

# dhi ANNUAL REPORT 2024







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# 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.



# The Spirit of DHI

Every transformative journey demands a moment of reflection, an inward turning to rediscover purpose, reaffirm principles, and realign with one's core values. For institutions, as for individuals, true progress is guided not just by strategy but by spirit.

At DHI, that spirit is timeless. It flows from the Royal Charter, which stands not only as our legal foundation but as a sacred directive from the Throne, an enduring call to steward the nation's assets for the prosperity of all Bhutanese people.

The Charter provides our compass. From it arise our Vision, our Mission, and our Guiding Themes, which translate noble intent into focused strategy. These elements are not mere statements; they are anchors of integrity, ambition, and national service.

As we embark on this bold 10X journey, the Spirit of DHI will remain our constant - silent but unshakable. It will guide our decisions, ground our leadership, and propel us with purpose. And it will do so not just until milestones are reached, but until every commitment we have made to our shareholders, the people of Bhutan, is fully honoured.





## 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 of Bhutan 2016, 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 support the Board in making informed decisions, specialized Board Committees – such as the Audit Committee, Nomination and Governance Committee, and Performance Management Committee – play an active role.

The Audit Committee provides independent oversight to ensure integrity in financial reporting and internal controls. The Nomination and Governance Committee is responsible for CEO recruitment across the companies. The Performance Management Committee oversees annual target setting and evaluates company performance against established benchmarks.



## 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 10X Strategic Framework



DHI portfolio companies depicting DHI standalone and net worth/ marketing capitalization of the companies as on 31 December 2024

*In million Nu.*

Sector	Shareholding in %	DPC category	Networth (In million Nu)
<b>Energy and Resources</b>			
Druk Green Power Corporation Limited	100%	DOC	62,201.38
Bhutan Power Corporation Limited	100%	DOC	16,741.85
Natural Resources Development Corporation Limited	100%	DOC	670.14
State Mining Corporation Limited	100%	DOC	2,270.46
<b>Communication and Transportation</b>			
Bhutan Telecom Limited	100%	DOC	5,940.14
Drukair Corporation Limited	100%	DOC	1,709.61
Bhutan National Digital Identity Limited	100%	DOC	131.42
<b>Financial Services</b>			
Bank of Bhutan Limited	80%	DCC	9,741.73
Royal Insurance Corporation of Bhutan Limited	18%	DLC	5,083.20
Bhutan National Bank Limited	12%	DLC	7,603.57
<b>Real Estate and Construction</b>			
Thimphu Tech Park Limited	100%	DOC	341.42
Construction Development Corporation Limited	100%	DOC	943.36
DHI PTE Ltd	100%	DOC	569.43
<b>Trading</b>			
State Trading Corporation of Bhutan Limited	55%	DCC	631.16
<b>Manufacturing</b>			
Menjong Sorig Pharmaceuticals Corporation Limited	100%	DOC	187.95
Koufuku International Limited	100%	DOC	50.58
Druk Metallurgy Limited	100%	DOC	(342.18)
Dungsam Cement Corporation Limited	88%	DCC	782.16
Crawfish Himalaya Limited	75%	DCC	53.25
Dungsam Polymer Limited	51%	DCC	61.68
Bhutan Board Product Limited	58%	DCC	1,054.50
Penden Cement Authority Limited	40%	DLC	1,609.12
Azista Bhutan Healthcare Limited	28%	DLC	163.32
Bhutan Ferro Alloys Limited	26%	DLC	1,522.20

#### 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 2024







## A Year at a Glance



Initiated formal collaboration with Chiba Institute of Technology



Commissioned Nikachhu Hydropower project

**JANUARY**



Incorporated Bhutan NDI Ltd



Inaugurated Bhutan Outlet in Dhaka

**FEBRUARY**



Inaugurated 32kV Gas Insulated Switchgear (GIS) substation in Panbang, Zhemgang



Provided free travel for De-suung volunteers travelling to Kolkatta for ongoing blood donation drive for Bhutanese cancer patients

**AUGUST**



Organized Assistive Technology Innovation Challenge



Signed MoU with Airbus for the acquisition of three A320neo and two A321XLR aircraft

**JULY**



Launched and operationalized eSIM technology



Signed MoU with Reliance Infrastructure Ltd.



Organized the inaugural Bhutan Innovation Forum (BIF)

**SEPTEMBER**



Launched High Potential (HiPo) Employees Program

**OCTOBER**



Hosted business students from the Yale School of Management, and Harvard University at the JNW Super Fab Lab



Hon'ble Prime Minister accompanied by Hon'ble Minister of Finance paid a visit to DHI HQ

## MARCH



Bhutan NDI wins the European Identity and Cloud Award, 2024



Signed MOU with Adani Group for the Wangchhu Hydropower project

## JUNE



Started construction of 600 MW Khorlochhu Hydropower Project

## NOVEMBER



Organized DHI BIZAP Open Window 8 Business Acceleration Funding program



Inaugurated the Jigmethang Helipad in Punakha

## APRIL



Collaborated with NASA - to conduct a 4-day in-person Applied Remote Sensing Training program



Hosted FabFest in collaboration with five other fab labs in the country

## MAY



Incorporated Druk Holding India Pvt Ltd.



Introduced new route to Dubai



Integrated drone technology for power line inspection



Launched AI focused Information Access Center.



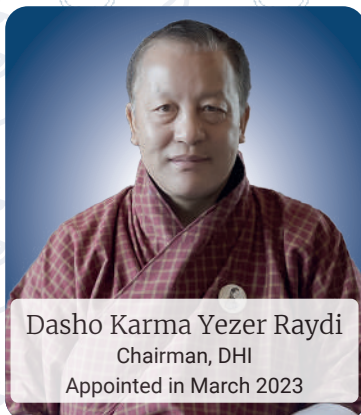
DGPC received three-star GNH of business certificate award

## DECEMBER





## Board of Directors



**Dasha 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**  
Vice Chairman, Rigzar Const. Pvt. Ltd.  
Appointed in March 2023



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





## Management Team



**Ms. Tashi Lhamo**  
**Director, Department of Finance (DoF)**

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 has over twenty years of experience in Banking, Finance and Accounting. 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)**

He has a master's degree 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 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. He looks after corporate governance, performance planning, monitoring and evaluation for the DHI Group.



**Mr. Phuntsho Namgay**

**Officiating Director, Department of Innovation & Technology (InnoTech)**

He has 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, Szentokha in June 2006.



# DIRECTORS REPORT

## Dear Shareholder,

We are pleased to present the annual report for DHI Standalone and the Group for the year ended 2024. We are delighted to report that both DHI and the Group have demonstrated robust performance, achieving notable improvements over the previous financial year of 2023.

## Major Highlights of the Year

In 2024, DHI, in collaboration with the Gelephu Mindfulness City (GMC), hosted the inaugural Bhutan Innovation Forum at Dungkar Dzong, Pangbisa. The event convened over 70 global experts, nearly 1,000 international guests, and 2,000 domestic participants to explore solutions at the intersection of mindfulness, innovation, sustainability, and entrepreneurship aligned with Bhutan's Gross National Happiness (GNH) philosophy. It became the largest international conference ever organized by Bhutan. A key highlight was the develop-

ment of GMC, a visionary initiative by His Majesty The King, conceived as a Special Administrative Region (SAR) and a model for a sustainable, inclusive, and innovation-driven economy. The forum underscored DHI's commitment to building a knowledge-based economy and supporting Bhutan's long-term transformation.

The year also witnessed the incorporation of two strategic companies within the DHI portfolio: Bhutan NDI Limited and Druk Holding India Private Limited, a trading company for the Group. The National Digital Identity Company shall function as the Administrative Body to carry out responsibilities entrusted under NDI Act of Bhutan 2023. The Druk Holding India Private Limited is company registered in India with DHI holding 74% equity. It was established to support DHI's strategic initiatives in India and the region, helping expand its investment and commercial activities beyond Bhutan.

## Financial Highlights

The table below shows the financial highlights of the DHI Standalone and its Group for the year ending 2024

Particulars	Group (in Million Nu.)			DHI Standalone (in Million Nu.)		
	2024	2023 (Restated)	Variance	2024	2023 (Restated)	Variance
Total Assets	354,442.72	283,307.45	25.11%	97,423.89	79,928.84	21.89%
Net Worth	129,189.63	106,434.38	21.38%	89,807.66	73,051.84	22.94%
Income	74,413.01	58,143.16	27.98%	10,983.29	10,483.75	4.76%
Expenditure	49,182.93	40,318.89	21.98%	350.80	289.49	21.18%
PBT	25,285.30	17,873.39	41.47%	10,632.49	10,194.26	4.30%
Tax	11,514.85	9,398.02	22.52%	3,207.80	3,071.59	4.43%
PAT	13,770.46	8,475.36	62.48%	7,424.70	7,122.67	4.24%

## Group Accounts

### Total Assets and Net Worth

Compared to FY 2023, total assets and net worth increased by 25.11% and 21.38%, respectively. Total assets reached Nu. 354,442.72 million, driven mainly by the transfer of the Mangdechhu Hydropower Plant (MHP) and its associated transmission systems to DGPC and BPC. Additionally, increases in short term deposits and trade receivables, contributed to the growth in total assets.

At the end of FY 2024, net worth stood at Nu. 129,189.63 million, an increase of Nu. 22,755.25 million from the previous year due to growth in share capital, the Bhutan Future Fund, retained earnings, and asset revaluation reserves.

### Revenue

The Group's revenue increased by 27.98%, rising from Nu. 58,143.16 million in FY 2023 to Nu. 74,413.01 million in FY 2024. Revenue from customers accounted for 95.99% of the total, contributing Nu. 71,426.06 million. The remaining Nu. 2,986.95 million came from other sources, including dividend income and other income.

Among the various components of customer revenue, income from the sale of Energy & Resources saw significant growth, increasing from Nu. 29,419.40 million in FY 2023 to Nu. 44,586.96 million in FY 2024 mainly driven by domestic sale of power amounting to Nu. 20,873.55 million, representing 46.82% of the energy revenue. Another major contributor to the customer revenue was income from the trading business, which rose by 69.86%, from Nu. 3,352.52 million to Nu. 5,694.69 million.

### Expenditure

The Group's expenditure rose by 21.98%, from Nu. 40,318.89 million in FY 2023 to Nu. 49,182.93 million in FY 2024. Major contributors to this increase include the direct cost of sales, employee costs, finance costs, and depreciation & amortization.

Depreciation & amortization expenses increased by Nu. 3,226.03 million mainly on account of plant & machinery and equipment's followed by transmission line and cable and power system with each item's accumulated depreciation exceeding 2 billion. The finance costs also went up by Nu.

3,118.26 million compared to FY2023. Employee costs grew by 26.41%, or Nu. 1,549.95 million, mainly due to the salary revision implemented from the last quarter of FY 2023. Profit After Tax

With a 27.98% increase in revenue and a moderate 21.98% rise in expenses, the Group achieved a Profit After Tax (PAT) of Nu. 13,770.46 million in FY 2024, an increase of Nu. 5,295.09 million over FY 2023. This is also the highest Group PAT achieved to date.

## DHI Standalone Accounts

### Total Assets and Net Worth

DHI's total assets and net worth stood at Nu. 97,423.89 million and Nu. 89,807.66 million, respectively. Total assets grew by 21.89% from Nu. 79,928.84 million in FY 2023, mainly due to an increase in investments of Nu. 15,086.71 million and short-term deposits of Nu. 2,540.98 million.

A major contributor to the investment growth was the issuance of share capital on account of the transfer of MHP to DGPC, which added Nu. 12,979.53 million. Similarly, Bhutan NDI Ltd. was brought under DHI with share capital of Nu. 482.95 million and Crawfish Himalaya Ltd was formally established with share capital of Nu. 57.99 million. Other notable investments during the year included Nu. 801.96 million for overseas investments and Nu. 135.73 million for subscribing to Penden Cement's rights shares.

DHI net worth stood at Nu. 89,807.66 million an increase of Nu. 16,755.82 million as compared to the previous year, driven by growth in paid-up share capital, the Bhutan Future Fund, other comprehensive income, retained earnings and reserves.

### Revenue

DHI's standalone revenue for FY 2024 was Nu. 10,983.29 million, reflecting a modest increase of Nu. 499.54 million compared to FY 2023.

Dividend income accounted for 93.96% of the total revenue, with major contributions from DGPC (Nu. 4,074.36 million), BTL (Nu. 2,427 million), SMCL (Nu. 2,310 million), and BPC (Nu. 1,057.34 million). Dividend income from DHI-linked companies, including overseas investments, amounted to Nu. 274.31 million.



In addition to dividends, DHI's standalone revenue includes other income such as brand and management fees and interest earnings, which rose from Nu. 497.72 million in 2023 to Nu. 663.93 million in FY 2024.

### Expenditure

Total expenditure increased from Nu. 289.49 million in FY 2023 to Nu. 350.79 million in FY 2024, reflecting a growth rate of 21.18%. This rise was mainly driven by an increase of Nu. 65.14 million in employee-related costs. In contrast to the previous year, there was reduction in finance costs and general and administrative expenses.

### Profit After Tax

The standalone Profit After Tax (PAT) for FY 2024 was Nu. 7,424.70 million, marking a 4.24% increase compared to FY 2023. In line with the higher PAT, DHI paid a total of Nu. 3,207.8 million in taxes in FY 2024, an increase from Nu. 3,071.59 million in FY 2023.

## Segment Performance

The following section briefly discusses the performance of individual companies, grouped by business segment.

### Energy and Resources

This segment generated a total income of Nu. 59,303.51 million, contributing 57.01% to the Group's total revenue. Profit from this segment increased from Nu. 8,154.93 million in FY 2023 to Nu. 13,574.05 million in FY 2024, marking a growth of 66.45%. It also recorded the highest operational efficiency within the Group at 77.11%.

- With the consolidation of MHP under DGPC, the company's income saw a substantial increase, from Nu. 11,668.60 million in FY 2023 to Nu. 23,390.11 million in FY 2024, reflecting a growth rate of 100.45%. Benefiting from improved river inflows throughout the year, DGPC increased power generation from 10,090.72 MU in 2023 to 10,691.03 MU, resulting in a net profit of Nu. 8,642.26 million.
- BPC continues to generate the highest revenue for the Group, reaching Nu. 25,098.64 million in FY 2024, up from Nu. 20,208.50 million in FY 2023. Energy sold

increased from 5,689.74 MU to 7,256.10 MU over the same period. BPC's customer base also expanded to 256,727, from 243,285 in the previous year. The company experienced a global energy loss of 2.15%, primarily due to the high volume of energy (13,357.08 MU) injected into the system.

- Despite facing operational challenges, such as strict restrictions on the movement of dolomite trucks at the Bhutan-India border and reduced coal demand from cement manufacturers, SMCL recorded an income of Nu. 5,881.65 million in FY 2024, slightly lower than Nu. 6,467.79 million in the previous year. Nevertheless, it maintained the highest operational efficiency among all Group companies at 44.14%. The company posted a profit of Nu. 2,189.34 million in FY 2024, marking its second consecutive year with profits exceeding Nu. 2,000 million.
- NRDC generated revenue of Nu. 860.34 million and a profit of Nu. 15.11 million in FY 2024. Of the total revenue, sales of timber and by-products accounted for 70.08%, amounting to Nu. 602.93 million. Earnings from timber exports stood at Nu. 142.12 million for the year. To boost timber exports, the company made an investment of Nu. 900 million and procured 36 cable cranes and 20 log loaders during the year.

### Communication and Transportation

This segment recorded an increase in revenue from Nu. 10,931.80 million in FY 2023 to Nu. 11,975.51 million in FY 2024. With a profit after tax of Nu. 2,547.85 million, it was the second-highest profit contributor within the Group.

- BTL generated a total revenue of Nu. 6,372.59 million in FY 2024, with 88.77% coming from its mobile business. The company's active mobile subscriber base rose from 455,134 in 2023 to 465,281 in 2024. Leased line internet subscriptions also grew from 5,615 to 7,453 during the same period. BTL's profit for FY 2024 was Nu. 2,370.65 million, a decrease of 2.51% (Nu. 60.91 million) compared to FY 2023. This decline was mainly due to the increase in license fees, which rose from Nu. 95.19 million to Nu. 338.02 million.
- Drukair carried a total of 234,845 passengers in FY 2024, up from 201,979 the previous year. Its load fac-

tor improved from 67% to 69.45%, resulting in a total revenue of Nu. 5,399.70 million and a profit after tax of Nu. 177.83 million. During the year, the company introduced a new route to Dubai and expanded its fleet by adding two new helicopters. It has also secured the purchase of five Airbus aircrafts (three A320neo and two A321 XLRs) aircraft in preparation for the upcoming Gelephu Mindfulness City.

### Manufacturing

This segment contributed Nu. 5,833.28 million, accounting for 5.61% of the Group's total revenue.

- BBPL recorded a revenue of Nu. 272.59 million and a profit after tax of Nu. 4.88 million in FY 2024.
- DCCL reported a revenue of Nu. 2,594.09 million but incurred a loss of Nu. 349.12 million in FY 2024. The company suffered a major setback due to the collapse of Cement Silo No. 3, which led to a complete halt in production and sales of cement for over a month.
- DPL achieved a revenue of Nu. 180.51 million and a profit after tax of Nu. 1.87 million for FY 2024.
- KIL recorded its highest revenue and profit since inception, with Nu. 115.53 million and Nu. 13.26 million respectively. The company procured a total of 1,086 metric tons (MT) of milk and produced 210.80 MT of Druk Zambala cheese. Additionally, they have secured concessional loan worth Nu. 77 million under CARLEP project, IFAD for its refurbishment and expansion of plant.
- MSPCL saw an increase in the contribution of health supplement sales to total revenue, rising from 18.2% (Nu. 20.18 million) to 24.31% (Nu. 27.96 million) during the year. The company recorded a total income of Nu. 115.04 million and a profit of Nu. 7.72 million.
- PCAL earned a total revenue of Nu. 1,556.15 million and a profit after tax of Nu. 28.38 million in FY 2024.
- After its incorporation in 2023, CHL dedicated the entire year to completing foundational setup and infrastructure development. This included land development, securing lease agreements, constructing

facilities, procuring essential inputs, and carrying out pre-operational activities in preparation for the start of commercial production.

### Financial Services

The operating efficiency of this segment improved from 87.14% in FY 2023 to 81.98% in FY 2024, resulting in a total income of Nu. 8,548.70 million and a profit after tax of Nu. 1,540.40 million for the year.

- In FY 2024, BoB delivered the strongest performance among all financial institutions in the country, particularly in reducing its non-performing loan (NPL) ratio, earning a higher net interest margin (NIM), and achieving strong revenue and profit growth. The company's gross income for the year stood at Nu. 8,548.69 million, while profit after tax rose from Nu. 1,002.49 million in FY 2023 to Nu. 1,540.39 million in FY 2024, an impressive growth rate of 53.66%. Additionally, BoB significantly enhanced digital transactions by revamping its mBoB application, increasing the share of digital transactions from 94.34% in 2023 to 98.73% in 2024.

### Real Estate and Construction

The revenue of this segment increased from Nu. 1,521.56 million in FY 2023 to Nu. 1,698.94 million in FY 2024.

- CDCL's revenue grew from Nu. 1,227.16 million in FY 2023 to Nu. 1,478.83 million in FY 2024. Its profit after tax also rose significantly, from Nu. 3.20 million to Nu. 42.48 million. Both revenue and profit are the highest the company has recorded since corporatization. Revenue from hydropower construction accounted for 61.35% of the company's total earnings.
- DHI injected additional cash equity of Nu. 52.84 million into DHI Pte Ltd during the year, and the revenue earnings for FY 2024 for this company are Nu. 16.87 million.
- TTPL generated a revenue of Nu. 220.02 million and a profit after tax of Nu. 61.45 million in FY 2024. The company marked a major milestone by successfully implementing the e-PIS system for the Ministry of Health, one of the Royal Government of Bhutan's key digital flagship initiatives.

## Trading

The revenue contribution of this segment grew by 65.32%, increasing from Nu. 3,443.46 million in FY 2023 to Nu. 5,692.88 million in FY 2024.

- The petroleum business accounted for approximately 78.22% of STCB's total income (Nu. 5692.88 million) in FY 2024, contributing Nu. 4,452.73 million, up from Nu. 2,467.30 million in FY 2023. The company also recorded a profit after tax of Nu. 4.01 million.

## Other Operational Highlights

### Managing Existing Portfolio

- A major milestone has been the strategic partnership between DGPC and Tata Power Company Limited for the implementation of the 600 MW Khorlochhu Hydropower Project. The Shareholders' Agreement was signed on October 28, 2024, with DGPC holding a 60% stake and Tata Power owning 40%. Construction of the project officially commenced with the first blast at the powerhouse site on November 19, 2024.
- Following the commissioning of Nikachhu Hydropower Plant in February 2024, MHP achieved an additional generation of 377.04 MU resulting in additional revenue of Nu. 1,575.32 million with the sale of energy generated due to additional discharge from the tail water of NHP.
- Azista Bhutan Healthcare Limited, one of the linked companies of DHI established in 2020 to manufacture, package, and distribute allopathic drugs, recorded its first profit in 2024 with a respectable bottom line of Nu. 20.61 million.

### Making Future Focused Investments and supporting the Private Sector

- In 2024, our investments in global markets across diverse asset classes-including public equities, fixed income, and private equity-delivered resilient performance amid an uncertain macroeconomic environment marked by elevated inflation, divergent monetary policy trajectories, and geopolitical uncertainties. The portfolio's diversification across asset classes,

sectors, and geographies provided stability and mitigated market volatility. During the year, Assets Under Management (public markets) increased by USD 3.9 million.

- The digital assets portfolio demonstrated remarkable performance in 2024 amidst an uncertain macroeconomic landscape characterized by high global inflation trends, varying monetary policy approaches, and geopolitical uncertainties. Bitcoin, particularly had a remarkable year. The investment environment for the digital assets also matured significantly, supported by institutional adoption, regulatory clarity, and innovation in tokenized finance. The portfolio's forward-looking allocation, staking activities, and premiums earned from derivatives provided enhanced yields and stability. During the year, Assets Under Management increased by USD 5.9 million.
- Signed MoU with Reliance Infrastructure Ltd. to collaborate in developing the 770 MW Chamkharchhu-I as a part of Bhutan's Renewable Energy Development Roadmap 2024 which envisages the development of 15,000 MW of hydro and 5000 MW of solar generation capacity. Also signed MoUs and initiated discussions to explore the possibility of producing magnesium with several investors within the region.
- Completed preliminary geothermal potential assessment report with the support from the World Bank and Iceland Geosurvey, geochemical analysis was done for nine geothermal sites. This assessment is an effort to diversify Bhutan's energy mix.
- Two major studies were carried out to prepare for the upcoming Phuentsholing Township Development Project (PTDP). The Space Utilization Plan for the Business Precinct of PTDP provides clear strategic direction for the development of the township over the next 30 years and beyond, with a focus on spatial planning to guide the effective allocation of resources, such as land use. Similarly, the study on the Investment Strategy and Implementation Plan for PTDP outlines the preparatory work required for leasing land to investors and developers. On the implementation front, PTDP has made steady progress in mitigating flood risks, addressing space constraints in the country's commercial hub, and enhancing the quality of life for Phuentsholing

residents. The physical infrastructure works are now steadily moving toward completion.

- To support Entrepreneurship, through the DHI Business Acceleration Fund opened two windows and provided financing support to 24 new Entrepreneurs across various sectors disbursing over Nu. 10.27 million. To foster partnerships with local businesses and individuals, and to share the benefits and enhance the livelihoods of local communities, SMCL engaged 1,547 individuals and paid Nu. 1,133.7 million for the hiring of machinery, trucks, tippers, and daily wage workers.

Establishing a knowledge-based innovation ecosystem

- DHI collaborated with National Aeronautics and Space Administration (NASA) and conducted an Applied Remote Sensing Training (ARSET) program deep diving into the world of satellite data, equipping participants with skills to i) acquire and analyze satellite and modeled data, ii) generate land, water and disaster-related products, iii) and utilize existing data for land use, resource management and climate change. This program stemmed from an engineer from DHI InnoTech applying, and getting accepted to attend a google program called "Geo For Good". The ARSET training was attended by various stakeholders from Bhutan with 50 participants. In continuation with the same program DHI InnoTech, National Statistics Bureau (NSB), and NASA also launched "Farm Action Tool Kit" a public goods platform for monitoring rice yield in Bhutan.
- DHI hosted and organized an Assistive Tech Hackathon in collaboration with Asian Development Bank and Ministry of Education. Resource persons were sourced from FabLab Shinigawa considered by many to be experts in the digital fabrication of Assistive Tech. Attended by 70 participants, and 5 end users the hackathon resulted in around 10 prototypes for Assistive Technology.
- DHI also collaborated with FabLab network in Bhutan and Bhutan foundation to host the annual fab festival at the clock tower in Thimphu. A total of 42 Special Education Needs (SEN) teachers and more than 500 public participants attended the event (workshops, awareness campaigns and exhibitions).

- DHI executed a commercial drone contract for BPC and an AI/ML project for Helevatas.

Dividend and Taxes

In 2024, the total taxes paid by the Group amounted to Nu. 11,577.15 million, of which Nu. 3,206.78 million was paid as standalone taxes by DHI. This represents a 32.01% increase in the Group's tax contribution compared to 2023.

The Group also recorded a 114.32% increase in payment on account of royalty energy, rising from Nu. 2,085.12 million in 2023 to Nu. 4,468.79 million in 2024. It was mainly due to the consolidation of MHP under DGPC. However, royalty from mineral rent declined from Nu. 488.23 million in 2023 to Nu. 480.80 million in 2024, mainly on account of reduction in production volume from SMCL.

The proposed dividend for 2024 is Nu. 5,649.19 million, an increase of 11.66% from the previous year. The dividend amount was mutually agreed upon by DHI and the Ministry of Finance, reflecting a balanced approach to supporting national fiscal needs while preserving capital for strategic investments.

Hence, the total remittance from the Group for the year 2024 stands at Nu. 22,175.93 million, reflecting a 35.19% increase compared to Nu. 16,402.36 million in 2023.

Group Remittance (in Million Nu.)	2024	2023	Variance
DHI dividend to MoF	5,649.19	5,059.16	11.66%
Payment on account of Royalty energy	4,468.79	2,085.12	114.32%
Royalty payment on other resources and mineral rents	480.80	488.23	-1.53%
<b>Total Group taxes</b>	<b>11,577.15</b>	<b>8,769.84</b>	<b>32.01%</b>
<b>Total Remittance</b>	<b>22,175.93</b>	<b>16,402.36</b>	<b>35.19%</b>

Note: In addition to the above, BTL contributed license fees of Nu. 95.19 million in 2023 and Nu. 338.02 million in 2024

Corporate Governance

As a trusted steward and the leading CG practitioner, DHI maintained clean accounts for the 10<sup>th</sup> consecutive year. No adverse audit observation was issued in 2024 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 Board of Directors and CEOs who are professionally qualified, well experienced, highly motivated and of high integrity. Towards this, 10 Nomination and Governance Committee (NGC) meetings were conducted, resulting in the reappointment of three CEOs (BPC, SMCL & TTPL) and appointment of one new CEO (STCBL).

## Statutory Audit Report

S K Mittal & Co, Chartered Accountants, New Delhi, India and Menuka Chhetri & Associates, Thimphu conducted the audit of the Group and DHI standalone accounts for 2024. 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 & Way Forward

As the custodian of Bhutan's national wealth, DHI and its Group companies have made significant strides in fulfilling their core responsibility. However, in carrying out this mandate, they continue to face several challenges that are particularly relevant to Bhutan's unique context.

Some of the challenges are:

- **Hydropower Dependency:** DHI's revenue and national GDP remain heavily reliant on hydropower, but challenges in financing, project delays, talent shortages, and climate-related disruptions threaten progress in hydropower development. Increasing domestic power consumption is reducing export earnings, making our goal of Nu. 700 billion revenues in next 10 years challenging.
- **Mineral Sector Constraints:** The mineral extraction sector faces frequent operational issues, limited rail infrastructure in dolomite export, and logistical difficulties due to rugged terrain. These challenges, combined

with declining domestic demand, have increased sector volatility and reduced revenue stability.

- **Innovation & Technology Gaps:** Bhutan's innovation ecosystem is underdeveloped, limiting the country's ability to compete globally amid rapid technological change. Strengthening R&D, institutional capacity, and policy support is critical to leverage emerging technologies like AI and automation.
- **Talent and Skills Shortage:** There is a widening skills gap in emerging sectors such as AI, fintech, and blockchain. High staff turnover from 2021 to 2023 has worsened the issue, requiring urgent focus on leadership development, upskilling, education reform, and global talent recruitment.

## Way Forward

Looking ahead, we remain optimistic about the future. The positioning of Gelephu Mindfulness City 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. In line with the DHI 10x strategy document, we continue to pursue our strategic focus in the following:

- **Portfolio Management Strategy:** Given the diversity of the DHI Group, our portfolio management strategy, at its core, places the existing and future 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:** In collaboration with the government, GMC, private sector, and other stakeholders, DHI shall focus our investments toward five key areas: Energy and Resources, Mining and Minerals, Infrastructure, Manufacturing and Services, and Global Securities. This strategic focus aims to contribute significantly toward achieving Bhutan's target of a Nu. 1,850 billion GDP by 2050.
- **Innovation Strategy:** To propel the vision for an STI Economy, DHI has designed a comprehensive innova-

tion 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.

## Acknowledgment

In closing, we express our deepest gratitude to His Majesty The King for His steadfast guidance and support during times of great challenge. His leadership remains a guiding light for the nation and for all of us at Druk Holding and Investments (DHI).

We extend our heartfelt appreciation to all employees across the Group. Your dedication, hard work, and commitment to upholding our values and advancing our mission of building generational wealth are truly commendable. 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. We are deeply grateful to the Royal Government of Bhutan and to our esteemed shareholders for their continued trust and confidence in DHI. Your support is the cornerstone of our collective success.

To our CEO and all employees of DHI, your unwavering dedication, tireless commitment, and exceptional contributions over the past year have been vital to our progress. We sincerely thank you for your remarkable efforts.

As we look ahead, we remain steadfast in our commitment to delivering long-term value and pursuing sustainable growth, guided by integrity, resilience, and a shared purpose.

Thank you and Tashi Delek!



Dasho Karma Y. Raydi  
CHAIRMAN, DHI



# REPORT ON CORPORATE GOVERNANCE

Corporate Governance (CG) refers to the systems, principles, and processes by which companies are directed and controlled to ensure accountability, transparency, and fairness in meeting the expectations of shareholders and other stakeholders. Strong corporate governance is essential for the efficient and ethical use of company resources.

In line with its mandate to enhance corporate governance within the Group, Druk Holding and Investments Limited (DHI) has consistently embraced best practices in this domain. In fulfilling this role, DHI continues to adopt and promote best practices in line with international standards. The Company remains fully compliant with the Companies Act of Bhutan 2016 and other relevant statutory requirements.

## Board of Directors and Attendance

The Board of Directors holds the ultimate responsibility for guiding the strategic direction and overseeing the performance of DHI in alignment with the mandates set forth in the Royal Charter. The day-to-day operations of the Company are managed by the Chief Executive Officer.

As of December 2024, the DHI Board comprised seven Directors, including the Chairman and the CEO. A total of six board meetings were held in 2024, with each Director's attendance detailed as follows:

#	Director Name	Current Agency	Category	Total Meetings attended	Directorship on other DHI owned/controlled companies
1	Dasho Karma Yezer Raydi	Chairman, DHI	Executive	5	State Mining Corporation Limited Druk Metallurgy Limited
2	Mr. Thinley Namgyel	Secretary, MoAL	Non-Executive	4	Menjong Sorig Pharmaceuticals Corporation Limited
3	Ms. Yunny Lee	Transformation Office, HMS	Independent	6	
4	Mr. Nelson Trevor Thackery	Transformation Office, HMS	Independent	6	
5	Ms. Leki Wangmo	Secretary, MoF	Non- Executive	6	
6	Mr. Sherub	CEO, Rigsar Pvt Ltd	Independent	5	
7	Mr. Ujjwal Deep Dahal	CEO, DHI	Executive	6	Druk Green Power Corporation Bhutan Telecom Limited

## 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. In 2024, a total of 59 BCPM meetings were held, including the compact negotiation meeting and quarterly reviews of the company's performance.

## The Nomination and Governance Committee (NGC)

The Nomination and Governance Committee (NGC) is a special joint committee comprising members of both DHI and company Board concerned, with the mandate to carry out the selection and appointment of CEOs for DHI-owned companies (DOCs) and DHI-controlled companies (DCCs). The Committee's core responsibility includes defining criteria, assessing candidates, and recommending a CEO nominee, where the final authority to appoint CEO lies with the DHI Board. In 2024, the NGC convened 10 times, resulting in the reappointment of the CEO of TTPL and the appointment of the CEO of STCBL.

## Board and CEO Evaluation

DHI conducted an annual online survey to collect feedback from the Chairman and Chief Executive Officer of each company on the performance of individual Board Directors serving in DHI-owned and controlled companies. This feedback was used to decide the reappointment of Directors and supports ongoing Board development efforts.

Similarly, company Boards undertook an annual online assessment of their respective CEOs with a focus on leadership capabilities and core competencies. The results of this evaluation are taken into account during contract renewal deliberations.

## Risk Management Report

At DHI, we view effective risk management as a cornerstone of resilient operations, business continuity, and long-term value creation for our stakeholders. To support this, we have instituted a robust Risk Management Framework that ensures the systematic identification, evaluation, and management of risks across the DHI Group.

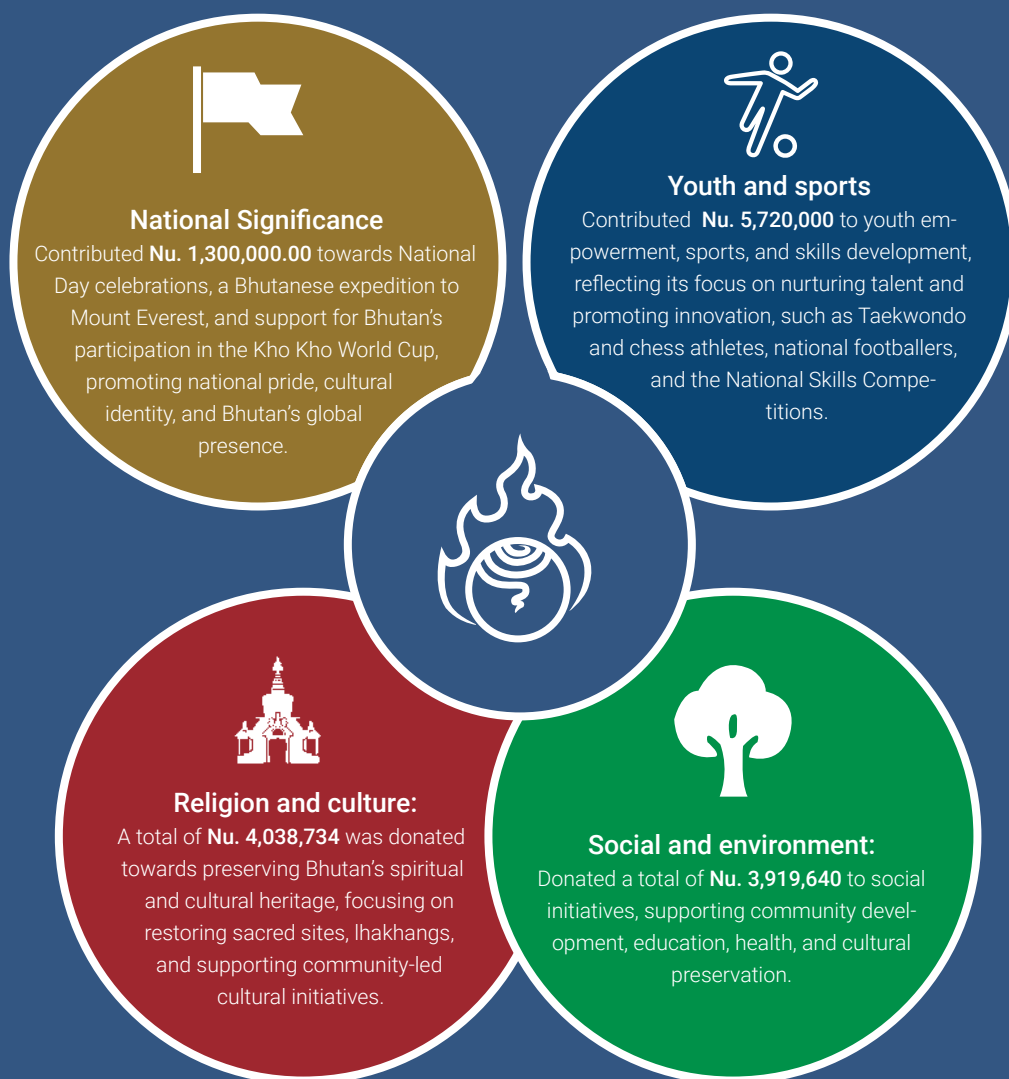
In 2024, a total of 243 risks were reported across 16 DHI-owned and controlled companies, including DHI itself. Among these, 36 were classified as critical, requiring heightened oversight and mitigation. Following the implementation of appropriate control measures, the number of residual Tier-1 risks, those considered high priority, was reduced to 11, indicating significant progress while underscoring the need for continued vigilance.

Going forward, DHI is committed to advancing risk management practices across the Group. Our focus will shift from a compliance-oriented approach to one that integrates risk as a strategic decision-making tool. Greater attention will be placed on strategic and reputational risks, enabling our companies to anticipate challenges, seize opportunities, and build resilience in an increasingly complex environment. This proactive approach will reinforce stakeholder confidence and drive sustainable value creation across the DHI portfolio.





# CORPORATE SOCIAL RESPONSIBILITY



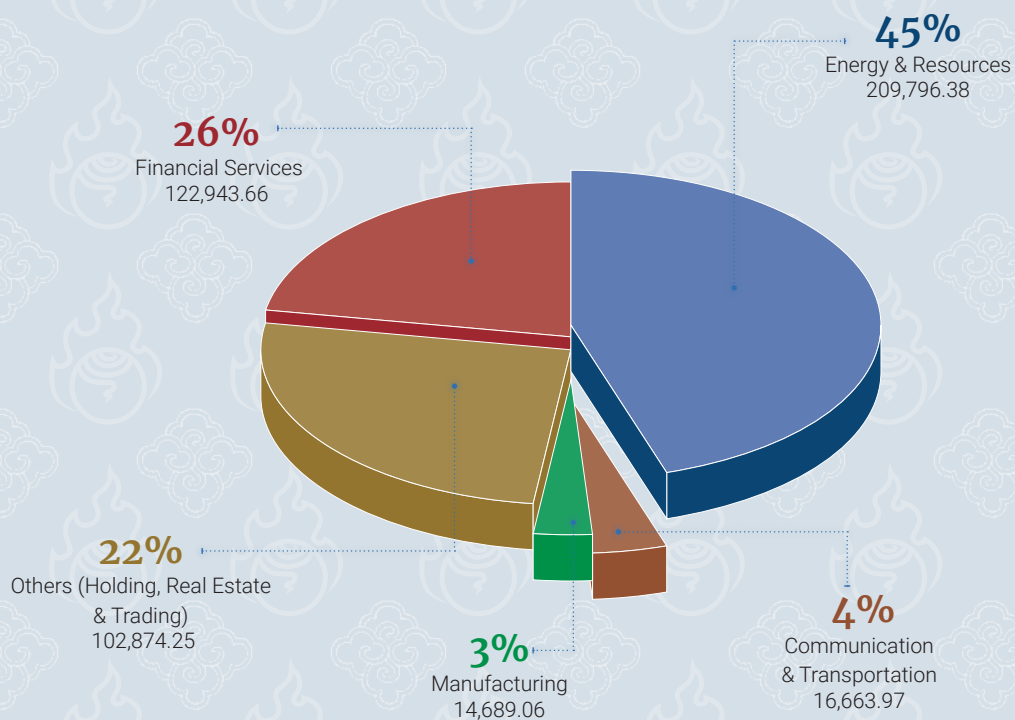
**Note:**

DHI, through its subsidiary company SMCL, remains committed to inclusive development and equitable benefit-sharing. In 2024, the contribution amounted to Nu. 1,133.70 million towards local economic engagement across its operating communities.

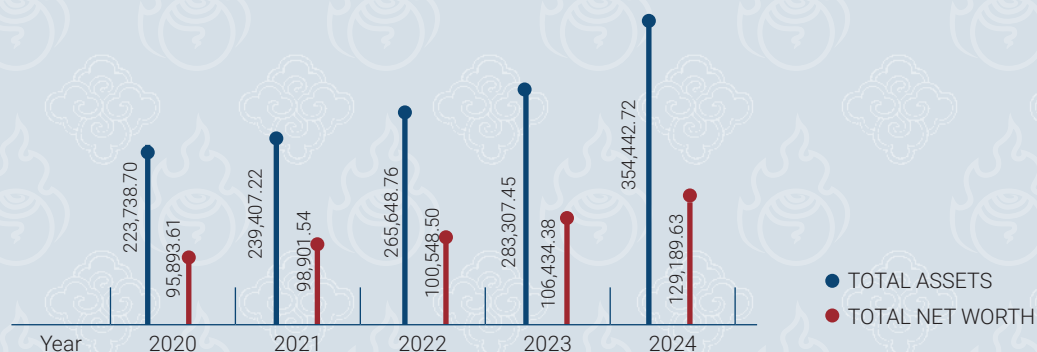


## FINANCIAL REVIEW

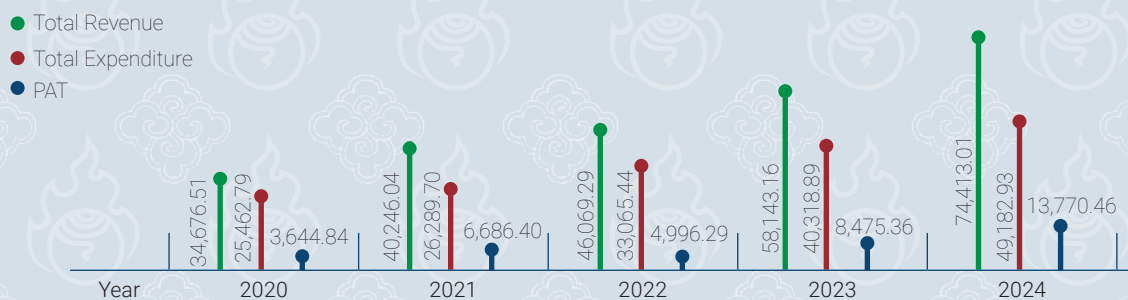
### ASSETS BY SECTOR (in Million Nu.)



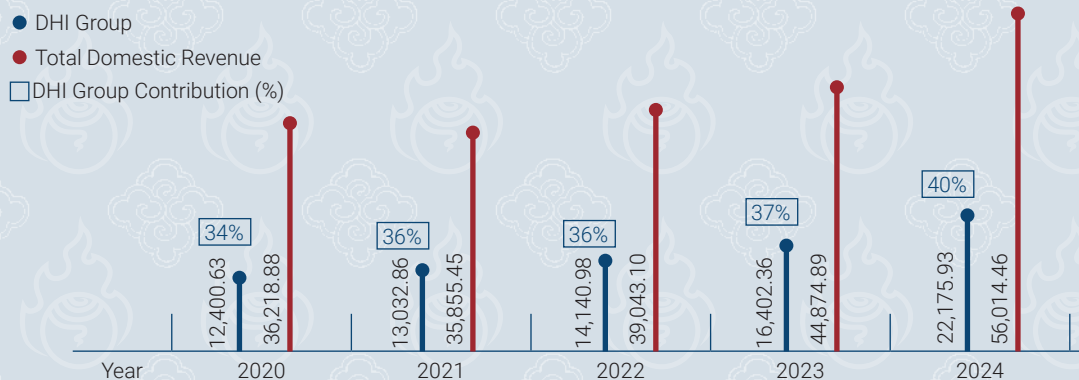
### CONSOLIDATED GROUP TOTAL ASSETS & NET WORTH (in million Nu.)



### GROUP REVENUE, EXPENDITURE & PAT (in million Nu.)



### DHI Group Contribution to National Domestic Revenue (in million Nu.)





# KEY HIGHLIGHTS OF DHI PORTFOLIO COMPANIES

## Druk Green Power Corporation

Recorded a net profit of Nu. 8,642.27 m, up from Nu. 4,524.09 m in 2023 mainly due to the consolidation of Mangdechhu Hydroelectric Project (MHP) into its accounts. Increased generation by 5.62%, from 10,090.72 MU in 2023 to 10,691.03 MU, as a result of favorable hydrological inflows.

Renovated, modernized and automated major plants including Basochhu, Chhukha, Kurichhu, Mangdechhu, and Tala to enhance operational efficiency. Conducted the first Sweep Frequency Response Analysis (SFRA) test at PHPA-II in September, which is vital for transformer reliability.

Strengthened its research capabilities through an MoU with Nepal's Hydro Lab to support advanced hydraulic modeling.

Signed MoUs with Tata Power, Adani Green Energy and more. Tata Power will co-develop 5,000 MW—including the 600 MW Khorlochhu Project and 500 MW in solar—while Adani will lead the Wangchhu Hydropower Project. Phase I of the Small Hydropower Projects (104 MW) also progressed, with com-

missioning scheduled from March to September 2025.

Guided by Bhutan's Renewable Energy Development Roadmap 2024, DGPC is working toward 20,000 MW capacity by 2040, including 15,000 MW hydro and 5,000 MW solar. Engagements with key financial institutions such as SBI, ADB, and EIB are ongoing, with efforts to secure Nu. 2,200 billion in funding to realize this national goal.

(in millions Nu.)

Particulars	2024	2023
Total Assets	116,552.58	63,395.73
Net Worth	62,201.38	46,239.02
Income	23,390.11	11,668.60
Expenditure	10,908.34	4,848.92
PBT	12,481.78	6,819.77
Tax	3,839.51	2,295.59
PAT	8,642.27	4,524.09





## Bhutan Power Corporation Limited

(in millions Nu.)

Particulars	2024	2023
Total Asset	46,774.61	43,549.80
Net worth	16,741.85	16,087.09
Income	25,098.64	20,208.50
Expenditure	22,103.35	18,386.75
PBT	2,995.29	1,821.75
Tax	1286.7	676.07
PAT	1,708.59	1,145.68

Increased the pick demand from 955.51 MW to 1,026.44 MW in 2024. The increase in the domestic load was largely driven by the socio-economic development of the country where the industrial load constitutes around 88.47% of the total domestic load. On the customer growth, the number of customers increased from 243,285 to 255,517 in FY2024.

Commissioned 220 kV D/C line from Chukha to Jamjee strengthening the transmission network system in the western region. The 400/220/66/33 kV power supply works for the Norbugang Industrial Park (NIP) has been initiated.

Completed the 132 kV transmission lines for Burgangchu Hydro Power Plant at Zhemgang and 132 kV transmission line for the Yunggichhu Hydro Power Plant at Lhuntse to evacuate the power.

Electrified an additional 1,285 households through BPC's fill-in RE program during the year. The first Regional Control Centre (RCC) to transform future operations with real-time operational insights was commissioned. As of now, Dechencholing, Jemina and Olakha substations were integrated with RCC.





## State Mining Corporation Limited

(in millions Nu.)		
Particulars	2024	2023
Total Asset	4,377.67	4,012.55
Net worth	2,270.45	2,401.72
Income	5,881.65	6,467.79
Expenditure	2,596.24	3,057.23
PBT	3,285.41	3,410.58
Tax	1,096.06	1,135.80
PAT	2,189.34	2,274.77

Achieved a record-breaking gypsum production volume of 655,235.81 MT - an increase of 15% compared to the 571,383 MT produced in 2023.

Operated three coal mines after the closure of Majuwa mines due to depleted deposits. Nonetheless, production increased to 166,492 MT from 163,022 MT in 2023.

Increased the share of dolomite in total revenue from 58 percent in 2023 to 62 percent in 2024, despite prolonged restrictions on dolomite truck movements in the border town. Dolomite remained the company's top revenue source.

Collaborated with 1,547 community members to promote local economic growth and inclusivity. Through this partnership, it disbursed Nu. 1,133.70 million in payments to support their livelihoods.





# Natural Resources Development Corporation Limited

Extracted 3.49 million cft of timber and 456,424.9 m3 of sand and sold 2.49 million cft and 415,549.59 m3. Extracted 26.93 million cft. of stone/boulders and sold 27.88 million cft.

Produced 68,000 seedlings and carried out plantations in 28.74 hectares as an effort towards reforestation. During the year, 14.61 km of road was constructed at a cost of Nu. 25.68 million and invested Nu. 5 million to maintain approximately 62 km of roads.

Invested in procuring 36 cable cranes and 20 log cranes to increase the export of timber. To boost timber export sales, MoUs were signed with the leading timber traders from India: M/s Singla Timbers Pvt. Ltd. and M/s Saraswato Wood Pvt. Ltd.

Carried out sanitation operations by extracting a total of 768,507 cft of timber from bark beetle infested area from Uruk, Zhicha, & Tangsibji under Jakar Region, Thimphu, Paro & Haa Dzongkhags under Rinpung Region.

(in millions Nu.)

Particulars	2024	2023
Total Asset	1,931.98	1,556.47
Net worth	670.14	648.51
Income	860.34	926.02
Expenditure	830.43	892.86
PBT	29.91	33.16
Tax	14.79	14.19
PAT	15.12	18.97





## Bhutan Telecom Limited

(in millions Nu.)

Particulars	2024	2023
Total Assets	7,273.09	7,350.98
Net Worth	5,940.13	5,987.62
Income	6,372.59	6,098.75
Expenditure	3,027.40	2,677.05
PBT	3,345.18	3,421.70
TAX	974.52	990.13
PAT	2,370.65	2,431.56

Invested Nu. 5.55 million to strengthen mobile connectivity across highway routes, with special attention to Pasakha-Manitar Highway.

Upgraded the national ISP backbone from 10G to 100G in 2024 and established over fifty internet Points of Presence (PoPs) across the country.

Expanded 110 existing LTE sites and deployed an additional 115 LTE sites across the country.

Increased active mobile subscribers from 455,134 in 2023 to 465,281 by the end of 2024, and leased line internet subscriptions grew from 5,615 to 7,453 during the same period.

Conducted 20 international events and seminars, 3 in-house training sessions, 23 domestic programs to enhance employee skills and expertise.





## Drukair Corporation Limited

Increased the fixed wings flights by 11% from 3,996 flights in 2023 to 4,435 flights in 2024.

Increased the load factor to 69.45% by increasing the number of passengers carried by 16% over FY2023.

Achieved an average of 70% market share for all competitive routes.

Introduced a new route to Dubai on 28th October ,2024 with two weekly flights in an effort to enhance aircraft utilization;  
Added 2 new helicopters to Drukair's existing fleet.

Secured the purchase of three A320neo aircrafts to replace the aging A319 fleet and two A321XLR aircrafts to expand routes beyond Gelephu.

(in millions Nu.)

Particulars	2024	2023
Total Assets	9,390.88	9,380.27
Net Worth	1,709.61	1,519.71
Income	5,498.009	4,828.77
Expenditure	4,995.63	4,537.43
PBT	502.39	291 .34
Tax	(354.15)	(324.55)
PAT	177.84	-632.80





## Bank of Bhutan Limited

Recorded a net profit of Nu. 1,540.40 million, up from Nu. 1,002.49 million in 2023, driven by increased loan portfolio.

Launched BoBLoan, a digital lending platform registering 8,499 applications worth Nu. 6.70B; and the AI-powered chat-bot which handled over 7,000 customer queries.

Retained its leadership in all areas of digital transactions with user increase from 94.34% in 2023 to 98.73% in 2024.

Increased digital usage with mBoB, goBoB, and NQR services showing strong growth, with 25% expansion in National Quick Response code, 8.16% and 23.55% growth in mBoB and goBoB users respectively.

Introduced a Foreign Currency Account for all Bhutanese living abroad recording 277 accounts with a total value of Nu. 26.94 million.

Achieved the lowest Non-Performing Loan (NPL) rate of 1.95% as compared to 2.29% the preceding year, 2023 and the preceding years.

(in millions Nu.)

Particulars	2024	2023
Total Assets	122,680.75	113,107.83
Net Worth	9,741.74	9,461.53
Income	4,383.41	4,021.78
Expenditure	2,156.60	2,513.20
PBT	2,226.90	1,508.57
TAX	686.50	506.08
PAT	1540.40	1,002.49





## Construction Development Corporation Limited

(in millions Nu.)

Particulars	2024	2023
Total Assets	1,764.64	2,003.48
Net Worth	943.36	893.27
Income	1,478.83	1,227.16
Expenditure	1,383.03	1,205.11
PBT	95.80	22.05
TAX	53.31	-18.84
PAT	42.49	3.21

Delivered Bhutan's first RCC Bazam bridge (Pangrizampa) blending traditional architecture with modern engineering, strengthening CDCL's national profile in heritage-conscious infrastructure.

Secured significant contracts for water and energy projects including the Nu. 579M Integrated Water & Irrigation Project in Zhemgang and the Nu. 1.49B Jomori Hydropower Projects.

Recorded its highest operational profit despite rising expenditure, reflecting improved efficiency; PAT stood at Nu. 42.5M, with cash flow boosted by a Nu. 220.55M recovery from Nikachu Project receivables.

Completed HRT excavation and concrete lining of the Nikachhu hydropower project and three water supply projects at Motanga, Jigmeling and Dhamdum Industrial Parks.

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

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

Continued works on the Burgangchhu HPP (near completion), restarted Kholongchhu Project (KC-2B), and contributed to national assets like the Tashichholing Hospital and Phuentsholing Township Development.





## Dungsam Cement Corporation Limited

(in millions Nu.)

Particulars	2024	2023
Total Assets	7,884.82	8,489.85
Net Worth	782.16	1,087.47
Income	2,594.10	2,902.47
Expenditure	3,143.96	2,968.51
PBT	(549.86)	(66.04)
Tax	200.73	0.00
PAT	(349.13)	(66.04)

Produced a total of 405,032 MT of cement with sales recorded at 412,659 MT. Donated 1,986.50 MT of drop cement and another 25 bags of good cement as a part of CSR Commitment and Community Engagement.

Faced major Operational Disruption due to Cement Silo Collapse halting production and sales for over a month and exposing structural weaknesses across other silos. This severely reduced storage capacity and flexibility, impacting annual output

Conducted proactive audit on the remaining cement silos to assess structural and operational integrity





## Thimphu TechPark Limited

(in millions Nu.)

Particulars	2024	2023
Total Assets	509.90	483.06
Net Worth	341.42	302.61
Income	220.02	294.40
Expenditure	166.18	163.49
PBT	53.84	130.91
TAX/(deferred tax)	-7.06	-0.06
PAT	61.45	130.97

Implemented the Electronic Patient Information System (ePIS) for the Ministry of Health, a flagship digital initiative of the Royal Government of Bhutan.

Completed Delivery of Strategic Digital Solutions Across Government such as the Board Director Evaluation System, CMMS, CIF, BRECSA, and SPMS, advancing Bhutan's digital governance and public sector efficiency.

Implemented and enhanced Enterprise Transformation through ERP expansion such as SAP and IntegraSuite ERP systems for major institutions including Gyalsung Infra, HM's Secretariat, BBS, BDBL, and several hydropower companies.

Established Bhutan's First AI Development Centre with support from Korea's NIA, equipped with high-performance computing infrastructure and training capacity, aiming to drive AI innovation and future revenue streams.

Improved Financial Performance despite target gap with revenue earning of Nu. 220.02M revenue, exceeding initial expectations (Nu. 179M).

Launched Proprietary Digital Products for Diversification like TheGateway eRecruitment, CustCare (AI), and DigiTrust (credential system) successfully onboarding 7 companies.

Onboarded 8 DHI companies to DigiTrust, a verified employee credential solution integrated with the NDI Wallet, enhancing digital identity and trust across the ecosystem.





## Koufuku International Limited

(in millions Nu.)

Particulars	2024	2023
Total Assets	76.38	76.77
Net Worth	50.58	38.58
Income	115.53	101.04
Expenditure	100.55	97.82
PBT	14.99	3.22
TAX	1.73	1.44
PAT	13.26	1.78

Achieved Record Profit of Nu. 13.26 Million, an increase by 649% from the preceding year reflecting strong financial turnaround surpassing the current year's target by 1005%.

Recorded 14.37% Revenue Growth Despite Milk Supply Drop due to increased efficiency in milk utilization and growing demand for processed cheese.

Secured at least a 15% share of the national processed cheese market.

Enhanced stock management through Inventory Planning and Management System (IPMS) with inventory reduction by 34.61%

Enhanced social impact by paying Nu. 41.38 million to dairy farmers across 1,046 rural households, reinforcing its long-term commitment to inclusive growth, rural income generation across eastern Bhutan.





## Crawfish Himalaya Limited

(in millions Nu.)

Particulars	2024	2023
Total Asset	295.83	90.47
Net worth	53.25	44.78
Income	7.07	-
Expenditure	14.03	11.94
PBT	(6.96)	(11.94)
Tax	-	-
PAT	(10.92)	(13.21)

Carried out key activities such as land development, securing lease agreements, constructing facilities, procuring essential inputs, and carrying out pre-operational activities necessary to commence commercial production

Harvested the first batch of Crawfish from the pilot project.



## Menjong Sorig Pharmaceuticals Corporation Limited

Achieved a revenue of Nu. 115.05 million marking a 3.9% growth from 2023.

Initiated a pilot cannabis project in partnership with PhytoX-tract.

Launched new products such as CordyCaps, Reishi Mindfulness Tea, and Ginseng Honey.

Received a grant of Nu. 1.158 million from the Bhutan Foundation to build a post-harvest centre in Langthel.

A new sales counter has been built to enhance customer visibility with the introduction of Over-the-counter medicines.

(in millions Nu.)

Particulars	2024	2023
Total Asset	215.96	211.22
Net worth	187.96	180.28
Income	115.05	110.73
Expenditure	88.28	82.97
PBT	17.79	27.77
Tax	10.06	11.48
PAT	7.72	16.29





# Penden Cement Authority Limited

(in millions Nu.)

Particulars	2024	2023
Total Asset	2,394.89	2,001.49
Net worth	1,609.12	1,254.51
Income	1,556.15	1,651.03
Expenditure	1,519.15	1,616.82
PBT	37.01	34.2
Tax	8.62	67.23
PAT	28.39	101.43

Maintained plant availability at 73% for the Clinkerization unit and 76% for the Cement Grinding unit, despite the plant being over four decades old. The company produced 184,367.60 MT of Clinker and 248,107.48 MT of Cement, while sold 242,929 MT of cement.

Invested Nu. 19.46 million in key upgrades such as fly ash dozing compressors, an additional coal gantry, AAC block stockyard, infrared ray cameras for the kiln burning zone, and kobelco hydraulic excavator to maintain the plant availability.

Produced 9,263.35 m3 Autoclave Aerated Concrete (AAC) Eco Block and sold 7,234 m3 which is an increase of 82.27% and 92.44% respectively compared to the previous year.

Received the clearances from the private landholders and submitted the application to the Department of Geology and Mines(DGM) as a part of the mining lease application for the Haurikhola limestone deposit.





## Dungsam Polymer Limited

(in millions Nu.)

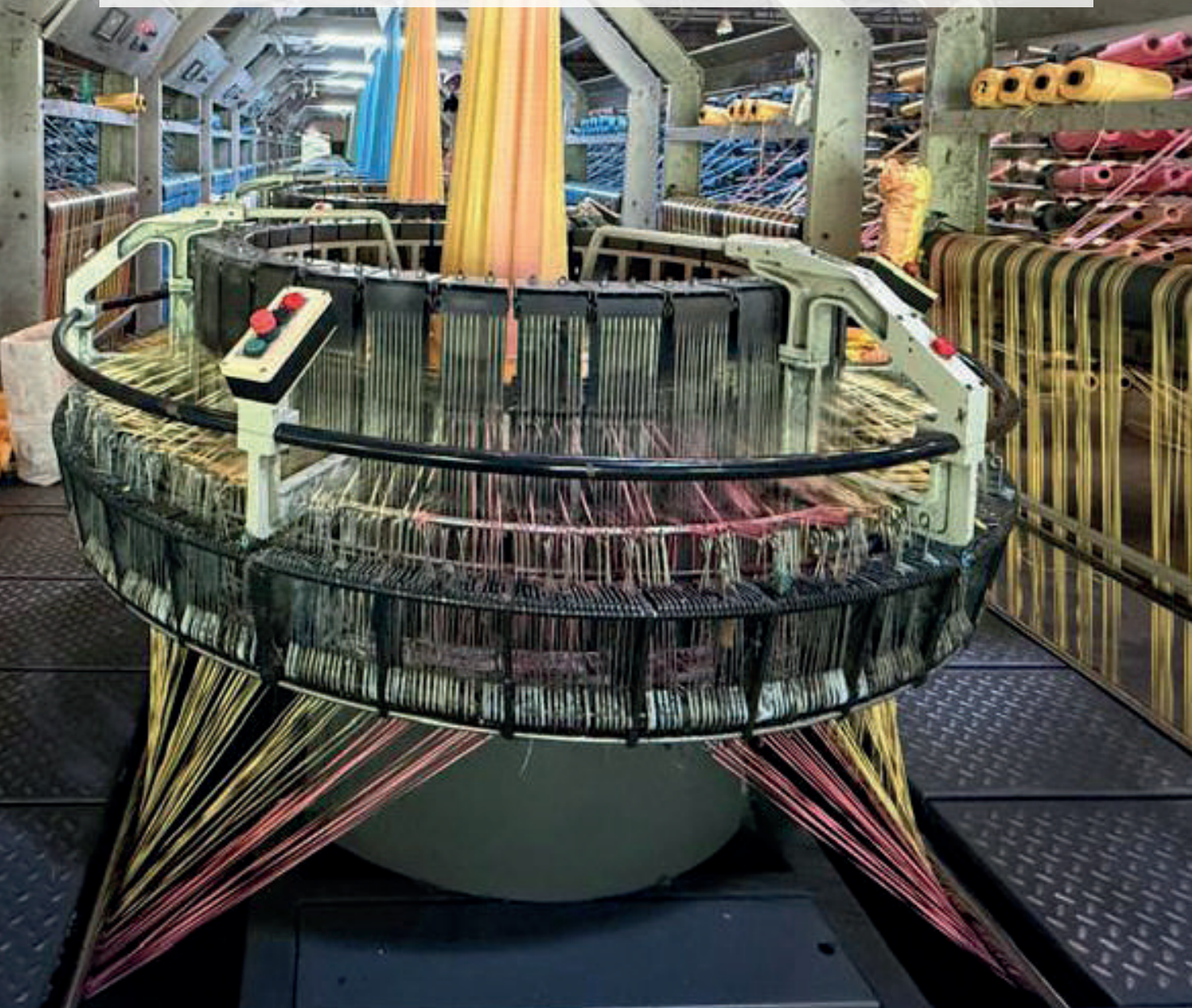
Particulars	2024	2023
Total Asset	165.45	158.17
Net worth	61.68	59.55
Income	180.52	187.94
Expenditure	177.01	163.46
PBT	3.51	24.48
Tax	1.64	7.94
PAT	2.12	16.54

Produced a total of 11.62 million PP bags and generated a sales revenue of Nu. 11.57 million.

DPL was able to sell 268.31 MT of fabric, a 118.38% increase from 122.86 MT in the previous year.

Maintained the overall plant availability factor of over 99.18%, and also contained the production waste to under 2%.

Achieved consecutive PAT for the third year by registering a bottom line of Nu. 2.12 million





## State Trading Corporation Bhutan Limited

(in millions Nu.)

Particulars	2024	2023
Total Asset	1,737.12	1,471.99
Net worth	631.16	631.13
Income	5,692.88	3,443.46
Expenditure	5,675.03	3,423.45
PBT	17.84	20.01
Tax	13.83	7.31
PAT	4.01	12.70

Expanded the Fuel Retail Outlet networks in Doksum, Jungzhina, Lhamoizingkha, and Nganglam during the year.

Achieved a 65% increase in total revenue compared to the previous year, driven by a surge in sales volume after the vehicle import moratorium was lifted in the third quarter of 2024.

Supported several national initiatives, including the training of DeSuups under the DeSuup Skilling Program and in-kind contributions to the Gyalsung project as a part of its corporate social responsibility (CSR).



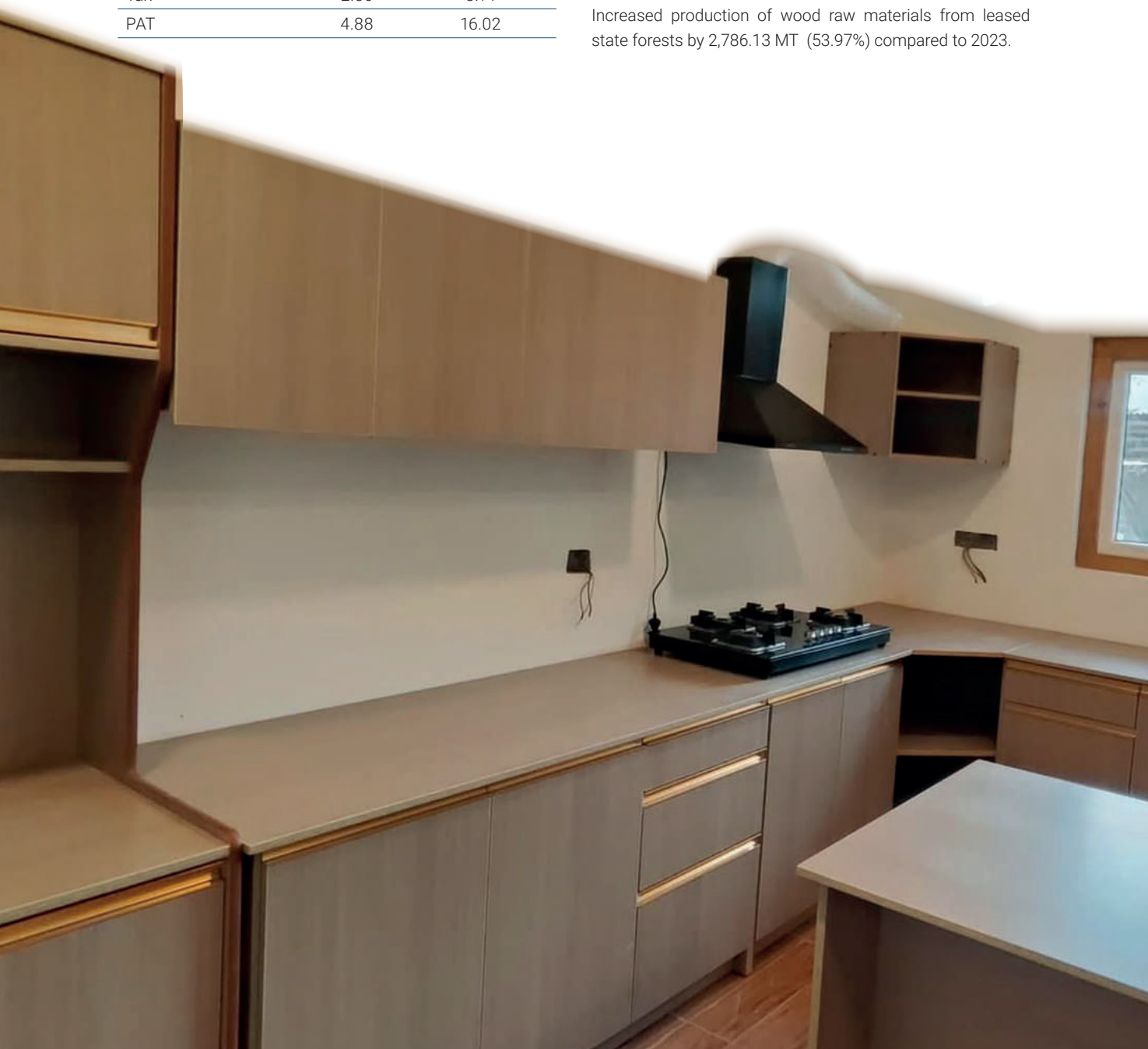
Bhutan Board Products Limited

(in millions Nu.)		
Particulars	2024	2023 Re-stated
Total Asset	1,270.68	1,009.28
Net worth	1,054.49	838.95
Income	272.59	289.81
Expenditure	269.28	276.94
PBT	3.31	12.87
Tax	2.56	3.14
PAT	4.88	16.02

Maintained production levels for the raw and laminated boards at 170,322 & 143,683 pcs respectively despite increase in the downtime by 5.22% due to export disruptions and raw material shortages.

Achieved a total production of 9,094 furniture sets in 2024. Standard furniture sets accounted for 8,781 units, reflecting a 44.26% year-on-year increase.

Increased production of wood raw materials from leased state forests by 2,786.13 MT (53.97%) compared to 2023.





# AUDIT REPORT AND FINANCIAL STATEMENTS

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

PERIOD: 01.01.2024 – 31.12.2024  
May 2025



**S.K MITTAL & CO.**  
Chartered Accountants

Mittal House E-29, South Extn.-II  
New Delhi, - 110049, India



**Menuka Chhetri & Associates**  
Chartered Accountants

Changangkha Residency, Kawang Damisa,  
Lower Motithang, Thimphu, Bhutan



## INDEPENDENT AUDITOR'S REPORT

### Independent Auditor's Report on the Consolidated Financial Statements

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 2024, 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 2024 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 we have obtained the audit evidence 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 31 December 2024. 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.

### Report on Other Legal and Regulatory Requirements

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

- a) We have obtained all the information and explanation, which to the best of our knowledge and beliefs were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company as far as appear from our examination of the books.
- c) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the company has complied with other legal and regulatory requirements.

#### For S.K. MITTAL & CO.

Chartered Accountants  
FRN No.: 001135N



S. Murthy  
(Membership No. 072290)  
Sr. Partner  
New Delhi, India  
UDIN: 25072290BMISZT7508  
Date: 25/6/2025

#### For Menuka Chhetri & Associates

Chartered Accountants  
FRN No.: 331825E



Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
Thimphu  
Date: 25/6/2025



## **Independent Auditor's Report on the Standalone Financial Statements**

**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 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and Notes to the 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 2024, and its financial performance and its cash flow 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 we have obtained the audit evidence 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 31 December 2024. 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 by Section 265 of the Act, we report that:

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

**For S.K. MITTAL & CO.**

Chartered Accountants  
FRN No.: 001135N



S. Murthy  
(Membership No. 072290)  
Sr. Partner  
New Delhi, India  
UDIN: 25072290BMISZ41689  
Date: 25/6/2025

**For Menuka Chhetri & Associates**

Chartered Accountants  
FRN No.: 331825E

Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
Thimphu  
Date: 25/6/2025







# REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

## APPENDIX – I

### MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks and test verification of accounts and records as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

- a. The Companies audited adhere to the Corporate Governance Guidelines and Regulations as applicable to them.
  - b. The governing board/authority pursues a prudent and sound financial management practice in managing the affairs of the company.
  - c. The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
  - d. Proper books of accounts have been maintained, and financial statements are in agreement with the underlying accounting records.
  - e. Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
  - f. The mandatory obligations social entrusted are being fulfilled.
  - g. The amount of tax is computed correctly and reflected in the financial statements.
- 
1. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The Management had conducted physical verification of fixed assets during the year. Discrepancies noted were not material and the same have been properly dealt with in the books of accounts. However, there are certain assets which were received as a donation, have not been recorded in the fixed assets register. Since, the asset value was not material, the management shall record the asset in 2025 at Nu. 1 for control purpose.
  2. None of the fixed assets were revalued during the year under audit, since management has opted to apply cost model of accounting policy to the entire class of property, plant and equipment;
  3. As Company is a service-oriented organization, the Company does not have any inventory;
  4. The process of physical verification of Consumable stocks (Printing and Stationery) followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  5. No material discrepancies were noticed on physical verification of stocks as compared to the book records;

6. The company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.
7. As per the information and explanation and records provided, there are no obsolete, damaged, slow moving and surplus goods/inventories have been determined in relation to consumable stocks.
8. As per the information and explanation given to us there is no surplus inventories to be disposed off;
9. As per the information and explanation and records provided there was proper board approval for writing off the Assets amount due to material loss/discrepancies in physical/book balance of inventories, stores and spares during the audit period.;
10. On the basis of our examination and in our opinion the valuation of year-end-stocks (Printing and stationery) has been fair and proper and in accordance with the nature of stock and is on the same basis as in the preceding year;
11. The Company has borrowed from the Asian Development Bank Nu.1,917 million (as of 31st December 2024) and the rate of interest and the other terms and conditions of the of borrowing is prima facie not prejudicial to the interest of the company;
12. The Company has granted loans to Subsidiary Companies during the year. The rate of interest and other terms and conditions of such a loan are prima facie not prejudicial to the interest of the Company. The principal along with the interest have been paid during the year as per agreement. The guarantees are active during the year as the loans against which such guarantees were given have not been fully repaid;
13. Parties to whom the loans and advances have been given by the Company are generally regular in repaying the amounts as stipulated period except a few cases wherein the company has extended the repayment schedule. The advances granted to officers/staff are generally in keeping with the provisions of its service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is generally avoided;
14. The Company has established an adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records during the year, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations and systems and procedure. However, the system of internal control needs to be further strengthened in the areas of accounting & financial controls.
15. As per the information and explanation given to us, there is a reasonable system of authorization at proper levels, and an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of materials and labour to jobs.
16. (a) There is a reasonable system of obtaining competitive biddings/quotations/agreed rate contracts from the parties in respect of purchase of fixed assets and commensurate with the size of the Company and the nature of its business. The Company is not engaged in manufacturing or trading activities or sale of services, hence the question of purchasing or selling goods or services does not arise;
- (b) The Company has a process of obtaining confirmation from all Directors with respect to transactions for purchases and sales of goods and services made in pursuance of contracts or arrangement entered into with the directors or any other parties related to the directors or with company or firms in which the directors are directly or indirectly interested have been made at prices, which are reasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties;

17. Transactions entered into by the Company wherein the directors are directly or indirectly interested are not prejudicial to the interest of the other shareholders and the Company. No personal expenses of employees or directors have been charged to the account other than those payable under contractual obligation in accordance with generally accepted practice;
18. As per the explanation given to us no unserviceable or damaged stores have been determined during the period under audit;
19. There is no reasonable system of ascertaining and identifying point of occurrence of breakages/damages of materials in transit;
20. The company is not required to maintain reasonable records for production of finished goods, & by-products as the company is not under manufacturing or trading company;
21. The corporation is having adequate physical safeguards to prevent unauthorized or irregular movement of materials from the Corporation;
22. According to the information and explanation given to us there are no realizable scraps
23. The Company is regular in depositing rates and taxes, duties, and statutory dues with the appropriate authorities. We believe that the provision for corporate tax is adequate.
24. Undisputed outstanding amount payable in respect of contractor taxes/health tax/ salary tax etc. at the year-end was Nu. 2,259,352.
25. The Company has reasonable system of allocating man-hours utilized to the respective jobs;
26. There is no reasonable system of price fixation taking into account the cost of production and market conditions as the company is not under manufacturing or trading company;
27. The company does not have a general Credit Policy, given its non-trading and non-service nature of business. However, for inter-corporate loans and advances, an Inter-corporate Loan Policy is in place. Adequate documentations, formal agreements and timely accounting entries are maintained for such transactions.
28. The Company does not make any sales through commission agents, and hence this clause is not applicable;
29. The system for follow-up with debtors and other parties for recovery of outstanding amounts are reasonable. Also, age-wise analysis of outstanding amount is carried out on a regular basis for management information and follow-up action;
30. Management of liquid resources, particularly cash/bank is adequate. We further report that more than Nu. 677.53 million are maintained in non-interest-bearing Accounts as of 31 December 2024;
31. Activities carried out by the Company during the year are in our opinion lawful and intra vires the Articles of Incorporation of the Company;
32. Activities/investment decisions are made only upon prior approval of the Board and are made for new projects only after ascertaining the technical and economic feasibility of such new ventures;



33. The Company has established an effective budgetary control system;
34. The said clause is not applicable as per the nature of business;
35. Details of remuneration, commission and other payments made in cash or kind to the board of Directors or any of their relatives by the Company directly or indirectly are disclosed in Note 43: Managerial Remuneration;
36. On the basis of our examination of minutes of the meetings of the Board of Directors, made available to us, directives of the Board appears to have been complied with;
37. Officials of the Company have not transmitted any price sensitive information, which are not made publicly available, unauthorized to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion and cannot independently verify the same;
38. Inter-unit transactions/services and arrangements for services made with other agencies engaged in similar activities were dealt with adequate record keeping;
39. Terms and conditions of leases or contract work agreements are reasonable.

#### **COMPUTERISED ACCOUNTING ENVIRONMENT**

1. In our opinion the organizational and system development controls and other internal controls are adequate relative to the size and nature of Computer installations.
2. The Company has adequate safeguard measures and back-up facilities.
3. As regards back-up facilities and disaster recovery measures, we are given to understand that the back-up files are kept at different locations.
4. Operational controls are found adequate to ensure correctness and validity of input data and output information.
5. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate.

#### **GENERAL**

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

Based on the Company's financial statements for the year ended 31 December 2024 audited by us, the Company has earned sufficient profit during the year under audit and we have no reason to believe that the Company is not a going concern. Accordingly, the financial statements have been prepared under the going concern basis.

##### **2. Ratio Analysis.**

Financial and Operational Ratio Analysis in respect of the Company are given in Appendix - II.

##### **3. Compliance with the Companies Act of the Bhutan: -**

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

Our observations in this regard are given below: -

- a. The Company has filed annual return as required by Section 267 of the Act.
- b. The Company has held annual general meeting as required by Section 177 of the Act.
- c. The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.
- d. Following statutory registers have been maintained by the Company depicting certain prescribed particulars as required to be disclosed under the Act.
  - i. Register of Directors
  - ii. Register of charges [Section 228(c)]

#### 4. Adherence to Laws, Rules and Regulations:

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation relevant to the financial statements.

#### For S.K. MITTAL & CO.

Chartered Accountants  
FRN No.: 001135N



S. Murthy  
(Membership No. 072290)  
Sr. Partner  
New Delhi, India  
Date: 25/6/2025

#### For Menuka Chhetri & Associates

Chartered Accountants  
FRN No.: 331825E

Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
Thimphu  
Date: 25/6/2025



## FINANCIAL STATEMENTS

### 1. Statement of Comprehensive Income for the year ended 31 December 2024

(All figures in millions unless otherwise stated)

		GROUP	PARENT		
Particulars	Note	31-Dec-24	31-Dec-23 (Restated)	31-Dec-24	31-Dec-23 (Restated)
Continuing Operation					
Revenue from contract with customers	12	71,426.06	53,374.72	-	-
Dividend Income	13	238.02	110.75	10,319.36	9,986.03
Other Income	14	2,748.94	4,657.69	663.93	497.72
Total Income		74,413.01	58,143.16	10,983.29	10,483.75
EXPENDITURE					
Direct Costs of Sales	15.1	17,402.14	16,471.09	-	-
Employee related Costs	15.2	7,418.53	5,868.57	198.94	133.81
R & M	15.3	2,212.60	2,445.72	9.73	8.31
Other Costs	15.4	4,892.49	4,533.38	100.14	118.55
Finance Cost	15.5	5,281.32	2,163.06	1.05	1.95
Depreciation and amortization	21.9	10,641.13	7,415.10	37.53	25.69
Impairment losses	15.6	1,334.72	1,421.97	3.41	1.18
Total Expenditure		49,182.93	40,318.89	350.80	289.49
Profit before share of results of Associates and Joint Ventures		25,230.09	17,824.26	10,632.49	10,194.26
Share of profits of associates and joint ventures accounted for using the equity method	22.6	55.22	49.12	-	-
Profit on Operations before Tax		25,285.30	17,873.39	10,632.49	10,194.26
Income Tax Expenses	17	11,514.85	9,398.02	3,207.80	3,071.59
Profit for the Year		13,770.46	8,475.36	7,424.70	7,122.67
Attributable to:					
Equity Holders of the Parent		13,381.61	8,123.44	-	-
Non-controlling interest		388.85	351.92	-	-
Total		13,770.46	8,475.36		
Earnings Per Share (EPS)	16				
Basic		20.83	16.02		
Diluted		20.83	16.02		
Dividend per share		7.88	6.63		

For Statutory Auditors

For Druk Holding & Investment Limited



## 2. Statement of Other Comprehensive Income for the year ended 31 December 2024

(All figures in millions unless otherwise stated)

Particulars	Note	GROUP	PARENT		
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>Profit for the year</b>		<b>13,770.46</b>	<b>8,475.36</b>	<b>7,424.70</b>	<b>7,122.67</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) on post-employment benefits		84.44	(62.66)	3.36	2.97
Fair value gain/(loss) on Equity Investment measured through FVOCI		1,170.95	1,495.45	1,242.90	1,434.93
Revaluation of land		3,175.22	(0.81)		
Exchange differences on translation of foreign operations		63.41	65.47		
Share of OCI of Associates	23.9	0.33	(0.51)		
Tax on Other Comprehensive Income	17.3	(1,317.09)	(164.24)	(366.79)	(171.46)
<b>Other comprehensive income for the period, net of tax</b>		<b>3,177.27</b>	<b>1,332.70</b>	<b>879.47</b>	<b>1,266.45</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>16,947.72</b>	<b>9,808.06</b>	<b>8,304.16</b>	<b>8,389.11</b>
Attributable to:					
Equity Holders of the Parent		16,479.97	9,528.39		
Non-controlling interest		467.75	279.68		
		<b>16,947.72</b>	<b>9,808.06</b>		

For Statutory Auditors For Druk Holding &amp; Investment Limited

## 3. Statement of Financial Position for the period ended 31 December 2024

(All figures in millions unless otherwise stated)

ASSETS	GROUP			PARENT	
	Note	31-Dec-24	31-Dec-23 (Restated)	31-Dec-24	31-Dec-23 (Restated)
<b>Non-current Assets</b>					
Property Plant and Equipment	18	165,493.47	101,856.92	108.85	116.42
Capital work in progress	18	26,137.26	32,726.05	5,077.03	4,727.39
Right of use Assets	19.4	277.45	244.55	3.45	10.82
Investment Property	20	1,426.54	1,485.63	2,064.41	1,987.45
Intangible Assets	21	1,978.57	1,456.75	6.27	5.66
Biological Assets	22	891.82	652.21	0.00	0.00
Goodwill	21.10	1,154.68	1,154.68	0.00	0.00
Investments	23	10,505.53	9,417.12	80,216.04	65,129.32
Long Term Financial assets	24	17,474.82	18,475.56	2,797.26	2,658.42
Banking Loans and Advances	31	78,158.23	75,555.43	0.00	0.00
Long Term Employee Benefit	35	36.73	26.54	0.00	0.00
Other Non-Current Assets	25	248.50	296.32	23.77	41.22
<b>Total Non-current Assets</b>		<b>303,783.61</b>	<b>243,347.76</b>	<b>90,297.08</b>	<b>74,676.70</b>
<b>Current Assets</b>					
Inventory	26	6,239.54	5,406.62	0.21	0.08
Trade Receivables	27	12,312.15	7,191.60		
Other Receivables and Advances	28.1	4,841.21	8,152.79	2,901.08	3,511.75
Advance to Ministry of Finance		0.00	0.00	0.00	0.44
Short Term Deposits	29	23,280.66	14,985.23	3,547.99	1,007.00
Cash and Cash Equivalent	30	3,985.55	4,223.46	677.53	732.87
<b>Total Current Assets</b>		<b>50,659.11</b>	<b>39,959.69</b>	<b>7,126.81</b>	<b>5,252.14</b>
<b>TOTAL ASSETS</b>		<b>354,442.72</b>	<b>283,307.45</b>	<b>97,423.89</b>	<b>79,928.84</b>
<b>EQUITY</b>					
Paid up Share capital		64,228.17	50,717.51	64,228.17	50,717.51
Retained Earnings		25,531.35	20,568.92	6,337.80	5,661.22
Reserves		23,319.32	22,821.19	7,425.36	6,927.23
Bhutan Future Fund		6,471.00	5,280.00	6,471.00	5,280.00
Asset Revaluation Reserve		4,069.39	1,846.73	1,374.49	1,374.49
OCI				3,970.85	3,091.38
Non-controlling Interests		5,570.41	5,200.04		
<b>Total Equity</b>		<b>129,189.63</b>	<b>106,434.38</b>	<b>89,807.66</b>	<b>73,051.84</b>

ASSETS	GROUP			PARENT	
	Note	31-Dec-24	31-Dec-23 (Restated)	31-Dec-24	31-Dec-23 (Restated)
<b>Non-current Liabilities</b>					
Long Term Borrowings	33.1	81,224.27	45,913.16	1,916.66	1,351.94
Customer Deposits in Banking Sector		100,170.56	95,421.28	0.00	0.00
Deferred Government Grants	34	4,479.74	4,328.70	2,539.11	2,562.02
Long Term Employee Benefits	35	2,005.73	1,845.71	18.40	27.82
Lease Liabilities	19.5	306.91	325.77	5.02	14.25
Deferred Tax Liability	17.3	4,630.37	3,150.26	1,655.64	1,292.10
Other Non-Current Liabilities	36	637.65	1,120.09	0.00	10.71
<b>Total Non-current Liabilities</b>		<b>193,455.23</b>	<b>152,104.96</b>	<b>6,134.84</b>	<b>5,258.84</b>
<b>Current Liabilities</b>					
Current Portion of Borrowings	33.2	13,248.88	2,578.68	-	-
Working Capital Loans from Banks	33.2	493.00	56.35	-	-
Deferred Government Grant	34	77.86	65.17	-	-
Lease Liabilities	19.5	25.84	19.17		
Income Tax Payable	17.4	7,401.85	5,215.63	1,310.94	1,131.98
Trade and Other Payables	37	5,758.38	6,967.21	170.45	486.18
Other Current Liabilities	38	4,792.04	9,865.92	0.00	0.00
<b>Total Current Liabilities</b>		<b>31,797.85</b>	<b>24,768.12</b>	<b>1,481.39</b>	<b>1,618.16</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>354,442.72</b>	<b>283,307.45</b>	<b>97,423.89</b>	<b>79,928.84</b>

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



S. Murthy  
(Membership No. 072290)  
Sr. Partner  
S.K. Mittal & Co. FRN. 001135N  
UDIN  
New Delhi, India

Dasho Karma Y. Raydi  
Chairman

Ujjwal Deep Dahal  
Chief Executive Officer



Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
Menuka Chhetri & Associates :

Leki Wangmo  
Board Director

Tashi Lhamo  
Director, Finance



## 4. Statement of Cash flow for the year ended 31 December 2024

(All figures in millions unless otherwise stated)

Particulars	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	25,285.30	17,873.39	10,632.49	10,194.26
Adjustments for:	-	-	-	-
Depreciation and amortization	10,641.13	7,415.10	37.53	25.69
Net loss / (gain) on sale of property, plant and equipment				
Dividend Received	(238.02)	(110.75)	(10,319.36)	(9,986.03)
Interest expenses	5,281.32	2,163.06	(348.24)	(233.92)
Interest income	(339.83)	(234.40)	1.05	1.95
<b>Operating profit before working capital changes</b>	<b>40,629.91</b>	<b>27,106.40</b>	<b>3.46</b>	<b>1.95</b>
Decrease / (Increase) in Inventories	(832.93)	(851.61)	(0.13)	(0.01)
Decrease / (Increase) in Trade and other receivables	(1,808.97)	(3,096.36)	610.67	(2,203.88)
Increase / (Decrease) in non-current assets	47.82	(148.92)	17.45	11.09
Increase / (Decrease) in short term deposit	(8,295.43)	2,305.41	(2,540.99)	(1,007.00)
Increase / (Decrease) in Trade and other payables	(1,208.83)	3,425.71	(315.72)	102.52
Increase / (Decrease) in Deferred tax liabilities	1,480.12	984.22		
Increase / (Decrease) in current and non-current liabilities	(5,556.32)	4,463.86		
Increase / (Decrease) in provision	2,420.50	(742.29)	(14.25)	2.12
<b>Net cash generated from operating activities before income tax</b>	<b>26,875.86</b>	<b>33,446.43</b>	<b>(2,239.51)</b>	<b>(3,093.21)</b>
Tax Paid	(12,831.93)	(9,562.26)	(3,023.90)	(3,739.09)
Movements in Banking Loans and Deposits	-	-	-	-
Decrease/(Increase) in Customer Loans	(2,602.79)	(13,252.86)	-	-
Increase/(Decrease) in Customer Deposits	4,749.29	4,621.82	-	-
<b>Net cash generated from operating activities</b>	<b>16,190.42</b>	<b>15,253.14</b>	<b>(5,263.42)</b>	<b>(6,832.30)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment and Intangible assets	(128,017.74)	(14,237.72)	(454.91)	(773.19)
Investment in Investment Property	8.11	42.44	0.00	0.00
Goodwill	0.00	(1,142.73)	0.00	0.00
Proceeds from sale of property, plant and equipment	62,824.13	0.00	5.11	10.93
Dividend Received	238.02	110.75	10,319.36	9,986.03
Investments in other investments	536.85	2,763.56	(13,982.65)	(1,813.11)
Interest received	339.83	234.40	348.24	233.92
EPF			(10.71)	(0.78)
<b>Net cash generated from investing activities</b>	<b>(64,070.81)</b>	<b>(12,229.30)</b>	<b>(3,775.56)</b>	<b>7,643.80</b>

Particulars	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>				
Receipt/repayments) of borrowings	46,417.97	(731.25)	564.72	573.96
Receipt/(repayments) of government grants	163.73	(424.70)	(22.90)	(10.47)
Issue of share Capital	13,510.66	1,533.38	13,510.66	1,533.38
Changes in non-controlling interest and dividend paid to shareholders on non-controlling interest	(97.38)	(213.84)		
Repayment of lease liabilities	(12.19)	130.73	(9.23)	(8.13)
Interest paid	(5,281.32)	0.00	(1.05)	(1.95)
Profit transfer to RGOB (MHPA)	(2,000.00)	(2,163.06)		
Advance to Ministry of Finance			0.44	(0.44)
Dividend paid to equity holders of parent (Ministry of Finance)	(5,059.00)	(3,361.00)	(5,059.00)	(3,361.00)
<b>Net cash used in financing activities</b>	<b>47,642.48</b>	<b>(5,229.75)</b>	<b>8,983.64</b>	<b>(1,274.65)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(237.91)</b>	<b>(2,205.92)</b>	<b>(55.34)</b>	<b>(463.15)</b>
<b>Opening Cash and Bank Balances</b>	<b>4,223.46</b>	<b>6,429.38</b>	<b>732.87</b>	<b>1,196.02</b>
<b>Closing Cash and Bank Balances</b>	<b>3,985.55</b>	<b>4,223.46</b>	<b>677.53</b>	<b>732.87</b>

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

For Statutory Auditors

For Druk Holding & Investment Limited

## 5. Consolidated Statement of Changes in Equity for the year ended 31 December 2024

(All figures in millions unless otherwise stated)

Particulars	Share Capital	Retained Earnings	Reserves	BFF	Asset Revaluation Reserve	Total Shareholder Equity	Non-Controlling Interests	Total Equity
<b>Opening Balance 1 January 2023</b>	<b>49,184.12</b>	<b>17,245.44</b>	<b>22,821.19</b>	<b>4,316.00</b>	<b>1,847.54</b>	<b>95,414.30</b>	<b>5,134.20</b>	<b>100,548.50</b>
Operating Income for the year	0.00	7,951.48				7,951.48	351.92	8,303.40
Other Comprehensive Income for the year	0.00	1,577.72			(0.81)	1,576.91	(72.25)	1,504.66
Dividends Paid	0.00	(3,361.00)				(3,361.00)		(3,361.00)
Transfer to Reserve		(964.00)		964.00		0.00		0.00
Share of losses and other adjustment	0.00	(1,880.72)				(1,880.72)	(213.84)	(2,094.57)
Shareholder contributions to paid up capital	1,533.38	0.00				1,533.38		1,533.38
<b>Closing Balance 31 December 2023</b>	<b>50,717.51</b>	<b>20,568.92</b>	<b>22,821.19</b>	<b>5,280.00</b>	<b>1,846.73</b>	<b>101,234.34</b>	<b>5,200.04</b>	<b>106,434.38</b>
<b>Opening Balance 1 January 2024</b>	<b>50,717.51</b>	<b>20,568.92</b>	<b>22,821.19</b>	<b>5,280.00</b>	<b>1,846.73</b>	<b>101,234.34</b>	<b>5,200.04</b>	<b>106,434.38</b>
Operating Income for the year		13,381.61				13,381.61	388.85	13,770.46
Other Comprehensive Income for the year		875.71			2,222.66	3,098.37	78.90	3,177.27
Dividends Paid		(5,059.00)				(5,059.00)		(5,059.00)
Transfer to Reserve		(1,689.13)	498.13	1,191.00		0.00		0.00
Share of losses and other adjustment		(2,546.76)				(2,546.76)	(97.38)	(2,644.13)
Shareholders contributions to pay up capital	13,510.66					13,510.66		13,510.66
<b>Closing Balance 31 December 2024</b>	<b>64,228.17</b>	<b>25,531.35</b>	<b>23,319.32</b>	<b>6,471.00</b>	<b>4,069.39</b>	<b>123,619.22</b>	<b>5,570.41</b>	<b>129,189.63</b>

For Statutory Auditors For Druk Holding &amp; Investment Limited

## 6. Standalone Statement of Changes in Equity for the year ended 31 December 2024

(All figures in millions unless otherwise stated)

Particulars	Stated Capital	Retained Earnings	General Reserve	BFF	Revaluation Reserve	OCI	Total
<b>Balance as at 1 January 2023</b>	<b>50,110.46</b>	<b>2,863.56</b>	<b>6,927.23</b>	<b>4,316.00</b>	<b>1,374.49</b>	<b>1,824.94</b>	<b>67,416.68</b>
Profit after income-tax		7,122.67					7,122.67
Other comprehensive income (expense) for the year						1,266.45	1,266.45
Dividends paid	-	(3,361)	-	-	-	-	(3,361)
Adjustment made for Shares allotted to MoF	607.05	-	-	-	-	-	607.05
Transferred to BFF	-	(964.00)		964.00	-	-	-
<b>Balance as at 31 December 2023</b>	<b>50,717.51</b>	<b>5,661.22</b>	<b>6,927.23</b>	<b>5,280.00</b>	<b>1,374.49</b>	<b>3,091.38</b>	<b>73,051.84</b>
<b>Balance as at 1 January 2024</b>	<b>50,717.51</b>	<b>5,661.22</b>	<b>6,927.23</b>	<b>5,280.00</b>	<b>1,374.49</b>	<b>3,091.38</b>	<b>73,051.84</b>
Profit after income-tax	-	7,424.70					7,424.70
Other comprehensive income (expense) for the year	-	-	-	-	-	879.47	879.47
Dividends paid	-	(5,059.00)					(5,059.00)
Transfer to General Reserve	-	(498.13)	498.13	-	-	-	-
Shares allotted to MoF	13,510.66	-	-	-	-	-	13,510.66
Transferred to BFF	-	(1,191.00)		1,191.00	-	-	-
<b>Balance as at 31 December 2024</b>	<b>64,228.17</b>	<b>6,337.80</b>	<b>7,425.36</b>	<b>6,471.00</b>	<b>1,374.49</b>	<b>3,970.85</b>	<b>89,807.66</b>

Figures in brackets indicate deductions.



**Standalone Statement of Changes in Equity for the period ended 31 December 2024 (Contd...) Authorized Capital:**

Authorized Share capital	As at 31 December 2024	As at 31 December 2023
5,000,000,000 equity shares of Nu. 100/- each	500,000,000,000	500,000,000,000

**Nature of Reserves**

- All issued 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

For Statutory Auditors



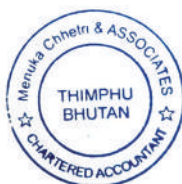
S. Murthy  
(Membership No. 072290)  
Sr. Partner  
S.K. Mittal & Co. FRN. 001135N  
UDIN  
New Delhi, India

For Druk Holding &amp; Investment Limited

Dasho Karma Y. Raydi  
**Chairman**

Ujjwal Deep Dahal  
**Chief Executive Officer**

Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
**Menuka Chhetri & Associates**



Leki Wangmo  
**Board Director**

Tashi Lhamo  
**Director, Finance**



# ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## Notes to Financial Statements

### 1. GENERAL CORPORATE INFORMATION

#### 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 31 companies (Refer Note. 22) 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 31 December 2024 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 2024 were authorized for issue by the Board of Directors on 13th June, 2025.

### 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 2024 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 31 December 2024, 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 consolidated financial statements are presented in Bhutanese Ngultrum (Nu), which is the functional currency of the parent company and the currency of the primary economic environment in which the Group operates. All financial information presented in these financial statements has been rounded to the nearest million Ngultrum, unless otherwise indicated.

Each entity in the Group determines its own functional currency based on the economic environment in which it primarily operates. Items included in the financial statements of each entity are measured using that entity's functional currency.

One of the Group's subsidiaries, Druk Holding and Investments Pte Ltd, is incorporated in Singapore and uses the Singapore Dollar (SGD) as its functional currency. This is because the subsidiary primarily generates and expends cash flows in SGD, and its operations are conducted predominantly in that currency.

All values are in Ngultrum million except when otherwise indicated.

## 2.6 Comparative Information

Comparative figures for the previous year have been reclassified and restated where necessary, to conform with the presentation and classification adopted in the current year's financial statements. These revisions have been made to enhance the clarity, consistency, and comparability of the financial information presented. Where such reclassifications or restatements have occurred, they have been appropriately disclosed and explained in the relevant notes to the financial statements.

## 2.7 Restatement of Comparative Information

In accordance with BAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Group has restated certain comparative amounts in the consolidated financial statements for the year ended 31 December 2024. The Group's restatement at the consolidated level reflects adjustments made in the standalone financial statements of certain subsidiaries, relating to:

- Corrections of prior-period errors,
- Changes in accounting policies,
- Reclassifications and presentation improvements.

These restatements were independently verified and audited by the statutory auditors of the respective subsidiaries.

Given the nature and structure of the Group's consolidation, it is not practicable to present the quantitative impact of each individual restatement at the consolidated level. However, management confirms that all restatements have been appropriately reflected in the Group's consolidated financial statements, and no material misstatement exists at the Group level.

The Parent Company (DHI) has also restated its comparative financial information due to the corrections of prior-period errors and re-classifications and presentation improvements.

Full details and reconciliations for the Parent Company (DHI) are disclosed in Note 47 to the standalone financial statements of DHI.

### 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.

### 4. 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.

#### 4.1 Foreign Operation

The statement of financial position and income statement of overseas subsidiaries (None of which has the currency of the hyperinflationary) that have a functional currency different from the presentation currency are translated to Bhutanese Ngultrum as follows.

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.



## 5. 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 2024 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.

## 6. 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.

### 6.1 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

### 6.2 Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls subsidiaries 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.

### 6.3 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.

### 6.4 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.

### 6.5 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.

### 6.6 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.

### 6.7 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.

#### **6.8 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.

#### **7. 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 7.1: Segmental report as of 31 December 2024

(All figures in millions unless otherwise stated)

Particulars	Energy & Resources	Communi- cation & Transport	Manufac- turing	Finance	Trading	Real estate	Holding	Others	Total	Eliminations	Statement of Comprehen- sive Income
Revenue	41,591.58	11,690.55	5,266.16	7,882.53	5,606.81	1,698.94	10,454.96	12,153.90	84,191.53	(16,110.68)	68,080.85
Revenue (PTC India)	3,345.21			0.00				0.00	3,345.21	0.00	3,345.21
Revenue from group transactions	12,968.73	0.24	201.53	352.94	86.07	0.00	393.63	393.63	14,003.14	(14,003.14)	
Interest Received	316.82	104.94	263.79	95.58		0.00	56.13	56.13	837.26	(497.43)	339.83
Other Income	1,081.17	179.78	101.79	217.64		0.00	74.56	74.56	1,654.94	1,047.40	2,702.34
<b>Total Income</b>	<b>59,303.51</b>	<b>11,975.51</b>	<b>5,833.28</b>	<b>8,548.70</b>	<b>5,692.88</b>	<b>1,698.94</b>	<b>10,979.28</b>	<b>12,678.22</b>	<b>104,032.08</b>	<b>(29,563.85)</b>	<b>74,468.23</b>
Direct Cost of Sales	19,808.05	2,453.22	3,677.15	3,918.39	5,329.52	686.05	12.22	698.27	35,884.60	(18,482.46)	17,402.14
Personnel and Other Costs	7,153.67	3,157.61	1,434.88	1,305.89	259.65	891.96	280.96	1,172.92	14,484.62	39.00	14,523.62
Finance Cost	4,700.24	603.78	510.14	35.70	49.96	12.16	35.99	48.15	5,947.98	(666.66)	5,281.32
Depreciation and Amortization	7,609.51	1,903.42	601.52	228.37	35.91	180.83	81.57	262.40	10,641.13	0.00	10,641.13
Impairment losses	14.73	6.75	2.98	833.45	0.00	0.64	5.21	5.86	863.76	470.96	1,334.72
Income Tax	6,443.26	1,302.88	(186.25)	686.50	13.83	46.85	3,207.78	3,254.62	11,514.85	0.00	11,514.85
<b>Total Expenses</b>	<b>45,729.46</b>	<b>9,427.66</b>	<b>6,040.43</b>	<b>7,008.30</b>	<b>5,688.86</b>	<b>1,818.50</b>	<b>3,623.73</b>	<b>5,442.22</b>	<b>79,336.94</b>	<b>(18,639.17)</b>	<b>60,697.77</b>
<b>Net Profit after tax</b>	<b>13,574.05</b>	<b>2,547.85</b>	<b>(207.16)</b>	<b>1,540.40</b>	<b>4.01</b>	<b>(119.56)</b>	<b>7,355.55</b>	<b>7,235.99</b>	<b>24,695.14</b>	<b>(10,924.69)</b>	<b>13,770.46</b>
OCI	63.95	16.01	(8.64)	(66.52)	(3.99)	10.60	942.88	953.47	954.28	2,222.99	3,177.27
Current Assets	30,098.28	2,878.98	3,949.54	23,889.26	1,028.54	1,240.84	7,175.25	8,416.09	70,260.67	(19,601.57)	50,659.11
<b>Non-Current Assets</b>	<b>179,698.10</b>	<b>13,785.00</b>	<b>10,739.52</b>	<b>99,054.40</b>	<b>708.58</b>	<b>1,195.18</b>	<b>91,525.87</b>	<b>92,721.05</b>	<b>396,706.65</b>	<b>(92,923.04)</b>	<b>303,783.61</b>
<b>Total assets</b>	<b>209,796.38</b>	<b>16,663.97</b>	<b>14,689.06</b>	<b>122,943.66</b>	<b>1,737.12</b>	<b>2,436.02</b>	<b>98,701.12</b>	<b>101,137.14</b>	<b>466,967.32</b>	<b>(112,524.61)</b>	<b>354,442.72</b>
<b>Current Liabilities</b>	<b>25,302.52</b>	<b>4,986.68</b>	<b>5,268.53</b>	<b>2,113.12</b>	<b>922.26</b>	<b>685.51</b>	<b>1,527.13</b>	<b>2,212.64</b>	<b>40,805.75</b>	<b>(9,007.90)</b>	<b>31,797.85</b>
<b>Non-Current Liabilities</b>	<b>80,964.91</b>	<b>4,027.55</b>	<b>5,492.87</b>	<b>111,088.81</b>	<b>183.70</b>	<b>334.31</b>	<b>6,796.85</b>	<b>7,131.16</b>	<b>208,889.00</b>	<b>(15,433.77)</b>	<b>193,455.23</b>
<b>Shareholder's Equity</b>	<b>103,528.95</b>	<b>7,649.74</b>	<b>3,927.66</b>	<b>9,741.73</b>	<b>631.16</b>	<b>1,416.20</b>	<b>90,377.14</b>	<b>91,793.33</b>	<b>217,272.57</b>	<b>(88,082.94)</b>	<b>129,189.63</b>
<b>Total Liabilities and shareholders' equity</b>	<b>209,796.38</b>	<b>16,663.97</b>	<b>14,689.06</b>	<b>122,943.66</b>	<b>1,737.12</b>	<b>2,436.02</b>	<b>98,701.12</b>	<b>101,137.14</b>	<b>466,967.32</b>	<b>(112,524.61)</b>	<b>354,442.72</b>



Note 7.2: Segmental report as of 31 December 2023

(All figures in millions unless otherwise stated)

Particulars	Energy & Resources	Communi- cation & Transport	Manufac- turing	Finance	Trading	Real estate	Holding	Others	Total	Elimina- tions	Statement of Comprehen- sive Income
Revenue	26,221.45	10,462.44	5,194.08	7,095.53	3,435.42	1,081.60	10,106.68	11,188.28	63,597.19	(13,567.68)	50,029.51
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	271.22	461.42	8.05	349.80	236.55	586.36	9,010.94	(9,010.94)	
Interest Received	150.25	13.49	(90.09)	149.31		6.74	89.64	96.37	319.33	(84.93)	234.40
Other Income	3,497.08	352.76	75.74	89.40		83.42	52.32	135.75	4,150.73	432.43	4,583.17
Total Income	40,794.77	10,931.80	5,450.94	7,795.66	3,443.46	1,521.56	10,485.19	12,006.75	80,423.39	(22,231.11)	58,192.28
Direct Cost of Sales	15,729.38	2,274.85	2,862.90	3,566.22	3,218.06	622.97	0.01	622.98	28,274.40	(11,803.31)	16,471.09
Personnel and Other Costs	6,251.60	2,632.62	1,820.94	1,073.67	160.61	622.25	260.41	882.67	12,822.10	(85.97)	12,847.67
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 Amortization	4,695.02	1,857.43	461.25	201.49	23.09	108.13	68.69	176.83	7,415.10	0.00	7,415.10
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	171.41	506.08	7.31	18.78	3,071.63	3,090.41	9,398.02	0.00	9,398.02
<b>Total Expenses</b>	<b>32,639.84</b>	<b>8,563.04</b>	<b>5,735.41</b>	<b>6,793.17</b>	<b>3,430.76</b>	<b>1,387.38</b>	<b>3,440.83</b>	<b>4,828.21</b>	<b>61,990.41</b>	<b>(12,385.03)</b>	<b>49,716.92</b>
<b>Net Profit after tax</b>	<b>8,154.93</b>	<b>2,368.76</b>	<b>-396.00</b>	<b>1,002.49</b>	<b>12.71</b>	<b>134.18</b>	<b>7,044.36</b>	<b>7,178.55</b>	<b>18,432.98</b>	<b>(9,846.08)</b>	<b>8,475.36</b>
OCI	(10.26)	(4.61)	84.30	12.75	15.51	15.15	1,331.91	1,347.06	1,333.21	(112.04)	1,332.70
<b>Current Assets</b>	<b>20,490.58</b>	<b>3,006.13</b>	<b>3,140.62</b>	<b>18,555.38</b>	<b>829.28</b>	<b>1,357.86</b>	<b>5,317.92</b>	<b>6,675.78</b>	<b>52,697.78</b>	<b>(12,738.09)</b>	<b>39,959.69</b>
<b>Non-Current Assets</b>	<b>126,989.30</b>	<b>13,725.12</b>	<b>10,293.19</b>	<b>94,552.44</b>	<b>642.71</b>	<b>1,128.68</b>	<b>75,935.48</b>	<b>77,064.16</b>	<b>323,266.93</b>	<b>(79,919.16)</b>	<b>243,347.76</b>
<b>Total assets</b>	<b>147,479.88</b>	<b>16,731.25</b>	<b>13,433.81</b>	<b>113,107.83</b>	<b>1,471.99</b>	<b>2,486.54</b>	<b>81,253.40</b>	<b>83,739.94</b>	<b>375,964.70</b>	<b>(92,657.25)</b>	<b>283,307.45</b>
<b>Current Liabilities</b>	<b>19,655.97</b>	<b>4,522.72</b>	<b>3,074.14</b>	<b>1,698.09</b>	<b>659.55</b>	<b>901.24</b>	<b>1,642.76</b>	<b>2,544.00</b>	<b>32,154.46</b>	<b>(7,405.51)</b>	<b>24,748.95</b>
<b>Non-Current Liabilities</b>	<b>42,294.74</b>	<b>4,701.20</b>	<b>6,444.62</b>	<b>101,948.21</b>	<b>181.31</b>	<b>389.42</b>	<b>5,969.77</b>	<b>6,359.19</b>	<b>161,929.27</b>	<b>(9,805.14)</b>	<b>152,124.12</b>
<b>Shareholder's Equity</b>	<b>85,529.18</b>	<b>7,507.33</b>	<b>3,915.06</b>	<b>9,461.53</b>	<b>631.13</b>	<b>1,195.88</b>	<b>73,640.87</b>	<b>74,836.75</b>	<b>181,880.98</b>	<b>(75,446.60)</b>	<b>106,434.38</b>
<b>Total Liabilities</b>	<b>147,479.88</b>	<b>16,731.25</b>	<b>13,433.81</b>	<b>113,107.83</b>	<b>1,471.99</b>	<b>2,486.54</b>	<b>81,253.40</b>	<b>83,739.94</b>	<b>375,964.70</b>	<b>(92,657.25)</b>	<b>283,307.45</b>

## 8. CAPITAL MANAGEMENT

### 8.1 Group Capital Management

The Group manages its capital to ensure the availability of adequate financial resources to meet current and future operational, financial, and strategic commitments, including obligations to external stakeholders. A key aspect of the Group's capital management approach is its adherence to dividend and tax commitments, as outlined in the Annual Compacts between the Group companies, the Parent Company, and the Royal Government of Bhutan (RGoB).

The Group primarily funds its capital expenditure through internally generated operating cash flows. Long-term borrowings are undertaken selectively and only to finance significant capital projects. Such borrowings are structured to align with project timelines and are generally repaid from cash flows generated by the respective project once it becomes operational.

The Group does not maintain a specific target gearing ratio but regularly monitors its capital structure, including debt-to-equity and liquidity ratios, to ensure financial flexibility and sustainability.

### 8.2 Standalone Capital Management

At the standalone level, DHI's capital management objectives 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.

## 9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include loans and borrowings, trade and other receivables, cash and cash equivalents, and investments classified as fair value through profit or loss and available-for-sale financial assets.

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts, which are used primarily to finance the Group's operations and manage its operational requirements.

The Group is exposed to the following key financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk (including interest rate risk and foreign currency risk)

The Group has established a comprehensive financial risk governance framework to manage these risks. This framework provides assurance to senior management that financial risk exposures are identified, measured, monitored, and managed in accordance with approved policies and risk tolerance levels.

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.

### 9.1 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.

#### 9.1.1 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

In Nu. Million	GROUP		PARENT	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Debt Securities	2,797.26	2,658.42	2,797.26	2,658.42
Government Securities	13,685.94	13,345.37	0.00	0.00
Deposits with Bank	1,215.81	3,323.99	0.00	0.00
Trade and Other receivables	12,434.32	7,290.80	0.26	0.30
Loan and Advances	78,158.23	75,555.43	0.00	0.00
Other Financial Assets	22.66	40.24	106.54	14.49
Short term Deposits	5,951.01	2,849.47	3,547.99	1,007.00
Cash and Cash Equivalents	3,985.55	4,223.46	677.53	732.87
<b>Total Credit risk exposure</b>	<b>118,250.77</b>	<b>109,287.19</b>	<b>7,129.58</b>	<b>4,413.08</b>

### 9.1.2 Government Securities

As at 31 December 2024 as shown in table above, investments in government securities consist of Treasury Bonds and Treasury Bills.

### 9.1.3 Debt Security

As at 31 December 2024 as shown in table above, investments in debt securities consist of Bonds.

### 9.1.4 Deposit with Bank

As at 31 December 2024 as shown in the table above, Deposit with Bank consists of long-term fixed deposits.

### 9.1.5 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)

## 9.2 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.

### 9.2.1 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 fore-

casts 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.

### 9.2.2 Financing Arrangements

The Group does not have any undrawn borrowing facilities at

the end of the reporting period.

### 9.2.3 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 Million	GROUP			PARENT		
	less than 1 year	more than 1 year	Total Amount	less than 1 year	more than 1 year	Total Amount
<b>December 31,2024</b>						
Interest bearing Loan and borrowings	13,248.88	81,224.27	94,473.15	-	1,916.66	1,916.66
Lease Liabilities	25.84	306.91	332.74		5.02	5.02
Trade payables	4,461.51	636.45	5,097.96	131.07	-	131.07
Employee payables	1,291.60	2,005.73	3,297.33	37.12	18.40	55.53
Deposits received	968.59	100,170.56	101,139.15	-	-	-
Working Capital	493.00	-	493.00	-	-	-
Other liabilities	3,823.45	1.19	3,824.65	1,313.20		1,313.20
<b>Total</b>	<b>24,312.87</b>	<b>184,345.12</b>	<b>208,657.98</b>	<b>1,481.39</b>	<b>1,940.08</b>	<b>3,421.47</b>
<b>December 31,2023</b>						
Interest bearing Loan and borrowings	2,578.68	45,913.16	48,491.84	-	1,351.94	1,351.94
Lease Liabilities	19.17	325.77	344.94		14.25	14.25
Trade payables	5,472.84	939.80	6,412.64	455.72	10.71	466.43
Employee payables	1,387.09	1,845.71	3,232.80	29.78	27.82	57.61
Deposits received	749.13	95,536.61	96,285.74	-	-	-
Working Capital	56.35	-	56.35	-	-	-
Other liabilities	9,116.79	64.95	9,181.74	1,132.66	-	1,132.66
<b>Total</b>	<b>19,380.05</b>	<b>144,626.00</b>	<b>164,006.05</b>	<b>1,618.16</b>	<b>1,404.72</b>	<b>3,022.88</b>

## 9.3 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:

### 9.3.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is exposed

to foreign currency risk primarily through its investments in foreign subsidiaries/abroad, foreign currency loans, and bank balances denominated in foreign currencies.

For consolidation purposes, the assets, liabilities, income, and expenses of subsidiaries with functional currencies different from the Group's presentation currency (Bhutanese Ngultrum, Nu) are translated accordingly. Changes in exchange rates may lead to translation differences, which are recognized in other comprehensive income. These trans-



lation risks do not impact cash flows and are distinct from transaction-level exchange rate risks.

The Group's major foreign currency exposure relates to a hydropower loan denominated in Indian Rupees (INR). Given the Bhutanese Ngultrum is pegged at par to the INR, these borrowings do not present significant foreign currency risk.

Additionally, since the Bhutanese Ngultrum is pegged at par to the Indian Rupee (INR), movements in the INR against major global currencies directly influence the Group's foreign exchange exposures. The Indian Rupee has shown relative regional stability but remains subject to volatility against currencies such as the US Dollar and Euro, particularly during periods of global market disruption. Accordingly, foreign exchange risk remains relevant for exposures denominated in non-INR currencies."

Other foreign currency exposures are partially hedged through natural offsets, as certain revenue streams as well as assets and liabilities are denominated in the same foreign currencies. However, this alignment does not fully eliminate foreign exchange risk.

### 9.3.2 Interest Rate Risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to this risk arises primarily from long-term debt obligations with floating interest rates. Currently, the Group's exposure to floating interest rates is limited, as the majority of its borrowings are contracted at fixed rates. The Group has not entered into any interest rate hedging instruments, such as interest rate swaps, as the exposure is not considered material at this stage.

A sensitivity analysis has been performed on financial instruments with floating interest rates to estimate the potential impact on profit or loss from a reasonably possible change in market interest rates, assuming all other variables remain constant.

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	31-12-2024 In Nu million	31-12-2023 In Nu million
Drukair	USD	2%+ 6 months LIBOR Rate		608.46	710.66
DHI Pte Limited	SGD	1.5% + 3 months SORA		708.52	708.52
Increase/ (Decrease) in rate-					
		+5%	+5%	+3.18	+4.1
		-5%	-5%	-3.18	-4.1

### 9.3.3 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 movement). This risk may arise from factors specific to an individual financial instrument or its issuer, or from broader market dynamics affecting similar instruments.

The Group is exposed to equity price risk arising from investments in equity securities that are classified and measured at fair value through other comprehensive income (FVOCI). These investments are publicly traded and listed on stock exchanges in the respective countries of incorporation, and their fair values are determined by reference to quoted market prices at the reporting date.

The Group monitors its equity portfolio regularly and reviews market trends as part of its risk management process. However, no hedging instruments are currently used to manage equity price fluctuations.

#### 9.3.3.1 Sensitivity Analysis

The table below summarizes the estimated impact of a 5% increase/decreases in the prices of respective securities on company's equity and total other comprehensive income for the reporting period, assuming all other variables remain constant:

Impact on total Other Comprehensive	2024	2023
Increase by 5%	475.16	415.37
Decrease by 5%	(475.16)	(415.37)

The Group manages the equity price risk through diversification. The performance report of equity portfolio are submitted to the Group's senior management and investment committee on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

## 10. 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 by 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.

## 10.1 Fair Value Measurement Hierarchy

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-GROUP

In Nu million		As at December 31, 2024			As at December 31, 2023		
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	1,830.78			1,893.84		
2.	Royal Insurance Corporation of Bhutan Ltd	2,533.94			2,076.95		
3.	Bhutan Carbide & Chemicals Ltd	77.91			81.19		
4.	Druk Ferro Alloys Ltd	120.07			158.05		
5.	Investment Abroad	3,670.03			2,827.08		
Non-Listed Equity Investments:							
6.	Bhutan Development Bank Ltd			24.42			53.67
7.	Credit Information Bureau			6.62			6.42
8.	Financial Training Institution			15.43			17.39
9.	Investment Abroad - Private Equity		1,468.53			1,509.52	
Total Financial Assets		8,232.73	1,468.53	46.47	7,037.11	1,509.52	77.48
Non-Financial Assets							

In Nu million Financial Investments at FVOCI Investment in equity shares of:	As at December 31, 2024			As at December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Land			6,345.02			3,067.53
2. Biological Asset	891.82			652.21		
<b>Total Non-Financial Assets</b>	<b>891.82</b>	<b>0.00</b>	<b>6,345.02</b>	<b>652.21</b>	<b>0.00</b>	<b>3,067.53</b>

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

In Nu million Financial Investments at FVOCI Investment in equity shares of:	As at December 31, 2024			As at December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Listed Equity Investments:</b>						
1. Bhutan National Bank Ltd	1,830.78			1,893.84		
2. Royal Insurance Corporation of Bhutan Ltd	2,533.94			2,076.95		
3. Investment Abroad	3,670.03			2,827.08		
<b>Non-Listed Equity Investments:</b>						
1. Investment Abroad - Private Equity		1,468.53			1,509.52	
<b>Total Financial Assets</b>	<b>8,034.75</b>	<b>1,468.53</b>	<b>0.00</b>	<b>6,797.87</b>	<b>1,509.52</b>	<b>0.00</b>

## 11. FINANCIAL INSTRUMENTS AND RELATED POLICIES

### Accounting Policy

#### Financial Instruments- Initial Recognition and Subsequent Measurement.

#### 11.1 Financial Assets

##### 11.1.1 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.

##### 11.1.2 Classification and subsequent measurement

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

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

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

##### 11.1.3 Financial Assets Measured at Amortized Cost

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

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

#### 11.1.4 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.

#### 11.1.5 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.

#### 11.1.6 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 us-

ing 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.

#### 11.1.7 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.

### 11.2 Financial Liability

#### 11.2.1 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.



### 11.2.2 Subsequent Measurement

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

### 11.2.3 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.

### 11.2.4 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.

### 11.2.5 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).

### 11.2.6 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.

### 11.3 Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally en-

forceable 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.

#### 11.4 Financial Instruments by category- GROUP

In Nu Milliom	As at December 31, 2024			As at December 31, 2023		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
<b>Financial Assets</b>						
Investment in equity shares of entities other than subsidiary, associate and JV		9,747.73			8,624.10	
Debt Securities			2,797.26			2,658.42
Government Securities			13,685.94			13,345.37
Deposits with Banks			1,215.81			3,323.99
Trade & Other Receivables			12,434.32			7,290.80
Loans & advances			78,158.23			75,555.43
Short Term Deposits			5,951.01			2,849.47
Investment in EPF assets						
Cash and Cash Equivalents			3,985.55			4,223.46
<b>Total Financials Assets</b>	<b>-</b>	<b>9,747.73</b>	<b>118,228.11</b>	<b>0.00</b>	<b>8,624.10</b>	<b>109,246.95</b>
<b>Financial Liabilities</b>						
Interest bearing Loan and borrowings			81,224.27			45,913.16
Liability towards EPF			0.00			8.01
Lease Liabilities			332.74			344.94
Trade payables			5,097.96			6,412.64
Employee payables			1,291.60			1,387.09
Deposits received			968.59			864.46
Current Borrowings			13,248.88			2,578.68
Working Capital			493.00			56.35
Other liabilities			477.52			471.01
<b>Total Financials Liabilities</b>	<b>-</b>	<b>-</b>	<b>103,134.56</b>	<b>0.00</b>	<b>-</b>	<b>58,036.34</b>

## 11.5 Financial instruments by category- PARENT

In Nu Million	As at December 31, 2024			As at December 31, 2023		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investment in equity shares of entities other than subsidiary, associate and JV		9,503.28			8,307.39	
Debt Securities			2,797.26			2,658.42
Government Securities			0.00			0.00
Deposits with Banks			0.00			0.00
Trade & Other Receivables			0.26			0.30
Loans & advances			0.00			0.00
Short Term Deposits			3,547.99			1,007.00
Investment in EPF assets			23.09			22.75
Cash and Cash Equivalents			677.53			732.87
<b>Total Financials Assets</b>	-	<b>9,503.28</b>	<b>7,046.12</b>	<b>0.00</b>	<b>8,307.39</b>	<b>4,421.34</b>
<b>Financial Liabilities</b>						
Interest bearing Loan and borrowings			1,916.66			1,351.94
Liability towards EPF			0.00			0.00
Lease Liabilities			5.02			14.25
Trade payables			133.33			467.11
Employee payables			37.12			29.78
Deposits received			0.00			0.00
Current Borrowings			0.00			0.00
Working Capital			0.00			0.00
Other liabilities			0.00			0.00
<b>Total Financial Liabilities</b>	-	<b>0.00</b>	<b>2,092.13</b>	<b>0.00</b>	<b>0.00</b>	<b>1,863.08</b>

## 12. REVENUE RECOGNITION

## Accounting Policy

## 12.1 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.

## 12.1.1 Sales 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.

#### 12.1.2 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.

#### 12.1.3 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 the material rights 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 Contract with Customers

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Sales of:	-			
<b>Goods</b>	<b>4,548.06</b>	<b>4,963.92</b>	-	-
Services	12,629.49	12,123.34	-	-
Energy and Resources	44,586.96	29,419.40	-	-
Trading	5,694.69	3,352.52	-	-
Interest	3,966.85	3,515.53	-	-
<b>Total Revenue from Customers</b>	<b>71,426.06</b>	<b>53,374.72</b>	-	-

### 13. 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 eco-

nomic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.



For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>Dividend income from Subsidiaries -</b>				
Bank of Bhutan Ltd.	-	-	153.33	58.31
Bhutan Power Corporation Ltd.	-	-	1,057.34	806.69
Bhutan Telecom Ltd.	-	-	2,427.00	2,560.00
Druk Air Corporation Ltd.	-	-		0.00
Druk Green Power Corporation Ltd.	-	-	4,074.37	4,395.77
Menjong Sorig Pharmaceuticals Corporation Limited	-	-	-	-
State Mining Corporation Limited	-	-	2,310.00	1,919.75
State Trading Corporation of Bhutan Ltd.	-	-		22.94
Thimphu Tech Park Limited	-	-	23.00	0.00
<b>Dividend income from Subsidiaries</b>	<b>-</b>	<b>-</b>	<b>10,045.04</b>	<b>9,763.46</b>
<b>Dividend income from Portfolios -</b>				
Bhutan Ferro Alloys Ltd.	-	-	38.59	135.08
Bhutan National Bank Ltd.	94.29	67.60	94.29	67.60
Bhutan Carbides and Chemicals Ltd	0.00	17.43	-	-
Druk Ferro Alloy Ltd	0.00	2.00	-	-
Other Investments	38.60	23.73	-	-
Div income from KKR	-	-	16.96	
Div income from investment abroad	-	-	20.64	19.89
Royal Insurance Corporation of Bhutan Ltd.			103.83	
<b>Total Dividend Income from Portfolios</b>	<b>238.02</b>	<b>110.75</b>	<b>10,319.36</b>	<b>9,986.03</b>

## 14. OTHER OPERATING INCOME

### 14.1 Interest Income

Interest income is recognized using the effective interest method. When calculating the effective interest rate, the Company estimates the expected cash flow 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.

### 14.2 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.

### 14.3 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.

#### 14.4 Other Income

Other income and expenses are recognized on an accrual basis.

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Grants and Subsidies	510.02	378.57	-	-
Brand Management Fee	0.00	0.00	260.20	220.13
Interest Received	339.83	234.40	348.24	233.92
Changes in Fair Value of Biological Asset	-	-		
Other Income	1,899.08	4,044.72	55.49	43.67
<b>Total Other Income</b>	<b>2,748.94</b>	<b>4,657.69</b>	<b>663.93</b>	<b>497.72</b>

#### 15. 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.

##### 15.1 Direct Cost of Sales

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Energy and wheeling charges	6,029.56	5,551.65	-	-
Aircraft fuel, oil and operating Costs	2,197.63	2,119.46	-	-
Cost of Goods Sold	8,932.32	6,095.72	-	-
Material used in infrastructure development	242.63	2,704.26	-	-
<b>Total Direct Cost of Sales</b>	<b>17,402.14</b>	<b>16,471.09</b>	<b>-</b>	<b>-</b>

##### 15.2 Employee Related Cost

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Payroll and Related Costs	6,178.85	4,817.77	162.88	111.27
Employee Related Costs	1,239.68	1,050.80	36.07	22.53
<b>Total Employee Related Costs</b>	<b>7,418.53</b>	<b>5,868.57</b>	<b>198.94</b>	<b>133.81</b>

### 15.3 Running and Maintenance Cost

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Maintenance	-	-	-	-
R&M - Power plants	468.30	453.07		
R&M – Aircrafts	260.21	227.00		
R&M - Plant and Machinery	936.56	1,194.93	6.68	6.64
R&M furniture, office equipment	121.10	53.27	0.00	
R&M – Vehicles	126.52	167.40	3.04	1.67
R&M – Building	95.41	121.26		
R&M-Other	204.50	228.79		
<b>Total R&amp;M Cost</b>	<b>2,212.60</b>	<b>2,445.72</b>	<b>9.73</b>	<b>8.31</b>

### 15.4 Other Cost

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Insurance	504.11	223.88		
Consumables	270.53	606.40		
Travel Expenses	155.82	125.29	5.34	6.00
License and Registration	690.49	256.81		
Communication and ICT Charges	253.83	263.33	3.71	6.16
Transportation Expenses	577.07	1,527.56		
CSR & Donations	257.90	157.62	9.24	50.96
Loss on disposal PPE	255.86	172.81		
Banking related expenses	333.69	270.85		
Loss due to Foreign Currency fluctuation	458.73	76.87	0.11	0.04
Change in the Fair value of Biological Asset		111.53		
Other Costs	1,134.45	740.42	81.74	55.39
<b>Total</b>	<b>4,892.49</b>	<b>4,533.38</b>	<b>100.14</b>	<b>118.55</b>

### 15.5 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.

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Interest on borrowings	5,266.08	2,156.70	1.05	1.95
Unwinding of discount on Provisions	15.23	6.36		
<b>Total</b>	<b>5,281.32</b>	<b>2,163.06</b>	<b>1.05</b>	<b>1.95</b>

### 15.6 Impairment

For the year ended 31 December	GROUP		PARENT	
In Nu Million	31-Dec-24	31-Dec-23 Restated	31-Dec-24	31-Dec-23
Impairment	1,334.72	1,421.97	3.41	1.18
<b>Total</b>	<b>1,334.72</b>	<b>1,421.97</b>	<b>3.41</b>	<b>1.18</b>

The Group recognized an impairment of Nu. 833.45 million on loans and advances to customers, and Nu. 30.31 million on trade and other receivables. Additionally, goodwill amounting to Nu. 470.96 million, associated with the acquisition of DML, was impaired during the year.

### 16. 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.

For the year ended 31 December	GROUP	
	31-Dec-24	31-Dec-23
Profit attributable to equity holders of the parent	13,381.61	8,123.44
Ordinary shares at the beginning of the year	507.18	491.84
Additional share /Adjustments	135.11	15.33
Ordinary shares at the end of the year	642.28	507.18
Weighted average number of ordinary shares	642.28	507.18
Basic and diluted earnings per share	20.83	16.02

### 17. 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.

#### 17.1 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 realized 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.

## 17.2 Reconciliation between Current Tax and the Accounting Profit

In Nu Million	GROUP		PARENT	
For the year ended 31 December	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>Income Tax Payable -</b>				
Current Tax				
Total Income Tax Expenses Recognized	11,577.15	8,769.84	3,211.05	3,071.59
Deferred Tax Payable	(62.30)	628.18	(3.25)	
<b>Total Tax on Operating Income</b>	<b>11,514.85</b>	<b>9,398.02</b>	<b>3,207.80</b>	<b>3,071.59</b>
Profit Before Income-tax from Operations	25,230.09	17,824.26	10,632.49	10,194.26
Tax at 30%	7,569.03	5,347.28	3,189.75	3,058.28
Adjustments required for:				
- Non-deductible expenditure & Non-Assessed Income	369.79	242.28	8.84	5.91
- Tax losses	472.37			
- Other Adjustments (Timing)	99.72	171.17	12.46	7.41
- Tax on Dividends from subsidiaries	3,066.23	2,994.53		
Deferred tax	(62.30)	628.18	(3.25)	
<b>Current Tax Expenses</b>	<b>11,514.85</b>	<b>9,398.02</b>	<b>3,207.80</b>	<b>3,071.59</b>
<b>Effective Tax Rate -</b>	<b>46%</b>	<b>54%</b>	<b>30%</b>	<b>30%</b>

Group tax expense is based on the taxable profit of individual companies within the Group and tax liability is 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.

## 17.3 Deferred Tax

In Nu Million	GROUP		PARENT	
For the year ended 31 December	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
<b>Reconciliation of Deferred Tax -</b>				
Opening	(3,150.26)	(2,166.04)	(1,292.10)	(1,120.64)
Recognized during Year	62.30	(628.18)	3.25	
Prior year adjustment	(225.33)	(191.80)		
Tax on OCI items	(1,317.09)	(164.24)	(366.79)	(171.46)
<b>Closing</b>	<b>(4,630.37)</b>	<b>(3,150.26)</b>	<b>(1,655.64)</b>	<b>(1,292.10)</b>

In Nu Million	GROUP		PARENT	
For the year ended 31 December	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Deferred Tax Assets	1,185.11	1,281.11		(227.06)
Deferred Tax Liabilities	(5,815.48)	(4,431.37)	(1,655.64)	(1,065.04)
<b>Deferred Tax (Net)</b>	<b>(4,630.37)</b>	<b>(3,150.26)</b>	<b>(1,655.64)</b>	<b>(1,292.10)</b>

#### 17.4 Income Tax Liability

In Nu Million	GROUP		PARENT	
For the year ended 31 December	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Income Tax Payable -				
At the beginning of the year	5,215.63	5,285.17	1,131.98	1,806.82
Charged during the year	11,477.42	8,598.74	3,198.59	3,071.69
Payment & set off	(9,291.20)	(8,668.28)	(3,019.63)	(3,746.53)
<b>At the end of the year</b>	<b>7,401.85</b>	<b>5,215.63</b>	<b>1,310.94</b>	<b>1,131.98</b>

### 18. PROPERTY, PLANT AND EQUIPMENT (PPE)

#### Accounting Policy

#### 18.1 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.

#### 18.2 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.

#### 18.3 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.

#### 18.4 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:

<b>Asset Class</b>	<b>Useful Life</b>
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.

### 18.5 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.

### 18.6 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.

### 18.7 Revaluation of Land- Accounting Judgements, Estimates and Assumptions

As part of the Group's accounting policy, land classified under property, plant and equipment (PPE) is measured at revalued amounts in accordance with BAS 16. The fair value of land is determined based on the prevailing rates issued by the Property Assessment and Valuation Agency (PAVA), which represent the valuer's best estimates of market value. Revaluation gains are recognized in other comprehensive income and accumulated in equity under the Asset Revaluation Reserve.

The frequency of revaluation depends on the materiality of changes in fair value. When fair value differs materially from the carrying amount, land is revalued; otherwise, revaluation is carried out every three to five years.

In the current year, the Group recognized a revaluation surplus of Nu. 3,155.72 million, reflecting a material increase in land value on account of the change in the PAVA rate in October 2024. This has been recorded in the Group consolidated financial statements under PPE.

In the DHI's standalone financial statements, however, the same land is classified as investment property under BAS 40, as it is held to earn lease income. In line with the Group's accounting policy, investment property is measured at cost, and therefore, no revaluation adjustment has been recognized at the DHI standalone level.

## 18.8 Property, Plant and Equipment- GROUP

As of 31st December 2024 In Nu million	Land and Building	Plant and Equipment	Furniture & Office Equipment	Vehicle	Aircraft and Other Aviation Assets	Transmission and Distribution Lines	Capital work in Progress	Total
<b>Cost or Valuation</b>								
At the beginning of the year	72,703.85	49,609.47	3,395.77	1,549.78	13,347.72	42,598.81	32,726.05	215,931.45
Additions	0.00	62,699.32	0.00	166.62	855.90	69,562.46		133,284.30
Disposal	(52,658.24)	0.00	(66.23)	0.00	0.00	0.00		(52,724.46)
Revaluations	3,175.22							3,175.22
Transfer (Adjustments)			(0.79)	(1.31)			(6,588.79)	(6,590.89)
<b>Impairment</b>								<b>0.00</b>
At the end of the year	23,220.83	112,308.79	3,328.75	1,715.09	14,203.62	112,161.27	26,137.26	293,075.62
<b>Accumulated Depreciation and Amortization</b>								
At the beginning of the year	30,383.45	29,397.90	2,083.01	1,070.95	6,773.84	11,639.33		81,348.47
Charge for the year	683.38	5,076.17	315.16	133.58	747.70	3,096.90		10,052.89
Transfer (Adjustments)	(25,770.78)	12,575.43	(278.16)	12.38	28.60	23,476.04		10,043.52
Impairment								
At the end of the year	5,296.05	47,049.50	2,120.02	1,216.91	7,550.13	38,212.27	0.00	101,444.89
	-	-	-	-	-	-	-	-
<b>Carrying Value</b>								
	-	-	-	-	-	-	-	-
<b>As at 31 December 2024</b>	<b>17,924.78</b>	<b>65,259.29</b>	<b>1,208.73</b>	<b>498.18</b>	<b>6,653.48</b>	<b>73,949.00</b>	<b>26,137.26</b>	<b>191,630.73</b>



## Property, Plant and Equipment- GROUP (Contd.)

As of 31st December 2023 In Nu million	Land and Building	Plant and Equipment	Furniture & Office Equipment	Vehicle	Aircraft and Other Aviation Assets	Transmission and Distribu- tion Lines	Capital work in Progress	Total
<b>Cost of Valuation</b>								-
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	2,105.32	320.92	83.16	0.00	2,520.20	7,838.31	14,765.08
Disposal	0.00	0.00	0.00	0.00	(90.09)	0.00	(1,142.73)	(1,232.83)
Revaluations								0.00
Transfer ( Adjustments)			0.00					0.00
<b>Impairment</b>								<b>0.00</b>
At the end of the year	72,703.85	49,609.47	3,395.77	1,549.78	13,347.72	42,598.81	32,726.05	215,931.45
<b>Accumulated Depreciation and Amortization</b>								
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	2,242.84	2,079.00	304.56	116.75	737.45	1,382.69		6,863.30
Disposal								0.00
Transfer ( Adjustments)	274.61	(121.59)	(181.69)	(6.28)	(79.27)	(65.31)		(179.53)
Impairment								0.00
<b>At the end of the year</b>	<b>30,383.45</b>	<b>29,397.90</b>	<b>2,083.01</b>	<b>1,070.95</b>	<b>6,773.84</b>	<b>11,639.33</b>	<b>0.00</b>	<b>81,348.47</b>
<b>Carrying Value</b>								
As at 31 December 2023	42,320.40	20,211.57	1,312.76	478.83	6,573.88	30,959.48	32,726.05	134,582.97

## 18.9 Property, Plant and Equipment- PARENT

As of 31st December 2024 In Nu million	Building	Furniture & Fittings	Electrical Equip- ment	Data Process- ing Equip- ment	Office Equip- ment	Vehicle	Machines	Other Assets	Capital work in Progress	Total
<b>Cost of Valuation</b>										
At the beginning 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
Additions		0.26	0.00	2.59	0.00	9.59	8.61	0.00	349.64	370.71
Disposal		(1.09)	(0.14)	(1.36)	(0.22)	(11.18)	0.00	(0.11)		(14.10)
Revaluations										0.00
Transfer (Adjustments)										0.00
<b>Impairment</b>										<b>0.00</b>
<b>At the end of the year</b>	<b>34.74</b>	<b>7.11</b>	<b>2.02</b>	<b>49.08</b>	<b>5.28</b>	<b>25.74</b>	<b>75.33</b>	<b>0.40</b>	<b>5,077.03</b>	<b>5,276.74</b>
<b>Accumulated Depreciation and Amortization</b>										
At the beginning of the year	0.18	3.64	0.63	34.03	3.02	13.44	21.17	0.22	0.00	76.34
Charge for the year	1.04	0.63	0.19	6.56	0.34	1.78	14.39	0.04		24.97
Disposal		(1.05)	(0.14)	(1.23)	(0.20)	(7.72)	0.00	(0.11)		(10.45)
Transfer (Adjustments)										0.00
Impairment										0.00
At the end of the year	1.23	3.22	0.68	39.36	3.16	7.51	35.56	0.15	0.00	90.86
	-	-	-	-	-	-	-	-	-	-
<b>Carrying Value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 December 2024</b>	<b>33.52</b>	<b>3.89</b>	<b>1.34</b>	<b>9.72</b>	<b>2.13</b>	<b>18.23</b>	<b>39.77</b>	<b>0.25</b>	<b>5,077.03</b>	<b>5,185.88</b>

## Property, Plant and Equipment- PARENT (Contd.)

As of 31st December 2023 In Nu million	Building	Furniture & Fittings	Electrical Equipment	Data Processing Equipment	Office Equipment	Vehicle	Machine	Other Assets	Capital work in Progress	Total
<b>Cost of Valuation</b>										-
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										0.00
Transfer (Adjustments)										0.00
Impairment										0.00
<b>At the end of the year</b>	<b>34.74</b>	<b>7.93</b>	<b>2.16</b>	<b>47.85</b>	<b>5.51</b>	<b>27.33</b>	<b>66.72</b>	<b>0.51</b>	<b>4,727.39</b>	<b>4,920.14</b>
<b>Accumulated Depreciation and Amortization</b>										-
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						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	0.00	76.34
<b>Carrying Value</b>										-
<b>As at 31 December 2023</b>	<b>34.56</b>	<b>4.29</b>	<b>1.53</b>	<b>13.83</b>	<b>2.48</b>	<b>13.88</b>	<b>45.55</b>	<b>0.29</b>	<b>4,727.39</b>	<b>4,843.80</b>

**19. RIGHT OF USE ASSETS AND LEASE LIABILITIES****Accounting policy****19.1 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.

**19.2 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)

**19.3 Basis of Measurement.****19.3.1 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.

**19.3.2 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.

**19.3.3 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.

**19.4 Right of Use Assets**

In Nu Million	GROUP		PARENT	
	31-Dec-2024	31-Dec-2023	31-Dec-2024	31-Dec-2023
At the beginning of the year	325.12	229.07	36.85	36.85
Additions	114.14	96.05	0.00	0.00
<b>Disposal</b>				
<b>Revaluations</b>				
Transfer (Adjustments)	0.00	0.00		
At the end of the year	439.26	325.12	36.85	36.85
<b>Accumulated Depreciation and Amortization</b>				
At the beginning of the year	80.57	55.29	26.03	18.66
Charge for the year	32.61	64.69	7.37	7.37
<b>Disposal</b>				
Transfer (Adjustments)	48.63	(39.41)		
At the end of the year	161.81	80.57	33.40	26.03

In Nu Million	GROUP		PARENT	
	31-Dec-2024	31-Dec-2023	31-Dec-2024	31-Dec-2023
Net Carrying Value				
As at 31 December	277.45	244.55	3.45	10.82

## 19.5 Lease Liability

In Nu Million	GROUP		PARENT	
	31-Dec-2024	31-Dec-2023	31-Dec-2024	31-Dec-2023
At the beginning of the year	344.94	214.21	14.25	22.38
Additions	114.14	96.05		
Transfer	(126.33)	34.68	(9.55)	(8.37)
Interest expense	5.37	8.03	0.32	0.24
Disposal				
Payments				
At the end of the year	332.74	344.94	5.02	14.25
Lease Liability-Current	25.84	19.17		
Lease Liability-Non-Current	306.91	325.77		
Total Lease Liability as of 31st December	332.74	344.94		
Amortization of Right of Use Assets	32.61	64.69	7.37	7.37
Interest expense on lease liabilities	5.37	8.03	0.32	0.24
Total amount recognized in income statement	37.98	72.72	7.69	7.61

## 20. INVESTMENT PROPERTY

### Accounting Policy

#### 20.1 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:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

The 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.

#### 20.2 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.

#### 20.3 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.

#### 20.4 Investment Property- GROUP

In Nu Million	31-Dec-2024	31-Dec-2023
<b>Cost of Valuation</b>		
At the beginning of the year	1,632.60	1,622.15
Additions	0.00	10.45
Transfer/Adjustment)	(8.11)	
At the end of the year	1,624.49	1,632.60
	-	-
<b>Accumulated Depreciation and Amortization</b>		
	-	-
At the beginning of the year	146.98	94.08
Charge for the year	44.04	50.59
Transfer (Adjustments)	6.94	2.30
At the end of the year	197.95	146.98
	-	-
<b>Carrying Value</b>		
	-	-
<b>As at 31 December 2024</b>	<b>1,426.54</b>	<b>1,485.63</b>

The investment property of group pertains to building. The Group has elected to measure investment properties using the cost model in accordance with BAS 40: Investment Property. Under this model, investment properties are carried at cost less accumulated depreciation (if applicable) and impairment losses. The fair value of investment properties is

disclosed, where it can be reliably determined, to provide additional information to users.

The fair value of the building cannot be reliably measured as of the reporting date due to the lack of an active market for comparable properties. There have been no recent transactions or market data to provide a basis for a reliable valuation. As a result, the building continues to be measured at cost, in line with the Group's accounting policy.

#### 20.5 Investment Property- PARENT

The parent has entered into a lease agreement on its property (i.e. land and building) with subsidiary companies. The parent has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. Accordingly, the lease income is recognized as rental income in the parent's income statement and property (i.e. land and buildings) as investment property.

However, investment property that is leased to, and occupied by 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. The group's policy is to recognize the investment property at cost and carrying amount of investment property as of reporting date are as follows.

As of 31st December 2024	Land	Building	Total
<b>Cost of Valuation</b>			
At the beginning of the year	1,871.23	123.35	1,994.58
Additions	81.50		81.50
Transfer/Adjustments)	(1.46)		(1.46)
At the end of the year	1,951.27	123.35	2,074.62
	-	-	-
<b>Accumulated Depreciation and Amortization</b>			
	-	-	-
At the beginning of the year	-	7.13	7.13
Charge for the year	-	3.08	3.08
At the end of the year	-	10.21	10.21
	-	-	-
<b>Carrying Value</b>			
	-	-	-
<b>As at 31 December 2024</b>	<b>1,951.27</b>	<b>113.14</b>	<b>2,064.41</b>

As of 31st December 2024	Land	Building	Total
<b>Cost of Valuation</b>			
At the beginning of the year	1,871.09	123.35	1,994.44
Additions	0.14	0.00	0.14
At the end of the year	1,871.23	123.35	1,994.58
	-	-	-
<b>Accumulated Depreciation and Amortization</b>			
At the beginning of the year	0.00	3.09	3.09
Charge for the year	0.00	4.03	4.03
At the end of the year	0.00	7.13	7.13
	-	-	-
<b>Carrying Value</b>			
	-	-	-
<b>As at 31 December 2023</b>	<b>1,871.23</b>	<b>116.22</b>	<b>1,987.45</b>

## 20.6 Disclosure- Fair value

The Group has elected to measure investment properties using the cost model in accordance with BAS 40: Investment Property. Under this model, investment properties are carried at cost less accumulated depreciation (if applicable) and impairment losses.

The changes in the fair value of investment properties are not recognized in the Income Statement. However, the fair value of the investment properties is disclosed in the notes to the financial statements to provide additional information to users.

The fair value of the investment properties (land) has been determined based on a valuation carried out by the Property and Valuation Agency (PAVA). The fair value at reporting date is as follows:

PARENT		
Fair value	31-Dec-2024	31-Dec-2023
Carrying Value- Land		
As of 31 December,	5,126.49	5,126.49

The fair value of the building cannot be reliably measured as of the reporting date due to the lack of an active market for comparable properties. There have been no recent transactions or market data to provide a basis for a reliable valuation. As a result, the building continues to be measured at cost, in line with the Group's accounting policy.

## 21. INTANGIBLE ASSET

### Accounting Policy

#### 21.1 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.

#### 21.2 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.

#### 21.3 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

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

#### 21.4 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.

#### 21.5 Research and Development Costs

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalized 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 amortized 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.

#### 21.6 Intangible Assets- GROUP

In Nu Million	Software	Pre-operative Expense	Exploration and Evaluation	Total
<b>Cost or Valuation</b>				
At the beginning of the year	5,040.17	17.19	35.30	5,092.66
Additions	827.80	4.33	202.01	1,034.15
Transfer (Adjustments)	(0.16)	0.00	0.00	(0.16)
Impairment				
At the end of the year	5,867.81	21.53	237.31	6,126.65
	-	-	-	-
<b>Accumulated Amortization</b>				
	-	-	-	-
At the beginning of the year	3,595.43	10.30	30.18	3,635.92
Charge for the year	504.14	7.35	0.15	511.64
Transfer (Adjustments)	0.53	0.00	0.00	0.53
At the end of the year	4,100.10	17.66	30.33	4,148.08
	-	-	-	-
Carrying Value	-	-	-	-
<b>As at 31st December 2024</b>	<b>1,767.71</b>	<b>3.87</b>	<b>206.98</b>	<b>1,978.57</b>

#### 21.7 Intangible Assets- GROUP

In Nu Million	Software	Pre-operative Expense	Exploration and Evaluation	Total
<b>Cost or Valuation</b>				
At the beginning of the year	4,562.06	17.19	35.97	4,615.22
Additions	478.11	0.00	0.00	478.11
Disposal				

In Nu Million	Software	Pre-operative Expense	Exploration and Evaluation	Total
Transfer (Adjustments)	0.00	0.00	(0.66)	(0.66)
At the end of the year	5,040.17	17.19	35.30	5,092.66
	-	-	-	-
<b>Accumulated Amortization</b>	-	-	-	-
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/Adjustment	(37.98)	(0.16)	(0.51)	(38.64)
At the end of the year	3,595.43	10.30	30.18	3,635.92
	-	-	-	-
<b>Carrying Value</b>	-	-	-	-
<b>As at 31st December 2023</b>	<b>1,444.74</b>	<b>6.89</b>	<b>5.12</b>	<b>1,456.75</b>

## 21.8 Intangible Assets- PARENT

In Nu Million	31-Dec-2024	31-Dec-2023
<b>Cost or Valuation</b>		
At the beginning of the year	23.27	19.26
Additions	2.71	4.02
Disposal	-	
At the end of the year	25.98	23.27
	-	-
<b>Accumulated Amortization</b>	-	-
At the beginning of the year	17.61	15.80
Charge for the year	2.10	1.81
At the end of the year	19.71	17.61
	-	-
<b>Carrying Value</b>	-	-
<b>As at 31 December</b>	<b>6.27</b>	<b>5.66</b>

## 21.9 Depreciation and Amortization

Depreciation	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Property, Plant and Equipment	10,052.85	6,863.30	24.97	12.48
Intangible	511.64	436.52	2.10	1.81
Investment property	44.04	50.59	3.08	4.03
Right of Use	32.61	64.69	7.37	7.37
<b>Total Depreciation</b>	<b>10,641.13</b>	<b>7,415.10</b>	<b>37.53</b>	<b>25.69</b>

**21.10 Goodwill**

In Nu Million	31-Dec-2024	31-Dec-2023
At the beginning of the year	1,154.68	11.95
Additions	470.95	1,142.73
Impairment	(470.95)	-
At the end of the year	1,154.68	1,154.68

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.

In compliance with BFRS 3 (Business Combinations), goodwill amounting to Nu. 470.95 million was recognized at the acquisition date (1st January 2024) during the acquisition of DML. Subsequently, this goodwill was reviewed for impairment during the reporting period. Upon assessment, it was determined that the recoverable amount was less than the fair value as of the reporting date, and the goodwill was impaired accordingly.

**22. BIOLOGICAL ASSET****Accounting Policy****22.1 Basis of Recognition**

A biological asset is a living animal or plant. A biological asset is 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 and less cost to sell at the point of harvest.

**22.2 Basis of Measurement**

The fair value measurements for the standing timber have been categorized as Level 1 fair values based on the inputs of quoted prices in the 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 be used in the production of board particles as part of its nor-

mal operation. The tree plantations are located in Chukha and Samtse District.

At 31 December 2024, standing timber comprised approximately 2,056.17 hectares of tree plantations which ranged from newly established plantations to plantations that were 20 years old.

Nu in Million	31-Dec-2024	31-Dec-2023
Cost or Valuation- Biological Asset		
At the beginning of the year	652.21	763.74
Change in Fair value less cost to sell	239.61	(111.53)
At the end of the year	891.82	652.21

Biological assets (i.e. tree plantations) were not pledged as security for any of the Group's loans or borrowings in 2024. No government grants were received in relation to the Group's agricultural activities in 2024.

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

**23. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES****Accounting Policy****23.1 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.



### 23.1.1 Impairment of Investments

In accordance with BAS 36 Impairment of Assets, the Group conducted an annual impairment review of its investments in Dungsam Cement Corporation Limited (DCCL) and Druk Metallurgy Limited (DML). For DCCL, while indicators of impairment were noted and a value-in-use assessment showed the recoverable amount to be below the carrying value, management concluded that no impairment loss is required at this stage, considering credible forward-looking developments expected to enhance future cash flows.

For DML, although the entity has been non-operational, no impairment has been recognized given DHI's full acquisition in 2024 and ongoing revival plans. Both assessments reflect

management's judgment based on reasonable and supportable assumptions about future conditions in line with BAS 36. Management will continue to closely monitor DCCL's and DML's operational and financial performance and reassess impairment indicators at future reporting dates.

### 23.2 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	
	2024	2023	2024	2023
	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%
Dungsam Cement Corporation Ltd	88%	89%	89%	89%
Dungsam 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%
Khorlochu Hydro Power Limited	100%	100%	0%	0%
Druk Hydro Energy Limited	100%	100%	0%	0%
Druk Metallurgy Limited	100%	40%	100%	40%
Bhutan National Digital Identity	100%		100%	
Crawfish Himalayan Limited	75%		75%	

## 23.3 Investments- GROUP

Investments	31-Dec-24	31-Dec-23
<b>A) Associates Companies</b>		
Bhutan Ferro Alloys Limited	563.91	577.34
Royal Securities Exchange of Bhutan Limited	42.32	37.23
	606.23	614.58
<b>B) Joint Ventures</b>		
Azista Bhutan HealthCare Limited	45.73	39.88
Bhutan Automation & Engineering Limited	62.98	63.51
Druk Metallurgy Limited	0.00	75.04
Bhutan Global and Mindfulness and MICE	19.93	0.00
	128.64	178.44
<b>Total investments in JV/Associates</b>	<b>734.87</b>	<b>793.02</b>
<b>C) Other Investments</b>		
Bhutan Carbides and Chemicals Ltd	77.91	81.19
Bhutan Development Bank Ltd	24.42	53.67
Bhutan National Bank Ltd	1,830.78	1,893.84
Credit Information Bureau	6.62	6.42
Druk Ferro Alloy Ltd	120.07	158.05
Entrepreneur Promotion Fund	22.93	0.00
Financial Institution Training Institute	15.43	17.39
Investment Abroad	5,138.57	4,336.60
Royal Insurance Company of Bhutan Ltd	2,533.94	2,076.95
	<b>9,770.66</b>	<b>8,624.10</b>
<b>Total Associates and Other Investments</b>	<b>10,505.53</b>	<b>9,417.12</b>

## 23.4 Investments-PARENT

Particulars	2024	2023
Investments in Subsidiaries	70,586.20	56,515.71
Investments in Associates and Joint Ventures	103.47	283.47
Other Investments	9,526.37	8,330.14
Total**	80,216.04	65,129.32

\*\*The investments details are disclosed in the subsequent page

## 23.5 Investments in Subsidiaries- PARENT

Investments in Subsidiaries -	% of Holding	Number of Shares 31-12-2024	Carrying Value	% of Holding	Number of Shares 31-12-2023	Carrying Value
Quoted - Equity Shares fully paid up -						
Bhutan Board Products Ltd.	48%	6,683,340	66.83	48%	6,683,340.	66.83
State Trading Corporation of Bhutan Ltd. (Refer note below)	51%	13,764,075	10.20	51%	9,176,050.	10.20
Dungsam Polymers Ltd.	51%	7,788,901	78.52	51%	7,788,901	78.52
Penden Cement Authority Ltd. (Refer note below)	40%	24,130,902	227.14	40%	15,081,814	91.40
Unquoted - Equity Shares fully paid up -						
Bank of Bhutan Ltd.	80%	24,000,000	240.00	80%	24,000,000	240.00
Bhutan Power Corporation Ltd (Refer note below)	100%	11,197,514	10,323.12	100%	11,200,643	10,273.49
Bhutan Telecom Ltd (Refer note below)	100%	3,900,574	754.66	100%	3,900,574	836.15
Dungsam Cement Corporation Ltd.	88%	64,804,651	6,480.46	89%	64,804,651	6,480.47
Druk Green Power Corporation Ltd (Refer note below)	100%	45,444,626	45,444.63	100%	32,465,093	32,465.09
Druk Air Corporation Ltd. (Refer note below)	100%	43,086,239	3,396.87	100%	43,613,529	3,393.19
Natural Resources Development Corporation Ltd.	100%	1,528,089	137.78	100%	1,528,089	137.78
Thimphu Tech Park Ltd.	100%	2,230,909	210.21	100%	2,230,909	210.21
State Mining Corporation Ltd.	100%	2,939,900	293.99	100%	2,939,900	293.99
Construction Development Corporation Ltd. (Refer note below)	100%	1,068,370	1,068.37	100%	1,068,370	1,068.37
Menjong Sorig Pharmaceuticals Corporation Limited	100%	1,824,277	182.43	100%	1,824,277	182.43
Koufuku International Ltd.	100%	541,592	54.16	100%	541,592	54.16
DHI Pte Limited (Refer note below)	100%	686,272,035	686.27	100%	633,427,957	633.43
Druk Metallurgy Limited (Refer note below)	100%	4,500,000	389.61			
Bhutan National Digital Identity (Refer note below)	100%	4,829,575	482.96			
Crawfish Himalayan Limited (Refer note below)	75%	579,906	57.99			
<b>Total Investments in Subsidiaries</b>			<b>70,586.20</b>			<b>56,515.71</b>

**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 chain holding.
- c. During the year 2024, STCBL issued 4,588,025 bonus shares, granting one bonus share for every two shares held. This non-cash transaction resulted in an increase in the number of shares held by DHI, without affecting the overall value of investment on initial recognition. The receipt of bonus shares did not lead to a change in ownership interest or control.
- d. Penden Cement Authority Ltd. (PCAL) has been classified as a 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.
- e. In 2024, DHI subscribed to 9,049,008 right shares issued by PCAL at a price of Nu. 15 per share.
- f. The investment in Bhutan Power Corporation (BPC) increased by Nu. 43.63 million due to the transfer of ATS from Mangdechhu Hydroelectric Project Authority (MHPA). Additionally, the investment increased by Nu. 12,979.53 million following the transfer of a hydropower plant (MHPA) from the Power Authority to DGPC.
- g. In 2024, Investment in BTL decreased by Nu. 81.49 million on account of Land transferred to DHI
- h. Investment in Construction Development Corporation Ltd. (CDCL) decreased by Nu. 24.39 million on account of land transfer adjustments through the share capital

as per the DHI land policy.

- i. In 2024, DHI injected an additional cash equity of Nu. 52.843 million in DHI Pte Ltd.
- j. DHI acquired the remaining 60% equity interest in Druk Metallurgy Limited (DML) for a total consideration of Nu. 209.61 million, resulting in DML becoming a wholly owned subsidiary. This transaction has been accounted for as a business combination under BFRS 3, with purchase price allocation performed accordingly.
- k. In 2024, two new subsidiaries were incorporated under DHI:
  - National Digital Identity Ltd. (NDI) with an initial share capital of Nu. 482.96 million, and
  - Crawfish Himalayan Ltd (CHL) with an initial share capital of Nu. 57.99 million.

Both entities have been fully consolidated in the Group financial statements from the date of their incorporation.

**23.6 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 interest 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	
		2024	2023	2024	2023
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 are Joint Ventures.**

Joint Ventures	Segment	GROUP		PARENT	
		2024	2023	2024	2023
Bhutan Automation & Engineering Ltd	Manufacturing	51%	51%	0%	0%
Azista Bhutan HealthCare Limited	Manufacturing	28%	28%	28%	28%
Druk Metallurgy Limited	Manufacturing	100%	40%	100%	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 differ-

ence 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)

### 23.7 Investment in Associates and Joint Ventures- PARENT

Investments in Associates & Joint Venture –	% of Holding	Number of Shares	2024	% of Holding	Number of Shares	2023
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%	6,487,880	64.88
Druk Metallurgy Limited (JV)	100%		0	40%	1,800,000	180.00
<b>Total Investments in Associates &amp; Joint Ventures</b>			<b>103.47</b>			<b>283.47</b>

During the year, DHI acquired the remaining 60% stake in Druk Metallurgy Limited for Nu. 209.61 million. Following this 100% acquisition, DML was reclassified from a joint venture (JV) to a subsidiary.

### 23.8 Share of profit of Associates - GROUP

In Nu Million	GROUP	
	31-Dec-24	31-Dec-23
Profit of Azista Bhutan Healthcare Limited	5.77	(13.02)
Profit of Bhutan Automation & Engineering Limited	25.04	27.66
Profits of Bhutan Ferro Alloys Limited	25.76	62.13
Profit of Druk Metallurgy Limited	0.00	(28.61)
Profits of Royal Security Exchange of Bhutan Limited	0.22	0.96
Profit from Bhutan MICE	(1.58)	0
<b>Total Share of Profit of Associates &amp; JV</b>	<b>55.22</b>	<b>49.12</b>

During the year, DHI acquired the remaining 60% stake in DML. The acquisition was accounted for in accordance with BFRS 3 (Business Combinations). As a result, DML was derecognized as an JV/Associate and reclassified as a subsidiary for consolidation purposes.

## 23.9 Share of OCI of Associates - GROUP

In Nu Million	GROUP	
	31-Dec-24	31-Dec-23
Profit of Azista Bhutan Healthcare Limited	0.07	0.00
Profit of Bhutan Automation & Engineering Limited	(0.07)	(0.47)
Profits of Bhutan Ferro Alloys Limited	0.00	0.00
Profit of Druk Metallurgy Limited	0.00	0.00
Profits of Royal Security Exchange of Bhutan Limited	0.33	(0.04)
Profit from Bhutan MICE		
<b>Total Share of OCI of Associates &amp; JV</b>	<b>0.33</b>	<b>(0.51)</b>

## Summary of Financial Information of Associates and Joint ventures – GROUP

	Percentage	31-Dec-24	31-Dec-23
<b>A) Associates Companies</b>			
Bhutan Ferro Alloys Limited	28%	563.91	577.34
Royal Securities Exchange of Bhutan Limited	16%	42.32	37.23
<b>B) Joint Ventures</b>			
Azista Bhutan HealthCare Limited	28%	45.73	39.88
Bhutan Automation & Engineering Limited	51%	62.98	63.51
Druk Metallurgy Limited	100%	0.00	75.04
Bhutan Global and Mindfulness and MICE	51%	19.93	0.00
<b>Total Investments in JV &amp; Associates</b>		<b>734.87</b>	<b>793.02</b>
<b>C) Other Investments</b>			
Bhutan Carbides and Chemicals Ltd		77.91	81.19
Bhutan Development Bank Ltd		24.42	53.67
Bhutan National Bank Ltd		1,830.78	1,893.84
Credit Information Bureau		6.62	6.42
Druk Ferro Alloy Ltd		120.07	158.05
Entrepreneur Promotion Fund		22.93	0.00
Financial Institution Training Institute		15.43	17.39
Investments Abroad		5,138.57	4,336.60
Royal Insurance Company of Bhutan Ltd		2,533.94	2,076.95
Total Associates and Other Investments		10,505.53	9,417.12
Summarized Information of Associate Companies			
Long Term Assets		692.06	712.34
Current Assets		1,490.59	1,353.22
Long Term Liabilities		237.25	83.83
Current Liabilities		288.09	214.44
Equity		1,657.31	1,767.30

	Percentage	31-Dec-24	31-Dec-23
DHI Group Share of Equity		606.23	614.58
Net Profit after Tax		94.00	224.51
Other Comprehensive Income		2.00	(0.23)
DHI Group share of Profits after Tax		25.98	63.08
Summarized Information of Joint Venture			
Long Term Assets		472.30	432.82
Current Assets		533.71	422.08
Long Term Liabilities		287.20	256.35
Current Liabilities		431.52	331.56
Equity		287.28	266.98
DHI Group Share of Equity		108.72	178.44
Net Profit after Tax		66.62	(63.77)
Other Comprehensive Income		0.12	(0.92)
DHI Group share of Profits after Tax		29.23	(13.97)

### 23.10 Other Equity Investments- PARENT

	% of Holding	Number of Shares	31-Dec-24	% of Holding	Number of Shares	31-Dec-23
Quoted - Equity Shares fully paid up -						
Bhutan National Bank Ltd.	12%	61,229,940.00	1,830,78	12%	61,229,940.00	1,893.84
Royal Insurance Corporation of Bhutan Ltd	18%	29,464,439.00	2,533.94	18%	29,464,439.00	2,076.95
Investment Abroad			5,138,57			4,336.60
<b>Total Other Equity Investments</b>			<b>9,503.28</b>			<b>8,307.39</b>
Investments in EPF Asset			-			-
Bank balance			22.93			18.95
Accrued interest			-			-
Contribution to Loden-DHI Fund			0.2			3.80
<b>Total Investment in EPF Assets</b>			<b>23.08</b>			<b>22.75</b>

1. BFRS-9 mandates that equity instruments be measured at fair value. Therefore, investments in BNBL and RICBL have been valued at fair value based on their share prices.
2. In 2015, DHI management entered into an agreement with The Loden Foundation to establish the Loden-DHI Fund. The purpose of this fund was to provide alternative financing options for entrepreneurs to either start new businesses or expand existing ones, ultimately contributing to employment generation and the nation's economic development.

As per the agreement, the Loden Foundation is solely responsible for managing the fund in accordance with the agreed terms and in alignment with the Loden Entrepreneurship Programme guidelines. According to the agreement, DHI was

required to contribute Nu. 20,000,000 over three consecutive years, starting in 2015. DHI successfully contributed the full amount of Nu. 20,000,000 to the Loden-DHI Fund by December 31, 2017.

- As per the agreement, DHI received the first repayment of Nu. 7,000,000 from the Loden Foundation in 2020.
- In 2022, DHI received the second repayment of Nu. 7,000,000 from the Loden Foundation.
- In 2023, DHI received a third tranche of Nu. 1,566,465 from the Loden Foundation.
- In 2024, DHI received a fourth tranche of Nu. 4,275,200 from the Loden Foundation.
- The remaining balance of Nu. 158,335 is expected to receive in 2025. With this, the loden-DHI fund will be closed.

## 24. LONG TERM FINANCIAL ASSET

The 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Debt Securities	2,797.26	2,658.42	2,797.26	2,658.42
Listed	0.00	0.00	-	-
Unlisted	13,685.94	13,345.37	-	-
Term Deposits with Bank & Financial Institutions	991.62	2,471.77	-	-
Long term Financial Assets	17,474.82	18,475.56	2,797.26	2,658.42

## 25. OTHER NON- CURRENT ASSET

The Group classifies all other non-current assets under non-current assets which include 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Advances provided for projects	-	-	-	-
Trade Receivables & Others	122.17	99.20	0.26	0.30
Provision for Impairment – Non-current	0.00	0.00		
Advance Payments to Suppliers	82.64	141.69		
Prepaid Expenses – Non-current	29.77	34.22		
Other Non-Current Assets	13.92	21.21		
DHI Bizap			23.51	40.92
Other Non-Current Assets	248.50	296.32	23.77	41.22

## 26. 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:

- 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Raw material	1,062.42	697.66	-	-
Work in progress	3.52	633.49	-	-
Finished goods	1,123.22	712.76	-	-
Other inventory	1,287.84	1,780.48	0.21	0.08
Stores, spares and loose tools	2,762.54	1,582.23		
<b>Total Inventories</b>	<b>6,239.54</b>	<b>5,406.62</b>	<b>0.21</b>	<b>0.08</b>

### 26.1 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.

## 27. TRADE 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade receivable-Current	9,022.42	5,429.33	-	-
Receivable in foreign currency	3,459.08	1,883.37	-	-
Impairment on Trade Receivables	(169.35)	(121.10)	-	-
<b>Total Trade Receivables</b>	<b>12,312.15</b>	<b>7,191.60</b>	<b>-</b>	<b>-</b>

## 28. OTHER RECEIVABLE & ADVANCES

### 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Non-Trade Receivables and Advances	364.42	1,054.75		
Loan to subsidiary company (including interest accrued)	0.00	0.00	2,769.42	3,338.20



In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Term deposits with financial institutions	224.18	852.22	-	-
Other Financial Assets	22.66	40.24	106.54	14.49
Advance payments to vendors	2,604.58	4,629.17	23.82	158.30
Advance payments to employees	57.04	28.84	1.29	0.76
Prepaid expenses – current	608.36	893.92	-	-
Income Tax Paid in Advance	959.97	653.65	-	-
<b>Total Other Receivables and Advances</b>	<b>4,841.21</b>	<b>8,152.79</b>	<b>2,901.08</b>	<b>3,511.75</b>

## 29. 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Short-term deposits	5,951.01	2,849.47	3,547.99	1,007.00
Cash Reserve and Balances with RMA	17,329.64	12,135.75		
<b>Total Short-term Deposits</b>	<b>23,280.66</b>	<b>14,985.23</b>	<b>3,547.99</b>	<b>1,007.00</b>

## 30. 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Cash in hand	1,374.08	1,612.14	-	-
Cash at bank	2,611.47	2,611.33	677.53	732.87
<b>Total Cash and Cash Equivalents</b>	<b>3,985.55</b>	<b>4,223.46</b>	<b>677.53</b>	<b>732.87</b>

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 overdrafts.

## 31. BANKING LOANS & ADVANCES

In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Loans & Advances	80,703.46	78,112.95		
Interest Accrued on Loan	61,865.52	14,133.81		
Impairment on Loan	(2,607.10)	(2,571.65)		
<b>Total Loans &amp; Advances</b>	<b>78,158.23</b>	<b>75,555.43</b>		

## 32. 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.

### 32.1 Stated Capital- PARENT

In Nu Million	31-Dec-24	31-Dec-23
Authorized 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	50,717.51	50,110.46
Issued during the year	13,510.66	607.05
At the end of the year	64,228.17	50,717.51

The weightage average number of ordinary shares increased by 13,510,66 million on account of the following,

1. Transfer of MHPA to Druk Green Power Corporation Limited, a 100% subsidiary of DHI (Nu. 12,979.53 million)
2. Transfer of MHPA ATS to Bhutan Power Corporation Limited, a 100% subsidiary of DHI (Nu.48.17 million).
3. In 2024, the National Digital Identity, initially established as a project under DHI, was spun off to become a 100% subsidiary company of DHI. Accordingly, the project fund received from Royal Government of Bhutan (Nu. 482.96m) was considered as equity contribution from the Government.

### 32.2 Other Equity Component

In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Asset Revaluation Reserve	4,069.39	1,846.73	1,374.49	1,374.49
Bhutan Future Fund	6,471.00	5,280.00	6,471.00	5,280.00
Reserves	23,319.32	22,821.19	7,425.36	6,927.23
Retained Earnings	25,531.35	20,568.92	6,337.80	5,661.22
At the end of the year	59,391.06	50,516.84	21,608.65	19,242.95

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 the 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.

## 33. 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.

### 33.1 Long Term Borrowings

In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Banks and Financial Institutions in Bhutan	7,853.82	6,992.84		
Bonds listed by the RSEB	408.00	804.81		
Banks and Financial Institutions in other countries	72,962.46	38,080.11	1,916.66	1,351.94
Foreign Governments	0.00	35.40		
Working Capital Loans from Banks				
Advance from subsidiary companies				
<b>Total Long-Term Borrowings</b>	<b>81,224.27</b>	<b>45,913.16</b>	<b>1,916.66</b>	<b>1,351.94</b>

### 33.2 Current Borrowings

In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Working Capital Loans from Banks	493.00	56.35	-	-
Current Borrowings	13,248.88	2,578.68	-	-
<b>Total Current Borrowings</b>	<b>13,741.88</b>	<b>2,635.03</b>	<b>-</b>	<b>-</b>

## 34. GOVERNMENT GRANTS

### Accounting Policy

#### a. Recognition

Government grants are recognized where there is reasonable assurance that the grant will be received, and all the 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 recognizes 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 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Opening Balance	4,328.70	4,736.03	2,562.02	2,572.49
Add: Receipts during the year			6.77	
Less: Amortization against expenditure	228.90	(342.16)	(29.67)	(10.47)
Total Deferred Government Grants	4,557.60	4,393.87	2,539.11	2,562.02
Current portion- Govt Grants	77.86	65.17	0.00	0.00
Non-Current portion- Govt Grants	4,479.74	4,328.70	2,539.11	2,562.02

### 35. EMPLOYEE BENEFITS

#### Accounting Policy

#### b. 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).

#### c. 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.

#### d. 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 2024, 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.

#### e. Employee Benefit Liability-

In Nu Million	GROUP		PARENT	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Long Term Employee Benefits liability	2,005.73	1,845.71	18.40	27.82
Long Term Employee Benefits Assets	36.73	26.54		

#### f. Employee Benefit Liability- PARENT

In Nu Million	31-Dec-24	31-Dec-23
Plan Assets (A)	26.85	29.04
Bhutan National Bank - Gratuity A/c No.	0.01	0.01
BIL - Gratuity Fund	0.56	0.55
RICBL _TTMNII	22.32	24.43

In Nu Million	31-Dec-24	31-Dec-23
LE_SB Investment with RICBL	3.95	4.04
Employee's benefit Obligation (B)	(45.25)	(56.86)
Gratuity Liability	(34.26)	(39.28)
Separation Benefit	(10.99)	(17.58)
Employee Benefit Liability C= A-B	(18.40)	(27.82)

### 35.1 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.

### 35.2 POST-EMPLOYMENT BENEFIT-PARENT

#### 35.2.1 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	2024	2023
Current service cost	4.62	6.96
Past service cost - plan amendments		-
Net interest on net defined benefit liability / (asset)	2.40	0.75
Cost recognized in Statement of Profit or Loss	7.02	7.70
ii) Other Comprehensive Income (OCI)	2024	2023
Actuarial (gain)/loss due to liability experience	(0.78)	0.45
Return on plan assets (greater)/less than discount rate		
Actuarial (gains)/ losses recognized in OCI		(1.16)
Cumulative Actuarial (Gain) Loss Recognized via OCI	(0.78)	(0.70)
iii) Defined Benefit Cost	2024	2023
Service Cost	4.62	6.96
Net interest on net defined benefit liability/(asset)	2.40	0.74
Actuarial (gain)/losses recognized in OCI	(0.78)	(0.70)
Defined benefit Cost	6.94	7.00
iv) Statement of Financial Position	2024	2023
Defined benefit obligation (DBO)	34.26	(39.28)
Fair value of plan assets (FVA)	22.88	24.96
Funded status [surplus/(deficit)]	(11.38)	(14.30)
Net defined benefit asset (DBA)	(11.38)	(14.30)



<b>v) Reconciliation of Net Financial Position</b>	<b>2024</b>	<b>2023</b>
Net defined asset/ (liability) at the end of prior period	17.42	11.35
Service Cost	5.65	7.70
Amount recognized in OCI	(2.62)	(0.70)
Employer contributions	(5.22)	(4.06)
Net defined benefit asset/(liability) at the end of current period	(3.85)	11.38
		14.30
<b>vi) Movements in the Present Value of Defined Benefit Obligation</b>	<b>2024</b>	<b>2023</b>
Opening Defined Benefit Obligation	32.66	34.79
Current service cost	4.62	6.96
Past service cost		
Interest cost	2.40	2.56
Actuarial loss on experience adjusted	(0.78)	(5.48)
Benefits paid from plan assets	(5.34)	0.45
Closing Defined Benefit Obligation	34.26	39.28
<b>vii) Movements in the Fair Value of Plan Assets</b>	<b>2024</b>	<b>2023</b>
Opening Fair Value of Plan Assets	15.24	23.44
Income on assets at the discount rate	1.37	1.82
Actual interest less than discount rate	2.54	1.16
Contribution by DHI	5.22	4.06
Benefits paid from plan assets	(1.50)	(5.48)
Closing Fair Value of Plan Assets	22.88	24.99
<b>viii) Expected Benefit Payments as at 31 December 2024</b>		
31 December 2025	10.55	
31 December 2026	10.83	
31 December 2027	12.20	
31 December 2028	1.25	
31 December 2029	0.75	
31 December 2030 to 31 December 2034	4.05	
<b>ix) Expected Benefit Payments as at 31 December 2023</b>		
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	
<b>x) Expected Employer contribution for the year ended 31st December 2025</b>	<b>7.40</b>	
<b>xi) Weighted Average Duration of Defined Benefit Obligation (in years)</b>	<b>6.80</b>	<b>7.99</b>
<b>xii) Plan Asset Information (Asset Allocation in%)</b>	<b>2024</b>	<b>2023</b>
Insurance Policy with RICBL	83%	63%
Gratuity Fund with BIL	17%	37%
Balance in Current Account		
<b>Total</b>	<b>100%</b>	<b>100%</b>

## xiii) Sensitivity Analysis

Assumption/Parameter	Scenario	Defined Benefit Obligation(DBO)	Net effect of DBO	Percent change
<b>Discount rate</b>	<b>0.50%</b>	<b>33.75</b>	<b>(0.51)</b>	<b>-1.49%</b>
	Base rate	34.26	-	
	-0.50%	34.79	0.53	1.52%
-				
<b>Salary Growth Rate</b>	<b>0.50%</b>	<b>35.34</b>	<b>0.98</b>	<b>2.85%</b>
	Base rate	34.36	-	0.00%
	-0.50%	33.24	(1.12)	-3.37%
-				
<b>Employer turnover rate</b>	<b>0.50%</b>	<b>34.06</b>	<b>(0.20)</b>	<b>-0.58%</b>
	Base rate	34.26	-	0.00%
	-0.50%	34.45	0.19	0.55%

## 35.2.2 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.

<b>i) Statement of Profit &amp; Loss</b>	<b>2024</b>	<b>2023</b>
Current service cost	0.38	0.83
Interest on DBO	0.07	0.12
Expenses recognized in profit or loss	0.45	0.95
<b>ii) Statement of Other comprehensive income</b>	<b>2024</b>	<b>2023</b>
Actuarial (gain) or loss due to experience adjustments	(0.31)	(0.50)
Expense recognized as other comprehensive income	(0.31)	(0.50)
<b>iii) Defined Benefit cost</b>	<b>2024</b>	<b>2023</b>
Expense recognized in profit or loss	0.45	0.95
Expense recognized in other comprehensive income	(0.31)	(0.50)

Defined benefit cost	0.13	0.45
<b>iv) Statement of Financial position</b>	<b>2024</b>	<b>2023</b>
Present value of define benefit obligation	(1.01)	(1.94)
Funded status - surplus/(deficit)	(1.01)	(1.94)
Net defined benefit asset/(liability)	(1.01)	(1.94)
<b>v) Movement in the present value of DBO</b>	<b>2024</b>	<b>2023</b>
DBO at the beginning of period	0.91	1.63
Add: Current service cost	0.45	0.95
Add: Interest cost		
Less: Benefits paid by the employer	(0.04)	(0.14)
Actuarial (gain) or losses due to experience adjustment	(0.31)	(0.50)
DBO at the end of period	1.01	1.94
<b>vi) Expected Benefit payments in the future</b>		
31 December 2025		0.17
31 December 2026		0.25
31 December 2027		0.31
31 December 2028		0.15
31 December 2029		0.06
31 December 2030 to 31 December 2034		0.24
<b>vii) Expected term liability in years</b>		<b>5.47</b>

### 35.2.3 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.

<b>ii) Statement of Profit &amp; Loss</b>	<b>2024</b>	<b>2023</b>
Current service cost	1.59	2.88
Interest on DBO	0.39	0.49
Expenses recognized in profit or loss	1.96	3.38
<b>ii) Statement of Other Comprehensive Income</b>	<b>2024</b>	<b>2023</b>
Actuarial (gain) or loss due to experience adjustments	(1.48)	(1.46)
Expense recognized as other comprehensive income	(1.48)	(1.46)
<b>iii) Statement of Defined Benefit Obligation</b>	<b>2024</b>	<b>2023</b>
Expense recognized in profit or loss	1.96	3.38
Expense recognized in other comprehensive income	(1.48)	(1.46)
Defined benefit cost	0.47	1.92
<b>iv) Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>
Present value of define benefit obligation	4.99	(7.82)
Funded status - surplus/(deficit)	(4.99)	(7.82)
Net defined benefit asset/(liability)	(4.99)	(7.82)

<b>v) Movement in the present value of DBO Plan</b>	<b>2024</b>	<b>2023</b>
DBO at the beginning of period	4.69	6.45
Add: Current service cost	1.96	3.38
Add: Interest cost		
Less: Benefits paid by the employer	(0.18)	(0.55)
Actuarial (gain) or losses due to experience adjustment	(1.48)	(1.46)
DBO at the end of period	4.99	7.82

<b>vi) Expected benefit payments in future years</b>	
December 31, 2025	1.00
December 31, 2026	1.12
December 31, 2027	1.75
December 31, 2028	0.65
December 2029	0.19
December 2030 to December 2034	0.91

<b>viii) Estimated term of liability (in years)</b>	<b>Years</b>
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#### 35.2.4 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.

<b>i) Statement of Profit &amp; Loss</b>	<b>2024</b>	<b>2023</b>
Current service cost	1.59	2.88
Interest on DBO	0.39	0.49
Expenses recognized in profit or loss	1.96	3.38
<b>ii) Statement of Other Comprehensive Income</b>	<b>2024</b>	<b>2023</b>
Actuarial (gain) or loss due to experience adjustments	(1.48)	(1.46)
Expense recognized as other comprehensive income	(1.48)	(1.46)
<b>iii) Statement of Defined Benefit Obligation Plan</b>	<b>2024</b>	<b>2023</b>
Expense recognized in profit or loss	1.96	3.38
Expense recognized in other comprehensive income	(1.48)	(1.46)
Defined benefit cost	0.47	1.92
<b>iv) Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>
Present value of define benefit obligation	(4.99)	(7.82)
Funded status - surplus/(deficit)	(4.99)	(7.82)
Net defined benefit asset/(liability)	0.47	(7.82)
<b>v) Movement in the present value of DBO</b>	<b>2024</b>	<b>2023</b>
DBO at the beginning of period	4.69	6.45
Add: Current service cost	1.96	3.38
Add: Interest cost		
Less: Benefits paid by the employer	(0.17)	(0.55)

Actuarial (gain) or losses due to experience adjustment	(1.48)	(1.46)
DBO at the end of period	4.99	7.82

**vi) Expected benefit payments in future years**

December 31, 2025	1.00
December 31, 2026	1.17
December 31, 2027	1.75
December 31, 2028	0.65
December 2029	0.19
December 2030 to December 2034	0.91

**vii) Estimated term of liability (in years)** 6.70 years**36. OTHER NON-CURRENT LIABILITIES****Accounting policy**

The 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade and other payables - noncurrent	636.45	939.80	-	10.71
Deferred Income	0.00	0.00	-	-
Entrepreneurship Promotion Fund	0.00	8.01	-	-
Other Liabilities - noncurrent	0.00	2.71	-	-
Retention money payable - noncurrent	1.19	54.24	-	-
Deposits and Advances received - noncurrent	0.00	115.33	-	-
Total Other Non-Current Liabilities	637.65	1,120.09	-	10.71

**37. 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade Payables	4,440.48	5,180.39	131.07	455.72
TDS Payable	21.03	292.45	2.26	0.68
Employee and other payables	1,291.60	1,387.09	37.12	29.78
Accrued expenses	0.00	102.00		
Unclaimed Dividend	5.27	5.27		
Total Trade and Other Payables	5,758.38	6,967.21	170.45	486.18



### 38. 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-24	31-Dec-23	31-Dec-24	31-Dec-23
Advances and Deposits Received	968.59	749.13	-	-
Construction Contracts	113.60	225.55	-	-
Listed Bond repayable	0.00	0.00	-	-
Retention money payable	476.32	416.77	-	-
Other Liabilities	2,170.08	2,518.16	-	-
Provision	1,063.44	5,956.31	-	-
<b>Total Other Current Liabilities</b>	<b>4,792.04</b>	<b>9,865.92</b>	-	-

### 39. 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.

### 40. 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.

### 41. 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.

#### 41.1 Contingent Liabilities (Parent's Commitment)

A summary of the corporate guarantee provided to companies as of 31 December 2024 and the outstanding balances thereof are as follows:

Entity	Guarantee Amount	Loan O/s
ABHL	61.60	57.55
BPCL	2,000.00	672.36
DCCL	3,440.00	2,894.57
KIL	24.00	13.52
NRDCL	720.00	381.98
STCBL	40.00	39.33
TTPL	39.15	39.15
CDCL	862.74	764.76
DACL	1,500.00	347.76
DGPC	235.00	24.59
SMCL	40.00	8.81
DHI PTE. LTD.	672.00	702.24
CHL	307.37	-
<b>Total (In Nu Million)</b>	<b>9,941.87</b>	<b>5,946.71</b>

#### 42. EVENTS AFTER THE REPORTING PERIOD

##### Final Dividend

The Board of Directors of the Company has declared a final dividend of Nu. 5,649 million (Nu. 8.80 per share) for the financial year ended 31 December 2024. 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 of 31 December 2024

#### 43. 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)

#### 44. MANAGERIAL REMUNERATION

A. Remuneration paid to the Chairman of the company -	31-Dec-24	31-Dec-23
Salary and allowances	5.12	3.32
Other benefits	1.93	2.32
Provident fund contribution	0.35	0.33
Sitting fees	0.17	0.21
<b>Total ( In Nu Million)</b>	<b>7.56</b>	<b>6.18</b>

B. Remuneration paid to the Chief Executive Officer of the company -	31-Dec-24	31-Dec-23
Salary and allowances	3.84	2.38
Other benefits	1.32	1.27
Provident fund contribution	0.25	0.20
Sitting fees	0.17	0.18
<b>Total ( In Nu Million)</b>	<b>5.57</b>	<b>4.03</b>

C. Sitting fees paid to other Board of Directors of the Company-	31-Dec-24	31-Dec-23
Thinley Namgyel	0.15	0.15
Yunny Lee	0.23	0.20
Nelson Trevor Thackery	0.29	0.26
Leki Wangmo	0.11	0.06
Sherub	0.11	0.05
<b>Total ( Nu in Million)</b>	<b>0.88</b>	<b>0.72</b>

#### 45. AUDITOR'S REMUNERATION

	31-Dec-24	31-Dec-23
Statutory audit fee for stand-alone financial statements	0.18	0.17
Statutory audit fee for consolidated financial statements	0.48	0.46
Other audit expenses (related to previous year) *	0.08	0.12
<b>Total (In Nu Million)</b>	<b>0.74</b>	<b>0.75</b>

## 46. RELATED PARTY DISCLOSURES –

Parent (State) -	2024 % of Holding	2023 % of Holding
Ministry of Finance (MoF), Royal Government of Bhutan	100%	100%
<b>Subsidiaries -</b>		
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)	88%	89%
Dungsam Polymers Ltd. (DPL)	51%	51%
Koufuku International Ltd. (KIL)	100%	100%
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%
Druk Metallurgy Limited	100%	-
Crawfish Himalayan Limited	75%	-
<b>Associates -</b>		
Bhutan Ferro Alloys Ltd. (BFAL)	26%	26%
<b>Joint Venture</b>		
Azista Bhutan Healthcare Limited (w.e.f 30.04.2018)	28%	28%
Druk Metallurgy Limited (w.e.f. 30.08.2018)	0%	40%
<b>Other Portfolios -</b>		
Bhutan National Bank Ltd. (BNBL)	12%	12%
Royal Insurance Corporation of Bhutan Ltd. (RICBL)	18%	18%
<b>(i) Transactions with Parent -</b>		
Dividend paid	5,059.00	3361.00
Allotment of shares (fully paid of Nu. 100/- each)	135.17	60.70
Expenses adjusted by the company on behalf of MoF		

**(ii) Balance as at the end of the year with Parent -**

Advance to MoF	-	-
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**Transactions with Subsidiaries -****i. Equity contribution in cash** **456.18** **690.28**

Bhutan Power Corporation Ltd.		-
Bhutan Telecom Ltd.		-
Construction Development Corporation Ltd.		-
DHI Pte Limited	52.84	67.36
Druk Air Corporation Ltd.		622.92
Druk Metallurgy Limited (JV)	209.61	-
Crawfish Himalayan Limited	57.99	-
Penden Cement Authority Ltd	135.74	-

**Dividend income** **10,319.36** **9,986.00****iii. Brand management fee** **260.20** **220.13**

Druk Green Power Corporation Ltd.	93.78	90.84
Bhutan Power Corporation Ltd.	43.84	33.83
Bhutan Telecom Ltd.	44.84	42.85
State Mining Corporation Ltd.	35.49	29.42
Construction Development Corporation Ltd.	1.24	1.37
Menjong Sorig Pharmaceuticals Corporation Limited	0.36	0.14
Bank of Bhutan Ltd.	17.08	11.75
State Trading Corporation of Bhutan Ltd.	0.75	1.35
Dungsam Polymers Ltd.	0.36	0.24
Koufuku International Ltd.	0.13	0
Dungsam Cement Corporation Ltd.	5.83	5.63
Druk Air Corporation Ltd.	13.91	1.80
Thimphu TechPark Ltd.	1.49	0.21
Natural Resources Development Corporation Ltd.	1.33	0.70

**iv. Corporate guarantee fee** **12.93** **16.42**

Bhutan Power Corporation Ltd.	6.18	5.41
Construction Development Corporation Ltd.	3.00	4.11
Dungsam Cement Corporation Ltd.	0.26	1.89
Druk Green Power Corporation Ltd.	0.30	
State Mining Corporation Ltd.	0.05	0.11
State Trading Corporation of Bhutan Ltd.	0.25	0.25
Koufuku International Ltd.	0.09	0.13
Druk Air Corporation Ltd.	0.80	-

Thimphu TechPark Ltd.	0.22	0.49
Natural Resources Development Corporation Ltd.	1.79	0.76
Interest income on bank deposits- Bank of Bhutan Ltd.		1.12
<b>v. Interest Income on intercompany loans provided</b>	<b>120.50</b>	<b>71.18</b>
Bhutan Power Corporation Ltd.	13.38	8.24
Druk Green Power Corporation Ltd.	21.03	38.49
Dungsam Cement Corporation Ltd.	13.40	0.14
Druk Hydro Energy Limited	0.08	2.24
Drukair Corporation Ltd.	18.94	15.88
Dungsam Polymers Ltd.	0.18	-
Natural Resources Development Corporation Ltd.	20.45	5.75
State Mining Corporation Ltd.	12.92	0.46
Bhutan Telecom Ltd.	6.38	
State Trading Corporation of Bhutan Ltd.	0.51	
Dagachu Hydro Energy Ltd	8.80	
Bhutan Board Products Ltd. (Refer Note b below)	0.41	
Crawfish Himalayan Limited	4.64	
<b>vi. Other transaction with Subsidiaries</b>	<b>37.08</b>	<b>62.99</b>
Interest expenses- Bank of Bhutan Ltd.		-
Electricity expenses- Bhutan Power Corporation Ltd.	0.31	0.37
Telephone and internet expenses - Bhutan Telecom Ltd.	2.14	1.16
Purchase of air tickets and others - Drukair Corporation Ltd.	3.26	3.65
Repairs and maintenance charges- State Trading Corporation Ltd.	2.09	
Purchase of services – Thimphu Tech Park Ltd	3.83	
Hall hiring charges- Natural Resources Development Corporation Ltd.	0.08	
Bank charges- Bank of Bhutan Ltd	0.50	0.01
Advance provided for project- Construction Development Corporation Ltd.	23.82	59.77
<b>vii. Balance as at the end of the year with Subsidiaries -</b>		
Current account balances- Bank of Bhutan Ltd.	651.07	732.56
Fixed deposits- Bank of Bhutan Ltd.		
<b>viii. Outstanding Balances with Subsidiaries -</b>		
Accrued interest on bank deposits- Bank of Bhutan Ltd.	-	-
Other interest receivable		
Electricity expenses payable- Bhutan Power Corporation Ltd.	-	-
Telephone and internet expenses payable- Bhutan Telecom Ltd.	-	-
Inter-company loan receivable (principal and interest)	2,670.68	3,301.20
Drukair Corporation Ltd.	634.00	635.00
State Trading Corporation Ltd	50.00	
State Mining Corporation Ltd	365.00	



Bhutan Board Product Ltd	60.00	
Crawfish Himalayan Limited	223.68	
Dungsam Cement Corporation Ltd.	730.00	330.00
Druk Green Power Corporation Ltd.		1,736.20
Natural Resources Development Corporation Ltd.	600.00	600.00
<b>ix. Corporate guarantee fee receivable</b>	<b>5.99</b>	<b>6.15</b>
Bhutan Power Corporation Ltd.	1.47	1.63
Dungsam Cement Corporation Ltd.		0.19
Construction Development Corporation Ltd.	3.00	4.11
Others	1.53	0.22
Advances taken for CSR		
<b>Transactions with Associates -</b>		
Dividend income- Bhutan Ferro Alloys Ltd.	38.59	135.08
<b>Outstanding Balances with Associates -</b>		
Advances given on behalf (net)	-	-
<b>Transactions with Joint Ventures</b>		
Equity contribution in cash		14.00
Azista Bhutan Healthcare Limited		14.00
<b>Transactions with Other Portfolios -</b>		
Dividend income	198.12	87.59
Insurance of vehicles	0.29	0.13
Medical insurance	-	-
<b>Transactions with SoEs -</b>		
Media and publication expenses – Kuensel	0.73	0.86
Media and publication expenses – BBS	0.47	0.78
Postage charges - Bhutan Post	0.19	0.08

**47. RESTATED FINANCIAL IMPACT DISCLOSURES – PARENT**

The restatement has been made retrospectively in accordance with BAS 8, and the impact on key line items is as follows:

**47.1. Impact of Restatement on the Statement of Financial Position (Standalone - DHI):**

Particulars	As previously reported	Adjustment	As restated	Remarks
Investments	64,270.34	858.98	65,129.32	Correction for land transfer from CDCL (Nu. -24.10 m) Correction for ATS transferred from MHPA in 2023 in BPC Nu. (+950 m) Adjustment of investment value of DHI Pte Ltd (Nu. -67.37 m)
Share Capital	49,791.17	926.34	50,717.51	Reduction in share capital for land transfer from CDCL (Nu. -24.10 m) Increase in share capital due to transfer of ATS from MHPA (Nu. +950 m)
Retained Earnings	5,557.13	104.10	5,661.22	The effect of tax reclassification adjustments on Other Comprehensive Income (OCI) and rectification fair value gain recognized for DHI Pte Ltd
OCI	3,262.84	(171.46)	3,091.38	Reclassification of tax related to OCI items from tax expenses to Other Comprehensive Income (OCI)
Long term Borrowings	1,354.35	(2.41)	1,351.94	Reclassification of advance from long term to other payables
Trade and other payables	483.77	2.41	486.18	

**47.2. Impact of Restatement on the Income Statement (Standalone - DHI):**

Particulars	As previously reported	Adjustment	As restated	Remarks
Other Income	558.50	(60.78)	497.72	Correction of an error in fair value recognition.
Other Cost	113.16	6.57	118.55	Reclassification of expense
Income Tax	3,243.05	(171.46)	3,071.59	Reclassification of tax related to OCI items from tax expenses to Other Comprehensive Income (OCI)
Tax on OCI item	0	171.46	3,091.38	Reclassification of tax related to OCI items from tax expenses to Other Comprehensive Income (OCI)

## RATIO ANALYSIS

### APPENDIX - II

#### DRUK HOLDING & INVESTMENTS

#### RATIO ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2024

DHI standalone Ratio Analysis for the year ended 31 December 2024				
Ratios		Basis	2024	2023
Earnings per share	(Profit After Tax/No. of Shares Issued)		11.56	14.04
Net Profit Ratio (%)	(Net Profit/Turnover*100)		67.60%	67.94%
Return on Assets (%)	(Net Profit/Total Assets*100)		7.62%	8.91%
Return on Equity (%)	(Net Profit/Owner's Equity*100)		8.27%	9.75%
Dividend Coverage Ratio	(Net Profit Available to equity shareholders/Dividend paid to Equity shareholders)		1.47	2.12
<b>Current Ratio</b>	<b>Current Asset/Current Liability</b>		<b>4.81</b>	<b>3.25</b>

DHI Consolidated Ratio Analysis for the year ended 31 December 2024				
Ratios		Basis	2024	2023
Earnings per share	(Profit After Tax attributable to shareholders of DHI/No. of Shares Issued)		20.83	16.02
Net Profit Ratio (%)	(Net Profit/Turnover*100)		18.51%	14.58%
Return on Assets (%)	(Net Profit/Total Assets*100)		3.89%	2.99%
Return on Equity (%)	(Net Profit attributable to shareholders of DHI/Owner's Equity*100)		10.82%	8.02%
Dividend Coverage Ratio	(Net Profit Available to equity shareholders/Dividend paid to Equity shareholders)		2.65	2.42
<b>Current Ratio</b>	<b>Current Asset/Current Liability</b>		<b>1.59</b>	<b>1.61</b>

#### COMPLIANCE CALENDAR

Sl. No.	Activity	Section	Remarks
1	Submission of Annual Return		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		
b)	All unlisted companies: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.	267	On or before 31 July
			The audited accounts was filed on the 31 <sup>st</sup> July 2024 to the registrar of the companies. Complied.
2	Annual General Meeting		
a)	Listed Companies		
b)	Unlisted Companies	177	On or before 30 June
c)	Government Companies		The AGM of the company was held on 20 <sup>th</sup> June 2024.

Sl. No.	Activity	Section	Remarks
3	Notice Calling General Meetings	185	21 days before the AGM
4	Payment of Dividend	204	Dividend was declared on 20 <sup>th</sup> June 2024 in the 16 <sup>th</sup> AGM
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244	Presented in the AGM on 20 <sup>th</sup> June 2024 & Submitted to RoC on 31 <sup>st</sup> July 2024
6	Filing of Documents with Register	267	Filed on 31 <sup>st</sup> July 2024 under section 267
7	Appointment of auditor	251	Not applicable Not applicable
	GCC & GC		
	Reappointment	260-	
	Removal Resignation	262	
8	Consent to act as directors	140	Complied
9	Board Meetings 117 <sup>th</sup> BM 118 <sup>th</sup> BM 119 <sup>th</sup> BM 120 <sup>th</sup> BM 121 <sup>st</sup> BM 122 <sup>nd</sup> BM	146 & 149	At least 4 BM in a year 5 <sup>th</sup> January 2024 12 <sup>th</sup> March 2024 10 <sup>th</sup> April 2024 17 <sup>th</sup> June 2024 21 <sup>st</sup> November 2024 20 <sup>th</sup> December 2024
10	Appointment of CEO	210	Complied
11	Power of Regulatory Authority to accord approval	412	Approval of regulatory authority Complied
12	Appointment of Company Secretary	213	As pre-scribed by MTI Complied
13	Statutory Record and Inspection	228	All times Complied

## COMPLIANCE CHECKLIST

## Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

Sl. No	Sec.	Incorporation of a Company & Securities	Compliance checklist			Remarks
			Yes	No	NA	
1	28	Changes to Articles/approval	✓			There was change in the Subscription Clause from 491,841,232.68 equity shares to 497,911,706.68 equity (or ordinary) shares of 100 Ngultrum each.
2	47	Change of name/Approval			✓	
3	123	Increase or consolidation of share capital	✓			There was change in the Subscription Clause from 491,841,232.68 equity shares to 497,911,706.68 equity (or ordinary) shares of 100 Ngultrum each.
4	124	Reduction of share capital			✓	
5	82	License Copy and Share Certificate filing	✓			The Company has two business activities as under: 1. License No. 1023523 (issued on 29.04.2008) for holding and managing existing and future investments of RGoB; and 2. License No. 1027367 (Issued on 02.11.2011) for Consultancy in Business and Management.
6	107	Public offer of shares & Debentures - ROC Approval			✓	
<b>Management &amp; Administration</b>						
7	217	Registered Office of Company	✓			BOB corporate Building, Thimphu: Bhutan P.O. Box # 1127 Phone: 00975-02-336257/336258 Fax: 00975-02-336259
		(Postal Address & Contact Number)				
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			Complied
9	241	Financial Year of Companies as of 31st Dec.	✓			
	242	Extension up to 15 months - ROC approval			✓	
	243	Extension up to 18 months - Authority's approval			✓	
	245	Financial Statements to follow BAS	✓			



Sl. No	Sec.	Incorporation of a Company & Securities	Compliance checklist			Remarks
			Yes	No	NA	
10	267	Annual Return Submission	✓			Annual Returns submitted vide Letter No. DHI/Account/DOF/ROC/2024 dated 31 <sup>st</sup> July 2024.
		On/before 31 <sup>st</sup> May for listed; others 31 <sup>st</sup> July				
11	177	Annual General Meeting (Minutes)	✓			AGM was held on 20 <sup>th</sup> June 2024.
12	180	Extraordinary General Meeting (Minutes)		✓		No Extraordinary General Meeting was held during the year.
13	185	Notice for calling general meeting	✓			Through email dated 3 <sup>rd</sup> June 2024. Through Notice
	187	Listed Co. - written as well as in media		✓		
		Public Co/Private Co. - Written Notice		✓		
14	190	Chairman of meeting (CEO cannot chair)	✓			Dasho Karma Y. Raydi
15	192	Representation of corporations at meetings (Appointed by Board Directors)		✓		CEO is a representative of the company.
16	193	Ordinary and special resolutions (Minutes)		✓		
						A total of six regular DHI Board Meetings and one Annual General Meeting were held during the year as under:
						Regular Board Meetings: 117 <sup>th</sup> BM 5 <sup>th</sup> January 2024 118 <sup>th</sup> BM 12 <sup>th</sup> March 2024 119 <sup>th</sup> BM 10 <sup>th</sup> April 2024 120 <sup>th</sup> BM 17 <sup>th</sup> June 2024 121 <sup>st</sup> BM 21 <sup>st</sup> November 2024 122 <sup>nd</sup> BM 20 <sup>th</sup> December 2024
17	195 – 198	Minutes of Annual General Meeting and Board Meetings	✓			The Company held its 16 <sup>th</sup> Annual General Meeting on 20 <sup>th</sup> June 2024
18	199	Declaration and payment of dividend (199-209)	✓			Declaration of dividend was held on 16 <sup>th</sup> Annual General Meeting on 20 <sup>th</sup> June 2024
19	232, 233	Books of account to be kept by company (Location & time period)	✓			Consolidated Books of Accounts of the DHI Group is maintained at the DHI Office, 5 <sup>th</sup> Floor, BOBL Building, Norzin Lam, Thimphu, while respective books of accounts and other underlying records of DHI Subsidiary Companies, Associates and Joint Ventures are maintained at the respective Offices around the country.

Sl. No	Sec.	Incorporation of a Company & Securities	Compliance checklist			Remarks
			Yes	No	NA	
20	250	Board's report (signed by Chairman)	✓			The Board's report was signed by Chairman, Dasho Karma Y. Raydi.
21	252 - 255	Appointment and removal of Auditors	✓			S.K Mittal & Co. and Menuka Chhetri & Associates, were appointed by Royal Audit Authority as joint auditors vide Appointment Orders No. RAA (SA-04)/COAD/2024/3223 and RAA (SA-04)/COAD/2024/3224 dated 18 <sup>th</sup> November 2024 for Standalone and Consolidated Financial Statements respectively.
Re-appoint annually (251-259)						
22	260	Resignation of Auditors from office (Annual Resignation)		✓		Appointment and resignation of auditors for SOEs are within the authority of Royal Audit Authority.
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			
The Company has seven Board Directors in 2024, including the Chairman and CEO, as under:						
24	133	Number of directors	✓			Thinley Namgyel (CID No. 11306002549, Secretary, MOAF), Director; Dasho Karma Yezzer Raydi (CID No. 11604000615), Mr. Nelson Trevor Thackery Ms. Yunny Lee Ms. Lekhi Wangmo Sherab Ujjwal Deep Dahal, CEO, DHI
(Minimum No. & retirement on rotation)						
25	139	Additional directors		✓		Selection and appointment of board directors is managed by Blue-Ribbon Panel (BRP) as stipulated under Articles of Incorporation.
26	140	Consent to act as directors		✓		
27	141	Certain persons not to be appointed as Directors		✓		
28	142	Resignation by a director		✓		
29	143	Removal of directors / Change of Directors.		✓		

Sl. No	Sec.	Incorporation of a Company & Securities	Compliance checklist			Remarks
			Yes	No	NA	
30	146	Board meetings (Four Meetings for Public Companies and two Meetings for Private Companies)	✓			Refer Sl. No. 17 above.
31	152	General powers of the Board	✓			Complied with.
32	156	Restriction on powers of Board	✓			Complied with.
33	210	Appointment of Chief Executive Officer (Maximum 5 years terms & 2 consecutive terms only)		✓		
34	414	Appointment of selling or buying agents (Government Approval obtained or not)			✓	
35	157	No loans to directors (only for Public Company)	✓			No loans to directors were given.
36	53	Inter-corporate investments (Investments to be disclosed) apply old rule	✓			
37	158	Contracts in which directors are interested	✓			No such cases exist within the company.
38	213	Companies to have secretaries	✓			
39	161	Standard of care required by directors (Reckless decision)	✓			No conflicting events were witnessed in the company.
<b>STATUTORY RECORD AND INSPECTION</b>						
40	228	Statutory record and inspection				
41	(a)	Register of buy-back of shares	✓			
42	(b)	Register of transfers	✓			
43	(c)	Register of charges	✓			
	(d)	Register of inter-corporate loans	✓			
44	(e)	Register of inter-corporate investments	✓			

Sl. No	Sec.	Incorporation of a Company & Securities	Compliance checklist			Remarks
			Yes	No	NA	
45	(f)	Register of contracts in which directors are interested.	✓			No such incidents were seen during the year.
46	(g)	Register of directors	✓			
47	(h)	Register of directors' shareholding	✓			

For Statutory Auditors For Druk Holding & Investment Limited



S. Murthy  
(Membership No. 072290)  
Sr. Partner  
S.K. Mittal & Co. FRN. 001135N  
UDIN  
New Delhi, India

Dasho Karma Y. Raydi  
**Chairman**

Ujjwal Deep Dahal  
**Chief Executive Officer**



Menuka Chhetri  
(Membership No. 534365)  
Managing Partner  
**Menuka Chhetri & Associates**  
Date:

Leki Wangmo  
**Board Director**

Tashi Lhamo  
**Director, Finance**



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