A dhi Company

ANNUAL REPORT 2024

Registered Office

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The Year in Review:

In 2024, the company achieved significant milestones in network expansion, financial growth, and operational excellence, aligning with global telecommunications trends. Despite challenges such as talent attrition, regulatory pressures to reduce tariffs, and evolving market dynamics, the company strengthened nationwide connectivity, advanced technological capabilities, and enhanced customer service.

A key highlight of the year was the continued expansion of mobile coverage in remote areas and along national highways. The connectivity along the Pasakha-Manitar Highway was significantly improved, reducing dark spots to less than one kilometer. This achievement ensured that all national highways now have dark spots of less than one kilometer. The national ISP backbone was upgraded from 10G to 100G, greatly enhancing network efficiency. Additionally, 110 LTE sites were upgraded, and 115 new LTE sites were deployed to meet the increasing demand for mobile data services. Workforce development remained a priority, with various international and domestic training programs aimed at enhancing employee expertise.

Despite rising operational costs and growing competition, the company maintained steady financial growth in 2024. Revenue increased by 4.49% to Nu 6,372.59 million, while operating expenditure grew by 13.09%, primarily due to higher license fees and increased maintenance costs associated with network expansion activities. As a result, the Profit Before Tax (PBT) decreased by 2.24% to Nu 3,345 million, and the Profit After Tax (PAT) decreased by 2.51% to Nu 2,370.66 million. However, the PAT achievement exceeded the target of Nu 2,235.10 million for 2024, and operational expenditure was contained within the target of Nu 3,193 million.

While these achievements were significant, the company also faced several challenges. Employee attrition remained a concern, with 35 employees resigning, primarily to pursue opportunities abroad. Rapid technological advancements required continuous investment in infrastructure to maintain service quality and competitiveness. Regulatory pressures, including proposed tariff reductions, posed financial risks that could impact network service quality, and profitability. Additionally, the Customer Satisfaction Index dropped to 3.62, below the 2024 target of 4.00, with key concerns raised regarding internet speed, network stability, and billing transparency.

The company's initiatives align with several global trends identified by GSMA Intelligence. Its efforts in upgrading LTE sites and expanding network capacity support the global transition toward 5G and 5G advanced technologies, enabling new services and applications. Its focus on workforce development through training programs positions the company to leverage emerging technologies, which are expected to enhance network optimization and customer service. Additionally, in keeping with the rising global adoption of eSIM technology, the company has already implemented eSIM services, which are gaining popularity.

To address the challenges, the company is committed to strengthening talent retention strategies in collaboration with DHI, investing in network capacity expansion, and enhancing customer engagement to improve service quality. The company remains focused on leveraging strategic investments to navigate evolving industry dynamics while maintaining financial stability and operational excellence. Looking ahead, the company remains dedicated to innovation, customer satisfaction, and sustainable growth. The company will continue investing in network expansion, service quality improvements, and digital transformation to meet the evolving demands of the telecom sector. With the unwavering support of stakeholders, employees, and customers, the company is confident in its ability to overcome challenges and achieve new milestones in 2025.

Finally, I would like to express my sincere gratitude to His Majesty the Druk Gyalpo for his exemplary leadership, particularly in spearheading the initiative for the Gelephu Mindfulness City, a landmark development for our nation. I also extend my heartfelt appreciation to our valued customers for their unwavering support, which provides us with invaluable opportunities for growth and improvement in this rapidly evolving industry. Additionally, I thank DHI and the Board for their invaluable guidance and support throughout 2024. Most importantly, I extend my deepest thanks to all employees for their dedication and commitment, ensuring uninterrupted services and rising to the occasion when needed. On behalf of all employees of the company, I reaffirm our commitment to serving the Tsa-Wa-Sum.

Yours Sincerely,

Karma Jurme
Chief Executive Officer

1 Company Profile

- **Mission:** Providing Innovative & Reliable ICT Services
- **Vision:** To be the Company of Choice

1.1 Values

Team Work

- To have a platform for employees to work together in the best interest of the company.

Integrity

- Conducting our business with honesty, transparency, accountability, and highest level of corporate ethics.

Growth

- To continuously develop human capacities and capabilities through education and training of employees.

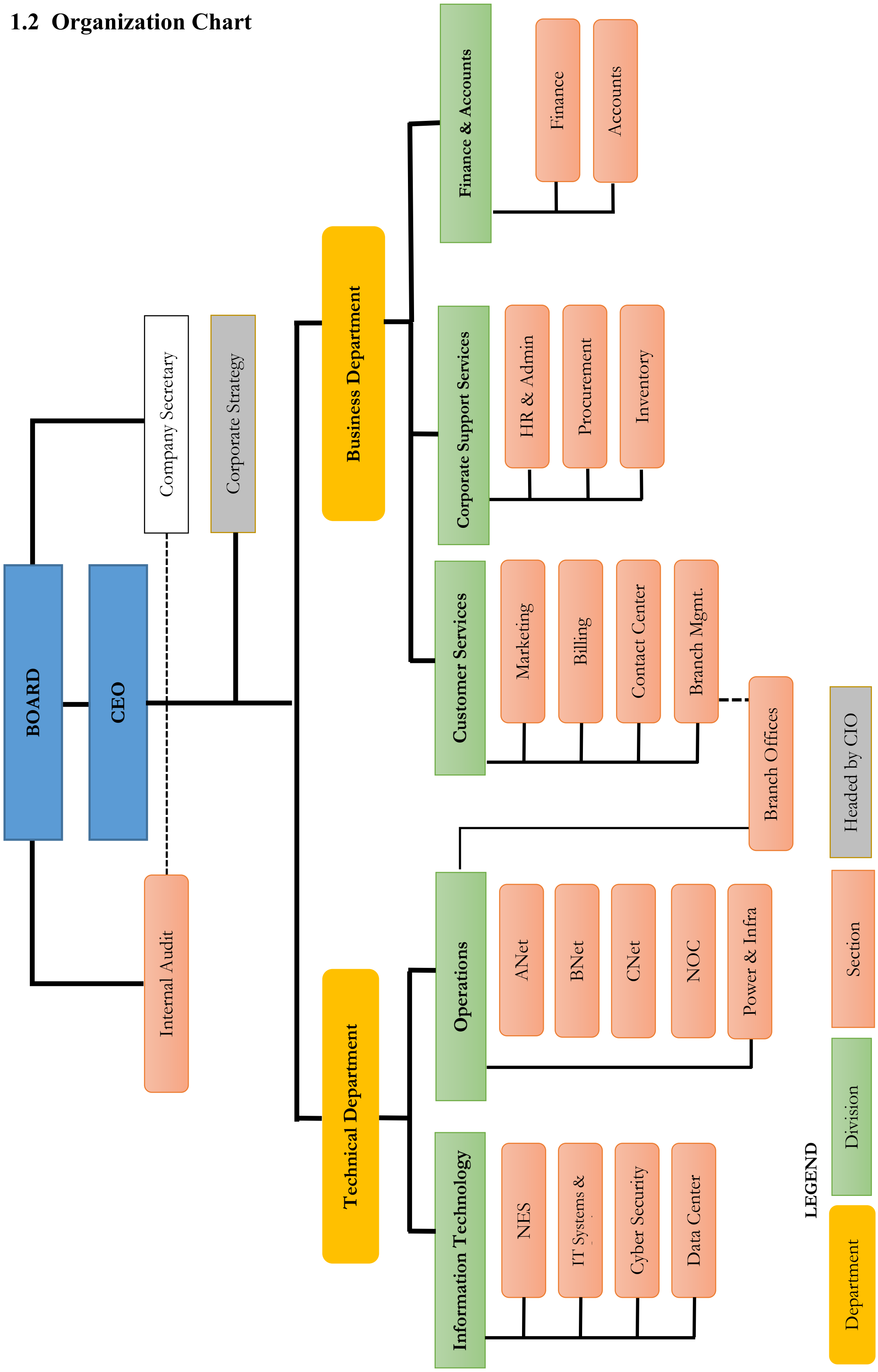
Excellence

- To deliver quality services to meet customer expectations and exerting efforts to obtain feedback from customers to understand their needs and wants.

Responsiveness

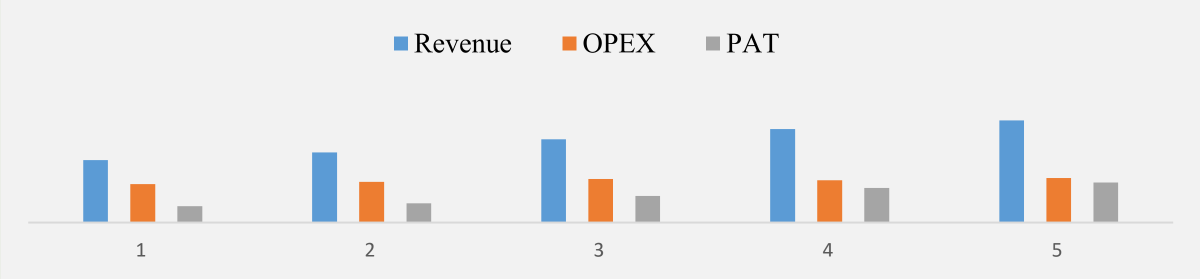
- To anticipate emerging needs of the customers and market dynamics.

1.2 Organization Chart



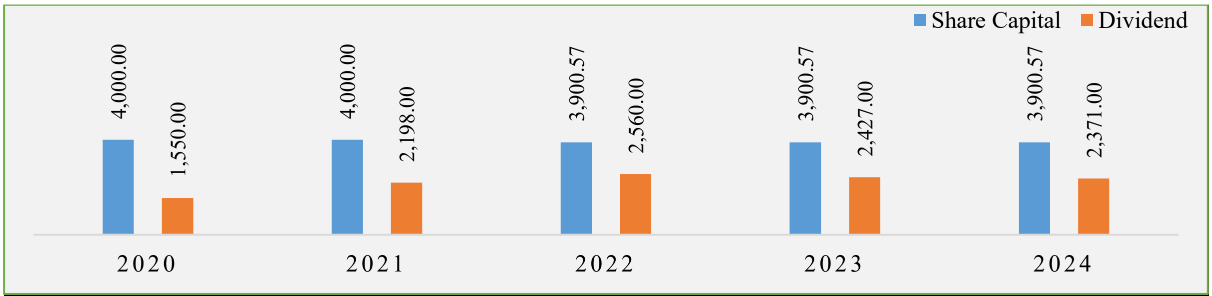
1.3 Financials

Revenue, Expenditure and Profit after Tax



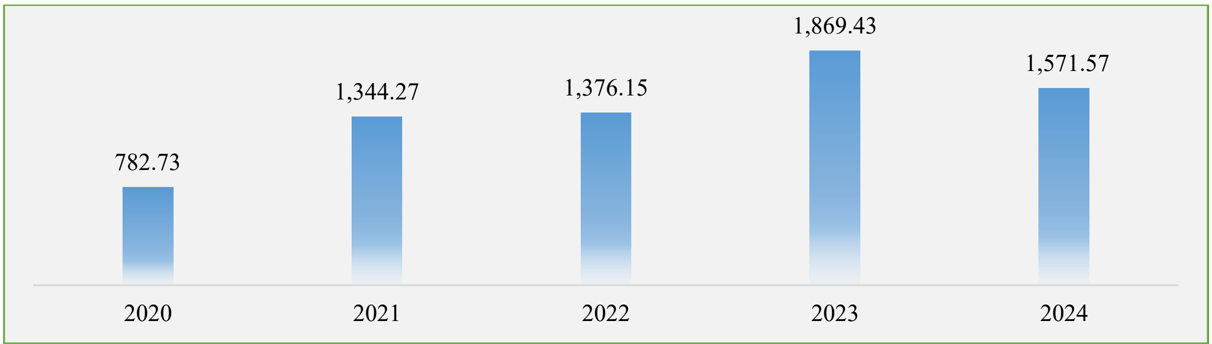
Year	2020	2021	2022	2023	2024
Revenue	4,785.75	5,382.81	5,886.19	6,098.75	6,372.59
OPEX	2,514.01	2,439.99	2,562.88	2,677.05	3,027.41
PAT	1,538.25	1,998.28	2,309.25	2,431.57	2,370.66

Dividend in Million Nu



Corporate Income Tax in Million Nu

Capital Expenditure in Million Nu



2 Board Directors

Mr. Ujjwal Deep Dahal is the Chief Executive Officer of Druk Holding and Investments. He has over 22 years of experience in project management, shaping energy strategies, driving innovation in science and technology, and leading research and development initiatives. Since March 8, 2024, he has been serving as a non-independent, non-executive director and Chairman of the BT Board.

Dasho Tshewang C. Dorji is the Secretary of the Ministry of Education and Skills Development. He has over 32 years of experience in government service and has served as the Ambassador of Bhutan to Thailand, Singapore, Myanmar, and Australia. Since April 13, 2022, he has been serving as a non-independent, non-executive director on the BT Board.

Mr. Kinzang Tobgay is the Chief Executive Officer of Lhojong Construction Private Limited. He has over 25 years of experience in the corporate and financial sectors, including as Director of Finance of Druk Holding and Investments. Since March 8, 2024, he has been serving as an independent, non-executive director on the BT Board.

Mr. Sonam Penjor is the Director of the Department of Media, Creative Industry and Intellectual Property under the Ministry of Industry, Commerce & Employment. He has over 22 years of experience in public policy and economic planning, holding key roles across the Ministry of Finance, the NCWC, and the Cabinet Secretariat. Since March 8, 2024, he has been serving as a non-independent, non-executive director on the BT Board.

Mrs. Kuenga Zam is the Director of the Department of Digital Transformation at the GovTech Agency. She has over 19 years of experience in project planning and management, as well as business analytics, having held key roles in the Royal Civil Service Commission and the GovTech Agency. Since March 8, 2024, she has been serving as a non-independent, non-executive director on the BT Board.

Mr. Karma Chophel is the Associate Director of Investment Abroad Division at Druk Holding and Investments Limited. He has over 13 years of experience in global portfolio management, capital market investments, corporate finance, project finance, and risk management. Since March 8, 2024, he has been serving as a non-independent, non-executive director on the BT Board.

Mr. Karma Jurme is the Chief Executive Officer of Bhutan Telecom Limited. He has over 34 years of experience in planning, administration, and human resource management in the corporate sector. Since October 2017, he has been serving as a non-independent, executive director on the BT Board.

3 Management Team

Mr.Karma Jurme is the Chief Executive Officer of Bhutan Telecom Limited. He has over 34 years of experience in planning, administration, and human resource management in the corporate sector.

Mr. Karma Tshewang is the Director, Technical Department with more than 28 years of work experience in the field of management and telecommunications.

Mr. Sangay Wangdi is the Director, Business Department with more than 22 years of work experience in the field of Marketing and Finance.

Mr. Jambay Sither is the General Manager, Operations Division with more than 31 years of work experience in the field of telecommunications.

Mr. Chendra Dorji is the General Manager, Finance & Accounts Division with more than 16 years of work experience in the field of Finance and Accounts.

Ms. Kinga Choden is the General Manager, Customer Services Division. She has more than 18 years of work experience in IT, Marketing, and telecom billing and CRM.

Ms. Kezang Choden is the General Manager, Corporate Support Services Division. She has 24 years of work experience in the field of Human Resource Management

Mr. Budhi Krishna Adhikari is the General Manager, Information Technology Division with more than 14 years of experience in a range of positions in value-added services, system engineering, and enterprise networking.

4 Directors' Report

Introduction

On behalf of the Board of Directors and Management of Bhutan Telecom Limited, I am happy to present the Directors' Report for the Financial Year 2024, highlighting operational performance, audited financial statements, corporate governance, corporate social responsibility, key challenges, and the way forward for the year.

Operational Highlights

In line with its social mandate, Bhutan Telecom has continuously expanded mobile connectivity in remote villages and along national highways while strengthening its network infrastructure to meet the growing nationwide demand for internet services. As part of its commitment to enhancing highway coverage, the company improved network connectivity along the Pasakha-Manitar Highway in 2024, ensuring no dark spots exceed one kilometer. With this initiative, all major highways in the country now have mobile coverage, with dark spots limited to less than a kilometer. Additionally, Bhutan Telecom upgraded the national ISP backbone from 10G to 100G in 2024 and established over fifty internet Points of Presence (PoPs) across the country, ensuring a more robust and efficient network for users nationwide. To meet the rising demand for cellular data services and stay at the forefront of technological advancements, the company upgraded 110 existing LTE sites and deployed an additional 115 LTE sites across the country.

The company saw an increase in its active mobile subscriber base, increasing from 455,134 in 2023 to 465,281 by the end of 2024, while leased line internet subscriptions also grew from 5,615 to 7,453 during the same period. Additionally, the company recorded 1,811 active fixed broadband internet subscriptions and served 6,882 fixed-line customers by year-end. Committed to enhancing employee skills and expertise, the company conducted various training and certification programs throughout the year, including 20 international events and seminars, three in-house training sessions, 23 domestic programs, and five online courses. Furthermore, it facilitated two certification programs in 2024. By the end of the year, the company's workforce stands at 619 employees, comprising of 549 regular staff, nine contract workers, 53 ESPs, four on deputation and eight local caretakers. However, in 2024, 35 employees resigned from the company.

Financial Position and Key Financial Performance Highlights

The company performed well financially, generating Nu 6,372.59 million in revenue for the period ending December 31, 2024, reflecting a 4.49% increase from the previous year. However, profit after tax decreased by 2.51% to Nu 2,370.66 million, primarily due to higher operational costs and investments in network infrastructure. Despite this, the company remains focused on improving profitability through strategic cost management and continued service enhancements.

Financial highlights for 2024:

Revenue in Billion Nu.

Nu 6.372 b ▲ **4.49%**

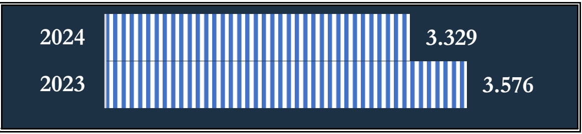
Expenditure in Billion Nu.

Nu 3.027 b ▲ **13.09%**

The Revenue of the company marked a growth of 4.49% and the Operating Expenditure of the company increased by 13.09% in 2024.

Cash from Operations in Billion Nu.

Nu 3.329 b ▼ **6.90%**



PBT in Billion Nu.

Nu 3.345 b ▼ **2.24%**

PAT in Billion Nu.

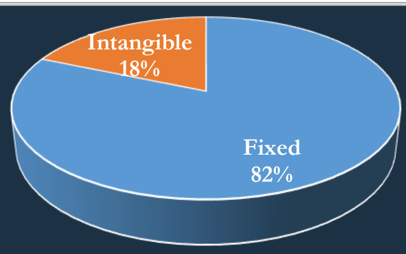
Nu 2.370 b ▼ **2.51%**

The PBT and PAT decreased as compared to 2023, PBT decreased by 2.24% and PAT decreased by 2.51%.

Assets in Billion Nu.

Tangible Assets	**Nu 4.973 b**
Intangible Assets	**Nu 1.086 b**

The overall percentage increase in asset is 6.12% as compared to 2023.



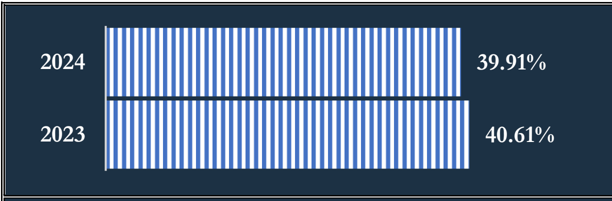
Liquidity

	2023	2024
Current Ratio	1.18 : 1	0.74 : 1
Quick Ratio	1.13 : 1	0.64 : 1

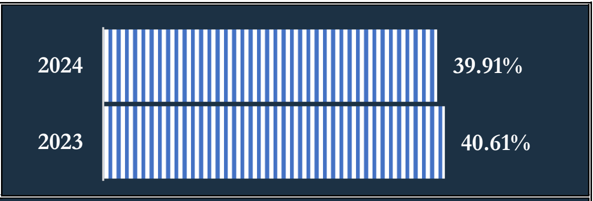
The current ratio decreased from 1.18:1 to 0.74:1 in 2024 and the quick ratio decreased from 1.13:1 in 2023 to 0.64:1 in 2024.

Profitability

Return on Capital Employed



Return on Equity



Both RoCE and RoE decreased from 40.61% in 2023 to 39.91% in 2024

Audit Issues:

The Company was audited by statutory auditors, GSA & Associates LLP, Chartered Accountants based in Delhi, India. The audit revealed no significant observations of concern.

Board's Recommendation of Dividend

The dividend of Nu. **2,371** million is recommended for 2024 which accounts for **60.78%** of the Total Paid up Share Capital.

Corporate Governance

The company adheres to the Corporate Governance Code and Ownership Policy established by DHI, as well as the Companies Act 2016 and other statutory regulations. The business review process and the implementation of its action points have further strengthened corporate governance. Following the integrity pledge signed with the Anti-Corruption Commission (ACC) on December 27, 2017, the company has maintained compliance with the business code of conduct and internal control systems, ensuring accurate procedures to mitigate risks of fraud and financial losses.

All members of the Board of Directors are appointed by DHI and subsequently endorsed in Annual General Meetings. DHI also conducts orientation programs to familiarize new Board members with their roles and responsibilities. By the end of 2024, the company's Board consisted of seven directors, including the Chief Executive Officer, and convened ten Board meetings, a Mid-Term Review, and an Annual General Meeting. Additionally, the company had three Board Committees: The Board Audit Committee, the Board HR Committee, and the Board Tender Committee.

Corporate Social Responsibility

As part of its Corporate Social Responsibility (CSR), the company remained committed to expanding telecommunication services to remote and commercially unviable regions, ensuring that underserved communities have access to essential connectivity. This initiative aligns with the company's mission to bridge the digital divide and promote nationwide communication accessibility, even in areas where providing services may not be financially viable. One important CSR effort involved offering free internet services for various events of social and national importance. Beyond infrastructure and services, the company also contributed Nu. 275,000 to support various social causes. These contributions were directed towards community development programs, educational sponsorships, and other welfare initiatives, reinforcing the company's dedication to social responsibility.

Challenges and Way Forward

As a telecom service provider, BT continues to navigate various operational challenges. A key concern is the attrition of skilled and experienced employees, with 35 staff members resigning during the year, primarily to seek opportunities abroad. To mitigate this issue and improve talent retention, the Board and management, in collaboration with DHI, are actively implementing measures. Additionally, the company faces increasing pressure from rapidly evolving technologies and shifting industry standards, requiring substantial investments to keep pace with the growing demand for services. Another significant challenge arises from the government's proposal for a substantial tariff reduction, which could impact the company's financial stability while also worsening system overload issues that will impact revenue generation. Despite these obstacles, the company remains confident in its ability to manage and overcome them through strategic guidance from the Board and DHI, ensuring sustainable growth and operational resilience.

In 2024, BTL's Customer Satisfaction Index (CSI) stood at 3.62, reflecting a decline from 2023 and falling short of the 2024 target of 4.00. The survey highlighted that while BT excels in service accessibility and efficiency, it faces challenges in service quality, value for money, and complaint resolution. Common customer concerns for mobile and internet services include slow internet speeds, network stability issues, billing discrepancies, and high costs, highlighting the need for service improvements. To address these challenges, the company aims to enhance service quality by expanding network capacity and improving high-speed data availability nationwide.

To tackle these challenges and position the company for the future, a Future Forward Team has been established, and the Telco 2.0 Strategic Paper is being developed. This paper will outline strategies for staying ahead of emerging technologies, optimizing financial resources, and effectively managing future talent pools within the company.

Acknowledgements

We thank the company's valued customers for their continued loyalty and support. Despite some shortcomings, the company has continued to receive cooperation and support from all the valued customers. The company made substantial investments to improve the customer experience in 2024 and would continue to invest progressively in 2025 to improve the customer experience. With the progressive improvements made and the support received until now, we believe that our valued customers will continue to support the company.

The DHI has guided the company throughout 2024 in overcoming the challenges and helping ensure uninterrupted telecommunications services. The company has been able to undertake many major projects only with the unwavering support and guidance from the DHI. The Board and Management of the company would like to thank DHI for the same. We would also like to place on record our sincere thanks to all the other stakeholders for whatever support the company received during the year.

Lastly, the Board would like to thank the Management and employees of the company for working hard and achieving a lot of success in 2024. The Board looks forward to similar efforts and success in 2025.

On behalf of the Board of Directors.

(Ujjwal Deep Dahal)

CHAIRMAN

5 Corporate Governance

Bhutan Telecom Limited is mostly compliant with the provisions of the Corporate Governance Code and the Ownership Policy developed and introduced by its owner Druk Holding and Investments Limited (DHI), the Companies Act of Bhutan 2016, and other statutory requirements.

Board of Directors

All the members of the Board of BT are identified and appointed by the DHI. All appointments are submitted to the BT's Annual General Meetings for endorsement. The BT Board Comprised of Seven Directors, including the Chief Executive Officer. Necessary disclosures about each Board Director are provided below:

Name:	Address	Category	Appointment to present term	Cessation	Term
Dasho Nim Dorji (Chairman)	Former Secretary, MoF	Non-Independent, Non-Executive	April 13, 2022	March 08, 2024	1st Term
Dasho Tashi Wangmo	Secretary, MoICE	Non-Independent, Non-Executive	April 13, 2022	March 08, 2024	1st Term
Mr. Kado Zangpo	Director, DLG & DM	Non-Independent, Non-Executive	April 13, 2022	March 08, 2024	1st Term
Dr. Lam Dorji	Independent Environmental Monitoring Expert	Independent, Non-Executive	April 13, 2022	March 08, 2024	2nd Term
Mr. Chencho T. Namgay	Director, Investments, DHI.	Non-Independent, Non-Executive	April 13, 2022	March 08, 2024	2nd Term
Mr. Ujjwal Deep Dahal	CEO, DHI.	Non-Independent, Non-Executive	March 08, 2024		1st Term
Dasho Tshewang C. Dorji	Secretary, MoE & SD	Non-Independent, Non-Executive	March 08, 2024		2nd Term
Mr. Kinzang Tobgay	CEO, Lhojong Construction Pvt. Ltd.	Independent, Non-Executive	March 08, 2024		1st Term
Mr. Sonam Penjor	Director, DoMCI&IP, MoICE	Non-Independent, Non-Executive	March 08, 2024		1st Term
Ms. Kuenga Zam	Director, DoDT GovTech Agency	Non-Independent, Non-Executive	March 08, 2024		1st Term
Mr. Karma Chophel	Associate Director, Investments, DHI	Non-Independent, Non-Executive	March 08, 2024		1st Term
Mr. Karma Jurme	CEO, Bhutan Telecom	Non-Independent, Executive			

Board Meetings

A total of ten board meetings were held in 2024 and the meetings were held as frequently as required and gap between any two meetings never exceeded three months, as required by the Companies Act of Bhutan 2016. Board Meetings in 2024 were held on the following dates:

#	# Meeting Number	Date	Status
1	192nd Board Meeting	January 08, 2024	Held
2	193rd Board Meeting	February 16, 2024	Held
3	194th Board Meeting	April 15, 2024	Held
4	195th Board Meeting	April 25, 2024	Held
5	196th Board Meeting	June13, 2024	Held
6	197th Board Meeting	July 12, 2024	Held
7	198th Board Meeting	September 02, 2024	Held
8	199th Board Meeting	October 23, 2024	Held
9	200th Board Meeting	November 27, 2024	Held
10	201st Board Meeting	December 30, 2024	Held

Board Attendance:

Board Meetings	192	193	194	195	196	197	198	199	200	201
Dasho Nim Dorji (Chairman)	✓	✓	Retired during 21st BTL AGM							
Dasho Tashi Wangmo	✓	⊙	Retired during 21st BTL AGM							
Mr. Tshewang C. Dorji	⊙	✓	⊙	⊙	✓	✓	✓	✓	✓	✓
Mr. Kado Zangpo	✓	✓	Retired during 21st BTL AGM							
Dr. Lam Dorji	✓	⊙	Retired during 21st BTL AGM							
Mr. Chencho T. Namgay	✓	✓	Retired during 21st BTL AGM							
Mr. Ujjwal Deep Dahal (Chairman)			✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kinzang Tobgay			✓	✓	✓	✓	✓	✓	✓	✓
Mr. Sonam Penjor			✓	✓	✓	⊙	✓	✓	✓	✓
Ms. Kuenga Zam			✓	✓	✓	⊙	⊙	✓	✓	⊙
Mr. Karma Chophel			✓	✓	✓	✓	✓	✓	✓	⊙
Mr. Karma Jurme (CEO)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Meeting Quorum	***6/7***	***5/7***	***6/7***	***6/7***	***7/7***	***5/7***	***6/7***	***7/7***	***7/7***	***5/7***

The calendar for the Board Meetings during the entire year is proposed at the beginning of the year. The calendar is reviewed and the date for the next Board Meeting is confirmed in every Board Meeting. All the Board Meetings in 2024 were held at the Conference Hall of the Company's Headquarters in Chubachu, Thimphu, and also used virtual meeting platforms. The agenda and related documents for the Board Meetings are generally circulated to the Board Members at least five working days in advance of the Meetings.

The following Board Committees are in place:

1. Board Audit Committee (BAC).
2. Board Tender Committee (BTC).
3. Board HR Committee (BHRC).

Board Audit Committee (BAC):

The Board Audit Committee was established to monitor the internal control system and internal audit activities. The Committee held four meetings in 2024 on the following dates:

1. 41st BAC Meeting was held on May 07, 2024.
2. 42nd BAC meeting was held on July 09, 2024.
3. 43rd BAC meeting was held on September 30, 2024.
4. 44th BAC meeting was held on December 19, 2024

Meeting	41st BAC	42nd BAC	43rd BAC	44th BAC
Mr. Kinzang Tobgay (Chair)	✓	✓	✓	✓
Ms. Kuenga Zam	✓	⊙	⊙	✓
Mr. Karma Chophel	✓	✓	✓	⊙
Mr. Kelzang Chophel (Secretary)	✓	✓	✓	✓

Board Tender Committee (BTC):

The Board Tender Committee was established to make decision and approve works/ procurements which are beyond the management's authority. The Committee held five meetings in 2024 on the following dates:

1. 36th BTC Meeting was held on January 23, 2024.
2. 37th BTC Meeting was held on February 29, 2024.
3. 38th BTC Meeting was held on March 08, 2024.
4. 39th BTC Meeting was held on July 04, 2024.
5. 40th BTC Meeting was held on November 25, 2024.

Meeting Number:	36th BTC	37th BTC	38th BTC	39th BTC	40th BTC
Mr. Tshewang C Dorji (Chair)	✓	✓	✓	Resigned from the Committee	
Mr. Chencho T. Namgay	✓	✓	✓		
Mr. Karma Chophel				✓	✓
Mr. Sonam Penjor (Chair)				✓	✓
Mr. Karma Jurme	✓	✓	✓	✓	✓
Mr. Sangay Wangdi (Secretary)	✓	⊙	⊙	✓	✓
Mr. Karma Tshewang (Acting Secretary)		✓	✓		

Board HR Committee (BHRC):

The Board HR Committee was established to make decisions on HR related issues which are beyond the authority of the management. The Committee held five meetings in 2024 on the following dates:

1. 66th BHRC Meeting was held on February 13, 2024.
2. 67th BHRC Meeting was held on May 07, 2024.
3. 68th BHRC Meeting was held on August 06, 2024.
4. 69th BHRC Meeting was held on September 11, 2024.
5. 70th BHRC Meeting was held on November 15, 2024.

Meeting Number:	66th BHRC	67th BHRC	68th BHRC	69th BHRC	70th BHRC
Mr. Kado Zangpo (Chair)	✓	Resigned from the Committee			
Mr. Chencho T Namgay	✓				
Mr. Karma Jurme	✓	✓	✓	✓	✓
Mr. Karma Chophel		⊙	✓	✓	⊙
Ms. Kuenga Zam (Chair)		✓	✓	✓	✓
Ms. Kezang Choden (Secretary)	✓	✓	✓	✓	✓

Board Remuneration

Name of the Board Directors	Particulars	Sitting Fees		Remarks
		2024	2023	
Dasho Nim Dorji	Chairperson	24,000	68,000	Retired during the 21st AGM
Dasho Tashi Wangmo	Director	8,000	72,000	Retired during the 21st AGM
Mr. Chencho T. Namgay	Director	44,000	100,000	Retired during the 21st AGM
Dr. Lam Dorji	Director	8,000	76,000	Retired during the 21st AGM

Dasho Tshewang C. Dorji	Director	68,000	76,000	Reappointed during the 21st AGM
Mr. Kado Zangpo	Director	28,000	64,000	Retired during the 21st AGM
Mr. Ujjwal Deep Dahal	Chairperson	64,000		Appointed during the 21st AGM
Mr. Kinzang Tobgay	Director	80,000		Appointed during the 21st AGM
Mr. Sonam Penjor	Director	64,000		Appointed during the 21st AGM
Ms. Kuenga Zam	Director	64,000		Appointed during the 21st AGM
Mr. Karma Chophel	Director	88,000		Appointed during the 21st AGM
Total		**540,000**	**456,000**	

Chief Executive Officer's Remuneration

Name	Particulars	2024	2023
Mr. Karma Jurme (Present)	Salary	3,780,936	3,046,916
	Leave travel concession	15,000	15,000
	Leave Encashment	133,286	285,613
	Salary Arrears	-	66,060
	PBVP	634,746	578,178
	Contribution to superannuation fund	228,492	219,708
	Sitting fess	136,000	108,000
	Total	**4,928,460**	**4,319,475**

Annual General Meeting

The 22nd Annual General Meeting was held on March 06, 2024 at BTL CHQ, Chubachu and attended by the Shareholder, Board Directors and the key members of the management team. The 22nd Annual General Meeting transacted the following business items:

a. Ratification of the Minutes of 21st Annual General Meeting.
b. Consideration of audited accounts for the financial year ending December 31, 2024, Auditor's Report and Directors' Report.

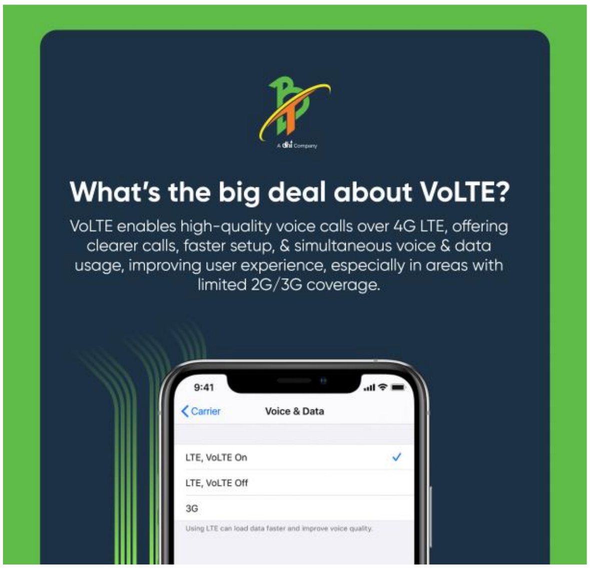
a. Declaration of remuneration for CEO and Directors.

b. Declaration of dividend.

c. Retirement and appointment of Directors.

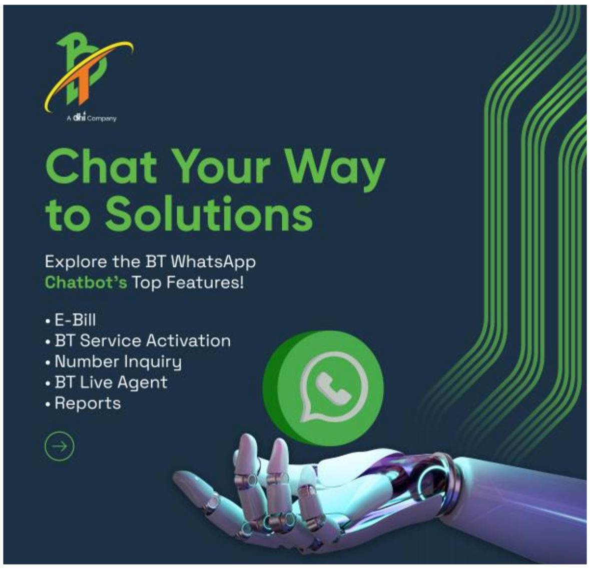
d. Appointment of Auditors.

e. Review and assessment of Compact 2024.


What's the big deal about VoLTE?
VoLTE enables high-quality voice calls over 4G LTE, offering clearer calls, faster setup, & simultaneous voice & data usage, improving user experience, especially in areas with limited 2G/3G coverage.
9:41
Carrier
Voice & Data
LTE, VoLTE On
LTE, VoLTE Off
3G


Bhutan Telecom's
5G Journey!
Beyond Speed, Crafting Connections, Building Dreams.
5G


TOURIST
SIM
Stay Connected in
Bhutan with a BT Tourist SIM!
Get yours at Paro Airport (all plans) or any BT Counter.


Chat Your Way
to Solutions
Explore the BT WhatsApp Chatbot's Top Features!
• E-Bill
• BT Service Activation
• Number Inquiry
• BT Live Agent
• Reports

6 Independent Auditor's Report

To,

The Members of

Bhutan Telecom Limited (BTL)

Opinion

We have audited the financial statements of **Bhutan Telecom Limited** (the company), which comprise the statement of financial position as at 31 December 2024, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us the accompanying 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 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We would like to draw attention to note 45 of the financial statements which states that the Government of Kingdom of Bhutan made an announcement for 50% reduction in internet charges which can have serious implications on the company. The company, as of now, is actively involve in discussions with management and is also evaluating other possible options.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

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LLP registration No. AAS-8863 (Formerly known as GSA & Associates)

Branches at Akhnoor (Jammu) and Gurugram

GSA & ASSOCIATES LLP
Delhi
CHARTERED ACCOUNTANTS

<table>
<tr><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>Revenue
We considered accuracy and completeness of revenues relating to prepaid and postpaid mobile services as a key audit matter because of the complexity of the IT systems, significance of volumes of data processed by the IT systems and the impact of changing pricing models (tariff structures and discounts, etc.). Refer note 4 "Revenue recognition" for accounting policies, and note 24 on disclosures related to Revenue from operations in the financial statements.</td><td>Our audit procedure included the following:
We obtained an understanding, evaluated the design and tested the operating effectiveness of (i) controls over recording of revenue relating to prepaid and postpaid mobile services; and (ii) control over reconciliations;
We performed substantive analytical procedures over the significant revenue streams;
We tested inter se reconciliations between relevant IT systems (such as billing system, prepaid application systems, active customer database) and with general ledger, and performed verification of revenue recognised, deferred and unbilled revenue. Further, we have also performed data analytics and trend analysis;
We verified the appropriateness of the accounting policies and the disclosures related to Revenue from operations in notes 24 and 25 respectively in the financial statements.</td></tr>
</table>

Information other than financial statement & Auditor's Report thereon

The company's board of directors is responsible for the other information. The other information comprises the information included in Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit report 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.

When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and if required issue a revised Audit report on financial statement.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 Financial Statements

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

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. Our responsibilities are to:

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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions particularly those mentioned in Note 45 of the financial statements, may cause the Company to cease to continue as a Going concern; and
v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
b) In our opinion, proper books of account as required by the Companies Act of Bhutan, 2016, have been kept by the Company insofar as it appears from our examination of those books;
c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
d) Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

UDIN: 25529619BMIVFD8232

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES LLP * Delhi * CHARTERED ACCOUNTANTS

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date: 16th April, 2025

7 Minimum Audit Examination and Reporting Requirements

As required by Section 266 of the Companies Act of Bhutan, 2016

As required by section 266 of the Companies Act of Bhutan 2016, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report as follows:

General:

a) The Company has evaluated itself on corporate governance scorecard, as required by its Holding Company, and has estimated compliance percentage of 96.52%. In view of the said evaluation and based on explanations and written representation received from management during audit, we are of the opinion that the Company has adhered to the Corporate Governance Guidelines and Regulations as applicable to them.
b) The governing board/authority pursue 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) The proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
e) The adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
f) Based on the information and explanation provided by the management, there is no mandatory obligations social or otherwise, entrusted on the Company to fulfil.
g) The amount of tax is computed correctly and reflected in the financial statements.

Regulatory norms in examining the accounts of the corporations subject to such statutory audit contains the following:

1.a) The Company has maintained Property, Plant & Equipment Register showing full particulars including quantitative details and situation of PPE.

b) The Company has a program of physical verification of Property, plant and equipment "PPE", so to cover at least PPE pertaining to one region in a year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information explanation given to us, no material discrepancies were noticed on such verification

2. The fixed assets of the Company have not been revalued during the year under audit.

3. As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management for reconciling Inventories between the System and actual physical inventories.

4. In our opinion, the procedures followed for physical verification of inventories are considered reasonable and adequate in relation to the size of the Company and the nature of its business.

5. According to information given to us, the Company is conducting physical verification of Inventory in quarterly basis and there was no material discrepancies noticed during review of quarterly reports. Wherever variations are identified, the same have been properly dealt with in the books of accounts.

6. On the basis of our examination and information's given to us, the Company has maintained 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

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7. In our opinion and basis of information given to us, the quantitative reconciliation is carried out at the end of accounting year in respect of all major items of inventories by the Company.

8. The Company has adequately created provision for obsolete, damaged, slow moving and surplus goods/inventories which is based on policy of the Company. The Company has unused provision balance of Nu**. 12.02** million as at December 31, 2024.

9. As explained to us, the unserviceable or damaged inventories were disposed off and proceeds from such disposals are accounted for appropriately.

10. According to information given to us, the approval of appropriate authority is obtained for writing off amounts due to material loss/discrepancies in physical/book balances of inventories including Tele equipments, stores and spares.

11. On the basis of our examination of stock records, we are satisfied that the valuation is fair and proper in accordance with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB). The basis of valuation of stock is same as that in the previous year. In addition, the Company has adequate provision for non-moving inventory lying for long time (refer to note 8 of this clause).

12. According to information given to us, the rate of interest and the other terms and conditions of loans availed by the company whether secured or unsecured are prima facie not prejudicial to the interest of the company.

13. In our opinion and information given to us, the Company has refrained from granting loans to other parties which are *ultra-vires* to the Article of Incorporation and other relevant Acts and regulations.

14. The advances granted to officers/staffs are in keeping with the provision of service rules. No excessive/frequent advances are granted and accumulation of large advances against particular individual is avoided.

15. In our opinion and according to the information and explanations given to us, the Company has established system of internal control in place to ensure completeness, accuracy, and reliability of accounting records, for carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules & regulations, systems and procedures.

16. According to the information and explanation given to us, the Company has reasonable system of authorization at proper levels, and 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.

17. In our opinion and according to information and explanations given to us, the Company has reasonable system of obtaining competitive bids/quotations from the vendors in respect of purchase of stores, plant & machinery, equipment and other assets commensurate with the size of the Company and nature of its business.

18. **(a)** As informed to us, there is no transaction for purchase and sale of goods and services made in pursuance of contracts or agreements entered into with the directors or any other parties related to directors or with the Company or firms in which the directors are directly or indirectly interested.
    (b) As informed to us, the company has not entered into the transactions wherein the directors are directly or indirectly interest. Hence this clause in not applicable to the company.

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19. According to the information and explanations given to us, the expenses charged to the Company accounts represent legitimate business expenses and no personal expenses have been debited to the Statement of Comprehensive Income, excepting those payable under contractual obligations.

20. According to the records, unserviceable or damaged inventories, Tele equipments or spares parts were determined during year 2024 and the same have been properly dealt in books of account.

21. As explained to us, the Company, in generally, has a reasonable system of ascertaining and identifying point of occurrence of breakage/damages of stores, spares and capital goods while in transit, during loading/unloading in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.

22. Since Company is majorly into service sector, it is maintaining records related to service inventory as well as consumable inventory on proper basis. Proper controls have been put in place to ensure the safety of inventory of the Company.

23. The Company is maintaining reasonable records for sales and disposal of unusable and scrap items.

24. According to the records, the company is generally regular in depositing rates and taxes, duties, provident funds, and other statutory dues with the appropriate authorities during the year 2024. Provision for Corporate Income Tax is adequate and necessary adjustments have been made to compute the amount of tax required to be paid under The Rules on the Income Tax Act of Bhutan, 2001, and has been appropriately disclosed in the financial statement.

25. According to the books records and the computation of tax, Company has payable of Corporate Income Tax (CIT) **Nu. 459.21 million** for year 2024 and no other undisputed amount payable in respect of rates and taxes, royalties, provident funds, and other statutory deductions at the year end.

26. The company is a service-oriented organization and not a manufacturing concern and there is no system of allocating man hours utilized to the respective jobs etc.

27. The said clause is not applicable in view of its nature of business.

28. The credit sales policy and credit rating of customers is not applicable for the Company.

29. The Company has engaged some agents in connection with BT products and services through appropriate screening. The agency commission structure is in keeping with the industry norms / market conditions. Generally, the Company has adequate system of evaluating performance of each agent on a periodic basis.

30. As explained to us, the Company has reasonable system of follow-up with debtors and other parties for recovery of outstanding amounts. The management have also done age-wise analysis of outstanding amount to realize the old debts and follow-up action.

31. According to records, the management of liquid resources particularly cash / bank and short-term deposits etc. is adequate in respect of nature and size of the business

32. According to the information and explanations given to us and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful and intra-vires the Articles of Incorporation of the Company.

33. According to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decision and investments in new projects are made only after ascertaining the technical and economic feasibility.

GSA & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * Delhi

34. The Company has established an adequate and effective budgetary control system.

35. The company is service oriented company and therefore the system of input-output relationship, standard costing and variance analysis is not applicable to the company.

36. In our opinion and according to the information and explanations given to us, the details of remuneration to the Board of Directors including the Chief Executive Officer have been disclosed in the accounts.

37. In our opinion and on the basis of information and explanations given to us, the directives of the Board issued have been complied with.

38. According to the information and explanations, we are given to understand that the officials of the Company have not transmitted any price sensitive information, which is 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 on the same and cannot independently verify the same.

39. According to our examination of books and records, the Company have maintained proper records for inter unit transaction/ services and arrangements for services made with other agencies. The periodic reconciliations also done between its units.

40. In our opinion, the Company has maintained reasonable records related to leases and other items. As of date there is no machinery/ equipment's are acquired on lease or leased out to others.

41. To the extent revealed by our examination, the Company maintains a reasonable system of costing to ascertain the cost of its services and enable it to make proper pricing decisions for its services.

Computerized Accounting Environment

The company has implemented smart ERP NEXT system since beginning of the year 2022. In our opinion the system development controls and other internal control system were adequate with respect to size and nature of computer installations.

In our opinion, the Company appears to have taken adequate measures and back up facilities commensurate with the size and nature. As explained, the Company has a main system at Phuntsholing and standby server installed at Thimphu and backup are taken daily at both the location.

The Company has a Disaster Recovery Plan (DRP) in place, the Company keeps a back-up data for the entire Company in a standby server installed at Phuentsholing and the same is being maintained at Thimphu.

The operational controls in the Company are adequate to ensure correctness and validity of input data and output information.

According to the information and explanations given to us, measures to prevent unauthorized access to the computer installation and files are adequate.

According to the information given to us, there is no data migration happened from old to new system during the year.

GSA & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * Delhi

GENERAL

1. **Going Concern Issues**

   On the basis of the attached Financial Statements as at 31st December, 2024 and according to the information and explanations given to us, the financial position of the company is healthy and we have no reason to believe that the Company is likely to become sick in the near future. However, we would like to draw attention to note 45 of the financial statements related to the recent announcement made by the Government of the Kingdom of Bhutan regarding 50% reduction in internet charges.

2. **Ratio Analysis**

   Financial and operational ratio in respect of the Company is given in the statement of Ratio Analysis.

3. **Compliance of Companies Act of Bhutan, 2016:**

   The Company has complied with the provisions of The Companies Act of Bhutan 2016 concerning conducting of meetings, filing requirements, maintenance of records, issue of shares, raising of loans and all other matters specified in the said Act.

4. **Adherence of Laws, Rules & 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 statements, as produced to us by the management. In the course of audit, we have reviewed compliance to the Companies Act and its Articles of Incorporation and as explained to us, the Company has been complying with appropriate laws, rules and regulations, systems, procedures and practices.

UDIN: 25529619BMIVFD8232
For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES LLP
Delhi
CHARTERED ACCOUNTANTS

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date: 16th April, 2025

8 Statement of Financial Position as at 31st December, 2024

The amounts are in Nu.

Particulars	Note No.	As at 31st December,2024	As at 31st December,2023
Non-current assets			
Property, plant and equipment	2(a)	4,973,397,978	4,625,108,259
Intangible assets	2(b)	1,086,177,290	1,040,855,207
Capital work-in-progress	2(c)	440,970	16,255,215
Investments	3	4,251,668	1,000,000
Deferred tax assets (net)	4	511,249,238	511,978,915
Right to Use Lease	5	24,765,631	24,559,313
Total Non-current Assets		**6,600,282,775**	**6,219,756,909**
Current assets			
Investments	6	1,019,370	4,285,836
Inventories	7	89,367,620	48,025,398
Trade receivables	8	124,137,290	92,278,158
Cash and bank balances	9	441,254,114	968,323,032
Other receivable	10	968,850	2,126,416
Other current assets	11	10,099,378	10,225,168
		666,846,622	**1,125,264,008**
Asset classified as held for distribution to owners	12	5,964,125	5,964,125
Total Current Assets		**672,810,747**	**1,131,228,133**
Total Assets		**7,273,093,522**	**7,350,985,042**
II. EQUITY AND LIABILITIES:			
EQUITY			
Equity share capital	13	3,900,574,000	3,900,574,000
Retained Earnings	14	2,039,561,472	2,087,050,593
Total equity		**5,940,135,472**	**5,987,624,593**
Non-current Liabilities			
Deferred government grants	15	393,100,550	369,183,234
Long term employee benefits	16	15,196,575	15,136,829
Lease Liability	17	23,169,126	24,890,478
Total non-current liabilities		**431,466,251**	**409,210,541**
Current Liabilities			
Trade and other payables	18	53,441,709	102,768,117
Other payables	19	178,773,667	87,890,788
Short term provision	20	518,247,435	576,299,656
Other current liabilities	21	139,968,653	156,228,449
Short term Employee benefits	22	4,328,947	27,190,178
Lease Liability	23	6,551,388	3,772,719
Total Current Liabilities		**901,491,799**	**954,149,907**
Total Liabilities		**1,332,958,050**	**1,363,360,448**
Total Equity and Liabilities		**7,273,093,522**	**7,350,985,042**

GSA & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * Delhi

Summary of significant accounting policies 1.

The above accompanying notes are integral parts of the financial statements

This is the statement of financial position referred to our report date

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Delhi

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date: 16th April, 2025

For and on behalf of board of directors

Chairman

Chief Executive Officer

9 Statement of Comprehensive Income for the year ended 31st December,2024

The amounts are in Nu.

Particulars	Note No.	31st December,2024	31st December,2023
Income:			
Income from operations	24	6,313,690,538	6,026,007,689
Other income	25	58,902,015	72,748,829
		6,372,592,553	**6,098,756,518**
Expenses:			
Network operating expenses	26	992,771,614	737,877,446
Cost of trading goods	27	161,700,459	181,000,868
Employee benefit expenses	28	489,694,127	394,142,967
Depreciation and amortization	29	1,060,985,214	1,038,170,450
Finance cost	30	11,889,644	7,102,639
Other expenses	31	310,364,094	318,761,084
		3,027,405,152	**2,677,055,456**
Profit Before Tax		**3,345,187,401**	**3,421,701,062**
Tax expenses:	32		
Current tax		977,594,221	1,067,563,071
Deferred income tax		(3,064,536)	(77,430,855)
Total tax expense		**974,529,685**	**990,132,215**
Profit after tax for the year		**2,370,657,716**	**2,431,568,846**
Other comprehensive income	32A		
Re-measurement (gains)/losses on defined benefit plans		(12,647,376)	6,587,685
Income tax relating to component for OCI		3,794,213	(1,976,306)
Other comprehensive income, net of tax		(8,853,164)	4,611,380
Total comprehensive income for the year		**2,279,510,879**	**2,426,957,467**
Earnings Per Share (Basic and Diluted)	33	607.77	623.39

Summary of significant accounting policies 1

The above accompanying notes are integral part of the financial statements.

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES Delhi CHARTERED ACCOUNTANTS

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date:16th April, 2025

For and on behalf of board of directors

Chairman

Chief Executive Officer

10 Statement Of Changes in Equity for The Year Ended 31st December, 2024

The amounts are in Nu.

Particulars	Share capital	Retained earnings	Total Equity
Balance as at 31st December,2022	**3,900,574,000**	**2,220,093,126**	**6,120,667,126**
Profit for the year 2022	-	2,431,568,846	2,431,568,846
Other comprehensive income	-	(4,611,380)	(4,611,380)
Dividend for the year	-	(2,560,000,000)	(2,560,000,000)
Land transferred to DHI	-	-	-
Balance at 31st December,2023	**3,900,574,000**	**2,087,050,593**	**5,987,624,593**
Profit for the year	-	2,370,657,716	2,370,657,716
Other comprehensive income	-	8,853,164	8,853,164
Dividend for the year	-	(2,427,000,000)	(2,427,000,000)
Total comprehensive income for the year	-	**(47,489,121)**	**(47,489,121)**
Balance at 31st December,2024	**3,900,574,000**	**2,039,561,472**	**5,940,135,472**

Summary of significant accounting policies 1

The above accompanying notes are integral part of the financial statements.

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES Delhi CHARTERED ACCOUNTANTS

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date:16th April, 2025

For and on behalf of board of directors

Chairman

Chief Executive Officer

11 Cash flow statement for the year ended 31st December, 2024

The amounts are in Nu.

Particulars	31st December, 2024	31st December, 2023
Cash flow from operating activities		
Net profit before tax	3,345,187,401	3,421,701,063
Add/Less: Gain on sale of PPE	(1,872)	(91,332)
Add/Less: Gain or loss on scrapping	6,562,651	7,366,879
Add/Less: Provision for Old Inventories	6,751,263	10,283,097
Add/Less: Interest Expenses	9,454,555	
Add/Less: Re-measurement gain/loss	12,647,376	(6,587,685)
Add/Less: Liabilities no longer required written back	(4,165,656)	(5,088,445)
Net profit before tax and after adjustment of provisions	**3,376,435,719**	**3,427,583,576**
Adjustment for:		
Depreciation during the year	1,060,985,214	1,038,170,450
Interest received	(275,166)	(8,569,920)
Net profit from operating activities before working capital changes	**4,437,145,767**	**4,457,184,107**
Adjustment for:		
Inventories	(48,093,485)	84,453,572
Non-current/current financial and other assets	(30,782,095)	73,091,039
Non-current/current financial and other liabilities/provisions	8,016,197	35,371,256
Cash generated from operating activities	**4,366,286,386**	**4,650,099,974**
Income tax paid	(1,036,373,988)	(1,073,461,750)
Net cash flow from operating activities	**3,329,912,397**	**3,576,638,223**
Cash flow from investing activities		
Payment for property plant and equipment	(1,208,084,426)	(1,440,768,795)
Payment for intangible assets	(363,490,436)	(419,303,759)
Payment for capital work in progress	15,814,245	(9,357,766)
Sale of property plant and equipment (actual cash received)	1,580,034	2,879,655
Interest earned on fixed deposits	-	8,569,920
Investment in fixed deposits	-	(285,836)
Net cash used in investing activities	**(1,554,180,583)**	**(1,858,266,582)**
Cash flow from financing activities		
Lease payment related to finance lease	(4,174,450)	(3,702,928)
Interest on borrowings	(6,381,831)	
Interest on lease payment related to finance lease	(3,072,724)	-
Net cash used in financing activities	**(2,302,800,731)**	**(2,563,702,928)**
Net Increase/(decrease) in cash and cash equivalents	**(527,068,918)**	**(845,331,287)**
Cash and cash equivalents at the beginning of the financial year	968,323,032	1,813,654,319
Effect of exchange rate changes on cash and cash equivalents		
Closing cash and cash equivalents	441,254,114	968,323,032
Increase/(decrease) in cash and cash equivalents	**(527,068,918)**	**(845,331,287)**

Note:

1) The above Cash Flow Statement has been prepared in accordance with the "Indirect method" as set out in the BAS - 7 on "Cash Flows Statements"

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2) The amendments to the BAS 7 cash flows statement requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The required disclosure is made below:

Particulars	1st January,2024	Cashout Flow	Non Cashs	31st December,2024
Lease	28,663,197	7,282,940	3,072,724	39,018,861

*Including current lease liability

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date:16th April, 2025

For and on behalf of board of directors

Chairman

Chief Executive Officer

12 Notes to the standalone financial statements as at 31st December, 2024

Note: 2(a)(b)(c) Property, Plant and Equipment

The amounts are in Nu.

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	01.01.2024	Addition	Adjustment	31.12.2024	01.01.2024	Addition	Adjustment	31.12.2024	31.12.2024	31.12.2023
Note A: Tangible Assets:										
Buildings	1,110,631,756	56,003,391	789,107	1,165,846,040	378,942,402	44,986,930	374,845	423,554,488	742,291,552	731,595,657
Tele equipment	9,362,650,338	811,292,565	168,659,214	10,005,283,689	6,798,627,592	565,171,880	166,002,772	7,197,796,700	2,807,486,989	2,564,022,746
Office equipment	127,826,702	21,444,896	15,272,974	133,998,624	87,747,890	12,546,573	13,460,982	86,833,481	47,165,142	40,078,812
Power system and cables	3,223,488,362	317,316,120	80,803,264	3,460,001,218	1,962,591,876	215,958,901	78,110,716	2,100,440,061	1,359,561,157	1,260,835,995
Furniture and fixtures	25,814,416	1,077,664	443,929	26,448,151	19,584,054	1,408,256	428,012	20,564,298	5,883,853	6,230,362
Vehicles	121,931,137	949,791	-	122,880,928	99,586,450	12,285,193	-	111,871,643	11,009,285	22,344,687
Total (A)	**13,972,342,711**	**,208,084,426**	**265,968,488**	**14,914,458,649**	**9,347,080,264**	**852,357,734**	**258,377,327**	**9,941,060,671**	**4,973,397,978**	**4,625,108,259**

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	01.01.2023	Addition	Adjustment	31.12.2024	01.01.2024	Addition	Adjustment	31.12.2024	31.12.2024	31.12.2023
Note B: Intangible Assets:										
Software applications	3,656,625,590	363,490,43	15,241,227	4,004,874,799	2,615,966,615	317,512,991	14,782,097	2,918,697,510	1,086,177,290	1,040,855,207
Total (B)	**3,656,626,590**	**363,490,43**	**15,241,227**	**4,004,874,799**	**2,615,966,615**	**317,512,991**	**14,782,097**	**2,918,697,510**	**1,086,177,290**	**1,040,855,207**
Note C : Capital work in progress:	-	-	-	-	-	-	-	-	440,970	16,255,215

Note: for the details related to government grant and its amortization, refer note 15.

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N5003**
Date: 16th April, 2025
Place: New Delhi

(Tanuj Chugh)
Partner
M. No. 529619

GSA & ASSOCIATES * CHARTERED ACCOUNTANTS * Delhi

For and on behalf of board of directors

Chief Executive Officer

Chairman

Note: 3 Investments

Particulars	31st December, 2024	31st December, 2023
Investment in fixed deposits	4,000,000	1,000,000
Accrued income on investments	251,668	
Total	**4,251,668**	**1,000,000**

Note: 4 Deferred Tax Assets (Net)

Particulars	31st December, 2024	31st December, 2023
Deferred tax assets		
Property, plant, and equipment	491,810,127	471,292,574
Provision for leave encashment	-	3,075,163
Lease Liability	8,916,154	8,598,959
Provision for doubtful debt	9,059,041	9,466,305
Provision for bonus	-	17,674,990
Provision for Old Inventories	3,605,709	3,877,789
Provision for separation allowance	2,163,221	2,189,365
Provision for carriage allowance	961,456	982,198
Provision for travel allowance	2,163,220	2,189,365
Deferred tax liability	7,429,690	7,367,794
Total	**511,249,238**	**511,978,915**

Note: 5 Right of use of Assets

For Company as a lesses:

The Company has lease contracts for land in its operations. Leases of land are ranging from lease terms of three years to thirty years. The companies' obligations under its leases are secured by the lessor's title to the leases assets. Generally, the Company is restricted from assigning and sub leasing the leased assets. The Company also has certain leases with low value item like optic fiber, ADSS and tower sharing. The company applies lease of low-value assets recognition exemptions for these leases.

i) Set out below are the **carrying amounts of right-of-use-assets** recognised and the movements during the year.

Particulars	31st December,2024	31st December,2023
Right of use of Asset	39,974,600	31,215,751
Addition during the year	5,231,766	8,758,850
Opening accumulated depreciation	(15,415,288)	(11,471,577)
Depreciation expenses during the year	5,025,447	3,943,711
Total	**24,765,631**	**24,559,313**

ii. Following are the amounts recognised in Profit or Loss;

Particulars	31st December,2024	31st December,2023
Depreciation expenses of right of use of asset	5,025,447	3,943,711
Interest expenses on lease liabilities	3,072,724	3,702,928
Total Amount recognised in Profit & Loss	**8,098,171**	**7,646,639**

(iii) Total Cash outflow of lease

The total cash out flow at the end of the year is Nu. 7,247,174 (PY Nu 11,278,384)

Addition to the right of use assets during the year is Nu. 5,231,766 (PY Nu. 8,758,849)

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(iv) Extension and termination option

Extension and termination options are included in some of the leases executed by the Company. These are used to maximise operational flexibility in the terms of managing the assets used in company's operations. Generally, these options are exercisable mutually by both the lessor and the lessee.

There are restrictions imposed by the lease agreements. There are no contingent rents. The operating lease agreements are renewable on a periodic basis. Some of these agreements have price escalation clause.

(v) Incremental borrowing rate of 8.5% to 12.73% p.a has been applied for measuring the lease liability.

(vi) The Company has not sub-leased any property.

Maturity analysis of lease liabilities

Particulars	31st December, 2024	31st December, 2023
Lease liabilities (Discounted cash flows)		
Current	6,551,388	3,772,719
Non-Current	23,169,126	24,890,478
Total	**29,720,514**	**28,663,197**

Maturity analysis-Contractual Undiscounted Cash Flows

Particulars	31st December, 2024	31st December, 2023
Within one year	7,067,868	7,619,493
Later than one year but less than five years	16,509,771	22,727,920
Later than five years	40,515,882	74,707,778
Total	**64,093,521**	**105,055,191**

Particulars	31st December, 2024	31st December, 2023
Short Term/Low value leases (refer note 26)	6,420,362	4,629,535
Variable lease payments	NIL	NIL

Company as a Lessor

The company has given certain properties on short term basis. The total lease rental recognised as income during the year is Nu. 6,737,540 (PY 2023, Nu. 6,183,738)

Note: 6 Investments

Particulars	31st December, 2024	31st December, 2023
Investment in short term deposits with FIs	1,000,000	4,000,000
Accrued income on investments	19,370	285,836
Total	**1,019,370**	**4,285,836**

Note: 7 Inventories

Particulars	31st December, 2024	31st December,2023
Inventory-Consumables	39,546,076	28,912,100
Inventory - Traded Goods	61,840,573	32,710,448
Inventories	**101,386,649**	**61,622,548**
Provision for Inventories	**(12,019,029)**	(13,597,150)
Total Inventories	**89,367,620**	**48,025,398**

Note 8: Trade Receivables

Particulars	31st December, 2024	31st December,2023
Unsecured, considered good	154,334,092	123,832,507
Less: - Expected credit loss	(30,196,802)	(31,554,350)
Total	**124,137,290**	**92,278,158**

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Note: 9 Cash and bank balances

Particulars	31st December, 2024	31st December. 2023
Cash and Bank balance with regions	2,395,733	1,297,876
Balances lying with bank and current account	438,858,380	967,025,155
Total	**441,254,114**	**968,323,032**

Note: 10 Other receivables

Particulars	31st December, 2024	31st December,2023
Security deposit – others	968,850	2,126,416
Total	**968,850**	**2,126,416**

Note: 11 Other current assets

Particulars	31st December,2024	31st December,2023
Advance to suppliers	-	992,589
Advance to others	1,516,676	797,245
Prepaid expense	8,582,702	8,435,334
Total	**10,099,378**	**10,225,168**

Note 12: Asset classified as held for distribution to owners

Particulars	31st December,2024	31st December,2023
Asset classified as held for distribution to owners	5,964,125	5,964,125
Total	**5,964,125**	**5,964,125**

NOTE:

In the meeting of the Board of Directors of the company held on 18th January 2018, the Board has decided to transfer the ownership of lands to its holding Company i.e. Druk holding & investment limited (DHI) in accordance with the DHI land policy 2016 and also the letter received from DHI with reference number DHI/DOI/PIU/Lands/2017/654 dated 8th November 2017. The transfer is to be done at book value and no consideration will be received from the holding company.

Assets held for distribution has been accounted for at cost as the management believes that the fair value of the land cannot be ascertained due to the fact that asset is already following under the land pooling policy of municipality of Phuntsholing.

Note: 13 Equity share capital

Particulars	31st December, 2024	31st December, 2023
Authorized equity share capital		
5,000,000 equity shares of Nu. 1000 each	**5,000,000,000**	**5,000,000,000**
Issued, subscribed and fully paid-up equity share capital	3,900,574,000	3,900,574,000
3,900,574 equity Shares of Nu. 1000 each.		
	3,900,574,000	**3,900,574,000**

(i) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Nu.1000/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares is entitled to receive dividends as and when declared by the company.

(ii) Details of shareholding of the company

Particulars	31st December, 2024		31st December, 2023	
	No. of Shares	% of holding	No. of Shares	% of holding
Druk Holdings & Investment Ltd.	3,900,574	100	3,900,574	100
Total	**3,900,574**	**100**	**3,900,574**	**100**

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iii Reconciliation of number of shares

Particulars	31st December, 2024		31st December, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	3,900,574	3,900,574,000	4,000,000	4,000,000,000
Less: Land transfer adjustment with			99,426	99,426,000
Outstanding at the end of the year	**3,900,574**	**3,900,574,000**	**3,900,574**	**3,900,574,000**

Note 14: Retained Earnings

Particulars	31st December,2024	31st December,2023
Retained Earnings	2,039,561,472	2,087,050,593
Particulars	**31st December,2024**	**31st December,2023**
Opening balance	2,087,050,593	2,220,093,126
Add: Profit for the year	2,370,657,716	2,431,568,846
Add: Other compressive income for the	8,853,164	(4,611,380)
Less: Dividend for the year	(2,427,000,000)	(2,560,000,000)
Closing balance	**2,039,561,472**	**2,087,050,593**

Retained earnings are the profit that the company has earned till the reporting date, less any transfer to general reserve, dividends or other distribution made to shareholders.

Note: 15 Deferred government grants

Particulars	31st December,2024	31st December,2023
Opening	369,183,234	485,864,143
Addition	137,828,273	-
Amortization	113,910,958	116,680,909
Closing amount of deferred government grants#	**393,100,550**	**369,183,234**

* Monitory grant received against investment in property, plant and equipment in rural areas. The same is treated as deferred income and is recognised in the statement of comprehensive income on a systematic or rational basis over the useful life of the assets.

** Non-monetary grant received in the form of property, plant and equipment, where the grant and the corresponding PPE have been accounted on the fair value on the receipt, Subsequently, the same is treated as deferred income and is recognized in the statement of comprehensive income on a systematic or rational basis over the useful life of the assets.

Closing amount of Grant from RGoB is Nu. 259,280,924 (PY 2023 145,626,666) & Grant from JICA is Nu. 133,819,626 (PY Nu. 223,556,569).

Note: 16 Employee benefit obligation

Particulars	31st December,2024	31st December,2023
Provision for separation allowance	6,278,998	6,234,563
Provision for carriage allowance	2,638,580	2,667,703
Provision for travel allowance	6,278,998	6,234,563
Total	**15,196,575**	**15,136,829**

Note: 17 Lease Liability

Particulars	31st December,2024	31stDecember,2023
Lease liability – for details, refer note 5	23,169,126	24,890,478
Total	**23,169,126**	**24,890,478**

Note: 18 Trade and other payables - current

Particulars	31st December,2024	31stDecember,2023
Sundry creditors - domestic	33,672,598	84,243,776
Sundry Creditors - international	18,295,226	18,394,341

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Other payables	1,473,885	130,000
Total	**53,441,709**	**102,768,117**

Note: 19 Other payables - current

Particulars	31st December,2024	31st December,2023
License payable	164,476,215	73,507,972
Security deposits - customer	3,460,000	3,390,799
Security deposits - vendor	10,837,452	10,992,017
Total	**178,773,667**	**87,890,788**

Note: 20 Short term provision

Particulars	31st December,2024	31st December,2023
Income tax payable (Net off tax deducted at source as on 31 December 2024 Nu. 1,886,495	459,212,766	517,383,023
Provision for bonus	59,214,669	58,916,634
Total	**518,427,435**	**576,299,656**

Note: 21 Other current liabilities

Particulars	31st December,2024	31st December,2023
Contract liability*		
Advances from customer	6,520,814	673,200
Advance from post-paid customer	2,019,755	3,646,751
Service tax payable	65,803	-
Liability for unearned income	131,309,861	151,755,216
Other deductions	52,420	153,282
Total	**139,968,653**	**156,228,449**

*The services are being provided on the basis of usage by the subscribers. Un-provided services will be availed by the subscribers in the following year.

Note: 22 Short term employee benefits

Particulars	31stDecember,2024	31st December,2023
Provision for carriage allowance	566,273	606,291
Provision for separation allowance	931,736	1,063,320
Provision for travel allowance	931,736	1,063,320
Provision for gratuity	1,899,203	14,206,705
Provision for leave encashment		10,250,543
Total	**4,328,947**	**27,190,178**

Note: 23 Lease Liability

Particulars	31stDecember,2024	31st December,2023
Lease Liability current – For details, refer note 5	6,551,388	3,772,719
Total	**6,551,388**	**3,772,719**

Note: 24 Income from operations

Particulars	31stDecember,2024	31st December,2023
Revenue from contracts with customers - service revenue		
-Landline	43,324,366	41,695,903
-Mobile	5,656,663,561	5,389,230,902
-Internet	381,436,008	340,179,492
-Others	59,057,084	57,151,753
Total	**6,140,481,019**	**5,828,258,050**
Sale of products		
-Telecom products	159,790,742	180,714,949

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-Income from depository works	13,418,777	17,034,690
Total	**6,313,690,538**	**6,026,007,689**

The following table shows reconciliation of revenue recognised with contract price.

Particulars	31stDecember ,2024	31st December,2023
Contract price	6,445,000,399	6,177,762,905
Adjustments for:		
Contract liabilities - Liability for unearned income	131,309,861	151,755,216
Revenue from operations	**6,313,690,538**	**6,026,007,689**

Timing of revenue recognition

Particulars	31stDecember,2024	31st December,2023
Products and services transferred at a point in time	173,209,519	197,749,639
Products and services transferred over time	6,140,481,019	5,828,258,050
Total	**6,313,690,538**	**6,026,007,689**

Note: 25 Other Income

Particulars	31stDecember,2024	31st December,2023
Income from Fine & Penalty	14,482,114	9,411,117
Interest income from investments	275,166	8,569,920
Income from AMC Service	1,054,075	248,575
Miscellaneous income	43,069,110	54,519,218
Total	**58,902,015**	**72,748,829**

*Includes liabilities written back amounting to Nu. 4,165,656 (PY: Nu: 5,088,445)

Note:26 Network operating expenses

Particulars	31stDecember,2024	31st December,2023
Internet band-with & leased line charges	604,854,193	377,076,258
Power and fuel	58,430,431	53,978,924
Repair and maintenance	305,406,078	287,917,411
Rent	6,420,362	4,629,535
Others	17,660,549	14,275,318
Total	**992,771,614**	**737,877,446**

Note:27 Cost of trading goods

Particulars	31stDecember,2024	31st December,2023
Cost of trading goods	161,700,459	181,000,868
Total	**161,700,459**	**181,000,868**

Note:28 Employee benefit expenses

Particulars	31stDecember,2024	31st December,2023
Salaries and bonus	426,540,699	339,493,507
Provident Fund Contribution	29,206,190	27,771,025
Expense on Gratuity	13,642,983	10,958,488
Staff welfare expenses	5,812,111	4,870,160
Others	11,608,765	8,971,179
Expense on Separation Allowance	1,027,945	761,695
Expense on Carriage Allowance	803,226	524,986
Expense for Travel Allowance	1,052,207	791,929
Total	**489,694,127**	**394,142,967**

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Note:29 Depreciation and amortization

Particulars	31stDecember,2024	31stDecember,2023
Depreciation*	857,383,181	831,148,416
Amortization*	203,602,033	207,022,035
Total	**1,060,985,214**	**1,038,170,450**

* Depreciation and amortization expense has been netted off with amortisation of government grant. For details, refer note 15.

Note:30 Finance cost

Particulars	31stDecember,2024	31stDecember,2023
Interest Expenses	6,381,831	-
Bank charges	2,435,089	3,399,711
Total	**11,889,644**	**7,102,639**

Note:31 Other expenses

Particulars	31stDecember,2024	31stDecember,2023
Fines and penalty	-	388,500
Rates and taxes	999,981	104,419
Deposit work expenses	12,497,218	13,853,914
Communication (fax, mail, post)	78,397	105,944
Telecommunication Expenses	2,549,917	3,256,5
Business promotion	4,216,513	3,777,962
Advertisement	680,368	1,604,775
Commission	169,827,184	171,889,365
Brand and management fees	44,593,275	42,853,225
Carriage outward and inward	2,698,132	2,385,611
Vehicle running expense - POL	11,193,009	12,477,771
Audit Fees	136,500	130,000
Audit expenses	622,999	77,720
Printing and stationery	1,000,123	972,000
Insurance	300,276	289,233
Gain/Loss on sale or retirement of asset	6,560,779	7,275,547
Professional fees	2,278,151	1,280,810
Charity and donation	275,000	1,065,307
Travel - Local	10,656,749	10,741,623
R&M building - service	4,548,291	7,070,997
R&M Building (Residential)	39,105	209,383
Repair and maintenance others	13,514,263	16,115,748
Provision for old inventories	6,751,263	10,954,283
Other expenses	14,346,600	9,880,442
Total	**310,364,094**	**318,761,084**

Note: 32 Tax expenses

Particulars	31stDecember,2024	31stDecember,2023
Deferred tax income	(3,064,536)	(77,430,855)
Corporate income tax paid	977,594,221	1,067,563,071
Tax expense related to prior period		
Total	**974,529,685**	**990,132,215**

Refer Note 34 for tax expense reconciliation

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Note: 32A Other Comprehensive Income

Particulars	31st December,2024	31st December,2023
-Items that will not be reclassified subsequently to statement of	-	-
-Remeasurement (gains)/losses on defined benefit plans	(12,647,376)	6,587,685
-Income tax relating to component for other comprehensive income	3,794,213	(1,976,306)
Total	**(8,853,164)**	**4,611,380**

Note: 33 Earnings per share

Particulars	31st December,2024	31st December,2023
(a)Profit for the year attributable to equity holders of the company	2,370,657,716	2,431,568,857
(b) Weighted average number of equities shares outstanding for	3,900,574	3,900,574
(C) Nominal value of Equity Share (in Nu.)	1,000	1,000
(d) Basic and diluted Earnings per Share (Nu.)	607.77	623.39

Note 34: Income tax expense

This note provides an analysis of the Company's income tax expense showing amounts that are recognised in profit or loss or other comprehensive income and how the tax expense is affected by non-assessable and non-deductible items.

Particulars	31st December,2024	31st December,2023
(a) Income tax expense		
Current tax		
Current tax on profits for the year	977,594,221	1,067,563,071
Current income tax charge for the year		
Adjustment for current tax of prior periods	-	-
Total current tax expenses	**977,594,221**	**1,067,563,071**
Deferred tax		
Decrease (increase) in deferred tax assets	729,677	(77,430,855)
(Decrease) increase in deferred tax liabilities		
Income tax recognized in Other comprehensive Income	(3,794,213)	1,976,306
Total deferred tax expense/(benefit)	**(3,064,536)**	**(75,454,550)**
Total	**974,529,685**	**992,108,521**
Particulars	**31st December,2024**	**31st December,2023**
Current tax expense recognised in profit or loss		
Current tax on profits for the year	977,594,221	1,067,563,071
Adjustment for current tax of earlier years	-	-
Total current tax expense (A)	**977,594,221**	**1,067,563,071**
Deferred tax expense recognized in profit or loss	**31st December,2024**	**31st December,2023**
Deferred taxes.		
Total deferred tax expense recognised in profit or loss (B)	729,677	(77,430,855)
Total deferred tax expense recognised in Other comprehensive income	(3,794,213)	1,976,306
Total deferred tax for the year (B+C)	(3,064,536)	(75,454,550)
Total income tax expense recognized in profit & loss (A+B)	**978,323,898**	**990,132,214**
Total income tax recognized in Other comprehensive (C)	(3,794,213)	1,976,306
Total income tax expense (A+B+C)	**974,529,685**	**992,108,520**
Particulars	**31st December,2024**	**31st December,2023**
Profit before tax	**3,345,187,401**	**3,421,701,062**
Tax at the rate of 30% (December 31, 2023– 30%)	**1,003,556,220**	**1,026,510,318**
Effect of non-deductible expenses, exempt income and others	(29,026,535)	(34,401,799)
Income tax expense reported in the Statement of Profit and Loss	**974,529,685**	**992,108,520**

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13 Accounting Policies and Notes to Accounts

Notes to the financial statements as at December 31, 2024

Note 1: Significant Accounting Policies

Bhutan Telecom Limited ("Company") was formed as a public corporation by virtue of Telecommunication Act of Kingdom of Bhutan, 1999. The principal activities of Bhutan Telecom Limited are providing the telecom services like landline service, mobile service, internet and other allied services. Company is also engaged in providing data centre and contact centre services. The holding company is Druk Holding and Investments Limited.

The financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 6th March 2025.

The accounting policies adopted in the preparation of these financial statements are set out as below:

a) **Basis of Preparation:**

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. The financial statements are presented in Nu and all values are rounded off to the nearest Nu.

b) **Compliance with BAS/BFRS:**

The financial statements of the Company have been prepared to comply with the Bhutanese Accounting Standards (BAS) 2020 including the relevant provisions of Companies Act of Bhutan,2016 further company has decided to adopt all the applicable Standards of BAS 2020.

b). Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for long term employee obligations, which are based on actuarial valuations.

2. Use of estimates:

The preparation of Financial Statements in conformity with BAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

The areas involving critical estimates or judgments are:

(a) Estimation of defined benefit obligation - Note No. 39 to 42

(b) Estimation of useful life of Property plant and equipment/Intangible Asset - Note"2 (a& b)

(c) Income Taxes: Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. - Note No. 34

(d) Recognition of deferred tax asset - Note No.35

(e) Estimation of Impairment of Trade Receivable- Note No. 38

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(f) Estimation of Right of Use of Assets and lease liability – Note No. 5

3. **Current and non-current Classification**:

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is treated as current when:

(a) It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) It holds the asset primarily for the purpose of trading;

(c) It expects to realise the asset within twelve months after the reporting period; or

(d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current maturities of non-current asset are also termed as current assets.

All other assets are classified as non-current.

An entity shall classify a liability as current when:

(a) It expects to settle the liability in its normal operating cycle;

(b) It holds the liability primarily for the purpose of trading;

(c) The liability is due to be settled within twelve months after the reporting period; or

(d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Current maturities of non-current liabilities are also termed as short-term liability. Company always classifies deferred tax assets (liabilities) as non-current assets (liabilities). All other liabilities are classified as non-current. The operating cycle of a company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

4. Revenue recognition:

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration, which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts, and process waivers. When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary.

Revenue is recognized when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

a). **Service revenue:**

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging and value-added services. It also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Company's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

The Company recognizes revenue from these services as they are provided. Revenue is recognized based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided. Subscription charges are recognized over the subscription pack validity period. Customer on boarding revenue and associated cost is recognized upon successful on boarding of customer i.e. upfront. Revenues in excess of invoicing are classified as contract assets while invoicing / collection in excess of revenue are classified as contract liabilities.

Service revenues also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signaling services. These are recognized upon transfer of control of services being transferred over time. Certain business services revenues include revenue from registration and installation, which are amortized over the period of agreement since the date of activation of service. Revenues from long distance operations comprise of voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements

b). Sale of Trading goods:

Revenue from the sale of goods mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognized when the control of equipment is transferred to the customer, i.e. transferred at a point in time when the risk and rewards of the goods are transferred to the buyer. However, in case of equipment sale forming part of multiple-element revenue arrangements which is not a distinct performance obligation, revenue is recognized over the customer relationship period.

c). Interest income:

Interest income is recorded using the effective interest rate (EIR) for the long-term investments, and any interest income earned from short term deposits with banks and bank balances are recorded at prevailing market interest rates offered by respective financial institutions.

d). Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

d). Other Claims:

All other miscellaneous incomes are booked in the accounts only when collection is made.

5. Property, Plant and Equipment

a). PPE is initially recognized at cost. The company follows cost model for Property, plant and equipment and are stated at cost less accumulated depreciation and where applicable accumulated

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

Cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The Property, plant and equipment are derecognized when no future economic benefits are expected from its use or on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income / other expenses" in Statement of comprehensive income.

b). Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item 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. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of property, plant and equipment are expensed off in the year in which they are incurred.

c). Depreciation:

i. Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost of the assets to their residual values over the expected useful lives. The residual value and the useful life of an asset are reviewed at each year end.

Estimated useful life of Assets applied is as follows:

ii.

Asset type	Useful life
1. Land	NA
2. Building	
a. Permanent structure	50 yrs
b. Semi-permanent structure	15 yrs
c. Temporary structure	5 yrs
3. Tele-equipment	
a. Tower	30 yrs
b. Rest	7 yrs
4. Power systems & cable	
a. Air conditioner	5 yrs
b. Rest	10 yrs
5. Furniture	10 yrs
6. Office equipment	5 yrs
7. Vehicle	5 yrs
8. Software application	5 yrs
9. Leases	As per lease tenure

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6. Capital work in progress:

Expenditure on material, labour, contract expenses and directly attributable cost such as employee costs and overheads, project management expenses incurred during construction period for executing the particular project are included in CWIP till these are capitalized. Indirect expenditures and overheads incurred is expensed off and are not capitalized. Work, which is still in progress relating to civil construction, is accounted for under capital work-in-progress after settling the project system in ERP Next on monthly basis. Capitalization of work-in-progress has been done on the basis of completion certificate issued by the concerned authority.

7. Intangible assets:

a. Software:

The intangible assets are initially measured at cost and carried as per cost model. Intangible assets having finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent Expenditure:

Subsequent expenditure is capitalized 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. All other expenditure, including expenditure on internally generated goodwill and brands, are expensed off in the year in which they are incurred.

b). Amortization:

These costs are amortized over their estimated useful lives of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Intangible assets include license fees which is amortized over the period of license

8. Leases:

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Income:

Lease income from operating lease is recognized in statement of comprehensive income on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

Accounting for leases where the Company as a Lessee:

Accounting policies applied from 1st January, 2022

Leases are broadly categorized into Finance & Operating lease, based on the substance of lease agreement, all Finance leases are recognised as right-of-use (‘ROU’) asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date). Contracts may contain both lease and non-lease components. The Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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a. ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated as per the tenure of lease agreement, on a straight-line basis.

b. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and Payments of penalties for terminating the lease, if the lease term reflects the Company and exercising that option.

Since interest implicit rate cannot be readily determined, Company has used incremental borrowing rates offered by financial institutions in the Country. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment, terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

c. Remeasurement of lease liabilities

In determining the lease term, the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company has re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in the remeasurement of the lease liabilities.

9. Government grants:

Grants from Government and Government agencies including non-monetary grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will

GSA & ASSOCIATES LLP * CHARTERED ACCOUNTANTS Delhi be complied with. Grants related to income are recognized in the Statement of comprehensive income on a systematic basis over the periods in which the entity recognizes expenses and the related costs for which the grants are intended. The unallocated portion of such grant is presented as part of deferred income in the Statement of Financial Position. Government grants related to depreciable assets is treated as deferred income and are recognised in comprehensive income statement on a systematic basis over the useful life of assets. Government Grants related to assets are presented in the statement of financial position by setting up the grant as deferred income. Amount of depreciation on property, plant and equipment acquired through grant has been transferred to statement of comprehensive income by reducing depreciation expense. A government grant received or 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 shall be recognized in Statement of comprehensive income in the year it is received or becomes receivable. A government grant may take form of a transfer of a non-monetary asset, such as land or other resources, for the use of company. In these circumstances, the fair value of the non-monetary asset is assessed, and both the grant and asset are accounted for at that fair value.

10. Employee benefits:

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

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

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

b). **Defined Benefit Plans (Gratuity):**

In accordance with the BTL service rule, the company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. The company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method and amount of obligation is provided in the statement of comprehensive income. Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur and presented in other comprehensive income.

c). Short Term Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in

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the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

d). Earned Leave Encashment:

As per the Company's policy, the employees can have the option of either availing leave or encashing the earned leave within the same financial year. Out of the 30 days of earned leave accrued during the year, if employee avails leave during the year and has balance earned leave, the balance shall be encashed on pro rata basis. Unused casual leave shall be merged to earned leave at the financial year end for the purpose of encashment, however, shall not exceed 30 days (1 month's basic pay). Accordingly, leave encashment expense is accounted for as short-term employees benefit.

e). Other Long-Term Benefits:

As per company's service rules, the employee who have rendered minimum three years of service are entitled to Travelling allowance of an amount equal to one month's last basic pay of the employee, Transfer grant of an amount equal to one month's last basic pay of the employee and Carriage charges at the time of leaving the service. One-month basic pay for this purpose is the pay at the time of leaving the service. The company's net obligation in respect of this terminal benefit is calculated by estimating the amount of benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and amount of obligation is provided in Statement of comprehensive income. The plan is unfunded.

11. Fair value measurement:

The Company measures some financial instruments at fair value at each reporting date. 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 Company 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.

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:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in level 1 that are observed for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred. The management has an established control framework with respect to fair value measurement. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the management.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair

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value hierarchy as explained above. This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates, and assumptions
- Financial instruments (including those carried at amortized cost).

12. Current & deferred income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax Base).

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary, associate, and joint venture where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

13. Provisions:

Provisions are recognized if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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 entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

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14. Contingent Liabilities and Contingent Assets:

Contingent liabilities is not recognized but disclosed for all possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets is also not recognized but disclosed for all possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

15. Foreign Currency:

Transactions in foreign currency are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognised in statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the Statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

16. Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost of inventories includes all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and conditions.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Consumables and Stores & Spares: The Stock of stores & spare parts are charged to revenue account except loose tools. Stores are valued at cost calculated on the basis of yearly weighted average method. Provisions are made for unserviceable, damaged, obsolete, slow moving, defective stores and spares identified during the physical stock taking.

17. Segmental reporting:

The company is in the Business of providing telecom services and its operating facilities are all situated in the Royal Kingdom of Bhutan only. Under the broad segment of telecom services, the company has subsidiary segments of fixed line service, mobile service, data center and cloud service and internet service. Further as the company's share are not listed with any stock exchange market, the provision of BFRS-8 - Operating segments is not applicable to the company.

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18. Impairment:

At the end of each reporting period, entity assesses whether there is any indication that an asset (tangible or intangible) may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Asset is impaired when its carrying value exceeds its recoverable amount. Where an indication of impairment exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, 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 group of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

19. Investments & other financial assets:

BFRS-9 Financial Instruments replaces BAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1st January 2022, bringing together all the aspects of the accounting for financial instruments: classification and measurement; impairment.
No material effect to the financial statement recognition and presentation for all periods presented, due to the adoption of BFRS 9, except for following changes in accounting policies.
For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit loss "ECL".

a) Initial measurement:

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

b) Classification and subsequent measurement:

For the purpose of subsequent measurement, financial assets of the company are classified in the following categories:
i. Financial assets measured at amortized cost;
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI);
iii. 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.

i. Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

GSA & ASSOCIATES LLP * CHARTERED ACCOUNTANTS * amortization is included in finance income in the statement of comprehensive income and the losses arising from impairment are also recognized in the same. 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.

ii. Financial instruments measured at fair value through other comprehensive income:

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

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 company does not have any asset classified under this category.

iii. Financial instruments measured at fair value through profit and loss:

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

c. Impairment of financial assets:

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. Impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset.

Loss events are events which have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The amount of loss is recognized in statement of profit or loss.

d. De-recognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily de-recognised only when:

i. the rights to receive cash flows from the asset have been transferred, or
ii. the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.
Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

e. Income recognition:

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

20.Financial liabilities:

a. Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognised 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.

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

i. Financial Liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk 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 fair value of such liability are recognised in the Statement of comprehensive income. The Company has not designated any financial liability as at fair value through profit and loss.

ii. Embedded derivatives:
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment

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only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of comprehensive income. If the hybrid contract contains a host that is a financial asset within the scope of BAS 9, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in BAS 9 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though statement of comprehensive income. These embedded derivatives are measured at fair value with changes in fair value recognised in statement of comprehensive income, unless designated as effective hedging instruments.

iii. Trade and other payables:

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

b) De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of comprehensive income. 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 recognised in Statement of comprehensive income.

21. Offsetting:

Financial assets and financial liabilities or income and expenses are offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when, and only when, the entity has a legal right and is allowed by the standard to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

22. Cash & cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with banks, other short - term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

23. Trade & other receivables:

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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24. Trade & other payables:

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

25. Assets held for sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Statement of financial position date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of it carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortized.

26. Earnings per share:

a. **Basic earnings per share:**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

b. **Diluted earnings per share**:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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Note: 35 Deferred tax assets/ liabilities

Particulars	Property, Plant and Equipment	Provision for Leave Encashment	Provision for Doubtful Debt	Provision for Bonus	Provision for Old Inventories	Provision for Separation Allowance	Provision for Carriage Charges	provision for Travel Allowance	Right of Use	Lease Liability	Total
At 1st January 2023	**389,481,734**	**6,858,362**	**10,155,127**	**18,930,000**	**-**	**2,307,019**	**1,044,492**	**2,307,019**			**432,571,754**
Charged/(credited):											
- to profit or loss	81,810,839	(3,783,199)	(688,822)	(1,255,010)	3,877,789	(117,654)	(62,294.00)	(117,654)	7,367,794)	8,598,959	79,407,161
- to other comprehensive income	-	-	-	-	-	-	-	-			-
At 31st December 2023	**471,292,574**	**3,075,163**	**9,466,305**	**17,674,990**	**3,877,789**	**2,189,365**	**982,198**	**2,189,365**	**(7,367,794)**	**8,598,959**	**511,978,915**
Charged/(credited):	-	-	-	-	-	-	-	-			-
-profit or loss	20,517,554	(3,075,163)	(407,264)	(17,674,990)	(272,080)	(26,145)	(20,742)	(26,145)	(61,896)	317,195	**(729,677)**
- to other comprehensive income	-	-	-	-	-	-	-	-			-
At 31st December 2024	**491,810,127**	**-**	**9,059,041**	**-**	**3,605,709**	**2,163,221**	**961,456**	**2,163,220**	**(7,429,690)**	**8,916,154**	**511,249,237**

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Note 36: Fair value measurements

Financial instruments by category

Particulars	31 December, 2024			31 December,2023		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Financial assets						
Investment in fixed deposits	-	-	5,000,000	-	-	5,000,000
Accrued income on investments	-	-	271,038	-	-	285,836
Trade receivables	-	-	124,137,290	-	-	92,278,158
Cash and cash equivalent	-	-	441,254,114	-	-	968,323,032
Security deposits	-	-	968,850	-	-	2,126,416
Total financial assets	**-**	**-**	**571,631,292**	**-**	**-**	**1,068,013,438**
Financial liabilities						
Sundry creditors	-	-	51,967,824	-	-	102,638,117
Other payables	-	-	1,473,885	-	-	130,000
License fee payable	-	-	164,476,215	-	-	73,507,972
Security deposits	-	-	14,297,452	-	-	14,382,816
Provision for bonus	-	-	59,214,669	-	-	58,916,634
Lease Liabilities	-	-	29,720,514	-	-	28,663,197
Total financial liabilities	**-**	**-**	**321,150,559**	**-**	**-**	**278,238,736**

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise 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.

Note: a) There have been no transfers between Level 1 and Level 2 for the years ended 31 December 2024, and 31 December 2023.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(i) the fair value of the financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

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Particulars	31st December, 2024		31st December,2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in fixed deposits	5,271,038	5,271,038	5,285,836	5,285,836
Security deposit	14,297,452	14,297,452	14,382,816	14,382,816
Total financial assets	**19,568,490**	**19,568,490**	**19,668,652**	**19,668,652**
Financial liabilities				
Long term loan	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

(a) Fair value of borrowings in table above is estimated by discounting expected future cash flows.

(b) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

(c) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

Note 37: Capital management

(a) Risk Management

The company's objectives when managing capital are to;

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

ii. Maintain an optimal capital structure to reduce the cost of capital.

The Company is formed as a wholly owned subsidiary of Druk Holding & Investments Limited (DHI). The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through equity.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure. The Company is not subject to any externally imposed capital requirements.

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends Paid and Proposed

Particulars	2025	2024	2023
(i) Equity shares			
Final dividend for the year	2,371,000,00	2,427,000,000	2,560,000,000
(ii) Dividends not recognised at the end of the reporting period			
The Board has in their meeting dated 6th March, 2025, the board proposed dividend of Nu. 2,371 million which is subject to approval by the shareholders in the upcoming annual general meeting.		2,371,000,000	2,427,000,000

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Note 38: Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure Arising	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, customer base and credit limits
Liquidity risk	Trade payables and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in ngultrum (Nu.)	Cash flow forecasting Sensitivity analysis	Diversification of liability
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions

(A) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 38.

(I) Trade and Other Receivables

Apart from cash and cash equivalents, company's majority of the financial assets are in the form of trade receivables only. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. As significant portion of the company's sale is in cash (all prepaid services), total trade receivables outstanding at the reporting date are also not significant in comparison of the company's total revenue. These trade receivables are non-interest bearing and are generally on credit term of 30-90 days. The Company regularly monitors its outstanding customer receivables. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

The credit risk related to the trade receivables is managed by the Company through established policy and procedures and control relating to customer credit risk management, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally ranges 30-90 days.

Company categorised its trade receivables mainly into two categories, due from international customers and from domestic customers. In case of international debtors, there is no history of default and delay risk. Further, as per the arrangement and company's policy in case of majority of the international customers, receivables balances are settled on regular interval. Therefore, considering the forward-looking approach management believes that the credit risk in case of international customers is not significant and however loss allowance is created in during the year.

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In case of domestic trade receivables, company have history of delay in recovery as well as default in recovery. However, as per the company policy, in case of delay in recovery, company billed and recover delay charges for the delay period. Accordingly, company is not exposed to delay risk. For default risk, company based on history, past trends and forwarding looking approach provides for loss allowance following expected credit loss method.

The Company uses expected loss model to measure loss allowance on trade receivables which is based on provision matrix.

The ageing of trade receivables (net of provisions) as of balance sheet date is given below. The age analysis has been considered from the due date:

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31.12.2024 (gross)	108,003,106	46,287,045	154,290,152
Less: Loss allowance	(21,137,761)	(9,059,041)	(30,196,802)
Trade receivables as at 31 12. 2024 (gross)	**86,865,345**	**37,228,004**	**124,093,350**
Particulars	**Less than 180 days**	**More than 180 days**	**Total**
Trade receivables as at 31.12.2023 (gross).	87,003,880	36,828,627	123,832,507
Less: Loss allowance	(22,088,045)	(9,466,305)	(31,554,350)
Trade receivables as at 31.12.2023 (gross)	**64,915,835**	**27,362,322**	**92,278,158**

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance division in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Companies' Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. None of the company's cash equivalents with banks, deposits and other receivables were past due or impaired as at 31st December 2023.

(i) Credit Risk Management

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. Currently the Company has investment in fixed deposits which are made only with approved counterparties in accordance with the Company's policy.

Apart from cash and cash equivalents, company's majority of the financial assets are in the form of trade receivables only. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. As significant portion of the company's sale is in cash (all prepaid services), total trade receivables outstanding at the reporting date are also not significant in comparison of the company's total revenue. These trade receivables are non-interest bearing and are generally on credit term of 30-90 days. The Company regularly monitors its outstanding customer receivables.

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Company categorised its trade receivables mainly into two categories, due from international customers and from domestic customers. In case of international debtors, there is no history of default and delay risk. Further, as per the arrangement and company's policy in case of majority of the international customers, receivables balances are settled on regular interval. Therefore, considering the forward-looking approach management believes that the credit risk in case of international customers is not significant and no loss allowance is required to be provided.

In case of domestic trade receivables, company has history of delay in recovery as well as default in recovery. However, as per the company policy, in case of delay in recovery, company billed and recover delay charges for the delay period. Accordingly, company is not exposed to delay risk. For default risk, company based on history, past trends and forwarding looking approach provides for loss allowance following expected credit loss method.

(B) Liquidity Risk

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

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally performed in accordance with practice and limits set by the Company.

(i) Maturities of financial liabilities

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

Contractual Maturities of Financial Liabilities:

Particulars	Less than 1 year	More than 1 year	Total
31st December,2024			
License fee payable	164,476,215	-	164,476,215
Sundry creditors	51,967,824	-	54,967,824
Other payables	1,473,885	-	1,473,855
Provision for Bonus	59,214,669	-	59,214,669
Security deposits	14,297,452	-	14,297,452
Lease liabilities	6,551,388	23,169,126	29,720,514
Total non-derivative liabilities	**297,981,433**	**23,169,126**	**321,150,559**
31st December, 2023			
License fee payable	73,507,972	-	73,507,972
Sundry creditors	102,638,117	-	102,638,117
Other payables	130,000	-	130,000
Provision for Bonus	58,916,634	-	58,916,634
Security deposits	14,382,816	-	14,382,816
Lease Liabilities	3,772,719	24,890,478	28,663,197
Total Non-Derivative Liabilities	**253,348,258**	**24,890,478**	**278,238,736**

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(C) Market Risk

(i) Foreign Currency Risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company does not operate internationally, however, expose to the foreign currency risk due to receivables/payables denominated in foreign currency for the various transactions such as interconnect agreement with foreign operators, and providing network services to the foreign operator's customers, etc. Foreign currency risk, is closely monitored by the Management to decide on the requirement of hedging. The position of foreign currency exposure to the Company as at the end of the year is expressed in USD are as follows:

Particulars	31st December, 2024	31st December, 2023
	USD	USD
Financial assets	643,420	237,014
Financial liabilities	153,307	58,909
Net exposure to foreign currency risk	**490,113**	**178,105**

Particulars	31st December, 2023	31st December, 2022
	Euro	Euro
Financial assets	-	537
Financial liabilities	257	-
Net exposure to foreign currency risk	**(257)**	**537**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Change in currency exchange rate	Impact on profit before tax	
		31st December,2024	31st December, 2023
USD sensitivity			
Appreciation in Nu.*	5%	24,506	8,905
Deprecation in Nu.*	-5%	(24,506)	(8,905)
EURO sensitivity			
Appreciation in Nu.*	5%	(12.85)	26.85
Deprecation in Nu.*	-5%	12.85	(26.85)

* Holding all other variables constant

As value of Nu. is constantly equal to the INR, company is not exposed to any foreign currency risk relating to amount receivables/payables in INR.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. As company does not have any variable rate borrowing outstanding or investment, company is not exposed to significant interest rate risk.

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(iii) Price Risk

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

The Company does not have any financial asset investments which are exposed to price risk.

Note :39 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Gratuity)

A	Change in Defined Benefit Obligation (DBO)	31-Dec-2024	31-Dec-2023
1	DBO at end of prior period	229,095,871	232,341,245
2	Current service cost	13,074,715	12,808,473
3	Interest cost on the DBO	17,871,540	17,450,739
4	Add: Past service cost	-	(2,749,212)
5	Actuarial (gain)/loss – experience	(13,712,918)	(2,341,350)
6	Benefits paid from plan assets	(11,403,239)	(28,414,022)
	DBO at end of current period	**234,925,969**	**229,095,871**

B	Statement of Profit & Loss	31-Dec-2024	31-Dec-2023
1	Current service cost	13,074,715	12,808,473
2	Past service cost - plan amendments	-	(2,749,213)
3	Service cost	13,074,715	10,059,261
4	Net interest on net defined benefit liability / (asset)	17,871,540	17,450,739
5	Less: Expected interest on plan asset	(17,303,272)	(16,551,512)
	Cost recognized in P&L	**13,642,983**	**10,958,488**

C	Defined Benefit Cost	31-Dec-2024	31-Dec-2023
1	Expenses recognized I profit or loss	13,642,983	10,958,488
2	Actuarial (gains)/ losses recognized in OCI	(11,743,780)	3,248,217
	Defined Benefit Cost	**1,899,203**	**14,206,705**

D	Development of Net Financial Position	31-Dec-2024	31-Dec-2023
1	Defined Benefit Obligation (DBO)	234,925,969	229,095,871
2	Fair Value of Plan Assets (FVA)	233,026,767	214,889,167
3	Funded Status (Surplus/(Deficit))	(1,899,202)	(14,206,704)
	Net Defined Benefit Liability	**(1,899,202)**	**(14,206,704)**

E	Reconciliation of Net Balance Sheet Position	31-Dec-2024	31-Dec-2023
1	Net defined benefit asset/ (liability) at end of prior period	229,095,871	232,341,245
2	Service cost	13,074,715	12,808,473
	Add: Past service cost	-	(2,749,213)
3	Net interest on net defined benefit liability/ (asset)	17,871,540	17,450,739
4	Actuarial (gain) or losses due to experience adjustment	(13,712,918)	(2,341,350)
5	Benefit paid directly by the Company	(11,403,239)	(28,414,022)
	Net defined benefit liability at end of current period	**234,925,969**	**229,095,871**

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F	Other Comprehensive Income (OCI)	31-Dec-2024	31-Dec-2023
1	Actuarial (gain)/loss due to liability experience	(13,712,918)	(2,341,350)
2	Return on plan assets (greater)/less than discount rate	1,969,138	5,589,568
	Expense recognized as OCI	**(11,743,780)**	**3,248,217**

G	Reconciliation of changes in Fair Value of Plan Asset	31-Dec-2024	31-Dec-2023
1	Fair value at the beginning of the year	214,889,167	209,860,569
2	Contribution paid into the plan	14,206,705	22,480,677
3	Return on plan assets	17,303,272	16,551,512
4	Benefits paid from the plan	(11,403,239)	(28,414,022)
5	Return on plan assets greater or (less) than discount rate	(1,969,138)	(5,589,568)
	Fair value at the end of period	**233,026,767**	**214,889,167**

H	Expected benefit payments for the year ending	31-Dec-2024	31-Dec-2023
1	Less than a year	33,796,755	36,193,411
2	Between 1 - 2 years	29,223,273	31,884,610
3	Between 2 - 5 years	92,503,636	97,724,310
4	Over 5 years	627,279,794	576,215,218

I	Expected benefit payments for the year ending	31-Dec-2024
1	December 31,2025	33,796,755
2	December 31,2026	29,223,273
3	December 31,2027	29,992,779
4	December 31,2028	31,784,231
5	December 31,2029	30,726,626
6	December 31, 2030 to December 31, 2034	163,953,412
7	December 31, 2035 to December 31, 2044	463,326,382

(i)	**Expected employer contributions for the period ending 31st December, 2024**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**13.43 years**
(iii	**Significant estimates: actuarial assumptions and sensitivity**	

	Sensitivity Analysis	
a	**Discount Rate**	**31-Dec-2024**
	Discount Rate as at 31 December 2023	0.50%
1	Effect on DBO due to 0.5% increase in Discount Rate	(8,300,628)
2	Effect on DBO due to 0.5% decrease in Discount Rate	8,865,797
b	**Salary Escalation rate**	**31-Dec-2024**
	Salary Escalation rate as at 31 December 2023	0.50%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	9,451,914
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	(8,927,703)
C	**Employer turnover rate**	**31-Dec-2024**
	Employer turnover rate as at 31 December 2023	0.50%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	(2,345,312)
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	2,492,771

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(iv)Risk exposures

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

1. Discount rate risk

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

2. Salary growth risk

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

3. Employer turnover risk

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

4. Demographic risk

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

5. Regulatory risk

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

6. Investment risk

As the gratuity scheme, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such situation, the ultimate cost of the plan will be affected.

7. Asset-liability mismatch risk

This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.

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Note: 40 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Carriage Allowance)

A	Change in Defined Benefit Obligation (DBO)	31-Dec-2024	31-Dec-2023
1	DBO at end of prior period	3,273,994	3,629,104
2	Current service cost	234,787	238,915
3	Interest cost on the DBO	249,497	232,872
4	Actuarial (gain)/loss – experience	-	(157,096)
5	Actuarial (gain)/loss - financial assumptions	(242,869)	766,617
6	Benefits paid directly by the Company	(310,555)	(1,436,418)
	DBO at end of current period	**3,204,853**	**3,273,994**
B	**Statement of Profit & Loss**	**31-Dec-2024**	**31-Dec-2023**
1	Current service cost	234,787	238,915
2	Past Service Cost	-	(157,096)
3	Service cost	234,787	81,819
4	Net interest on net defined benefit liability / (asset)	249,497	232,872
	Cost recognized in P&L	**484,284**	**314,691**
C	**Defined Benefit Cost**	**31-Dec-2024**	**31-Dec-2023**
1	Expenses recognise in profit or loss	484,284	314,691
2	Expenses recognise in other comprehensive income	(242,869)	766,617
	Defined Benefit Cost	**241,415**	**1,081,307**
D	**Development of Net Financial Position**	**31-Dec-2024**	**31-Dec-2023**
1	Defined Benefit Obligation (DBO)	3,204,853	(3,273,994)
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(3,204,853)	(3,273,994)
	Net Defined Benefit Liability	**(3,204,853)**	**(3,273,994)**
E	**Reconciliation of Net Balance Sheet Position**	**31-Dec-2024**	**31-Dec-2023**
1	Net defined benefit asset/ (liability) at end of prior period	3,273,994	3,629,104
2	Service cost	234,787	238,915
3	Past Service Cost	-	(157,096)
4	Net interest on net defined benefit liability/ (asset)	249,497	232,872
5	Amount recognized in OCI	(242,869)	766,617
6	Benefit paid directly by the Company	(310,555)	(1,436,418)
	Net defined benefit liability at end of current period	**3,204,853**	**3,273,994**
F	**Other Comprehensive Income (OCI)**	**31-Dec-2024**	**31-Dec-2023**
1	Actuarial (gain)/loss due to liability experience	(242,869)	766,617
2	Actuarial (gain)/loss due to liability assumption changes	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(242,869)**	**766,617**
G	**Expected benefit payments for the year ending**	**31-Dec-2024**	
2	December 31,2025	611,575	
3	December 31,2026	700,524	
4	December 31,2027	759,271	
5	December 31,2028	696,632	
6	December 31,2029	623,967	

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7	December 31, 2030 to December 31, 2034	3,306,383	
8	December 31, 2035 to December 31, 2044	6,407,376	

i Expected employer contributions for the period ending 31 December 2024 Not Applicable

ii Weighted average duration of defined benefit obligation 9.46 years

iii Significant estimates: actuarial assumptions and sensitivity

Discount Rate		31-Dec-2024
Discount Rate	0.5%	(101,756)
	Base Rate	Base Rate
	(0.5%)	108,169
Salary Growth Rate	0.5%	119,562
	Base Rate	Base Rate
	(0.5%)	(113,310)
Employer Turnover rate	0.5%	20,566
	Base Rate	Base Rate
	(0.5%)	(21,337)

iv. Risk Exposures

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

1. Discount Rate Risk

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

2. Employer Turnover Risk

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

3. Demographic Risk

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

4. Regulatory Risk

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

5. Liquidity Risk

Finally, there is a risk that BTL may not be able to honour the Carriage Allowance payments in the short-run due to liquidity constraints.

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Note: 41 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Separation Allowance)

A	Change in Defined Benefit Obligation (DBO)	31-Dec-2024	31-Dec-2023
1	DBO at end of prior period	7,297,883	7,690,071
2	Current service cost	475,510	475,804
3	Interest cost on the DBO	552,435	(517,593)
4	Past service cost		(231,703)
5	Actuarial (gain)/loss - experience	(330,207)	1,286,426
6	Benefits paid directly by the Company	(784,887)	(2,440,308)
	DBO at end of current period	**7,210,734**	**7,297,883**
B	**Statement of Profit & Loss**	**31-Dec-2024**	**31-Dec-2023**
1	Current service cost	475,510	475,804
2	Past service cost-plan amendments	-	(231,703)
3	Service Cost	475,510	244,101
4	Net interest on net defined benefit liability / (asset)	552,435	517,593
	Cost recognized in P&L	**1,027,945**	**761,695**
C	**Defined Benefit Cost**	**31-Dec-2024**	**31-Dec-2023**
1	Expense reconized in profit or loss	1,027,945	761,695
2	Actuarial (gains)/ losses recognized in OCI	(330,207)	1,286,426
	Defined Benefit Cost	**697,737**	**2,048,120**
D	**Development of Net Financial Position**	**31-Dec-2024**	**31-Dec-2023**
1	Defined Benefit Obligation (DBO)	7,210,734	7,297,883
2	Funded Status (Surplus/(Deficit))	(7,210,734)	(7,297,883)
	Net Defined Benefit Liability	**7,210,734**	**(7,297,883)**
E	**Reconciliation of Net Balance Sheet Position**	**31-Dec-2024**	**31-Dec-2023**
1	Net defined benefit asset/ (liability) at end of prior period	7,297,883	7,690,071
2	Service cost	475,510	475,804
	Pass Service Cost	-	(231,703)
3	Net interest on net defined benefit liability/ (asset)	552,435	517,593
4	Amount recognized in OCI	(330,207)	1,286,426
5	Benefit paid directly by the Company	(784,887)	(2,440,308)
	Net defined benefit liability at end of current period	**7,210,734**	**7,297,883**
F	**Other Comprehensive Income (OCI)**	**31-Dec-2024**	**31-Dec-2023**
1	Actuarial (gain)/loss due to liability experience	(330,207)	1,286,426
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(330,207)**	**1,286,426**

G	Expected benefit payments for the year ending	31-Dec-2024
1	December 31,2025	1,006,275
2	December 31,2026	1,197,820
3	December 31,2027	1,331,355
4	December 31,2028	1,314,067
5	December 31,2029	1,232,151
6	December 31, 2030 to December 31, 2034	6,565,107
7	December 31, 2035 to December 31, 2044	15,622,939

i Expected employer contributions for the period ending 31 December 2024 Not Applicable

ii Weighted average duration of defined benefit obligation 10.89 years

iii Significant estimates: actuarial assumptions and sensitivity

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a	Discount Rate	31-Dec-2024
	Discount Rate as at 31 December 2023	**0.50%**
	Effect on DBO due to 0.5% increase in Discount Rate	(257,776)
	Effect on DBO due to 0.5% decrease in Discount Rate	274,969
b	**Salary Escalation rate**	**31-Dec-2024**
	Salary Escalation rate as at 31 December 2023	**0.05%**
	Effect on DBO due to 0.5% increase in Salary escalation rate	292,411
	Effect on DBO due to 0.5% decrease in Salary escalation rate	(276,489)
c	**Salary Escalation rate**	**31-Dec-2024**
	Salary Escalation rate as at 31 December 2023	**0.05%**
	Effect on DBO due to 0.5% increase in Salary escalation rate	(7,641)
	Effect on DBO due to 0.5% decrease in Salary escalation rate	8,811

iv. Risk exposures

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

1. Discount Rate Risk

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

2. Salary Growth Risk

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

3. Employer Turnover Risk

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

4. Demographic Risk

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

5. Regulatory Risk

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

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6. Liquidity Risk

Finally, there is a risk that BTL may not be able to honour the separation allowance payments in the short-run due to liquidity constraints.

Note: 42 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Travel Allowance)

A	Change in Defined Benefit Obligation (DBO)	31-Dec-2024	31-Dec-2023
1	DBO at end of prior period	7,297,883	7,690,071
2	Current service cost	475,510	475,804
3	Interest cost on the DBO	552,447	517,593
4	Past service cost		(231,703)
5	Actuarial (gain)/loss - experience	(330,519)	1,286,426
6	Benefits paid directly by the Company	(784,587)	(2,440,308)
	DBO at end of current period	**7,210,734**	**7,297,883**
B	**Statement of Profit & Loss**	**31-Dec-2024**	**31-Dec-2023**
1	Current service cost	475,510	475,804
2	Past service cost - plan amendments	-	(231,703)
3	Service Cost	475,510	244,101
4	Net interest on net defined benefit liability / (asset)	552,447	517,593
	Cost recognized in P&L	**1,027,957**	**761,695**
C	**Defined Benefit Cost**	**31-Dec-2024**	**31-Dec-2023**
1	Service cost	1,027,957	761,695
2	Actuarial (gains)/ losses recognized in OCI	(330,519)	1,286,426
	Defined Benefit Cost	**697,437**	**2,048,120**
D	**Development of Net Financial Position**	**31-Dec-2024**	**31-Dec-2023**
1	Defined Benefit Obligation (DBO)	7,210,734	7,297,883
2	Funded Status (Surplus/(Deficit))	(7,210,734)	(7,297,883)
	Net Defined Benefit Liability	**(7,210,734)**	**(7,297,883)**
E	**Reconciliation of Net Balance Sheet Position**	**31-Dec-2024**	**31-Dec-2023**
1	Net defined benefit asset/ (liability) at end of prior period	7,297,883	7,690,071
2	Service cost	475,510	475,804
3	Pass Service Cost	-	(231,703)
3	Net interest on net defined benefit liability/ (asset)	552,447	517,593
4	Amount recognized in OCI	(330,519)	1,286,426
5	Benefit paid directly by the Company	(784,587)	(2,440,308)
6	Actuarial (gain) or losses due to change in financial assumptions	-	-
	Net defined benefit liability at end of current period	**7,210,734**	**7,297,883**
F	**Other Comprehensive Income (OCI)**	**31-Dec-2024**	**31-Dec-2023**
1	Actuarial (gain)/loss due to liability experience	(330,519)	1,286,426
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(330,519)**	**1,286,426**
G	**Expected benefit payments for the year ending**		**31-Dec-2024**
1	December 31,2025		1,006,275
2	December 31,2026		1,197,820
3	December 31,2027		1,331,355
4	December 31,2028		1,314,067
5	December 31,2029		1,232,151

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6	December 31, 2030 to December 31, 2034	6,565,107
7	December 31, 2034 to December 31, 2044	15,622,939

i. Expected employer contributions for the period ending 31 December 2024
ii. Weighted average duration of defined benefit obligation 10.89 years
iii. Significant estimates: actuarial assumptions and sensitivity

a	Discount Rate	31-Dec-2024
	Discount Rate as at 31 December 2024	**0.50%**
	Effect on DBO due to 0.5% increase in Discount Rate	(257,776)
	Effect on DBO due to 0.5% decrease in Discount Rate	274,969
b	**Salary Escalation rate**	**31-Dec-2024**
	Salary Escalation rate as at 31 December 2024	**0.05%**
	Effect on DBO due to 0.5% increase in Salary escalation rate	292,411
	Effect on DBO due to 0.5% decrease in Salary escalation rate	(276,489)
c	**Salary Escalation rate**	**31-Dec-2024**
	Salary Escalation rate as at 31 December 2024	**0.05%**
	Effect on DBO due to 0.5% increase in Salary escalation rate	(7,641)
	Effect on DBO due to 0.5% decrease in Salary escalation rate	8,811

(iv) Risk exposures

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

1. Discount Rate Risk

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

2. Salary Growth Risk

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

3. Employer Turnover Risk

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

4. Demographic Risk

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

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5. Regulatory Risk

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

6. Liquidity Risk

Finally, there is a risk that BTL may not be able to honour the Travel allowance payments in the short-run due to liquidity constraints.

Note 44: Related Party Disclosure

1. Related Party Disclosure

As identified by the management and in accordance with the Bhutanese Accounting Standard -24 following are the list of related parties;

List of related parties where control exists and related parties with whom transactions have taken place during the period and relationships:

i. Parent and Subsidiary:

Nature of relationship	Name of entity	Acronym used
Holding Company	Druk Holding & Investment Ltd.	DHI

ii. Key Management Personnel

Position	Name	Remarks
Chairperson	Mr. Ujjwal Deep Dahal	Present
Director	Mr. Tshewang C. Dorji	Present
Director	Mr. Kinzang Tobgay	Present
Director	Ms. Kuenga Zam	Present
Director	Mr. Sonam Penjor	Present
Director	Mr. Karma Chophel	Present
Chairperson	Dasho Nim Dorji	Resigned
Director	Dasho Tashi Wangmo	Resigned
Director	Mr. Chencho T. Namgay	Resigned
Director	Dr. Lam Dorji	Resigned
Director	Mr. Kado Zangpo	Resigned
Chief Executive Officer	Mr. Karma Jurme	Present

iii. Entities under Common Control

Nature of relationship	Name of entity	Acronym used
Subsidiary of Holding Company	Bhutan Power Corporation Ltd	BPC
Subsidiary of Holding Company	Drukair Corporation Ltd	DACL
Subsidiary of Holding Company	Druk Green Power Corporation	DGPC
Subsidiary of Holding Company	Dungsam Cement Corporation Ltd	DCCL
Subsidiary of Holding Company	Natural Resource Development Corporation	NRDCL
Subsidiary of Holding Company	Construction Development Corporation Ltd	CDCL
Subsidiary of Holding Company	State Mining Corporation Ltd	SMCL
Subsidiary of Holding Company	Koufuku International Private Ltd	KIPL
Subsidiary of Holding Company	MenjongSorig, Pharmaceuticals Corporation	MSPCL
Controlled Company of Holding Company	Bank of Bhutan Ltd	BOBL

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Controlled Company of Holding Company	Dungsam Polymers Ltd	DPL
Controlled Company of Holding Company	State Trading Corporation of Bhutan Ltd	STCBL
Controlled Company of Holding Company	Thimphu Techpark Limited	TTPL
Controlled Company of Holding Company	Khorlongchhu Hydropower Plant	KCHL
Controlled Company of Holding Company	Crawfish Himalayan Ltd	CHL
Controlled Company of Holding Company	Bhutan Hydropower Services Limited	BHSL
Linked Company of Holding Company	Bhutan Board Product Ltd	BBPL
Linked Company of Holding Company	Penden Cement Authority Ltd	PCAL

a) Transactions with related parties during the year:

Government Agencies

Nature of relationship	Name of entity	Acronym used
Government Agencies	Ministry of Education & Skills Development	MoESD
Government Agencies	Ministry of Agriculture & Live Stock	MoAL
Government Agencies	Ministry of Energy & Natural Resources	MoENR
Government Agencies	Ministry of Foreign Affairs & External Trade	MoFAET
Government Agencies	Ministry of Finance	MoF
Government Agencies	Ministry of Home Affairs	MoHA
Government Agencies	Ministry of Health	MoH
Government Agencies	Ministry of Industry, Commerce &	MoICE
Government Agencies	Ministry of Infrastructure & Transport	MoIT

i. Board sitting fee paid to Board Directors

Name of Board of Directors	Particulars	2024 Sitting Fee	2023 Sitting Fee
Mr. Ujjwal Deep Dahal	Chairperson	64,000	-
Mr. Tshewang C. Dorji	Director	68,000	76,000
Mr. Kinzang Tobgay	Director	80,000	-
Ms. Kuenga Zam	Director	64,000	-
Mr. Sonam Penjor	Director	64,000	-
Mr. Karma Chophel	Director	88,000	-
		428,000	**76,000**
Dasho Nim Dorji**	Chairperson	24,000	68,000
Dasho Tashi Wangmo**	Director	8,000	72,000
Mr. Chencho T. Namgay**	Director	44,000	100,000
Dr. Lam Dorji**	Director	8,000	76,000
Mr. Kado Zangpo**	Director	28,000	64,000
		112,000	**380,000**
		540,000	**456,000**

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ii. Chief Executive Officer's remuneration

Name	Particulars	2024	2023
Mr. Karma Jurme	Salary	3,780,936	3,046,916
	Leave travel concession	15,000	15,000
	Leave Encashment	133,286	285,613
	Salary Arrears	-	66,060
	PBVP	634,746	578,178
	Contribution to superannuation fund	228,492	219,708
	Sitting fee	136,000	108,000
	Total	**4,928,460**	**4,319,475**

iii. Intergroup transaction with the DOC companies:

GROUP GL CODE	GCOA Ledger	Entity	Inter CO ID	2024.DEC	Amount
1101020103	Intragroup - Balances with BoBL	BTL	I_BOBL	2024.DEC	321,092,409
1101020105	Intragroup -Remittance in transit with BoBL	BTL	I_BOBL	2024.DEC	(10,919,175)
1101030001	Short-term deposits with other banks (More than 3 months)	BTL	I_BOBL	2024.DEC	5,261,693
1109020104	Intragroup - Security/Performance deposits	BTL	I_TTPL	2024.DEC	10,800
2103060302	Intragroup - Performace/ Security deposits received	BTL	I_TTPL	2024.DEC	(19,696)
2103060302	Intragroup - Performace/ Security deposits received	BTL	I_NRDCL	2024.DEC	(30,840)
1205020204	Intragroup - Performace/ Security deposits paid NonCurrent	BTL	I_BPC	2024.DEC	259,418
2501010001	Equity Shares held by DHI	BTL	I_DI01	2024.DEC	(3,900,574,00)
3105020006	Intragroup - Purchase of Services	BTL	I_BPC	2024.DEC	16,334,126
3105020006	Intragroup - Purchase of Services	BTL	I_BBPL	2024.DEC	573,462
3105020006	Intragroup - Purchase of Services	BTL	I_NRDCL	2024.DEC	277,555
3105020006	Intragroup - Purchase of Services	BTL	I_TTPL	2024.DEC	6,479,308
3105020006	Intragroup - Purchase of Services	BTL	I_STCBL	2024.DEC	1,573,540
3105020006	Intragroup - Purchase of Services	BTL	I_DACL	2024.DEC	5,334,139
3101010603	Intragroup - Purchase of Energy, Power & Resources	BTL	I_BPC	2024.DEC	54,090,240
3109010011	Lease Rent	BTL	I_DI01	2024.DEC	1,206,041
3109010011	Lease Rent	BTL	I_TTPL	2024.DEC	71,280
3109010011	Lease Rent	BTL	I_PCAL	2024.DEC	13,365
3109010011	Lease Rent	BTL	I_BPC	2024.DEC	4,372,351
3105020006	Intragroup - Purchase of Services	BTL	I_BOBL	2024.DEC	500,500
3110010003	Bank Charges - others	BTL	I_BOBL	2024.DEC	1,950

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4105010004	Intragroup - Revenue from Services	BTL	I_BOBL	2024.DEC	(12,088,840)
4116010002	Intragroup - Revenue from Services	BTL	I_DH01	2024.DEC	(7,284)
4116010002	Intragroup - Revenue from Services	BTL	I_SMCL	2024.DEC	(1,501,151)
4116010002	Intragroup - Revenue from Services	BTL	I_STCBL	2024.DEC	(1,226,219)
4116010002	Intragroup - Revenue from Services	BTL	I_DACL	2024.DEC	(1,942,913)
4116010002	Intragroup - Revenue from Services	BTL	I_NRDCL	2024.DEC	(1,470,651)
4116010002	Intragroup - Revenue from Services	BTL	I_TTPL	2024.DEC	(1,296,667)
4116010002	Intragroup - Revenue from Services	BTL	I_KHEL	2024.DEC	(281,502)
4116010002	Intragroup - Revenue from Services	BTL	I_KIL	2024.DEC	(100,011)
4116010002	Intragroup - Revenue from Services	BTL	I_THEL	2024.DEC	(120,256)
4116010002	Intragroup - Revenue from Services	BTL	I_NDI	2024.DEC	(1,481,845)
4116010002	Intragroup - Revenue from Services	BTL	I_BHSL	2024.DEC	(1,492,338)
4116010002	Intragroup - Revenue from Services	BTL	I_DML	2024.DEC	(29,314)
4116010002	Intragroup - Revenue from Services	BTL	I_MSPCL	2024.DEC	(350,331)
4116010002	Intragroup - Revenue from Services	BTL	I_BPC	2024.DEC	(21,264,352)
4105020001	Rental Income	BTL	I_BPC	2024.DEC	(88,140)
4116010002	Intragroup - Revenue from Services	BTL	I_PCAL	2024.DEC	(953,711)
4116010002	Intragroup - Revenue from Services	BTL	I_DC01	2024.DEC	(3,742,138)
4116010002	Intragroup - Revenue from Services	BTL	I_DP01	2024.DEC	(883,062)
4116010002	Intragroup - Revenue from Services	BTL	I_DG01	2024.DEC	(23,162,552)
4116010002	Intragroup - Revenue from Services	BTL	I_BBPL	2024.DEC	(400,467)
4116010002	Intragroup - Revenue from Services	BTL	I_CDCL	2024.DEC	(1,275,350)
4116010002	Intragroup - Revenue from Services	BTL	I_DHEL	2024.DEC	(488,769)
4116010002	Intragroup - Revenue from Services	BTL	I_CHL	2024.DEC	(47,660)
4116010002	Intragroup - Revenue from Services	BTL	I_DI01	2024.DEC	2,144,027
1205020204	Intragroup - Performace/ Security deposits paid NonCurrent	BTL	I_STCBL	2024.DEC	367,000
4105010005	Intragroup - Revenue from Trading	BTL	I_STCBL	2024.DEC	(112,071)
3110010005	Dividend for the year	BTL	I_DI01	2024.DEC	2,427,000,000
3109010045	Intragroup - Corporate Gurantee & Mgt Fees	BTL	I_DI01	2024.DEC	44,593,275
3110010002	Intragroup - Interest on Borrowings	BTL	I_DI01	2024.DEC	6,381,831

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iv. Outstanding Balances with Holding Company

Particulars		Amount
Paid-up share capital		3,900,574,000
Intergroup trade receivable		
v. Outstanding balances with Entities under Common Control		
Particulars		**Amount**
Trade Receivables		1,530,101
Trade Payable		1,122,188
Note: 44 Provisions and Contingent Liabilities		
a) Contingent liabilities	**31st Dec, 2024**	**31st Dec, 2023**
Income tax matter	3,287,546	-

Note: 45: The Government of Kingdom of Bhutan has made an announcement for 50% reduction in the internet charges which may have significantly negative impact on the Company's revenue and the Company's infrastructure capacity to handle increased traffic. The Company has already made many representations to the government to explain its stand. In the meeting of Board of Directors held on July 12, 2024 and further on September 02, 2024, the Board discussed the issue in details and also valuated other possible options to mitigate this like requesting government for reconsidering high license fees, re-evaluating high taxes on telecom equipments, reduction of dividend payable every year etc. The matter, as of now is under discussions with the government and it is not possible to comment on the impact of the same on the Company's financial position in coming years.

Note: 46: Previous year's figures have been regrouped and/or reclassed wherever necessary to confirm to the current year's groupings and classifications.

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14 Ratio Analysis

Ratio Analysis for the year ended 31st December 2024		
Particulars	**2024**	**2023**
1. LIQUIDITY		
A. Current Ratio	0.74:1	1.18:1
B. Quick Ratio:	0.64:1	1.13:1
Quick Assets/Quick Liabilities		
C. Accounts Receivable Period	77.62 Days	71.10 Days
365/Accounts receivable turnover		
D. Working Capital to Sales	-0.50%	11.91%
Average Current Assets-Average Current Liabilities/Net sales		
2. SOLVENCY:		
A. Term Debt to Total Fixed Assets	0.00%	0.00%
Long term Debt/Total Fixed Asset-Net		
B. Debt Equity Ratio:	0.00%	0.00%
Debt/ (Capital Fund+Reserve& Surplus)		
3. PROFITABILITY:		
A. Return on Capital Employed:		
a) PBT/Capital Employed	56.32%	57.15%
b) PAT/Capital Employed	39.91%	40.61%
Capital Employed=Equity Capital + Loan Fund		
B. Return on Equity:	39.91%	40.61%
Profit After Tax/Total Equity		
Total Equity= Capital + Reserve & Surplus		
C. Return on Sales	52.98%	56.78%
PBT/Operating Income		
D. Employee Cost to Gross Income	7.756%	6.54%
Total Employee Expenses/Operating Income		
E. Profit per Employee:	3.85 million	4.06 million
PAT/Total no. of Employees		

For **GSA & Associates LLP**
Chartered Accountants
Firm Registered No: **000257N/ N500339**

GSA & ASSOCIATES LLP Delhi CHARTERED ACCOUNTANTS

(Tanuj Chugh)
Partner
M. No. 529619

Place: **New Delhi**
Date:16th April, 2025

For and on behalf of board of directors

Chairman

Chief Executive Officer