

**PROSPECTUS FOR THE ISSUE OF CORPORATE BOND SERIES IV BY
(DUNGSAM CEMENT CORPORATION LIMITED)**

The following constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Companies Act and in line with the relevant provision of the Regulatory Authorities.

1. General Information

- a) Name of the Company: Dungsam Cement Corporation Limited
- b) Registered office: Dungsam Cement Corporation Limited, Chenkhari, Nganglam, Pemagatshel, Bhutan.
- c) Auditors: Ms. Karma & Associate, Lower Taba, Thimphu;
- d) Bankers: BOBL, BNBL, and BDBL.
- e) Company's Incorporation License No: 4007354

2. Objectives of the Issue

To refinance short-term loan and for capital works for 2025.

3. Particulars of the Offer

Issue Price Per Unit	No. of Units Offered	Opening Date	Closing Date	Allotment Date	Securities for the bond
Face Value Nu. 1,000	1,200,000	31/3/25	9/4/25	10/4/25	Fully secured by DHI Corporate Guarantee

4. Terms of the Bond

Term	Coupon Rate	Coupon Payment Interval	Payment of Coupon Amount
10 years	8.5%	Quarterly	Nu. 25,500,000.00

5. Redemption:

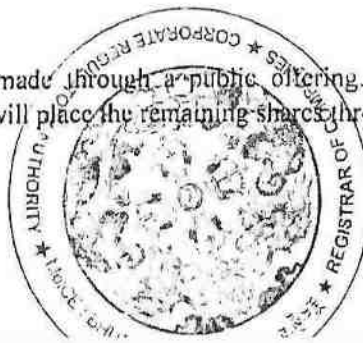
The issuer shall create a corporate bond redemption reserve of an amount equivalent to the issue size of the corporate bond issued. The redemption reserve of 20% of the corporate bond amount shall be created annually, in the last five years of the corporate bond tenure.

6. Basis of allotment

The allotment shall be done on pro-rata basis. The un-allotted amount will be refunded within 10 working days without interest thereon. An interest of 10% p.a. would be paid if the un-allotted amount is not refunded within the above-specified period.

7. Placement

The allotment shall be made through a public offering. If the public offering is undersubscribed, DCCL will place the remaining shares through private placement.



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8. Listing of Bond

The bond will be listed at RSEB as per section 31 of the regulation for the public issue of Corporate Bond 2024.

9. Conditions for Premature redemption:

In the event of premature redemption of the subordinated debt, the investor shall be liable to pay a penalty of 3% per annum on the principal amount of the bond for the entire period of the bond tenure, and the same conditions to be applied to the issuer in case of premature redemption.

10. Lock-in Period and Right to Redcem

The lock-in period is for five years whereby both the issuer and the bondholder have no rights to redcem. After the lock-in period, if any parties wish to redcem, they have a right subject to the fulfillment of the clause no. 9 above

11. Risk Factor

Prospective investors should carefully consider all the information in this prospectus, including the risks described below before making investment in the Bond. Investors are expected to make their own assumption/analysis on the market conditions before deciding to invest in the script. The following are certain risks for the investor to consider before taking an investment decision in the offer;

a) Credit Risk

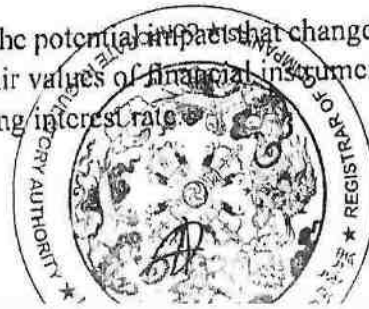
The Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily from trade and other receivables. The company had appointed the Credit Manager to follow up and monitor. The diversification of the customer base reduces the impact of defaults from any single customer.

b) Operational Risk

Operational risk arises from failures in a company's systems due to factors like system failure, fraud, natural disasters, human error, or sabotage. The company's operations, especially cement production, are vulnerable to hazards that could cause injury, property damage, environmental harm, and operational suspensions. This could lead to legal liabilities and negatively affect the company's financial condition and public perception. Risks like fire, theft, floods, and earthquakes are present, and while safety measures and insurance are in place, these risks cannot be entirely eliminated

c) Interest Rate Risk

Interest rate risk arises from the potential impact that changes in interest rates may have on future cash flows or the fair values of financial instruments. The Company does not have borrowings at the floating interest rate



d) **Market Risk**

The cement market is highly competitive, with some rivals having larger financial resources, enabling them to offer better terms and invest in more efficient production. This competition may limit the company's market share and impact its pricing strategies. However, the company anticipates rising demand due to construction and infrastructure growth, particularly in Central and Lower Assam, along with upcoming projects like hydropower and Gelephu Mindfulness City. The plant's proximity to key raw materials, such as limestone, offers a cost advantage in staying competitive.

12. Present Capital Structure of the Company

Authorised capital: Nu. 8,000.00 million

Paid up Capital: Nu. 7,368.26 million

13. Eligibility of Bond Holders

The following categories of investors may apply for the Bond:

- Companies/Institutions registered within the country
- Individuals holding Bhutanese Citizenship
- Trusts, Association, societies registered under the applicable laws in Bhutan

14. Financial Highlights

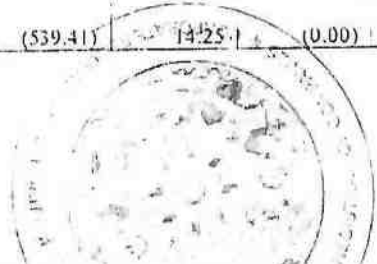
Ratio Analysis for issuer company:

RATIO	Actual			Plan		
	31/12/2024	31/12/2023	31/12/2022	31/12/2025	31/12/2026	31/12/2027
Earning Before Interest and Taxes	- 186.63	285.06	573.84	584.34	1,018.29	1,049.24
Net Profit Ratio (%)	-13.4%	-2.3%	-2.9%	-4.3%	5.5%	6.5%
Debt to Equity Ratio	0.64	0.65	0.66	0.60	0.59	0.54
Gearing Ratio	0.45	0.45	0.47	0.45	0.44	0.40
Debt Service Coverage Ratio	-0.32	0.51	0.44	0.29	0.94	1.03

Statement of Comprehensive Income for Last Three Years (Audited) and Projected for Next Three Years for issuer company:

Particulars (Nu. In Millions)	Actual			Plan		
	31-12-22	31-12-23	31-12-24	31-12-25	31-12-26	31-12-27
Income						
Revenue from sale of Cement	3,039.97	2,862.50	2,310.12	2,901.67	3,136.57	3,335.08
Revenue from sale of Clinker	188.44	8.11	240.24	520.62	944.70	863.84
Other Revenue	59.54	31.86	43.74	5.98	5.98	5.98
Total Income	3,287.96	2,902.47	2,594.10	3,428.26	4,087.25	4,204.90
Expenditure						
Consumption of raw materials & Consumables	615.14	570.61	482.68	428.58	478.61	491.99
Changes in Inventory of work in progress and finished goods	(155.74)	(539.41)	14.25	(0.00)	-	-

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Power & Fuel	1,236.67	123.37	948.53	1,206.32	1,446.10	1,487.32
Employee benefit expenses	216.71	230.04	267.60	338.22	344.99	351.89
Depreciation and amortisation	309.15	306.50	350.54	349.34	344.14	339.99
Selling & Marketing Expenses	166.86	339.04	186.07	334.67	252.71	266.96
Operation & Maintenance Expenses	202.27	353.66	322.40	131.72	440.36	449.16
Other Expenses	131.93	123.24	208.65	104.41	106.50	108.63
Finance Cost	362.89	351.10	363.23	382.05	354.09	321.26
Total Expenditure	3,385.88	1,858.16	3,143.96	3,575.32	3,767.49	3,817.20
Profit/(Loss) Before Income Tax	(97.93)	(66.04)	(549.86)	(147.06)	319.76	387.69
Current Income Tax					96.02	116.40
Profit/(Loss) After Income Tax	(97.93)	(66.04)	(549.86)	(147.06)	224.04	271.60

Statement of Financial Position for Last Three Years (Audited) and Projected for Three Years for issuer company:

Particulars (Nu. In Millions)	Actual			Plan		
	31-12-22	31-12-23	31-12-24	31-12-25	31-12-26	31-12-27
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	7,197.11	6,919.29	6,595.24	6,716.20		
Right to Use Asset	8.99	7.24	7.40	4.52	6,778.59	6,817.38
Intangible Asset	37.36	34.09	30.76	23.22		
Capital Work-in-Progress	5.11	0.17	4.97	0.00		
Investments	25.62	87.23	4.40	4.70	5.00	5.31
Other Non-Current Assets	52.57	49.62	49.37	49.37	49.37	49.37
	7,326.76	7,097.64	6,692.15	6,798.02	6,832.96	6,872.06
Current Assets:						
Inventories	676.37	1,028.59	899.31	800.69	800.69	800.69
Trade & Other Receivables	295.91	250.59	163.32	382.74	367.42	375.83
Loans & Advances	36.09	18.09	27.36	27.21	27.21	27.21
Cash and Cash Equivalents	94.84	36.87	71.67	42.55	85.66	60.42
Prepaid Tax	62.05	36.73	7.22	6.01	6.01	6.01
Other Current Assets	29.92	18.15	15.43	15.43	15.43	15.43
	1,195.17	1,389.02	1,184.31	1,274.62	1,302.41	1,285.58
Asset classified as held for sale	0.56	3.19	8.36	0.00		
TOTAL	8,522.40	8,489.85	7,884.82	8,072.64	8,135.38	8,157.64
EQUITY AND LIABILITIES						
Shareholders' Equity	7,330.65	7,330.65	7,368.26	7,764.26	7,764.26	7,764.26
Retained Earnings/(Loss)	-5,921.32	-6,243.18	-6,586.10	-6,656.99	-6,336.93	-5,948.93
	1,409.33	1,087.47	782.16	1,107.28	1,427.34	1,815.33
Non-Current Liabilities						
Borrowings	3,240.39	3,758.59	2,558.43	3,258.13	2,822.27	2,439.16
Lease Liability	10.61	8.68	9.31	5.65	5.60	5.54

Deferred tax liabilities(net)	1,202.57	1,431.90	1,231.17	1,331.90	1,331.90	1,331.90
Trade and Other Payables	9.73			0.00		
Employee benefit liabilities	53.77	78.15	81.26	81.26	81.26	81.26
Other Long-Term Liabilities	2.20	2.39	2.63	2.63	2.63	2.63
	4,519.28	5,279.71	3,882.49	4,679.57	4,243.66	3,860.49
Current Liabilities						
Current Borrowings	1,724.18	983.82	2,160.12	1,386.44	1,720.72	1,753.11
Trade and Other Payables	803.61	1,095.69	1,030.35	875.47	719.78	704.82
Employee benefit liabilities	12.91	8.21	8.76	8.76	8.76	8.76
Other Current Liabilities	53.09	34.96	20.94	15.12	15.12	15.12
	2,593.80	2,122.67	3,220.17	2,285.79	2,464.38	2,481.81
TOTAL	8,522.40	8,489.85	7,884.82	8,072.64	8,135.38	8,157.64

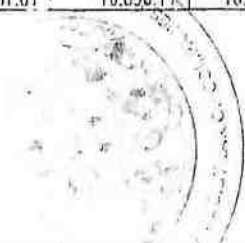
Ratio Analysis for DHI(Guarantor):

Key Ratios	2022	2023	2024	FY'25	FY'26	FY'27
	Actual	Actual	Provisional	Plan	Plan	Plan
Earnings Before Interest and Tax	10,361.27	10,263.56	10,657.16	11,021.16	10,808.36	12,629.64
Net Profit Ratio	68%	67%	65%	66%	65%	66%
Debt to Total Equity Ratio	1%	2%	2%	4%	4%	4%
Gearing ratio	1%	2%	2%	4%	3%	3%
Debt Service Coverage ratio	3,852.85	5,263.36	10,150.28	115.54	115.78	136.79

Statement of Comprehensive Income for Last Three Years (Audited) and Projected for Next Three Years for DHI(Guarantor):

Statement of Comprehensive Income	2022	2023	2024	FY'25	FY'26	FY'27
	Actual	Actual	Provisional	Plan	Plan	Plan
INCOME						
Dividend Income	10,171.03	9,986.03	10,323.93	10,971.19	10,830.33	12,601.32
Other Income	394.54	558.50	637.90	686.00	686.00	686.00
Total Income	10,565.57	10,544.53	10,961.83	11,660.49	11,516.33	13,290.32
EXPENDITURE						
Employee Related Costs	116.47	133.81	198.62	253.00	260.59	268.41
R & M and Other Costs	8.52	8.31	9.65	20.89	21.31	21.73
Finance Cost	2.69	1.95	1.05	95.41	93.87	92.33
Depreciation	16.91	25.69	36.68	301.52	303.93	307.16
Other Expenses	62.40	113.16	59.73	60.92	62.14	63.38
Total Expenditure	206.98	282.92	305.72	731.74	741.84	753.01
Profit Before Tax	10,358.59	10,261.61	10,656.11	10,928.75	10,774.49	12,537.31

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Income Tax Expenses	3,121.75	3,243.05	3,186.78	3,278.62	3,232.35	3,761.19
Profit After Tax	7,233.84	7,018.56	7,169.33	7,650.12	7,542.14	8,776.12
OCI for the Period, net of tax	171.07	1,137.90				
TOTAL COMPREHENSIVE INCOME	7,707.90	8,456.46	7,169.33	7,650.12	7,542.14	8,776.12
Basic and Diluted Earnings Per Share	14.73	13.96	14.41	15.37	15.15	17.63

Statement of Financial Position for Last Three Years (Audited) and Projected for Three Years for DHI(Guarantor):

Statement of Financial Position	2022	2023	2024	FY'25	FY'26	FY'27
	Actual	Actual	Provisional	Plan	Plan	Plan
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	4,098.19	4,813.81	4,712.14	6,643.15	6,480.88	6,339.56
Right of Use Assets	18.20	10.82	3.45	3.45	3.45	3.45
Investment Property	1,991.34	1,987.45	2,063.00	1,993.83	1,921.67	1,855.50
Intangible Assets	3.16	5.66	6.20	6.20	6.20	6.20
Investments	62,013.22	61,270.34	65,341.13	63,794.21	65,983.03	66,412.69
Long term Financial assets	2,526.48	2,658.42	2,797.26	2,797.26	2,797.26	2,797.26
Other Non-Current Assets	52.31	41.22	22.95	22.95	22.95	22.95
Total Non Current Assets	70,703.19	73,817.72	74,946.13	77,261.05	77,218.44	77,437.61
Current Assets						
Inventory	-	0.08	0.21	0.21	0.21	0.21
Trade Receivables	0.06	-	-	-	-	-
Other Receivables and Advances	1,307.87	3,511.75	2,981.50	2,981.50	2,981.50	2,981.50
Advance to Ministry of Finance	3,977.00	0.44	-	-	-	-
Short Term Deposit/BFF	-	1,007.00	3,551.33	5,060.34	6,701.05	8,478.17
Cash and Bank	1,196.02	732.87	677.11	1,634.35	2,262.60	3,128.82
Total Current Assets	6,480.95	5,252.14	7,210.15	9,676.40	11,948.35	14,588.70
TOTAL ASSETS	77,184.14	79,069.86	82,156.28	86,937.46	89,166.79	92,026.32
EQUITY						
Paid up Share Capital	49,184.12	49,791.17	49,767.07	49,767.07	49,767.07	49,767.07
Retained Earnings	6,853.20	5,557.13	7,663.19	9,038.58	9,698.73	10,624.00
Reserves	6,927.23	6,927.23	6,927.23	6,927.23	6,927.23	6,927.23
Bhutan Future Fund	4,316.00	5,280.00	5,280.00	6,789.01	8,432.71	10,206.84
Assets Revaluation Reserve	1,371.19	1,371.49	1,371.49	1,371.49	1,371.49	1,371.49

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Other Comprehensive Income	1,813.00	3,262.84	4,054.62	4,054.62	4,054.62	4,051.62
Total Shareholders Equity	70,468.04	72,192.86	75,066.61	77,951.02	80,254.86	82,954.27
LIABILITIES						
Non Current Liabilities						
Long Term Borrowings	778.40	1,354.35	1,511.16	3,129.04	3,077.67	2,973.17
Deferred Government Grant	2,572.49	2,562.02	2,551.55	2,551.55	2,551.55	2,551.55
Long Term Employee Benefits	-	27.82	16.75	16.75	16.75	16.75
Other Non-Current Liabilities	1,180.98	1,317.06	1,085.26	1,085.26	1,085.26	1,085.26
Total Non Current Liabilities	4,531.87	5,261.25	5,194.71	6,782.59	6,731.22	6,626.92
Current Liabilities						
Current Portion of Borrowings						
Income Tax Payable	1,806.12	1,131.98	1,330.42	1,639.31	1,616.17	1,880.60
Trade and other Payables	378.11	483.77	564.54	564.54	564.54	564.54
Other Current Liabilities	-	-	-	-	-	-
Total Current Liabilities	2,184.23	1,615.75	1,894.96	2,203.85	2,180.71	2,445.13
Total Liabilities	6,716.10	6,877.00	7,089.67	8,986.44	8,911.93	9,072.05
TOTAL EQUITY AND LIABILITIES	77,184.14	79,069.86	82,156.28	86,937.46	89,166.79	92,026.32

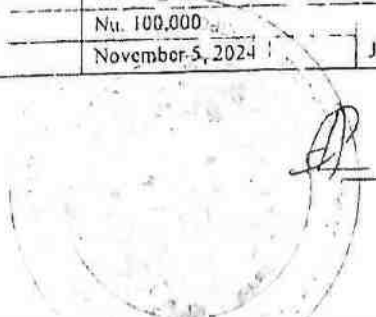
14. Board Directors

1. Mr. Ugyen Namgyal, Director, DGPC - Board Chairman
2. Mr. Dorji Nima, Director, DII - Board Director
3. Mr. Sonam Tobgye, Director, Cabinet Secretariat - Board Director
4. Mr. Tashi Dawa, Dzongda, Pemagatshel - Board Director
5. Ms. Dechen Yangden, Director, MoENR - Board Director
6. Ms. Karma Yangzom Tshering, Chief, NPPF - Board Director
7. Mr. Dechen Choling, CEO - Executive Director

15. Detail of Previous Debt Issues

Particulars	Bond Series I	Bond Series II	Bond Series III
Name of the Company	DCCCL	DCCCL	DCCCL
Year of Issue	March 2014	September 2014	May 2015
Type of Issue	Public and private placement	Public and private placement	Public and private placement
Amount of issue	Nu. 1,260 million	Nu. 700 million	Nu. 1,500 million
Date of closure of issue	March 31, 2014	November 4, 2014	June 19, 2015
Coupon rate	10%	9%	8%
Brokerage fee	Nu. 150,000	Nu. 100,000	
Date of Maturity	April 29, 2024	November 5, 2024	June 23, 2022

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16. Sole Manager to the Issue (Broker, Underwriter, Issue Manager)
BOBL

17. Outstanding Litigation
The DCCL has no outstanding statutory dues or pending litigation.

18. Declaration
We hereby declare that the relevant provisions of the Companies Act and Royal Securities Exchange have been complied with and no statement made in the prospectus is contrary to the provisions of the Companies Act.



Chief Executive Officer
DCCL
Place: *Ngauvan*
Date: *21/3/25*



Board Director
DCCL.

