2022

DUNGSAM CEMENT CORPORATION LTD.

ANNUAL REPORT

ANNUAL REPORT 2022

DUNGSAM CEMENT CORPORATION LIMITED

THE YEAR IN REVIEW

On behalf of the Board and the Management, I would like to extend my sincere gratitude and appreciation to all our valued stakeholders for their unwavering support and cooperation throughout the financial year 2022.

The year 2022 was another challenging year for us due to the COVID-19 pandemic that continued to affect our production and sales until the first half of the year. Despite the challenges, the company was able to achieve significant progress in terms of operating profit compared to the previous year. Our operating profit for the year reached Nu.211.22 million, compared to Nu.35.66 million in FY 2021.

We made every effort to ensure uninterrupted production during the lockdowns and other restrictions imposed as a result of COVID-19, strictly complying with measures put in place by the COVID-19 task force. Our clinker production for the year was 470,506 MT, and our cement production was 517,199 MT. We sold 43,265 MT of clinker and 530,143 MT of cement, resulting in an increase of cement sales by 8% and a decrease of clinker sales by 32% compared to the previous year. Our revenue increased by Nu. 423.94 million, a 13% increase compared to the previous year.

Moving forward, we anticipate an increase in both production and sales. We are committed to turning around the company by implementing various initiatives. Notable among them is the formation of an In-House Transformation Team, comprising 12 members from various functions, whose job is to attend to critical issues facing the company, streamline them, optimize costs, implementation of strategic operating plan, and monitor and report the results on a daily basis. The formation of a condition-based maintenance (CBM) team is another such initiative to regularly check the health of machines and equipment for better utilization. The other initiatives undertaken by the company are development and implementation of strategic operating plan and introduction of online dashboard monitoring system to track production and sales, revenue and cash generation, the stock level of raw materials, and the consumption of fuel and electricity, all on a daily a basis for better management and control.

While we acknowledge that unexpected events can affect our business performance and that there are several challenges facing the company, we are confident in our ability to balance our books of accounts in the coming year.

Finally, I would like to express our sincere gratitude to our stakeholders, customers, business partners, and DHI for their unwavering support.

Thank you.
Sincerely,

(Dechen Choling)
Chief Executive Officer

TABLE OF CONTENT


Your Ultimate Choice !
PSC
OPC
PPC
DRAGON
CEMENT
Head Office Nganglam,Bhutan | Ph: +975-7-481114/481238 | Fax: +975-7-481191 | Write to us at info@dccl.bt | Website: www.dccl.bt


www.dccl.bt
Toll Free 1099
DUNGSAM CEMENT CORPORATION LTD.
Strength to
build the nation
DRAGON
CEMENT
INTERNATIONAL CHOICE
Ordinary Portland Cement
43 Grade
Dungsam Cement Corporation Ltd.
Nganglam : Bhutan
PSC
OPC
PPC
DRAGON
CEMENT
INTERNATIONAL CHOICE

COMPANY PROFILE

The Royal Government of Bhutan initiated Dungsam Cement Project (DCP) in 1982 with assistance from the Government of India. It was incorporated as Dungsam Cement Corporation Limited (DCCL) on September 10, 2009 under the Companies Act of the Kingdom of Bhutan 2000/2016 as a wholly owned subsidiary of Druk Holding and Investment Limited (DHI), which is an investment arm of the Royal Government of Bhutan.

The company was commissioned in the year 2014and the Commercial Operation Date (CoD) was declared as January 1, 2014.

The plant has an installed capacity of 3,000 MT of clinker productions per day and 4,130 MT of cement productions per day making it the biggest cement producer in the country. The company produces three types of cement viz. Ordinary Portland Cement (OPC), Portland Pozzolona Cement (PPC) and Portland Slag Cement (PSC). The products are marketed under the brand name "Dragon Cement".About80% of the cement produced is marketed in India and 20% of the cement produced is sold in the domestic market. As of now the company is in its 10th year of operation and given its potentials, it aspires to become one of the major profit-generating companies under DHI.

The plant is located at Chengkari, Nganglam, under Pemagatshel Dzongkhag in eastern Bhutan at an approximate distance of about 150 KM in North-West of Guwahati, Assam, India. It has obtained permanent license from the Bhutan Standard Bureau (BSB) and Bureau of Indian Standards (BIS) to market its cement in Bhutan and India.

The Company had been ISO 9001:2015 certified by Bureau Veritas (BV), a certifying agent based in India, and consequently, all processes and operations are streamlined as per the ISO Standards.

MISSION

To provide value to the shareholders and meet customer satisfaction through the manufacture and sale of quality cement in a sustainable manner.

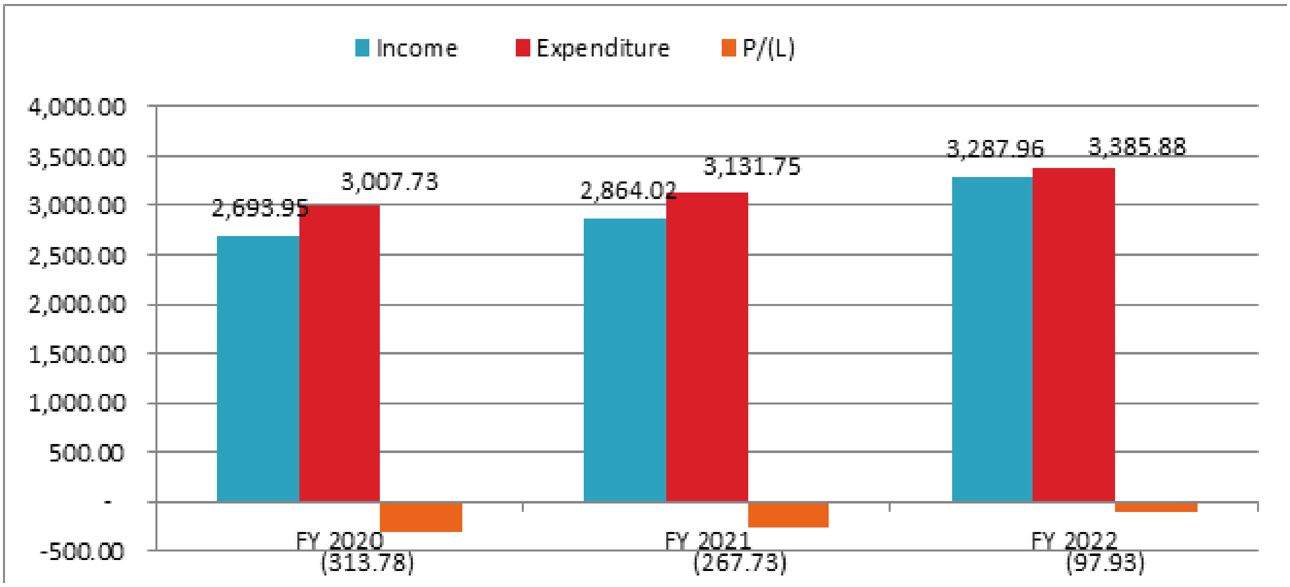
VISION

To be the leading manufacturer and supplier of quality cement in the region.

CORE VALUES

E – Excellence and Quality
T – Team Work
H – Honesty
I – Integrity
C – Commitment and safety
S – Service Oriented

FINANCIAL PERFORMANCE FOR PAST 3 YEARS



DIRECTORS PORTFOLIO (DCCL BOARD OF DIRECTORS)

DASHO KARMA YEZER RAYDI

Chairman, DCCL Board.

Dasho Karma Yezer Raydi, Chairman, DHI, obtained his Bachelors in Civil Engineering from IIT, Roorkee, India and Master Degree in Geotechnical Engineering from Nippon Institute of Technology, Saitama, Japan. Dasho served as Industrial Engineer, BDFC (1989 – 1995), Executive Engineer, Department of National Properties, MoF(1995 – 2000), Superintending Engineer, Department of Urban Development and Housing, MoWHS (2000 – 2006), Director, Standard and Quality Control Authority, MoWHS (2006 – 2008), Member of National Council (2008 – 2015), presently Dasho serves as the Chairman of DHI.

MR. TASHI PENJORE

Director DCCL Board

Mr. TashiPenjore obtained his Bachelor of Science (General) from Sherubtse College, Kanglung, Bhutan and Masters in Public Policy from Australian National University, Australia and Masters in International Development from Duke University NC USA. He served as Trainee officer in Royal Institute of Management, Assistant Meteorologist DRADS Ministry of Agriculture (2002-2009), also served as the Zimponwogm, Office of Gyalpoi Zimpon (OGZ), HMSKidu Fund and, presently serving as the Director of Department of Law and Order, Ministry of Home and Cultural Affairs, Thimphu.

MR. DORJI NIMA
Director DCCL Board

Mr. Dorji Nima is the Director of CPD at DHI. He heads the performance planning, monitoring and evaluation for the DHI Group. He has a Master's degree in Business Administration (MBA) from Australian Graduate School of Entrepreneurship, Melbourne, Australia. He received Aus AID scholarship to pursue MBA in Australia and RGoB scholarship to pursue Bachelor of Business Administration degree from Madras University, India in 2001. Mr. Dorji serves as the nominee board director from DHI.

MS. DECHEN YANGDEN
Director DCCL Board

Ms. Dechen Yangden obtained her Bachelor Degree in Civil Engineering from University of Wollongong, Australia and Masters of Philosophy in Urban Infrastructure Management from Yokohama National University, Japan. She served as Assistant Engineer in BUDP, MoWHS (2002-2005), also served as Executive Engineer, MoWHS(2011 – 2014) and, presently serving as the Director, Department of Water, MoENR, Thimphu. She has a wide range of experience of 16 years in specialized technical fields such as planning, designing and implementation of urban infrastructure.

MS. TSHERING LHAM
Director DCCL Board

Ms. Tshering Lham obtained her Bachelor of Commerce (Honors) Degree from Sherubtse College, Kanglung, Bhutan, and MBA (Corporate Strategy & Economic Policy) from Maastricht School of management, Netherlands. She served asProgram Officer, Credit and Investment Department in National Pension and Provident Fund (NPPF), Thimphu (2006-2009), also served asHead, Armed Force Pension and Provident Fund (NPPF) (2010 – 2012) and, presently serving as theDy. Chief Portfolio Investment Division, NPPF, Thimphu.

MR. DECHEN CHOLING
CEO, DCCL

Mr. Dechen Choling obtained Bachelor of Technology in Electrical & Electronics Engineering from University of Kerala, India in 2002; Master of Science in Electrical Engineering (MScE) from University of New Brunswick, Canada in 2009 and Master of Business Administration (MBA) from University of Canberra, Australia in 2021. He worked for Bhutan Power Corporation Limited (BPC) from October 2002 – 2022. He was a General Manager for Strategic Planning & Business Development Department from 2019 – June 2022, Thimphu, General Manager for Renewable Energy Department from 2016 – 2019. He also worked as a Project Manager for Wind Power Project, Project Engineer for National Load Dispatch Centre (NLDC), now Bhutan Power System Operator (BPSO) from 2009 – 2011. He started his career in BPC as a Deputy Manager for Rural Electrification of six eastern districts of Bhutan from 2002 – 2005.

MANAGEMENT TEAM: Head of Departments

MR. SAMDRUP
General Manager, Plant and Mines Department.

MR. PHURBA THINLEY
General Manager, Finance and Accounts Department

MR. LODAY ZANGPO
Officiating General Manager, Corporate Service Department

MR. SAMDRUP – General Manager (Plant and Mines)

Mr. Samdrup, General Manger (Plant and Mines Department) obtained his Bachelor of Science from Sherubtse College and Master of Science from Asian Institute of Technology (AIT), Bangkok, Thailand. He served as Head – Quality Division in Dungsam Cement Corporation Limited. Prior to joining Dungsam Cement Corporation Limited he served as Head – Production and Quality control in Penden Cement Authority Limited (PCAL), Gomtu, Samtse.

MR. PHURBA THINLEY – General Manager (Finance and Accounts)

Mr. Phurba Thinley, GM FAD obtained his Bachelor's Degree in Commerce (Hon.) from Sherubtse College, Bhutan and Masters in Financial Management from University of Mahidol, Thailand. He served as Senior Finance Officer under deputation in Punatsangchhu Hydroelectric Project Authority – II. Before joining Dungsam Cement Corporation Limited he served as Manager, Bhutan Power Corporation Limited.

MR. LODAY ZANGPO – Officiating General Manager (Corporate Service Department)

Mr. Loday Zangpo, Offtg. GM CSD holds a Bachelor's Degree in Arts from North Bengal University. He is currently serving as the head of the Procurement and Material Management Division at Dungsam Cement Corporation Limited. Before joining Dungsam Cement Corporation Limited, he worked as a manager at the Bhutan Institute of Well-being, which operates under the Bhutan Youth Development Fund (BYDF).

DIRECTORS REPORT

DIRECTOR'S REPORT – DCCL 2022

Dear Shareholder,

The Board, Management and employees are pleased to report your company's performance for the period 1st January 2022 to 31st December 2022.

The second wave of the Covid-19 pandemic continued to spread across many parts of Bhutan, persisting until the first half of 2022. The town of Nganglam was hit particularly hard, experiencing intermittent lockdowns. In the process, the company faced various challenges impacting the production and sales.

OPERATIONAL HIGHLIGHTS

In 2022, DCCL produced a total of 470,506 metric tons (MT) of clinker and 517,199 MT of cement; sold 43,265 MT of clinker and 530,143 MT of cement compared to 64,061 MT of clinker and 488,776 MT of cement in 2021. The year saw an increase of about 8% in cement sales and a 32% decrease in clinker sales compared to the previous year.

The impact of the COVID-19 pandemic continued in 2022, and the nationwide lockdown from 30th January till 16th March 2022 impeded the scheduled plant maintenance. The detection of COVID-19 in quarantine delayed the maintenance works. The maintenance work took 45 days before resuming the plant, which was originally scheduled for 25 days.

The increase in the price of fuel and raw materials led to increase in expenditure. The coal price increased on an average by Nu. 738/MT in FY 2022 as compared to FY 2021. The overall expenditure increased by Nu. 257.87 million, which is an increase of 8% compared to FY 2021. The overall revenue increased by Nu. 423.94 million, an increase of 13% compared to FY 2021.

The company received a total interest waiver of Nu. 52,635.766/- as part of Covi-19 relief measures.

FINANCIAL HIGHLIGHTS

1. Revenue

In 2022, the company generated total revenue of Nu. 3,287.96 million compared to Nu. 2,864.01 million in 2021; an increase by 14.80% (Nu. 423.94 million).
The cement sale increased by 41,367 MT i.e., 8% in FY2022 as compared to FY 2021. The relaxation of restrictions from September 2022 has helped the turnaround time of the trucks and therefore improvement in the sales. Moreover, the cement price was also increased by 10% leading to increase in net sales realization. However, in FY 2022 there is decrease in clinker sales by Nu.55.11 million, a 23%decrease as compared to FY 2021. Further, the year also saw decrease in other revenue by Nu.10.94 million, which is a -16 % decrease.
The overall revenue increased by Nu. 423.94 million, a 13% increase as compared to FY 2021.

2. Expenditure

The total expenditure during the year was Nu. 3,385.88 million as compared to Nu. 3,131.75 million in 2021, an increase by 8% (Nu.254.13million).

In FY 2022, company saw increase in production by 4% and cement production by 7% which lead to increase in direct expenditures on consumption of Power, Fuel and Raw Materials. Covid-19 pandemic has also affected company with increase in cost of raw material, coal prices and transportation cost. The average rate of imported coal in FY 2022 is Nu. 12,679.20/MT as compared to Nu. 9,684.92/MT in FY 2021. The overall average coal rate increased by Nu. 738/MT in FY 2022 as compared to FY 2021. The total average coal rate during year is Nu.8, 179/MT as compared to Nu. 7,441/MT in FY 2021.

The overall expenditure increased by Nu. 254,133,566 million, which is an increase of 8% as compared to FY 2021.

The increase in the expenditure is mainly due to the increase in consumption of coal, power and raw material for increased production. The revision of electricity tariff from September 2022 also increased power bills. There was also a major price increase in HSD and explosives.

1. PROFIT/LOSS BEFORE TAX

Despite the best efforts, the company registered a loss of Nu. 97.93 million for the year as compared to Loss before tax of Nu. 267.73 million in FY 2021.

HR AND OTHER SYSTEMS

Based on the endorsement of the DCCL Board in its 84th Board Meeting held on 28th June 2022, Mr. Dechen Choling was appointed as the Chief Executive Officer with effect from 18th July 2022. Until then, Mr. Tshering Tenzin served as Interim-Chief Executive Officer with effect from 16th November 2021.

During the year, the company recruited a total of five samplers, one truck driver and Chief Security Officer on contract. The company also recruited one Auto Mechanic and one Junior Assistance (Material Management) as regular employee.

CORPORATE GOVERNANCE

The Company complied with the 2016 CG Code issued by DHI and also the statutory requirement as specified in the Companies Act of the Kingdom of Bhutan, 2016.
The Company's Board, comprised of seven Board Directors, had convened nine Board meetings, seven Board Audit Committee meetings, three Board Human Resource Committee meetings and one Board Procurement Committee meeting during the year. It has successfully implemented all the directives of the Board and the Board Committees.
Corporate Social Responsibility

Towards making a positive impact on society, build a strong reputation, improve stakeholder relationships, and contribute to the sustainable development of society and the environment, the company contributed a total of 373 bags of cement toward various Nganglam local sectors, agencies and lhakhangs.

To demonstrate solidarity and extend support to the Nganglam COVID-19 Task Force in their fight against the COVID-19 pandemic, the company deployed one of its pool vehicles and Desuup duty for logistic during Covid-19 outbreak in January till March.

STATUTORY AUDIT

Appointed by Royal Audit Authority, M/s T.K. Ghose and Co., Kolkata, India conducted the audit physically. The entire audit was conducted successfully from 23rd January to 6th February 2023.
In the Audit Report for the financial year 2022, there is emphasis of matters on restatement of financial statement of FY 2021 in respect of transfer of land area of 188.59 acre to DHI based on the lease agreement between DHI and DCCL effective from 17th February 2021. The land amounting to Nu. 143,302,788/- only has impacted the equity of DHI.
The Internal Audit of the company conducted regular auditing of the Company's activities and ensured internal check and control and proper management of resources.

KEY CHALLENGES & WAY FORWARD

As we reflect on the year 2022, the company faced several challenges. The pandemic has disrupted the operations and financial performance. The following are some of the key challenges encountered:

1. Supply Chain Disruptions: The pandemic caused significant disruptions in the global supply chain. As a result, securing spare parts, raw materials, and other critical inputs became a challenge. The increase in price and delays in the delivery of parts had adversely impacted the performance of the company.
2. Logistic Constrains: The Company faced challenges in managing the fleets to supply cement to projects and other clients as a result of stringent Covid protocols.

3. Increased Operational Costs: The pandemic also led to increase in operational costs.

ACKNOWLEDGEMENT

On behalf of the DCCL Board, the Management and the Employees of the company, I would like to take this opportunity to sincerely thank DHI and other shareholders for their continued support and guidance.

We would like to extend our sincere gratitude to the Chairman of the Eastern Command COVID – 19 Task Force (EC-C19TF), Dewathang and the Chairperson of COVID-19 Task Force, Nganglam Dungkhag for continued support for the company's business transactions during the pandemic.

We are also grateful to the Royal Government of Bhutan, the various Ministries, Departments and local agencies for their continued support and co-operation and also record our gratitude to the Government of India and their respective agencies for extending their kind co-operation to DCCL.

The Board also places on record their appreciation and gratitude to the leadership provided by the Chief Executive Officer (CEO) and his team, and to all the employees of the company for their dedicated services and working tirelessly for the success of the company.

Finally, the company would like to thank all the customers for their trust in our Dragon Brand and staying with us.

Tashi Delek!
For and on behalf of the DCCL Board

(Dasho Karma Yezer Raydi)
Chairman

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Dungsam Cement Corporation Limited (DCCL) as a DHI owned company aims to achieve high Corporate Governance (CG Code) standards and ensure compliance with legislation, regulation and DHI CG Code 2016.

DCCL has also complied with the Companies Act of the Kingdom of Bhutan 2016 and other statutory requirements of the Royal Government of Bhutan.

CONSTITUTION OF THE BOARD AND ITS MEETINGS

Constitution of the Board of Directors:
As per the approval of the Annual General Meeting (AGM), the following senior officials have been appointed as the Board of Directors for the Dungsam Cement Corporation Limited (DCCL).

No	Name	Addresses	Designation	Date of appointment	Status of Independent and non-independent Director
1.	Dasho Karma Yezer Raydi	Druk Holding &I nvestments Limited (DHI)	Chairman	December 2022	Non-Independent
2.	Mr. Tashi Penjore	Director, Department of Law and Order	Director	March 2019	Independent
3.	Mr. Dorji Nima	Director, PMD, Druk Holding and Investments Limited	Director	June 2019	Non-Independent
4.	Ms. Dechen Yangden	Director, Department of Water Services, MoENR	Director	June 2019	Independent
5.	Ms. Tsheing Lham	Dy. Chief Portfolio Investment Division, NPPF, Thimphu.	Director	July 2020	Independent
6.	Mr. Dechen Choling	CEO, Dungsam Cement Corporation Limited	CEO/Director	July 2022	Non-Independent

BOARD MEETINGS:

To enhance good governance and provide appropriate policy directives to the company, nine (9) Board meetings were convened during the FY 2022. In all the Board meetings, quorum was maintained as required. The details of the board attendance are as follows:

Board Meetingserial No.	Dates	Members Present	Leave of absence
80	April 15, 2022	1. Dasho Ugen Chewang 2. Mr. Dorji Nima 3. Ms. Dechen Yangden 4. Ms. Tshering Lham 5. Mr. Tashi Penjore 6. Mr. Tshering Tenzin	1. Dasho (Dr) Tobgyal Wangchuk 2. Mr. Yeshey Rangrik Dorjee
81	May 19, 2022	1. Dasho Pema Chewang 2. TashiPenjore 3. Mr. Dorji Nima 4. Ms. Dechen Yangden 5. Ms. Tshering Lham 6. Tshering Tenzin	1. Dasho (Dr.) Penjore Tobgyal
82	June 1, 2022	1. Dasho Pema Chewang 2. Mr. Tashi Penjore 3. Mr. Dorji Nima 4. Mr. Tshering Tenzin	1. Dasho (Dr.) Penjore Tobgyal
83	June 16, 2022	1. Dasho Pema Chewang 2. Mr. Tashi Penjore 3. Mr. Dorji Nima 4. Mr. Tshering Tenzin	1. Dasho (Dr.) Penjore Tobgyal
84	June 28, 2022	1. Dasho Pema Chewang 2. TashiPenjore 3. Mr. Dorji Nima 4. Ms. Dechen Yangden 5. Ms. Tshering Lham 6. Tshering Tenzin	None
85	August 19, 2022	1. Dasho Pema Chewang 2. Mr. Dorji Nima 3. Ms. Dechen Yangden 4. Mr. Dechen Choling	1. Mr. Tashi Penjore 2. Ms. Tshering Lham
86	September 1, 2022	1. Dasho Pema Chewang 2. Mr. Tashi Penjore 3. Mr. Dorji Nima 4. Ms. Dechen Yangden 5. Ms. Tshering Lham 6. Mr. Dechen Choling	None

87	November 24, 2022	1. Dasho Pema Chewang 2. Mr. Dorji Nima 3. Ms. Tshering Lham 4. Mr. Dechen Choling	1. Mr. Tashi Penjore 2. Ms. Dechen Yangden
88	December 1, 2022	1. Mr. Dorji Nima 2. Ms. Tshering Lham 3. Mr. Dechen Choling	1. Mr. Tashi Penjore 2. Ms. Dechen Yangden

BOARD SUB-COMMITTEE MEETINGS AND PROCEDURES:

Board Audit Committee Meetings (BAC)

Besides nine (9) board meetings, seven (7) Board Audit Committee meetings were also conducted. In all the BAC meetings, quorum was maintained as required. The details of the board attendance are as follows:

BAC Meeting No.	Dates	Members Present	Leave of Absence
36	January 07, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden 3. Ms. Tshering Lham	1. Mr. Tashi Penjore
37	April 13, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden 3. Ms. Tshering Lham	1. Mr. Tashi Penjore
38	April 25, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden 3. Ms. Tshering Lham	1. Mr. Tashi Penjore
39	July 12, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden 3. Ms. Tshering Lham	None
40	August 18, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden	1. Ms. Tshering Lham
41	October 11, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden	1. Ms. Tshering Lham
42	November 16, 2022	1. Mr. Dorji Nima 2. Ms. Dechen Yangden 3. Ms. Tshering Lham	None

BOARD HUMAN RESOURCE COMMITTEE (BHRC)

BHRC Meeting serial No.	Dates	Members Present	Leave of absence
15	August 31, 2022	1. Mr. Tashi Penjore 2. Mr. Dorji Nima 3. Ms. Dechen Yangden	None
16	October 21, 2022	1. Mr. Tashi Penjore 2. Mr. Dorji Nima	1. Ms. Dechen Yangden

BOARD REMUNERATION

As per the CG standards the board directors are entitled for certain remuneration for every board meeting as sitting fees. The details of the remunerations paid for the board directors are as follows:

Sl. no	Board Meetings Held	Board Directors	Remuneration paid (Nu)	Attendance
1	80th Board Meeting Venue: Zoom online conference Date: April 15, 2022	Chairman Ugen Chewang	8,000	Present
		Dasho (Dr.)TobgyalWangchhuk	NA	Absent
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Mr, Yeshey Rangrik Dorjee	NA	Present
		Mr, Yeshey Rangrik Dorjee	NA	Absent
		Ms. Tshering Lham	8,000	Present
2	81st Board Meeting Venue: Zoom online conference Date: May 19, 2022	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Ms. Tshering Lham	8,000	Absent
		Mr. Tshering Tenzin	8,000	Present
3	82nd Board Meeting Venue: Zoom online conference Date: June 4, 2021	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	NA	Absent
		Ms. Tshering Lham	NA	Absent
		Mr. Tshering Tenzin	8,000	Present
4	83rd Board Meeting Venue: Zoom online conference Date: June 16, 2022	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	NA	Absent
		Ms. Tshering Lham	NA	Absent
		Mr. Tshering Tenzin	8,000	Present

5	84th Board Meeting Venue: Zoom online conference Date: June 28, 2022	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Ms. Tshering Lham	8,000	Present
		Mr. Tshering Tenzin	8,000	Present
6	85th Board Meeting Venue: Zoom online conference Date: August 19, 2022	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	NA	Absent
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Ms. Tshering Lham	NA	Absent
		Mr. Dechen Choling	8,000	Present
7	86th Board Meeting Venue: Zoom online conference Date: September 1, 2022	Chairman Dasho Pema Chewang	8,000	Present
		Mr. TashiPenjore	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Ms. Tshering Lham	8,000	Present
		Mr. Dechen Choling	8,000	Present
8	87th Board Meeting Venue: Zoom online conference Date: November 24, 2022	Chairman Dasho Pem	8,000	Present
		Mr. TashiPenjore	NA	Absent
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	NA	Absent
		Ms. Tshering Lham	8,000	Present
		Mr. Dechen Choling	8,000	Present
9	88th Board Meeting Venue: Zoom online conference Dtae: December 1, 2022	Mr. Dorji Nima	8,000	Present
		Mr. Tashi Penjore	NA	Absent
		Ms. Denchen Yangden	NA	Absent
		Ms. Tshering Lham	8,000	Present
		Mr. Dechen Choling	8,000	Present

ANNUAL GENERAL MEETING (AGM)

The 13thAGM for the financial year ended 2022 was convened on March 15, 2023 at Board Room, Druk Holding and Investments Limited (DHI). The following agenda were deliberated during the 13th AGM:

Agenda 13.01	Adoption of the 13th Annual General Meeting Agenda
Agenda 13.02	Confirmation and adoption of the minutes of the 12th AGM
Agenda 13.03	Presentation of the Directors' Report for FY2022
Agenda 13.04	Consideration of the Auditor's Report and Audited Accounts for the financial year ended 31st December 2022 and audited restatement of financial statement FY- 2021
Agenda 13.05	Declaration of Dividend to the shareholders, if any
Agenda 13.06	Payment of management remuneration and directors' fees
Agenda 13.07	Appointment and fixing of the Remuneration of the Statutory Auditors
Agenda 13.08	Retirements and Appointment of Board Directors
Agenda 13.09	Review of Annual Compact 2022
Agenda 13.10	Changes in Shareholding pattern due to transfer of Land to DHI
Agenda 13.11	Transfer of 132 KV transmission line to BPC
Agenda 13.12	Any other matter

APPOINTMENT AND RETIREMENTS OF BOARD DIRECTORS

Based on the requirements, the AGM has re-appointed Mr. Dorji Nima, Director of CPD, DHI, Ms. Dechen Yangden, Director of the Department of Water, MoENR, and Ms. Tshering Lham from the Investment Division, NPPF, for another term.

During the meeting, the CEO of DHI informed the attendees that the Boards of DHI Group of Companies were undergoing restructuring. DHI will communicate any changes regarding the DCCL Board in due course.

RISK MANAGEMENT SYSTEM

The DCCL Risk management framework was implemented in 2016 after the endorsement by the board during the 51st board meeting. A risk register template was developed and distributed by DHI to the DHI Companies to encourage enterprise risk management within the company. DCCL has assigned and designated a Risk officer who is assigned to compile a risk report for management's information and action.

SL. NO	IDENTIFIED RISK	MITIGATION MEASURES	RISK OWNER
1	Frequent power fluctuation from grid damaging plant & equipment	1. Bhutan Power Corporation Ltd (BPC) needs to improve power reliability	Management
2	Delay in backup and maintenance services by the OEM/suppliers/dealers	1. Must have strong policy for maintenance and backup services. 2. Strong and binding agreements between the parties	Head, PMMD

3	High employee attrition & turnover	1. Housing facilities 2. Training and qualification upgradation 3. Strengthening recreational facilities 4. Improve social engagements	Head, HRAD & Management
4	Impact on environment due to dust release from the plant and fugitive emission.	1. Regular checking of functioning of bag filters 2. Carrying out stack emission monitoring on weekly basis. 3. Concreting of plant areas	Head, OHSE and Head Process & Production Division
5	Impact of highly inflammable liquid, fire and explosion hazard	1. Fire alarm system for immediate action 2. Development & implementation of workplace SOP	Head, OHSE
6	Delay in delivery due to strike and Covid-19 pandemic.	1. Beyond management control	Head, PMMD & Management
7	Ad-hoc order of spare parts by the end user	1. Proper procurement planning. 2. Inspection of the parts on the regular basis by the end users. 3. Timely Raising of PRs from the end users.	
8	Stoppage of Raw Materials due to delay in payment.	1. Sourcing from multiple suppliers.	GM, CSD
9	Unavailability of continuous raw materials (Coal, Fly-Ash, Iron Ore and Slag)	1. Sourcing directly from mines holder/operators. 2. Management is under process to secure quota from Government of India.	Head, PMMD
10	Accident at work place (Slips, trips, accident)	1. Self-awareness on safety 2. Proper use of Personnel Protection Equipment (PPE)	Head, OHSE
11	Negative lobbying by other cement brands against Dragon cement in the markets	1. DCCL shall make the cement available at all the times in the export market 2. DCCL shall be doing marketing and advertisement in the export market	Head, Sales & Marketing Div
12	Inability to meet product demand (short supply)	1. Plant availability shall be more than 90%.	Head, Sales & Marketing Div

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Towards making a positive impact on society, build a strong reputation, improve stakeholder relationships, and contribute to the sustainable development of society and the environment, the company contributed a total of 373 bags of cement toward various Nganglam local sectors, agencies and lhakhangs.

To demonstrate solidarity and extend support to the Nganglam COVID-19 Task Force in their fight against the COVID-19 pandemic, the company deployed one of its pool vehicles and Desuup duty for logistic during Covid-19 outbreak in January till March.

Policies and practices of CEO and board evaluation

The evaluation of CEO and the board is coordinated and carried out by DHI as per their DHI Guidelines.

DRAGON

CEMENT

Strength of the Thunder Dragon

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Dungsam Cement Corporation Limited
Nganglam: Bhutan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dungsam Cement Corporation Limited (the Company), which comprise the statement of financial position as at 31st December 2022, the statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2022, its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

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

Emphasis of Matter

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

(i) The company has restated the accounts of the financial year ending 31st December, 2021 as the accounts of 2021 has not included the transaction of the transfer and lease back agreement with DHI on 11th May, 2021 effective from 17th February, 2021 in respect of the right to use a land by the company. The same land was previously owned by the company and was transferred to DHI as per the terms of Intent to Transfer agreement between DHI and DCCL dated 19th June 2015. The land amounting to Nu 143,302,788 was reflected in the audited accounts of the company till the FY 2021. Thus, now the company has restated the financial statements for the years 2021 as required under BAS 8.

However, our opinion is not modified in respect of these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

i. Identify and assess the risk 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 are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the 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 the 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 the 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 a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

c) The 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 returns.

d) Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

Dipanjan Bhattacharjee
Partner
M. No. 068908

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

Appendix I

Annexure referred to in our audit report of even date on Minimum Audit Examination and Reporting Requirements (to the extent applicable)

General

1. In our opinion and according to information and explanations given to us, we report that:
2. The Companies has adhered to the Corporate Governance Guidelines and Regulations as applicable to them.
3. The Governing Board of the Company has pursued a prudent and sound financial management practice in managing the affairs of the Company.
4. The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
5. Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
6. Adequate records as specified under section 228 of the Companies Act of Bhutan 2016 have been maintained.
7. Applicable mandatory obligations social or otherwise are being fulfilled.
8. Deferred Tax Liabilities (DTL) is recognized assuming that the Company would be able to utilize the DTA in the succeeding years.

Matters pertaining to a manufacturing, mining or processing company:

1. The Company has generally maintained Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details but the situation of PPE is not available. However, physical verification of PPE was done during the year. Also, verification of fixed assets by an independent third party professional firm was not conducted. The matter has been included in the Management Report and the management appraisal report.
2. None of the fixed assets of the Company have been revalued during the year under audit.
3. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business subject to our observations of the Management Audit Report.

The company has verified the inventory on half yearly basis.

4. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of business.
5. On sample basis we have examined certain stocks and discrepancies were identified between physical verification of the stock and the book stock. We have communicated such cases to the management for adequate redressal.
6. The Company is following a reasonable system of recording the receipts, issues and consumption of material and store. The issue of material and stores to respective departments can be tracked from the system.
7. At the end of the accounting year, the Company has carried out a quantitative reconciliation in respect of all the major items of inventories.
8. The obsolete, damaged, slow moving and surplus goods/ inventories has been identified by the management. Where the value of such items are significant, adequate provision has been raised.
9. Obsolete inventories amounting to Nu.746,910.00 has been written off during the year 2022.
10. Appropriate approval of the Board/ appropriate authority has been obtained for writing off the amount of material loss/ discrepancies in the physical balances of inventories including finished goods, raw materials, and stores & spares base on the power authorised by the Delegation of Power (DOP) of the Company.

11. The stocks have been valued based on the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB) subject to our observations in Management Report.. The basis of valuation is the same as in the preceding year.

12. The Company has taken working capital loan of Nu. 250,000,000 from Dagachu Hydropower Corporation Ltd, & Nu. 260,000,000 from National Provident Fund Limited during the year.

13. The Company has not granted any loans, secured or unsecured, to companies, firms and other parties and/or to the companies under the same management.

14. Interest free advances given by the Company to outside parties and the employees have been generally adjusted/ recovered as per stipulation. Reasonable steps have been taken by the Company for recovery of the principal amounts, interest thereon (wherever applicable).

    Advances have been granted to officers/staff generally in keeping with the provisions of service rules. Excessive/frequent advances are granted and/or accumulation of large advances against any particular individual are generally avoided.

15. In our opinion and according to the information and explanations given to us in course of the audit, the Company has generally established reasonably adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/ regulations and systems and procedures. However further steps may be taken to improve the internal control processes.

16. A reasonable system of authorisation at proper level is there for the issue of stores and allocation of materials and labour to job. The system of internal control (though it needs strengthening) prevalent is commensurate with the size of the company and nature of its business.

17. In course of our audit we have observed that the Company, in general, has a system of obtaining competitive biddings/ quotations from more than one party in respect of purchase of property, plant and equipment and other assets.

18. Transactions for purchase and sale of goods and services with the director(s) or any other party(ies) related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested are disclosed by the company in note no. 41 of the financial statements. As these transactions have been made at prices, which are reasonable having regard to the prevailing market prices or at prices at which such transactions have been made with other parties and are not prejudicial to the interest of other shareholders and the Company.

29. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management.

20. The operational condition of the inventories verified has not been ascertained and no provision for loss if any arising due to its condition has been provided in the books of accounts.

21. As informed to us, there is 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.

22. As explained to us, the Company has reasonable record for production of finished goods and adequate safeguards exist to prevent unauthorized or irregular movement of goods from the Company.

23. Based on the records maintained by the company and produced before us, the company is maintaining reasonable records for

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

sale and disposal of realizable by-products and scraps.

24. According to the records maintained by the company and produced to us, the Company has generally been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities subject to our Management Audit Report.

25. According to the information and explanations given to us and on the basis of our observation, the following undisputed statutory dues were outstanding as on 31.12.2022

- Bhutan Sales Tax:	Nu.13,430,895
- Tax Deducted at Source:	Nu.2,926,153
- Health Contribution:	Nu.144,089

26. The Company has a reasonable system of allocation of man-hours to jobs/ contracts to commensurate with the size and nature of business of the Company.

27. 28. In our opinion, there is a reasonable system of price fixation taking into account the cost of production and the market conditions as decided by the Sales Committee of the Company from time to time.

28. The Company has made credit sales during the year. The Company has formed a credit and collection policy. However, the policy is silent in case recoveries are not made from customers within due time and security deposit to be given by a customer. The Company does not have a policy of credit rating of customers.

29. The company has a process of regular evaluation of the commission agent on regular basis based on the industry norms/ market condition.

30. In our opinion, the Company, in general, has a system of following up with debtors and other parties except in few cases for recovery of outstanding dues. As explained to us, age wise analysis of debtors is regularly carried out and follow up actions undertaken. However, year-end balance confirmations have not been obtained in some of the cases.

31. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash/bank etc. are, in general, reasonably adequate and excessive amounts are not lying idle in non-interest-bearing accounts.

32. According to the information and explanations given to us, and on the basis of available records and information, we are of the opinion that the financial activities carried out by the Company during the year are prima facie lawful and intra-vires to the Articles of Association of the Company.

33. We are given to understand that Capital investment decisions are made with prior approval of the Board and investments in new projects are made only after ascertaining the technical and economic feasibility of such new projects.

34. The present system of budgeting, in our opinion, is generally reasonable.

35. Standard costing system is being established but variance analysis is not being carried out by the company at regular intervals.

36. Directors who have acted as the CEO of the company have been paid remuneration other than sitting fees. The details of remuneration and other payments to the Managing Director/ CEO are disclosed in the accounts, is stated in Note No. 41. Based on the review of the records relating to the performance of the Board meetings, we have not come across any cases of disclosure of interest where payments have been made in cash or in kind to any of the directors and their relatives (including spouse(s) and child/children) by Company directly or indirectly, other than those mentioned above, nor have we been informed any of such case by the management.

37. As represented to us, the directives of the Board have generally been complied with.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

38. We are given to understand by the management that the officials of the Company are refrained from transmitting any sensitive information which are not publicly available, unauthorized to their relatives/friends/associates or close persons which will directly or indirectly benefit themselves.

39. According to the information and explanations given to us, the Company has a reasonable system of ascertaining cost of its goods to enable it to make proper pricing decisions. However, pricing of its goods is largely market driven.

40. On the basis of information and explanations given to us, 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.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company has implemented "SAP", which seems to be fully stabilized to ensure effective internal control over operations but in our opinion a system audit should be carried out to ensure the same
2. According to the information and explanation given to us, the Company has adequate safeguard measures of its data and back up facilities for its data and maintains the same at Thimphu
3. The Company is maintaining appropriate backup facilities and disaster recovery measure at a different location. But no such policy has been implemented by the company.
4. The operational controls are found to be adequate to ensure correctness and validity of input data and output information subject to our Management Report.
5. The Company has not implemented proper measures for prevention of unauthorized access over the computer installation and files.
6. The data migration system is effectively managed by the Company.

Facts for unfavourable/qualified answers:

Such statements are in bold italics and self-explanatory and require no further elaboration.

GENERAL

1. Going Concern Issues:

On review of the state of affairs as reflected by the Company's Statement of Financial accepted auditing standards, we have no reason to believe that the Company is not a going concern on the date of the Statement of Financial Position (i.e., 31st December 2022).

(Nu. In Million)

	2022	2021	2020	2019	2018
Sales	3,228.41	2,793.54	2,649.25	3,287.48	3,758.87
Percentage increase/ (decrease) in sales	15.57%	5.45%	(19.41%)	(12.54%)	14.79%
EBITDA	572.62	387.62	333.77	755.02	759.21
PBT	(97.93)	(267.73)	(313.78)	(51.45)	(137.21)
PAT	(97.93)	(267.73)	(603.81)	(331.15)	(137.21)
Share Capital	7,330.65	7,330.65	7,473.95	7,473.95	7,473.95
Retained Earnings	(5,921.32)	(5,276.09)	(4,924.10)	(4,320.26)	(3,986.72)
Net Worth	1,409.33	2,054.56	2,549.85	3,153.69	3,487.23
Percentage increase/ (decrease) in net worth	(31.40%)	(19.42%)	(19.15%)	(9.56%)	(4.07%)

Based on point no. 34 of the notes to accounts provided by the management and based on the above table we find that the sales & EBITDA of the company is increasing while the PAT (loss) is reducing per year, thus we feel that the going concern of the company is not affected.

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

2. Ratio Analysis:

Included in a separate Annexure.

3. Compliances with the Companies Act of Bhutan, 2016

The company has generally complied with the requirements of the Companies Act of Bhutan, 2016 concerning conducting of meetings, filing requirements, maintenance of records, issue of shares, raising of loans and all other matters specified in the said Act except as mentioned in the compliance checklist and management report signed by us on the even date.

4. Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope ofaudit is limited to examination and review of the financial statements, as produced to us by the management.

In the course of audit, we have reviewed compliance to the Companies Act and its Articles of Association however, we are unable to state that the company has been complying with other applicable laws, rules and regulations, system, procedures and practices.

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

Dipanjan Bhattacharjee
Partner
M. No. 068908

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,2022

PARTICULARS	Notes	(Amount in Nu)		
		31/12/2022	31/12/2021 (Restated)	01/01/2021
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2	7,197,114,957	7,489,502,974	7,854,639,932
Right to Use Asset	3	8,989,671		
Intangible Asset	4	37,359,079	40,679,589	44,000,099
Capital Work-in-Progress	5	5,111,355	-	97,830
Investments	6	25,619,260	628,300,001	455,242,473
Trade & Other Receivables	7(a)	6,103,345	10,830,875	13,566,783
Loans & Advances	8(a)	2,001,166	3,860,112	
Other Non-Current Assets	9	44,465,080	39,547,197	22,835,472
		7,326,763,913	8,212,720,748	8,390,382,589
Current Assets:				
Inventories	10	676,370,437	721,764,165	842,472,157
Trade & Other Receivables	7(b)	295,906,919	227,289,541	270,653,519
Loans & Advances	8(b)	36,093,569	30,299,955	
Cash and Cash Equivalents	11	94,839,985	51,244,969	59,744,582
Prepaid Tax	12	62,045,175		
Other Current Assets	13	29,918,258	76,150,070	105,370,964
		1,195,174,342	1,106,748,701	1,278,241,223
Asset classified as held for sale	14	464,041	410,736	66,736
Total Asset		8,522,402,295	9,319,880,185	9,668,690,548
EQUITY AND LIABILITIES				
Shareholders' Equity	15	7,330,645,000	7,330,645,000	7,473,947,900
Retained Earnings /(Loss)		(5,921,317,226)	(5,276,088,674)	(4,924,102,343)
		1,409,327,774	2,054,556,326	2,549,845,557
Non-Current Liabilities				
Borrowings	16	3,240,392,808	4,944,406,836	4,996,656,924
Lease Liability	17	10,613,596		
Deferred tax liabilities(net)	34	1,202,567,494	653,204,727	569,726,558
Trade and Other Payables	18(a)	9,734,015	7,362,938	
Employee benefit liabilities	19(a)	53,767,987	46,702,599	

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Other Long-Term Liabilities	20	2,203,594	5,985,419	42,720,556
		4,519,279,495	5,657,662,518	5,609,104,037
Current Liabilities				
Current Borrowings	21	1,724,178,062	987,524,558	560,000,000
Trade and Other Payables	18(b)	803,613,280	545,445,330	920,695,274
Employee benefit liabilities	19(b)	12,913,119	17,407,191	4,516,862
Other Current Liabilities	22	53,090,565	57,284,261	24,528,818
		2,593,795,027	1,607,661,340	1,509,740,954
TOTAL		**8,522,402,295**	**9,319,880,185**	**9,668,690,548**

See accompanying notes to the financial statements 1-57
In-terms of our audit report of event date attached.

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Dipanjan Bhattacharjee
Partner
M. No. 068908

(Dechen Choling)
Chief Executive Officer

(Dasho Karma YezerRaydi)
Chairman

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

Particulars	Note	Current Year 31/12/2022	Previous Year 31/12/2021 (Restated)	01/01/2021
Revenue				
Revenue from sale of Cement	23(a)	3,039,970,455	2,549,985,371	2,490,846,865
Revenue from sale of Clinker	23b)	188,442,192	243,555,008	158,399,300
Other Revenue	24	59,543,346	70,478,797	44,705,873
Total Revenue		**3,287,955,993**	**2,864,019,176**	**2,693,952,038**
Expenditure				
Consumption of raw materials & Consumables	25	615,137,799	365,012,215	419,127,540
Changes in Inventory of work in progress and finished goods	26	(155,738,018)	72,159,568	(73,940,059)
Power & Fuel	27	1,236,672,755	1,022,958,657	968,553,284
Employee benefit expenses	28	216,705,612	222,091,854	210,604,271
Depreciation &Amortization	29	309,148,156	303,388,907	306,526,463
Selling & Marketing Expenses	30	466,859,862	392,151,424	407,345,126
Operation &Maintenance Expenses	31	202,272,470	159,170,722	228,113,748
General Admin & Other Expenses	32	131,929,213	242,852,419	200,381,429
Finance Cost	33	362,894,112	351,962,630	341,021,177
Total Expenditure		**3,385,881,961**	**3,131,748,396**	**3,007,732,979**
Profit /(Loss) Before Income Tax		**(97,925,968)**	**(267,729,220)**	**(313,780,941)**
Current Income Tax				
Profit/ (Loss) After Income Tax		**(97,925,968)**	**(267,729,220)**	**(313,780,941)**
Other Comprehensive income/(Loss)		-	-	-
Deferred Income Tax Income/(Expenses)	34	(549,362,767)	(83,478,169)	(290,027,237)
Actuarial Gain/(Loss) on post-employment benefit obligations		(563,624)	(778,940)	(33,550)
Net Other Comprehensive Income/(Loss)		**(549,926,391)**	**(84,257,109)**	**(290,060,787)**
Total Comprehensive Income/(Loss)		**(647,852,359)**	**(351,986,329)**	**(603,841,727)**
Basic and Diluted Earnings per share	35	**(1.34)**	**(4.79)**	**(8.08)**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Dipanjan Bhattacharjee
Partner
M. No. 068908

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

(Dechen Choling)
Chief Executive Officer

(Dasho Karma YezerRaydi)
Chairman

DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF CASH FLOWSTATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

Particulars	For the year ended 31/12/2022	Land Transfer (DHI) Adjustment	For the year ended 31/12/2021(Restated)
Cash Flow from Operating Activities			
Net Profit after Tax	**(97,925,968)**		**(351,986,329)**
Adjustment for:			
Prior period	2,623,807		
Depreciation/amortization	309,148,156		303,388,907
(Gain)/Loss on disposal of PPE	8,712,038		(368,278)
Retirement/Scrapping of Inventories & PPE	70,410,801		28,793,330
Interest expenses on Borrowing	357,931,947		349,833,723
Unwinding interest (income)/expense on discounts	2,653,338		1,640,432
Provision for doubtful debts and others liabilities			(2,529,830)
Income from Liabilities no longer required written back	8,716,541		1,629,462
Provision for Deferred Tax			83,478,169
Adjustment of Actuarial Gain/Loss	(563,624)		(1.21)
Operating profit before working capital changes	**661,707,036**		**413,879,585**
Adjustment for:			
(Increase)/Decrease in Trade Receivables and Other Receivables	(63,889,847)		46,099,885
(Increase)/decrease in loans and advances (Current & Non-Current)	(3,934,668)		(34,160,067)
(Increase)/Decrease in Other Non-Current Assets	(4,917,883)		(16,711,725)
(Increase)/Decrease in Other Current Assets	(15,813,362)		29,220,894
(Increase)/Decrease in Inventories	45,393,728		120,707,993
Increase/(Decrease) in Trade Payables	251,822,487		(366,986,638)
Increase/(Decrease) in Employee Liabilities	2,571,316		59,592,928
Increase/(Decrease) in Other Long-Term Liabilities	(3,781,825)		(36,735,137)
Increase/(Decrease) in Lease Liability	10,613,596		
Increase/(Decrease) in Other Current Liabilities	(4,193,696)		32,755,331
Net cash generated from operating activities before income tax	**213,869,846**		**(166,216,536)**
Less: Tax Paid			
Net Cash from Operating activities (A)	**875,576,882**		**247,663,049**
Cash Flow from Investing Activities			

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Purchase of PPE & Intangible assets and CWIP	(27,540,655)	(143,302,788)	65,166,390
Fixed Deposit with Bank	594,570,228		(208,096,237)
Proceed from/withdrawal of Assets	(79,176,144)		(28,769,052)
Interest received during year	8,110,513		35,038,710
Net Cash from Investing Activities (B)	**495,963,942**	**(143,302,788)**	**(136,660,189)**
Cash Flow from Financing Activities			
Decrease/Issue of Share Capital			(143,302,788)
Short term Borrowings repaid	736,653,504		427,524,558
Long term Borrowings repaid/availed during the year	(1,704,014,028)		(52,250,088)
Interest Paid during the year	(360,585,285)		(351,474,155)
Payment of principal amount of lease liability			
Net cash generated from/use in financing activities (C)	**(1,327,945,809)**	**-**	**(119,502,472)**
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	**43,595,015**	**(143,302,788)**	**(8,499,613)**
Cash & Cash Equivalents at the beginning of the year	**51,244,969**		**59,744,582**
Cash & Cash equivalents at the end of the year	**94,839,985**	**(143,302,788)**	**51,244,969**

1. *The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in the Bhutanese Accounting Standard-7 on 'Statement of Cash Flows'.*
2. *Cash and Cash Equivalents include cash in hand and bank balances in current accounts [Refer Note No. 11 to the Accounts].*
3. *Figures in brackets indicate cash outflows.*

In-terms of our audit report of event date attached.

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

Dipanjan Bhattacharjee
Partner
M. No. 068908

(Dechen Choling)
Chief Executive Officer

(Dasho Karma YezerRaydi)
Chairman

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

Attributable to the Owners of the Company

Particulars	Ordinary Shares			Retained earnings/(Loss)	Restated	Total
	No. of Shares (issued and fully paid up	Par value per share	Total value of share		Land Transfer (DHI) Adjustment	
Balance as at January 01, 2021	74,739,479	100	7,473,947,900	(4,924,102,345)		2,549,845,555
Issue of share during the year	-	-	-	-		-
Decrease of share during the year- Restated	(1,433,029)	100	(143,302,900)		(143,302,900)	(143,302,900)
Profit/ (Loss) After Income Tax				(351,207,389)		(351,207,389)
Other Comprehensive income/(Loss)				(778,940)		(778,940)
Balance as at December 31, 2021(Restated)	73,306,450	100	7,330,645,000	(5,276,088,674)	(143,302,900)	2,054,556,326
Balance as at January 01, 2022	73,306,450	100	7,330,645,000	(5,276,088,674)		2,054,556,326
Prior period adjustment				2,623,807		2,623,807
Decrease of share during the year						
Profit/ (Loss) After Income Tax				(97,925,968)		(97,925,968)
Other Comprehensive income/(Loss)				(549,926,391)		(549,926,391)
Balance as at December 31, 2022	73,306,450	100	7,330,645,000	(5,921,317,226)		1,409,327,774

T. K. GHOSE & CO. ★ Chartered Accountants ★ Regn. No. 302002E

Authorized Capital

Particulars	31/12/2022	31/12/2021
80,000,000 Equity shares of Nu.100 each	8,000,000,000	8,000,000,000
20,000,000 Preference shares of Nu.100 each	2,000,000,000	2,000,000,000
Total	**10,000,000,000**	**10,000,000,000**

Equity shares issued by the company are of same class and the same rights attached.

For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Dipanjan Bhattacharjee

(Dechen Choling)
Chief Executive Officer

(Dasho Karma YezerRaydi)
Chairman

Dipanjan Bhattacharjee
Partner
M. No. 068908

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

NOTE 01: NOTES TO FINANCIAL STATEMENTS

A. General Information:

Dungsam Cement Corporation Limited (DCCL) subsidiary of Druk Holding & Investments (DHI), A Royal Government of Bhutan undertaking. The Company has been incorporated and registered under The Companies Act of the Kingdom of Bhutan 2000 (revised to Companies Act of Bhutan 2016) as limited liability on 10th September 2009. The registered office of the Company is located in Nganglam, Pemagatshel, Bhutan. The Company is engaged in manufacturing and selling of cement (OPC-43, PPC and PSC) within country and export to India. The Company also sells Clinker to India.

The Company's financial statements are prepared in accordance with and are fully compliant with the Bhutanese Accounting Standards (BAS), except as stated otherwise in the financial statements. The financial statements of the Company for the year ended December 31, 2022 were authorized for issue by the Board of Directors on dated 15-March-2023.

B. Significant accounting policies:

1.1) Basis of preparation:

These financial statements are general purpose financial statements that have been prepared in accordance and in compliance with the Bhutanese Accounting Standards and the relevant provisions of The Companies Act of Kingdom of Bhutan.

These financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements.

The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. In areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

1.2) The functional/presentation currency:

The items and figures included in the financial statements are measured using the currency of the primary economic environment in which the Company operates referred to as the "functional currency". The functional currency and presentation currency of the Company is Bhutanese Ngultrum.

1.3) Foreign currency translation:

Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at balance sheet date are translated at the rates of exchange prevailing at balance sheet date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

1.4) Property, plant and equipment:

Property, plant and equipment (PPE) is initially recognized at cost. The company follows cost model for PPE and are stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the retired part is derecognized.

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

The spare parts and servicing equipment are normally treated as inventory and expensed off as and when consumed. However, major spare parts and stand-by equipment which qualifies as PPE fulfilling the value more than Nu. 500,000/- and are expected to be used for a period of more than one year are capitalized as Critical and Capital Spares. However, the Depreciation is charged on basis of following nature of spares by identifying Critical Spares and Capital Spares.

a. Critical Spares to ensure smooth operation of Plant & Machinery without interruptions which Plant cannot operate. The depreciation of such will be immediately charged over the life of main assets.

b. Capital spares are replacement parts and that will be installed and put into use at a later date. The deprecation of such will be charged as and when it is installed, on the life of the main asset.

Land is not depreciated. Company provides depreciation on property, plant and equipment on straight-line method over the useful lives of the assets which are as follows:

Asset Class	Useful life
Building and civil structure	35 years
Plant and machinery	30 years
Furniture and fixtures	7 years
Office equipment	7 years
Vehicle	10 years
Other equipment	7 years
Right to Use	Valued based on lease period

Building includes semi-permanent buildings. Useful life of semi-permanent buildings and civil structure is estimated at 10 years.
The other equipment includes Infrastructure for Power. Useful life of Infrastructure for power is estimated at 7-20 years.
Assets in nature of tools, tackles, implements, equipment's which are consumables in nature and expected useful is not more than a year, assets costing Nu. 5,000 and below are expensed off. Assets that are fully depreciated but still in use are recorded at Nu.1 for each asset for the purpose of monitoring.
Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The residual values are not more than 5% of the original cost of the asset.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized under other income or other expenses as the case may be, in the statement of comprehensive Income.

1.5) Intangible assets:

Acquired SAP-ERP software, central control room software, website and other licenses are capitalized on the basis of the costs incurred to acquire the specific software. These costs are amortized over their estimated useful lives of 20 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.
Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net considerations received in the disposal with the carrying amount, and are recognized in the Statement of Comprehensive Income.

1.6) Impairment of assets:

Assets are tested for impairment as per BAS 36 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

GHOSE & CO. Regn. No. 302002E Chartered Accountants

1.7) Investment Property:

The investment Property (BAS 40) is initially recognized at original cost and subsequently recognised the capital gains and earnings. The company follows cost model and are stated at cost less accumulated gains. The property, land, gratuity, and Bond redemption reserve are classified as investment property disclosed in Notes.

1.8) Capital- Work- In-Progress:

Cost of the fixed assets not ready for their intended use at the Statement of Financial Position date together with all related expense are shown as Capital Work-in-Progress. The Capital Work in Progress is recorded as fixed asset only when its ready to use.

1.9) Financial assets:

a) Initial measurement:

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

b) Classification and subsequent measurement:

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

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

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

Financial assets measured at amortized cost:

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

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial instruments measured at fair value through other comprehensive income:

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

i. The objective of the business model is achieved by both collecting contractual cash flowsand selling financial assets; and

ii. The asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI). Currently, the company does not have any asset classified under this category.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Financial instruments measured at fair value through profit and loss:

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

c) Derecognition of financial assets:

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

i. The rights to receive cash flows from the asset have been transferred, or

ii. The company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

When the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the asset.

d) Income recognition:

Interest income: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

1.10) Financial liability:

a) Initial recognition and measurement:

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

b) Subsequent measurement:

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

Financial liabilities at fair value through profit or loss:

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

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

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

Financial Liability at Amortized cost:

This category mainly includes borrowings, trade payables & other payables, security deposit, lease liabilities and debt instruments. The financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Borrowings:

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

The company capitalise borrowing cost that are directly attributable to the acquisition, construction or production of qualifying asset to the extent in determining amount of borrowing cost eligible for capitalisations by applying a capitalisation rate to the expenditure on that asset.

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

Trade and other payables:

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

c) Derecognition:

Financial assets are derecognized whenever one of the following conditions is met:

i. the contractual right to receive the cash flows associated with the asset expires.

ii. the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by BFRS 9 (the "pass through test");

iii. the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in statement profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

1.11) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined using moving average price for the materials procured from third parties. Cost of inventories is recognized including other incidental expenses incurred in acquiring inventories and bringing them to their existing location and condition. The standard cost is used for semi-finished and finished goods. The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The Inventory consists of Raw Materials, Fuel, Work in Progress, Finished Products, Capital Spares, Asset Spares and Stores, Spares, loose tools and other inventories.

The company assess the inventories as Fast, Slow and Non-moving items during physical verification. Company further reviews the inventories which has value more than Nu. 500,000/- and useful life more than one year as insurance/capital spares.

The company establish the following criteria to identify the inventories as fast, slow and non-moving for each category of Inventory:

i) Inventory- Spare Parts:

Under Inventory Spares we have critical/insurance and non-critical spares which are to be maintained as standby and servicing equipment for all time.

a) Non-Moving: Inventories whose consumption is nil in last 5 years or more.

b) Slow Moving: Inventories whose consumption during the last 5 year is less than 30% of the sum of opening stock and purchases during the last 5 years.

c) Fast Moving: All other inventories that do not fall under the above two categories shall fall under this category.

ii) Inventory- Consumables:

Under inventory consumables, there are items which are to be consumed within the short span of time i.e., 1-2 years from the date of purchase.

a) Non-Moving: Inventories whose consumption is nil in last 2 years or more.

b) Slow Moving: Inventories whose consumption during the last 2 year is less than 30% of the sum of opening stock and purchases during the last 2 years.

c) Fast Moving: All other inventories that do not fall under the above two categories shall fall under this category.

iii) Inventory- Capital Spares/Materials:

Asset inventories are those items which are PPE in nature and shall be immediately capitalized once it's put to use.

a) Non-Moving: Those inventories which is lying more than 1 year after its purchase.

b) Fast Moving: Those inventories which are consumed/issued within a year.

The criteria, i.e., the threshold percentage of consumption for designating an inventory as Fast, Slow and Non-Moving shall be amended as desired by the company on time to time.

iv) Treatment for Slow/Non-Moving:

(i) Non-moving inventories classified as obsolete/unserviceable shall be auctioned off.

(ii) Non-moving inventories classified as incomplete shall be retrofitted and to make it complete inventories or set.

(iii) Surplus inventories shall as per Management decision will be reviewed for further course of action.

(iv) New procurement for Surplus/Non/slow moving shall be initiated only if the existing stock does not meet the intended purpose.

1.12) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, bank balances and deposits, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and which are subject to an insignificant risk of changes in value.

T. GHOSE & CO. Regn. No. 302002E Chartered Accountants

1.13) Current and deferred income tax:

a.) Current income taxes:

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income where tax is also recognized in other comprehensive income. Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

b.) Deferred tax:

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on net basis. Management evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

The income tax liabilities are recognized when, despite the Company's belief that its income tax return positions are supportable, the Company believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities. Benefits from tax positions are measured at the single best estimate of the most likely outcome.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes available 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.

1.14) Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, 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.

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.

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

1.15) Financial Liability at Amortized cost:

Financial liabilities at amortized cost represented by trade and other payables, security deposits and retention money are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate.

1.16) Employee benefits:

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

a. Defined Contribution Plan (Pension and Provident Fund):

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

b. Defined Benefit Plans (Gratuity):

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

c. Defined Benefit Plans (Earned Leave/Carriage Charges/Transfer Grants/Repartition Allowances):

The liability or asset recognized in the balance sheet in respect of defined benefit plans such as Earned Leave/Carriage Charges/Transfer Grants/Repartition Allowancesat the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

d. Short Term Benefits:

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

e. Earned Leave Encashment:

The employees of the company are entitled for earned leave. The employees can carry forward the maximum of 60 days unutilized earned leave subject to the limit set as per DCCL service Rules and utilize it in future periods or compensated in cash during the separation of employment for the unutilized accrued earned leave based on the salary at the time. The company's net obligation in respect of the earned leave is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and amount of obligation is provided in profit or loss. The plan is unfunded.

1.17) Provisions and Contingent Liabilities:

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

Liabilities for reclamation and restoration costs w.r.t excavated out area are recognized based on the Certificate of Mining Engineer.
The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of reclamation and restoration and discounted up-to the reporting date using the appropriate risk-free discount rate.

Any change in the present value of the estimated reclamation and restoration costs other than the unwinding of discount is adjusted to the decommissioning allowance and the carrying value of the provisions. The unwinding of discount on allowance is charged in the Statement of profit and loss as finance cost.

1.18) Leases:

As a lessee:

Lease where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

1.19) Non–current assets held for sale:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.
Non-current assets classified as held for sale and the assets of a disposal company classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal company classified as held for sale are presented separately from other liabilities in the balance sheet.

1.20) Revenue recognition:

Revenue from customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, stated net of discounts, commission and taxes and royalty collected on behalf of government.

Sale of goods:

The Company recognizes revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. An asset is assumed to be transferred to customer when (or as) the customer obtains control of that asset. Incremental cost incurred by the company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods to which the asset relates.

The company discloses the reportable segment of revenue from each product OPC, PPC and PSC for the purposes of making decisions and about allocating resources, assessing its performance, costing etc., The segment reports are disclosed through the Notes.

Liquidated damages and penalties:

Liquidated damages and penalties occur when contractors/suppliers fail to meet the key performance indicators set out in their contract with the Company. Income resulting from claims for liquidated damages and penalties are recognised when it can be reliably measured and probable that the economic benefits will flow to the Company.

Interest income:

Interest income from investment is recognized at the applicable effective interest rate. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

1.21) Unpaid Cheque:

Cheques issued but not presented and appearing in the bank reconciliation should be considered as "stale" cheques after six months from date of cheques. All such stale cheques appearing in the bank reconciliation statement should be transferred to 'Unpaid Cheques' Account and parked for 3 years that if no claims are made during this period the amount will recognized as income from liabilities no longer required.

1.22) Unclaimed/Unpaid Liabilities:

The company will review all outstanding liabilities or unclaimed payables in each reporting period and if it is established that any amount shall not payable, these amounts should be transferred to Unpaid and Unclaimed Liabilities Account.

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

If the unclaimed balances of vendors are determined that shall form no longer the liabilities of the company, the same shall be recognized as income from liabilities no longer required after expiry of 3 years with exception to litigation. In case of any subsequent claims, the same shall be debited to Miscellaneous Expenses during the period of refund.

1.23) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

C. Critical accounting estimates and assumptions:

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the year in which they become known. Actual results may differ from management's estimates if these results differ from historical experience or other assumptions do not turn out to be substantially accurate, even if such assumptions were reasonable when made.

The said estimates are based on the facts and events, that existed as at the date of statement of financial position, or that occurred after that date but provide additional evidence about conditions existing as at the statement of financial position date. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

i) Useful lives of property, plant and equipment:
The costs of property, plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in the accounting policy. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

ii) Fair Value measurement of Financial Instruments:
When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model etc. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Retirement benefit obligations:
The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases, etc. as estimated by independent actuary appointed for this purpose by the Management which may differ from actual developments in the future.

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

iv) Contingent Asset/Liabilities:

The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation at the balance sheet date and are not discounted to its present value. A disclosure for a contingent liability/asset is made when there is a present obligation arising as a result of past event that probably will not require an outflow/inflow of resources or where a reliable estimate of the obligation cannot be made.

v) Provision/Loss Allowance on ECL:

The position of doubtful Debts is reviewed and monitored on yearly basis as expected credit Loss (ECL) per the ageing buckets: 0-30 days, 31-60, 61-90 days & above 90 days for the probability default, loss given default, exposure at default economic factor adjustment and the discount factor. The company also takes appropriate action to write off or reverse from the provision in case of subsequent recovery, the same is credited to impairment gain/losses.

vi) Provision for Advances/Claims/Receivables:

The position of doubtful recoveries is reviewed and monitored from time to time. However, the amounts which are doubtful of recovery after expiry of 3 years are recognized fully as Bad debts by creating a charge against provision for doubtful debts.

In the following reporting period after all the means of recovery is exhausted and reasonably established. The company takes appropriate action to write off or reverse from the provision. In case of subsequent recovery, the same is credited to Miscellaneous Income.

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

DUNGSAM CEMENT CORPORATION LIMITED
NOTES FORMING PART OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,2021(RESTATED)

(Amount in Nu)

	Freehold Land			Building & Civil Structure	Plant & Machineries	Furniture & Fixture	Office Equipment	Other Equipment	Vehicles	Total		
	01/01/2021	Adjustment	31/12/2021 (Restated)							01/01/2021	Land Transfer (DHI) A djustment	31/12/2021 (Restated)
Balance as at 1 January 2021:												
Cost	144,502,788		144,502,788	4,741,716,453	5,411,104,560	19,404,044	26,330,011	103,683,138	55,321,961	10,502,062,955		10,502,062,955
Accumulated Depreciation	-		-	959,640,349	1,563,662,719	16,093,490	20,438,526	65,661,493	21,926,446	2,647,423,023		2,647,423,023
Book Value as at 01 January 2021:	**144,502,788**		**144,502,788**	**3,782,076,104**	**3,847,441,841**	**3,310,554**	**5,891,485**	**38,021,646**	**33,395,515**	**7,854,639,932**	**-**	**7,854,639,932**
Changes in book value during the year:												
Addition	-		-	26,895,477	66,669,759	1,076,814	1,324,144	7,501,484	2,368,262	105,835,939		105,835,939
Deletion/ Adjustment		(143,302,788)	(143,302,788)	15,134,873	21,927,592	113,115	1,066,433	7,381,291	2,598,250	48,221,554	(143,302,788)	(95,081,234)
Depreciation on deletions and Adjustment	-		-	2,990,643	7,769,134	107,369	944,156	6,286,458	2,522,083	20,619,843	-	20,619,843
Depreciation for the year	-		-	130,473,798	155,816,102	923,837	1,591,540	7,195,339	4,067,782	300,068,397	-	300,068,397
Total Changes		**(143,302,788)**	**(143,302,788)**	**175,494,790**	**252,182,587**	**2,221,134**	**4,926,273**	**28,364,572**	**11,556,377**	**474,745,733**	**(143,302,788)**	**331,442,945**
Balances as at 31 December 2021:												
Cost	144,502,788	(143,302,788)	1,200,000	4,753,477,057	5,455,846,726	20,367,744	26,587,721	103,803,332	55,091,972	10,559,677,340	(143,302,788)	10,416,374,552
Accumulated Depreciation	-		-	1,087,123,504	1,711,709,688	16,909,959	21,085,909	66,570,374	23,472,144	2,926,871,578		2,926,871,578
Book value as at 31 December 2021:	**144,502,788**	**(143,302,788)**	**1,200,000**	**3,666,353,553**	**3,744,137,039**	**3,457,785**	**5,501,812**	**37,232,958**	**31,619,828**	**7,632,805,762**	**(143,302,788)**	**7,489,502,974**

T. K. GHOSE & CO. Regn. No. 302002E ★ Chartered Accountants ★

DUNGSAM CEMENT CORPORATION LIMITED
NOTES FORMING PART OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

Note 2 b): Property, Plant & Equipment

	Freehold Land	Building & Civil Structure	Plant & Machineries	Furniture & Fixture	Office Equipment	Other Equipment	Vehicles	Total
Balance as at 1 January 2022:								
Cost	1,200,000	4,753,477,057	5,455,846,726	20,367,744	26,587,721	103,803,332	55,091,972	10,416,374,552
Accumulated Depreciation	-	1,087,123,504	1,711,709,688	16,909,959	21,085,909	66,570,374	23,472,144	2,926,871,578
Book Value as at 01 January 2022:	**1,200,000**	**3,666,353,553**	**3,744,137,039**	**3,457,785**	**5,501,812**	**37,232,958**	**31,619,828**	**7,489,502,974**
Changes in book value during the year:								
Addition	-	44,180,573	21,807,473	529,905	1,751,776	5,489,751	2,626,118	76,385,595
Deletion/Adjustment		47,828,962	47,489,186	420,795	218,382	1,495,165	5,137,834	102,590,324
Depreciation on deletions and Adjustment	-	9,691,258	17,677,130	393,946	197,392	990,130	4,848,182	33,798,040
Depreciation for the year	-	131,110,735	156,831,202	980,826	1,498,968	5,430,570	4,129,029	299,981,329
Total Changes		**232,811,528**	**243,804,990**	**2,325,473**	**3,666,518**	**13,405,616**	**16,741,163**	**512,755,288**
Balances as at 31 December 2022:								-
Cost	1,200,000	4,749,828,669	5,430,165,013	20,476,853	28,121,114	107,797,918	52,580,256	10,390,169,824
Accumulated Depreciation	-	1,208,542,981	1,850,863,759	17,496,838	22,387,485	71,010,814	22,752,991	3,193,054,867
Book value as at 31 December 2022:	**1,200,000**	**3,541,285,688**	**3,579,301,254**	**2,980,015**	**5,733,630**	**36,787,105**	**29,827,265**	**7,197,114,957**

T. K. GHOSE & CO. ★ Regn. No. 302002E ★ Chartered Accountants

Note 3. Right to Use Asset

(Amount in Nu.)

Balance as at 01 January 2022:	-
Cost	-
Accumulated Amortization	-
Book value as at 01 January 2022	**-**
Changes in book value during the year:	
Addition	14,835,988
Deletion/Adjustment	-
Depreciation on deletions and Adjustment	-
Depreciation for the year	5,846,317
Total Changes	**20,682,305**
Balances as at 31 December 2022:	
Cost	**14,835,988**
Accumulated Amortization	5,846,317
Book value as at 31 December 2022:	**8,989,671**

Note 4. Intangible Assets

(Amount in Nu.)

Balance as at 01 January 2022:	**-**
Cost	**66,410,082**
Accumulated Amortization	25,730,493
Book value as at 01 January 2022	**40,679,589**
Changes in book value during the year:	
Addition	-
Deletion/Adjustment	-
Depreciation on deletions and Adjustment	-
Depreciation for the year	3,320,510
Total Changes	**3,320,510**
Balances as at 31 December 2022:	
Cost	**66,410,082**
Accumulated Amortization	29,051,003
Book value as at 31 December 2022:	**37,359,079**

Note 5. Capital Work-in-progress

(Amount in Nu.)

Balance as at 1 January 2022	**-**
Additions	5,111,355.18
Capitalization	-
Expense-off	
Book value as at 31 December 2022:	**5,111,355.18**

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Note 6: Investments

(Amount in Nu.)

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Fixed Deposit with Bank (earmarked for gratuity liability)	2,863,052	2,863,052	2,863,052
Accrued Interest on Fixed Deposit (earmarked for gratuity liability)	980,556	758,669	536,783
Bond Redemption Reserve Fund	20,940,000	563,430,000	424,559,999
Accrued Interest on Fixed Deposit (Bond Redemption Reserve)	835,652	61,248,280	27,282,640
Total	**25,619,260**	**628,300,001**	**455,242,473**

Note 7(a): Trade & Other Receivables-Non-Current

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Trade Receivables	14,483,914	16,685,066	
Less: Provision for impairment of trade receivables	(8,380,569)	(9,604,191)	
Net Trade Receivables	6,103,345	7,080,875	
Other Receivables	-	3,750,000	13,566,783
Less: Provision for impairment of other receivables			
Net Other Receivables	-	3,750,000	13,566,783
Total	**6,103,345**	**10,830,875**	**13,566,783**

Provision for doubtful debts on outstanding receivables from customers are provided based on ECL.

Note 7 (b): Trade & Other Receivables- Current

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Trade Receivables	292,120,970	227,229,966	271,724,988
Less: provision for impairment of trade receivables			(4,839,248)
Other Receivables	3,785,949	59,575	4,328,949
Less: provision for impairment of other receivables	-		(561,170)
Total	**295,906,919**	**227,289,541**	**270,653,519**

Note 8(a): Non Current- Loans and Advances

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Advance payments-Employees	319	319	
Advance to vendors	2,000,847	3,859,793	
Less provision for impairment	-		
Net advances to vendors	2,001,166	3,860,112	
Advance payments to third parties	-	-	
Advance to Related Parties	-	-	
Total	**2,001,166**	**3,860,112**	

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Note 8(b): Current - Loans and Advances

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Advance payments-Employees	901,903	4,453,008	
Advance to vendors	35,191,665	25,846,947	
Less provision for impairment			
Net advances to vendors	36,093,569	30,299,955	
Advance payments to third parties	-	-	
Advance to Related Parties	-	-	
Total	**36,093,569**	**30,299,955**	**-**

Note 9: Other Non-current Assets

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Security Deposits	19,979,253	15,836,011	
Unamortized mine expenditure	24,485,827	23,711,186	22,835,472
Total	**44,465,080**	**39,547,197**	**22,835,472**

Note 10: Inventories

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(As taken, valued and certified by the management)			
Raw Materials	37,028,777	34,443,349	3,949,279
Fuel	67,153,541	28,553,853	836,076
Work in Progress	194,220,925	205,587,018	414,567,201
Finished Products	49,868,551	86,872,935	132,955,835
Asset Spares	1,714,302	17,162,569	
Stores, Spares & loose tools	326,384,341	349,144,441	290,163,766
Total	**676,370,437**	**721,764,165**	**842,472,157**

Note 11: Cash and Cash Equivalents

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Cash-in-hand	29,675	45,258	5,662
Balances with Banks in Current Accounts	94,810,309	51,199,711	59,738,920
Total	**94,839,985**	**51,244,969**	**59,744,582**

There are no restricted cash and cash equivalents

Note 12: Prepaid Tax

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Prepaid Tax	62,045,175	-	
Total	**62,045,175**	**-**	

T. K. GHOSE & CO. ★ Regn. No. 302002E ★ Chartered Accountants

Note 13: Other Current Asset

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
(Unsecured, Considered Good)			
Advance payments-Employees			2,556,985
Advance to vendors			34,492,935
Less provision for impairment			(1,673,942)
Net advances to vendors			35,375,978
Prepaid Tax		57,111,415	45,277,502
Pre-paid Expenses	29,918,258	19,038,656	24,717,484
Total	**29,918,258**	**76,150,070**	**105,370,964**

Note 14: Asset classified as held for sale

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Property, plant & equipment	464,041	410,736	66,736
Total	**464,041**	**410,736**	**66,736**

Some items of property, plant and equipment has been classified as held for sale during the year. The Company has classified such assets at the lower of carrying amount and fair value less cost to sell. The fair value has been derived by using the market approach whereby the Company has estimated the net realizable value of such assets.

Note 15: Equity share capital

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Issued, Subscribed and Paid-up			
73,306,451 Equity shares @ Nu. 100 each fully paid up	7,330,645,000	7,330,645,000	7,473,947,900
Total	**7,330,645,000**	**7,330,645,000**	**7,473,947,900**

Terms/Rights attached to equity shares

The Company has only one class of Equity Shares having a par value of Nu. 100 per share. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

Authorized Capital

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
80,000,000 Equity shares of Nu.100 each	8,000,000,000	8,000,000,000	8,000,000,000
20,000,000 Preference shares of Nu.100 each	2,000,000,000	2,000,000,000	2,000,000,000
Total	10,000,000,000	10,000,000,000	10,000,000,000

Note 16: Long-Term Borrowings

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Term Loan (Secured) - Non-Current Portion			
Ngultrum Borrowing	2,320,252,808	2,524,266,836	2,576,516,924
Ngultrum Bonds	920,140,000	2,420,140,000	2,420,140,000
Total	**3,240,392,808**	**4,944,406,836**	**4,996,656,924**

Details of Security

A. Term loans in Ngultrum are secured by way of first mortgage on all the present and future assets of the company
B. For remaining Ngultrum borrowing and bonds corporate guarantee is given by Druk Holding and Investments Ltd.
C. See accompanying Note 42 of financial statements on details of borrowings

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

Note 17: Lease Liability

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Lease Liability	10,613,596		
Total	**10,613,596**	**-**	**-**

Note 18(a): Non Current - Trade and Other Payables

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Trade payable for Goods/Services & Expenses	1,324,642	537,110	
Amounts due to Related Parties	23,802	(23,802)	
Total Trade payable	1,348,444	513,308	
Security Deposits	7,693,273	5,369,583	
Salary related payable to Employees	-		
Retention Money payable	692,298	1,480,047	
Total	**9,734,015**	**7,362,938**	

Note 18 (b): Current - Trade and Other Payables

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Trade payable for Goods/Services & Expenses	190,050,631	228,231,336	297,142,349
Amounts due to Related Parties	503,781,193	302,557,835	482,660,383
Total Trade payable	693,831,824	530,789,171	779,802,732
Accrued Interest	67,979,618		
Security Deposits	27,154,009	5,168,438	6,308,113
Salary related payable to Employees	6,550,840	96,890	8,525,778
Retention Money payable	8,096,989	9,390,831	7,842,724
Current Maturities of Long-Term Borrowings			118,215,926
Total	**803,613,280**	**545,445,330**	**920,695,274**

Note 19(a): Employee Benefit Liabilities (Non-Current)

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Post-employment benefit obligation	44,721,068	37,853,616	33,642,395
Leave encashment obligation	9,046,919	8,848,983	7,601,463
Provision for mines reclamation and restoration			1,476,698
Total	**53,767,987**	**46,702,599**	**42,720,556**

Note 19(b): Employee Benefit Liabilities (Current)

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Post-employment benefit obligation	7,074,943	8,263,693	4,055,903
Leave encashment obligation	946,360	1,241,470	460,959
Provision for Employee Benefits	4,891,815	7,902,028	-
Total	**12,913,119**	**17,407,191**	**4,516,862**

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Note 20: Other Long-Term Liabilities (Non-Current)

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Provision for mines reclamation and restoration	2,130,794	1,941,604	
Other accounts payable - non-Current	72,800	72,800	
Unpaid & Unclaimed Liabilities (Non-Current)	-	3,971,015	
Total	**2,203,594**	**5,985,419**	

Note 21: Short-Term Borrowings

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Working Capital Loan (Secured)			
Working Capital Loan from Related Party	250,000,000	550,000,000	400,000,000
Working Capital Loan from NPPF	260,000,000	310,000,000	160,000,000
Commercial Papers	1,000,000,000	-	-
Current Maturities of Long-Term Borrowings	214,178,062	127,524,558	-
Total	**1,724,178,062**	**987,524,558**	**560,000,000**

See accompanying Note 42 of financial statements on details of borrowings

Note 22: Other Current Liabilities

Particulars	31/12/2022	31/12/2021 (Restated)	01/01/2021
Advances received from Customers & Others	18,486,079	12,939,336	13,278,166
Other Accounts payable – current	17,892,649	33,898,930	
Unpaid Cheque	6,060	6,060	
BST payable	13,430,895	9,227,781	5,031,573
TDS Payable	2,926,153		32,643
Other Miscellaneous Liabilities			6,186,436
Other Provision	348,730	1,212,154	
Post Employments Benefits			
Total	**53,090,565**	**57,284,261**	**24,528,818**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

DUNGSAM CEMENT CORPORATION LIMITED
NOTES FORMING PART OF STATEMENT OF COMPREHENSIVE INCOME – DECEMBER 31, 2022

Note 23(a): Revenue from Sale of Cement

Particulars	31/12/2022	31/12/2021 (Restated)
Revenue from Sale of Cement	3,110,370,797	2,615,938,926
Less: Discount/Rebate	(107,600)	-
Less: Commission	(70,292,742)	(65,953,555)
Revenue from Sale of Cement	**3,039,970,455**	**2,549,985,371**

Note 23(b): Revenue from Sale of Clinker

Particulars	31/12/2022	31/12/2021 (Restated)
Revenue from Sale of Clinker	188,442,192	243,555,008
Total	**188,442,192**	**243,555,008**

Note 24: Other Revenue

Particulars	31/12/2022	31/12/2021 (Restated)
Rental Income	4,020,411	3,391,213
Liquidated Damages & Penalties	14,815,084	26,213,458
Income From Sale of Scraps	8,712,038	368,278
Miscellaneous Income	15,063,082	3,796,453
Income from sale of quartzite	105,678	41,222
Liabilities no longer required	8,716,541	1,629,462
Price Difference-Material	0.05	
Interest Income	8,110,513	35,038,710
Total	**59,543,346**	**70,478,797**

Note 25: Consumption & Consumables of raw materials & related expenses

Particulars	31/12/2022	31/12/2021 (Restated)
Consumption- Raw Materials	389,167,768	352,476,761
Consumption- Consumables	22,307,013	12,535,454
Mining related expenses	203,663,019	
Total	**615,137,799**	**365,012,215**

Note 26: Changes in inventory of work in progress and finished goods

Particulars	31/12/2022	31/12/2021 (Restated)
Consumption-Semi Finished Products	4,705,418,352	3,525,523,182
Cost of goods manufactured - Semi Finished Good	(5,195,412,833)	(4,176,399,933)
Cost of goods manufactured-Finished Goods	(2,071,988,607)	(1,656,714,657)
Cost of goods sold - Semi Finished Good	176,058,300	216,887,825
Cost of goods sold - Finished Good	2,039,774,551	1,709,648,976
Price Difference	190,412,218	453,214,175
Total	**(155,738,018)**	**72,159,568**

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Note 27: Power & fuel expenses

Particulars	31/12/2022	31/12/2021 (Restated)
Electricity Charges – plant	203,362,201	172,350,288
Consumption- Fuel	1,033,310,554	850,608,369
Total	**1,236,672,755**	**1,022,958,657**

Note 28: Employee benefit expenses

Particulars	31/12/2022	31/12/2021 (Restated)
Salary & Allowances	173,048,296	168,662,350
Special Incentive	-	5,870
Leave Travel Concession	6,532,116	7,205,933
Salary Indexation to Employees	(2,574,244)	2,574,244
Repatriation Allowance	594,906	611,255
Transfer Grant	567,580	611,255
GPA Insurance	606,836	536,607
Wages	3,981,953	5,283,309
Short-term training	423,151	-
Defined benefit obligation – Gratuity	-	8,335,746
Leave encashment	8,079,665	10,612,969
Provident Fund -Matching Contribution	16,189,657	16,316,230
Gratuity	8,690,386	872,695
Carriage Charge of personal effects	210,778	213,653
Employee Related Expenses & Welfare Expenses	354,532	249,740
Total	**216,705,612**	**222,091,854**

Note 29: Depreciation & amortization

Particulars	31/12/2022	31/12/2021 (Restated)
Depreciation	299,981,329	300,068,397
Amortization	9,166,827	3,320,510
Total	**309,148,156**	**303,388,907**

Note 30: Selling & Marketing Expenses

Particulars	31/12/2022	31/12/2021 (Restated)
Marketing & Sales Promotion Expenses	1,162,671	1,222,910
Consumption of Packing Materials	147,011,833	122,599,353
Handling Charges-Cement & Depo Rent	9,165,085	10,637,839
Freight Outward-Cement	309,520,274	252,606,576
Selling Expenses	-	319,803
Bad Debts	-	4,764,943
Total	**466,859,862**	**392,151,424**

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Note 31: Operation & Maintenance Expenses

Particulars	31/12/2022	31/12/2021 (Restated)
Consumption-Spare Parts	62,147,975	88,661,072
Operation & maintenance-Direct	119,164,264	53,880,984
Operation& maintenance-Indirect	20,960,230	16,628,666
Total	**202,272,470**	**159,170,722**

Note 32: General Admins & Other expenses

Particulars	31/12/2022	31/12/2021 (Restated)
P&M- Insurance	10,229,884	11,585,950
Material handling	25,436,915	17,504,069
Mining related expenses		159,919,291
Retirement/Scrapping of Inventories	1,653,003	1,191,619
Retirement/Scrapping of Assets	68,757,798	27,601,711
Fees & subscriptions	-	5,406,154
Travelling expenses	-	1,591,387
Administration expenses	25,851,612	18,052,239
Total	**131,929,213**	**242,852,419**

Note 33: Finance cost

Particulars	31/12/2022	31/12/2021 (Restated)
Interest on borrowings	96,011,759	58,951,432
Coupon on Bonds	142,718,918	205,014,000
Interest on loans from BoBL	74,088,257	66,605,963
Bank charges – others	40,037	339,861
Bank charges and fees paid to BoBL	376,272	147,114
Other borrowing cost	1,892,518	1,500
Interest on Working Capital	45,113,014	19,262,329
Interest/Unwinding Cost	2,653,338	1,640,432
Total	**362,894,112**	**351,962,630**

See accompanying Note 42 of financial statements on details of Interest Cost on borrowings

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Note 34: Deferred tax liability/ (asset)

Particulars	31/12/2022	31/12/2021 (Restated)
Property, plant and equipment	1,488,597,784	1,488,597,784
Total deferred tax liability	**1,488,597,784**	**1,488,597,784**
Property, plant and equipment	(32,935,301)	
Trade receivables and other receivables		(2,881,257)
Advance to Vendor	-	-
Unused tax loss (refer note (i) below)	(253,094,990)	(832,511,800)
Total deferred tax asset	**(286,030,291)**	**(835,393,058)**
Net deferred tax liability	**1,202,567,494**	**653,204,727**

In assessing the reliability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

As the Company has a history of tax losses, the Company has recognized a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

(b) Tax expense

Particulars	31/12/2022	31/12/2021 (Restated)
(a) Income tax expenses		
Current tax:		
Current tax on profit for the year		
Current tax adjustment for earlier years		
Total current tax expenses		
Deferred tax:		
Decrease/(increase) in deferred tax assets	(549,362,767)	(130,489,186)
(Decrease)/increase in deferred tax liabilities	-	213,967,355
Total deferred tax expenses	**(549,362,767)**	**83,478,169**
Income tax expenses	**(549,362,767)**	**83,478,169**

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

(c) Numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the tax rate

Particulars	31/12/2022	31/12/2021 (Restated)
Tax expenses		
- Current tax		
- Deferred tax	(549,362,767)	83,478,169
Total tax expense	**(549,362,767)**	**83,478,169**
Profit before tax	**(97,925,968)**	**(267,729,220)**
Income tax expense/(income) calculated at 30%	(29,377,790)	(80,318,766)
Impact of expenses (net) disallowed under tax laws for which no deferred tax has been recognized	(14,576,816)	1,136,437
Impact of deferred tax asset being recognized for tax losses of earlier years		
Impact of reversal of deferred tax asset recognized in earlier year as the same has lapsed	216,833,196	163,587,799
Other differences	(722,241,357)	(927,300)
Reconciled with tax expense as above	**(549,362,767)**	**83,478,169**

(d) Tax losses

Particulars	31/12/2022	31/12/2021 (Restated)
Unused tax losses for which no deferred tax asset has been recognized		
- for the year 2020	0	0
- for the year 2021	0	0
- for the year 2022	0	0
Potential tax benefit @ 30%	**0**	**0**

The tax losses can be carried forward till 3 years.

Note 35: Earnings per share

Particulars	31/12/2022	31/12/2021 (Restated)
Profit/(Loss) after tax	(97,925,968)	(351,207,389)
Other comprehensive income for the year	(549,926,391)	(778,940)
Profit/(Loss) used to determine basic earnings per share	(647,852,359)	(351,986,329)
Numbers of shares at the beginning of the year	73,306,450	74,739,479
Number of shares allotted	-	(1,433,029)
Number of shares at the end of the year	73,306,450	73,306,450
Weighted average number of ordinary shares in issue	73,306,450	73,306,450
Basic and Diluted Earnings per share	**(1.3)**	**(4.8)**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

36. Operating Profit/(Loss):

The company has made significant progress in increasing its operating profit in financial year FY 2022 compared to the previous year despite the adverse impact of Covid-19 and lockdowns on its sales during the lockdown from January 2022 till March 2022. This is a positive sign for the company's financial health and indicates effective cost management measures and strategic decision-making by the management. In FY 2022, company has achieved the operating profit (before depreciation and tax) of Nu. 211,222,188/- only as compared to operating profit of Nu. 35,659,688/- only in FY 2021 despite the sales were severely impacted especially in the month of February 2022 which was lowest during the FY.

Moreover, company is confident in its ability to continue as a going concern and expects to turn around in FY 2023. The easing of restrictions from September 2022 and the free flow of sales to India are likely to play a crucial role in increased sales volume and thus maximizing the profits. The company has projected profit after tax of Nu. 301.65 million in FY 2023 indicating that the company is on the path to recovery and has a positive outlook in the future.

37.Adoption of New Accounting Standards:

i. BFRS - 9: Financial Instrument:

The Company adopted the new standard BFRS-9: Financial Instruments – Expected Credit Losses in FY 2022(effective from January 01, 2019) using the modified-retrospective approach, which modifies the measurement of expected credit losses, particularly for trade receivables. the adoption of this new standard did not have any significant impact on the company's consolidated financial statements in FY 2022. This is because the loss allowances recognized in the prior year were already higher than the computed expected credit losses for FY 2022.

Particular	31/12/2022		31/12/2021		Remarks
	Computed ECL	Provision Created	Computed ECL	Provision Created	
Loss Allowances	1,182,620	8,380,569	1,132,201	9,604,191	No Impact In SFP

ii. BFRS 16: Lease:

The company adopted the new standard BFRS-16: Lease, effective from August 01, 2019, using the modified-retrospective approach, which modifies the measurement of the right to use asset and lease liabilities for leased land of DHI and depot office. The adoption of this new standard did have an impact on the company's financial statements. The impact is disclosed in subsequent Notes to the financial statements, which provide more information on how the adoption of the new standard affected the company's financial position and cashflows.

38. Restatement of earlier reported FS of FY 2021 in view of BAS:

The land lease agreement was effective w.e.f. 17/02/2021 was signed between DHI and company on 11/05/2022. The ownership of land was taken by DHI and the Lease agreement was made for initial term of 30 years for the land measuring area of 188.59 acre expiring the lease agreement on 18/02/2051. The yearly lease payout is Nu.410,747/- only.

However, the new adoption of BFRS -16 standards in FY 2022 to recognize the Right to Use of Asset and Lease Liabilities (detailed impact of new standards are disclosed in subsequent Notes) the company was required to retrospectively to restate the leased land value of Nu. 143,302,788/- only with the corresponding impact to the Equity of DHI by Nu.143,302,900/- only (i.e., Land Value of Nu. 143,302,788/- only and creation of notional payable to DHI by Nu. 112.11/- only for adjustment of divisibility factors in number of shares/equity of DHI at the par value of Nu.100 each shares owned).

With the current restatement of FY 2021, there is no changes in other line items except in Freehold Land, DHI Equity and Other Current liabilities. The impact of adjustments was carried out in the attributable to Owners' Equity and Property, Plant and Equipment as outlined under:

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Particulars	Ordinary Shares			Retained earnings/(Loss)	Restated	Total
	No. of Shares (issued and fully paid up)	Par value per share	Total value of share		Land Transfer (DHI) Adjustment	
Balance as at January 01, 2021	**74,739,479**	**100**	**7,473,947,900**	**(4,924,102,343)**		**2,549,845,557**
Issue of share during the year	-	-	-	-		-
Decrease of share during the year- Restated	(1,433,029)	100	(143,302,900)		(143,302,900)	(143,302,900)
Profit/ (Loss) After Income Tax				(351,207,389)		(351,207,389)
Other Comprehensive income/(Loss)				(778,940)		(778,940)
Balance as at December 31, 2021(Restated)	**73,306,450**	**100**	**7,330,645,000**	**(5,276,088,674)**	**(143,302,900)**	**2,054,556,326**
Balance as at January 01, 2022	73,306,450	100	7,330,645,000	(5,276,088,674)		2,054,556,326
Prior period adjustment				2,623,807		2,623,807
Decrease of share during the year						
Profit/ (Loss) After Income Tax				(97,925,968)		(97,925,968)
Other Comprehensive income/(Loss)				(549,926,391)		(549,926,391)
Balance as at December 31, 2022	**73,306,450**	**100**	**7,330,645,000**	**(5,921,317,226)**		**1,409,327,774**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

ii. Note 2 a)- PPE (Restated):

(Amount in Nu)

	Freehold Land			Building & Civil Structure	Plant & Machineries	Furniture & Fixture	Office Equipment	Other Equipment	Vehicles	Total		
	01/01/2021	Adjustment	31/12/2021 - Restated							01/01/2021	Land Transfer (DHI) Adjustment	31/12/2021- Restated
Balance as at 1 January 2021:												
Cost	144,502,788		144,502,788	4,741,716,453	5,411,104,560	19,404,044	26,330,011	103,683,138	55,321,961	10,502,062,955		10,502,062,955
Accumulated Depreciation	-		-	959,640,349	1,563,662,719	16,093,490	20,438,526	65,661,493	21,926,446	2,647,423,023		2,647,423,023
Book Value as at 1 January 2021:	**144,502,788**		**144,502,788**	**3,782,076,104**	**3,847,441,841**	**3,310,554**	**5,891,485**	**38,021,646**	**33,395,515**	**7,854,639,932**	**-**	**7,854,639,932**
Changes in book value during the year:												
Addition	-		-	26,895,477	66,669,759	1,076,814	1,324,144	7,501,484	2,368,262	105,835,939		105,835,939
Deletion/Adjustment		(143,302,788)	(143,302,788)	15,134,873	21,927,592	113,115	1,066,433	7,381,291	2,598,250	48,221,554	(143,302,788)	(95,081,234)
Depreciation on deletions and Adjustment	-		-	2,990,643	7,769,134	107,369	944,156	6,286,458	2,522,083	20,619,843	-	20,619,843
Depreciation for the year	-		-	130,473,798	155,816,102	923,837	1,591,540	7,195,339	4,067,782	300,068,397	-	300,068,397
Total Changes		(143,302,788)	(143,302,788)	175,494,790	252,182,587	2,221,134	4,926,273	28,364,572	11,556,377	474,745,733	(143,302,788)	331,442,945
Balances as at 31 December 2021:												
Cost	144,502,788	(143,302,788)	1,200,000	4,753,477,057	5,455,846,726	20,367,744	26,587,721	103,803,332	55,091,972	10,559,677,340	(143,302,788)	10,416,374,552
Accumulated Depreciation	-		-	1,087,123,504	1,711,709,688	16,909,959	21,085,909	66,570,374	23,472,144	2,926,871,578		2,926,871,578
Book value as at 31 December 2021:	144,502,788	(143,302,788)	1,200,000	3,666,353,553	3,744,137,039	3,457,785	5,501,812	37,232,958	31,619,828	7,632,805,762	(143,302,788)	7,489,502,974

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

iii. Other Current Liabilities

Particulars	31/12/2022	31/12/2021 (Restated	Land Transfer (DHI) Adjustment	01/01/2021
Advances received from Customers & Others	18,486,079	12,939,336		13,278,166
Other Accounts payable – current	17,892,649	33,898,930	112	
Unpaid Cheque	6,060	6,060		
BST payable	13,430,895	9,227,781		5,031,573
TDS Payable	2,926,153			32,643
Other Miscellaneous Liabilities				6,186,436
Other Provision	348,730	1,212,154		
Post-Employment Benefits				
Total	**53,090,565**	**57,284,261**	**112**	**24,528,818**

39. Reclassification of Items in Financial Statement:

The company has changed the classification of items in its financial statements. The reclassified comparative amounts is disclosed as under:

i. Statement of Financial Position (SFP):

a. Prepaid Tax:

The Prepaid Tax are presented as a separate item in the Statement of Financial Position (SFP) during the FY 2022. The Prepaid Tax of Nu. 62,045,175/- only is disclosed through Notes-12. However, in FY 2021, for the same, the Prepaid tax of Nu. 57,111,415/- only was presented under Other Current assets in SFP and disclosed through Notes-13.

b. Accrued Interest Expenses:

In the year 2022, Nu. 67,979,618/- only is disclosed as Accrued Interest Expenses under Current- Trade & Other payable. Out of which Nu.3,368,272/- only is pertains to interest of BOB Term Loan for the month of December 2022. The Nu.64,611,345/- only pertains to interest from NPPF Term Loan and Working capital loan which was deferred during the Covid-19 time. Likewise, Nu.38,914,42/- only was accrued interest till 2021 for BOBL and NPPF amounting to Nu. 3,663,161/- only and 35,252,261/- only respectively.

c. Retained Earnings:

In regards to the adoption of new standards BFRS -16: Lease during the FY 2022, the prior period adjustment in respect of DHI lease Land amounting Nu. 28,657/- only and gain in respect of Phuentsholing Depot Rent of Nu. 2,652,464/- only the impact was given on retained earnings stated:

Particular	31/12/2021(Restated)	Prior period Adjustment	Losses during the year	31/12/2022
Retained Earning	(5,276,088,674)	2,623,807	(647,852,359)	(5,921,317,226)

ii. Statement of Comprehensive Income Statement (SCI)

a. Deferred Tax income/expenses:

In FY 2021, Deferred Income Tax Income/Expenses were presented under Income Tax of SFP.However, in FY 2022 as per the requirement of BAS, the Deferred Income Tax Income/(Expenses) is presented under the Other Comprehensive Income/(Loss) of SFP.

b. Mining related expenses:

In prior FYs, the mining related expenses were reported under Other Expenses (Note-32) of SCI, however, in FY 2022 the same is reclassified and reported under Consumption of Raw materials & related expenses (Notes 25) of SCI.

iii. Changes in Statement of Cash Flow (SCF):

As per the minimum requirement of BAS-7, the presentation SCF in FY 2022 is started from the profit before tax unlike in the prior FYs which the start of SCF was carried out from the total comprehensive income/(loss).

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

40. Right to Use Asset:

As per BFRS-16, the standard was adopted with retrospective of prior years. The total Lease assets/liabilities (of Depot Phuentsholing and DHI Land) of Nu.14,835,988/- only were computed against the equal charge to lease liability.

i. Depot Phuentsholing:

TheCompany has lease area of 31,057 sq.ft. (Plot No. PGT 138) including office building, warehouse in Phuentsholing for cement stocking and supply in the western market. The lease was initially taken on 01/08/2019 from the owner Mr. Karma Gyeltshen.

The current monthly rent is Nu. 173,223/- only and it is valid until 01/08/2025. As per the new standards BFRS-16, the amount is computed and recognized under Right to Use of Assets and been presented under Note-3 and similarly the Lease Liabilities is disclosed under Note-17 of SFP as outlined under:

Right to Use Asset	Total Assets Recognized as per BFRS 16	Note 3: Right to Use Asset 31/12/2022
Depot Office	9,437,754	3,927,657

Lease Liability	Total Liabilities Recognized as per BFRS 16	Note 17: Lease Liabilities 31/12/2022
Depot Office	9,437,754	5,208,885

ii. DHI Land:

The ownership of land was taken by DHI and the Lease agreement is made and entered into 11/05/2021, effective from 17/02/2021 for initial term of 30 years measuring the land area of 188.59 acre expiring the lease agreement on 18/02/2051. The yearly lease payout is Nu.410,747/- only. As per the new standards BFRS-16, the amount computed and recognized under Right to Use of Asset and been presented under PPE (Note 2) and similarly the Lease Liabilities is disclosed under Note: 17 of SFP as outlined under:

Right to Use Asset	Total Assets Recognized As per BFRS 16	Note 3: Right to Use Asset 31/12/2022
DHI Land	5,398,234	5,062,014

Lease Liability	Total Liabilities Recognized As per BFRS 16	Note 17: Lease Liabilities 31/12/2022
DHI Land	5,398,234	5,404,710

The land value of Nu. 143,302,788/- only has been transferred during the FY 2022 and accordingly been adjusted to the Share Capital of DHI, which now holds the share of 88.4% of the total equity Nu. 7,330,645,112/- only of the company

41. Bond Redemption Reserve:

I. Bond Series-I: As per Bond Prospectus Clause 4.15 of Bond Redemption Reserve, the company will create Redemption Reserve Account to be maintained with a commercial bank and deposit 20% of the bond amount Nu. 44,028,000/- only from the sixth year of the bond issue. The company has completed the sixth year 30/04/2020 and created redemption reserve of Nu. 8,940,000/- only as of 31/12/2022.

ii. Bond Series-II: As per Bond Prospectus Clause 4.14 of Bond Redemption Reserve, The Company will create Redemption Reserve Account to be maintained with a commercial bank and deposit 20% of the bond amount Nu. 140,000,000/- only from the sixth year of the bond issue. The company has completed the sixth year 05/11/2020 and created redemption reserve of Nu. 12,000,000/- only as of 31/12/2022.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

42. Borrowings:

The detail of Borrowings including Repayment and Interest for the year is as under:

Lender	Balance as on 01/01/2022	Disbursement Date	Maturity Date	Ints. Rate	Repaid in FY 2022	Interest Paid in FY 2022	Closing Loan Balance as on 31/12/2022
Term Loan:	**2,651,791,394**				**121,132,428**	**162,209,605**	**2,530,658,966**
BOB TL Nu. 600M	572,858,003	29-Nov-19	29-Nov-30	7.60%	20,646,449	32,545,703	552,211,554
BOB TL Nu. 610M	567,626,619	30-Nov-20	30-Nov-30	7.60%	45,801,731	41,542,554	521,824,888
NPPF TL Nu. 1560M	1,511,306,772	9-Sep-19	9-Sep-30	7.80%	54,684,247	88,121,348	1,456,622,525
Short Term Loan:	**860,000,000**				**350,000,000**	**27,453,425**	**510,000,000**
NPPF WCL	160,000,000	27-Mar-19	30-Jun-23	10%	50,000,000		110,000,000
NPPF 150 WCL	150,000,000	15-Sep-21	14-Sep-23	7.50%	0		150,000,000
DHPC 250 (ICL)	250,000,000	31-Aug-21	31-Jul-23	3.50%	0	8,006,849	250,000,000
DGPC 300 (ICL)	300,000,000	31-Dec-21	30-Dec-22	6.50%	300,000,000	19,446,575	-
Bond:	**2,420,140,000**				**1,500,000,000**	**205,014,000**	**920,140,000**
Bond-I	220,140,000	30-Apr-14	29-Apr-24	10%	0	22,014,000	220,140,000
Bond-II	700,000,000	5-Nov-14	4-Nov-24	9%	0	63,000,000	700,000,000
Bond-III	1,500,000,000	24-Jun-15	23-Jun-22	8%	1,500,000,000	120,000,000	-
Commercial Paper	**0**	**26-Dec-22**	**23-Jun-23**	**3%**			**1,000,000,000**
Total	**5,931,931,394**				**1,971,132,428**	**394,677,030**	**4,960,798,966**

43. Benefit of Interest Waiver:

i. As per the Press Release from Prime Minister's Office on 22/04/2021, Banks offered 50% interest waiver for additional 15 months starting from April 2021 to June 2022.Accordingly in FY 2022, the benefit of 50% interest waiver was availed by company on BOBL Term Loan, NPPF Term Loan and Working Capital Loan. During the FY 2022,DHI has also provided 100% guarantee fee waiver on Bond I, Bond II and Bond III. The total financial benefits on account of waiver to company is Nu.52,635,766/- only mentioned below:

   a. Total interest waiver - Nu. 43,989,453/- only

   b. Total guarantee fee waiver- Nu. 8,646,313/- only.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

44. Contingent Assets:

The contingent assets are not provided to the following pending civil suit:

i. DCCL Vs GSA C/o Kuenga Tenzin:

The issue was first started in the year 2017 regarding the credit sales facilitated to M/s Gakhyil Supply Agency even after TPA agreement. After his failure to clear the debt amounting to Nu. 5,214,966/- only (including Nu. 450,000/- only receivables against VI-U Anagami) as of 30/06/2017 the issue was registered to Royal Court of Justice, Nganglam Dungkhag on 19/04/2018. After 5 months of rigorous case hearing the Hon'ble Court delivered its judgment on 27/09/2018 wherein it stated Mr. Kuenga Tenzin, C/o Ms. GSA to clear the debt balance in 5 months' time after the passing of the judgment by Dungkhag Court.

However, Mr. Kuenga Tenzin appealed to Pemagatshel Dzongkhag Court regarding the issue and the first hearing was conducted on 22/04/2019. In after 6 months' time of submitting rebuttals to the Hon'ble Court, the Dzongkhag Court held its judgment on 16/10/2019 stating Mr. Kuenga Tenzin to clear the debt balance of Nu. 5,214,966/- only as on 31/12/2019.

Against the Judgment passed by the Pemagathsel Dzongkhag Court Mr. Kuenga Tenzin appealed to High Court of Bhutan on 05/12/2019. The closing hearing was held on 23/01/2020 by the High Court of Bhutan, and judgment was passed on 13/11/2020 wherein it stated Mr. Kuenga Tenzin C/o M/s. GSA to clear the debt balance in 4 months' time after the passing of the judgment by High Court, Bench II.

After judgment delivered from the High Court Bench II, Mr. Kuenga Tenzin appealed to High Court Larger Bench on 27/08/2021. With the following due process of law, Hon'ble Court held the closing hearing on 02/09/2021.Without any changes with the judgment, the Hon'ble High Court, Larger Bench delivered its judgment on 25/11/2021. However, Mr. Kuenga Tenzin appeal to Supreme Court and proceeding is underway.

ii. DCCL Vs M/s Samphel Doejung Transport:

The first hearing has started in the year 23/08/2019 with the issue facilitated to shortage of cement. Since court has delivered the judgment accordingly with the procedure, the defendant Tenzin Wangda has ordered to pay amount of Nu. 1,004,417/- only within 6 months. With the judgment rendered from Nganglam Dungkhag Court in 11/06/2021, the defendant has not satisfied with the judgment and he appealed to Pemagatshel Dzongkhag Court. The Dzongkhag Court also delivered its judgment on 06/12/2022. However, Mr. Tenzin Wangda appealed to High Court. Currently legal proceedings underway at High court Bench III.

iii. DCCL Vs DrukLengo Cement Agent:

The issue was aroused between DCCL and owner of DrukLengo Cement Agent, Mr.KenchoDrukpa in the year 06/08/2019, after he failed to make payment which is receivable by DCCL (Total amount Nu. 281,124/- only) with regard to credit sales. After Nganglam court has adjudicate and persuade several hearings, judgment was passed on 27/11/2021, which is ordered him to make payment above mention amount within 1 month. Against the Judgment passed by the Nganglam Dungkhag Court, the defendant has appealed to Pemagatshel Dzongkhag and however, the Dzongkhag court also passed the judgment with a same as lower court on 06/12/2022. Therefore, Mr. KenchoDrukpa appeal to High Court and legal proceeding is underway at High Court Bench I.

iv. DCCL Vs Passang Cement Distributor:

The first hearing has started in the year 31/03/2021 regarding the credit sales in failure to clear the debt amounting to Nu.19,69,228/- only. Following the several months of rigorous case hearing, the Nganglam Dungkhag Court has delivered its judgment on 06/09/2021 wherein it stated Mr. Tenzin Wangda to clear debt balance in 6 months' time after the passing of the judgment by Dungkhag Court. However, Mr. Tenzin Wangda appealed to Pemagatshel Dzongkhag and the judgment was passed on 06/12/2022. However, Mr. Tenzin Wangda appealed to High Court and currently the legal proceedings is underway at High court Bench II.

45. In the opinion of the Board current assets, loans & advances shall have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Statement of Financial Position, unless otherwise stated and adequate provisions for all known liabilities have been made.

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

46. Employee Benefits:

Provision for all defined employee benefits such as gratuity, transfer grant, repatriation allowance & carriage charges and leave encashment has been made on the basis of actuarial valuation of their liabilities carried out by an ind ependentvaluer namely, M/s Druk Infinity Consulting as required by BAS-19 on "Employee Benefit".

i. Expense recognized in the Statement of Comprehensive Income:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Current Service Cost	5,728,276	5,678,271	428,434	489,075	428,434	489,075
Past Service Cost						
Loss/(Gain) on settlement						
Interest on DBO	2,962,110	2,657,475	166,472	122,180	139,146	122,180
Less: Interest on plan asset						
Immediate recognition of gains/ losses – Other long-term employee						
Expenses recognized in profit or loss	**8,690,386**	**8,335,746**	**594,906**	**611,255**	**567,580**	**611,255**

Particulars	Carriage Charge		Leave encashment	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Current Service Cost	164,677	194,270	(97,174)	2,028,031
Past Service Cost				
Loss/(Gain) on settlement				
Interest on DBO	46,101	19,383	153,089	(41,801)
Less: Interest on plan asset				
Immediate recognition of gains/losses – Other long term employee benefits			8,023,749	8,626,739
Expenses recognized in profit or loss	**210,778**	**213,653**	**8,079,665**	**10,612,969**

ii. Amount recognized as Other Comprehensiv e Income:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Actuarial (gain) or loss due to experience adjustments	428,104	(291,667)	135,646	365,895	20,867	365,895
Actuarial (gain) or loss due to changes in financial assumptions		30,315		(267)		(267)
Actuarial (gain) or loss due to changes in demographic assumptions						
Return on plan assets (greater) or less than discount rate						
Expenses recognized as OCI	**428,104**	**(261,352)**	**135,646**	**365,628**	**20,867**	**365,628**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

Particulars	Carriage Charge		Leave encashment	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Actuarial (gain) or loss due to experience adjustments	(20,993)	308,871	8,023,749	8,628,678
Actuarial (gain) or loss due to changes in financial assumptions		164		(1,939)
Actuarial (gain) or loss due to changes in demographic assumptions			8,023,749	8,626,739
Return on plan assets (greater) or less than discount rate				
Expenses recognized as OCI	**(20,993)**	**309,035**	**0**	**0**

iii. Reconciliation Of Changes in Present Value of Defined Benefit Obligation:

Particulars	Gratuity Liability		Transfer Grant Liability		Repatriation Allowance Liability	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
DBO at the beginning of period	40,666,114	33,845,164	2,335,033	1,696,350	2,335,033	1,696,350
Add: Current Service Cost	5,728,276	5,678,271	428,434	489,075	428,434	489,075
Add: Past Service Cost						
Add: Interest cost	2,962,110	2,657,475	139,146	122,180	166,472	122,180
Less: Benefits paid by the plan						
Less: Benefits paid by the employer	(3,639,739)	(1,253,445)	(595,712)	(338,200)	508,259	(338,200)
Actuarial (gain) or losses due to experience adjustment	428,104	(291,667)	135,646	365,895	20,867	365,895
Actuarial (gain) or losses due to change in financial assumptions		30,315		(267)		(267)
Actuarial (gain) or losses due to change in demographic assumptions						
DBO at the end of period	46,144,866	40,666,113	2,442,547	2,335,033	2,442,547	2,335,033
Current Liability	5,324,100	6,063,322	723,448	902,221	723,448	902,221
Non-Current Liability	**40,820,765**	**34,602,792**	**1,719,099**	**1,432,812**	**1,719,099**	**1,432,812**

Particulars	Carriage Charge Liability		Leave encashment liability	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
DBO at the beginning of period	781,129	460,434	10,090,453	8,062,422
Add: Current Service Cost	164,677	194,270	(97,174)	2,028,031
Add: Past Service Cost				
Add: Interest cost	46,101	19,383	153,089	(41,801)
Less: Benefits paid by the plan				
Less: Benefits paid by the employer	(204,862)	(201,993)	(8,176,839)	(8,584,938)
Actuarial (gain) or losses due to experience adjustment	(20,993)	308,871	8,023,749	8,628,678

T. R. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Actuarial (gain) or losses due to change in financial assumptions		164		(1,939)
DBO at the end of period	766,052	781,129	9,993,279	10,090,453
Current Liability	303,947	395,929	946,360	1,241,470
Non-Current Liability	462,105	385,200	9,046,919	8,848,983

iv. Actuarial Assumption:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Method used	Projected unit credit (PUC)					
Discount rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Salary growth rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2012-14)	100% of IALM (2006-08)

Particulars	Carriage Charge		Leave encashment	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Method used	Projected unit credit (PUC)			
Discount rate	8.0%	8.0%	8.0%	8.0%
Salary growth rate	5.0%	5.0%	7.0%	7.0%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%	5.00%	5.00%

v. Risk exposure:

The valuing a defined benefit plan isfundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the plan is exposed to a variety of risks as discussed herein.

Discount rate risk:

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Salary growth risk:

As the Transfer Grant benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher than expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employee turnover risk:

Employer turnover experience of DCCL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk:

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk:

T. K. Ghosh & Co. Regn. No. 302002E Chartered Accountants

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Transfer Grant benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Liquidity risk:
Finally, there is a risk that DCCL may not be able to honor the Transfer Grant payments in the short-run due to liquidity constraints.

47. Related Party Disclosures:

The Company is a subsidiary of Druk Holding & Investments (DHI) (a Royal Government of Bhutan undertaking). The company considers for the purpose of disclosure required under BAS-24, the related parties are mainly parties that are under same holding companies in a position of control over directly or indirectly, in which the holding company has a significant influence to exercise. The related parties also include board of directors and key management personnel. The key management personnel comprise management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company.
The fellow subsidiaries are shown below:

i. Bank of Bhutan Limited

ii. Bhutan Board Product Ltd.

iii. Bhutan Telecom Limited

iv. Bhutan Power Corporation Limited

v. Bhutan Hydropower Services Corporation Limited

vi. Construction Development Corporation Limited

vii. Druk Air Corporation Limited

viii. Druk Green Power Corporation Limited

ix. Dungsam Polymers Limited

x. Dagachhu Hydro Power Corporation

xi. Natural Resources Development Corporation Ltd

xii. Penden Cement Authority Limited

xiii. State Mining Corporation Limited

xiv. State Trading Corporation of Bhutan Limited

xv. Tangsibji Hydro Electric

xvi. Thimphu Tech Park Limited

The related parties' transactions entered with fellow subsidiaries mainly involves the provision of services, the sourcing of financial resources, utilities services and administrative activities. All these transactions are part of routine operations. The transactions are carried out in the interest of the company and are settled on an arm's length basis, i.e., on the same market terms as similar to the agreements entered into between two independent parties.

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

The following tables summarize commercial, financial and other relationships between the Company and related parties:

i. The nature of transaction with fellow subsidiaries are shown below:

Nature of Transaction	31/12/2022	31/12/2021
Bank of Bhutan Limited:		
Interest, Coupon & bank charges	130,647,861	173,439,617
Interest income for Bond redemption reserve	7,178,627	33,965,640
Bond redemption reserve	16,500,000	149,450,074
Bhutan Power Corporation Ltd.:		
Electricity charges	209,349,053	173,117,050
Fees and Subscriptions		422,886
Repair & Maintenance Office Equipment/Others	0	0
Bhutan Telecom Limited:		
Telephone and internet charges	1,690,287	1,605,904
Interest on borrowing	897,260	6,575,342
Misc. expenses	0	0
Druk Holdings & Investments Limited:		
Guarantee fee	1,661,918	0
Trainer & SDF Fees	41,485	0
Dungsam Polymers Limited:		
Purchase of PP bag	148,311,768	124,211,677
State Trading Corporation of Bhutan Limited:		
Spares & consumables	-	-
Purchase of office equipment	0.00	52,745
Running & Maintenance of Vehicle	174,256	607,746
Purchase of vehicle		2,319,517
Druk Green Power Corporation Limited:		
Interest	19,449,247	53,425
Spares & service charge	308,396	0
State Mining Corporation Limited:		
Purchase of Coal	598,721,631	532,678,171
Purchase of Gypsum	38,471,155	26,403,115
Construction Development Corporation Ltd.:		
Sales of cement	44,972,318	33,499,133
Thimphu Tech Park Limited:		
Fees and Subscriptions	3,821,998	1,561,356
Dagachhu Hydro Power Corporation Ltd.:		
Interest	8,006,849	2,948,630

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

ii. The borrowing balances with related parties as on 31/12/2022:

Lender	Closing Loan Balance as on 31/12/2022	Closing Loan Balance as on 31/12/2021
Term Loan:	**1,140,484,622**	**1,140,484,622**
BOB TL Nu. 600M	572,858,003	572,858,003
BOB TL Nu. 610M	567,626,619	567,626,619
Short Term Loan:	**650,000,000**	**550,000,000**
DHPC ICL Nu. 250M	250,000,000	250,000,000
BOBL Commercial Paper	400,000,000	250,000,000

iii. The balances with related parties as on 31/12/2022:

Related Party	Nature of Transactions	Outstanding balance as on 31/12/2022	Outstanding balance as on 31/12/2021
Druk Holdings and Investments Limited	Payable	182,466	0
Bank of Bhutan Limited	Payable	1,477,668,118	1,318,580,161
Bhutan Telecom Limited	Payable	308,808	127,649
Bhutan Power Corporation Limited	Payable	17,905,496	15,969,368
State Trading Corporation Limited	Payable	0	305,764
Dungsam Polymers Limited	Payable	24,127,540	19,135,785
Druk Green Power Corporation Limited	Payable	-	53,425
State Mining Corporation Limited	Payable	454,634,456	266,066,612
Thimphu Tech Park Limited	Payable	103,895	530,50
Construction Development Corporation Limited	Receivable	16,318,553	10,542,048
Penden Cement Authority Ltd.	Receivable	34,888	5,310

iv. Corporate Guarantee is given by the Holding Company - Druk Holding and Investments Ltd. for the followings:

1. Bond I: Nu.220,140,000/- only.
2. Bond II: Nu.700,000,000/- only.
3. Working Capital Loan: Nu. 150,000,000/- only.
4. Commercial Paper: Nu. 1,000,000,000/- only.

v. Key Managerial Personnel (KMP):

The key managerial personnel are those having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly including any director whether executive or otherwise. The key management personnel of the company for the purpose of disclosure of compensation include the as required by the Companies Act of Bhutan, 2016.
The Key managerial personnel with whom transactions have taken place during the year:

1. Dasho Pema Chewang, Chairman
2. Dasho Ugen Chewang, Former Chairman
3. Dr.Tobgyal Wangchhuk, Board Director
4. Mr. Yeshey Rangrik Dorjee, Board Director
5. Mr. Tashi Penjore, Board Director
6. Mr. Dorji Nima, Board Director
7. Mrs. Dechen Yangden, Board Director
8. Mrs. Tshering Lham, Board Director
9. Mr. Tshering Tenzin, Interim CEO & Director
10. Mr. Dechen Choling, CEO

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

The summary of compensation paid to CEO:

Particular	FY 2022	FY 2021
Basic Salary and Allowances	634,597	2,353,482
Communication Facility Allowance	7,571	
	35,246	
Contribution to provident fund	73,597	172,208
Sitting fees	100,000	72,000
Travel Expense	63,750	57,398
Separation Benefits	0	888,333
Total	**879,515**	**3,578,667**
Other Benefit:		
i) Housing A-type building	Free of Rent	Free of Rent
ii) Electricity	Free of Charges	Free of Charges

In FY 2022, Mr. Tshering Tenzin, (CEO of DPL) was functioning as Interim CEO (ICEO) of company since his appointment in November 30, 2021. His tenure ended in company on 18/07/2020 after the appointment of Mr. Dechen Choling who took over the charge of Chief Executive Officer on the same date. The summary of interim compensation paid to Mr. Tshering Tenzin is tabulated below:

Particular	FY 2022
Allowances	392,903
Communication Facility Allowance	21,506
Sitting fees	64,000
Total	**478,409**

The sitting fees paid to the Board of Directors and Board's Member Secretary in FY 2022:

Sl. No	Name of Directors	Amount (Nu.)	Remarks
1	Dasho Ugen Chewang, Former Chairman	20,000	Resigned w.e.f. 05/04/2022
2	Dasho Pema Chewang, Chairman	60,000	New Appointed on 05/04/2022
3	Dr. TobgyalWangchhuk, Board Director	0	Resigned w.e.f. 05/04/2022
4	Mr. YesheyRangrikDorjee, Board Director	4,000	Resigned w.e.f. 05/04/2022
5	Mr. Tashi Penjore, Board Director	68,000	
6	Mr. Dorji Nima, Board Director	136,000	
7	Mrs. Dechen Yangden, Board Director	80,000	
8	Mrs. Tshering Lham, Board Director	72,000	Reappointed on 05/04/2022
9	Mr. Tshering Tenzin, Interim CEO & Director	64,000	Resigned w.e.f. 17/07/2022
10	Mr. Dechen Choling, CEO	36,000	Resigned w.e.f. 17/07/2022
11	Mr. SonamDarjee, Offtg. Company Secretary	42,000	
12	Mr. Tshering Gyeltshen, Member Secretary, BAC	12,000	
13	Mr. TeknathGuragi, Offtg. Member Secretary, BAC	2,000	41st BAC meetingdtd.11/10/2022
14	Tenzin Namgyel,MemberSecretary,BHRC	6,000	
15	JanchukTshomo,MemberSecretary,BHRC	4,000	
	Total	**606,000**	

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

vi. Terms and conditions of the transactions:

1. As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP esp. the Board Directors are not ascertainable separately and were not included above.
2. All transactions were made on normal commercial terms and conditions and at market rates.

48. During the year the Company has assessed the carrying amount of the asset's visa-vis their recoverable values and no impairment is envisaged at the reporting date of Statement of Financial Position.

49. An inventory refers to raw materials, parts, work in progress and goods that are readily available for sell in the market. Tabulated below shows the valuation of our finished goods:

Material	FY 2022		FY 2021	
	Closing Stock (MT)	Closing Value (Nu.)	Closing Stock (MT)	Closing Value (Nu.)
OPC 43	4,756	20,774,939	12,816	44,603,156
PPC	7,505	29,093,373	8,623	27,598,364
PSC	0.05	239	3,743	14,671,414
Total	**12,262**	**49,868,551**	**25,183**	**86,872,934**

50. Certain balance of advances to Vendors and others, Trade Receivables, Sundry Creditors, Intra Group Company Balances, Advances received from Customers & others and other Current Liabilities are subject to confirmation/reconciliation and consequential adjustment if any, required.

51. The Company operates only in cement and for internal reporting purposes they consider entire business as one segment only i.e., cement and performance is reviewed accordingly. Hence the company is having only single segment i.e., cement. The management considers the business from a geographic and product perspective. From geographic perspective management considers the performance in Bhutan (domicile of company) and India. From the product perspective management considers the revenue generated from the various types of cement viz. PPC, PSC & OPC. These products are not considered for segment reporting being of similar nature, production processes, customers and distribution channel.

i. Entity- wide information:

The revenue and sales by country, based on the destination of customers for cement:

Country	FY 2022		FY 2021	
	Quantity (MT)	Value (Nu.)	Quantity (MT)	Value (Nu.)
Bhutan	349,733	2,243,249,097	264,108	1,599,158,822
India	180,410	867,121,700	224,692	1,016,780,103
Total	**530,143**	**3,110,370,797**	**488,800**	**2,615,938,926**

ii. Auditors' remuneration:

Particulars	FY 2022(Nu)	FY 2021(Nu)
Audit fees	115,500	115,500
Other audit expenses	184,492	92,490

52. Operating Lease:

The company has taken on lease the Gelephu Depot, Transit Camp, Patshala, India and the captive mines at Marungri & Kangrezi to extract raw material such as Limestone, Phylite, Sweetner, Quartz etc., to produce clinker.

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

a. Gelephu Depot:
The agreement was drawn between DCCL and M/s. Gyeltshen Furniture House on 01/09/2018 for the period of two (2) years from the date of signing and it shall be on renewal basis for lease of 17,670 square feet as Depot cum Go-down infrastructure for cement stocking and supply to the dealers.

The party unanimously agreed for a monthly rental payment of Nu. 123,690/- only by DCCL w.e.f. month of September 2018. The Gelephu Depot is surrendered w.e.f. from 31/12/2022.

b. Mining lease for Kangrezi and Marungri:
DCCL have two captive Mines to extract Limestone and Phyllite to be used as raw materials for production of Clinker. The Lease agreement was drawn between DCCL and Department of Geology and Mines (DGM) dated 29/06/2010 for the initial period of 25 years from date of signing whereby DCCL leased Kangrezi area covering of 120.83 hectors (298.57 Acres) and Marungri area covering of 152.78 hectors (377.52 acres).

DCCL has to pay the surface rent @ Nu.640/- only per acre per annum unless revised by the Royal Government and also have to pay the mineral and royalty rent per unit measures of limestone dispatched @ Nu. 8.5/- only and Nu. 34/- only respectively for both the mines.

c. Transit Office at Pathsala:
The Transit Office of DCCL is being located at Pathsala, Assam, India for smooth functioning of business transaction towards neighbouring country, India. To facilitate this, we have a Liaison Officer at Pathsala hiring a small Transit Office by paying Nu. 3,600/- only per month. The Transits Office is surrendered w.e.f. from 31/12/2022.

53. Capital Advance and Capital Payables:
The management do not recognize the advances and payables as capital advance and capital payables. However, the management recognize and treat spare parts as inventory and expensed off as and when consumed. However, major spare parts and stand-by equipment which qualifies as PPE are capitalized as Capital Spares.

54. Fair Value Measurement:
The company measures fair value in accordance with BFRS-13. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market whenever required by the BFRS.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market.

Financial Instruments by category:

Particulars	31/12/2022	31/12/2022
	Amortized cost	Amortized cost
Total Financial assets:	**438,676,857**	**933,501,398**
i) Security deposits	19,979,253	15,836,011
ii) Cash and cash equivalents	94,839,985	51,244,969
iii) Investments	25,619,260	628,300,001
iv) Trade and other receivables	298,238,359	238,120,417
Total Financial liabilities:	**5,788,000,825**	**6,484,739,662**
i) Borrowings	4,960,798,966	5,931,931,394
ii)Trade payable and other payables	827,201,859	552,808,268

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

i. Fair value hierarchy:
The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date.

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: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). This is the case for unlisted equity securities included in level 3.

ii. Valuation technique used to determine fair value:
This section explains the judgments and estimates made in determining the fair values of the financial instruments that are

a) Recognized and measured at fair value and

b) Measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the BAS

The carrying amounts of loans and advances, trade and other receivables, cash and cash equivalents and trade and other payables are considered to be the same as their fair values, due to their short-term nature.
The fair values for financial instruments such as borrowings, retention money and security deposits 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 counter party credit risk

iii. Fair value of financial assets and liabilities measured at fair value:

The following table shows, for each class of assets measured at fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Particulars	31/12/2022		31/12/2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Total Financial assets:	**45,598,513**	**31,946,291**	**644,136,012**	**648,987,217**
i) Security deposits	19,979,253	10,247,031	15,836,011	11,758,983
ii)Investments	25,619,260	21,699,260	628,300,001	637,228,234
Total Financial liabilities:	**3,240,392,808**	**2,586,717,347**	**5,071,931,394**	**4,074,095,642**
i) Borrowings	2,320,252,808	1,920,737,463	2,651,791,394	2,682,717,762
ii)Bonds	920,140,000	665,979,884	2,420,140,000	1,391,377,880

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

55. Capital management:

i. Risk management

The Company is a subsidiary of Druk Holding & Investments Limited (DHI). The amount mentioned under total equity in balance sheet is considered as Capital. The company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for the shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is based on management's judgment of the appropriate balance of key

GHOSE & CO
Regn. No. 302002E
Chartered Accountants

elements in order to meet strategic and day-to-day needs. The Company manages its structure and makes adjustments in light of changes in economic conditions. The funding requirements are met through the equity given by the shareholders.

ii. 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
Market risk – foreign exchange	Future commercial transactions and recognized financial liabilities not denominated in Bhutanese Ngultrum (Nu.)	Cash flow forecasting	Diversification of asset and liability
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	The Company does not have borrowings at floating interest rate
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit worthiness	Diversification of customer base
Liquidity risk	Trade and other payables	Cash flow forecasts	Availability of committed facilities

a. Market risk- Foreign currency risk:

The company has payable and receivables in foreign currency and is hence exposed to foreign exchange risk associated with exchange rate movement. The foreign currency (Indian Rupee) does not have exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR).
The company's exposure to foreign currency risk at the end of the reporting period expressed in Nu. as follows:

1. Nu vs INR:

Particulars	31/12/2022	31/12/2021
	INR	INR
Financial assets	31,816,472	5,199,641
Financial liabilities	(135,693,249)	(76,723,339)
Net exposure to foreign currency risk	**(103,876,778)**	**(71,523,698)**

2. Nu vs US $:
The company created the liabilities of US$ 106,250/- only dated 31/10/2022 at the equivalent value of Nu. 8,840,000/- only at foreign exchange (FX) rate of the day for the consultancy services provided by M/s ECO Plant, Thailand for operation and maintenance of plant. The company revalued the exchange rate on 31/12/2022 and has recognized the gains/losses of Nu. 65,875/- only on account of FX fluctuation in SCI:

Date	USD	Exchange Rate	Amount in Nu.
31/10/2022	106,250	83.20	8,840,000
31/12/2022	106.250	82.58	8,774,125
Difference	**106,250**	**0.62**	**65,875**

T. K. GHOSE & CO.
Regn. No. 302002E
Chartered Accountants

b. Market risk- Interest rate risk:

The 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 as on 31/12/2022 and in FY 2021 was not exposed to the risk of changes in market interest rates because it does not have any floating rate borrowings nor does it have any floating interest-bearing financial assets.

Investment made by the Company bears fixed rate of interest. Interest income and interest expenses, are therefore not subject to interest rate risk as defined in BFRS-7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c. Credit Risk:

The 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 from trade and other receivables.

Trade Receivables:

The Company's trade receivables comprise majorly from the related parties. Trade receivables are non-interest bearing and are generally given for 45 days credit term. Outstanding customer receivables are regularly monitored. The ageing of trade receivables as on balance sheet date is given below. The age analysis has been considered from the due date:

Particulars	Less than one year	More than one year to 3 years	More than 3 years	Total
Total Trade Receivable (31 December 2022)	287,586,525	10,637,789	8,380,569	306,604,883
Less: Provision for impairment loss			(8,380,569)	(8,380,569)
Trade receivable (31/12/2022)	**287,586,525**	**10,637,789**	**0**	**298,224,314**

Particulars	Less than one year	More than one year to 3 years	More than 3 years	Total
Total Trade receivable (31 December 2021)	227,229,966	7,080,875	9,604,191	243,915,032
Less: Provision for impairment loss			(9,604,191)	(9,604,191)
Net Trade receivable (31/12/2021)	**227,229,966**	**7,080,875**	**-**	**234,310,841**

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. The Company does not hold collateral as security.

Cash and cash equivalents an d other financial assets:

The Credit risk from balances with banks and financial institutions is managed by the Company's Finance & Investment Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. For banks and financial institutions, only high rated banks/institutions are accepted.

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

d. Liquidity risk:

The 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 Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. The balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

T. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

Contractual maturities of financial liabilities 31/12/2022	Upto 1 year	2-3 years	4-5 years	More than 5 years	Total
Borrowings- Long Term	240,429,258	539,620,577	628,773,141	1,121,835,989	2,530,658,966
Interest payable – Borrowings	159,159,234	259,556,407	170,403,843	68,583,737	657,703,221
Bonds		920,140,000			920,140,000
Interest payable – Bonds	85,014,000	85,014,000			170,028,000
Borrowings – Short Term	510,000,000				510,000,000
Commercial Paper	1,000,000,000				1,000,000,000
Trade payable and other payables	802,760,670	24,441,189			552,808,268
Total financial liabilities	**2,797,363,162**	**1,828,772,173**	**799,176,984**	**1,190,419,726**	**6,341,338,455**

Contractual maturities of financial liabilities 31/12/2021	Upto 1 year	2-3 years	4-5 years	More than 5 years	Total
Borrowings- Long Term	127,524,558	437,452,855	509,647,134	1,577,166,847	2,651,791,394
Interest payable – Borrowings	202,545,414	361,717,070	289,522,791	327,362,957	1,181,148,233
Bonds	1,500,000,000	920,140,000			2,420,140,000
Interest payable – Bonds	145,014,000	159,021,000			304,035,000
Borrowings – Short Term	860,000,000				860,000,000
Trade payable and other payables	545,445,330	7,362,938			552,808,268
Total financial liabilities	**3,380,529,302**	**1,885,693,863**	**799,169,925**	**1,904,529,804**	**7,969,922,895**

56. Profit/(Loss) before income tax during the year:

In the financial year (FY) 2022, company has incurred the Profit/(Loss) before income tax during the year of Nu. (97,925,968)only as compared to Nu. (267,729,220)only in FY 2021.

The major variances compared to previous year 2021 in terms of Total Revenue is Nu. 423.94 million i.e., 13% and in the Total expenditure is Nu. 254.13 million i.e., 8% is because of following reason:

I. The sale of cement was increased by 129,506 MT i.e., 32% in FY2022 as compared to FY 2021. Moreover, increased in cement price in FY 2022 in all market has led to increase in net sales realization as compared to FY 2021. However, in FY 2022 there is decrease of clinker sales by 23% as compared to FY 2021 with absolute amount of Nu. 55.11 million. Further, FY 2022 shows decreased in other revenue by 13 % with absolute amount of Nu. 10.94 million.

Therefore, overall revenue was increased by 13 % with absolute amount of Nu. 423.94 million as compared to FY 2021.

II. ii. In FY 2022, company shows the increased in production by 34% and sales of cement by 32% leading to increase in direct expenditures as compared to FY 2021 on consumption of Power, Fuel and Raw Materials. Covid-19 pandemic has also affected company through increase in cost of raw material cost, coal prices and transportation rate. The average rate of coal on imported in FY 2022 is Nu. 12,679.20/MT as compared to Nu. 9,684.92/MT in FY 2021. The overall average coal rate shows increased by Nu. 738/MT in FY 2022 as compared to FY 2021. The total average coal rate during year saw Nu.8,179/MT as compared to Nu. 7,441/MT in FY 2021.

Therefore, company shows an overall expenditure increased by 8% with absolute amount of Nu. 257.87 million as compared to FY 2021.

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

57. Additional Disclosures:

i. In the opinion of the management, the value of assets other than property, plant and equipment, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Statement of Financial Position.

ii. Covid-19 pandemic:

The FY 2022 was no different than the FY 2021, substantially characterized by the spread of the COVID-19 pandemic accompanied by the imposition of drastic social isolation measures (lockdowns) and total or partial closure of all economic, school, Banks and Institutions. The governments adopted numerous containment measures, essentially intended to restrict the free movement of people, such as selective lockdowns or closure of public places to limit crowds. Numerous regulatory measures concerning essential services and public utilities have been implemented.

During the imposition of Lockdown in Nganglam in the month of January 30, 2022 to March 15, 2022, the company ensured uninterrupted production by ensuring all the compliance and measured introduced by Covid-19 Taskforce to control contain the transmission in community.

a. Covid-19 pandemic on business:

During the year, Covid-19 pandemic has hindered the smooth and efficient operations of the Company, there were instances where Plant has shut down due to raw materials shortages. Almost all the raw materials, spare parts are sourced from India and even our key Original Equipment Manufacturers (OEMs) such as the Humboldt, ABB, Pfeifer, SIEMENS are based outside either in India or in the third countries. Hence, the timely procurement of spare parts and the expert services from OEMs including the consultants/expert's movements were impeded due to restrictive COVID-19 protocols and detection of Covid-19 in the quarantine facility.

In the opinion of management, all these factors have hindered and gravely impacted the business of company due to Covid-19. Due to lockdown situations in for the months, the company's overall smooth sales were totally interrupted. For instance, during the year the company experienced the lowest sales of cement 19,361.56 MT with revenue from sale of cement of Nu. 104.97 million in February 2022, and the 2nd lowest recorded in the Month of June 2022 with sale of cement 35,996.59 MT and the revenue from sale of cement of Nu 217.36 million. The company showed the overall average monthly cement sale of 44,178 MT/monthly and monthly average revenue of Nu.259.20/ month.

b. Covid-19 pandemic Relief Measures:

Based on the press release issued by the Prime Minister's Office on April 12th, 2020, interest on loans from domestic financial institutions were waived as a part of COVID-19 relief measure from April to June. This was extended in the 2nd phase of the relief measures with 100% interest waiver till September 2020 followed by partial (50%) interest waiver from October 2020 to June 2021. The total interest waiver on account of Covid-19 relief measure to company for the FY 2022 is Nu.52,635,766/- only.

iii. Slow & Non-Moving inventories:

As per the technical assessment of inventories, the slow and non-moving material were identified based on ageing and usage level of the inventory generated from SAP ERP. Based on the identification/segregation of stock certified by at the time of physical verification, the items no longer required were held to auction off in due course of time.

T. K. GHOSE & CO.
Regn. No.
302002E
Chartered Accountants

iv. Production and Sales:

The quantitative detail of production and sales of Cement and Clinker as under:

Particulars	Unit	FY 2022	FY 2021
Production Qty.:			
i) Cement	MT	517,200	484,588
ii) Clinker	MT	470,506	451,588
Sales Qty.:			
i) Cement	MT	530,143	488,776
ii) Clinker	MT	43,265	64,061

v. Segment reporting on Sales:

The Company operates only in cement and for internal reporting purposes it is considered the entire business as one segment i.e., cement and the performance is reviewed accordingly. The management considers the business from a geographic and product perspective. From geographic perspective management considers the performance in Bhutan (domicile of company) and India. From the product perspective management considers the revenue generated from the various types of cement viz. PPC, PSC & OPC. Since these products are being of similar nature, production processes, customers and distribution channel it is not considered for segment reporting.However, the quantitative detail of sales of Cement and Clinker as under:

Sales	FY 2022		FY 2021	
	MT	Revenue -Nu	MT	Revenue-Nu.
OPC-43	194,265	1,122,918,249	222,578	1,154,059,861
PPC	328,459	1,937,988,947	250,275	1,353,355,088
PSC	7,419	49,463,601	15,922	108,523,977
Clinker	43,265	188,442,192	64,061	243,555,008
Total		**3,298,812,989**		**2,859,493,934**

58. Subsequent Events after Reporting Period:

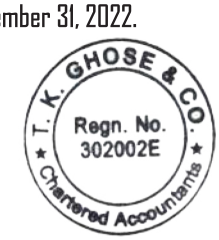
The 13thAnnual General Meeting (AGM) was held on 15-March-2023. The financial statement of the company for the year ended December 31, 2022 was adopted and authorized to issue on dated: 15/03/2023.

I. In the AGM, the transfer of theland value amounting to Nu. 143,302,788/- only were endorsed, however to adjust the divisibility in number of shares/equities owned by DHI at the par value of Nu.100 each ordinary share; the notional amount of Nu. 112.11 only were charged as payable to DHI.Therefore, the total value of Nu. 143,302,900/- only has impacted the equity of DHI holding share pattern of 88.40% amounting to Nu. 6,480,465,000/- only (i.e. 6,480,465,000 numbers of Equity Shares of Nu. 100/- each fully paid-up capital). The transfer of assets was restated in the financial statement of FY 2021.

II. The transfer ofassets 132 KV transmission line worth of Nu. 14,151,497.55/- to Bhutan Power Corporation Limited were approved and adopted in AGM. These financial statements do not reflect the transfer of transfer of assets.

III. The remuneration of members of Board of Directors, Chief Executive Officers and Statutory Auditors for the financial year 2022 were approved and adopted in AGM.

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



For and on behalf of the Board of Director

For T.K. Ghose& Co.
Chartered Accountants
Firm Registration No. 302002E

T.K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

Dipanjan Bhattacharjee

Dipanjan Bhattacharjee	(Dechen Choling)	(Dasho Karma YezerRaydi)
Partner	Chief Executive Officer	Chairman
M. No. 068908		

Date: 28/02/2023
Place: Kolkata
UDIN: 23068908BGQKKH7971

T. K. GHOSE & CO. Regn. No. 302002E Chartered Accountants

DRAGON

CEMENT

Strength of the Thunder Dragon