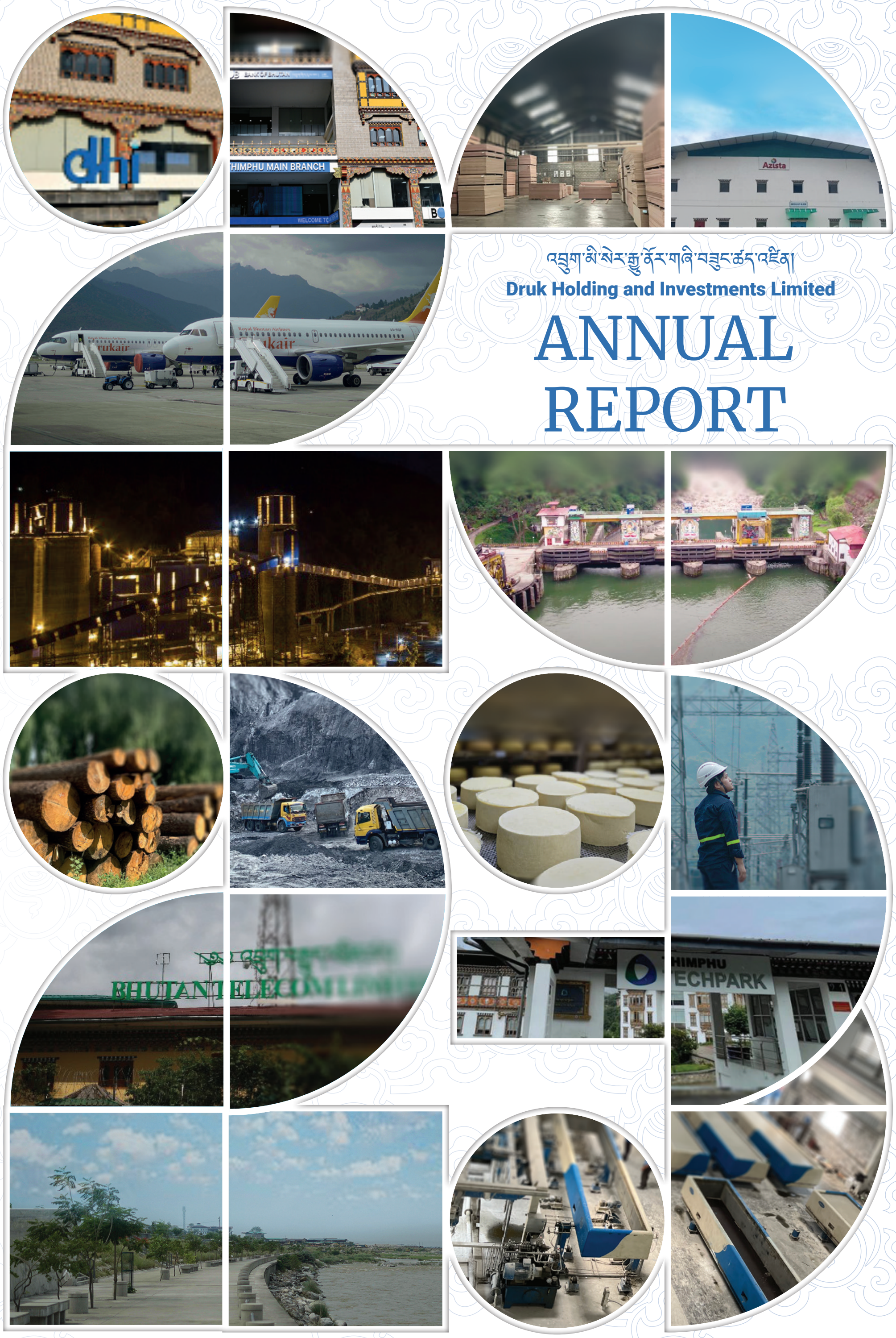

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Druk Holding and Investments Limited

ANNUAL REPORT

dhi

www.dhi.bt

The Spirit of DHI

A voyage to a new destination always calls for introspection and realignment with the prevailing spirit and purpose, be it as an individual or an organization. This not just illuminates the path but propels towards the goals with new energy and strength.

For us at DHI, we will always rely on the timeless ethos of the organization enshrined in the Royal Charter, which is our beacon from the Throne. The sacred mandates descend from it into comprehensible strategic piers of the Mission, the Vision and the Guiding Themes.

This spirit of the Group will continue to steer us through the decade, and until we achieve the commitments we have taken upon ourselves.

CONTENTS

INTRODUCTION

Who We Are

We are the investment arm of the Royal Government of Bhutan, established to enhance the performance and value of our portfolio companies. We act as a guardian of the nation's strategic assets, ensuring that they operate with the highest standards of corporate governance and accountability. By carefully managing investments, nurturing innovation, and promoting sustainable development, we aim to drive economic growth and contribute to the prosperity of the nation.

Committed to excellence, integrity, and transparency, we strive to be the cornerstone of Bhutan's economic future, guiding our enterprises to new heights and creating lasting value for all stakeholders.

Our Mandate

With a clear mandate to maximize returns for the people of Bhutan, we oversee Government Linked Companies (GLCs), promoting strong corporate governance by delineating ownership from management. The approach fosters accountability, drives performance, and optimizes resource utilization. We are also committed to spearheading the growth of a dynamic private sector in Bhutan by raising investment capital and enhancing the operational efficiency of our GLCs.

Towards fulfilling the mandate, we focus on appointing qualified directors and CEOs for GLCs, ensuring effective and transparent management. Performance is meticulously monitored to uphold high standards of corporate governance. We aim for optimal capital efficiency through resource consolidation and providing necessary guarantees to support GLCs.

By investing in both domestic and international ventures, promoting entrepreneurship, and initiating new business areas, we foster economic growth and innovation. Additionally, we manage strategic divestments and utilizes various financial instruments to secure funding, ensuring the prosperity and sustainable development of Bhutan's economy.

Our Governance Framework

Our governance framework prioritizes the creation of long-term value and places the institution at the center of its operations. It is designed to ensure accountability and maintain a robust balance between empowerment and compliance.

Transparency and adherence to regulations are fundamental principles within our governance structure. Our Board and Management team diligently uphold these principles by complying with the Companies Act, as well as other relevant rules, regulations, and provisions outlined in the charter.

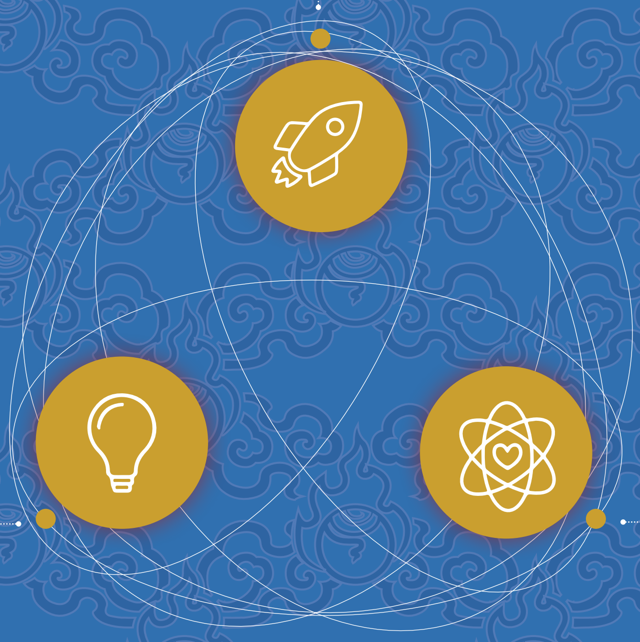
Under the guidance of the Board, we adopt a prudent and strategic approach to managing our portfolio as responsible investors and asset owners.

To ensure that the right leadership is in place to manage the companies, a joint committee between DHI and the company board, the Nomination and Governance Committee (NGC), carries out the recruitment and appointment of CEOs. The Board Committee for Performance Management (BCPM) carries out the annual compact target setting, periodic reviews and performance evaluations of companies owned and controlled by DHI.

Our Vision, Mission & Values

Vision

To be the leading wealth management and creation organization that helps transform Bhutan into a globally competitive economy guided by the principles of GNH



Mission

Safeguard and enhance national wealth for all generations of Bhutanese through prudent investments

Values

Integrity
Honesty
Excellence
Prudence
Teamwork
Accountability

DHI through the renewed lens

Potential Zone

Disruptive sectors offer high rewards and risks. They are managed with pivot strategies to adapt quickly to industry disruptions through a disruptive innovation strategy lens.
(BOBL, BTL, TTPL)

Strategic Zone

Efficiency innovation is the lens through which constant internal revamps are strategized for these vital companies to design agile and novel solutions.
(DGPC, DACL, SMCL, BPC)

Future Zone

DHI champions investments and global partners to build the next generation value based green industries in Bhutan viz. in Energy and Resources, Mining and Minerals, Digital Assets, Technology, and Infrastructure.

Growth Zone

These companies are constantly overseen to be operationally overhauled to ensure timely investments, divestments, scalability, cost reduction, financial performance, and improved customer experience from a Sustaining Innovation lens.
(KIL, DPL, CDCL,NRDCL, STCBL,DCCL, PCAL, MSPCL, BBPL)

DHI portfolio companies depicting DHI standalone and net worth/ marketing capitalization of the companies as on 31 December 2023

In million Nu.

Sector	Shareholding in %	DPC category	Net Worth/Market Capitalization
Energy and Resources			
Druk Green Power Corporation Ltd.	100	DOC	46239.01
Bhutan Power Corporation Ltd.	100	DOC	16087.09
Natural Resources Development Corporation Ltd.	100	DOC	645.69
State Mining Corporation Ltd.	100	DOC	2401.73
Communication & Transportation			
Bhutan Telecom Ltd.	100	DOC	5987.62
Drukair Corporation Ltd.	100	DOC	1519.71
Financial Services			
Bank of Bhutan Ltd.	80	DCC	9,461.53
Bhutan National Bank Ltd.	12	DLC	8,130.63
Royal Insurance Corporation of Bhutan Ltd.	18	DLC	4948.5
Real Estate and Construction			
Thimphu Tech Park Ltd.	100	DOC	302.61
Construction Development Corporation Ltd.	100	DOC	893.27
DHI PTE Ltd.	100	DOC	42.50
Trading			
State Trading Corporation of Bhutan Ltd.	55	DCC	631.13
Crawfish Himalayan Ltd	75	DCC	64.00
Manufacturing			
Dungsam Cement Corporation Ltd.	89	DCC	1087.47
Dungsam Polymers Ltd.	51	DCC	59.55
Penden Cement Authority Ltd.	40	DLC	1260.04
Bhutan Ferro Alloys Ltd.	26	DLC	1630.01
Bhutan Board Products Ltd.	58	DCC	851.86
Menjong Sorig Pharmaceuticals Corporation Ltd.	100	DOC	180.28
Koufuku International Ltd.	100	DOC	38.58
Azista Bhutan Healthcare Ltd.	28	DLC	38.58
Druk Metallurgy Ltd.	40	DLC	125.63

Accompanying notes

- Net worth is reflected based on the book value of the respective companies
- Market Capitalization is reflected for listed DHI Companies
- Due to indirect holding through BOB, DHI's shareholding to STCBL and BBPL have increased

Glossary

- DPC- DHI Portfolio Companies
- DOC- DHI Owned Companies
- DCC- DHI Controlled Companies
- DLC- DHI Linked Companies

Last Trading Date: 31st December 2023

Portfolio Companies

TRADING

Crawfish Himalayan Ltd.

State Trading Corporation of Bhutan Ltd.

REAL ESTATE AND CONSTRUCTION

DHI Pte. Ltd.

Thimphu Tech Park Ltd.

Construction Development Corporation Ltd.

MANUFACTURING

Bhutan Board Products Ltd.

Druk Metallurgy Ltd.

Menjong Sorig Pharmaceuticals Corporation Ltd.

Bhutan Ferro Alloys Ltd.

Penden Cement Authority Ltd.

Penden Cement Authority Ltd.

Azista Bhutan Healthcare Ltd.

Dungsam Cement Corporation Ltd.

Koufuku International Ltd.

ENERGY AND RESOURCES

State Mining Corporation Ltd.

Druk Green Power Corporation Ltd.

Bhutan Power Corporation Ltd.

Natural Resources Development Corporation Ltd.

FINANCIAL SERVICES

Bhutan National Bank Ltd.

Royal Insurance Corporation Ltd.

Bank of Bhutan Ltd.

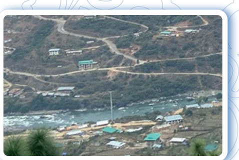
TRANSPORTATION AND COMMUNICATION

Bhutan Telecom Ltd.

Drukair Corporation Ltd.

A Year at a Glance

JANUARY

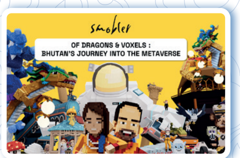


Took over the remaining 50% shareholding of the 600 MW Kholongchhu from SJVNL

Kicked off construction of small hydropower plants using DGPC teams with inaugural blasting at Burgangchhu, followed by Yungichhu, and Suchhu sites

FEBRUARY

Inaugurated Bhutan's National Digital Identity Application.



Unveiled BhutanVerse, a metaverse-based virtual space, at the FAB23 Bhutan International Conference.

MARCH

Appointed Dasho Karma Y. Raydi as the 4th Chairman of DHI

Appointed Mr. Ujjwal Deep Dahal as the 3rd CEO of DHI.

Incorporated Crawfish Himalayan Limited under trading industry

APRIL

Entered into agreement for purchase of helicopters

MAY

JUN

Incorporated MICE as a subsidiary company to the Offshore business in Singapore.

Successfully completed and implemented inventory management study for 12 companies

BPC and CDCL signed agreement for the construction of 66 KV SC Suchhu Transmission Line

Developed Group Scholarship framework

Inaugurated Dam impounding of 118 MW Nikachhu Hydropower Project, Trongsa

E | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

Bhutan Adopts NDI Act

Hosted the 19th edition of the Fab Lab Conference—the largest digital fabrication event in the world

Successfully managed export of surplus power from the Basochhu into the IEX and generated a gross revenue of Nu. 378.41 million.

SMCL stimulated the local economy by injecting Nu. 1,241.55 million to support rural livelihoods.

Expanded BHSL facility through international partnership for manufacturing of small hydropower project contracts

Successfully completed deployment of ePIS's in ten hospitals

DGPC ventured into Solar-hydro combo energy diversification, including a 17 MW Sephu solar already underway.

Board of Directors

Dasho Karma Yezer Raydi
Chairman, DHI
Appointed in March 2023

Ms. Yunny Lee
Transformation Office, HMS
Appointed in May 2022

Mr. Nelson Tervory Thackery
Transformation Office, HMS
Appointed in May 2022

Ms. Leki Wangmo
Secretary, MoF
Appointed in November 2022

Mr. Thinley Namgyel
Secretary, MoAL
Appointed in November 2018

Mr. Sherub
Non-Executive Director
Appointed in March 2023

Mr. Ujjwal Deep Dahal
CEO, DHI
Appointed in March 2023

Management Team

Ms. Tashi Lhamo

Director, Department of Finance (DoF)

Tashi Lhamo is the Director, Department of Finance at Druk Holding and Investments (DHI). She has over twenty years of experience in Banking, Finance and Accounting.
She holds an MBA (Advanced) from the Graduate School of Business, Curtin University, Perth, Western Australia; and CPA, from CPA Australia (since 2005). She was also a Hubert H. Humphrey Fellow at Boston University, MA, USA in 2007. She currently serves as the Vice-Chair in the Technical Working Committee at the Accounting and Auditing Standard Board of Bhutan (AASBB).

Mr. Chencho Tshering Namgay

Director, Department of Investments (DoI)

Has a master's in business administration from Asian Institute of Management, Philippines. He has more than 18 years of work experience in the field of corporate finance, financial securities, investment, risk management, project management, telecom infrastructure and power system automation. He is currently serving as the Director, Department of Investments for Druk Holding and Investments Ltd.

Mr. Dorji Nima

Director, Corporate Performance Department (CPD)

He looks after corporate governance, 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 AusAID scholarship to pursue MBA in Australia and RGoB scholarship to pursue Bachelor of Business Administration degree from Madras University, India in 2001.

Mr. Phuntsho Namgay

Officiating Director, Department of Innovation & Technology (InnoTech)

With an MBA from the Australian Graduate School of Management. He has more than 12 years of work experience in the field of grass root innovations to ecosystem building. He currently serves as the officiating director of the Department of Innovation & Technology overseeing the department's effort in developing Bhutan's Innovation Ecosystem for tech-based and start up economy by leveraging Research & Development for technology with values.

Mr. Kinga Lotey

Associate Director, Corporate Services Division

He received his master's degree in human resource management from Monash University, Australia, and bachelor's degree in science from Sherubtse College, Prior to joining DHI, he served in the Royal Civil Service Commission. He has more than 19 years of experience in the field of human resource management.

Mr. Jacques Von Benecke

Chief Technology Officer

Consults for the Royal Government of Bhutan as a member of the Government Technology Commission. Jacques comes with over 35 years of experience and has focused on business transformation since completing his master's in business administration in 2008. He brings experience working for large global tech giants like Amazon Web Services (AWS), British Telecoms, BHP Billiton, and Woodside Energy alongside working in education for Murdoch University.

Ms. Karma Choden

Company Secretary

Ms. Karma Choden is the Company Secretary of DHI. She earned her LLM from Queensland University of Technology from Brisbane, Australia in July 2010 and Post Graduate Diploma in National Laws from Royal Institute of Management, Semtokha in June 2006.

DIRECTORS REPORT

Dear Shareholders,

We are delighted to report that both Group and DHI standalone have demonstrated robust performance, achieving notable improvements during the year 2023.

Major Highlights of the year

In 2023, a significant milestone marked the beginning of a transformative journey for both Bhutan and Druk Holding & Investments (DHI). His Royal Highness the Gyalsey inaugurated Bhutan's National Digital Identity application on February 21, embracing the Self-Sovereign Identity model and becoming the country's inaugural Digital Citizen. This initiative, a collaboration between DHI and GovTech, establishes a secure and verifiable digital identity framework for citizens, laying a robust foundation for Bhutan's digital future.

The year also witnessed pivotal leadership changes at the Group level, signaling a strategic shift for DHI. In February, Dasho Karma Y Raydi assumed the role of Chairman after nearly eight years as CEO. Shortly thereafter, Mr. Ujjwal Deep Dahal was promoted from Director InnoTech to CEO in March.

These changes realigned the strategic plan of the Group around three key strategic areas: (i) managing and developing the existing portfolio of companies – The Portfolio Management Strategy, (ii) making forward-looking future investments, and (iii) creating an innovating economy – The Innovation Strategy.

Given the diverse nature of DHI Group, our 'Portfolio Management Strategy' revolves around structuring current and future investments across four quadrants: Strategic, Potential, Growth, and Future. This approach is designed to meet specific growth objectives and foster innovation across various sectors. Emphasizing the Future Quadrant, our 'Investment Strategy' aims to forge connections among energy, computing, and the global economy of tomorrow with specific focus on Energy and Resources, Mining and Minerals, Digital Assets, Infrastructure (Physical, Digital and Financial) and Innovation and Technology. These forward-looking investments not only diversify our portfolio but also open new economic avenues, propelling us towards a Science, Technology, and Innovation (STI) economy.

Furthermore, our 'Innovation Strategy' for an innovation ecosystem' aims to unite national and global stakeholders, fostering the creation of disruptive startups, innovative business models, and technology-driven solutions. Together, these efforts position DHI as a catalyst for sustainable growth and technological advancement in Bhutan and beyond.

Financial Highlights

The table below shows the financial highlights of the DHI standalone and its Group for the year ending 2023:

Particulars	Group (In Million Nu.)			DHI Standalone (In million Nu.)		
	2023	2022 (restated)	Variance	2023	2022	Variance
Total Assets	283,097.37	265,648.76	6.57%	79,069.86	73,207.14	8.01%
Net Worth	106,496.80	100,548.50	5.92%	72,192.86	66,490.34	8.58%
Income	58,600.21	46,069.29	27.20%	10,544.53	10,565.57	-0.20%
Expenditure	40,599.97	33,065.44	22.79%	282.92	206.98	36.69%
PBT	18,000.24	13,003.86	38.42%	10,261.62	10,358.59	-0.94%
Tax	9,580.74	8,007.56	19.65%	3,243.05	3,125.44	3.76%
PAT	8,419.51	4,996.29	68.52%	7,018.57	7,233.14	-2.97%

Group Accounts

Total asset and net worth

The Group's total assets increased by 6.57%, to Nu. 283,097.37 million and the net worth increased by 5.92%, to Nu. 106,496.80 million, in 2023.

Total assets increased mainly due to Nu. 13,252.62 million increase in the banking loans and advance, and Nu. 6,695.57 million increase in the capital work in progress. Additionally, Nu. 1,142.73 million increase in the Goodwill was on account of buyback of Kholongchhu Hydro Electric Ltd. (KHEL) from SJVNL.

The net worth increased mainly on account of Nu. 4,302.28 million increase in retained earnings and Nu. 964.00 million increase in Bhutan Future Fund. The Nu. 607.05 million increase in the paid-up capital is from MoF's transfer of Royal Bhutan Helicopter Services Ltd. (RBHSL) to Drukair.

Revenue

The Group's revenue increased 27.20%, to Nu. 58,600.21 million, from Nu. 46,069.29 million in 2022. The increase is attributed to Nu. 13,270.30 million growth in the 'Revenue from Customers' through sales of energy & resources and sales of services. Sales of Energy & Resources accounted for a 27% increase, from Nu. 23,174.17 million in 2022 to Nu. 29,419.40 million in 2023. Sales of Services accounted for the 48% increase, from Nu. 8,439.66 million in 2022 to Nu. 12,467.65 million in 2023.

Expenditure

Total expenditure increased by 22.79%, to Nu. 40,599.97 million from Nu. 33,065.44 million in 2022. This is mainly due to the increase of Nu. 4,203.65 million in the Direct Cost of Sales on account of a 146.25% (Nu. 3,297.15 million) growth in Energy and Wheeling Charges and a 122.44% (Nu. 1,166.65 million) growth for Aircraft Fuel, Oil and Operating cost to Nu. 2,119.46 million in FY2023.

The impairment losses also added significantly towards the growth in total expenditure, which increased by 614.91% (Nu. 1,698.13 million) to Nu. 1,421.97 million from a negative figure of Nu. 276.16 million in 2022.

Profit After Tax

Considering a significant growth in the revenue, the Group posted a 68.52% (Nu. 3,423.21 million) increase in its consolidated profit after tax, to Nu. 8,419.51 million from Nu. 4,996.29 million in 2022.

DHI Standalone Accounts

Total Asset and Net Worth

The total assets and net worth of DHI increased by 8.01% and 8.58% respectively. Overall, the Financial Position improved to Nu. 79,069.86 million from Nu.73,207.14 M in 2022.

The total assets increased on account of Nu. 2,257.12 million increase in investments and Nu. 2,203.88 million increase in other receivables and advances (due to the increase in loans to subsidiary companies). Further, the short-term deposits also increased to Nu. 1,007 million at the end of the year.

The net worth increased with the increase in retained earnings by Nu. 2,693.57 million and other comprehensive income by Nu. 1,437.90 million (caused by gain on equity investment due to change in fair value of RICBL, BNB and investment abroad).

Revenue

The standalone revenue for 2023 reduced marginally by Nu. 21.04 million (0.20%) due to Nu. 185.00 million decrease in the dividend income. While DGPC made the highest dividend contribution (44% of the total dividend), its dividend of Nu. 4,395.77 million remitted in 2023 was a reduction of 13.98% from Nu. 5,110.00 million remitted in 2022. Dividend remittances by BTL and SMCL were 26% (Nu. 2,560 M) and 19% (Nu. 1,919.75 M) of the total dividend in 2023.

Expenditure

The total expenditure for the year increased by Nu. 75.93 million (37%), from Nu. 206.98 million in FY2022 to Nu.282.92 million in FY 2023. The increase is attributed to Nu. 21.47 million increase in employee payroll and Nu. 40 million increase in CSR and donations.

Profit After Tax

The standalone PAT decreased by Nu. 214.57 million, from Nu. 7,233.14 million in 2022 to Nu. 7018.58 million in 2023. This decline of 2.97% is attributed to Nu. 185 million decline in the dividend income, and upward revision of the employee's salary during the year.

Segment Performance

Energy and Resources

This segment remains the top revenue generator for the group. In 2023, it contributed 50.40% (Nu. 40,794.77 million) to the total revenue, marking an 18% increase (Nu. 6,096.90 million) from 2022 (Nu. 34,697.86 million).

- SMCL continued its financial growth, achieving a total income of Nu. 6,467.79 million, a 20.55% increase from Nu. 5,365.29 million in 2022. Dolomite played a significant role, contributing the largest share. Its bottom-line PAT increased by 19% to Nu.2,274.78 million. The company pumped back Nu. 1,241.55 million to local community through award of various work contracts.

- Druk Green saw a decrease in income by 2.97% to Nu. 11,668.60 million due to a reduction in energy generation. Despite increased domestic energy consumption, the company maintained high power plant availability and water utilization, resulting in a net profit of Nu. 2,524.09 million

- BPC recorded the highest revenue within the group at Nu. 20,208.50 million, a 36.07% increase driven by higher electricity sales. Energy sold rose notably by 64.20% to 5,689.74 MU. It reported a 38.07% increase in the bottom line.

- NRDCL reported revenue growth of 18% to Nu. 170.82 million, primarily from increased timber and stone sales, resulting in a PAT of Nu. 16.26 million, up by 44.46%.

Communication and Transportation

This segment contributed 13.50% to the group's revenue, totaling Nu. 10,931.80 million.

- BTL achieved a revenue of Nu. 6,098.76 million, with mobile services contributing 88.37% (Nu. 5,389.23 million). The company expanded its network with new 5G and LTE sites and reported a PAT of Nu. 2,431.57 million.

- Drukair significantly increased total passengers carried to 201,979, marking a 122% increase from 2022, resulting in a turnaround profit before tax of Nu. 291.34 million against a loss of Nu.1,146.24 million in 2022.

Manufacturing

Contributing 7.30% of the group's total income, this segment totalled Nu. 5,907.09 million.

- MSPCL achieved sales revenue of Nu. 107.867 million, a 42.55% increase mainly from traditional medicines and health supplements, with a net profit of Nu. 16.29 million.

- DCCL improved its bottom line by 33% despite challenges, while Dungsam Polymer Limited reported a net profit of Nu. 16.54 million.

- Koufuku International Ltd. (KIL) saw revenue growth to Nu. 101.04 million, with a positive PAT of Nu. 1.77 million.

- Azista Bhutan Healthcare Limited (ABHL) reported a loss of Nu. 46 million due to increased operating expenses.

- PCAL reported significant income growth to Nu. 1,651.03 million and a net profit of Nu. 102.94 million.

- BBPL achieved revenue of Nu. 232.62 million, with a profit of Nu. 22.5 million, up by 27.4% from FY2022.

Financial Services

- BOB continued to lead in banking services with substantial growth in digital transactions. mBOB transactions increased to Nu.67 billion and goBOB to Nu. 482 million respectively. Additionally, BOBit, foreign inward remittance services, facilitated remittance of AUD 48.01million. The Bank reported a PAT of Nu. 1,002.49 million against Nu.676.57 million in 2022.

Real Estate and Construction

- Thimphu TechPark Ltd. (TTPL) achieved a revenue increase of 87% to Nu. 294.40 million, with a net profit of Nu. 130.97 million. It was mainly driven by the ePIS project.

- CDCL completed HRT excavation and concrete lining of the Nikachhu hydropower project during 2023. It saw a revenue growth of 15% but profit reduced by to Nu.3.21 million due to substantial increase in the project costs.

Trading

- STCBL expanded its fuel retail network to additional three Dzongkhags achieving revenue of Nu. 3,443.46 million and a PAT of Nu. 12.70 million.

Other Operational Highlights

Managing existing portfolio

- DHI Conducted a comprehensive review of investment portfolios, finalized divestments, and enhanced inventory management, identifying obsolete items worth Nu. 1,546 million; and

- Following finalization of 12 million cft annual allowable cut (AAC) of timber for export, DHI approved investment of Nu. 1,715 million for NRDCL to enhance its capacity for timber extraction, distribution and export.

Making future-focused investments

- Incorporated the Crawfish Himalayan Ltd. (CHL), an Agri-tech company to cultivate crawfish for both export and domestic markets, and the Bhutan Global Mindfulness and MICE Holdings Pte Ltd Singapore;

- Partnered with AvantWood, Finland to set-up a Thermo Mechanical Timber Modification (TMTM) unit to manufacture high-value-added engineered wood products in Bhutan;

- Enhanced the asset (financial securities) under management (AUM) of investments in overseas markets increased by USD 6.3 million, carried out portfolio rebalancing and implemented risk management strategies to build a resilient portfolio;

- Made steady progress in the construction of the Phuntsholing Township Development Project (PTDP) towards physical completion in 2025 with Nu. 4,387 million spent so far. An MoU with FFI was signed with an Australian based multinational company to explore investments into production of Green Hydrogen in Bhutan; and

- Disbursed Nu. 6.94 million to 16 entrepreneurs through the Business Acceleration Fund facility, as part of DHI's private sector development mandate. As on date, a total of Nu. 33.23 million has been disbursed to a total of 85 entrepreneurs.

Establishing a knowledge-based innovation ecosystem

- Launched the National Digital Identify app, which is based on the Self-Sovereign Identity model to provide secure and verifiable digital identities to citizens;

- Unveiled a metaverse-based virtual space, BhutanVerse during the FAB23 Bhutan International Conference, which was organized by DHI. BhutanVerse will be a part of The Sandbox, a blockchain-based decentralized metaverse, and will showcase Bhutanese motifs, art, and architecture;

- Carried out multiple test flights to initiate inspection and maintenance of power distribution lines with Drones.

These initiatives underscore DHI's commitment to innovation, sustainable growth, and economic development in Bhutan.

Dividend and Taxes

In 2023, DHI paid a standalone tax of Nu. 3,071.59 million. As a Group, the total tax contribution for 2023 amounted to Nu. 8,769.91 million, an increase of 8.74% (or Nu. 704.76 million) from Nu. 8,065.15 million paid in 2022. The effective tax rate charged to the Group works out at 49%.

Additionally, the Group also made a payment of Nu. 2,085.12 million on account of royalty energy, and Nu. 488.23 million as royalty and mineral rents.

The dividend for 2023 is proposed at Nu. 5,059.16 million, an increase of 50.53% (or Nu.1,698.20 million) from 2022.

Hence, the total remittance from the Group for 2023 is Nu. 16,402.42 million, an increase of 16% from Nu.14,140.98 million for 2022.

Group Remittance	2023	2022	Variance
DHI Dividend to MoF	5,059.16	3,361.00	50.53%
Payment on account of Royalty Energy	2,085.12	2,348.75	-11.22%
Royalty payment on other resources and mineral rents	488.23	366.08	33.37%
Total Group taxes	8,769.91	8,065.15	8.74%
Total Remittance	**16,402.42**	**14,140.98**	**16%**

Corporate Governance

As a trusted steward and the leading CG practitioner DHI maintained clean accounts for the 9th consecutive year. No adverse audit observation was issued in 2023 on both Consolidated and Standalone accounts. DHI fulfilled all the requirements set in the CG Code and complied fully with all statutory requirements.

One of the CG mandates include appointing highly capable, experienced, and diverse boards of directors. Towards this, 12 Nomination and Governance Committee (NGC) meetings were conducted, resulting in the appointment of three new CEO (NRDCL, CHL, KIL), and renewal/extension the contracts for the CEOs of three companies (SMCL, Drukair and BTL).

Statutory Audit Report

M/s Dechok & Associates and Menuka Chhetri & Associates conducted the audit of the Group and DHI standalone accounts for 2023. The audit was carried out in accordance with the auditing standards prescribed by the Accounting and Auditing Standards Board of Bhutan (AASBB), and relevant provisions of the Companies Act.

The auditors' reports for both the group and the Standalone accounts do not have any qualifications. The auditors concluded that the accounts along with schedules, significant accounting policies, and notes to accounts are in compliance with the requirements of the Bhutanese Accounting Standards and the Companies Act of Bhutan, 2016.

Challenges and Way Forward

As the trustee of the national wealth, the cosmic role by DHI and the Group to uphold its primary mandate of protecting the national wealth has been commendable thus far. Nonetheless, we were faced with challenges unique to Bhutan while pursuing the overall mandate. Some of the prominent challenges are:

- **Corporate financing:** while we realigned our investment strategy (to build linkage among energy and computing and the future global economy) and reframed our approach for project financing and execution, raising capital through multi-lateral sources and commercial banks abroad has been very challenging. Further, it has also been challenging in obtaining the seed fund for the Green Tech Trust Fund, a crucial component for fueling an STI economy.

- **Disruptive technologies:** The rise in the fintech (Financial Technology) and the digitalization across various segments have disrupted the ways of doing business, thus forcing the companies to adapt to those new and disruptive technologies. While it is an opportunity on the one hand, being agile and adopting them and the cost of acquisition are the hurdles companies are facing today.

- **Regulatory changes:** Since the companies are heavily regulated, the changes in the policies and regulations can significantly impact its modus -operandi, product and services it offers. During FY2023, companies like BTL, BPC, BOB, NRDCL faced shifts in the policies and regulatory changes, adding another layer of unpredictability to the overall business operations.
- **Economic Uncertainties:** As we witness the positive revival of the companies from the impact of the COVID, the Group continues to face a difficult economic situation. Moreover, with the positioning of the Gelephu Mindfulness City as a gateway for South and Southeast Asia, we are presented with an extraordinary opportunity as well as challenge to contribute to building the next-generation economy.

- **Human Capital:** The ongoing migration of Bhutanese to foreign lands has created a vacuum in the companies. The acquisition and retention of human capital continues to remain as one of the biggest challenges in all companies despite the salary revision in October 2023. However, the situation is also seen as an opportunity to attract talent with a growth mindset and skill sets from global space and to relook at our strategies to retain local talents.

Way Forward: Looking ahead, we remain optimistic about the future. The positioning of Gelephu Special Administration as a gateway for South and Southeast Asia presents an extraordinary opportunity, and the Group remains highly inspired and committed to build the next-generation economy. Our strategic focus will be in the following:

- **Portfolio Management:** Given the diversity of the DHI Group, our portfolio management strategy, at its core, places the existing and upcoming investments within four quadrants (Growth Zone, Strategic Zone, Potential Zone, and Future Zone) with paramount focus on the Future zone wherein it has been strategically designed to ensure that we leverage the opportunities presented by the next generation innovation in energy and computing

- **Investment Strategy:** DHI's investment strategy will be rooted in the Future Zone aimed at building a linkage between energy and computing and the future global economy. These future-focused investments will not only diversify the current portfolio but also pave new economic avenues leading to an STI economy.

- **Innovation Strategy:** To propel the vision for an STI Economy, DHI has designed a comprehensive innovation strategy to facilitate applied and fundamental research in science and technology. The Department of Innovation and Technology (DHI InnoTech), Jigme Namgyal Wangchuck Super Fab Lab (JNWSFL) and Green Tech Trust Fund (GTTF) are the three funnels each playing fundamental roles to activate the ecosystem.

Acknowledgement

In closing, we would like to submit our deepest gratitude to His Majesty The King for inspiration and for guiding the nation through the challenging times.

I also extend my sincere and deep appreciation to every employee of the Group for the hard work, for upholding the values and for believing in the Group's mission of building generational wealth. I also express my appreciation to the executives of the companies for their leadership and to all the board directors for their oversight and strategic directions.

As a group, we extend our sincere thanks to the Royal Government of Bhutan and our esteemed shareholders, whose trust and confidence in DHI are the foundation of our success.

Finally, we acknowledge the guidance and support of our Board of Directors on the strategic direction and initiatives. To the CEO and employees of DHI, "your hard work and dedication throughout this year have been truly remarkable. Thank you all for your invaluable contributions to our success."

We solemnly remain committed in our pursuit to creating long-term value and delivering sustainable growth as we navigate the future.

Thank you and Tashi Delek!

Dasho Karma Y Raydi
Chairman, DHI

REPORT ON CORPORATE GOVERNANCE

Corporate Governance (CG) is a set of systems and procedures that enable and ensure companies are being managed in the most accountable, transparent, and fair manner while meeting the expectations of shareholders and other stakeholders. Sound corporate governance practices are critical for the effective use of company resources with the highest ethical standards. Having been given the mandate to strengthen corporate governance DHI and its companies, Druk Holding and Investments Limited (DHI) had continued to adopt best practices of corporate governance. The Company had complied with the Companies Act of the Kingdom of Bhutan 2016 and other statutory requirements.

The Board of Directors is entrusted with the ultimate responsibility for guiding the strategic direction and performance of DHI to achieve the mandates bestowed in the Royal charter.

The management is headed by the Chairman and the Chief Executive officer for the management of the day-to-day affairs of the Company. As of the end of December 2023, the DHI Board consisted of 7 Board Directors including the Chairman and the CEO.

Composition of the Board and Attendance

Name of Director	Category	Profile	No. of Board Meetings attended in 2023	No. of Directorships in DHI owned/ controlled companies	
				Chairman	Member
Dasho Karma Yezer Raydi	Non- Independent Executive	Chairman, DHI	5	2- State Mining Corporation Ltd.(SMCL) and Dungsam Cement Corporation Ltd. (DCCL)	1- Druk Metallurgy Ltd. (DML)
Ms. Yunny Lee	Non- Independent Non-Executive	Transformation office, HMS	5	None	None
Mr. Nelson Trevor Thackery	Non- Independent Non-Executive	Transformation office, HMS	5	None	None
Mr. Thinley Namgyel	Independent Non-Executive	Secretary, Ministry of Agriculture & Livestock	5	1 - Menjong Sorig Pharmaceuticals Corporation Ltd. (MSPCL)	None
Ms.Leki Wangmo	Non- Independent Non-Executive	Secretary, Ministry of Finance	4	None	None
Mr. Ujjwal Deep Dahal	Non- Independent Executive	CEO, DHI	5	None	1- (Thimphu TechPark Ltd.)
Mr. Sherub	Independent Non-Executive	CEO, Rigsar Construction Pvt. Ltd.	2	None	None

Board Committee for Performance Management(BCPM)

The DHI BCPM is the standing committee of the DHI Board and is responsible for reviewing our portfolio's annual compact target setting, business reviews and performance evaluations. A total of 60 BCPM meetings were held in 2023 including the compact negotiation meetings and quarterly reviews of the company compacts.

The Nomination and Governance Committee

Nomination and Governance Committee (NGC) a joint committee of DHI and the Company Board carries out the recruitment and appointment of CEOs to ensure the right leadership in the companies.

Board and CEO Evaluation

DHI conducts an annual online survey where feedback is collected from the Chairman and CEO on the performance of the individual Board of Directors in the DHI owned Companies. DHI also assesses its performance of the CEOs of the DHI Owned Companies through an online survey annually. The assessment is mainly on the leadership competencies and attributes. It constitutes 20% weightage of the overall CEO's performance evaluation and the remaining 80% is based on the achievement of annual compact of the Company. The combined score is used to pay out the CEO's performance linked financial incentives and is also considered during the renewal of contracts of the CEO in DHI owned companies.

Group CG Report

For the year 2023, all companies compiled with the DHI CG Code, Companies Act of Bhutan 2016 and all other statutory requirements.

Risk Management

At DHI, we recognize that effective risk management is essential for safeguarding business, maintaining operational resilience and creating long-term value for our shareholders.

During the year, DHI reviewed and implemented the revised Risk Management framework which has been structured along the industry best practices. The framework requires DHI and its group to identify the risk and mitigation plans at the beginning of the year. The identified risks are classified under 5-tiers and have to be duly approved by the respective board of directors.

Our annual risk assessment identified 224 potential threats from 16 subsidiaries (excluding DHI standalone). Only the risk with high likelihood categorized as Tier-1 that could possibly cause multiple impacts such as reputational and economic damage to the business and client base and/or have severe impact to the company are consolidated and submitted to the Board. By implementing mandatory control and mitigation measures, we have reduced the Tier-1 risk from 32 to 27 by the year-end, demonstrating the effectiveness of our risk management framework.

Moving forward, DHI will remain steadfast in its commitment to proactive risk management as a cornerstone of its business strategy and pledges reassurance to the humongous responsibility of managing current and future investments.

CORPORATE SOCIAL RESPONSIBILITY

National Significance

Contributed
Nu. 700,000
towards National Day celebrations, Bhutan Embassy in Canberra, and commemorations of the Gyalsem birth anniversary affirming a commitment to national pride and heritage.

Youth and Sports

DHI supported youth engagement and skill development with
Nu. 6,975,000
for the Cricket Team, other sports development forum including Draktsho and the Bhutan Tennis Federation.

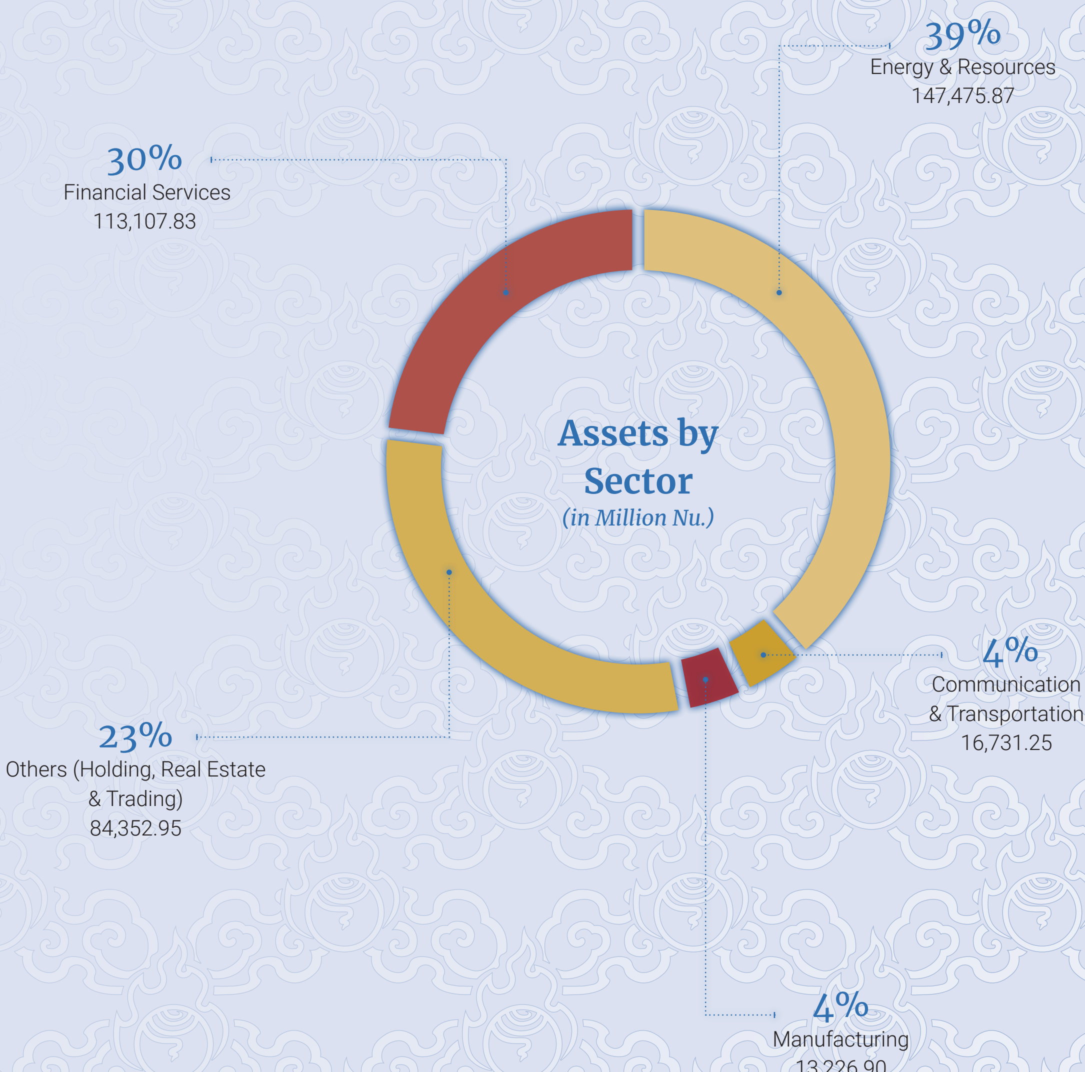
Religion and culture

A total donation of
Nu. 1,150,000.00
have been allocated to various sacred causes, including the renovation and repair of lhakhangs, while simultaneously boosting the rich cultural tapestry and artistry.

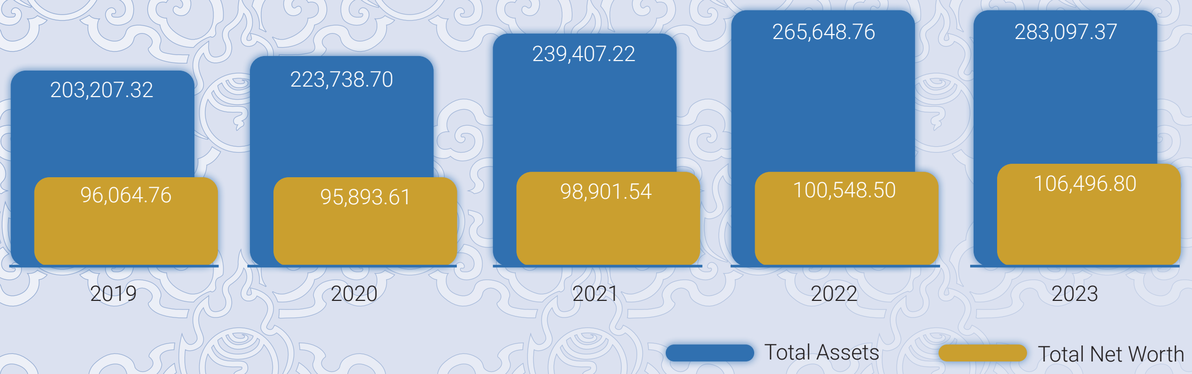
Social and Environment

A total donation of
Nu. 275,000
as a part of social initiative with an objective to enhance the community welfare, preserve the culture and empower the youth.

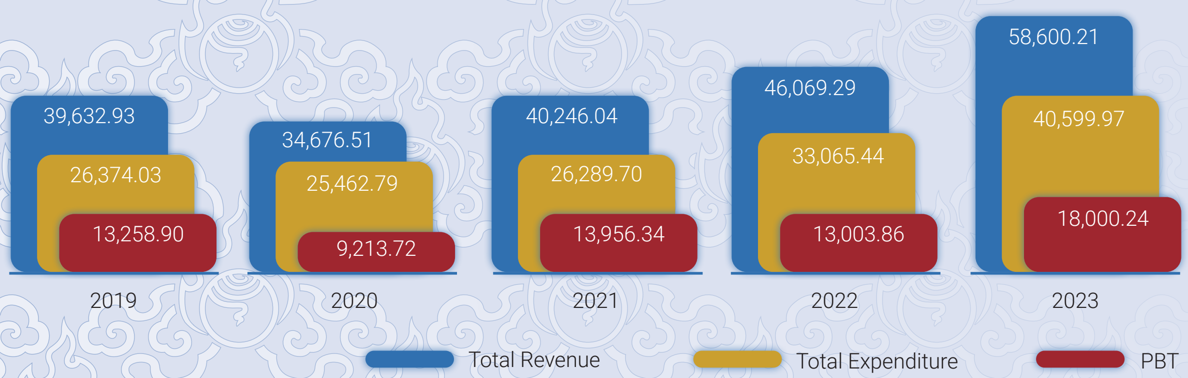
FINANCIAL REVIEW



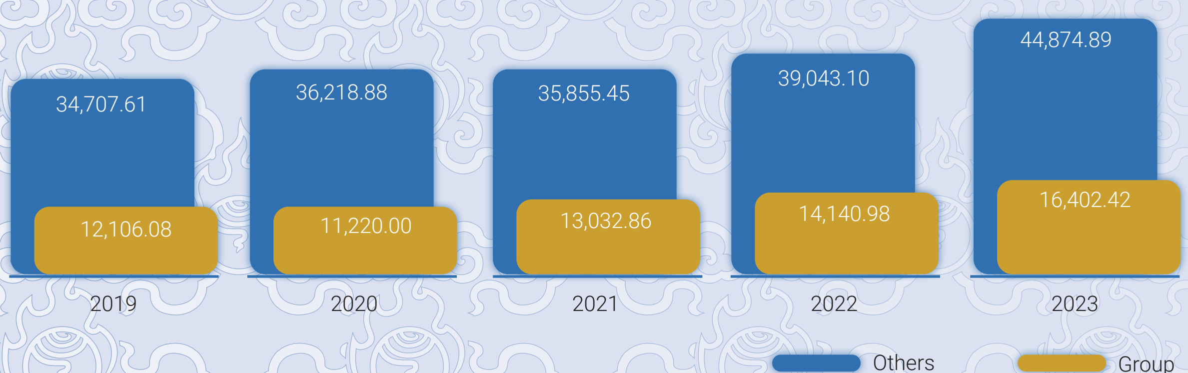
Consolidated Group Total Assets & Total Net Worth *(in Million Nu.)*



Group Revenue, Expenditure & PBT *(in Million Nu.)*



DHI Group Contribution vs Others *(in Million Nu.)*



KEY HIGHLIGHTS OF DHI PORTFOLIO COMPANIES

Bhutan Power Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	43,549.80	42,117.67
Net worth	16,087.09	16,121.21
Income	20,208.50	14,851.13
Expenditure	18,386.75	13,659.79
PBT	1,821.75	1,191.34
Tax	676.07	361.53
PAT	1,145.68	829.81

Increased the number of customers from 232,465 to 243,285 in FY2023 due to the surge in the domestic load. The industrial load accounted for approximately 84.61% of the total domestic load.

Commissioned 220kV and 66kV substations and installed the first shunt capacitor 2 x 25 MVAR at Semtokha Substations thereby enhancing the transmission infrastructures.

Completed the Transmission Lighting Surge Arrestors (TLSA) pilot project to enhance the network efficiency and reliability in lightning-prone areas including upgradation of substations with new 11kV switch gears.

Electrified an additional 1,048 households RE fill-in program as part of the process automation and online service platform initiation. The distribution feeder automation and the smart grid system were advanced to Auto-Recloser Circuit Breakers (ARCB), Sectionalizers, and Fault Passage Indicators.

Natural Resources Development Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	1,557.74	946.00
Net worth	648.50	628.46
Income	926.02	755.20
Expenditure	892.86	780.58
PBT	33.16	(25.38)
Tax	14.09	2.83
PAT	**19.07**	**(28.21)**

Extracted 2.44 million cft of timber and 0.49 m^3 of sand and distributed 2.11 million cft of timber and 0.48 m^3 of sand.

Invested in five additional sand dredging boats and equipment at Sha region, and successfully resolved all backlog orders, created mainly by the closure of an extraction site by the Dzongkhag in Wangdue Phodrang.

Initiated scientific thinning of timber for exports from the two pilot sites (RTC and Yusipang areas) allotted by DoFPS.

Penden Cement Authority Limited

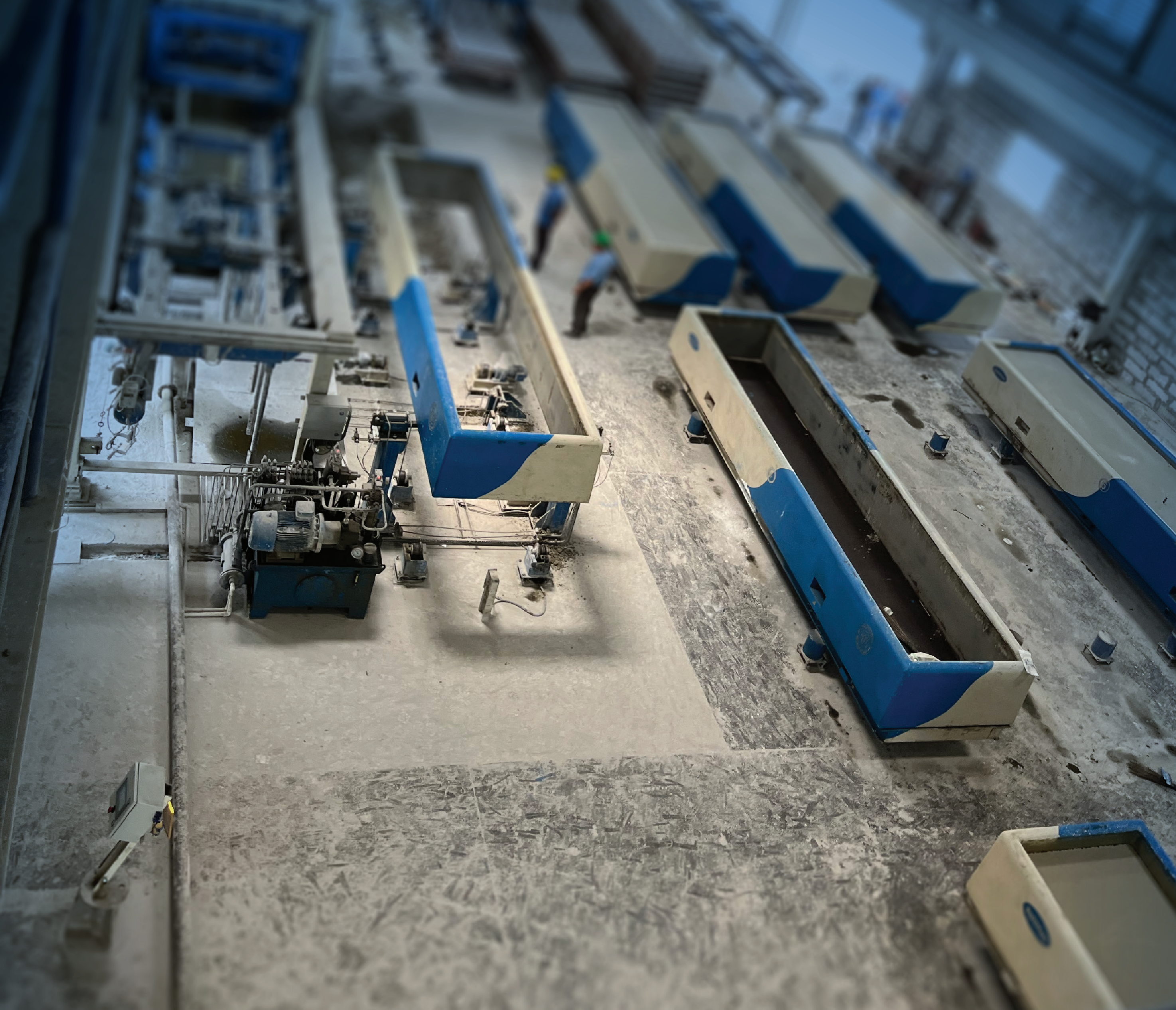
(in millions Nu.)

Particulars	2023	2022
Total Asset	2,004.77	2,038.66
Net worth	1,260.04	1,163.19
Income	1,651.03	546.37
Expenditure	1,615.31	771.26
PBT	35.71	(224.89)
Tax	67.23	(4.69)
PAT	**102.94**	**(220.20)**

Renewed the limestone mines at Pugli for an additional 10 years with DGM and also reduced import burden of high-grade limestone through in-house screening and washing of locally sourced limestone.

Commissioned the Autoclave Aerated Concrete (AAC) Blocks plant at Nu. 292.60 million and achieved the Bureau of Indian Standards (BIS) certification.

Implemented a process re-engineering through the adoption of refractory brick lining from 40 meters to 15 meters after two decades of plant operation.



Azista Bhutan Healthcare Ltd.

(in millions Nu.)

Particulars	2023	2022
Total Asset	484.77	434.28
Net worth	142.44	138.93
Income	48.66	4.64
Expenditure	80.40	40.50
PBT	(46.48)	(42.98)
Tax	-	-
PAT	**(46.48)**	**(42.98)**

Manufactured General and Oncology block units of 9.35 million and 0.216 million respectively.

Received approval for the registration of 16 products under various brand names in Bhutan.

Achieved 20% of domestic market share for the supply of registered drugs through the Ministry of Health.

Bhutan Board Products Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	1012.63	1084.02
Net worth	851.86	943.57
Income	290.14	260.31
Expenditure	269.927	243.3
PBT	20.213	17.02
Tax	2.297	0.65
PAT	**22.51**	**17.67**

Maintained production levels of FY2022 for the raw and laminated boards (188,184 & 154,020 pcs) despite 20% decrease in the plant availability caused by the shortage of spare parts and key raw materials

Increased the production of standard furniture by 36% and customized furniture by more than 130%

Entered Bangladesh market for export of Particle Board and initiated scientific thinning of forests for timber export

Druk Green Power Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	63,395.73	56,353.15
Net Worth	46,239.02	46,086.94
Income	11,668.60	12,026.29
Expenditure	4,848.92	5,483.34
PBT	6,819.68	6,542.95
Tax	2,295.59	1,918.54
PAT	**4,524.09**	**4,624.41**

Took over the remaining 50% shareholding of the 600 MW Kholongchhu from SJVNL following the decision undertaken by the RGOB and GoI to dissolve the joint venture

Carried out the inaugural blast for the 54 MW Burgangchhu hydropower project in January and subsequently at the Yungichhu and Suchhu projects and thereby marking the beginning of DGPC's internally managed construction of small hydropower plants and the involvement of Bhutanese contractors

Completed the replacement and refurbishment of Unit IV Generator in CHP through erection and testing of BHEL supplied generator components by DGPC O&M and HRDC teams.

Updated and conducted DPR for various hydropower projects as well as provided construction-level design support for Phase I & II small hydropower projects and began site investigations for utility-scale solar Photovoltaic projects, including the 100 MWp Jamjee and 150 MWp Apay Amai Paang projects

Druk Air Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	9,380.27	9,835.41
Net Worth	1,519.71	1,555.21
Income	4,828.77	2,045.49
Expenditure	4,537.43	3,191.72
PBT	291.34	(1,146.24)
Tax	(354.15)	258.44
PAT	**(62.8)**	**(887.80)**

Increased the load factor to 67% by increasing the passenger carried by more than 122% over FY2022;

Achieved an average of 83% market share on the four competitive routes of Bangkok, Delhi, Kathmandu and Kolkata;

Signed charter contract with Alii Palau Airlines and inaugurated the flight from Singapore to Palau and vice-versa in November;

Promoted two Bhutanese National ATR Pilots as the country's first National Line Captains certified to fly the ART 42-600; and

Added two first National Heli-Pilots to the Heli Services receive Command (PIC) to operate outside of the Paro Controlled Airspace.

Signed agreement for purchase of two helicopters.

Dungsam Cement Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	8,489.85	8,522.40
Net Worth	1,087.47	1,409.33
Income	2,902.47	3,287.96
Expenditure	2,968.51	3,385.88
PBT	(66.04)	(97.93)
Tax	0	0
PAT	**(66.04)**	**(97.93)**

Produced a total of 416,200 MT of clinker and 496,437 MT of cement, and achieved a sales volume of 479,030 MT of cement during the year.

Decreased total expenditure to Nu 2,968.50 million as compared to Nu. 3,385.88 million in 2022, a decrease of 12%.

Improved the bottom line by more than 33% or Nu. 30 million over FY2022.

State Mining Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	3,991.09	3,223.20
Net Worth	2,401.73	2,047.66
Income	6,467.79	5,365.29
Expenditure	3,057.21	2,513.36
PBT	3,410.58	2,851.93
Tax	1,135.80	931.20
PAT	**2,274.78**	**1,920.73**

Increased the production of dolomite by 16% and gypsum by 21% respectively. Dolomite sales surged by 2% in spite of the slow demand caused by the slump in the steel price in India. Sales for gypsum increased significantly by more than 49%

Commissioned the Coal Washery plant at Bhangter. This will beneficiate 30-35% ash content coal extracted from Habrang and Majuwa mines

Extracted more than 50,000 MT of boulders and 35,000 MT of aggregates and supplied to the local market despite Kholongchhu Hydro Electric Project remained non-operational.

The company contributed more than 1.2 billion into the local economy to boost rural livelihoods.

Thimphu TechPark Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	483.06	434.4
Net Worth	302.61	169.78
Income	294.40	157.71
Expenditure	163.49	155.02
PBT	130.91	2.69
TAX/ (deferred tax)	-0.06	-0.78
PAT	**130.97**	**3.47**

Completed deployment of ePIS's Priority-I modules and Priority-II modules in ten hospitals

Designed and developed Service Portal and Website for the Gyalsung Project, Customer Information File for BoBL, Bhutanese Sign Language App for Wangsel Institute, and Electronic Bio-Medical Supply & Information System for MoH.

Completed first version of eRecruitment System and integrated DHI's application systems into NDI

Implemented various SAP ERP modules for DGPC and its five subsidiaries and plants, and SAP Master Data Governance for Saudi Electricity Company, Saudi Arabia in collaboration with DrukSmart Pvt. Ltd.

Implemented eNote module (under the ERPNext Solutions) across DOCs and the latest version of ERPNext for NHDCL and the Vajra Builders Pvt. Ltd.

Construction Development Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	2,003.48	1,992.88
Net Worth	893.27	876.78
Income	1,227.16	1,064.85
Expenditure	1,205.11	1,045.99
PBT	22.05	18.87
TAX	-18.84	1.76
PAT	**3.21**	**20.63**

Completed HRT excavation and concrete lining of the Nikachhu hydropower project;

Completed and handed over construction of 50m Box Girder prestressed RCC bridge at Marungri, Pemagatsel;

Completed three water supply projects at Motanga, Jigmeling and Dhamdum Industrial Parks;

Secured Gongri drift project, 66 KV Suchhu Transmission Line, Chendebji bridge and Gyalsung Fabrication works during the year;

Maintained physical progress as per the work schedule for the 54 MW Burgangchhu Small Hydropower Project, PTDP Package CW-02A Common urban infrastructure, 20 Bedded Tashichholing Hospital and Pangrizampa bridge project.

Bank of Bhutan Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	113,107.83	107,603.91
Net Worth	9,461.53	8,575.10
Income	4,021.78	1,876.34
Expenditure	-2,513.20	-894.40
PBT	1,508.57	981.94
TAX	-506.08	-305.36
PAT	**1,002.49**	**676.57**

Maintained its lead position amongst all FIs in terms of credit lending, deposits and in all areas of digital transactions.

Increased mBoB users from 276,027 to 312,364 with remarkable increase in transactions from 434 billion in 2022 to Nu. 501 billion

Increase goBoB users from 154,382 to 205,742 with remarkable increase in transactions from Nu. 932.98 million to Nu. 1,415.04 million.

Introduced "BoBit" – a foreign inward remittance services for the Bhutanese living in Australia and facilitated inward remittance of AUD 48,007,567.40 within six months period;

Launched revamped Internet Banking in August for both retail and corporate clients to facilitate seamless online banking.

Supported 5,241 accounts with an interest rebate of Nu. 40.87 million as part of the Monetary Relief Measures initiated by His Majesty the Druk Gyalpo.

Koufuku International Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	76.77	82.61
Net Worth	38.58	36.09
Income	101.04	84.51
Expenditure	97.82	95.73
PBT	3.22	-11.22
TAX	1.44	0.63
PAT	**1.78**	**-11.85**

Created a remarkable milestone in its history with substantial profit of Nu.1.77 million.

Secured 14 % share of the total market for processed cheese in the country.

Generated 95% of the revenue from Zambala Processed Cheese sales, amounting to Nu. 95,818,960.00.

Enhanced rural livelihood of 1000 farmers through total income generation of Nu. 167.84 million through the sale of milk and other direct support.

Bhutan Telecom Limited

(in millions Nu.)

Particulars	2023	2022
Total Assets	7,350.99	7,576.68
Net Worth	5,987.62	6,120.67
Income	6,098.76	5,886.20
Expenditure	2,677.06	2,562.89
PBT	3,421.70	3,323.31
TAX	990.13	1,014.06
PAT	**2,431.57**	**2,309.25**

Invested Nu. 6.59 million to improve mobile connectivity on highways with coverage with special attention to Gedu – Lhamoizingkha Highway.

broadened the reach and accessibility of the network through upgradation of the extensive Point of Presence (PoP) and expansion initiative, spanning 35 sites nationwide.

Expanded its 5G network with an additional 85 sites and deployed 112 more LTE sites across the nation.

Increased active mobile subscriber from 442,811 in 2022 to 455,134, and leased line internet subscriptions from 3,763 in 2022 to 5,615.

Implemented a ten percent (10%) reduction in Voice and SMS tariffs for national calls enhancing accessibility to its services nationwide

Provided 1Gbps leased line internet service to Gyalpozhing College of Information Technology, aligning with the national objective of nurturing graduates committed to academic excellence, innovation, and social responsibility

Dungsam Polymer Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	158.17	153.31
Net worth	59.55	43.71
Income	187.94	190.92
Expenditure	163.46	178.31
PBT	24.48	12.61
Tax	7.94	8.64
PAT	**16.54**	**3.98**

Produced a total of 12.74 million PP bags and generated a sales revenue of Nu. 12.55 million. Out of which 78% of the sales were to DCCL.

Maintained the overall plant availability factor of over 99%, and also contained the production waste to under 2%;

Achieved consecutive PAT for the second year by registering a bottom line of Nu. 16.54 million, up from Nu. 3.98 million in 2022;

Menjong Sorig Pharmaceuticals Corporation Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	211.22	183.08
Net worth	180.28	165.97
Income	110.73	77.68
Expenditure	82.97	73.53
PBT	27.77	4.15
Tax	11.48	4.31
PAT	**16.29**	**8.46**

Supplied a total of 13.48 MT of Traditional Medicines to the Department of Medical Products (DMP);

Produced and sold health supplements worth Nu. 20.19 million.

Introduced two new products viz. Cordyceps Happiness Tea and Menjong Air spell.

State Trading Corporation Bhutan Limited

(in millions Nu.)

Particulars	2023	2022
Total Asset	1471.99	1447.9
Net worth	631.13	647.92
Income	3443.46	3231.26
Expenditure	3423.45	3151.9
PBT	20.01	79.36
Tax	7.31	22.01
PAT	**12.71**	**57.35**

Expanded the Fuel Retail Outlet network to Tsirang, Samtse and Sarpang Dzongkhags during the year.

The company has also set up a Regional Office at Gelephu and opened a Bhutanese product shop at Dhaka in Bangladesh.

Increase the revenue and reported a bottom-line PAT despite the extension of moratorium on import of vehicles and the challenges posed by the upgradation of vehicle emission standards from BS/Euro 4 to BS/Euro 6;

Continued with the support of a project to help a community in Larsarp village in Chhukha by building 2-bedroom houses. The company has handed over the last four houses, taking the total to 15, to the community during the year.

AUDIT REPORT AND FINANCIAL STATEMENTS

Audit Report on the Financial Statements of Druk Holding & Investments Limited

Period: 01.01.2023 – 31.12.2023
June 2024

Dechok & Associates Pvt. Limited

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Independent auditor's report

Independent Auditor's Report on the Consolidated Financial Statements for year ended 31 December 2023

To
The Members of Druk Holding and Investments Limited

Opinion

We have audited the Consolidated Financial Statements of Druk Holding and Investments Limited and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and Notes to the Consolidated Financial Statements, including significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the Consolidated Financial Position of the Group as at 31 December 2023 and its Consolidated Financial Performance and its Consolidated Cash Flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Druk Holding and Investments Limited and its subsidiaries ("the Group") 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.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31st December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report under the KAM.

Information other than the Financial Statements and Auditor's Report thereon

The other information comprises the information included in the Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as 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 Group or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

i. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or override of internal control;

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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

vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with 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 for the audit of the consolidated 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 matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dechok & Associates Pvt. Ltd.

Yeshey Jamtsho FCCA
(Membership No.2641177)
Partner
Place: Thimphu
Date: 12/06/2024

For Menuka Chhetri & Associates

Menuka Chhetri CA
(Membership No. 534365)
Partner
Place: Thimphu
Date: 12/06/2024

Independent Auditor's Report on the Standalone Financial Statements for year ended 31 December 2023

To

The Members of Druk Holding and Investments Limited (DHI) Thimphu

Opinion

We have audited the standalone financial statements of Druk Holding and Investments Limited (the Company), which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with BAS.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our 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.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31st December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report under the KAM.

Information other than the Financial Statements and Auditor's Report thereon

The other information comprises the information included in the Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the standalone 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 standalone 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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone 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 audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control;

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

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

v. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

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

b. In our opinion, proper books of account as required by law have been kept by the Company insofar as it appears from our examination of those 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 have been prepared in accordance with BAS; and

d. The Company has complied with other legal and regulatory requirements to the extent applicable to the company.

For Dechok & Associates Pvt. Ltd.

Yeshey Jamtsho FCCA
(Membership No.2641177)
Partner
Place: Thimphu
Date: 12/06/2024

For Menuka Chhetri & Associates

Menuka Chhetri CA
(Membership No. 534365)
Partner
Place: Thimphu
Date: 12/06/2024

Financial Statements

1. Statement of Comprehensive Income for the year ended 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Note	GROUP 31-Dec-23	GROUP 31-Dec-22 (Restated)	PARENT 31-Dec-23	PARENT 31-Dec-22 (Restated)
Continuing Operation					
Revenue from customers	11	53,723.02	40,452.73	-	-
Dividend Income	11	107.23	51.53	9,986.03	10,171.03
Other Income	12.4	4,721.34	5,381.28	558.50	394.54
Share of Profits of Associates	22.6	48.62	183.75	-	-
Total Income		**58,600.21**	**46,069.29**	**10,544.53**	**10,565.57**
EXPENDITURE					
Direct Costs of Sales	14.1	16,763.78	12,560.13	-	-
Employee related Costs	14.2	5,864.15	5,395.17	133.81	116.47
R & M	14.3	2,447.14	1,969.76	8.31	8.52
Other Costs	14.4	4,527.28	4,268.45	113.16	62.40
Finance Cost	14.5	2,163.06	2,083.90	1.95	2.69
Depreciation and amortisation	17.8	7,412.59	7,064.18	25.69	16.91
Impairment losses	14.6	1,421.97	(276.16)	-	-
Total Expenditure		**40,599.97**	**33,065.44**	**282.92**	**206.98**
Profit on Operations before Tax		**18,000.24**	**13,003.86**	**10,261.62**	**10,358.59**
Income Tax Expenses	16	9,580.74	8,007.56	3,243.05	3,125.44
Profit for the Year		**8,419.51**	**4,996.29**	**7,018.57**	**7,233.14**
Attributable to:					
Equity Holders of the Parent		8,062.58	4,694.39	-	-
Non-controlling interest		356.93	301.90	-	-
		8,419.51	**4,996.29**		
Earnings Per Shares	15				
Basic		16.19	9.54		
Diluted		16.19	9.54		
Dividend per share		**6.75**	**8.09**		

2. Statement of Other Comprehensive Income for the year ended 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Note	GROUP		PARENT	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Profit for the year		**8,419.51**	**4,996.29**	**7,018.57**	**7,233.14**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) on post employment benefits		(62.66)	(18.71)	2.97	(3.50)
Fair value gain/(loss) on Equity Investment measured through FVOCI		1,495.45	(776.03)	1,434.93	(749.91)
Gain/(loss) on revaluation on land		(0.81)	1,847.54	-	1,227.48
Currency translation variances		-	-	-	0.02
Tax on Other Comprehensive Income		7.22	(11.76)	-	-
Other comprehensive income for the period, net of tax		**1,439.20**	**1,041.04**	**1,437.90**	**474.09**
TOTAL COMPREHENSIVE INCOME		**9,858.71**	**6,037.33**	**8,456.47**	**7,707.23**
Attributable to:					
Equity Holders of the Parent		9,574.02	5,735.43		
Non-controlling interest		284.68	301.90		
		9,858.71	**6,037.33**		

This is the Statement of Comprehensive Income referred to in our report of even date

3. Statement of Financial Position for the period ended 31 December 2023

(All figures in millions unless otherwise stated)

		GROUP		PARENT	
Assets	**Note**	**31-Dec-23**	**31-Dec-22 (Restated)**	**31-Dec-23**	**31-Dec-22 (Restated)**
Non-current Assets					
Property Plant and Equipment	17	101,883.42	101,704.02	116.42	129.85
Capital work in progress	17	32,726.05	26,030.48	4,727.39	3,968.33
Right of use Assets	18.4	244.55	173.78	10.82	18.20
Investment Property	19	1,485.63	1,528.07	1,987.45	1,991.34
Intangible Assets	20	1,456.75	1,377.19	5.66	3.46
Biological Assets	21	652.21	763.74	-	-
Goodwill	20.9	1,154.68	11.95	-	-
Investments	22	9,417.12	10,193.92	64,270.34	62,013.22
Long Term Financial assets	23	18,476.32	20,848.10	2,658.42	2,526.48
Banking Loans and Advances		75,555.20	62,302.58	-	-
Long Term Employee Benefit	34	26.54	44.48	-	-
Other Non Current Assets	24	295.93	147.40	41.22	52.31
Total Non-current Assets		**243,374.44**	**225,125.70**	**73,817.72**	**70,703.19**
Current Assets					
Inventory	25	5,117.04	4,555.01	0.08	0.06
Trade Receivables	26	7,271.68	5,868.54	-	-
Other Receivables and Advances	27	8,125.53	6,379.49	3,511.75	1,307.87
Advance to Ministry of Finance		-	-	0.44	-
Short Term Deposits	28	14,985.23	17,290.64	1,007.00	-
Cash and Cash Equivalent	29	4,223.46	6,429.38	732.87	1,196.02
Total Current Assets		**39,722.94**	**40,523.06**	**5,252.14**	**2,503.95**
TOTAL ASSETS		**283,097.37**	**265,648.76**	**79,069.86**	**73,207.14**
EQUITY					
Paid up Share capital	31.1	49,791.17	49,184.12	49,791.17	49,184.12
Retained Earnings		21,547.73	17,245.44	5,557.13	2,863.56
Reserves		22,821.19	22,821.19	6,927.23	6,927.23
Bhutan Future Fund	31.2	5,280.00	4,316.00	5,280.00	4,316.00
Asset Revaluation Reserve	31.3	1,846.73	1,847.54	1,374.49	1,374.49
OCI		-	-	3,262.84	1,824.94

		GROUP		PARENT	
Assets	**Note**	**31-Dec-23**	**31-Dec-22 (Restated)**	**31-Dec-23**	**31-Dec-22 (Restated)**
Non-controlling Interests		5,209.98	5,134.20	-	-
Total Equity		**106,496.80**	**100,548.50**	**72,192.86**	**66,490.34**
Non-current Liabilities					
Long Term Borrowings	32.1	46,000.01	46,289.21	1,354.35	778.40
Customer Deposits in Banking Sector		95,421.28	90,799.46	-	-
Deferred Government Grants	33	4,328.70	4,736.03	2,562.02	2,572.49
Long Term Employee Benefits	34	1,836.76	2,473.72	27.82	21.33
Lease Liabilities	18.5	344.25	214.21	14.25	22.38
Deferred Tax Liability	16.3	3,161.74	2,166.04	1,292.10	1,120.64
Other Non Current Liabilities	35	1,124.92	1,118.81	10.71	11.50
Total Non-current Liabilities		**152,217.66**	**147,797.48**	**5,261.25**	**4,526.74**
Current Liabilities					
Current Portion of Borrowings	32.2	2,369.56	2,913.07	-	-
Working Capital Loans from Banks	32.2	95.41	77.16	-	-
Deferred Government Grant	33	65.17	82.54	-	-
Income Tax Payable	16.4	5,215.63	5,285.17	1,131.98	1,806.82
Trade and Other Payables	36	7,036.27	3,541.49	483.77	383.23
Other Current Liabilities	37	9,600.88	5,403.34	-	-
Total Current Liabilities		**24,382.91**	**17,302.78**	**1,615.75**	**2,190.06**
TOTAL EQUITY AND LIABILITIES		**283,097.37**	**265,648.76**	**79,069.86**	**73,207.14**

This is the Statement of Financial Position referred to in our report of even date

4. Statement of Cash flow for the year ended 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
CASHFLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	18,000.24	13,000.86	10,261.62	10,358.59
Adjustments for:	-	-	-	-
Depreciation and amortization	7,412.59	7,064.18	25.69	16.91
Net loss / (gain) on sale of property, plant and equipment	-	-	-	-
Dividend Received	(107.23)	(51.53)	(9,986.03)	(10,171.03)
Interest expenses	2,163.06	2,083.90	1.95	2.65
Interest income	(234.40)	(41.62)	(233.92)	(120.22)
Operating profit before working capital changes	**27,234.27**	**22,058.78**	**69.31**	**86.90**
Decrease / (Increase) in Inventories	(562.04)	(394.59)	(0.01)	(0.06)
Decrease / (Increase) in Trade and other receivables	(3,149.17)	(1,108.77)	(2,203.88)	106.08
Increase / (Decrease) in non-current assets	(148.53)	1,998.63	14.06	(2.50)
Increase / (Decrease) in short term deposit	2,305.41	13,238.91	(1,007.00)	1,355.40
Increase / (Decrease) in Trade and other payables	3,494.78	401.53	100.53	25.77
Increase / (Decrease) in Deferred tax liabilities	995.71	123.11	-	-
Increase / (Decrease) in current and non-current liabilities	4,203.65	355.42	6.49	11.89
Increase / (Decrease) in provision	(751.24)	968.52	(674.84)	414.13
Net cash generated from operating activities before income tax	**33,622.84**	**37,641.55**	**(3,695.34)**	**1,997.61**
Tax Paid	(9,573.52)	(8,076.91)	(2,072.99)	(2,095.75)
Movements in Banking Loans and Deposits	-	-	-	-
- Decrease/(Increase) in Customer Loans	(13,252.62)	(12,746.48)	-	-
- Increase/(Decrease) in Customer Deposits	4,621.82	10,745.40	-	-
Net cash generated from operating activities	**15,418.52**	**27,565.56**	**(5,768.33)**	**(98.14)**

CASHFLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and Intangible assets	(14,327.16)	(21,044.43)	(762.25)	(3,152.94)
Investment in Investment Property	42.44	(1,294.66)	-	-
Goodwill	(1,142.73)	0.00	-	-
Proceeds from sale of property, plant and equipment	-	-	-	-

Particulars	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Dividend Received	107.23	51.53	8,987.43	9,153.93
Investments in other investments	3,487.53	(6,226.23)	(954.13)	(3,713.26)
Interest received	234.40	41.62	233.92	120.22
EPF	-	-	(0.78)	(7.16)
Net cash generated from investing activities	**(11,598.30)**	**(28,472.17)**	**7,504.18**	**2,400.79**
CASHFLOWS FROM FINANCING ACTIVITIES				
Receipt/(repayments) of borrowings	(814.46)	9,246.83	575.94	738.97
Receipt/(repayments) of government grants	(424.70)	855.55	(10.47)	2,055.23
Issue of share Capital	607.05	(87.93)	607.05	(87.93)
Repayment of lease liabilities	130.04	214.21	(8.13)	22.38
Advance to MoF	-	-	(0.44)	-
Interest paid	(2,163.06)	(2,083.90)	(1.95)	(2.65)
Payment of dividend on ordinary shares	(3,361.00)	(3,977.00)	(3,361.00)	(3,977.00)
Net cash used in financing activities	**(6,026.14)**	**4,167.79**	**(2,199.00)**	**(1,251.00)**
Net increase in cash and cash equivalents	**(2,205.92)**	**3,259.14**	**(463.15)**	**1,051.66**
Opening Cash and Bank Balances	**6,429.38**	**3,170.23**	**1,196.02**	**144.36**
Closing Cash and Bank Balances	**4,223.46**	**6,429.38**	**732.87**	**1,196.02**

This is the Statement of Cash Flows referred to in our report of even date

5. Consolidated Statement of Changes in Equity for the year ended 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Share Capital	Retained Earnings	Reserves	BFF	Asset Revaluation Reserve	Total Sharehold-er Equity	Non Controlling Interests	Total Equity
Opening Balance 1 January 2022	**49,272.06**	**19,734.96**	**19,016.35**	**2,909.00**	**147.01**	**91,079.38**	**4,896.66**	**95,976.04**
Operating Income for the year	-	4,948.92	-	-	-	4,948.92	47.37	4,996.29
Other Comprehensive Income for the year	-	(904.29)	-	-	1,700.52	796.23	244.80	1,041.03
Dividends Paid	-	(3,977.00)	-	-	-	(3,977.00)	-	(3,977.00)
Transfer to Reserve	(87.93)	1,267.46	-	1,407.00	-	2,586.53	-	2,586.53
Share of losses and other adjustment	-	(3,824.61)	3,804.84	-	-	(19.77)	(54.63)	(74.40)
Closing Balance 31 December 2022	**49,184.12**	**17,245.44**	**22,821.19**	**4,316.00**	**1,847.54**	**95,414.30**	**5,134.20**	**100,548.50**
Opening Balance 1 January 2023	**49,184.12**	**17,245.44**	**22,821.19**	**4,316.00**	**1,847.54**	**95,414.30**	**5,134.20**	**100,548.50**
Operating Income for the year	-	8,062.58	-	-	-	8,062.58	356.93	8,419.51
Other Comprehensive Income for the year	-	1,512.25	-	-	(0.81)	1,511.44	(72.25)	1,439.19
Dividends Paid	-	(3,361.00)	-	-	-	(3,361.00)	-	(3,361.00)
Transfer to Reserve	-	(964.00)	-	964.00	-	-	-	-
Share of losses and other adjustment	-	(947.55)	-	-	-	(947.55)	(208.90)	(1,156.45)
Shareholders contributions to paid up capital	607.05	-	-	-	-	607.05	-	607.05
Closing Balance 31 December 2023	**49,791.17**	**21,547.73**	**22,821.19**	**5,280.00**	**1,846.73**	**101,286.82**	**5,209.98**	**106,496.80**

This is the Statement of Change in Equity referred to in our report of even date

6. Standalone Statement of Changes in Equity for the year ended 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Stated Capital	Retained Earnings	General Reserve	BFF	Asset Revaluation Reserve	OCI	Total
Balance as at 1 January 2022	**49,272.06**	**1,018.09**	**6,927.23**	**2,909.00**	**147.01**	**2,578.33**	**62,851.73**
Profit after income-tax	-	7,233.14	-	-	-	-	7,233.14
Other comprehensive income (expense) for the year	-	(3.68)	-	-	1,227.48	(753.39)	470.41
Dividends paid	-	(3,977.00)	-	-	-	-	(3,977.00)
Adjustment made for Shares allotted to MoF	(87.93)	-	-	-	-	-	(87.93)
Transferred to BFF	-	(1,407.00)	-	1,407.00	-	-	-
Balance as at 31 December 2022	**49,184.12**	**2,863.56**	**6,927.23**	**4,316.00**	**1,374.49**	**1,824.94**	**66,490.34**
Balance as at 1 January 2023	**49,184.12**	**2,863.56**	**6,927.23**	**4,316.00**	**1,374.49**	**1,824.94**	**66,490.34**
Profit after income-tax	-	7,018.57	-	-	-	-	7,018.57
Other comprehensive income (expense) for the year	-	-	-	-	-	1,437.90	1,437.90
Dividends paid	-	(3,361.00)	-	-	-	-	(3,361.00)
Adjustments made for land transfer	-	-	-	-	-	-	-
Shares allotted to MoF	607.05	-	-	-	-	-	607.05
Transferred to BFF	-	(964.00)	-	964.00	-	-	-
Balance as at 31 December 2023	**49,791.17**	**5,557.13**	**6,927.23**	**5,280.00**	**1,374.49**	**3,262.84**	**72,192.86**

This is the Statement of Change in Equity referred to in our report of even date

Figures in brackets indicate deductions.

Standalone Statement of Changes in Equity for the period ended 31 December 2023 (Contd…) Authorized Capital:

Authorized Share capital	As at 31 December 2023	As at 31 December 2022
5,000,000,000 equity shares of Nu. 100/- each	500,000,000,000	500,000,000,000

Nature of Reserves

- All shares are of the same class and have the same rights attached.
- Retained Earnings comprise profits from previous year. Out of these profits, dividends paid are adjusted along with other adjustments. The balance amount after these adjustments is transferred to General Reserve. The current year's profits are then transferred to the Retained Earnings.
- General Reserve is the DHI's General Reserve stated in the Royal Charter through which the company was formed. Dividends may be declared from the General Reserve only after fulfilling the required formalities as written in the Royal Charter.
- OCI represents the gain or loss that has not been realized on the fair valuation of Investments other than investment in subsidiaries, associates and joint ventures and on Actuarial Valuation of employee benefits.

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Notes to Financial Statements

1. GENERAL CORPORATE INFORMATION

1.1 Reporting Entity

Druk Holding and Investments Limited (DHI) was constituted through a Royal Charter on 11 November 2007. It was subsequently incorporated on 16th November 2007 (Certificate of Incorporation Registration No. U20071116TH10198) under the Companies Act of the Kingdom of Bhutan, 2000. DHI is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is in 5th floor, BOB building, Norzin Lam, Thimphu, Bhutan.

The primary mandate of DHI is "to hold and manage the existing and future investments of the Royal Government of Bhutan for the long term benefit of its shareholders, the people of Bhutan" and it is the investment arm of the Government. The Ministry of Finance, Royal Government of Bhutan (RGoB) is DHI's sole shareholder.

Initially, shares held by the Ministry of Finance, RGoB, in 14 companies amounting to Nu.15,998,982,400 was transferred to DHI as its issued and subscribed capital divided into 159,989,824 equity shares of Nu.100 each. In subsequent years, RGoB has handed over various projects to DHI and the relevant share capital has been issued to the Ministry of Finance.

The principal activity of DHI, the Parent Company, is to manage a portfolio of investments consisting of diverse business operations. Currently, there are 28 companies (Note 21) that come under DHI's investment as Subsidiaries, Associates and Joint Ventures. These companies cover segments like hydropower, telecommunication, aviation, natural resources, banking, insurance, manufacturing, infrastructure, and trading. All significant operations of these companies take place within Bhutan.

The financial statements for the year ended 31st December 2023 comprise "the Parent" referring to Druk Holding and Investments Limited as the holding Company and "the Group" referring to the companies that have been consolidated therein.

The financial statements for the year ended 31st December 2023 were authorized for issue by the Board of Directors on June 20th 2024

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies has been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note have been applied consistently by the Group.

2.1. Basis of Preparation

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Bhutan Accounting Standards (BAS 2020) as issued by Accounting and Auditing Standards Board of Bhutan and as prescribed by the Companies Act of the Kingdom of Bhutan, 2016.

2.2. Basis of Measurement

The Parent and Group financial statements have been prepared on the historical cost convention except for the following:

i. Land
ii. Financial instruments measured at fair value
iii. Liabilities for defined benefit plans recognized at the net of the total present value of defined benefit obligations less the fair value of the plan assets.

2.3. Going Concern

The Parent and Group have prepared the financial statements for the year ended 31st December 2023 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st December 2023, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the companies and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The Group's businesses recorded a big improvement in profitability compared to the previous year. The management has formed judgment that the company, its subsidiaries, associates and joint ventures have adequate corporate governance and resources to continue its operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

2.4. Offsetting

The assets and liabilities or income and expenses, are not offset unless required or permitted by Bhutan Accounting Standards (BAS).

2.5. Functional Currency

The financial statements are presented in Bhutanese Currency Ngultrum (Nu), which is the currency of the primary economic environment in which the parent and the group companies operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiary company is using different functional currency other than Bhutanese Currency Ngultrum (Nu):

Country of Incorporation	Functional Currency	Name of the Subsidiary
Singapore	Singapore Dollar (SGD)	Druk Holding and Investments Pte Limited

All values are in Ngultrum million except when otherwise indicated.

2.6. Comparative Information

The presentation and classification of the prior year's financial statements have been revised, where applicable, to enhance clarity and ensure comparability with the current year's statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

3.1. Other Significant Accounting Policies not Disclosed with Individual Notes

Following accounting policies, which have been applied consistently by the Group, are considered to be significant but not covered in any other sections.

3.2. Current versus Non-Current Classification

The Group presents assets and liabilities in a statement of financial position based on current/non-current classification. An asset as current when it is:

a. Expected to be realized or intended to be sold or consumed in normal operating cycle.
b. Held primarily for the purpose of trading
c. Expected to be realized within twelve months after the reporting period, or
d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a. It is expected to be settled in normal operating cycle
b. It is held primarily for the purpose of trading
c. It is due to be settled within twelve months after the reporting period
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

3.3. Foreign Currency Translation

Transactions in foreign currencies are initially recorded at the exchange rates on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated at the exchange rate prevalent at the date of transaction. Exchange differences arising on translation are included in the other comprehensive income or the income statement depending on where the gain or loss of the underlying item is recognized.

Borrowing costs may include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Such borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which it incurs them.

3.4. Foreign Operation

The statement of financial position and income statement of overseas subsidiaries which are deemed to be foreign operations are translated to Bhutanese Ngultrum at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively. The exchange differences arising from the translation are recognized in the income statement.

4. USE OF CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with BAS requires management to use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based in the management's best judgement. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as under:

(a) **Going Concern basis:** The financial statements for the year ended 31st December 2023 are prepared on the basis that the parent and the group will continue to operate as a going concern

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

(c) **Fixed assets:** Critical judgments are expected for period of use, condition of the asset, technological advances, regulation, and residual values;

(d) **Actuarial valuation of employee benefits:** Expected uptake of the gratuities, other separation benefits, discount rate used in the valuation and other actuarial assumptions.

(e) **Investments** are generally stated at cost except for investments other than in subsidiaries, associates and joint ventures companies, where the investments are measured at market value and the net gain or loss reflected in Other Comprehensive Income as per BFRS-9;

(f) **Tax:** The Group is subject to taxes in Bhutan and other jurisdictions in which it operates. Application of tax law to specific circumstances and transactions requires an exercise of judgment by the management.

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

(h) **Land:** The Group assesses the fair value of land based on the rate determined by the Property Assessment and Valuation Agency (PAVA). The PAVA rate is valuer's best estimates.

5. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as at the end of the reporting period. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

5.1. Control over an Investee

The Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

(b) Exposure, or rights, to variable returns from its involvement with the investee

(c) The ability to use its power over the investee to affect its returns

5.2. Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls subsidiary even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of those subsidiaries with an equity interest. The remaining equity shares in that subsidiary are widely held by many other shareholders, and there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee;

b. Rights arising from other contractual arrangements; and

c. The Group's voting rights and potential voting rights

The following company, with equity control equal to or less than 50%, has been consolidated as a subsidiary based on the above criteria.

Name of the Subsidiary	Holdings
Penden Cement Authority Limited	40.4%

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 December, using consistent accounting policies.

5.3. Transactions Eliminated on Consolidation

The Financial statements of the Group companies are consolidated on a line-by-line basis. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full, where practical.

5.4. Non-Controlling Interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent. The Consolidated Statement of Cash Flow includes the cash flows of the Company and its subsidiaries.

5.5. Business Combination and Acquisition of Non-Controlling Interest

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the time of exchange. The acquired identifiable assets, liabilities and contingent liabilities are initially measured at their fair value on the date of acquisition. Acquisition-related costs are recognized as an expense in the income statement in the period in which they are incurred.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

5.6. Business Combination under Common Control

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

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest's method. The net assets of the transferor entity or business are accounted for at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies.

5.7. Goodwill

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. Corporate assets for the purpose of impairment testing are allocated to the cash generating units on a reasonable and consistent basis.

5.8. Loss of Control

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity while any resultant gain or loss is recognized in the income statement.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position. The Consolidated Statement of Cash Flow includes the cash flows of the Company and its subsidiaries.

6. SEGMENT REPORTING

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

Note 6.1: Segmental report as of 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Energy & Resources	Commu-nication & Transport	Manufac-turing	Finance	Trading	Real estate	Holding	Others	Total	Eliminations	Statement of Com-prehensive Income
Revenue	26,221.45	10,462.44	5,542.33	7,095.53	3,435.42	1,081.60	10,106.68	11,188.28	63,945.44	(13,567.62)	50,377.82
Revenue (PTC India)	3,345.21			0.00				0.00	3,345.21	0.00	3,345.21
Revenue from group transactions	7,580.78	103.11	271.29	461.42	8.05	349.80	236.55	586.36	9,011.00	(9,011.00)	
Interest Received	150.25	13.49	21.44	149.31		6.74	156.99	163.73	498.22	(263.82)	234.40
Other Income	3,497.08	352.76	72.03	89.40		83.42	52.32	135.75	4,147.03	495.76	4,642.79
Total Income	**40,794.77**	**10,931.80**	**5,907.09**	**7,795.66**	**3,443.46**	**1,521.56**	**10,552.55**	**12,074.11**	**80,946.89**	**(22,346.68)**	**58,600.21**
Direct Cost of Sales	15,729.38	2,274.85	3,155.59	3,566.22	3,218.06	622.97	0.01	622.98	28,567.09	(11,803.31)	16,763.78
Personnel and Other Costs	6,248.14	2,632.62	1,926.84	1,073.67	160.61	622.25	260.41	882.67	12,924.54	(85.97)	12,838.57
Finance Cost	1,670.93	442.90	411.35	62.26	21.69	13.58	36.93	50.51	2,659.63	(496.57)	2,163.06
Depreciation and Amortisation	4,695.60	1,857.43	458.15	201.49	23.09	108.13	68.69	176.83	7,412.59	0.00	7,412.59
Impairment losses	14.36	10.95	7.56	1,383.45	0.00	1.66	3.16	4.82	1,421.15	0.82	1,421.97
Income Tax	4,278.54	1,344.28	182.66	506.08	7.31	18.78	3,243.09	3,261.86	9,580.74	0.00	9,580.74
Total Expenses	**32,636.96**	**8,563.04**	**6,142.15**	**6,793.17**	**3,430.76**	**1,387.38**	**3,612.29**	**4,999.66**	**62,565.73**	**(12,385.03)**	**50,180.70**
Net Profit after tax	**8,157.81**	**2,368.76**	**(235.06)**	**1,002.49**	**12.71**	**134.18**	**6,940.27**	**7,074.45**	**18,381.16**	**(9,961.65)**	**8,419.51**
OCI	**(10.26)**	**(4.61)**	**(27.24)**	**12.75**	**15.51**	**15.15**	**1,437.90**	**1,453.05**	**1,439.20**	**0.00**	**1,439.20**
Current Assets	20,462.99	3,006.13	2,931.65	18,555.38	829.28	1,357.86	5,317.92	6,675.78	52,461.20	(12,738.27)	39,722.94
Non-Current Assets	127,012.88	13,725.12	10,295.25	94,552.44	642.71	1,128.68	75,076.50	76,205.18	322,433.59	(79,059.15)	243,374.44
Total assets	**147,475.87**	**16,731.25**	**13,226.90**	**113,107.83**	**1,471.99**	**2,486.54**	**80,394.42**	**82,880.96**	**374,894.79**	**(91,797.42)**	**283,097.37**
Current Liabilities	19,560.66	4,522.72	2,803.41	1,698.09	659.55	901.24	1,642.76	2,544.00	31,788.42	(7,405.51)	24,382.91
Non-Current Liabilities	42,383.16	4,701.20	6,448.88	101,948.21	181.31	389.42	5,969.77	6,359.19	162,021.95	(9,804.29)	152,217.66
Shareholder's Equity	77,384.51	5,143.18	4,236.90	8,446.29	602.92	1,046.55	64,403.72	65,450.27	161,264.07	(54,767.27)	106,496.80
Total Liabilities	**139,328.32**	**14,367.10**	**13,489.19**	**112,092.59**	**1,443.78**	**2,337.20**	**72,016.25**	**74,353.46**	**355,074.44**	**(71,977.06)**	**283,097.37**

Note 6.2: Segmental report as of 31 December 2022

(All figures in millions unless otherwise stated)

Particulars	Energy & Resources	Commu-nication & Transport	Manufac-turing	Finance	Trading	Real estate	Holding	Others	Total	Eliminations	Statement of Comprehen-sive Income
Revenue	16,311.82	7,558.69	4,135.94	5,196.90	3,185.23	1,082.95	10,167.57	11,250.52	47,639.09	(14,494.84)	33,144.25
Revenue (PTC India)	7,308.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,308.48	0.00	7,308.48
Revenue from group ransactions	6,554.28	94.09	196.84	395.70	(3.84)	0.00	227.13	227.13	7,464.19	(7,464.19)	
Interest Received	140.60	4.95	17.79	84.53	0.00	8.08	87.99	96.07	343.94	(302.32)	41.62
Other Income	4,382.69	274.32	300.23	63.77	49.88	268.90	77.19	346.10	5,416.99	157.96	5,574.95
Total Income	**34,697.86**	**7,932.06**	**4,650.80**	**5,740.90**	**3,231.26**	**1,359.93**	**10,559.88**	**11,919.81**	**68,172.69**	**(22,103.39)**	**46,069.29**
Direct Cost of Sales	11,578.35	1,203.67	2,383.97	3,750.66	2,915.17	532.51	0.00	532.51	22,364.32	(9,804.19)	12,560.13
Personnel and Other Costs	6,588.11	2,253.77	1,564.64	1,019.30	174.77	704.36	185.14	889.50	12,490.09	(854.98)	11,635.11
Finance Cost	1,441.83	465.67	384.00	47.14	32.84	24.29	12.39	36.67	2,408.14	(325.96)	2,082.18
Depreciation and Amortisation	4,457.94	1,831.89	405.35	201.33	23.36	111.46	16.91	128.37	7,048.22	15.96	7,064.18
Impairment losses	8.07	0.00	0.34	-259.46	5.77	(34.21)	1.65	(32.56)	(277.84)	1.68	-276.16
Income Tax	3,254.43	752.62	561.49	305.36	22.01	(2.55)	3,114.21	3,111.66	8,007.56	0.00	8,007.56
Total Expenses	**27,328.72**	**6,507.60**	**5,299.79**	**5,064.32**	**3,173.91**	**1,335.85**	**3,330.29**	**4,666.14**	**52,040.49**	**(10,967.49)**	**41,073.00**
Net Profit after tax	**7,369.14**	**1,424.46**	**(648.99)**	**676.57**	**57.35**		**7,229.59**	**7,229.59**	**16,132.20**	**(11,135.91)**	**4,996.29**
OCI	**11.75**	**(7.00)**	**219.56**	**324.77**	**64.65**	**(6.43)**	**436.70**	**430.27**	**1,043.99**	**(2.95)**	**1,041.04**
Current Assets	14,818.34	3,403.59	2,232.68	23,547.13	923.34	1,245.52	6,565.79	7,811.32	52,736.40	(12,213.35)	40,523.06
Non-Current Assets	115,286.91	14,011.39	9,838.23	84,056.78	524.57	1,182.35	71,796.88	72,979.23	296,697.11	(71,571.41)	225,125.70
Total assets	130,105.26	17,414.99	12,070.91	107,603.91	1,447.90	2,427.87	78,362.67	80,790.54	349,433.51	(83,784.76)	265,648.76
Current Liabilities	11,212.69	3,799.88	2,712.60	1,320.47	604.64	1,002.73	2,207.98	3,210.71	22,860.99	(5,558.22)	17,302.78
Non-Current Liabilities	42,679.36	5,939.23	5,586.78	97,708.34	195.34	378.00	5,043.05	5,421.05	157,530.10	(9,732.62)	147,797.48
Shareholder's Equity	68,832.32	6,258.43	4,204.05	7,573.76	525.92	1,029.48	63,445.36	64,474.84	151,869.32	(51,320.82)	100,548.50
Total Liabilities	**122,724.36**	**15,997.54**	**12,503.43**	**106,602.57**	**1,325.90**	**2,410.22**	**70,696.39**	**73,106.61**	**332,260.41**	**(66,611.66)**	**265,648.76**

7. CAPITAL MANAGEMENT

7.1. Group Capital Management

The Group manages its capital so as to ensure funds are available to meet future commitments as well as commitments to outside parties. The Group has a requirement to meet dividend and tax expectations as contained in the Annual Compacts between Group Companies, the Parent company and the RGOB.

Capital expenditure is mostly met from operating cash flows. Fixed-term borrowings are only made for major capital projects. Such borrowings are repaid when the project is completed and is generating operating cash flows.

7.2. Standalone Capital Management

The Company's objectives of capital management are to:

a. Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders, and

b. Maintain an optimal capital structure to reduce the cost of capital. The primary mandate for which DHI has been constituted is to hold and manage the existing and future investments of the Royal Government of Bhutan (RGoB) for the long-term benefit of its shareholders, the people of Bhutan. 100% of the Company's share capital is owned by the Ministry of Finance (MoF) of the RGoB. The company manages the share capital issued and subscribed along with the reserves appearing in the financial statement of the company.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has loans, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group also holds other financial instruments such as those available for sale and fair value through profit or loss. The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables and financial guarantee contracts.

The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group is exposed to market risk, credit risk and liquidity 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 financial statements.

8.1. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

8.1.1. Credit Risk Management

The group, on an ongoing basis throughout each reporting period, assesses whether there has been a significant increase in credit risk. In case there is a significant increase in the credit risk of the other party due to factors such as poor financial performance, position, etc., the company considers the probability of default and provides for loss allowance based on the Expected credit loss model.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, available-for-sale financial investments, and investments, the Group's exposure to credit risk arises from the default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfill their obligations. Investments in banks and financial institutions are only in high rated banks and institutions.

Risk Exposure

	GROUP		PARENT	
In Nu. Million	**31-12-2023**	**31-12-2022**	**31-12-2023**	**31-12-2022**
Debt Securities	2,658.42	2,526.48	2,658.42	2,526.48
Government Securities	13,345.37	15,833.47	-	-
Deposits with Bank	3,324.79	3,369.24	-	-
Trade and Other receivables	7,370.49	5,892.90	0.30	0.22
Loan and Advances	75,555.20	62,302.58	-	-
Other Financial Assets	40.24	197.66	14.49	480.86
Short term Deposits	2,849.47	1,087.77	1,007.00	-
Cash and Cash Equivalents	4,223.46	6,429.38	732.87	1,196.02
Total Credit risk exposure	**109,367.46**	**97,639.48**	**4,413.08**	**4,203.58**

8.1.2. Government Securities
As at 31 December 2023 as shown in table above, investments in government securities consist of Treasury Bonds and Treasury Bills.

8.1.3. Debt Security
As at 31 December 2023 as shown in table above, investments in debt securities consist of Bonds.

8.1.4. Deposit with Bank
As at 31 December 2023 as shown in table above, Deposit with Bank consist of long-term fixed deposits.

8.1.5. Loan and Advance
The loan and advance are largely Housing and Service loan provided by Banks under the DHI Portfolio.

The parent is exposed to credit risk in relation to financial guarantees given for loans taken by its subsidiaries. The parent's maximum exposure in this respect is the maximum amount the parent would have to pay if the guarantee is called on. The parent regularly monitors the financial performance, positions and liquidity of the companies on whose behalf the guarantees have been given to evaluate its exposure for payments on default by those companies. Further, these financial guarantees exposures are limited to not more than 10% and 30% of its book equity to a single company and in aggregate respectively (refer Note 40.1)

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

8.2.1. Liquidity Risk Management
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring access to sufficient committed credit facilities to meet obligations when due and to close out market positions.

The Group prioritizes having enough cash and undrawn committed facilities to meet the short, medium and long-term funding needs, handle unforeseen obligations and seize unexpected opportunities. Regular communication between the Group companies and banks regarding financing needs ensures that the available credit within each borrowing limit is optimized by efficiently reallocating under-utilized facilities within the group.

The Group treasury unit at the Parent company monitors and manages the cash flow of the companies. This monthly cash management process involves creating active cash flow forecasts and aligning the duration and profiles of assets and liabilities. This approach ensures a prudent balance between liquidity and earnings. To optimize investment returns, the Group treasury facilitates the inter corporate advances by efficiently transferring funds from company with excess cash to those in need, ensuring these transactions are conducted at arm's length transaction.

8.2.2. Financing Arrangements
The Group does not have any undrawn borrowing facilities at the end of the reporting period.

8.2.3. Maturity Analysis-

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

In Nu Milliom	GROUP			PARENT		
	less than 1 year	more than 1 year	Total Amount	less than 1 year	more than 1 year	Total Amount
December 31,2023						
Interest bearing Loan and borrowings	2,369.56	43,535.04	45,904.60	-	1,351.94	1,351.94
Lease Liabilities	-	344.25	344.25	-	14.25	14.25
Trade payables	5,458.25	944.63	6,402.88	-	13.42	13.42
Employee payables	1,389.86	-	1,389.86	29.78	-	29.78
Deposits received	749.37	95,536.61	96,285.98	-	-	-
Working Capital	95.41	-	95.41	-	-	-
Other liabilities	188.16	56.95	245.11	15.27	-	15.27
Total	10,250.61	140,417.48	150,668.09	45.05	1,379.61	1,424.66
December 31,2022						
Interest bearing Loan and borrowings	2,913.07	46,289.21	49,202.28	-	777.98	777.98
Lease Liabilities	-	214.21	214.21	-	22.38	22.38
Trade payables	2,844.49	783.49	3,627.97	11.50	-	11.50
Employee payables	572.21	-	572.21	35.65	-	35.65
Deposits received	2,334.62	91,154.68	93,489.30	-	-	-
Working Capital	77.16	-	77.16	-	-	-
Other liabilities	124.80	(19.90)	104.90	7.47	-	7.47
Total	**8,866.35**	**138,421.69**	**147,288.04**	**54.62**	**800.36**	**854.98**

8.3. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the following types of risk:

8.3.1. Foreign Currency Risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has investments abroad, availed forex loan and bank balance to which foreign exchange risk may arise.

For the purposes of Group consolidated financial statements, income and expenses and assets and liabilities of subsidiaries whose functional currency differs from the Group presentation currency are translated into the Group presentation currency. Therefore, period-to-period changes in average exchange rates may cause currency translation effects that may have a significant impact. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows.

The major hydro power loan under the Group is Indian Rupee (INR) loan and with the Bhutanese Ngultrum pegged to Indian Rupee (INR), INR loan are not subject to forex currency risk. The Bhutanese Ngultrum has not witnessed significant volatility in the foreign currency exchange. The foreign currency debt is largely hedged "naturally" by ensuring that obligations are managed through forex denominated revenue streams.

8.3.2. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to this risk relate primarily to the Group's long-term debt obligations with floating interest rates. The Group's exposure to floating interest is currently very minimal. Further the Group has not entered into any interest rate swap.

The table reflects the companies with floating interest rate and their sensitivity to a possible change in interest rate with all other variables held constant.

Company	Loan	Rate	Rate	31-12-2023	31-12-2023
				In Nu million	In Nu million
Drukair	USD	2%+ 6 months LIBOR Rate		710.66	824.05
DHI Pte Limited	SGD		1.5% + 3 months SORA	708.52	710.67
	Increase/(Decrease) in rate-				
		+5%	+5%	+4.1	+1.73
		-5%	-5%	-4.1	-1.73

8.3.3. Price Risk

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

The company's exposure to equity securities price risk arises from investments held by the company in equity securities and classified in the balance sheet as at fair value through other comprehensive income. All the investment in equity investment measured at fair value through other comprehensive income are publicly traded and listed on Stock Exchange of the respective country.

8.3.3.1. Sensitivity Analysis

The table below summarizes the impact of increases/decreases of the prices of respective securities on company's equity and total other comprehensive income for the period. The analysis provides the sensitivity to the value of the equity holdiings due to change in the price by 5%, holding all other variables constant:

Impact on total Other Comprehensive	2023	2023
Increase by 5%	415.37	337.69
Decrease by 5%	(415.37)	(337.69)

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

9. FAIR VALUE MEASUREMENT AND FAIR VALUE DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:
Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have a quoted price. The fair value of all equity instruments, which are traded on the stock exchanges, is valued using the closing price as at the reporting period.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

9.1. Fair Value Measurement Hierarchy- GROUP

The Group held the following financial instruments at fair value in the Statement of Financial Position:

Financial assets and liabilities measured at fair value – recurring fair value measurements

In Nu million	As at December 31, 2023			As at December 31, 2022		
Financial Investments at FVOCI Investment in equity shares of:	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Listed Equity Investments:						
1. Bhutan National Bank Ltd	1,893.84			1,572.87		
2. Royal Insurance Corporation of Bhutan Ltd	2,076.95			1,701.51		
3. Bhutan Carbide & Chemicals Ltd	81.19			54.02		
4. Druk Ferro Alloys Ltd	158.05			166.76		
5. Investment Abroad	2,827.08			1,764.38		
Non Listed Equity Investments:						
6. Bhutan Development Bank Ltd			53.67			62.34
7. Credit Information Bureau			6.42			5.02
8. Financial Training Institution			17.39			17.03
9. Investment Abroad - Private Equity		1,509.52			1,715.04	
Total Financial Assets	7,037.11	1,509.52	77.48	5,259.54	1,715.04	84.39
Non Financial Assets						
1. Land			3,067.53			3,081.10
2. Biological Asset	652.21			763.74		
Total Non Financial Assets	**652.21**	**-**	**3,067.53**	**763.74**	**-**	**3,081.10**

Financial assets and liabilities measured at fair value – recurring fair value measurements- PARENT

In Nu million	As at December 31, 2023			As at December 31, 2022		
Financial Investments at FVOCI Investment in equity shares of:	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Listed Equity Investments:						
1. Bhutan National Bank Ltd	1,893.84			1,572.87		
2. Royal Insurance Corporation of Bhutan Ltd	2,076.95			1,701.51		
3. Investment Abroad	2,827.08			1,764.38		
Non Listed Equity Investments:						
1. Investment Abroad - Private Equity		1,509.52			1,715.04	
Total Financial Assets	6,797.87	1,509.52	-	5,038.76	1,715.04	-
Non Financial Assets						
1. Land			1,871.23			1,871.23
Total Non Financial Assets	**-**	**-**	**1,871.23**	**-**	**-**	**1,871.23**

10. FINANCIAL INSTRUMENTS AND RELATED POLICIES

Accounting Policy

Financial Instruments- Initial Recognition and Subsequent Measurement.

10.1. Financial Assets

10.1.1. Initial Recognition and 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.

10.1.2. Classification and subsequent measurement

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

a. Financial assets measured at amortized cost;
b. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
c. 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.

10.1.3. Financial Assets Measured at Amortized Cost

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

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

b. 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. This assessment is referred to as the SPPI test and is performed at an instrument level.

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 and employee loans, etc.

10.1.4. Financial Instruments Measured at Fair Value through Other Comprehensive Income (FVTOCI)

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

a. the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
b. 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 investments in equity shares where the shareholding is less than 20% are classified under this category. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

10.1.5. Financial Instruments Measured at Fair Value through Profit and Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial instruments included in the FVTPL category are measured initially and at each reporting period at fair value. Fair value movements are recorded in the statement of profit and loss.

10.1.6. Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate. Based on the nature of the sector and the company, the Group is using appropriate and company specific LGD's and PD's when calculating the expected credit loss.

For trade receivables, the Group applies the simplified approach permitted by BFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

10.1.7. 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 derecognized only when:

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

2. 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.

3. 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.
4. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

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

10.2. Financial Liability

10.2.1. Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts.

10.2.2. Subsequent Measurement

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

10.2.3. Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of selling and 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 FVTPL 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 are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in the fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as FVTPL.

10.2.4. Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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.

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.

10.2.5. Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or 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 the statement of 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).

10.2.6. Financial Guarantee Contracts

Financial guarantee contracts are recognized as financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with BAS 37: Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognized less cumulative amortization, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

10.3. Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of quoted equities and bonds are based on price quotations in an active market at the reporting date.

2. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as noncurrent financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

10.4. Financial Instruments by category- GROUP

	As at December 31, 2023			As at December 31, 2022		
In Nu Milliom	**FVPL**	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Financial Assets						
Investment in equity shares of entities other than subsidiary, associate and JV		8,624.11			7,058.98	
Debt Securities			2,658.42			2,526.48
Government Securities			13,345.37			15,833.47
Deposits with Banks			3,324.79			3,369.24
Trade & Other Receivables			7,370.49			5,892.90
Loans & advances			75,555.20			62,302.58
Short Term Deposits			2,849.47			1,087.77
Investment in EPF assets			22.75			23.49
Cash and Cash Equivalaents			4,223.46			6,429.38
Total Financials Assets	**-**	**8,624.11**	**109,349.96**	**-**	**7,058.98**	**97,465.31**
Financial Liabilities						
Interest bearing Loan and borrowings			46,000.01			46,289.21
Liability towards EPF			8.01			-
Lease Liabilities			344.25			214.21
Trade payables			6,402.89			3,627.97
Employee payables			1,389.86			572.21
Deposits received			864.70			2,689.84
Current Borrowings			2,369.56			2,913.07
Working Capital			95.41			77.16
Other liabilities			205.72			640.65
Total Financials Liabilities	**-**	**-**	**57,680.40**	**-**	**-**	**57,024.31**

10.5. Financial instruments by category- PARENT

In Nu Milliom	As at December 31, 2023			As at December 31, 2022		
Financial Assets	**FVPL**	**FVOCI**	**Amortised cost**	**FVPL**	**FVOCI**	**Amortised cost**
Investment in equity shares of entities other than subsidiary, associate and JV		8,307.39			6,753.81	
Debt Securities			2,658.42			2,526.48
Government Securities			-			-
Deposits with Banks			-			-
Trade & Other Receivables			0.30			0.22
Loans & advances			-			-
Short Term Deposits			1,007.00			-
Investment in EPF assets			22.75			23.49
Cash and Cash Equivalents			732.87			1,196.02
Total Financials Assets	**-**	**8,307.39**	**4,421.34**	**-**	**6,753.81**	**3,746.21**
Financial Liabilities						
Interest bearing Loan and borrowings			1,354.35			778.40
Liability towards EPF			-			-
Lease Liabilities			14.25			22.38
Trade payables			464.70			359.08
Employee payables			29.78			35.65
Deposits received			-			-
Current Borrowings			-			-
Working Capital			-			-
Other liabilities			-			-
Total Financial Liabilities	**-**	**-**	**1,863.08**	**-**	**-**	**1,195.52**

11. REVENUE RECOGNITION

Accounting Policy

11.1. Revenue from Contract with Customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services.

11.1.1. Sale of Goods and Services

The group recognizes revenue when the entity satisfies a performance obligation identified in the contract 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 group. An asset is assumed to be transferred to a customer when (or as) the customer obtains control of that asset. The incremental cost incurred by the company for obtaining a contract with a customer is recognized as assets if the recovery of such a cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Bilateral contracts between two entities in the same line of business for non-monetary exchange of goods and services to facilitate sales to its customers or potential customers are not accounted for as sales (revenue) as per BFRS 15. Any balance against such exchange contracts not settled during the same financial year are accounted for as payable/receivable and included under other current assets/liabilities in the statement of financial position.

11.1.2. Construction Contracts:
In case of construction contracts, group recognizes revenue, if one of the following criteria as enunciated in BFRS 15 - Revenue from Contract with Customers is met:

1. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

2. the entity's performance creates or enhances an asset (for example, work-in- progress) that the customer controls as the asset is created or enhanced; or

3. The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Earnings on construction contracts are determined using the percentage-of-completion method. Earnings are not recognized until the outcome can be reliably estimated. The company uses its professional judgment to assess both the physical completion and the forecast financial result of the contract. Provision is made for estimated future losses on the entire contract from the date it is first recognized that a contract loss may be incurred.

Construction work-in-progress is stated at cost plus profit recognized to date, less progress billings and any provision for foreseeable losses. Cost includes all expenditure directly related to specific projects, plus a share of relevant overheads.

11.1.3. Loyalty Points Programme
One of the company in the Group has loyalty points programme, "HappinesSmiles", which allows customers to accumulate points that can be redeemed for free cabin upgrade, free tickets and other member rewards. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed annually and any adjustments to the contract liability balance are charged against revenue.

Total Revenue from Customers

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Sales of:	-			
Goods	4,967.91	4,155.50	-	-
Services	12,467.65	8,439.66	-	-
Energy and Resources	29,419.40	23,174.17	-	-
Trading	3,352.52	3,334.14	-	-
Interest	3,515.53	1,349.25	-	-
Total Revenue from Customers	**53,723.02**	**40,452.73**	**-**	**-**

12. DIVIDEND INCOME

Accounting Policy

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Dividend income from Subsidiaries -				
Bank of Bhutan Ltd.	-	-	58.31	-
Bhutan Power Corporation Ltd.	-	-	806.69	1,012.27
Bhutan Telecom Ltd.	-	-	2,560.00	2,022.00
Druk Air Corporation Ltd.	-	-	-	-
Druk Green Power Corporation Ltd.	-	-	4,395.77	5,110.00
Menjong Sorig Pharmaceuticals Corporation Limited	-	-	-	3.80
State Mining Corporation Limited	-	-	1,919.75	1,793.34
State Trading Corporation of Bhutan Ltd.	-	-	22.94	22.94
Thimphu Tech Park Limited	-	-	-	57.60
Dividend income from Subsidiaries	**-**	**-**	**9,763.46**	**10,021.95**
Dividend income from Portfolios -				
Bhutan Ferro Alloys Ltd.	-	-	135.08	115.78
Bhutan National Bank Ltd.	67.60	-	67.60	-
Bhutan Carbides and Chemicals Ltd	17.43	17.43	-	-
Druk Ferro Alloy Ltd	2.00	-	-	-
Other Investments	20.20	34.10	-	-
Div income from KKR	-	-	-	17.87
Div income from investment abroad	-	-	19.89	15.43
Total Dividend Income from Portfolios	**107.23**	**51.53**	**9,986.03**	**10,171.03**

13. OTHER OPERATING INCOME AND OPERATING EXPENSES

13.1. Interest Income

Interest income is recognized using the effective interest method. 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.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

13.2. Gain and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments in subsidiaries, joint ventures and associates, are accounted in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

13.3. Grant and Subsidy

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss of the period in which it becomes receivable.

The grant is recognized in the profit and loss on a systematic basis over the useful life of the assets for grant related to assets.

13.4. Other Income

Other income and expenses are recognized on an accrual basis.

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Grants and Subsidies	378.57	372.62	-	-
Brand Management Fee	-	-	220.13	214.00
Interest Received	234.40	41.62	233.92	120.22
Changes in Fair Value of Biological Asset	-	202.95		
Other Income	4,108.38	4,764.09	104.45	60.31
Total Other Income	**4,721.34**	**5,381.28**	**558.50**	**394.54**

14. EXPENSE RECOGNITION

Accounting Policy

Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement

For the purpose of presentation of the income statement, the “Nature of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

14.1. Direct Cost of Sales

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Energy and wheeling charges	5,551.65	2,254.51	-	-
Aircraft fuel, oil and operating Costs	2,119.46	952.81	-	-
Cost of Goods Sold	6,388.41	6,000.88	-	-
Material used in infrastructure development	2,704.26	3,351.94	-	-
Total Direct Cost of Sales	**16,763.78**	**12,560.13**	**-**	**-**

14.2. Employee Related Cost

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Payroll and Related Costs	4,817.74	4,468.61	111.27	89.80
Employee Related Costs	1,046.40	926.56	22.53	26.66
Total Employee Related Costs	**5,864.15**	**5,395.17**	**133.81**	**116.47**

14.3. Running and Maintenance Cost

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Maintenance	-	1,969.76	-	-
R&M - Power plants	453.07	-	-	-
R&M – Aircrafts	227.00	-	-	-
R&M - Plant and Machinery	1,195.77	-	-	-
R&M furniture, office equipment	53.27	-	6.64	6.48
R&M – Vehicles	167.95	-	1.67	2.04
R&M – Building	121.29	-	-	-
R&M-Other	228.79	-	-	-
Total R&M Cost	**2,447.14**	**1,969.76**	**8.31**	**8.52**

14.4. Other Cost

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Insurance	223.88	139.46	-	-
Consumables	606.39	531.09	-	-
Travel Expenses	125.41	115.58	6.00	4.00
License and Registration	253.35	112.17	-	-
Communication and ICT Charges	263.33	15.63	6.16	7.56
Transportation Expenses	1,527.37	1,600.46	-	-
CSR & Donations	157.62	337.06	50.96	10.55
Loss on disposal PPE	172.81	(74.07)	-	-
Banking related expenses	270.85	155.87	-	-
Loss due to Foreign Currency fluctuation	76.87	820.11	0.04	-
Change in the Fair value of Biological Asset	111.53			
Other Costs	737.86	515.09	50.00	40.28
Total	**4,527.27**	**4,268.45**	**113.16**	**62.40**

14.5. Finance Cost

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are incurred in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Interest on borrowings	2,156.70	2,083.90	1.95	2.69
Unwinding of discount on Provisions	6.36	-	-	-
Total	2,163.06	2,083.90	1.95	2.69

14.6. Impairment

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Impairment	1,421.97	(276.16)	-	-
Total	**1,421.97**	**(276.16)**	**-**	**-**

The Group has recognised Nu. 1,383 Impairment of loans and advances to customers and Nu. 38.89 million on impairment on trade and other receivables.

15. EARNINGS PER SHARE

Accounting Policy

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

In Nu Million

For the year ended 31 December	GROUP	
In Nu Million	31-Dec-23	31-Dec-22
Profit attributable to equity holders of the parent	8,062,580,193.56	4,694,393,818.07
Ordinary shares at the beginning of the year	491,841,232.68	492,720,578.07
Additional share /Adjustments	6,070,474.00	(879,345.39)
Ordinary shares at the end of the year	497,911,706.68	491,841,232.68
Weighted average number of ordinary shares	497,911,706.68	491,841,232.68
Basic and diluted earnings per share	**16.19**	**9.54**

The weightage average number of ordinary shares increased by 6,070,474 on account of transfer of Bhutan Helicopter Services Limited to Drukair Corporation Limited, a fully owned subsidiary of parent.

16. TAXES

Accounting Policy

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and for items recognized in other comprehensive income shall be recognized in other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

16.1. Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside the income statement is recognized outside the income statement. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offset deferred tax assets and deferred tax liabilities, if and only if it has a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

16.2. Reconciliation between Current Tax Charge and the Accounting Profit

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Income Tax Payable -				
Current Tax	8,598.74	8,065.15	3,071.59	3,113.50
Total Income Tax Expenses Recognized	8,598.74	8,065.15	3,071.59	3,113.50
Deferred Tax Payable	810.83	(57.59)	171.46	11.94
Total Tax on Operating Income	**9,580.74**	**8,007.56**	**3,243.05**	**3,125.44**
Profit Before Income-tax from Operations	18,000.24	13,003.86	10,261.62	10,358.59
Tax at 30%	5,400.07	3,901.16	3,078.49	3,107.58
Adjustments required for:				
- Non-deductible expenditure & Non-Assessed Income	274.91	679.30	(6.96)	4.54
- Tax losses		(68.28)	0.07	1.39
- Other Adjustments (Timing)	982.00	475.70	171.45	11.94
- Tax on Dividends from subsidiaries	2,923.76	3,019.68		-
Current Tax Expenses	**9,580.74**	**8,007.56**	**3,243.05**	**3,125.44**
Effective Tax Rate -	53.23%	61.58%	30.00%	30.00%

Group tax expense is based on the taxable profit of individual companies within the Group and tax liability are computed at the standard corporate tax rate of 30% except for Thimphu Tech Park Limited being granted 100% tax holiday. At present the tax laws of Kingdom of Bhutan do not provide for Group taxation.

16.3. Deferred Tax

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Reconciliation of Deferred Tax -				
Opening	(2,166.04)	(2,100.51)	(1,120.64)	(1,108.70)
Recognized during Year	(810,83)	(57.59)	171.46	(11.94)
Prior year adjustment	(184.88)	(7.94)		
Closing	**(3,161.74)**	**(2,166.04)**	**(1,292.10)**	**(1,120.64)**
Deferred Tax Assets	1,280.26	1,562.06	(227.06)	(227.06)
Deferred Tax Liabilities	(4,442.00)	(3,728.10)	(1,065.04)	(893.58)
Deferred Tax (Net)	**(3,161.74)**	**(2,166.04)**	**(1,292.10)**	**(1,120.64)**

16.4. Income Tax Liability

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Income Tax Payable -				
At the beginning of the year	5,285.17	4,740.41	1,806.82	1,392.69
Charged during the year	8,598.74	8,065.15	3,071.59	3,113.50
Payment & set off	(8,668.28)	(7,520.39)	(3,746.43)	(2,699.37)
At the end of the year	**5,215.63**	**5,285.17**	**1,131.98**	**1,806.82**

17. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

17.1. Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

17.2. Basis of Measurement

All property, plants and equipment are stated at historical cost less accumulated depreciation and accumulated impairment, if any except for land. Cost includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. When significant parts of plants and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Land is measured at fair value. Any revaluation surplus is recognized in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

17.3. Derecognition

An item of property, plant and equipment is derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognized.

17.4. Depreciation

Land is not depreciated. Depreciation on other assets is calculated using straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset Class	Useful Life
Land Development cost	30-40 years
Buildings and civil structures	
Permanent	30-40 years
Semi-permanent	3-10 years
Plant and machinery	5-20 years
other equipment	5-20 years
Furniture and fixtures	7-10 years
Computers and office equipment	3- 7 years
Cables and power system	5-10 years
Vehicles	7-10 years
Capital tools and spare parts	5-10 years
Aircraft fleet	15-17 years
Other aviation assets	10 years
Transmission and Distribution lines	30 years

The assets' useful lives and residual values are reviewed by the company concerned, and adjusted if appropriate, at the end of each reporting period. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

17.5. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are incurred in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

17.6. Impairment of Property Plant and Equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

17.7. Revaluation of Land- Accounting Judgements, Estimates and Assumptions

The Group assesses the fair value of land based on the rate determined by Property Assessment and Valuation Agency (PAVA). The PAVA rate is valuer's best estimates. The changes in fair value are recognized in other comprehensive income and in the statement of equity.

The frequency of revaluation of land depends upon the changes in fair values of land being revalued. When the fair value of a revalued land differs materially from its carrying amount, a further revaluation is done. When there are only insignificant changes in fair value of land, land is revalued only every three or five years.

17.8. Property, Plant and Equipment- GROUP

In Nu million

As of 31st December 2023	Land and Building	Plant and Equipment	Furniture & Office Equipment	Vehicle	Aircraft and Other Aviation Assets	Transmission and Distribution Lines	Capital work in Progress	Total
Cost or Valuation								
At the beginning of the year	70,806.68	47,504.15	3,074.85	1,466.62	13,437.81	40,078.61	26,030.48	202,399.20
Additions	1,897.17	2,140.47	320.92	83.16	-	2,520.20	7,838.31	14,800.22
Disposal	-	-	-	-	(90.09)	-	(1,142.73)	(1,232.83)
Revaluations	-	-	-	-	-	-	-	-
Transfer (Adjustments)	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At the end of the year	**72,703.85**	**49,644.62**	**3,395.77**	**1,549.78**	**13,347.72**	**42,598.81**	**32,726.05**	**215,966.59**
	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortization	-	-	-	-	-	-	-	-
At the beginning of the year	27,866.00	27,440.49	1,960.14	960.48	6,115.65	10,321.95	-	74,664.70
Charge for the year	2,241.33	2,077.99	304.56	116.75	737.45	1,382.69	-	6,860.78
Transfer (Adjustments)	274.61	(110.42)	(181.69)	(6.28)	(79.27)	(65.31)	-	(168.36)
Impairment	-	-	-	-	-	-	-	-
At the end of the year	**30,381.94**	**29,408.07**	**2,083.01**	**1,070.95**	**6,773.84**	**11,639.33**	**-**	**81,357.13**
	-	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-	-
As at 31 December 2023	**42,321.91**	**20,236.55**	**1,312.76**	**478.83**	**6,573.88**	**30,959.48**	**32,726.05**	**134,609.47**
Cost of Valuation								**-**
At the beginning of the year	68,150.51	44,826.04	3,183.99	1,367.45	12,587.62	33,716.31	16,817.75	180,649.67

As of 31st December 2023	Land and Building	Plant and Equipment	Furniture & Office Equipment	Vehicle	Aircraft and Other Aviation Assets	Transmis-sion and Distribution Lines	Capital work in Progress	Total
Additions	3,679.33	2,343.91	290.46	187.07	850.19	6,509.40	-	13,860.37
Disposal	(209.54)	(152.23)	(369.26)	(74.61)	(0.00)	(147.10)	-	(952.74)
Revaluations	-	-	-	-	-	-	-	-
Transfer (Adjustments)	(813.62)	486.43	(30.34)	(13.28)	-	-	9,212.72	8,841.91
Impairment	-	-	-	-	-	-	-	-
At the end of the year	**70,806.68**	**47,504.15**	**3,074.85**	**1,466.62**	**13,437.81**	**40,078.61**	**26,030.48**	**202,399.20**
	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortization	-	-	-	-	-	-	-	-
At the beginning of the year	25,786.28	24,993.11	2,084.78	937.85	5,136.50	9,199.84	-	68,138.36
Charge for the year	2,245.47	2,088.76	254.23	114.13	979.15	1,187.37	-	6,869.11
Disposal	(51.97)	444.86	(28.57)	(13.28)	-	-	-	351.04
Transfer (Adjustments)	(113.78)	(86.24)	(350.30)	(78.22)	(0.00)	(65.26)	-	(693.80)
Impairment	-	-	-	-	-	-	-	-
At the end of the year	**27,866.00**	**27,440.49**	**1,960.14**	**960.48**	**6,115.65**	**10,321.95**	**-**	**74,664.70**
	-	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-	-
As at 31 December 2022	**42,940.68**	**20,063.65**	**1,114.72**	**506.14**	**7,322.17**	**29,756.66**	**26,030.48**	**127,734.50**

17.9. Property, Plant and Equipment- PARENT

In Nu Million

As of 31st December 2023	Building	Furniture & Fittings	Electrical Equipment	Data Processing Equipment	Office Equipment	Vehicle	Machines	Other Assets	Capital work in Progress	Total
Cost of Valuation										
At the beginning of the year	34.74	7.92	2.17	45.80	5.10	25.02	62.14	0.51	3,968.33	4,151.73
Additions	-	0.01	-	2.67	0.41	2.31	4.57	-	759.06	769.03
Disposal	-	-	(0.00)	(0.61)	-	-	-	-	-	(0.62)
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfer (Adjustments)	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
At the end of the year	**34.74**	**7.93**	**2.16**	**47.85**	**5.51**	**27.33**	**66.72**	**0.51**	**4,727.39**	**4,920.14**
	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-
At the beginning of the year	0.09	3.01	0.44	27.52	2.68	11.80	7.82	0.18	-	53.55
Charge for the year	0.09	0.64	0.13	4.16	0.26	1.64	5.52	0.04	-	12.48
Disposal	-	-	(0.00)	-	-	-	-	-	-	(0.00)
Transfer (Adjustments)	-	-	0.07	2.50	0.08	-	7.82	-	-	10.47
Impairment	-	-	-	(0.15)	-	-	-	-	-	(0.15)
At the end of the year	**0.18**	**3.64**	**0.63**	**34.03**	**3.02**	**13.44**	**21.17**	**0.22**	**-**	**76.34**
	-	-	-	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-	-	-	-
As at 31 December 2023	**34.56**	**4.29**	**1.53**	**13.83**	**2.48**	**13.88**	**45.55**	**0.29**	**4,727.39**	**4,843.80**
Cost of Valuation										-
At the beginning of the year	-	7.82	0.93	28.05	3.48	19.09	-	0.30	1,011.89	1,071.56

As of 31st December 2023	Building	Furniture & Fittings	Electrical Equipment	Data Processing Equipment	Office Equipment	Vehicle	Machines	Other Assets	Capital work in Progress	Total
Additions	34.74	0.18	1.24	18.93	1.62	5.93	62.14	0.24	2,956.44	3,081.46
Disposal	-	(0.08)	(0.01)	(1.17)	-	-	-	(0.02)	-	(1.28)
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfer (Adjustments)	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
At the end of the year	**34.74**	**7.92**	**2.17**	**45.80**	**5.10**	**25.02**	**62.14**	**0.51**	**3,968.33**	**4,151.73**
	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-
At the beginning of the year	-	2.37	0.30	22.32	2.43	10.18	-	0.15	-	37.75
Charge for the year	0.09	0.63	0.08	3.13	0.17	1.62	-	0.03	-	5.76
Disposal	-	-	-	(0.44)	-	-	-	-	-	(0.44)
Transfer (Adjustments)	-	-	0.07	2.50	0.08	-	7.82	-	-	10.47
Impairment	-	-	-	-	-	-	-	-	-	-
At the end of the year	**0.09**	**3.01**	**0.44**	**27.52**	**2.68**	**11.80**	**7.82**	**0.18**	**-**	**53.55**
	-	-	-	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	**34.65**	**4.91**	**1.72**	**18.28**	**2.41**	**13.22**	**54.32**	**0.33**	**3,968.33**	**4,098.19**

18. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Accounting policy

18.1. Leases

A contract which conveys the right to control the use of an identified asset for a period of time in exchange for consideration are classified as lease.

18.2. Basis of Recognition

The Group recognizes right-of-use assets and lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use)

18.3. Basis of Measurement.

18.3.1. Right-of-Use Assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease. Right of use assets are subject to impairment.

18.3.2. Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification due to a change in the lease term and or change in the lease payments.

18.3.3. Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of building, vehicles, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

18.4. Right of Use Assets

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
At the beginning of the year	229.07	-	36.85	-
Additions	96.05	229.07	-	36.85
Disposal	-	-	-	-
Revaluations	-	-	-	-
Transfer (Adjustments)	-	-	-	-
At the end of the year	**325.12**	**229.07**	**36.85**	**36.85**
	-	-	-	-
Accumulated Depreciation and Amortization	-	-	-	-
At the beginning of the year	55.29	46.94	18.66	-
Charge for the year	64.69	8.35	7.37	7.37
Disposal	-	-	-	11.29
Transfer (Adjustments)	(39.41)	-	-	-
At the end of the year	**80.57**	**55.29**	**26.03**	**18.66**
	-	-	-	-
Carrying Value	**-**	**-**	-	-
As at 31 December	**244.55**	**173.78**	**10.82**	**18.20**

18.5. Lease Liability

In Nu Million

For the year ended 31 December	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
At the beginning of the year	214.21	20.57	22.38	-
Additions	-	193.64		45.05
Transfer	-	-	(8.37)	(22.67)
Interest expense	130.04	-	0.24	
Disposal	-	-		
Payments	-	-		
At the end of the year	**344.25**	**214.21**	**14.25**	**22.38**
	-	-		
Lease Liability-Current	19.17	-		
Lease Liability-Non Current	325.08	214.21		
Total Lease Liability as of 31st December	**344.25**	**214.21**	**14.25**	**22.38**
Amortization of Right of Use Assets	64.69	8.35	7.37	7.37
Interest expense on lease liabilities	130.04	-	0.24	
Total amount recognised in income statement	**194.73**	**8.35**	**7.61**	**7.37**

19. INVESTMENT PROPERTY

Accounting Policy

19.1. Basis of Recognition

An Investment Property is a property held to earn rental or for capital appreciation or both, rather than use in the production or supply of goods and services, or for administrative purpose, or sale in the ordinary course of business.

The investment property are be recognized as an asset when, and only when:

(a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and

(b) the cost of the investment property can be measured reliably.

Group evaluates under this recognition principle all its investment property at cost at the time they are incurred. These costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service a property.

19.2. Basis of Measurement

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment property. The investment properties are subsequently accounted for using the cost model.

19.3. Disposal

The Group derecognize the Investment properties when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

19.4. Investment Property- GROUP

In Nu Million	31-Dec-23	31-Dec-22
Cost of Valuation		
At the beginning of the year	**1,622.15**	**302.81**
Additions	10.45	1,319.34
At the end of the year	**1,632.60**	**1,622.15**
	-	-
Accumulated Depreciation and Amortization	-	-
At the beginning of the year	94.08	69.40
Charge for the year	50.59	24.68
Transfer (Adjustments)	2.30	-
At the end of the year	**146.98**	**94.08**
	-	-
Carrying Value	-	-
As at 31 December 2023	**1,485.63**	**1,528.07**

19.5. Investment Property- PARENT

As of 31st December 2023	Land	Building	Total
Cost of Valuation			
At the beginning of the year	1,871.09	123.35	1,994.44
Additions	0.14	-	0.14
At the end of the year	**1,871.23**	**123.35**	**1,994.58**
	-	-	-
Accumulated Depreciation and Amortization	-	-	-
At the beginning of the year	-	3.09	3.09
Charge for the year	-	4.03	4.03
At the end of the year	**-**	**7.13**	**7.13**
	-	-	-
Carrying Value	-	-	-
As at 31 December 2023	**1,871.23**	**116.22**	**1,987.45**

As of 31st December 2022	Land	Building	Total
Cost of Valuation			
At the beginning of the year	298.00	123.35	421.35
Additions	1,573.09	-	1,573.09
At the end of the year	**1,871.09**	**123.35**	**1,994.44**
	-	-	-
Accumulated Depreciation and Amortization	-	-	-
At the beginning of the year	-	0.01	0.01
Charge for the year	-	3.08	3.08
At the end of the year	**-**	**3.09**	**3.09**
	-	-	-
Carrying Value	-	-	-
As at 31 December 2022	**1,871.09**	**120.25**	**1,991.34**

The property that is leased to, and occupied by, its parent or another subsidiary are considered as property, plant and equipment in the consolidated financial statements, because the property is owner-occupied from the perspective of the group.

20. INTANGIBLE ASSET

Accounting Policy

20.1. Basis of Recognition

An Intangible asset is recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

20.2. Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is charged to income statement in the year in which the expenditure is incurred.

20.3. Useful Economic Lives, Amortization and Impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial yearend and treated as accounting estimates. The amortisation is calculated by using straight-line method on the cost of all the intangible assets and the amortisation expense on intangible assets with finite lives is recognized in the income statement.

Intangible assets with indefinite useful lives and goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists.

The costs of software acquired or purchased are amortised over their estimated useful lives of 3 to 10 years.

20.4. Exploration for and Evaluation of Mineral Resources

The cost of exploration and evaluation are accumulated as Capital Work-In-Progress and not expensed. Once the operation commences, the cost are classified as tangibles or intangibles and depreciated based on the number of units produced.

20.5. Research and Development Costs

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalised if a potentially profitable product has been found and management has given approval to further develop the product.

If the company decides to proceed and market the product, development costs will be amortised over the expected profitable period of marketing the product, not exceeding 5 years. Other development costs are expensed immediately if the decision is made not to proceed to market the product.

20.6. Intangible Assets- GROUP

In Nu Million

	Software	Pre-operative Expense	Exploration and Evaluation	Total
Cost or Valuation				
At the beginning of the year	4,562.06	17.19	35.97	4,615.22
Additions	478.11	-	-	478.11
Transfer (Adjustments)	-	(0.00)	(0.66)	(0.66)
Impairment	-	-	-	-
At the end of the year	**5,040.17**	**17.19**	**35.30**	**5,092.66**
	-	-	-	-
Accumulated Amortization	-	-	-	-
At the beginning of the year	3,201.58	5.76	30.69	3,238.03
Charge for the year	431.83	4.70	-	436.52
Transfer (Adjustments)	(37.98)	(0.16)	(0.51)	(38.64)
At the end of the year	**3,595.43**	**10.30**	**30.18**	**3,635.92**
	-	-	-	-
Carrying Value	-	-	-	-
As at 31 December 31st December 2023	**1,444.74**	**6.89**	**5.12**	**1,456.75**

20.7. Intangible Assets- GROUP

In Nu Million

	Software	Pre-operative Expense	Exploration and Evaluation	Total
Cost or Valuation				
At the beginning of the year	4,021.67	6.57	35.97	4,064.21
Additions	561.72	10.62	-	572.34
Disposal	(20.40)	-	-	(20.40)
Transfer (Adjustments)	(0.93)	-	-	(0.93)
At the end of the year	**4,562.06**	**17.19**	**35.97**	**4,615.22**
	-	-	-	-
Accumulated Amortization	-	-	-	-
At the beginning of the year	2,881.17	3.05	30.69	2,914.91
Charge for the year	320.41	2.72	-	323.13
In Nu Million	**3,201.58**	**5.76**	**30.69**	**3,238.03**
	-	-	-	-
Carrying Value	-	-	-	-
As at 31 December 31st December 2022	**1,360.48**	**11.43**	**5.28**	**1,377.19**

20.8. Intangible Assets- PARENT

In Nu Million

	31-Dec-23	31-Dec-22
Cost or Valuation		
At the beginning of the year	19.26	17.32
Additions	4.02	3.88
Disposal	-	(1.94)
At the end of the year	**23.27**	**19.26**
	-	-
Accumulated Amortization	-	-
At the beginning of the year	15.80	15.11
Charge for the year	1.81	0.69
At the end of the year	**17.61**	**15.80**
	-	-
Carrying Value	-	-
As at 31 December	**5.66**	**3.46**

20.9. Intangible Asset- Goodwill

In Nu Million

In Nu Million	31-Dec-23	31-Dec-22
At the beginning of the year	11.95	11.95
Additions	1,142.73	
At the end of the year	**1,154.68**	**11.95**

Druk Green Power Corporation, a 100% subsidiary of parent (i.e. DHI) own 50% equity interest in the Kholongchu hydro Energy Limited which was accounted for BAS 28 Investment in Joint Ventures and Associates. During the year 2023, DGPC acquired an additional 50% interest in Kholongchu Hydro Energy Limited for Nu. 3,532.42 million thereby obtaining 100% control. This situation is commonly referred to as a business combination achieved in stages or a step acquisition.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. The Goodwill of Nu. 1,142.73 million is recognized during the year from this business combination achieved in stages.

21. BIOLOGICAL ASSET

Accounting Policy

21.1. Basis of Recognition

A biological asset is a living animal or plant. A biological asset are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Agricultural produce harvested from an entity's biological assets are measured at its fair value less costs to sell at the point of harvest.

21.2. Basis of Measurement

The fair value measurements for the standing timber have been categorised as Level 1 fair values based on the inputs of quoted prices in active market. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in profit or loss for the period in which it arises.

The Group's biological assets consist of tree plantation to use in the production of board particles as part of its normal operation. The tree plantations are located in Chukha and Samtse District.

At 31 December 2023, standing timber comprised approximately 2,056.17 hectares of tree plantations which ranged from newly established plantations to plantations that were 20 years old.

In Nu Million

	31-Dec-23	31-Dec-22
Cost or Valuation- Biological Asset		
At the beginning of the year	763.74	560.79
Change in Fair value less cost to sell	(111.53)	202.95
At the end of the year	**652.21**	**763.74**

The Group have handed over 9 hectares of tree plantation at Rupang under Chukha District to Government since plantation falls under the water catchment area. This has significantly impacted on the fair value of the biological assets.

Biological assets (i.e. tree plantations) were not pledged as security for any of the Group's loans or borrowings in 2023. No government grants were received in relation to the Group's agricultural activities in 2023.

The primary financial risk associated with the Group's agricultural activity occurs due to the length of time between expending cash on the purchase, or planting and maintenance, of tree plantation and on harvesting trees and making the Board particles, and ultimately receiving cash from the sale of Board particles and Board Furniture to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements.

No events occurred in the current and prior periods that give rise to material items of income or expense as a result of climate, disease or other natural risk

22. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Accounting Policy

22.1. Investment in Subsidiary

Investment in subsidiaries is initially recognized at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognized in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

22.2. Percentage Shareholdings within the Group

The following companies are members of the DHI group of companies. Their assets and liabilities and their results of operations are included in the consolidated financial statements. The percentage shareholding shown includes shares held by DHI and the appropriate percentage of shareholdings by other groups of companies

Company	GROUP		PARENT	
	2023	2022	2023	2022
	Effective holding %	Effective holding %		
Bhutan Telecom Ltd	100%	100%	100%	100%
Druk Air Corporation Ltd	100%	100%	100%	100%
Bhutan Hydro Services Limited	100%	100%	0%	0%
Bhutan Power Corporation Ltd	100%	100%	100%	100%
Dagachu Hydropower Corporation Ltd	59%	59%	0%	0%
Druk Green Power Corporation Ltd	100%	100%	100%	100%
Natural Resources Development Corporation Ltd	100%	100%	100%	100%
State Mining Corporation Ltd	100%	100%	100%	100%
Tangsibji Hydro Energy Ltd	100%	100%	0%	0%
Bank of Bhutan Ltd	80%	80%	80%	80%
Bhutan Board Products Ltd	58%	58%	48%	48%
Dungsum Cement Corporation Ltd	89%	89%	89%	89%
Dungsum Polymers Ltd	51%	51%	51%	51%
Koufuku International Limited	100%	100%	100%	100%
Menjong Sorig Pharmaceuticals Corporation Ltd	100%	100%	100%	100%
Penden Cement Authority Ltd	40%	40%	40%	40%
State Trading Corporation of Bhutan Ltd	57%	57%	51%	51%
Construction Development Corporation Limited	100%	100%	100%	100%
DHI Pte Limited	100%	100%	100%	100%
Thimphu TechPark Ltd	100%	100%	100%	100%
Kholongchu Hydro Energy Limited	100%	50%	0%	0%
Druk Hydro Energy Limited	100%	100%	0%	0%

22.3. Investments in Subsidiaries- PARENT

Investments in Subsidiaries -	% of Holding	Number of Shares	Carrying Value	% of Holding	Number of Shares	Carrying Value
			31-12-2023			31-12-2022
Quoted - Equity Shares fully paid up -						
Bhutan Board Products Ltd.	48%	6,683,340.00	66.83	48%	6,683,340.00	66.83
State Trading Corporation of Bhutan Ltd.	51%	9,176,050.00	10.20	51%	9,176,050.00	10.20
Dungsam Polymers Ltd.	51%	7,851,904.00	78.52	51%	7,851,904.00	78.52
Penden Cement Authority Ltd. (Refer Note below)	40%	15,081,814.00	91.40	40%	13,710,740.00	91.40
Unquoted - Equity Shares fully paid up -						
Bank of Bhutan Ltd.	80%	2,400,000.00	240.00	80%	2,400,000.00	240.00
Bhutan Power Corporation Ltd	100%	9,366,193.77	9,323.05	100%	9,323,053.77	9,323.05
Bhutan Telecom Ltd	100%	836,154.36	836.15	100%	836,154.36	836.15
Dungsam Cement Corporation Ltd.	89%	64,804,651.12	6,480.47	89%	64,804,651.12	6,480.47
Druk Green Power Corporation Ltd	100%	32,465,093.41	32,465.09	100%	32,465,093.41	32,465.09
Druk Air Corporation Ltd. (Refer Note below)	100%	43,613,529.00	3,393.19	100%	37,543,005.00	2,770.27
Natural Resources Development Corporation Ltd.	100%	1,377,836.61	137.78	100%	1,377,836.61	137.78
Thimphu TechPark Ltd.	100%	2,102,093.88	210.21	100%	2,102,093.88	210.21
State Mining Corporation Ltd.	100%	2,939,900.00	293.99	100%	2,939,900.00	293.99
Construction Development Corporation Ltd. (Refer note below)	100%	1,092,466.21	1,092.47	100%	1,092,466.21	1,092.47
Menjong Sorig Pharmaceuticals Corporation Limited	100%	1,824,277.00	182.43	100%	1,824,277.00	182.43
Koufuku International Ltd. (Refer note e below)	100%	541,592.00	54.16	100%	541,592.00	54.16
DHI pte Limited	100%	-	700.79	100%	-	633.43
Total Investments in Subsidiaries			**55,656.73**			**54,966.45**

Investments (Continued)

a) All investments that have been made other than for trading purposes are included in this schedule.

b) The "% of Holding" represents the effective holding of DHI after considering the holding percentage of its subsidiaries. In Bhutan Board Products Ltd. DHI directly holds 48% and through Bank of Bhutan holds 10%. In State Trading Corporation of Bhutan Ltd. DHI directly holds 51% and through Bank of Bhutan holds 4%. For all other cases direct holding is equal to the chain holding.

c) Penden Cement Authority Ltd. (PCAL) has been classified as subsidiary on the merit that DHI retains control over PCAL in spite of holding 40% of shares as there are large numbers of other shareholders holding a small number of shares. At a company AGM, those smaller shareholders, with a total holding amounting to 41% of PCAL would have to attend and all vote against DHI to override any decision by DHI. The shareholder turn-out of this size does not occur. Hence, the test of "control" as per BFRS 10 is therefore met.

d) During the year 2023, DHI made an additional investment of Nu.607,047,400 for the transfer of helicopter to Drukair Corporation Ltd.

e) During the year 2023, DHI received worth Nu. 43,140,000.00 from BPCL on account of capitalization of Yurmoo substation and transfer of additional assets from MHEP.

f) During the year 2023, DHI received bonus shares worth Nu.13,710,740.00 from PCAL.

22.4. Investment in Associates and Joint Ventures

An Associate Company is one in which the group does not have control but is in the position of being able to influence the decisions of the Associate. In general, influence is indicated by a shareholding of between 20% and 50% of the voting rights and the representative on the Board of Directors.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of profit (loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

The following companies are Associates under the Group.

Associates Company	Segment	GROUP		PARENT	
		2023	2022	2023	2022
Bhutan Ferro Alloys Limited	**Manufacturing**	**28 %**	**28%**	**26%**	**26%**
Royal Securities Exchange of Bhutan Limited	Securities	16%	16%	0%	0%

The "% of Holding" of Group represents the effective holding after considering the holding percentage of its subsidiaries

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

The following companies Joint Ventures.

Joint Ventures	Segment	2023	2022	2023	2022
Kholongchu Hydro Energy Limited	Energy and Resources	100%	50%	0%	0%
Bhutan Automation & Engineering Ltd	Manufacturing	51%	51%	0%	0%
Azista Bhutan HealthCare Limited	Manufacturing	28%	28%	28%	28%
Druk Metallurgy Limited	Manufacturing	40%	40%	40%	40%

The "% of Holding" of Group represents the effective holding after considering the holding percentage of its subsidiaries

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The consolidated financial statements for Associates and joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post- acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

The parent company shows any dividends received as income and the investment at cost. The group share of profit or loss is included in the reported income for the year, with any dividends received being offset against the investment. The value of the investment comprises the original cost of the investment, plus the group share of Reserves.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group. Equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12 months financial period.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group will measure and recognize any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the income statement.

Other investments include entities where the Group is not in the position to be able to control or have significant influence over the decisions of the entity. This is indicated by a shareholding of less than 20%. The investments are held for the dividends only and the investments are measured at fair value through other comprehensive income (FVTOCI)

22.5. Investment in Associates and Joint Ventures- PARENT

Investments in Associates & Joint Venture –	% of Holding	Number of Shares	31-12-23	% of Holding	Number of Shares	31-12-22
Quoted - Equity Shares fully paid up			**In Nu million**			**In Nu million**
Bhutan Ferro Alloys Ltd. (Associate)	26%	3,859,460	38.59	26%	3,859,460	38.59
Unquoted - Equity Shares fully paid up -	0%	-	-	0%	-	-
Azista Bhutan Healthcare Limited (JV)	28%	6,487,880	64.88	28%	5,087,880	50.88
Druk Metallurgy Limited (JV)	40%	1,800,000	180.00	40%	1,800,000	180.00
Total Investments in Associates & Joint Ventures			**283.47**			**269.47**

* *During the year 2023, DHI made an additional investment of Nu. 14,000,000.00 tin Azista Bhutan Healthcare Ltd.*

* *Druk Metallury Limited has been into non-operational since 2021 (Note No. 41).*

22.6. Share of profit of Associates - GROUP

In Nu Million

	GROUP	
	31-Dec-23	31-Dec-22
Profit of Azista Bhutan Healthcare Limited	(13.02)	(12.04)
Profit of Bhutan Automation & Engineering Limited	27.19	4.54
Profits of Bhutan Ferro Alloys Limited	62.13	190.14
Profit of Druk Metullurgy Limited	(28.61)	-
Profits of Royal Security Exchange of Bhutan Limited	0.92	1.11
Total Share of Profit of Associates & JV	**48.62**	**183.75**

* *Druk Metallury Limited 's share of profit are based on the unaudited financial statement.*

Summary of Financial Information of Associates and Joint ventures – GROUP

	Percentage	31-Dec-23	31-Dec-22
A) Associates Companies			
Bhutan Ferro Alloys Limited	28%	577.34	671.28
Royal Securities Exchange of Bhutan Limited	16%	37.23	34.66
B) Joint Ventures			
Azista Bhutan HealthCare Limited	28%	39.88	38.90
Bhutan Automation & Engineering Limited	51%	63.51	39.96
Bhutan Hydro Services Limited	51%	-	-
Druk Metallurgy Limited	40%	75.04	103.65
Kholongchu Hydro Energy Limited	100%		2,222.23
C) Other Investments			
Bhutan Carbides and Chemicals Ltd		81.18	54.02
Bhutan Development Bank Ltd		53.66	62.34
Bhutan National Bank Ltd		1,893.84	1,572.87
Credit Information Bureau		6.41	5.02
Druk Ferro Alloy Ltd		158.04	166.76
Entrepreneur Promotion Fund		-	23.33
Financial Institution Training Institute		17.39	17.03
Investments Abroad		4,336.60	3,480.36
Royal Insurance Company of Bhutan Ltd		2,076.95	1,701.51
Total Associates and Other Investments		**9,417.07**	**10,193.92**
Summarised Information of Associate Companies			
Long Term Assets		712.34	874.86
Current Assets		1,353.22	1,767.35
Long Term Liabilities		83.83	108.47
Current Liabilities		214.44	338.73
Equity		1,767.30	2,195.02
DHI Group Share of Equity		**705.94**	**568.52**
Net Profit after Tax		224.51	676.31
Other Comprehensive Income		(0.23)	(0.42)
DHI Group share of Profits after Tax		**63.08**	**191.31**
Summarized Information of Joint Venture			
Long Term Assets		432.82	4,808.48
Current Assets		422.08	28.83
Long Term Liabilities		256.35	8.99
Current Liabilities		331.56	201.82

	Percentage	31-Dec-23	31-Dec-22
Equity		266.98	4,626.51
DHI Group Share of Equity		**2,404.74**	**2,254.27**
Net Profit after Tax		(63.77)	(34.30)
Other Comprehensive Income		(0.92)	0.21
DHI Group share of Profits after Tax		**(13.97)**	**(7.50)**

22.7. Other Equity Investments- PARENT

	% of Holding	Number of Shares	31-Dec-23	% of Holding	Number of Shares	31-Dec-22
Quoted - Equity Shares fully paid up -						
1. Bhutan National Bank Ltd.	12%	61,229,940.00	1,893.84	12%	48,983,952.00	1,572.87
2. Royal Insurance Corporation of Bhutan Ltd	18%	29,464,439.00	2,076.95	18%	25,780,417.00	1,701.51
3. Investment Abroad			4,336.60			3,479.43
Total Other equity Investments			**8,307.39**			**6,753.81**
			-			-
Investments in EPF Asset			-			-
Bank balance			18.95			18.17
Accrued interest			-			-
Contribution to Loden-DHI Fund			3.80			5.32
Total Investment in EPF Assets			**22.75**			**23.49**

* *During the year 2023, DHI received bonus shares worth Nu. 122,459,880.00 from BNBL*

* *During the year 2023, DHI received bonus shares worth Nu. 36,840,220.00 from RICBL.*

* *During the year 2015, DHI management entered into an agreement with The Loden Foundation and created Loden-DHI Fund to provide alternative access to the entrepreneurs in obtaining finance to start a new business or for expansion / growth of the existing business leading to employment generation and economic development of the nation. The Loden Foundation shall be solely responsible for the management of the fund as per the agreed conditions between DHI and Loden and will operate in line with the existing Loden Entrepreneurship Programme guidelines. As per the agreement DHI needs to contribute Nu. 20,000,000/- in three consecutive years starting from the year 2015. Following this, DHI contributed Nu. 20,000,000/- to Loden-DHI Fund till 31 December 2017. With Full adoption of BAS investment in EPF is fair valued. During the year 2022, DHI received 2nd tranche of Nu. 7,000,000/- as repayment from Loden foundation and out of which 50% amounted to Nu. 3,500,000/- was repaid to BOBL. DHI further received Nu. 1,566,465.00 in the year 2023 as repayment from Loden foundation and out of which 50% has been repaid to BOB.*

23. LONG TERM FINANCIAL ASSET

Group classifies all Held-to-maturity debt securities, Available-for-sale equity securities and deposits with financial institution as long-term financial assets

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Debt Securities	2,658.42	2,526.48	2,658.42	2,526.48
Listed	-	-	-	-
Unlisted	13,345.31	15,833.47	-	-
Term Deposits with Bank & Financial Institutions	2,472.57	2,488.15	-	-
Long term Financial Assets	**18,476.32**	**20,848.10**	**2,658.42**	**2,526.48**

24. OTHER NON- CURRENT ASSET

The Group classifies all other non-current asset under non- current asset which includes the assets which are not expected to be settled within 12 months from the date of the reporting period

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Advances provided for projects	-	-	-	-
Trade Receivables & Others	98.81	24.36	0.30	0.22
Provision for Impairment - Non currrent	-	(0.47)	-	-
Advance Payments to Suppliers	141.69	83.16	-	-
Prepaid Expenses - Non current	34.22	40.35	-	-
Other Non Current Assets	21.21	-	-	-
DHI Bizap	-	-	40.92	52.08
Other Non-Current Assets	**295.93**	**147.40**	**41.22**	**52.31**

25. INVENTORIES

Accounting Policy

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

a. Raw materials - On a weighted average basis
b. Finished goods and work-in-progress - At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity but excluding borrowing costs
c. Other inventories – At actual cost

The carrying value of Inventories as of 31st December are as follows

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Work in progress	633.49	410.78	-	-
Finished goods	712.76	810.52	-	-
Other inventory	1,783.41	1,273.09	0.08	0.06
Stores, spares and loose tools	1,582.23	1,488.47	-	-
Total Inventories	**5,117.04**	**4,555.01**	**0.08**	**0.06**

25.1. Recognition as an Expense

When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The Group recognizes the amount of any write-down of inventories to net realizable value and all losses as an expense in the period the write-down or loss occurs.

26. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Receivable in foreign currency	1,883.37	207.24	-	-
Impairment on Trade Receivables	(121.10)	(118.35)	-	-
Total Trade Receivables	**7,271.68**	**5,868.54**	**-**	**-**

27. OTHER CURRENT ASSETS

Accounting policy

Group classifies all other current assets under other current assets which include advances to employees, advances to vendor/ suppliers, prepaid expense, etc.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Loan to subsidiary company (including interest accrued)	-	-	3,338.20	798.15
Term deposits with financial institutions	852.22	881.09	-	-
Other Financial Assets	40.24	197.66	14.49	480.86
Advance payments to vendors	4,619.37	1,623.42	158.30	28.93
Advance payments to employees	28.84	36.61	0.76	(0.07)
Prepaid expenses - current	890.49	741.68	-	-
Income Tax Paid in Advance	663.79	155.29	-	-
Total Other Receivables and Advances	**8,125.53**	**6,379.49**	**3,511.75**	**1,307.87**

28. SHORT TERM DEPOSITS

Short-term investments are liquid assets or cash, which are being held for a short period of time and cash reserves or cash balance maintained with Royal Monetary Authority of Bhutan as per the Prudential regulations.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Short-term deposits	2,849.47	1,087.77	1,007.00	-
Cash Reserve and Balances with RMA	12,135.75	16,202.87	-	-
Total Short term Deposits	**14,985.23**	**17,290.64**	**1,007.00**	**-**

29. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Cash in hand	1,612.14	1,107.95	-	-
Cash at bank	2,611.33	5,321.42	732.87	1,196.02
Total Cash and Cash Equivalents	**4,223.46**	**6,429.38**	**732.87**	**1,196.02**

In the Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks and the Royal Monetary Authority, other short-term highly liquid investments with original maturities of three months or less and bank over-drafts.

30. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

31. STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

The ordinary shares of Druk Holding and Investments are held by Ministry of Finance, Royal Government of Bhutan.

31.1. Stated Capital- PARENT

In Nu Million

In Nu Million	31-Dec-23	31-Dec-22
Authorised Capital: 5,000,000,000 equity shares of Nu.100	500,000	500,000
Issued and Paid up capital		
At the Beginning of the year	49,184.12	49,272.06
Issues during the year	607.05	(87.94)
At the end of the year	**49,791. 7**	**49,184.12**

The number of shares in issue as at 31st Decembers was 497,911,706.68. The share capital increased from Nu. 49,791.17 million to Nu. 49,184.12 million on account of transfer of Royal Bhutan Helicopter Services Ltd to Drukair Corporation Limited. All the combining entities or businesses are ultimately controlled by the same party (i.e. Ministry of Finance) both before and after the business combination. Therefore, business combinations is accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted for at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies.

31.2. Other Equity Component

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Asset Revalutaion Reserve	1,846.73	1,847.54	1,374.49	1,374.49
Bhutan Future Fund	5,280.00	4,316.00	5,280.00	4,316.00
Other Reserve	22,821.19	22,821.19	6,927.23	6,927.23
At the end of the year	**29,947.92**	**28,984.73**	**13,581.72**	**12,617.72**

The revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment. The Other Reserve comprises all the other reserves of Group (i.e. Forex fluctuation reserve, dividend equalization reserve, share premium, etc). The Bhutan Future Fund reserve is created for investments abroad and catering to national exigencies.

32. LONG TERM BORROWINGS AND CURRENT PORTION OF LONG-TERM BORROWINGS

Accounting policy

The long-term and current portion of long-term term borrowings are the interest-bearing borrowings of the Group. The repayment of loan which fall due within 12 months from the end of the financial year are classified as current portion of long term borrowings. The working capital facilities obtained by the Group are recognized as Working capital loan.

32.1. Long Term Borrowings

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Banks and Financial Institutions in Bhutan	6,991.27	7,649.81	-	-
Bonds listed by the RSEB	804.81	2,245.49	-	-
Banks and Financial Institutions in other countries	38,168.53	39,126.25	1,351.94	777.98
Foreign Governments	35.40	180.72	-	-
Working Capital Loans from Banks	-	77.16	-	-
Advance from subsidiary companies	-	-	2.41	0.42
Total Long Term Borrowings	**46,000.01**	**49,279.44**	**1,354.35**	**778.40**

32.2. Current Borrowings

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Working Capital Loans from Banks	95.41	77.16	-	-
Current Borrowings	2,369.56	2,913.07	-	-
Total Current Borrowings	**2,464.96**	**2,990.23**	**-**	**-**

33. GOVERNMENT GRANTS

Accounting Policy

a. Recognition

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The benefit of a government loan at a below-market rate of interest is treated as a government grant.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are be recognized in profit or loss of the period in which it becomes receivable.

Grants relating to property, plant and equipment are included in non-current liabilities as Deferred Government Grants. Depreciation on the assets is charged against the grant and not to the Operating Statement.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Opening Balance	4,736.03	3,963.03	2,572.49	517.26
Add: Receipts during the year	-	855.55	-	2,065.71
Less: Amortization against expenditure	(342.16)	-	(10.47)	(10.47)
Total Deferred Government Grants	**4,393.87**	**4,818.58**	**2,562.02**	**2,572.49**
Current portion- Govt Grants	65.17	(82.54)	-	-
Non-Current portion- Govt Grants	4,328.70	4,736.03	2,562.02	2,572.49

34. EMPLOYEE BENEFITS

Accounting Policy

34.1. Under Defined Contribution Scheme

Employees are eligible for Employees' Provident Fund contributions. The defined contribution Benefit plan is managed by a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund (i.e. National Pension and Provident Fund).

34.2. Under Defined Benefit Scheme

The Company makes retirement payments based on the final salary and years of service. Gratuity is accrued based on actuarial valuation. The liability recognized in the statement of financial position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Changes in service and interest cost are charged to Profit or Loss under the Statement of Comprehensive Income. All actuarial gains and losses arising from the defined benefit plan are recognized in Other Comprehensive Income.

34.3. Other Benefits

Accumulated leave liability is accrued on the basis of actuarial valuation for the leave balance over and above the annual leave encashment against each employee as at the end of the year. Changes in leave balance, interest and changes to actuarial valuation are charged to the Statement of Comprehensive Income. However, from 2023, such long-term employee benefit has been discontinued.

Other short-term employee benefits such as annual leave encashment and bonus are accrued at year-end.

34.4. Employee Benefit Liability

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Long Term Employee Benefits- Asset	26.54	44.48		
Long Term Employee Benefits liability	1,836.76	2,473.72	27.82	21.33

34.5. Employee Benefit Liability- PARENT

In Nu Million

	31-Dec-23	31-Dec-22
Plan Assets (A)	**29.04**	**27.99**
Bhutan National Bank - Gratuity A/c No.	0.01	0.013
BIL - Gratuity Fund	0.55	1.89
RICBL _TTMNII	24.43	21.53
LE_SB Investment with RICBL	4.04	4.56
Employee's benefit Obligation (B)	**56.86**	**49.32**
Gratuity Liability	(39.28)	(34.79)
Separation Benefit	(17.58)	(14.53)
Employee Benefit Liability C= A-B	**27.82**	**21.33**

34.4. Accounting Judgement, Estimates and Assumptions.

The employee benefit liability of the Group is based on the actuarial valuation carried out by independent actuarial specialists. The actuarial valuations include assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The principal assumptions used in determining the cost of employee benefits are highlighted below.

34.4. Post-Employment Benefit-PARENT

34.4.1. Gratuity

Qualifying employees are members of a defined benefit plan sponsored by the Company. Employees are entitled to a lump sum payment of Total Fixed Monthly Remuneration (TFMR) for each year of service.

A separate fund is maintained to cover the future liability for payments. The obligation for the plan is subject to risks in respect of investment, interest rates, demographic risk and Salary rates.

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

Interest rate risk: The plan is exposed to the risk of a fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

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

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

i) Statement of Profit or Loss	2023	2022
Current service cost	6.96	5.97
Past service cost - plan amendments	-	13.92
Net interest on net defined benefit liability / (asset)	0.75	(0.28)
Cost recognized in Statement of Profit or Loss	7.70	19.60

ii) Other Comprehensive Income (OCI)	2023	2022
Actuarial (gain)/loss due to liability experience	0.45	(0.29)
Return on plan assets (greater)/less than discount rate		
Actuarial (gains)/ losses recognized in OCI	(1.16)	0.16
Cumulative Actuarial (Gain) Loss Recognized via OCI	(0.70)	(0.14)

iii) Defined Benefit Cost	2023	2022
Service Cost	6.96	19.88
Net interest on net defined benefit liability/(asset)	0.74	(0.28)
Actuarial (gain)/losses recognized in OCI	(0.70)	(0.14)
Defined benefit Cost	7.00	19.47

iv) Statement of Financial Position	2023	2022
Defined benefit obligation (DBO)	(39.28)	(34.79)
Fair value of plan assets (FVA)	24.96	23.44
Funded status [surplus/(deficit)]	(14.30)	(11.35)
Net defined benefit asset (DBA)	(14.30)	(11.35)

v) Reconciliation of Net Financial Position	2023	2022
Net defined asset/ (liability) at the end of prior period	11.35	1.16
Service Cost	7.70	19.60
Amount recognized in OCI	(0.70)	(0.14)
Employer contributions	(4.06)	(9.28)
Net defined benefit asset/(liability) at the		
end of current period	14.30	11.35

vi) Movements in the Present Value of Defined Benefit Obligation	2023	2022
Opening Defined Benefit Obligation	34.79	16.69
Current service cost	6.96	5.97
Past service cost		13.92
Interest cost	2.56	1.23
Actuarial loss on experience adjusted	(5.48)	(2.71)
Benefits paid from plan assets	0.45	(0.29)
Closing Defined Benefit Obligation	39.28	34.79

vii) Movements in the Fair Value of Plan Assets	2023	2022
Opening Fair Value of Plan Assets	23.44	15.53
Income on assets at the discount rate	1.82	1.50
Actual interest less than discount rate	1.16	(0.16)
Contribution by DHI	4.06	9.27
Benefits paid from plan assets	(5.48)	(2.71)
Closing Fair Value of Plan Assets	24.99	23.44

viii) Expected Benefit Payments as at 31 December 2023	
31 December 2024	6.01
31 December 2025	7.37
31 December 2026	11.64
31 December 2027	16.00
31 December 2028	1.04
31 December 2029 to 31 December 2033	5.01

ix) Expected Benefit Payments as at 31 December 2022	
31 December 2023	10.42
31 December 2024	6.88
31 December 2025	9.34
31 December 2026	8.55
31 December 2027	1.13
31 December 2028 to 31 December 2032	4.23

x) Expected Employer contribution for the year ended 31 December 2024	
Expected Employer contribution for the year ended 31 December 2024	11.09

xi) Weighted Average Duration of Defined Benefit Obligation	2023	2022
Weighted Average Duration of Defined Benefit Obligation	7.99	7.63

xii) Plan Asset Information (asset allocation in %)	2023	2022
Insurance Policy with RICBL	63%	93%
Gratuity Fund with BIL	37%	7%
Balance in Current Account		0.0%
Total	**100%**	**100%**

xiii) Sensitivity Analysis				
Assumption/Parameter	**Scenario**	**Defined Benefit Obligation(DBO)**	**Net effect of DBO**	**Percent change**
Discount rate	0.50%	38.52	(0.76)	-1.90%
	Base rate	39.28	-	0.00%
	-0.50%	40.08	0.79	2.00%
				-
Salary Growth Rate	0.50%	40.91	1.63	4.10%
	Base rate	39.28	-	0.00%
	-0.50%	37.77	(1.51)	-2.00%
-				-
Employer turnover rate	0.50%	39.12	(0.16)	-0.40%
	Base rate	39.28	-	0.00%
	-0.50%	39.45	0.17	0.40%

34.2.2. Carriage Charges

Employee on transfer or upon separation from Group except in the case of termination are entitled for carriage charges of personal effects to the place of destination. The carriage charges are calculated as per the rates and capacity approved by Government from time to time.

Interest rate risk: The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

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

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

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

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

i) Statement of Profit & Loss	2023	2022
Current service cost	0.83	0.76
Interest on DBO	0.12	0.03
Expenses recognized in profit or loss	0.95	0.79

ii) Statement of Other comprehensive income	2023	2022
Actuarial (gain) or loss due to experience adjustments	(0.50)	0.41
Expense recognized as other comprehensive income	(0.50)	0.41

iii) Defined Benefit cost	2023	2022
Expense recognized in profit or loss	0.95	0.79
Expense recognized in other comprehensive income	(0.50)	0.41
Defined benefit cost	0.45	1.20

iv) Statement of Financial position	2023	2022
Present value of define benefit obligation	(1.94)	(1.62)
Funded status - surplus/(deficit)	(1.94)	(1.62)
Net defined benefit asset/(liability)	(1.94)	(1.62)

v) Movement in the present value of DBO	2023	2022
DBO at the beginning of period	1.63	0.49
Add: Current service cost	0.95	0.76
Add: Interest cost		0.03
Less: Benefits paid by the employer	(0.14)	(0.07)
Actuarial (gain) or losses due to experience adjustment	(0.50)	0.41
DBO at the end of period	1.94	1.62

vi) Expected Benefit payments in the future	
31 December 2024	0.22
31 December 2025	0.25
31 December 2026	0.36
31 December 2027	0.52
31 December 2028	0.19
31 December 2029 to 31 December 2033	0.76

vii) Expected term liability in years	
Expected term liability in years	7.01

34.2.3. Separation Allowance

Employees are eligible for separation allowance, equivalent to one month's salary on being separated from the company, either on completion of the contract, resignation and/or attainment of retirement age.

i.Statement of Profit & Loss	2023	2022
Current service cost	2.88	2.56
Interest on DBO	0.49	0.18
Expenses recognized in profit or loss	3.38	2.74

ii) Statement of Other Comprehensive Income	2023	2022
Actuarial (gain) or loss due to experience adjustments	(1.46)	1.61
Expense recognized as other comprehensive income	(1.4)	1.61

iii) Statement of Defined Benefit Obligation	2023	2022
Expense recognized in profit or loss	3.38	2.74
Expense recognized in other comprehensive income	(1.46)	1.61
Defined benefit cost	1.92	4.36

iv) Statement of Financial Position	2023	2022
Present value of define benefit obligation	(7.82)	(6.45)
Funded status - surplus/(deficit)	(7.82)	(6.45)
Net defined benefit asset/(liability)	(7.82)	(6.45)

v) Movement in the present value of DBO Plan	2023	2022
DBO at the beginning of period	6.45	2.52
Add: Current service cost	3.38	2.56
Add: Interest cost		0.18
Less: Benefits paid by the employer	(0.55)	(0.42)
Actuarial (gain) or losses due to experience adjustment	(1.46)	1.64
DBO at the end of period	7.82	6.45

vi)Expected benefit payments in future years	
December 31, 2024	0.89
December 31, 2025	1.02
December 31, 2026	1.69
December 31, 2027	2.26
December 2028	0.50
December 2029 to December 2033	2.28

viii) Estimated term of liability (in years)	
Estimated term of liability (in years)	8.41 years

34.2.4. Transfer Grant

The employees who leave service for a reason other than termination are entitled to the transfer grant of one month's salary, provided the incumbent has rendered a minimum service.

i) Statement of Profit & Loss	2023	2022
Current service cost	2.88	2.56
Interest on DBO	0.49	0.18
Expenses recognized in profit or loss	3.38	2.74

ii) Statement of Other Comprehensive Income	2023	2022
Actuarial (gain) or loss due to experience adjustments	(1.46)	1.64
Expense recognized as other comprehensive income	(1.46)	1.61

iii) Statement of Defined Benefit Obligation Plan	2023	2022
Expense recognized in profit or loss	3.38	2.74
Expense recognized in other comprehensive income	(1.46)	1.64
Defined benefit cost	1.92	4.38

iv) Statement of Financial Position	2023	2022
Present value of define benefit obligation	(7.82)	(6.45)
Funded status - surplus/(deficit)	(7.82)	(6.45)
Net defined benefit asset/(liability)	(7.82)	(6.45)

v) Movement in the present value of DBO	2023	2022
DBO at the beginning of period	6.45	2.52
Add: Current service cost	3.38	2.56
Add: Interest cost		0.18
Less: Benefits paid by the employer	(0.55)	(0.42)
Actuarial (gain) or losses due to experience adjustment	(1.46)	1.64
DBO at the end of period	7.82	6.45

vi) Expected benefit payments in future years	
December 31, 2024	0.89
December 31, 2025	1.02
December 31, 2026	1.69
December 31, 2027	2.26
December 2028	0.50
December 2029 to December 2033	2.28

vii) Estimated term of liability (in years)	
Estimated term of liability (in years)	8.41 years

35. OTHER NON-CURRENT LIABILITIES

Accounting policy

Group classifies all non-financial noncurrent liabilities under other non-current liabilities which include non-refundable advances and deposits.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Trade and other payables - noncurrent	944.63	783.49	10.71	11.50
Deferred Income	-	-	-	-
Entrepreneurship Promotion Fund	8.01	-	-	-
Other Liabilities - noncurrent	2.71	(28.93)	-	-
Retention money payable - noncurrent	54.24	9.03	-	-
Deposits and Advances received - noncurrent	115.33	355.22	-	-
Total Other Non Current Liabilities	**1,124.92**	**1,118.81**	**10.71**	**11.50**

36. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are non-interest bearing and settled within one year.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Trade Payables	5,165.81	2,783.04	453.31	347.59
TDS Payable	292.45	61.45	0.68	-
Employee and other payables	1,389.86	572.21	29.78	35.65
Accrued expenses	182.89	118.78	-	-
Unclaimed Dividend	5.27	6.01	-	-
Total Trade and Other Payables	**7,036.27**	**3,541.49**	**483.77**	**383.23**

37. OTHER CURRENT LIABILITIES

Accounting policy

The Group classifies all non-financial current liabilities under other current liabilities which includes the liabilities to be settled within 12 months from the date of the reporting period.

In Nu Million

	GROUP		PARENT	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Advances and Deposits Received	749.37	2,334.62	-	-
Construction Contracts	225.55	-	-	-
Listed Bond repayable	-	200.00	-	-
Retention money payable	151.48	631.61	-	-
Other Liabilities	2,518.16	1,571.20	-	-
Provision	5,956.31	665.91	-	-
Total Other Current Liabilities	**9,600.88**	**5,403.34**	**-**	**-**

38. IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment loss is recognized if the carrying amount of an asset or its cash- generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash- generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

39. REVERSAL OF IMPAIRMENT LOSS

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

40. PROVISIONS AND CONTINGENT LIABILITIES

Accounting Policy

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

All contingent liabilities, if any are disclosed as a note to the financial statements unless the outflow of resources is remote.

40.1. Contingent Liabilities (Parent's Commitment)

A summary of the corporate guarantee provided to companies as of 31 December 2023 and the outstanding balances thereof are as follow:

a) Corporate Guarantee provided against Term Loan:

In Nu Million

Entity	Guarantee Amount	Loan O/s
ABHL	70.70	49.12
BPCL	1,500.00	739.06
DCCL	4,360.14	1,582.96
KIL	12.00	13.50
NRDCL	1,285.00	115.56
STCBL	40.00	42.11
TTPL	30.80	27.86
Total	**7,298.64**	**2,570.17**

b) Corporate Guarantee provided against Working Capital:

In Nu Million

Entity	Guarantee Amount	Loan O/s
ABHL	10.50	7.87
BPC	500.00	0.00
CDCL	100.00	36.84
DAC	1,500.00	1.39
DCCL	150.00	5.05
KIL	12.00	8.75
Total	**2,272.50**	**59.91**

c) Corporate Guarantee provided against Others:

In Nu Million

Entity	Guarantee Amount	Loan O/s
CDCL	653.51	653.51
DGPCL	235.00	-
DHI PTE LTD	672.00	706.08
DPL	11.00	-
TTPL	39.15	39.15
Total	**1,610.66**	**1,398.73**

41. EVENTS AFTER THE REPORTING PERIOD

Final Dividend

The Board of Directors of the Company has declared a final dividend of Nu. 5,059 million for the financial year ended 31 December 2023. In accordance with BAS 10, Events after the reporting period, the final dividend has not been recognized as a liability in the financial statements as at 31 December 2023

Buyback

Druk Holding and Investment Limited is at an advanced stage to buyback 60% of Druk Metallury Limited from the other investor. This transaction will result in DHI's holding in DML at 100%.

Project

1. Bhutan National Digital Identity(NDI)

Bhutan NDI until now functioning as a project under the Innotech Department, DHI has been established as a 100% owned DHI subsidiary in 2024.

42. KEY MANAGEMENT PERSONNEL- PARENT

Key Management Personnel -
Dasho Karma Y. Raydi, Chairman
Mr. Ujjwal Deep Dahal, Chief Executive Officer and Director
Mr. Thinley Namgyel (Director)
Ms. Yunny Lee (Director)
Mr. Nelson Trevor Thackery (Director)
Ms. Leki Wangmo (Director)
Mr. Sherub (Director)

43. MANAGERIAL REMUNERATION

A. Remuneration paid to the Chairman of the company -	31-Dec-23	31-Dec-22
Salary and allowances	3.32	2.15
Other benefits	2.32	1.44
Provident fund contribution	0.33	0.19
Sitting fees	0.21	0.14
Total (In Nu Million)	**6.18**	**3.92**

B. Remuneration paid to the Chief Executive Officer of the company -	31-Dec-23	31-Dec-22
Salary and allowances	2.38	3.43
Other benefits	1.27	1.11
Provident fund contribution	0.20	0.31
Sitting fees	0.18	0.21
Total (In Nu Million)	**4.03**	**5.06**

C. Sitting fees paid to other Board of Directors of the Company-	31-Dec-23	31-Dec-22
Nim Dorji	-	0.23
Dasho Pema Chewang	-	0.19
Thinley Namgyel	0.15	0.16
Kesang Deki	-	0.05
Yunny Lee	0.20	0.23
Nelson Trevor Thackery	0.26	0.29
Leki Wangmo	0.06	0.03
Sherub	0.05	-
Karma Lotey	-	0.18
Total (Nu in Million)	**0.72**	**1.36**

44. AUDITOR'S REMUNERATION

	31-Dec-23	31-Dec-22
Statutory audit fee for standalone financial statements	0.17	0.17
Statutory audit fee for consolidated financial statements	0.46	0.46
Statutory audit fee for RBHSL	-	0.26
Other audit expenses (relating to previous year)*	0.12	0.06
Total (In Nu Million)	**0.75**	**0.95**

45. RELATED PARTY DISCLOSURES –

Parent (State) -	2023	2022
	% of Holding	% of Holding
Ministry of Finance (MoF), Royal Government of Bhutan	100%	100%
Subsidiaries -		
Bank of Bhutan Ltd. (BOBL)	80%	80%
Bhutan Board Products Ltd. (BBPL)	48%	58%
Bhutan Power Corporation Ltd. (BPCL)	100%	100%
Bhutan Telecom Ltd. (BTL)	100%	100%
Construction Development Corporation Ltd. (CDCL)	100%	100%
Druk Green Power Corporation Ltd. (DGPCL)	100%	100%
Drukair Corporation Ltd. (DCL)	100%	100%
Druk Holding & Investments Pte Ltd.	100%	-
Dungsam Cement Corporation Ltd. (DCCL)	89%	89%
Dungsam Polymers Ltd. (DPL)	51%	51%
Koufuku International Ltd. (KIL)	100%	100%

Parent (State) -	2023	2022
	% of Holding	% of Holding
Natural Resources Development Corporation Ltd. (NRDCL)	100%	100%
Penden Cement Authority Ltd. (PCAL)	40%	40%
State Mining Corporation Ltd. (SMCL)	100%	100%
State Trading Corporation of Bhutan Ltd. (STCBL)	51%	57%
Thimphu TechPark Ltd. (TTPL)	100%	100%
Menjong Sorig Pharmaceutical Corporation Ltd. (MSPCL)	100%	100%
Associates -		
Bhutan Ferro Alloys Ltd. (BFAL)	26%	26%
Joint Venture		
Azista Bhutan Healthcare Limited (w.e.f 30.04.2018)	28%	28%
Druk Metallurgy Limited (w.e.f. 30.08.2018)	40%	40%
Other Portfolios -		
Bhutan National Bank Ltd. (BNBL)	12%	12%
Royal Insurance Corporation of Bhutan Ltd. (RICBL)	18%	18%
State Owned Enterprises -		
Bhutan Development Bank Ltd. (BDBL)		
Bhutan Postal Corporation Ltd. (BPCL)		
Kuensel Corporation Ltd. (KCL)		
Bhutan Broadcasting Services Corporation Ltd. (BBSCL)		
Food Corporation of Bhutan (FCB)		
Bhutan Chamber and Commerce Industry (BCCI)		
(i) Transactions with Parent -		
Dividend paid	3,361	3,977
Allotment of shares (fully paid of Nu. 100/- each)	60.70	(0.88)
Expenses adjusted by the company on behalf of MoF		0.74
(ii) Balance as at the end of the year with Parent -		
Advance to MoF	0.45	-
Transactions with Subsidiaries -		
i. Equity contribution in cash	**400.87**	**400.8 7**
Bhutan Power Corporation Ltd.	-	(37.73)
Bhutan Telecom Ltd.	-	(17.93)
Construction Development Corporation Ltd.	-	(24.40)
DHI Pte Limited	67.36	633.43
Druk Air Corporation Ltd.	622.92	145.78
Druk Green Power Corporation Ltd.	-	(147.47)

Parent (State) -	2023 % of Holding	2022 % of Holding
Dungsam Cement Corporation Ltd.	-	(143.30)
Natural Resources Development Corporation Ltd.	-	(63.17)
ii.Dividend income	**9,986**	**10,171.03**
iii. Brand management fee	**220.13**	**214.00**
Druk Green Power Corporation Ltd.	90.84	98.82
Bhutan Power Corporation Ltd.	33.83	36.95
Bhutan Telecom Ltd.	42.85	38.35
Others	167.52	39.89
iv. Corporate guarantee fee	**16.42**	**13.12**
Bhutan Power Corporation Ltd.	5.41	
Construction Development Corporation Ltd.	4.11	
Dungsam Cement Corporation Ltd.	1.89	
Others	5.01	
Interest income on bank deposits- Bank of Bhutan Ltd.	1.12	23.72
v. Interest Income on inter company loans provided	**71.18**	**60.79**
Bhutan Power Corporation Ltd.	8.24	4.19
Druk Green Power Corporation Ltd.	38.49	-
Dungsam Cement Corporation Ltd.	0.14	-
Druk Hydro Energy Limited	2.24	-
Drukair Corporation Ltd.	15.88	47.85
Dungsam Polymers Ltd.	-	0.46
Natural Resources Development Corporation Ltd.	5.75	-
State Mining Corporation Ltd.	0.46	8.29
vi. Other transaction with Subsidiaries		
Interest expenses- Bank of Bhutan Ltd.	-	-
Electricity expenses- Bhutan Power Corporation Ltd.	0.37	0.82
Telephone and internet expenses - Bhutan Telecom Ltd.	1.16	1.35
Purchase of air tickets and others - Drukair Corporation Ltd.	3.65	
Repairs and maintenance charges- State Trading Corporation Ltd.		
Purchase of assets - State Trading Corporation Ltd		
Hall hiring charges- Natural Resources Development Corporation Ltd.		
Bank charges- Bank of Bhutan Ltd	0.01	0.02
Advance provided for project- Construction Development Corporation Ltd.	59.77	28.93
vii. Balance as at the end of the year with Subsidiaries -		
Current account balances- Bank of Bhutan Ltd.	732.56	1,196.02
Fixed deposits- Bank of Bhutan Ltd.		

Parent (State) -	2023	2022
	% of Holding	% of Holding
viii. Outstanding Balances with Subsidiaries -		
Accrued interest on bank deposits- Bank of Bhutan Ltd.	-	55.83
Other interest receivable		
Electricity expenses payable- Bhutan Power Corporation Ltd.	-	
Telephone and internet expenses payable- Bhutan Telecom Ltd.	-	0.73
ix. Inter-company loan receivable (principal and interest)	**3,301.20**	**788**
Drukair Corporation Ltd.	635	788
Dungsam Cement Corporation Ltd.	330	
Druk Green Power Corporation Ltd.	1736.20	
Natural Resources Development Corporation Ltd.	600	
x. Corporate guarantee fee receivable	**6.15**	**13.12**
Bhutan Power Corporation Ltd.	1.63	8.38
Dungsam Cement Corporation Ltd.	0.19	1.86
Construction Development Corporation Ltd.	4.11	
Others	0.22	2.92
Advances taken for CSR		
Transactions with Associates -		
Dividend income- Bhutan Ferro Alloys Ltd.	135.08	115.78
Outstanding Balances with Associates -		
Advances given on behalf (net)	-	0.20
Transactions with Joint Ventures		
Equity contribution in cash	**14.00**	**13.78**
Azista Bhutan Healthcare Limited	14.00	13.78
Transactions with Other Portfolios -		
Dividend income	87.49	33.29
Insurance of vehicles	0.13	0.08
Medical insurance	-	-
Compensation to Key Management Personnel -		
Short-term benefits	9.68	8.48
Post-employment benefits	0.53	0.50
Sitting fees paid to Board of Directors	0.72	1.35
Transactions with SoEs -		
Media and publication expenses – Kuensel	0.86	0.71
Media and publication expenses – BBS	0.78	0.22
Postage charges - Bhutan Post	0.08	0.09

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