditor	Mr. Lobzang Thinley	6,000	10,000
Company Secretary	Ms. Sangay Choden	46,000	32,000

### 30. Foreign Exchange Translation

During the year certain foreign exchange transactions were undertaken by the Company during the year on account of purchase of machines and spare parts. The company has earned a net gain of Nu.750,454.72 through the foreign exchange translation.

Payment date	Currency	Foreign Currency	Functional currency (Nu)	Invoice/ Receipt date	Functional currency (Nu)	Exchange Gain/(Loss)
05.17.2022	EUR	2,050.00	159,900.00	20.07.2022	169,842.50	9,942.50
03.11.2022	US\$	119,563.39	8,638,455.00	02.06.2022	9,415,616.96	777,161.96
05.05.2022	CHF	27,316.64	2,197,077.25	13.06.2022	2,141,078.24	(55,999.01)
15.07.2022	US\$	398.00	28,755.05	02.08.2022	32,039.00	3,283.95
18.05.2022	SG\$	8,324.00	467,559.09	20.07.2022	483,624.40	16,065.31
<b>Total</b>			<b>11,797,649.64</b>		<b>12,580,101.61</b>	<b>750,454.72</b>



### 31. Expected Credit Loss

During the year the management has carried computation of impairment loss on debt receivables based on the *ECL Model - Impairment* in compliance with *BFRS 9 - Financial Instruments*. Since the impairment loss for the year of Nu.9,415,334.98 is less than the provision of the previous year (Nu.10,016,213.61), no new impairment has been provided for the year 2022.

Particulars	31.12.2022	01.01.2022
ECL Allowances	9,415,334.98	9,930,972.57
Provision for doubtful Debts (Opening Balance)	10,016,213.61	10,016,213.61
<b>Net Impairment loss/(gain) of Financial Asset</b>	<b>-600,878.63</b>	<b>-85,241.04</b>

### 32. Government Grant

The company received government grant of Nu.7,000,000.00 and Nu.1,500,000.00 in 2016 and 2017 respectively as partial funding for establishment of Glue-lamination plant in Paro. The grant is being amortized @ 15% per annum. Further, grant of Nu.12,896,214 was transferred from WCCL in 2021 during the process of amalgamation.

Particulars	Nu.
Glu-lam Project- 2016 and 2017	8,500,00.00
Karuna Project - 2018	12,896,214.00
<b>Total Grant received</b>	<b>21,396,214.00</b>
Previous period adjustments	13,066,606.00
<b>Balance as at 1 January 2022</b>	<b>8,329,608.00</b>
Released to the Statement of Comprehensive Income	2,472,545.00
<b>Balance as at 31 December 2022</b>	<b>5,857,063.00</b>

There are no unfulfilled conditions and contingencies attached to this grant.

### 33. Nature of reserves

1. All shares are same class and have the same rights attached.
2. Retained Earnings comprise profits from previous year. Out of these profits, dividends paid, if any for the previous year in the current year is adjusted along with other adjustments. The current year's profit is transferred to the retained earnings.
3. General Reserves is the reserves created through transfer of 20% of annual profit (the system of transferring 20% of annual profit to General Reserves is discontinued). Dividend may be declared from the general reserve after fulfilling the formalities.
4. Capital Reserves includes the following:

(All in Ngultrum)

a. Net assets taken over from Plantation Thinning Work (PTW) in the year 2001	3,356,963.00
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b. Net assets taken over from Integrated Forestry Development Project (IFDP) in the year 2002	29,071,608.72
c. Assets taken over from Integrated Forestry Management Project (IFMP) in the year 2001 Incorporated in the year 2005	1,748,921.00
d. Valuation of Store and spares	97,704.55
e. Others	309,099.45
<b>Total: 2022</b>	<b>34,584,296.72</b>
<b>Total: 2021</b>	<b>34,609,447.60</b>

The company took over both assets and liabilities from Plantation Thinning Work (PTW) project, Integrated Forestry Development project (IFDP) and Integrated Forestry Management Project (IFMP) in 2001, 2002 and 2005 respectively. Accordingly, the company has transferred the net assets to the capital reserves. In 2006, the company revalued the land at fair value increasing the capital reserve.

#### f. Borrowing cost

##### i) Loan Details

The company has availed term loan amounting to Nu.50.00 million in 2017, Nu.50.00 million 2019 and Nu. 70.00 million in 2022 from National Pension and Provident Fund (NPPF) under the sovereign guarantee provided by Druk Holding and Investments Limited (DHI). The loan carries fixed rate of 7% for the loan availed in 2017 and 2019 and 7.66% for the loan availed in 2022. Loans are repayable within 7 years in 28 quarterly equal installments. Further in 2020, the company has availed Over Draft (OD) loan from Bank of Bhutan Limited with maximum limit amount of Nu. 60,000,000.00 under the sovereign guarantee provided by Druk Holding and Investments Limited (DHI) at the interest rate of 9.26% per annum, the OD loan balance as on 31.12.2022 is Nu.7,112,122.45.

The interests on the borrowings for the year are expenses off.

##### ii) Borrowing Cost Capitalization

During the year, borrowing cost amounting to Nu.337,422.05 has been capitalized for purchase and installation of two numbers seasoning kiln.

#### g. Contingent Liability

The stone quarries leased from Department of Geology & Mines, erstwhile Ministry of Economic Affairs has not been in operation for more than two years. As per the policy it is subjected to automatic termination of the contract. The company has the obligation to restore the harvested areas. As per the policy requirement, the company has opened joint account with the Department of Geology and Mines and deposited (details below) as security deposit for restoring the harvested areas.

Sl. No.	Particulars	Amount (Nu.)
1	Ngangshing Quarry ERB	450,380.00
2	Tsangkhar Quarry ERB	1,280,327.28
<b>Total</b>		<b>1,730,707.28</b>



#### h. Leases

The company has measured the lease liability at the present value of the remaining lease payment, discounted using the lessee's incremental borrowing rate at the date of initial application. Cost model has been applied for right-of-use assets.

Particulars	Amount (Nu)	Particulars	Amount (Nu)
Lease Assets	1,945,238.11	Lease Liability	2,206,297.23
Less: Depreciation	321,848.54	Less: Lease expense	288,806.56
Net Assets	1,623,389.57	Net Liability	1,917,490.67

Interest on lease is worked out at Nu.173,741.01

#### i. Earnings per Share

Particulars	2022	2021	2020
Profit (loss) for the year	(28,208,336.78)	1,083,703.23	12,130,154.87
No. of Shares (issued and fully paid up)	1528088.516	1528088.516	868505.516
EPS	(18.46)	0.71	13.97

#### j. Events After Balance Sheet Date

No dividend was declared for the financial year ended 31 December 2022.



**NOTE 2: PROPERTY, PLANT AND EQUIPMENT**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening balance	Addition	Adjustments	Closing balance	Opening balance	For the Period	On sale & Other Adjts.	Up to 31.12.2022	As at 31.12.2022	As at 31.12.2021
Building	148,096,139	7,839,657	(1,572,839)	154,364,957	88,373,105	5,609,845	(1,572,833)	92,410,117	61,954,840	59,725,034
Road*	353,710,054	31,184,811	(480,000)	384,414,865	217,401,283	32,937,200	(450,808)	249,887,674	134,527,190	136,308,771
Cable Crane	126,873,141	-	-	126,873,141	84,134,145	12,574,104	-	96,708,249	30,164,892	43,896,648
Plant and Machineries	367,006,389	50,335,896	(1,725,000)	415,617,285	232,430,174	27,625,808	(1,724,999)	258,330,983	157,286,302	133,430,134
Tractor & Truck	13,175,848	2,654,614	-	15,830,462	10,617,663	900,936	-	11,518,600	4,311,862	2,558,184
Vehicle	33,888,221	-	-	33,888,221	28,860,090	1,510,456	-	30,370,586	3,517,635	5,028,131
Furniture	11,147,877	131,557	-	11,279,434	9,856,689	378,739	-	10,235,429	1,044,006	1,291,188
Office Equipment	35,856,063	2,514,953	(203,682)	38,167,334	25,068,657	3,161,176	(120,679)	28,109,154	10,058,180	10,784,851
Tools & Implements	1,852,827	207,056	-	2,059,883	1,180,451	224,760	-	1,405,211	654,672	660,930
<b>Total</b>	<b>1,091,608,560</b>	<b>94,868,543</b>	<b>(3,981,521)</b>	<b>1,182,495,582</b>	<b>697,922,258</b>	<b>84,923,064</b>	<b>(3,869,320)</b>	<b>778,976,003</b>	<b>403,519,579</b>	<b>393,683,871</b>
Previous Year	1,084,154,968	122,600,284	(115,149,123)	1,091,606,129	555,341,103	94,160,707	48,420,448	697,922,258	393,683,871	528,813,873

\*Road is Constructed on Government land

**NOTE 3: INTANGIBLE ASSETS**

Current Year	14,234,067	-	-	14,234,067	10,046,648	2,253,829	-	12,300,477	1,933,590	4,187,419
Previous Year	8,872,067	5,362,000	-	14,234,067	5,930,689	3,515,960	600,000	10,046,648	4,187,419	2,941,378

**NOTE 3A: RIGHT OF USE ASSET**

Right of Use Asset	366,295	578,943	-	1,945,238	206,060	115,789	-	321,849	1,623,390	-
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**NOTE 4: CAPITAL WORK-IN-PROGRESS**

Particulars	Opening on 01.01.2022	Addition	Adjustment	Closing on 31.12.2022
Road-W.I.P	3,235,474	10,816,792	13,902,266	150,000
Machine - W.I.P	283,668	898,920.00	1,182,588	0
Building - W.I.P	255,764	3,199,967	1,967,032.71	1,488,698
<b>Total - CWIP</b>	<b>3,774,906</b>	<b>14,915,679</b>	<b>17,051,887</b>	<b>1,638,698</b>
<b>Previous Year</b>	<b>9,307,318</b>	<b>10,013,195</b>	<b>15,545,607</b>	<b>3,774,906</b>

**NOTE 5: OTHER NON-CURRENT ASSETS**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
Environmental Restoration Bond	1,730,707	4,065,056	4,338,935
Unamortized Mine Cost	(281,832)	(135,261)	(210,856)
<b>Non-Current</b>	<b>1,448,875</b>	<b>3,929,794</b>	<b>4,128,080</b>

**NOTE 6: DEFERRED TAX ASSETS/(LIABILITIES)**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Deferred Tax on Provision for employee benefits(OCI)	3,419,968	4,370,674	5,518,984
<b>Total Non-Current</b>	<b>3,419,968</b>	<b>4,370,674</b>	<b>5,518,984</b>

**NOTE 7: OTHER CURRENT ASSETS**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Advance to Contractor	2,477,521	4,656,905	2,888,611
Advance to Suppliers	5,824,030	152,896	35,883,486
Advance for POL	2,064,450	1,045,273	1,005,253
Advance to Other	18,433,171	15,308,201	6,360,846
Advance to Staff-Other	797,594	184,178	239,948
Prepaid Expense	2,045,229	1,351,664	1,267,769
Other Receivable-GFPMO Cost	386,580	109,690	1,133,710
Security deposit to others	1,118,555	2,643,308	877,162
Accrued Income	-	-	2,273,939
Unamortised Mine Cost	-	300,913	321,734
Advance to Staff-Salary	3,116,863	3,522,104	2,458,802
Advance to Staff-Travel	11,750	10,625	-
Retention Money Receivable	652,265	681,404	-
Margin Money	2,573,215	241,385	-
Provision for doubtful advance	(45,621)	(45,621)	-
<b>Advance for Corporate tax:</b>			
Provision for corporate tax-Previous year	(2,097,930)	(6,157,814)	-
Provision for corporate tax-Current year	-	-	-
Advance for Corporate tax	41,079	4,420,991	-
TDS withheld by Client	5,456,231	3,132,678	-
<b>Total Other Current Assets</b>	<b>42,854,983</b>	<b>31,558,781</b>	<b>54,711,260</b>



**NOTE 8: CASH AND CASH EQUIVALENT**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Cash in hand	57,829	137,977	243,435
<b>Bank Balances</b>			
Local Banks-Others	6,333,719	6,279,468	4,285,769
Balances with BOBL	28,111,535	41,034,818	24,004,172
<b>Cash &amp; Cash Equivalents</b>	<b>34,503,083</b>	<b>47,452,263</b>	<b>28,533,376</b>

**NOTE 9: TRADE AND OTHER RECEIVABLES**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Sundry debtors	143,900,310	104,130,967	94,185,702
Provision for doubtful Debts	(10,016,214)	(10,016,214)	(8,756,539)
	<b>133,884,097</b>	<b>94,114,754</b>	<b>85,429,163</b>

**NOTE 10: INVENTORIES**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Stock of raw material	18,693,966	24,738,447	19,718,054
Stock of work in progress	7,704,077	4,960,408	-
Stock of finished goods	222,645,678	247,514,645	239,317,483
Stock of store/spare parts	43,944,924	31,742,082	27,251,426
Provision for Timber	-	-	(236,701)
Provision for stone chip raw material	(3,458,993)	(3,458,993)	(3,458,993)
Provision for Slow moving stock of spares	(2,651,654)	(2,651,654)	(2,651,654)
	<b>286,877,998</b>	<b>302,844,936</b>	<b>279,939,616</b>

**NOTE 11: BORROWINGS****Note 11.a: Non-current Borrowings**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
Non-current Maturities of long-term borrowings	115,100,847	63,635,614	63,784,711
<b>Total Current Borrowings</b>	<b>115,100,847</b>	<b>63,635,614</b>	<b>63,784,711</b>

**Note 11.b: Current Borrowings**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
Current maturities of long-term borrowings	22,265,401	13,846,960	13,846,960
Overdraft-BOBL	7,112,122	21,131,736	46,079,931
<b>Total Current Borrowings</b>	<b>29,377,524</b>	<b>34,978,696</b>	<b>59,926,891</b>

**NOTE 12: GOVERNMENT GRANT**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Balance as at 1 January 2022	8,329,608	2,810,816	4,085,816



Capital Grant Transfer from WCCL	-	8,420,806	-
Released to the Statement of Comprehensive Income	2,472,545	2,902,015	1,275,000
<b>Balance as at 31 December 2022</b>	<b>5,857,063</b>	<b>8,329,608</b>	<b>2,810,816</b>
<b>Note 12.a: Non-current portion of Grant</b>	<b>3,384,518</b>	<b>5,427,593</b>	<b>1,535,816</b>
<b>Note 12.b: Current portion of Grant</b>	<b>2,472,545</b>	<b>2,902,015</b>	<b>1,275,000</b>

#### NOTE 13: PROVISION FOR EMPLOYEE BENEFITS

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Fair Value of Plan Assets (FVA)	131,602,509	123,502,875	100,021,887
Defined Benefit Obligation (DBO)	114,956,631	134,644,752	114,456,333
<b>Net retirement benefit Liabilities - gratuity</b>	<b>(16,645,878)</b>	<b>11,141,877</b>	<b>14,434,446</b>
Less: Current gratuity provision	17,654,778.00	11,141,877	9,447,783
	<b>(34,300,656)</b>	-	<b>4,986,663</b>
Non-current Provision for Leave Encashment	11,029,449	13,241,564	13,195,993
Non-current Provision for Transfer Grant	3,429,953	-	-
Non-current Provision for Carriage charges	2,109,657	-	-
Non-current Provision for Travel Allowance	3,429,953	-	-
<b>Non-current (Note 13.a)</b>	<b>(14,301,644)</b>	<b>13,241,564</b>	<b>18,182,656</b>
<b>Current</b>			
Provision for Gratuity	17,654,778	11,141,877	9,447,783
Provision for Transfer Grant	1,223,757	-	-
Provision for Carriage charges	1,138,737	-	-
Provision for Travel Allowance	1,223,757	-	-
Provision for Leave Encashment	1,133,234	1,559,183	423,527
<b>Current (Note 13.b)</b>	<b>22,374,263</b>	<b>12,701,060</b>	<b>9,871,310</b>

#### NOTE 14: TRADE AND OTHER PAYABLES

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Creditors	56,506,726	63,911,933	77,744,362
Other payables	744,122	2,277,699	19,859,109.71
Other Recoveries	17,335	-	-
Security deposit	7,109,293	4,761,834	4,643,362
EMD Received	829,690	711,603	376,058
Retention Money Payable	1,525,929	697,700	3,524,671
Advance from others	1,068,880	2,092,796	2,772,283
Green Compensatory Fund	-	2,338,156	2,348,892
Royalty on Firewood collection	48,969	-	-
Royalty payable	20,071,927	16,256,553	22,173,031
	<b>87,922,870</b>	<b>93,048,274</b>	<b>133,441,769</b>

#### NOTE 15: OTHER LIABILITIES

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
<b>15.a: Other Non-Current Liabilities</b>	-	-	-
Lease Liability	1,917,491	-	-
	<b>1,917,491</b>	-	-



<b>15.b: Other current liabilities</b>			
Advance from Customer	26,288,699	13,476,565	12,807,336
Liability for Tax	1,540,034	824,104	747,098
Health contribution	-	-	58,952
Financial Institution Loan	-	-	31,461
Staff Welfare Fund	-	-	11,950
TA/DA payable	709,949	-	-
Salary Tax	8,280	350	51,845
	<b>28,546,962</b>	<b>14,301,019</b>	<b>13,708,642</b>
<b>15.c: Deferred Tax Liability</b>			
Provision for Gratuity	2,487,240	-	-
Provision for Transfer Grant	1,396,113	-	-
Provision for Carriage charges	974,518	-	-
Provision for Travel Allowance	1,396,113	-	-
Deferred Tax on Provision for employee benefits(OCI)	190,713	-	-
	<b>6,444,697</b>	-	-

**NOTE 16: PROVISION FOR CORPORATE INCOME TAX**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Provision for corporate tax-Current Year	-	-	7,278,645
Provision for corporate tax-Previous year	-	-	4,097,575
TDS withheld by customer	-	-	(2,562,168)
Advance for Corporate tax	-	-	(6,364,937)
	-	-	<b>2,449,115</b>

**NOTE 17.a: REVENUE**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
<i>i. Sale of Timber and By-Products:</i>			
Sale of Timber	322,646,879	315,186,910	295,694,254
Sale of Briquette	825,874	1,081,665	1,988,440
Sales woodchips	42,600	122,602	5,069,303
Sale of firewood	45,031,832	38,451,217	26,058,798
Sale of Forest Residues	7,503,884	3,566,151	3,332,883
Sale of Glulam Timber	3,339,098	1,252,782	3,301,161
Sale of Joinery Products	26,139,217	17,970,257	13,406,562
Sale of WCC Products	39,878,266	64,188,111	-
<b>Sub-total sale of Timber and By-products (i)</b>	<b>445,407,651</b>	<b>441,819,696</b>	<b>348,851,401</b>
<i>ii. Sale of sand, stone and stone chips:</i>			
Sales Sand	112,334,985	100,664,209	189,287,538
Sales Stone	119,488,800	127,905,504	33,441,314
Sales Stone Chips	48,638,426	50,565,182	21,251,972
<b>Sub-total sale of sand, stones and stone chips (ii)</b>	<b>280,462,211</b>	<b>279,134,895</b>	<b>243,980,824</b>
<b>Total (i+ii)</b>	<b>725,869,862</b>	<b>720,954,591</b>	<b>592,832,224</b>



**NOTE 17.b: OTHER INCOME**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
Hire charge	9,038,089	12,347,777	13,323,394
Other Misc. Income	6,637,394	16,419,858	4,680,397
House Rent Income	752,446	616,362	651,612
Release of Grant received to SCI	2,472,545	2,902,015	1,275,000
Profit from sale of Fixed Assets	1,744,250	55,140	101,854
Discounts Received	9,748	-	-
Project Income	-	2,056,127	6,208,670
Liabilities no more required written back	7,137,663	7,914,730	10,284,051
Audit recovery	13,275	358,658	3,614
Foreign Exchange Gain	750,455	-	-
Interest on others	596,952	98,447	565,040
Unwinding of Environment Restoration Fund	178,153	421,139	398,025
<b>Total Other Income</b>	<b>29,330,971</b>	<b>43,190,252</b>	<b>37,491,658</b>

**NOTE 18: COST OF SALES (DIRECT EXPENSES)**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
<i>i. Production Expenses:</i>			
Marking cost	40,640	53,644	90,015
Felling & cross-cutting	7,128,057	6,537,098	7,792,314
Debarking	1,256,998	922,387	256,025
Cable craning	12,797,849	9,114,667	8,029,875
Transportation	61,508,652	11,977,508	13,695,064
Hire charges Expenses	146,055	461,412	748,163
Production Incentives	3,222,611	4,292,664	5,283,135
Sawing charges	8,629,222	25,855,367	2,445,973
Other Production expenses	1,585,120	1,896,479	854,391
Electricity	2,632,283	2,615,917	1,349,106
Sanitation & protection	48,065	-	97,825
Mine cost	324,723	345,544	345,544
FMU expenses/Inventory	887,016	926,781	1,010,583
Timber handling & Stacking	3,534,727	2,182,859	3,681,826
Royalty	23,976,032	20,690,728	34,484,383
Ration	955,918	1,053,207	1,654,427
Mitigation cost	4,263,822	1,385,960	5,024,897
Toll Fee	371,650	332,800	487,000
Extraction	169,685,255	212,988,689	276,114,731
Project Expenses	-	1,024,702	3,570,944
<b>Sub-total of Production Expenses</b>	<b>302,994,695</b>	<b>304,658,413</b>	<b>367,016,221</b>
<i>ii. Reforestation Expenses:</i>			
Nursery Expenses	167,701	181,968	244,221
Creation of Plantation	1,641,263	3,440,950	3,141,624
Plantation maintenance	2,659,117	2,948,050	2,572,271
Nursery creation	692,852	1,140,917	949,010





<b>Sub-total of Reforestation Expenses</b>	<b>5,160,933</b>	<b>7,711,886</b>	<b>6,907,126</b>
<i>iii. Stock Expenses:</i>			
Cost of Goods Manufacture	31,014,206	32,071,695	(120,906,835)
<i>iv. Employee Compensation and Benefit Expenses:</i>			
Basic Salaries	104,282,548	106,182,458	88,002,235
PF - Employer's Contribution	14,577,623	16,115,803	6,460,660
Allowances	22,234,023	21,462,251	16,815,757
Master roll payment	489,981	312,710	434,515
Overtime allowance	1,967,034	788,753	528,369
Leave Encashment	8,685,801	12,370,503	8,945,891
Leave Travel Concession (LTC)	5,941,395	6,345,825	4,749,355
Transfer Grant	724,438	797,862	969,207
Carriage charges	282,130	-	-
Travel Allowance	136,714	-	-
Salary Arrear	879,305	-	-
PBVA	-	-	9,133,076
Indexation	-	-	2,146,050
<b>Sub-total of Employee Compensation and Benefit Expenses</b>	<b>160,200,991</b>	<b>164,376,164</b>	<b>138,185,115</b>
<i>v. Separation Allowances - NRDCL:</i>			
Gratuity Expenses	7,339,240	-	-
Transfer Grant	5,460,615	-	-
Travel Allowance	5,461,045	-	-
Carriage Charges	3,587,053	-	-
<b>Sub-total of Separation Allowances</b>	<b>21,847,953</b>	<b>-</b>	<b>-</b>
<i>vi. Depreciation and amortisation</i>			
Depreciation-Building	4,445,702	6,309,327	7,062,773
Depreciation-Road	32,937,200	34,567,133	32,061,676
Depreciation-Cable Crane	12,574,104	13,744,327	13,744,327
Depreciation-Machinery and Equipment	27,625,808	32,527,752	22,668,974
Depreciation-Tractors and Trucks	900,936	670,275	670,275
Depreciation-Vehicle	727,505	628,436	623,088
Depreciation-Furniture	274,189	299,930	266,760
Depreciation-Office Equipment	2,081,063	2,000,991	1,736,511
Tools & implements	224,760	211,956	-
Depreciation-ROU	321,849	-	-
<b>Sub-total of Depreciation and amortisation</b>	<b>82,113,116</b>	<b>90,960,127</b>	<b>78,834,383</b>
<i>vii. Repair &amp; Maintenance Costs</i>			
Repair & Maintenance Costs - Depot	547,196	999,452	864,721
Running & Maintenance Costs - Plant and machinery	89,364,904	40,531,514	34,466,070
Running & Maintenance Costs- Tractor and Truck	620,851	1,521,453	1,682,869
Repair & Maintenance Costs - Road	4,687,641	4,202,866	5,546,817
Repair & Maintenance Costs - Electrical Equipment	31,404	-	-
Running & Maintenance Costs - Office Building	937,787	1,089,219	822,753
<b>Sub-total of Repair &amp; Maintenance Costs</b>	<b>96,189,783</b>	<b>48,344,504</b>	<b>43,383,230</b>
<b>Grand Total of Cost of Sales (Direct Expenses)</b>	<b>699,521,677</b>	<b>648,122,788</b>	<b>513,419,240</b>



**NOTE 19: ADMINISTRATIVE EXPENSES**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
<i>i. General Administrative Expenses:</i>			
Postage and delivery charges	71,980	76,615	78,457
Publications	92,000	93,200	105,000
Telecommunication Expenses (Telephone/Fax)	816,795	1,155,787	975,209
Internet Charges	1,053,357	809,400	632,977
Advertisement	89,844	93,760	223,630
Water and Sewerage	226,016	153,329	45,409
Lease Expenses	685,872	1,127,218	1,127,218
Electricity & Lightings	605,746	678,440	641,527
Subscription Charges	47,012	40,353	56,885
Insurance of structures	197,671	2,360,611	1,914,647
Legal & Professional Fees	11,250	10,100	21,421
Net Impairment loss of Financial Asset	-	2,603,987	2,250,963
Uniforms & Liveries	1,965,736	3,067,833	974,000
Consumable Stores	540,398	887,307	642,774
Bank Charges	332,421	48,744	221,080
<b>Sub-Total of General Administrative Expenses</b>	<b>6,736,099</b>	<b>13,206,682</b>	<b>9,911,195</b>
<i>ii. Human Resources Development Expenses:</i>			
Short-term Training In-Country	345,083	5,506,577	5,701,638
Long-term Training/Scholarships In-Country	417,450	-	-
<b>Sub-Total of HRD Expenses</b>	<b>762,533</b>	<b>5,506,577</b>	<b>5,701,638</b>
<i>iii. Premise Expense:</i>			
Repair & Maintenance	600	-	-
Cost - Rental	1,138,347	1,068,244	679,091
<b>Sub-Total of Premise Expenses</b>	<b>1,138,947</b>	<b>1,068,244</b>	<b>679,091</b>
<i>iv. Motor Vehicle Costs:</i>			
Fuel	3,141,740	3,198,212	1,050,976
Repair & Maintenance	2,121,904	2,384,775	2,877,906
Tyre	30,100	20,026	12,920
Insurance	113,452	33,272	115,474
Registration & Blue Book Renewal	47,010	8,780	11,510
Emission	259	-	-
<b>Sub-Total of Motor Vehicle Expenses</b>	<b>5,454,466</b>	<b>5,645,064</b>	<b>4,068,786</b>
<i>v. Information Technology Costs:</i>			
Annual Maintenance Costs	2,092,626	2,310,000	1,375,000
Repairs & Maintenance Costs for hardware	151,657	1,021,792	742,581
Subscription/License	628,785	576,181	400,277
One-time costs (low Value items)	11,700	-	-
<b>Sub-Total of IT costs</b>	<b>2,884,768</b>	<b>3,907,973</b>	<b>2,517,858</b>
<i>vi. Travel Expenses:</i>			
In-Country	10,664,111	11,209,795	12,522,873



Ex-Country	163,705	-	-
<b>Sub-Total of Travel Expenses</b>	<b>10,827,816</b>	<b>11,209,795</b>	<b>12,522,873</b>
<i>vii. Meeting &amp; Security Expenses:</i>			
Meeting	121,497	334,378	159,257
Security Services Costs	491,233	315,000	-
<b>Sub-Total of Meeting &amp; Security Expenses</b>	<b>612,730</b>	<b>649,378</b>	<b>159,257</b>
<i>viii. Staff Welfare (SW) and Engagement Costs:</i>			
Staff Engagement Costs	5,279	-	-
Tendrel Ceremony	21,075	-	165,925
Funeral Expenses (Semso)	50,000	25,000	56,360
Prayer/Ritual Expense (Rimdro)	239,682	226,244	966,009
Tea Expenses/pantry	541,780	756,095	684,855
Medical Expenses	822,239	-	-
Staff Farewell/ gifts	222,855	-	47,940
Compensation	465,000	-	-
<b>Sub-Total of SW and Engagement Costs</b>	<b>2,367,910</b>	<b>1,007,339</b>	<b>1,921,089</b>
<i>ix. Audit Engagement Expenses:</i>			
Audit Expenses	113,190	168,190	133,190
Audit - Expenses	11,975	20,215	360,924
<b>Sub-Total of Audit Engagement Expenses</b>	<b>125,165</b>	<b>188,405</b>	<b>494,114</b>
<i>x. Printing &amp; Stationery Costs:</i>			
Printer Cartridge	116,834	159,493	98,322
Photocopy paper	68,359	341,450	142,175
Stationery cost	135,184	136,020	280,012
<b>Sub-Total of Printing &amp; Stationery Expenses</b>	<b>320,377</b>	<b>636,963</b>	<b>520,509</b>
<i>xi. Board Expenses:</i>			
Meeting Expenses	38,290	132,799	51,469
Sub-Committee meeting expenses	15,420	18,096	30,275
Sub-Committee meeting fees	192,000	120,000	86,000
Farewell and Gifts	27,980	24,800	16,500
Directors' Fees	455,000	624,000	358,000
<b>Sub-Total of Board Expenses</b>	<b>728,690</b>	<b>919,695</b>	<b>542,244</b>
<i>xii. Donations and Corporate Social Responsibility (CSR)</i>			
	45,000	195,000	200,197
<b>Sub-Total of CSR</b>	<b>45,000</b>	<b>195,000</b>	<b>200,197</b>
<i>xiii. Consultancy Charges</i>			
Consultancy Charges one time	-	1,065,000	-
Consultancy Charges Recurring	296,002	240,352	263,502
<b>Sub-Total of Board Expenses</b>	<b>296,002</b>	<b>1,305,352</b>	<b>263,502</b>
<i>xiv. Statutory Fees - NRDC:</i>			
Business License/Registration Fees	80,517	41,100	54,000
Rates and taxes	169,520	220,864	207,263
BST	108,902	-	-
<b>Sub-Total of Statutory Fees</b>	<b>358,939</b>	<b>261,964</b>	<b>261,263</b>
<i>xv. Brand Management Fees</i>			
	1,111,323	1,157,929	1,541,474
<b>Sub- Brand Management Fees</b>	<b>1,111,323</b>	<b>1,157,929</b>	<b>1,541,474</b>



<b>xvi. Employee Compensation and Benefit Expenses-HO:</b>			
Basic Salaries	18,581,628	21,754,035	24,459,792
PF - Employer's Contribution	3,883,075	3,142,197	2,856,552
Allowances	6,299,157	7,023,367	5,838,714
Leave Encashment	97,970	2,430,244	2,511,783
Leave Travel Concession (LTC)	582,420	776,760	641,100
Carriage charges	12,589	-	-
Salary Arrear	85,000	19,738	65,187
Indexation	-	-	476,085
<b>Sub-Total of Employee Compensation &amp; Benefit Exp.</b>	<b>29,541,839</b>	<b>35,146,341</b>	<b>36,849,213</b>
<b>xvii. Separation Allowances-HO:</b>			
Gratuity Expenses	951,559	11,064,247	9,358,731
Transfer Grant	534,120	540,278	372,663
Travel Allowance	534,120	520,440	320,413
Carriage Charges	372,828	266,003	140,705
<b>Sub-Total of Separation Allowances</b>	<b>2,392,627</b>	<b>12,390,968</b>	<b>10,192,512</b>
<b>xviii. Depreciation and Amortization-HO:</b>			
Building	1,164,143	1,164,940	1,164,951
Vehicle	782,991	874,224	874,224
Furniture	104,550	101,616	130,929
Office Equipment	1,080,113	1,059,800	1,039,316
Software	2,253,829	3,515,960	1,984,817
<b>Sub-Total of Depreciation and Amortization - HO</b>	<b>5,385,625</b>	<b>6,716,540</b>	<b>5,194,237</b>
<b>Total of Administrative Expenses</b>	<b>71,090,856</b>	<b>101,120,207</b>	<b>93,541,051</b>

**NOTE 20: SELLING & DISTRIBUTION EXPENSES**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
Advertisement	372,454	611,815	471,710
Auction expenditure	384,469	292,599	358,984
Auction Sitting Fees	34,000	28,000	36,000
Discount	22,856	-	-
<b>Total of Selling &amp; Distribution Expenses</b>	<b>813,779</b>	<b>932,414</b>	<b>866,694</b>

**NOTE 21: FINANCING COSTS**

Particulars	31-12-2022 (Nu.)	31-12-2021 (Nu.)	01-01-2021 (Nu.)
Corporate Guarantee Fees	722,436	513,760	193,065
Bank Fees and Commissions	10,638	-	-
Interest Expenses (BoBL)	1,530,127	3,497,048	883,550
Interest Expenses (Others)	6,711,901	2,717,109	2,011,484
Interest Expenses (Lease)	173,741	-	-
<b>Total of Financing Costs</b>	<b>9,148,842</b>	<b>6,727,916</b>	<b>3,088,099</b>



**NOTE 22: INCOME TAX COMPUTATIONS**

Particulars	31.12.2022 (Nu.)	31.12.2021 (Nu.)	01.01.2021 (Nu.)
<b>PROFIT BEFORE TAX</b>	<b>(25,374,321)</b>	<b>7,241,518</b>	<b>19,408,799</b>
Add: Provision for doubtful Debts/write-off	-	2,603,987	1,849,291
Add: Gift & Donation	45,000	195,000	200,197
Add: Prior Period Adjustment	646,595	-	974,558
Add: Depreciation on disposed assets	-	3,243	17,047
Add: Provision for slow moving stock/write-back	-	(236,701)	401,671
Add: Provision for Gratuity	8,290,799	11,064,247	9,358,731
Add: Provision for Leave	-	996,067	3,606,100
Add: Provision for Transfer Grant	4,653,710	-	-
Add: Provision for Carriage charges	3,248,394	-	-
Add: Provision for Travel Allowance	4,653,710	-	-
Add: Bonus & PBVA	-	-	6,278,888
less: Doubtful Debts Recovered	-	(1,341,312)	(532,791)
Less: Carry Forward and Offset of Losses	-	-	(17,300,343)
<b>NET TAXABLE AMOUNT</b>	<b>(3,836,113)</b>	<b>20,526,048</b>	<b>24,262,149</b>
30% CIT	-	6,157,814	7,278,645
<b>Total Tax Expense</b>	<b>-</b>	<b>6,157,814</b>	<b>7,278,645</b>
<i>Deferred Tax:</i>			
Deferred Tax Expenses	6,253,984	-	-
Deferred Tax Income	(3,419,968)	-	-
	<b>2,834,016</b>	-	-
Deferred Tax Expenses(OCI)	4,561,387	-	-
Deferred Tax Income(OCI)	-	(597,118)	(902,577)
	<b>4,561,387</b>	<b>(597,118)</b>	<b>(902,577)</b>

**NOTE 23 : FAIR VALUE MEASUREMENTS**
**Financial instruments by category**
*(All amounts in Nu., unless otherwise stated)*

Particulars	31.12.2022			31.12.2021		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
<i>Financial assets:</i>						
Environmental Restoration Bond	-	-	1,448,875	-	-	3,929,794
Cash and cash equivalent	-	-	34,503,083	-	-	47,452,263
Sundry debtors	-	-	143,900,310	-	-	104,130,967
Advance to Staff-Salary	-	-	3,116,863	-	-	3,532,729
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>182,969,132</b>	<b>-</b>	<b>-</b>	<b>159,045,754</b>
<i>Financial liabilities:</i>						
Borrowing	-	-	144,478,371	-	-	98,614,311
Creditors	-	-	56,506,726	-	-	63,911,933
Other payables	-	-	744,122	-	-	2,277,699
Security deposit	-	-	7,109,293	-	-	4,761,834
EMD Received	-	-	829,690	-	-	711,603



Retention Money Payable	-	-	1,525,929	-	-	697,700
Advance from others	-	-	1,068,880	-	-	4,430,953
<b>Total financial liabilities</b>	-	-	<b>212,263,010</b>	-	-	<b>175,406,032</b>

**i. Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are

- a. recognised 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 determined using discounted cash flow analysis.

**iii. Fair value of financial assets and liabilities measured at amortized cost**

Particulars	31.12.2022		31.12.2021		01.01.2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>						
Environment Restoration Bond	1,448,875	1,448,875	3,977,338	3,977,338	3,746,268	3,746,268
Security deposit	-	-	(47,543)	(47,543)	259,744	259,744
<b>Total financial assets</b>	<b>1,448,875</b>	<b>1,448,875</b>	<b>3,929,794</b>	<b>3,929,794</b>	<b>4,006,012</b>	<b>4,006,012</b>
<b>Financial liabilities:</b>						
Borrowing	144,478,371	144,478,371	98,614,311	98,614,311	123,711,602	123,711,602
<b>Total financial liabilities</b>	<b>144,478,371</b>	<b>144,478,371</b>	<b>98,614,311</b>	<b>98,614,311</b>	<b>123,711,602</b>	<b>123,711,602</b>

The carrying amounts of sundry debtor, cash and cash equivalents, interest/income accrued on FD, advance to staff, trade payables, other payables, security deposit, EMD, retention money, and other receipts & payments, are considered to be the same as their fair values, due to their short-term nature.



The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**Significant estimates**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment 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 24: CAPITAL MANAGEMENT**

**Risk management**

The Company is formed as a wholly owned subsidiary of Druk Holding & Investments Limited (DHI). The Company manages its capital so as to ensure funds are available to meet future commitments. As well as commitments to outside parties, the Company has requirement to meet dividend and tax expectations as contained to the annual compact, the parent company and RGoB.

Capital expenditure is mostly met from operating cash flows. Fixed term borrowings are made mainly for specific capital projects. Such borrowings are repaid based on applicable terms and conditions. The amount mentioned under total equity in balance sheet is considered as Capital.

**NOTE 25: 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 from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Aging analysis Credit ratings	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities
Market risk - foreign exchange	Future commercial transactions and recognized financial liabilities not denominated in Bhutanese Ngultrum (Nu.)	Cash flow forecasting Sensitivity analysis	Currently the Company has no such transactions



Market risk - interest rate	Long-term borrowings at fixed rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions
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**A. 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 operates in only one currency Nu and accordingly is not exposed to Foreign Currency Risk.

**ii. 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 exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has only fixed rate borrowings and investment which are carried at amortised cost. Interest expenses and interest income, are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**iii. 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.

**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.

**Maturities of financial liabilities**

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.





Contractual maturities of financial liabilities as at 31 December 2022	Less than 1 year	More than 1 years	Total
Trade and other payables	87,906,636	-	87,906,636
Borrowings	29,377,524	115,100,847	144,478,371
Interest on borrowing	9,229,455	-	9,229,455
<b>Total financial liabilities</b>	<b>126,513,614</b>	<b>115,100,847</b>	<b>241,614,461</b>

Contractual maturities of financial liabilities as at 31 December 2021	Less than 1 year	More than 1 years	Total
Trade and other payables	76,791,722	-	76,791,722
Borrowings	13,846,960	63,635,614	77,482,575
Interest on borrowing	4,394,472	-	4,394,472
<b>Total financial liabilities</b>	<b>95,033,154</b>	<b>63,635,614</b>	<b>158,668,768</b>

Contractual maturities of financial liabilities as at 1 January 2021	Less than 1 year	More than 1 years	Total
Trade and other payables	111,312,149	-	111,312,149
Borrowings	13,846,960	63,784,711	77,631,672
Interest on borrowing	4,394,472	-	4,394,472
<b>Total financial liabilities</b>	<b>129,553,581</b>	<b>63,784,711</b>	<b>193,338,292</b>

### C. 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 receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

#### 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 makes sales on cash basis except when the sale are made for long project. Trade receivables are non-interest bearing and are generally on 30-45 days credit term. Further the Company recovers its debtors within a span of one year. The Company regularly monitors its outstanding customer receivables. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

Particulars	Less than six months	More than six months less than 3 years	More than 3 years	Total
Trade receivable as on 31 Dec. 2022	86,791,427	53,182,598	3,926,286	143,900,310
<b>Trade receivable as on 31 Dec. 2022</b>	<b>86,791,427</b>	<b>53,182,598</b>	<b>3,926,286</b>	<b>143,900,310</b>

Particulars	Less than six months	More than six months less than 3 years	More than 3 years	Total
Trade receivable as on 31 Dec. 2021	61,604,529	38,735,898	3,790,540	104,130,967
<b>Trade receivable as on 31 Dec. 2021</b>	<b>61,604,529</b>	<b>38,735,898</b>	<b>3,790,540</b>	<b>104,130,967</b>



Trade receivable as on 31 Dec. 2020	39,786,430	50,125,603	4,273,668	94,185,702
Trade receivable as on 31 Dec. 2020	39,786,430	50,125,603	4,273,668	94,185,702

The requirement for impairment is analysed 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 23. The Company does not hold collateral as security.

#### ii. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy. The counterparties are accordingly governed by the regulatory authorities to mitigate financial loss during failure to make payment.

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

#### NOTE 26: RENEWAL, CANCELLATION AND SUSPENSION OF BUSINESS LICENSES

The Company initially had 18 business licenses out of which four licenses were cancelled, two were suspended and the twelve licenses were renewed during the year, as detailed below:

Sl. No.	License No.	Business Specification	Date of renewal	Validity
1	R1009533	Retail-Sand and Boulders	10.09.2022	08.09.2022
2	1037578	Wood Joinery Unit	05.09.2022	06.09.2022
3	1036949	Manufacturing of Briquette	25.05.2022	24.05.2022
4	1000073	Logging & Timber Marketing	05.08.2022	30.08.2022
5	1036301	Extraction of Sand and tone	14.02.2022	16.02.2022
6	1039969	Sawmill	05.08.2022	26.09.2022
7	1045083	NRDCL Furniture Units	28.03.2022	11.03.2022
8	1000324	Furniture Unit (Languphakha)	09.11.2022	09.11.2022
9	6007618	Tingzam Stone Crushing	07.10.2022	08.10.2022
10	3007623	Bhur Stone Crushing Unit	21.11.2022	24.10.2022
11	R2003414	NRDCL Export	04.08.2022	20.07.2022
12	6009499	Sawmill and Wood Joinery Unit	23.08.2022	24.08.2022
13	R1006960	Retail-Sand and Boulders		Cancelled
14	1033878	Punbang Crushing Unit		Cancelled
15	4007858	Ngangshing Stone Crushing		Cancelled
16	6008092	Kencholng Crushing Plant		Cancelled
17	R2003414	Retail-Sand and Boulders		Suspended
18	5007085	Homdar Crushing Plant		Suspended



For JIGMI Audit & Financials Pvt. Ltd.

For Natural Resources Development Corporation Limited



Jigmi Rinzin FCCA  
(Membership No.0283308)  
Partner

Date: 08/05/2023

General Manager  
General Manager  
Finance Division  
NRDCL HQ, Thimphu

Chief Executive Officer  
Chief Executive Officer  
Natural Resources Development Corporation Ltd.  
Thimphu : Bhutan

Chairman  
NRDCL Board  
Natural Resources Development Corporation Limited  
Thimphu : Bhutan

**A. RATIO ASSESSING PROFITABILITY**

Sl. No.	Ratio	Profitability	Numerator - 2022	Denominator - 2022	31.12.2022	31.12.2021
1	Return on Investment	(EBIT/Net Assets or Net worth) * 100	(21,496,436)	637,072,874	(3.37)	3.33
2	Operating Profit	(Operating Profit excluding financial charges)/Net Sales *100	(18,662,420)	725,869,862	(2.57)	3.40
3	Net Profit Ratio	Net Profit before Tax/Net Sales*100	(25,374,321)	725,869,862	(3.50)	3.08

**B. RATIO FOR ASSESSING FINANCIAL HEALTH**

Sl. No.	Ratio	Financial Health	Numerator - 2022	Denominator - 2022	31.12.2022	31.12.2021
1	Capital Turnover Ratio	Net Sales/(Average Capital employed (Less Capital Reserve))	725,869,862	637,072,874	1.14	0.98
2	Fixed Assets Turnover Ratio	Net Sales/Net Fixed Assets	725,869,862	405,453,169	1.79	1.19
3	Stock Turnover Ratio	Cost of Goods sold including selling expenses/Average Inventory	700,010,732	294,861,467	2.37	2.43
4	Current Ratio	Current Asset/Current Liabilities	498,120,161	170,694,164	2.92	2.03
5	Liquid Ratio	(Current Assets Less Inventory less Pre-paid Expenses)/(Current Liabilities Less Bank Overdraft)	209,196,933	170,694,164	1.23	0.76



## ANNEXURE 'A': RANGE OF ASSETS' USEFUL LIFE

(Refer Note 1(5): Property, Plant and Equipment - BAS 16)

Assets Class	Useful Life
Land Development cost	30 -40 years
<i>Buildings and civil structures:</i>	
Permanent	30 -40 years
Semi-Permanent	3 -10 years
Plant and machinery	5 -20 years
Other equipment	5 - 20 years
Computer and office equipment	3 -7 years
Furniture and Fixtures	7 - 10 years
Cables and power systems	5 - 10 years
Vehicles	7 - 10 years
Capital tools and spares	5 - 10 years
Aircraft fleet	15- 17 years
Other aviation assets	10 years
Transmission and distribution lines	30 years



## ANNEXURE 'B'- VALUATION OF INVENTORIES

(Refer Note 26(a): Products)

**Table 1: Quantitative Analysis of timber stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Cft.)	Production (Cft.)	Disposal (Cft.)	Book Balance as on 31.12.2022 (Cft.)	Physical Balance as on 31.12.2022 (Cft.)	Total Value as on 31.12.2022 (Nu.)
Wang	2022	32,922.04	99,122.57	85,961.39	46,083.22	46,083.27	9,353,520.73
	2021	42,158.95	56,191.73	65,428.67	32,922.01	32,922.04	6,809,789.91
Rinpung	2022	554,959.09	698,872.55	952,558.97	301,272.67	296,128.55	47,040,019.49
	2021	823,972.87	802,283.44	1,070,613.30	555,643.01	554,959.09	68,876,841.27
Zhonggar	2022	113,016.45	137,784.22	215,080.93	35,719.74	35,719.74	4,883,246.24
	2021	131,489.90	167,588.67	186,061.05	113,017.52	113,016.45	15,435,517.77
Phuentsholing	2022	90,517.90	65,644.88	99,610.97	56,551.81	56,551.81	6,350,202.74
	2021	16,639.19	111,585.13	37,706.42	90,517.90	90,517.90	11,628,446.47
Jakar	2022	414,160.72	424,336.32	590,973.14	247,523.90	215,836.30	35,261,176.10
	2021	671,671.45	240,083.84	497,594.17	414,161.11	414,160.72	65,238,571.37
Gelephu	2022	15,528.20	129,399.19	112,853.43	32,073.96	32,073.96	3,630,451.53
	2021	26,624.20	61,838.32	72,934.32	15,528.20	15,528.20	2,088,877.24
Total	2022	1,221,104.41	1,555,159.74	2,057,038.83	719,225.32	682,393.63	106,518,616.83
	2021	1,712,556.56	1,439,571.13	1,930,337.94	1,221,789.75	1,221,104.41	170,078,044.02

**Table 2: Quantitative Analysis of Briquette stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2021 (KG)	Production (KG)	Disposal (KG)	Book Balance as on 31.12.2022 (KG)	Physical Balance as on 31.12.2022 (KG)	Total Value as on 31.12.2022 (Nu.)
Wang	2022	750.00	132,390.00	92,198.73	40,941.27	34,679.22	120,683.69
	2021	22,290.00	152,940.00	167,820.00	7,410.00	750.00	5,625.00
Total	2022	750.00	132,390.00	92,198.73	40,941.27	34,679.22	120,683.69
	2021	22,290.00	152,940.00	167,820.00	7,410.00	750.00	5,625.00

**Table 3: Quantitative Analysis of Glulam stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
Wang	2022	23.99	3,046.00	3,046.00	23.99	23.99	26,701.11
	2021	46.95	1,344.14	1,367.10	23.99	23.99	26,701.11
Total	2022	23.99	3,046.00	3,046.00	23.99	23.99	26,701.11
	2021	46.95	1,344.14	1,367.10	23.99	23.99	26,701.11



**Table 4: Quantitative Analysis of Joinery stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Sq.ft)	Production (Sq.ft)	Disposal (Sq.ft)	Book Balance as on 31.12.2022 (Sq.ft)	Physical Balance as on 31.12.2022 (Sq.ft)	Total Value as on 31.12.2022 (Nu.)
<b>1. Wang Region:</b>							
Flooring	2022	23,457.22	56,937.26	76,684.33	3,710.15	524.33	46,796.45
	2021	4,689.60	70,706.02	51,938.40	23,457.22	23,457.22	1,002,503.20
Panneling	2022	21,425.21	186,176.93	202,765.34	4,836.80	1,322.27	78,675.07
	2021	32,224.94	129,500.74	140,300.47	21,425.21	21,425.21	915,660.15
Skirting	2022	452.23	14,241.37	14,519.14	174.46	174.46	7,339.53
	2021	-	7,069.83	6,617.60	452.23	452.23	19,327.18
Total (Wang)	2022	45,334.66	257,355.56	293,968.81	8,721.41	2,021.06	132,811.05
	2021	36,914.54	207,276.59	198,856.47	45,334.66	45,334.66	1,937,490.53
<b>2. Zhonggar</b>							
Flooring	-2022	16,703.99	6,110.45	11,123.74	11,690.70	11,690.70	1,043,394.98
	-2021	5,724.41	13,391.62	2,412.04	16,703.99	16,703.99	1,770,622.94
Panneling	2022	13,322.20	23,255.63	10,270.89	26,306.94	26,306.94	1,587,623.83
	2021	13,825.59	5,040.00	5,543.39	13,322.20	13,322.20	945,876.20
Others	2021	3,131.37	22,278.00	23,251.92	2,157.45	2,157.45	253,651.87
	2021	5,421.12	4,589.66	6,879.41	3,131.37	3,131.37	222,327.55
Total (Zhonggar)	2022	33,157.56	51,644.08	44,646.55	40,155.09	40,155.09	2,884,670.67
	2021	24,971.12	23,021.28	14,834.84	33,157.56	33,157.56	2,938,826.69
<b>Total of Joinery:</b>							
Total	2022	78,492.22	308,999.64	338,615.36	48,876.50	42,176.15	3,017,481.72
	2021	61,885.66	230,297.87	213,691.31	78,492.22	78,492.22	4,876,317.22

**Table 5: Quantitative Analysis of Firewood stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Sq.ft)	Production (Sq.ft)	Disposal (Sq.ft)	Book Balance as on 31.12.2022 (Sq.ft)	Physical Balance as on 31.12.2022 (Sq.ft)	Total Value as on 31.12.2022 (Nu.)
Wang	2022	382.37	26.00	86.02	322.35	39.75	30,011.25
	2021	417.33	259.00	293.95	382.38	382.37	337,995.96
Rinpung	2022	-	16,914.25	16,777.58	136.67	136.67	133,619.53
	2021	-	19,069.29	19,069.29	-	-	-
Zhonggar	2022	-	12,264.02	12,264.02	-	-	-
	2021	-	12,741.90	12,741.90	-	-	-
Phuentsholing	2022	-	6,597.34	6,597.34	-	-	-
	2021	-	6,644.00	6,644.00	-	-	-
Jakar	2022	-	3,909.74	3,909.74	-	-	-
	2021	-	3,841.00	3,841.00	-	-	-
Gelephu	2022	3,053.26	2,464.00	4,216.26	1,301.00	1,301.00	845,650.00



	2021	2,076.86	2,181.00	1,204.60	3,053.26	3,053.26	1,984,619.00
	2022	3,435.63	42,149.35	43,850.96	1,760.02	1,477.42	1,009,280.78
<b>Total</b>	2021	2,494.19	44,477.19	43,794.74	3,435.64	3,435.63	2,322,614.96

**Table 6: Quantitative Analysis of Other Timber Products stock as of 31.12.2022**

Particulars	Opening Stock as on 01.01.2022	Production	Disposal	Book Balance as on 31.12.2022	Physical Balance as on 31.12.2022	Total Value as on 31.12.2022 (Nu.)
<b>Wang Region:</b>						
1. Beads (50x20 mm) - One side moulded	55.90	3,779.70	3,780.37	55.23	55.23	2,360.53
2. Beads (50x20 mm) - Two side moulded	113.50	588.30	667.00	34.80	34.80	1,487.35
3. Door frames (No.)	8.00	-	8.00	-	-	-
4. 12mm Dowels (Mtr)	-	789.70	789.70	-	-	-
5. Dimensional Timber (cft)	-	169.08	-	169.08	169.08	100,629.65
6. Reldri-Khorlo (Set)	193.00	-	165.00	28.00	-	-
7. Offcuts- sawn waste	-	1,129.10	609.30	519.80	519.80	24,841.24
8. Packed Firewood (Soft)	-	914.00	649.00	265.00	265.00	10,600.00
				<b>Total</b>	<b>2022</b>	<b>139,918.78</b>
					<b>2021</b>	<b>43,847.23</b>
<b>Rinpung Region:</b>						
1. Sawn Scantling (cft)	7,006.09	-	7,006.09	-	-	-
2. Bakals (No.)	2,247.00	1,832.00	1,310.00	2,769.00	1,178.00	119,696.58
3. Shingleps (No.)	415.00	38,000.00	38,000.00	415.00	315.00	32,007.15
3. Dangchung (No.)		599.00	356.00	243.00	243.00	14,169.33
4. Tsim(no.)		734.00	734.00	-	-	-
5. Offcuts(m3)		281.71	202.00	79.71	79.71	11,956.50
6. Fencing post(No.)		4,617.00	3,404.00	1,213.00	1,213.00	57,023.13
7. Woodchips(MT)		2.67	2.67	-	-	-
				<b>Total</b>	<b>2022</b>	<b>234,852.69</b>
					<b>2021</b>	<b>943,040.82</b>
<b>Zhonggar</b>						
Fencing post(No.)	-	496.00	382.00	114.00	114.00	4,134.78
				<b>Total</b>	<b>2022</b>	<b>4,134.78</b>
					<b>2021</b>	<b>-</b>
<b>Jakar</b>						
Offcuts- sawn waste		574.06	523.87	50.19	50.19	12,547.50
				<b>Total</b>	<b>2022</b>	<b>12,547.50</b>
<b>Gelephu</b>						
Fencing Post (upto 6' length)		241.00	35.00	206.00	206.00	5,088.20
				<b>Total</b>	<b>2022</b>	<b>5,088.20</b>
					<b>2021</b>	<b>-</b>
				<b>Grand Total</b>	<b>2022</b>	<b>396,541.95</b>
					<b>2021</b>	<b>986,888.05</b>





**Table 7: Quantitative Analysis of Sand stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (m <sup>3</sup> )	Production (m <sup>3</sup> )	Disposal (m <sup>3</sup> )	Book Balance as on 31.12.2022 (m <sup>3</sup> )	Physical Balance as on 31.12.2022 (m <sup>3</sup> )	Total Value as on 31.12.2022 (Nu.)
Wang	2022	8.00	359.35	343.48	23.87	23.87	7,477.75
	2021	32.28	273.45	297.73	8.00	8.00	1,759.28
Rinpung	2022	-	1,346.00	1,346.00	-	-	-
	2021	-	4,960.00	4,804.00	156.00	-	-
Zhonggar	2022	37,815.93	92,198.75	93,946.00	36,068.68	36,068.68	7,359,814.15
	2021	44,193.28	72,862.98	75,951.98	41,104.28	37,815.93	6,362,983.45
Sha	2022	55,162.34	249,031.04	274,053.25	30,140.13	30,140.13	7,434,063.06
	2021	60,404.74	244,975.57	245,421.25	59,959.06	55,162.34	13,605,790.79
Phuentsholing	2022	5,860.40	36,162.00	37,480.00	4,542.40	4,542.40	456,420.35
	2021	6,521.00	15,515.50	15,666.50	6,370.00	5,860.40	545,050.18
Jakar	2022	1.11	3,014.00	3,014.00	1.11	-	-
	2021	-	1,463.36	1,462.25	1.11	1.11	43.45
Gelephu	2022	2,386.87	86,784.38	89,171.25	-	-	-
	2021	8,522.42	41,624.25	47,552.25	2,594.42	2,386.87	311,034.24
Total	2022	101,234.65	468,536.17	499,353.98	70,776.19	70,775.08	15,257,775.33
	2021	119,673.72	381,675.11	391,155.96	110,192.87	101,234.65	20,826,661.39

**Table 8: Quantitative Analysis of Stone stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
Wang	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-
Rinpung	2022	-	3,107.70	3,107.70	-	-	-
	2021	-	14,408.42	14,408.42	-	-	-
Zhonggar	2022	256,213.41	1,063,581.48	1,063,581.48	256,213.41	256,213.41	1,393,800.95
	2021	256,213.41	1,074,157.29	1,074,157.29	256,213.41	256,213.41	1,394,532.52
Sha	2022	490,789.09	32,348.54	49,917.34	473,220.29	473,220.29	5,437,301.13
	2021	490,789.09	-	-	490,789.09	490,789.09	6,542,218.57
Phuentsholing	2022	3,609,212.72	8,975,647.15	7,755,728.16	4,829,131.71	4,829,131.71	66,014,230.44
	2021	2,643,680.74	14,994,541.37	14,029,009.39	3,609,212.72	3,609,212.72	20,236,855.71
Jakar	2022	-	22,380.00	22,380.00	-	-	-
	2021	-	-	-	-	-	-
Gelephu	2022	-	5,012,027.56	4,817,776.67	194,250.89	194,250.89	2,082,369.54
	2021	582,023.11	6,996,856.75	7,578,879.86	-	-	-
Total	2022	4,356,215.22	15,109,092.43	13,712,491.35	5,752,816.30	5,752,816.30	74,927,702.07
	2021	3,972,706.35	23,079,963.83	22,696,454.96	4,356,215.22	4,356,215.22	28,173,606.79



**Table 9: Quantitative Analysis of Stone Chips stock as of 31.12.2022**

Region	Year	Opening Stock as on 01.01.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
<b>Zhonggar</b>							
Tingzam SCP	2022	44,672.21	988,248.52	908,171.99	124,748.74	124,748.74	2,828,648.44
	2021	31,027.16	895,846.26	882,201.21	44,672.21	44,672.21	972,769.65
Golanti SCP	2022	19,268.68	-	-	19,268.68	19,268.68	57,806.04
	2021	19,268.68	-	-	19,268.68	19,268.68	57,806.04
Ngangshing SCP	2022	74,187.52	-	-	74,187.52	74,187.52	1,374,449.24
	2021	74,187.52	-	-	74,187.52	74,187.52	1,374,449.24
<b>Sha</b>							
Jiba SCP	2022	96,710.12	554,004.07	650,714.19	0.00	0.00	0.00
	2021	-	299,827.80	203,117.68	96,710.12	96,710.12	608,160.77
<b>Gelephu</b>							
Bhur SCP	2022	224,329.89	991,555.20	836,887.30	378,997.79	321,549.01	4,984,009.66
	2021	44,087.23	947,592.02	738,527.20	253,152.05	224,329.89	3,088,604.84
Tareythang SCP	2022	28,902.99	481,937.78	387,765.04	123,075.73	72,900.64	824,506.24
	2021	16,955.93	904,868.10	892,921.04	28,902.99	28,902.99	219,084.76
<b>Total</b>	2022	488,071.41	3,015,745.57	2,783,538.52	720,278.46	612,654.59	10,069,419.60
	2021	185,526.52	3,048,134.18	2,716,767.13	516,893.57	488,071.41	6,320,875.29

**Table 10: Quantitative Analysis of Raw Materials stock as of 31.12.2022**

**10.1: Raw-materials for Stone Crusher**

Region	Year	Opening Stock as on 01.01.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
<b>Zhonggar</b>							
Tingzam SCP	2022	741,972.83	258,180.52	998,706.35	1,447.00	1,447.00	15,772.30
	2021	821,247.87	893,047.24	972,322.28	741,972.83	741,972.83	8,087,503.85
Ngangshing SCP	2022	317,526.80			317,526.80	317,526.80	4,016,714.02
	2021	317,526.80			317,526.80	317,526.80	4,016,714.02
<b>Gelephu</b>							
Bhur SCP	2022	361,127.42	763,224.56	1,032,870.00	91,481.98	91,481.99	582,740.28
	2021	648,089.39	700,113.04	987,075.01	361,127.42	361,127.42	2,300,381.67
Tareythang SCP	2022	374,679.78	290,683.60	410,887.95	254,475.43	254,475.43	1,621,008.49
	2021	128,986.14	1,070,266.64	824,573.00	374,679.78	374,679.78	2,386,710.20
<b>Jakar</b>							
Homdar SCP	2022	227,716.48			227,716.48	227,716.48	1,480,157.12
	2021	276,016.48		48,300.00	227,716.48	227,716.48	1,480,157.12
<b>Total</b>	2022	2,023,023.31	1,312,088.68	2,442,464.30	892,647.69	892,647.70	7,716,392.21
	2021	2,191,866.68	2,663,426.92	2,832,270.29	2,023,023.31	2,023,023.31	18,271,466.85



### 10.2: Raw-materials for Briquette Unit

Region	Year	Opening Stock as on 01.01.2022 (m3)	Production (m3)	Disposal (m3)	Book Balance as on 31.12.2022 (m3)	Physical Balance as on 31.12.2022 (m3)	Total Value as on 31.12.2022 (Nu.)
Wang -Briquette Unit	2022	105.00	1,333.48	1,102.25	336.23	336.23	49,207.26
	2021	93.31	1,274.50	1,262.81	105.00	105.00	8,804.92
Total	2022	105.00	1,333.48	1,102.25	336.23	336.23	49,207.26
	2021	95.31	1,274.50	1,262.81	105.00	105.00	8,804.92

### 10.3: Raw-materials Glulam

Region	Year	Opening Stock as on 01.01.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
Wang-Glulam	2022	297.45	5,291.24	4,926.73	661.96	661.96	227,952.55
	2021	1,021.29	1,449.41	2,173.25	297.45	297.45	102,429.88
Total	2022	297.45	5,291.24	4,926.73	661.96	661.96	227,952.55
	2021	1,021.29	1,449.41	2,173.25	297.45	297.45	102,429.88

### 10.4: Raw-materials Joinery

Region	Year	Opening Stock as on 1.1.2022 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.2022 (Cft)	Physical Balance as on 31.12.2022 (Cft)	Total Value as on 31.12.2022 (Nu.)
Wang - Joinery	2022	3,240.15	31,682.97	32,168.17	2,754.95	2,754.95	948,694.58
	2021	2,331.13	25,523.20	24,614.18	3,240.15	3,240.15	1,115,778.05
Zhonggar-Joinery	2022	2,470.29	5,757.30	6,158.25	2,069.34	2,069.34	565,033.29
	2021	1,885.31	5,047.20	4,462.22	2,470.29	2,470.29	714,185.54
Total	2022	5,710.44	37,440.27	38,326.42	4,824.29	4,824.29	1,513,727.87
	2021	4,216.44	30,570.40	29,076.40	5,710.44	5,710.44	1,829,963.60
<b>TOTAL RAW MATERIALS (10.1+10.2+10.3+10.4)</b>						2022	220,851,482.95
						2021	253,829,999.09
<b>WCC WORK-IN-PROGRESS - Refer Table 11 below (Table 11.6)</b>						2022	28,107,995.40
						2021	23,383,501.22
<b>GRAND TOTAL</b>						2022	248,959,478.35
						2021	277,213,500.31

Table 11: Quantitative Analysis of WCC Products for the year ended 31.12.2022

#### 11.1: Sales details of WCC products

Items	As at 31 December 2022			Items	As at 31 December 2021		
	Unit	Qty	Amount (Nu.)		Unit	Qty	Amount (Nu.)
Doors	Nos.	330.00	2,401,775.66	Chairs	Nos.	1085	4,856,970.00
Windows	Nos.	304.00	4,033,332.63	Sofa	Nos.	406	7,875,090.00



Traditional Bhutanese Crafts	Nos.	387.00	8,227,020.00	Bed	Nos.	181	3,405,380.00
By-Products	Nos.	389.00	611,435.49	Cabinets	Nos.	940	28,747,751.00
Partition and Cabinets	Sets.	2726.00	8,648,458.29	Tables	Sets.	1200	16,597,058.00
Panelling & Flooring	sqft	25689.70	2,515,327.72	Others	Nos.	3638	7,005,773.00
Others	Nos.	4160.00	12,444,950.00				-
<b>Total</b>		<b>33985.70</b>	<b>38,882,299.79</b>	<b>Total</b>		<b>7450</b>	<b>68,488,022.00</b>

### 11.2: Purchase of WCC raw-materials & other items

Items	Unit	As at 31 December 2022		As At 31st Dec, 2021	
		Qty.	Amount (Nu.)	Qty.	Amount (Nu.)
Local Timbers	Cft.	71,713.52	8,167,605.89	7,022.75	2,614,816.99
Feather Foam	Nos.	815.00	1,091,800.00	1,605.00	1,216,510.00
Ply & TLI Board (Bhutan)	Nos.	376.00	508,612.00	1,610.00	1,653,950.00
Glue	Kg.	1,300.00	266,500.00	1,550.00	266,631.00
Rubber Wood	Sq. mtr	0	-	4151.34	5,148,948.68
Others	-		4,243,136.11		2,463,209.74
<b>Total</b>			<b>14,277,654.00</b>		<b>13,364,066.41</b>

Table 11.3: Consumption of WCC raw-materials and other items

Items	Unit	As at 31 December 2022		As at 31 December 2021	
		Qty.	Amount (Nu.)	Qty.	Amount (Nu.)
Local Timbers	Cft.	60,591.75	5,752,162.12	6,278.49	2,206,235.89
Feather Foam	Nos.	439.92	546,312.27	1,871.52	1,133,296.90
Ply & TLI Board (Bhutan)	Nos.	319.63	417,989.78	1,812.19	1,814,707.32
Glue	Kg	2,039.40	390,690.16	1,116.28	249,429.00
Rubber Wood	Sq. mtr	321.52	529,209.72	9,333.33	13,470,719.42
Others	-		3,414,839.14		4,945,422.42
<b>Total</b>			<b>11,051,203.19</b>		<b>23,819,810.95</b>

Table 11.4: Closing stock of WCC raw-materials and other items

Items	Unit	As at 31 December 2022		As at 31 December 2021	
		Qty.	Amount (Nu.)	Qty.	Amount (Nu.)
Local Timbers	Cft.	13,914.08	3,316,537.56	2,792.31	977,600.49
Feather Foam	Nos.	434.33	588,507.23	59.25	43,019.50
Ply & TLI Board (Bhutan)	Nos.	85.37	121,148.22	29.00	30,932.00
Glue	Kg.	0.39	79.76	739.79	124,269.92
Rubber Wood	Sq. mtr	1.00	2,165.00	322.52	672,078.57
Others			5,158,248.25		2,678,287.70
<b>Total</b>			<b>9,186,686.02</b>		<b>4,526,188.18</b>



**Table 11.5: Closing Stock of WCC Finished Goods**

Items	As at 31 December 2022			Items	As at 31 December 2021		
	Unit	Qty	Nu.		Unit	Qty	Nu.
Doors	Nos.	44	273,550.00	Chairs	Nos.	278	1,356,680.00
Windows	Nos.	272	817,765.72	Sofa	Nos.	198	3,259,595.00
Traditional Bhutanese Crafts	Nos.	136	3,047,155.00	Bed	Nos.	31	528,850.00
By-Products	Nos.	635	676,850.00	Cabinets	Nos.	181	3,326,191.00
Partition and Cabinets	Sets.	117	2,227,356.00	Tables	Sets.	330	4,054,700.00
Panelling & Flooring	Sq.ft	728	192,717.00	Others	Nos.	1,311.78	1,371,295.04
Others	Nos.	1,224.7	3,981,839.00				-
<b>Total</b>		<b>3156.7</b>	<b>11,217,232.72</b>	<b>Total</b>		<b>2329.78</b>	<b>13,897,311.04</b>

**Table 11.6: WCC Work-in- Progress**

Items	As at 31 December 2022			Items	As at 31 December 2021		
	Unit	Qty	Nu.		Unit	Qty	Nu.
Doors	Nos.	-	-	Chairs	Nos.	108	378,936.00
Windows	Nos.	226	2,865,146.66	Sofa	Nos.	12	253,256.00
Traditional Bhutanese Crafts	Nos.	133	4,838,930.00	Bed	Nos.	-	-
By-Products	Nos.	-	-	Cabinets	Nos.	19	804,108.00
Partition and Cabinets	Sets.	-	-	Tables	Sets.	56	1,240,552.00
Panelling & Flooring	Sq.ft	-	-	Others	Nos.	160	2,283,556.00
<b>Total</b>		<b>359</b>	<b>7,704,076.66</b>	<b>Total</b>		<b>355</b>	<b>4,960,408.00</b>
<b>TOTAL CLOSING STOCK OF WCC (11.4+11.5+11.6)</b>			<b>28,107,995.40</b>				<b>23,383,907.22</b>

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# ADDRESSES & TELEPHONE NUMBERS OF NRDCL OFFICES

website: [www.nrdcl.bt](http://www.nrdcl.bt)

## **Corporate Head Office**

Phandey Lam, Thimphu : Bhutan  
Post Box: 192  
Chief Executive Officer: +975-2-322615  
EPABX: +975-2-323834/323868/328959  
Fax: +975-2-325585  
E-mail: [info@nrdcl.bt/customer-care@nrdcl.bt](mailto:info@nrdcl.bt/customer-care@nrdcl.bt)

## **Gelephu Regional Office (Regional Manager)**

Gelephu: Bhutan  
Post Box No.: 194  
Tel. No.: 975-06-251706  
E-mail: [rm.gelephu@nrdcl.bt](mailto:rm.gelephu@nrdcl.bt)

## **Jakar Regional Office (Regional Manager)**

Bumthang: Bhutan  
Post Box No.: 122  
Tel. No.: +975-03-631470  
Fax: +975-03-631471  
E-mail: [rm.jakar@nrdcl.bt](mailto:rm.jakar@nrdcl.bt)

## **Phuntsholing Regional Office (Regional Manager)**

Phuntsholing: Bhutan  
Tel. No.: +975-05-252154  
Fax: +975-05-253094  
E-mail: [rm.phuntsholing@nrdcl.bt](mailto:rm.phuntsholing@nrdcl.bt)

## **Sha Regional Office (Regional Manager)**

Post Box No.: 1243  
Wangdue: Bhutan  
Tel. No.: +975-02-481537  
Fax: +975-02-481247  
E-mail: [rm.sha@nrdcl.bt](mailto:rm.sha@nrdcl.bt)

## **Rinpung Regional Office (Regional Manager)**

Thimphu: Bhutan  
Tel. No.: +975-05-02-323834 (ext.126)  
Fax: +975-02-325585  
E-mail: [rm.rinpung@nrdcl.bt](mailto:rm.rinpung@nrdcl.bt)

## **Zhonggar Regional Office (Regional Manager)**

Monger: Bhutan  
Tel. No.: +975-04-641165  
Fax: +975-04-641210  
E-mail: [rm.zhonggar@nrdcl.bt](mailto:rm.zhonggar@nrdcl.bt)

## **Integrated Wood Processing Plant (Sr. Manager)**

Ramtokto, Thimphu: Bhutan  
Tel. No.: +975-02-371247  
E-mail: [rm.iwpp@nrdcl.bt](mailto:rm.iwpp@nrdcl.bt)



**NRDCL**  
a **dhi** Company



192



+975-2-323834  
+975-2-323868  
+975-2-328959



info@nrdcl.bt



www.nrdcl.bt



Head Office  
Phendey Lam, Thimphu