ANNUAL REPORT

2021

DRUK GREEN POWER CORPORATION LIMITED

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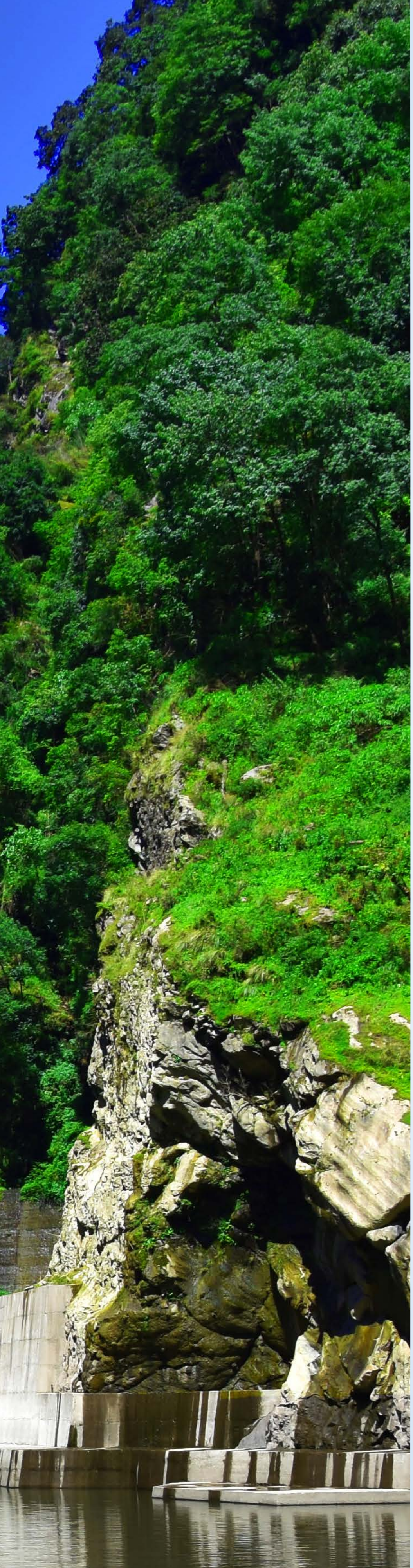
DrukGreen

(a dhi company)

ANNUAL REPORT 2021

Tala Hydropower Plant



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DGPC AT A GLANCE

Druk Green Power Corporation Limited (DGPC) is an ISO certified company that operates and maintains hydropower assets of Bhutan. It was established in January 2008 with the merger of the three hydropower corporations of Basochhu, Chhukha and Kurichhu under Druk Holding and Investments Limited. Tala was merged with DGPC in 2009. Since then, DGPC has grown significantly.

Bhutan's current hydropower installed capacity is 2,326 MW. With about 70% of the energy generated being exported to India, hydropower revenues constitute about 25% of revenues to the exchequer and offset much of the balance of payments with India and contributes to about 7.5% of the country's gross domestic product.

DGPC strives to consistently deliver value to its shareholders by diversifying its business in hydropower and allied services.

With the growing portfolio of hydropower plants and consolidation of its ventures into hydropower investigation, design and engineering, construction, automation, and consultancy services, DGPC has established a dedicated team of professionals in diverse fields at various levels.

VISION

Promote, develop and manage renewable energy projects, particularly hydropower, in an efficient, responsible and sustainable manner, and to maximise wealth and revenues to the nation

MISSIONS

- Effectively and efficiently manage hydropower plants, and maximise returns to the shareholder
- Take a lead role in accelerating hydropower development in the Kingdom by developing new hydropower projects independently through joint ventures, or through any other arrangements with domestic and international partners
- Provide energy security for domestic consumption, fuel economic growth, and also explore other forms of renewable energy other than hydropower
- Build capacity in hydropower development and management through recruitment and training of professionals to meet the current human resources requirements of the company while at the same time ensuring a robust expansion and succession plan
- Be a responsible, proactive, and progressive company with a highly motivated and dedicated team of professionals

VALUES

- Organisational Ownership & Pride
- Mutual Respect & Trust
- Initiative & Timely Action
- Integrity
- Accountability
- Work Life Balance
- Social & Environmental Responsibility

DGPC TIMELINE

Chukha Hydroelectric Project

Installed generation capacity : 4 x 84 MW
Annual design energy : 1,800 MU
Project scheme : Run-off-the-River
Project commission : 1986 - 1988

1988

Basochhu Hydropower Plant

Installed generation capacity : 2 x 12 MW; 2 x 20 MW
Annual design energy : 291 MU
Project scheme : Run-off-the-River
Project commission : 2001 - 2004

2004

Druk Green Power Corporation Limited

Incorporated through the merger of Chhukha, Kurichhu and Basochhu Hydropower Corporations

Incorporation : December 27, 2007

2007

2002

Kurichhu Hydropower Project

Installed generation capacity : 4 x 15 MW
Annual design energy : 400 MU
Project scheme : Run-off-the-River
Project commission : 2001 - 2002

2007

Tala Hydropower Project

Installed generation capacity : 6 x 170 MW
Annual design energy : 3,962 MU
Project scheme : Run-off-the-River
Project commission : 2006 - 2007

2008

Dagachhu Hydro Power Corporation Limited

Installed generation capacity : 2 x 63 MW
Mean annual generation : 515 GWh
Project cost : Nu. 12.52 billion
Incorporation : May 13, 2008
COD : February 2015
Shareholding : DGPC (51%), Tata Power Company Limited (26%), National Pension and Provident Fund (15%)

2012

Bhutan Hydropower Services Limited

Business scope : State-of-the art, repair and manufacturing of hydro turbine runners and associated components
Project cost : Nu. 1,136.54 million
Incorporation : October 23, 2012
COD : September 30, 2014
Shareholding : DGPC (100%)

2014

118 MW Tangsibji Hydro Energy Limited

Installed generation capacity	: 2 x 59 MW
Mean annual generation	: 419.52 GWh
Project estimated cost	: Nu. 11.96 billion
Incorporation	: April 25, 2014
Project schedule	: April 2016 – April 2020
Shareholding	: DGPC (100%)

2015

Kholongchhu Hydro Energy Limited

Installed generation capacity	: 4 x 150 MW
Mean annual generation	: 2,568.88 GWh
Project estimated cost	: Nu. 38.69 billion
Incorporation	: June 12, 2015
Project schedule	: September 2015 to February 2022
Shareholding	: DGPC (50%) and SJVN, India (50%)

2017

Bhutan Automation & Engineering Limited

Business scope	: Manufacturing of automation systems for hydropower plants
Project estimated cost	: Nu. 60.00 million
Company incorporation	: November 8, 2017
Project schedule	: December 2018
Shareholding	: DGPC (51%) and Andritz Hydro Private Limited (India) (49%)

2021

Druk Hydro Energy Limited

Business scope	: To construct & commission small hydro projects upto 150 MW
Incorporation	: December 16, 2021
Sahreholding	: DGPC – 100%

BOARD OF DIRECTORS

Nim Dorji
Secretary, MoF

Other Companies/Boards: RMA, Bhutan Duty Free, Bhutan Lottery, JSW School of Law, Bhutan Health Trust Fund, JDWNRH.

Nim Dorji currently serves as the Secretary of Ministry of Finance. Before that, he served as the Director General of department of Agriculture under Ministry of Agriculture and Forests.

With over 31 years of experience in finance, Nim Dorji has served as the Joint Secretary of Ministry of Finance, the Director of Department of Public Accounts under Ministry of Finance and the Director of Sustainable Development Secretariat. He also has experience in consulting for Poverty Reduction and Economic Management, South Asia, World Bank, Washington DC. He has a Bachelor of Commerce (Honours) from the University of Delhi, India and a Master of Business Administration from the University of Canberra, ACT, Australia.

Karma Tshering
Secretary, MoEA

Karma Tshering currently serves as the Secretary of Ministry of Economic Affairs. Prior to his current appointment, he last served as one of the Eminent Members of the National Council, Parliament of Bhutan, from December 7, 2015 until March 10, 2020.

Karma Tshering has worked with the Royal Government of Bhutan for more than 25 years. He worked in various capacities as an Engineer, Planner, Policy Maker, Electricity Regulator, an Administrator and as a Member of Parliament. He has a Master in Electric Power Engineering from the University of New South Wales, Australia and Bachelor in Electrical Engineering from the University of Rajasthan in India. He also has a Certificate in Management Course from Asian Institute of Management in Philippines. Among many professional courses, he participated in the training courses on Utility Regulation and Strategy at University of Florida in USA and Management of Hydropower Development in Sweden and South Africa.

Dasho Chhewang Rinzin
Managing Director, DGPC

Dasho Chhewang Rinzin is currently the Managing Director Druk Green Power Corporation Limited, the public sector generation utility of Bhutan, since the incorporation of the Company in 2008. Before that, he headed Bhutan Power Corporation Limited, the public sector transmission and distribution utility of Bhutan as its Managing Director.

For exemplary services to the country, His Majesty The King of Bhutan awarded Chhewang Rinzin the Red Scarf with the title of Dasho in 2009 and also the Order of Druk Khorlo medal in 2014.

Amongst many portfolios held, Chhewang Rinzin was the Chairperson of Bhutan's Second Pay Commission (November 2013 – March 2014). He was also a Member of the First Interim Government (April – July 2013) and the Second Interim Government (August – October 2018). He has a Bachelor in Electrical Engineering and a Master in Electrical Engineering from the University of Wisconsin, USA.

Kinga Tshering currently heads TVET Reforms Project with the Prime Minister's Office. Before that, he was a member of Parliament in Bhutan. Kinga Tshering was a politician and a legislator. He served as a corporate executive in Bhutan Power Corporation Limited, Bhutan Electricity Authority, Druk Holding and Investments Limited, and Bank of Bhutan Limited.

He is currently on the board of DHI and leading the National Task Force for development of Bhutan's Economic Road Map for the 21st century. He has a Master in Public Administration from the John F. Kennedy School of Government at Harvard University, USA. He also has a Master in Dispute Resolution and a Master in Business Administration from the Pepperdine University, USA, a Master of Divinity program from the Harvard Divinity School, USA, and a degree in engineering from the University of Kansas, USA.

Kinga Tshering
Chief Executive Officer,
TVET

Lobzang Dorji currently serves as the Dzongdag, Zhemgang Dzongkhag Administration. Before that, he served as the Director, Cabinet Secretariat. Over the last 23 years of service, Lobzang Dorji has also served in various capacities in the Ministry of Health, National Assembly Secretariat and the Royal Audit Authority as Chief Administration Officer, Human Resource Officer and Sr. Audit Officer. He has a Master Degree in Public Administration from the Edith Cowan University.

Dasho Lobzang Dorji
Dzongdag, Sarpang Dzongkhag

Tashi Lhamo currently is Director, Department of Finance, Druk Holding and Investments. Before that, she served as the Director for Revolving Fund Management and Operations under Business Opportunity and Information Center. With 16 years of experience in banking and finance, Tashi Lhamo has worked for Bhutan National Bank for seven years.

She currently serves as the Vice-Chair in the Technical Working Committee at the Accounting and Auditing Standard Board of Bhutan and is on the Board of Bank of Bhutan. She has a Bachelor of Commerce (Honours) from Sherubtse College, Bhutan, a Bachelor of Business (Major in Accounting) from the University of South Australia, South Australia and a Master of Business Administration from the Graduate School of Business, Curtin University, Perth, Western Australia.

Tashi Lhamo
Director (Finance), DHI

Tandin Tshering currently serves as the Secretary General, National Assembly Secretariat. Before that, he was the Director General, Department of Cottage and Small Industry, and Director, Department of Industry.

With over two and half decades of experience in trade and industries promotion, Tandin Tshering also served as a board director in various Government Institutions, State Owned Enterprise and public companies such as Druk PNB Bank Limited, State Trading Corporation of Bhutan Limited, Woodcraft Centre Limited, Tertiary Education Board and Royal Institute of Management. He is currently on the Board of Agency for Promotion of Indigenous Arts & Craft and Farm Machinery Corporation Limited. He has a Masters Degree in Business Management.

Tandin Tshering
Secretary General, National
Assembly Secretariat

MANAGEMENT TEAM

Dasho Chhewang Rinzin
Managing Director,
DGPC

Dasho Chhewang Rinzin is the Managing Director Druk Green Power Corporation Limited, the public sector generation utility of Bhutan, since the incorporation of the Company in 2008. Before that, he headed Bhutan Power Corporation Limited, the public sector transmission and distribution utility of Bhutan as its Managing Director.

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Ugyen Wangchuk
Director, FID

Ugyen Wangchuk is the Director for Finance and Investment Department. Previously he headed the Commercial and Regulatory Affairs Division. Before that, he served as the Chief Financial Officer for Dagachhu Hydropower Corporation Limited and served in the Chhukha Hydropower Plant. He has a Bachelor of Commerce from the University of North Bengal, India and Post Graduate Certificate in Financial Management from the Royal Institute of Management, Bhutan.

Dechen Wangmo
Director, CAD

Dechen Wangmo is the Director for Corporate Affairs Department. She also headed the Human Resource and Administration Department in 2021 as an additional charge. She has served in DGPC since 2008 in various capacities in the corporate strategy and business development and as company secretary. She has a Bachelor of Electrical Engineering from the University of Wollongong, Australia and a Master of Business Administration from the Melbourne Business School, University of Melbourne, Australia.

Tshewang Dorji is the Director for Human Resource and Administration Department since December 2021. Over the last 27 years, Tshewang Dorji served in various capacities both in public and corporate sector. He served as chief in various department under National Pension and Provident fund. He also served as Chief Prevention Officer at Anti-Corruption Commission and Senior Human Resource Officer at Ministry of Education. He began his career as Trainee/HR officer under Ministry of Trade and Industry in 1994. He has a Masters in Human Resource Development from the University of Canberra, Australia and Bachelors Degree in Economics-Math from Sherubtse College, Bhutan.

Tshewang Dorji
Director, HRAD

Yeshi Tenzin is the Director for Operations and Maintenance Department. Between April 2018 to June 2020, he was deputed to Mangdechhu Hydroelectric Project Authority as the Chief Engineer from DGPC to assist the project authority in the erection, testing and commissioning of the project, and setting up the project's operations and maintenance team. He has served in DGPC since 2008 in various capacities as Heads of Plants of the Tala, Chhukha and Kurichhu Hydropower Plants. With a Bachelor in Mechanical Engineering from the Delhi College of Engineering, Delhi University, New Delhi, India and Master of Science in Mechanical Engineering from the University of Texas at El Paso, USA.

Yeshi Tenzin
Director, O&MD

Sonam Wangdi is the Director for Projects department. He also heads the Contracts and Procurement Department as an additional charge. Before that, he served as the Chief Engineer for Kholongchhu Hydro Energy Limited, a joint venture company set up for the execution of the 600 MW Kholongchhu hydropower project. He has a Bachelor in Civil Engineering from Visvesvaraya Regional College of Engineering, Nagpur, India and a Master in Hydropower Development from the Norwegian Institute of Science and Technology, Norway.

Sonam Wangdi
Director, PD

PLANT MANAGEMENT

Kencho Gyeltshen
Associate Director, THP

Kencho Gyeltshen is currently the Head of Tala Hydropower Plant. Before that, he headed Chhukha Hydropower Plant. He has a Bachelor in Electrical Engineering and a Master in Electrical Engineering from the University of New Brunswick, Canada.

Zangpo
Chief Engineer, KHP

Zangpo is currently the Head of Kurichhu Hydropower Plant. Before that, he headed the maintenance division at Chukha Hydropower Plant, and the operation and maintenance division at Kurichhu Hydropower Plant. He has a Bachelor degree from the University of Rajasthan and a Master in Electrical Engineering from the University of New Brunswick, Canada.

Dorji Namgyel
Chief Engineer, CHP

Dorji Namgyel is currently the Head of Chhukha Hydropower Plant. Before that, he headed the maintenance division at Kurichhu Hydropower Plant. He has a Bachelor in Electrical Engineer from the University of Rajasthan, India and a Master in Electrical Engineering from the University of New Brunswick, Canada.

Dechen Dorji
Interim Head, BHP

Dechen Dorji is currently the Interim Head of Basochhu Hydropower Plant. He concurrently heads the operation and maintenance division at BHP. He has a Bachelor degree from the Osmania University, India and a Master in Electrical Engineering from the Curtin University, Australia.

Feasibility study of 30kW micro hydropower project at Singye Dzong

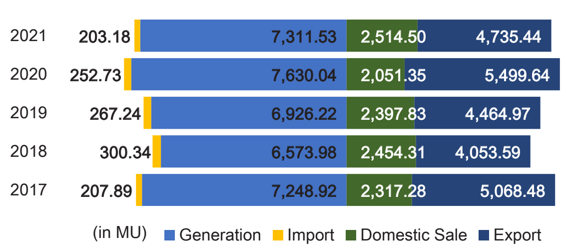
DIRECTOR'S REPORT

To the Shareholder,

The Board of DGPC would like to present the Company's performance in 2021. The year was fraught with multiple challenges and uncertainties, which were further aggravated by the risks posed by the COVID-19 pandemic. However, DGPC remained cautiously optimistic and resilient, and through the agility and efforts of everyone, it has been yet another successful year for the Company.

1. OPERATIONAL HIGHLIGHTS

Electricity generation in 2021 was lower than the previous year by 4.17%. This decline is largely attributable to the frequent forced outages of THP from July to September during the year. THP lost around 321.890 MU of generation due to the sudden choking of dam intakes following the July 19 flash flood and the aftermath impact on the radial gates and headrace tunnel, including the continued appearance of concrete blocks and debris in the nozzles of the generating units. The generation, however, was 2.75% higher than the target set based on hydrological flows and generation trends.



Bhutan imports power from India during the lean period to support Bhutan's domestic grid during exigencies. Such imports are netted off in the month of the import. However, with the domestic load projected to increase exponentially, such a netting mechanism may no longer be available and Bhutan may need to import power from India to meet the deficits starting from 2022.

2. FINANCIAL PERFORMANCE

2.1 Income

Revenue of the Company dropped by 5.91% compared to 2020. While the decrease in the generation has some effect, the decline in revenue is hugely impacted by the continuous rise in demands from domestic consumers as the domestic tariff is considerably lower than the export tariff. The revenue was further impacted by the royalty energy payment made to the ministry of finance during the winter months when there is least or no export of energy to PTC due to the increased domestic demand.

2.2 Expenditures

The overall expenditures decreased by 13.41% due to a decrease in other expenses as no monetary contributions were made to the COVID-19 relief fund in 2021. There was also a decrease in wheeling charges due to the lower quantum of electricity exported during the year. DGPC also saved about Nu. 69 million on the account of non-payment of the annual bonus to the employees as a show of solidarity with the nation to fight against the COVID-19 pandemic.

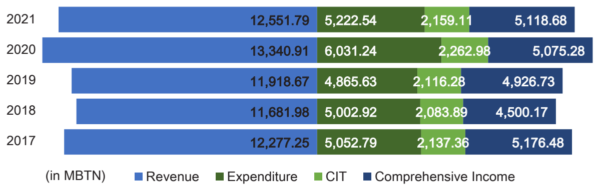
Further, the government waived off Nu. 41.010 million interest under the COVID-19 relief measures on DGPC loans taken on behalf of Bhutan Power Corporation Limited (BPC) to finance the associated transmission assets linked to Nikachhu and Mangdechhu hydropower projects. The government waived off Nu. 51.151 million interest on the same loans in 2020.

2.3 Profitability of the Company

The Company made Nu. 5,097.11 million as profit after deducting the tax in the current year, and was 0.78% higher than 2020.

The financial position of the Company continues to be strong with the total debt and liabilities aggregating to Nu. 9,699.03 million constituting only 20.82% of the overall shareholder's fund of Nu. 46,574.12 million. These funds are almost entirely invested in income-generating assets. The fund applications comprise Nu. 49,482.79

million in non-current assets (fixed assets, investments in subsidiaries and joint ventures, and other long-term investments) and Nu. 6,790.36 million in current assets (short-term investments, trade and other receivables, cash, and cash equivalents).



2.4 Dividend

The Shareholder conveyed a dividend expectation of 15.67% of the paid-up share capital of Nu. 32,612.56 million for 2021, which is equivalent to 100.25% of PAT. The dividend for 2021 is therefore Nu. 5,110 million against Nu. 5,600 million declared in 2020. Considering the projected cash flows for payments of taxes and dividends, DGPC will need to raise over Nu. 3,500 million in short-term borrowings from domestic financial institutions in 2022.

2.5 Investments

In taking forward its mandates, DGPC continues to make substantial investments in –

(i) greenfield hydropower projects through equity injection and raising of debt financings such as with Nikachhu and Kholongchhu hydropower projects;

(ii) refurbishment, renovation, modernisation and automation of its older power plants; and

(iii) building on its brand equity by enhancing its core competencies, strengthening its research and development capabilities, and expanding on its support and consulting services.

3. PLANT: REFURBISHMENT, RENOVATION, MODERNISATION AND AUTOMATION

Apart from the arduous and time-consuming annual maintenance of generating units and associated equipment at CHP, KHP and THP, DGPC undertook several major refurbishments,

Discharge measurement of Chuza Chhu, Lunana renovation, modernisation and automation activities at its power plants in 2021. The teething and recurring problems with THP were also addressed to ensure a high level of their availability and extend the life of the power plant. The highlights of this initiative are as under:

3.1 Tala Hydropower Plant

Replacement of Nozzle Injector System

Since its commissioning, THP has had a major teething problem whereby, the nozzle injector system gave operational issues. DGPC's several efforts to resolve the issue through consultations with the OEM Bharat Heavy Electricals Limited (BHEL) and other manufacturers have failed. Thus, GE Power India is collaborating with Bhutan Hydropower Services Limited to manufacture and supply a nozzle injector system with a new design for THP. The first set for one generating unit is scheduled to be commissioned by the end of 2022.

Online Inspection of Headrace Tunnel

Challenge: Since September 2018, THP has been confronted with the repeated appearance of disintegrated concrete debris in the generating units from the headrace tunnel (HRT). This manifests in the abnormal loud sounds and heavy jerks/sudden vibrations felt in the powerhouse and sudden increase in bearing temperatures. In some cases, the concrete debris was uncovered during the periodic inspection and maintenance. These incidences strongly suggested defects with or untimely weakening of the underwater civil structures that could lead to catastrophic damages to the turbine and generator.

Solution: To ascertain the integrity of the underwater civil structures, an underwater inspection of the HRT, surge shaft, desilting chamber, and intake tunnels was carried out in March 2021 through Hibbard Inshore of USA using a remotely operated vehicle (ROV). The underwater inspection revealed voids, cracks and debris in certain sections of the HRT and surge shaft. Dean Brox Consultancy of Canada (DBC) was retained to study the stability and integrity of the tunnel through a review of the underwater inspection report and construction stage drawings and other information as available. Some of the international

Inspection of HRT at THP

Annual maintenance, THP

experts – International Tunnelling Association, WAPCOS and NHPC – were consulted, consensually suggesting a high-risk association with the HRT. It was recommended that rectification works, the extent of which could be better determined through the actual physical inspection of the water-conducting system should be taken up at the first possible opportunity.

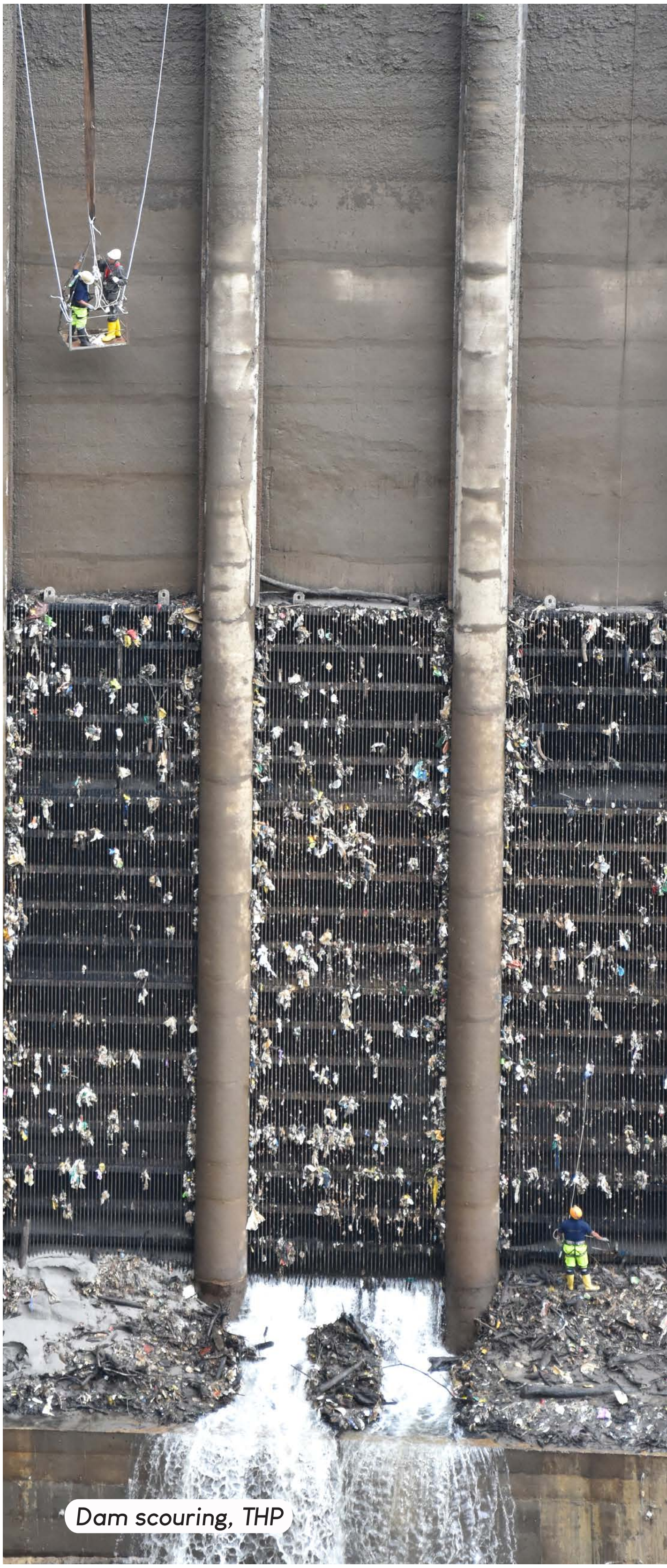
Consequently, THP was shut down in December 2021 for three months to ensure minimum generation losses and optimal management of import of power from India catering to the deficit in the domestic generation. The dewatering of the HRT and mobilisation of resources were planned to undertake the anticipated rectification works. The procurement of specialised equipment, construction materials and services for the rectification of the 23-km-long HRT was initiated, with the mobilisation of most critical resources completed before THP was shut down.

Rockfall Protection System Along the Powerhouse Road

A highly specialised rockfall barrier and draperies were installed at the pothead yard and a rockfall barrier on the left bank of Wangkha dam axis. These areas were prone to loose rockfall. The protection system was critical for the safety of the people as well as the long-term integrity of the steep hillslopes. However, the implementation work was affected by COVID-19. Hence, while the installation of the rockfall barrier system at the pothead yard was completed in October 2021, the installation of the rockfall barrier at the dam is expected to be completed around June 2022.

Tala Dam Reservoir Scouring

The scouring of Wangkha reservoir was carried out for the first time in July 2021 since its commissioning. The scouring of the reservoir was never taken up due to concerns with the right bank reservoir rim stability despite the noticeable increase in sediment deposit as evidenced through the regular bathymetry surveys and visually when the reservoir was operated near minimum drawdown level. There was a substantial reduction in live storage capacity and the plant faced an increasing frequency of difficulties in operating the radial gates and placing the stop log gates in their seats. External divers and sand dredging equipment were



Dam scouring, THP

availed for dredging sand out of the gate seats. The intake gates were thoroughly cleaned and the radial gates were rectified. The reservoir scouring will henceforth be a regular maintenance feature.

3.2 Chhukha Hydropower Plant

In addition to the annual maintenance of the generating units, CHP undertook the following major works during the year:

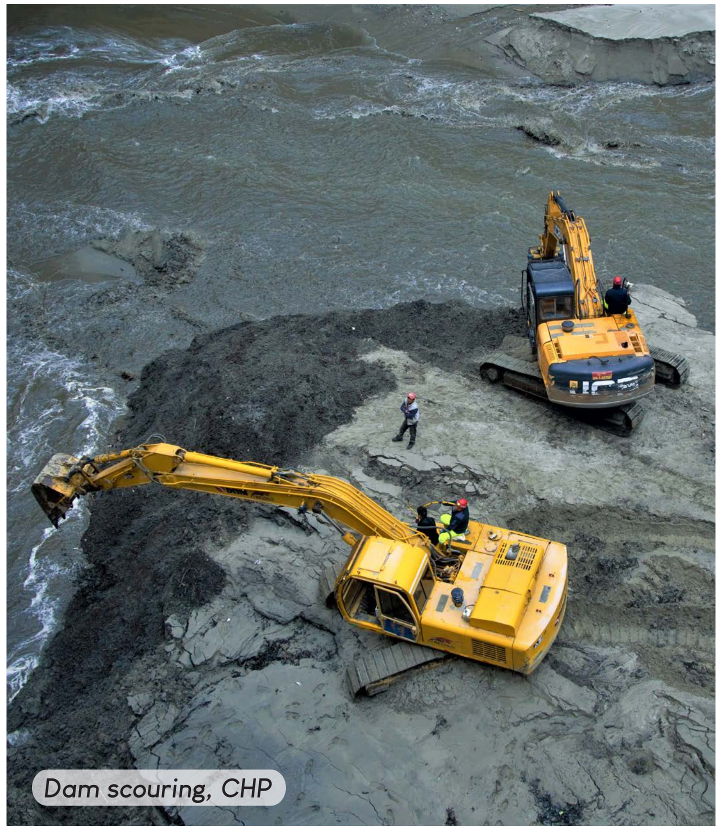
- The manual hand-operated travelling (HOT) 20-tonne crane used for handling the runners had outlived its useful life and become prone to frequent breakdowns. A 20-tonne electric overhead travelling (EOT) crane was put in its place along with the 3.5-tonne monorail. This will enable faster runner handling during runner replacement and reduces machine downtime.

- In recent years, the power plant faced frequent problems with the old nozzle servomotors leading to forced outages of the generating unit(s). A nozzle servomotor for one of the generating units was supplied by Voith Hydro of India while the installation, testing and commissioning were undertaken by CHP considering the COVID-19-related travel restrictions.

- The old 220VDC station battery bank in the underground powerhouse was replaced with the new battery bank and its testing and commissioning were carried out by HRDC, which was usually done by the OEM.

- Due to the obsolescence of technology and frequent breakdowns, the old 220kV pneumatic SF6 circuit breakers were replaced with spring-operated SF6 breakers. CHP took up the erection and commissioning on their own as service engineers of the equipment manufacturer could not travel to Bhutan. Similarly, the 220kV and 66kV feeder CTs were also replaced.

These replacements of the old and problem-riddled equipment with new and/or technologically advanced equipment have greatly helped improve the reliability and performance of the power plant.



Dam scouring, CHP

Testing of newly installed EOT crane at MIV floor using a dead weight, CHP

Further, carrying out such critical works departmentally has provided know-how and experience to the O&M and HRDC team to take up such works in future confidently on their own.

3.3 Kurichhu Hydropower Plant

- Repair of Dam Spillway Glacis and Stilling Basin

  The dam spillway glacis and stilling basin sustained severe damage from the Tsatichhu lake outburst in 2004. The repair work, however, was awarded in late 2019 and could begin at the end of 2020 due to the COVID-19 outbreak. Before dewatering the stilling basin, bathymetry and vidual surveys were carried out to gauge the level of damage to the submerged spillway glacis and stilling basin. They were eroded substantially. While additional resources were mobilised, the repair work could not finish in 2021due to the earlier-than-projected increase in river inflow. The balance work will be continued in 2022.

- The chemical treatment of the dam and powerhouse structures was delayed due to COVID-19. The work is expected to be completed by 2022.

Cofferdam construction

3.4 Basochhu Hydropower Plant

Upgradation of SCADA and Protection Relays at 220 kV Rurichhu Switchyard

For greater efficiency in monitoring and controlling the systems, BHP upgraded the SCADA system and protection relays at the 220 kV switchyard through BHUTAN AUTOMATION and commissioned them in November 2021. The old system was commissioned in 2004.

Penstock Expansion Sleeve Joint

An additional ring was added to the penstock expansion/sleeve joint in December 2021. This was done because the gap at the joint has increased due to unstable landmass around the pondage area. The expansion joint is continuously monitored.

Periodic maintenance

OTHER PRINCIPLE ACTIVITIES

4.1 Operation and Maintenance of Mangdechhu Hydroelectric Project

Yet to take over the assets of the 720 MW Mangdechhu hydroelectric project (MHEP), DGPC continued to oversee the operations and maintenance of the project under the Mangdechhu Hydroelectric Project Authority (MHPA) with over 300 deputed employees.

In addition to regular maintenance, MHPA restored generating unit 3 and recommissioned it on August 19, 2021. BHEL supplied the spares and provided supervision services, while HRDC took up the testing and commissioning. DGPC and its subsidiary companies supported MHPA in the restoration.

4.2 Energy Security

Bhutan has been facing the situation of electricity demand growth outstripping the supply capacity, especially during the lean river discharge months. The deficit projections were further aggravated by THP shutdown for the rectification of HRT. Hence, with the approval of the Government of India (GoI), electricity was imported from Indian Energy Exchange (IEX) in January 2022.

Apart from meeting the deficits through the import from IEX, hydro-solar hybrid integration is seen as an optimal and economical alternative since solar power's price is falling. Hence, a memorandum of understanding was signed with the department of renewable energy (DRE) for the implementation of the 17 MW Sephu Solar Project in September 2021. The project will be implemented by DRE and handed over to DGPC for its operation and maintenance. It is expected the framework and modalities to expand to other solar and wind electricity generation projects in future.

To address future energy security concerns, DGPC initiated a review of around 190 small hydropower projects across the country. Considering their reliability in electricity supply and socio-economic benefits, several potential projects were shortlisted through desktop studies and reconnaissance surveys. Feasibility studies/investigations were carried out, and the implementation of some of the shortlisted projects will begin in 2022.

4.3 Hydrogen Economy

The emerging technological advances in hydrogen fuel and green ammonia are likely to succour as a viable alternative for energy security through value addition, energy storage possibilities and replacement of imported fossil fuel in mobility. Bhutan's 2021 Hydropower Policy indicate Bhutan to move toward a green hydrogen economy.

As such, DGPC undertook a preliminary study on using hydrogen fuel as an alternative for energy storage and mobility with research groups in Austria. Since there is great potential with the falling prices in electrolysis technology and a volatile fossil fuel market, and in combating climate change, it is intended to step up the preliminary work to a viability study through a pilot implementation soon.

4.4 Druk Green Energy Trading

DGPC established Druk Green Energy Trading (DGET) as a separate profit centre to support the implementation of the existing power purchase agreements for both domestic and export markets, and energy billing and accounting (export/domestic). DGET will also explore the sale/purchase of power into/from the Indian energy markets and ultimately expand to the emerging regional energy markets. The human capacity and know-how within DGET were built upon priority in preparation for the projected import of energy from IEX in early 2022.

4.5 Hydropower Training Centre

The Hydropower Training Centre (HTC) was established in January 2021 as a centre of excellence for knowledge transfer and capacity building and to provide hydropower-specific technical skills training as required for the operation and maintenance of the hydropower plants and also to meet the skills requirements in the hydropower construction segments. After its establishment, HTC prioritised reskilling and upskilling programmes for DGPC employees such as hands-on training and attachments to hydropower construction sites like Nikachhu hydropower project, in preparation for undertaking the rectification works of THP HRT.

HTC signed an MoU with the Construction Development Corporation Limited (CDCL) for collaborations in capacity building in September 2021. HTC will also further expand to include training requirements of BPC in the future.

4.6 Embedded Generation

To consolidate electricity generation under DGPC and leave the transmission and distribution with BPC, a detailed review and assessment of BPC's embedded generation comprising of micro and mini hydropower plants, and solar and wind-powered generation aggregating to an installed capacity of 8 MW was completed during the year. The embedded generation assets will be transferred to DGPC in 2022. DGPC has planned to refurbish, renovate and automate many of these embedded generating plants that can generate 22 MU of electricity annually.

4.7 eDGPC APP

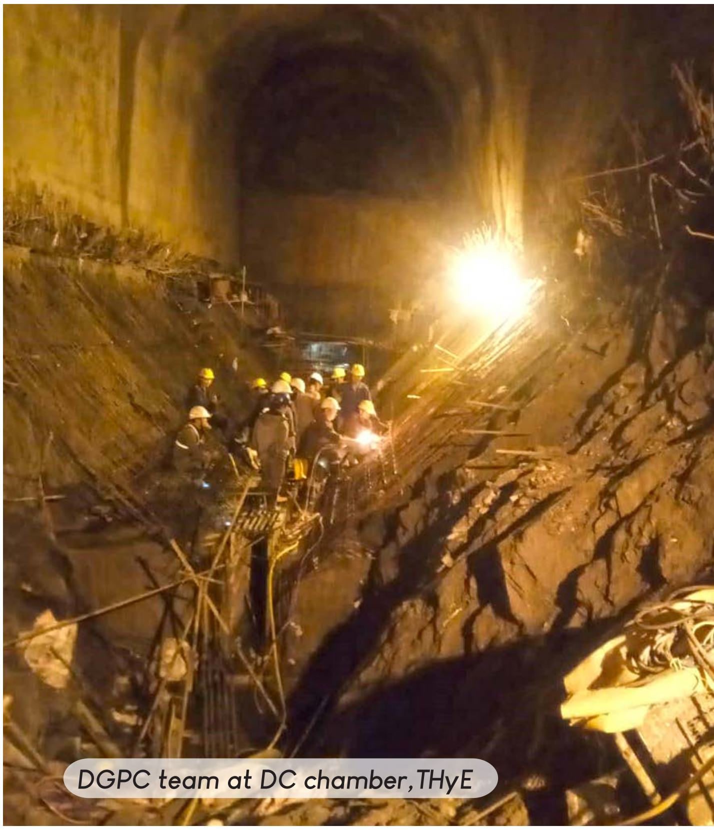
The eDGPC application for smartphones and devices was launched in December 2021 creating a cross-platform application for DGPC processes. The application further provides employees access to O&M manuals, HR manuals and other documents.

5. DGPC COST/PROFIT CENTRES

To streamline priority areas of development and focus on initiatives that could spin-off later, DGPC has created many profit centres. While these profit centres initially appear as cost centres, they are expected to turn around after building the capacity and resources and working out a costing mechanism for their services.

5.1 Druk Green Consultancy

Druk Green Consultancy (DGC) continued to undertake reconnaissance, pre-feasibility, feasibility and DPR level studies for new hydropower projects and provided support to the operating power plants in finding solutions to many of the technical problems encountered. DGC has built substantial capacity in the design and engineering of hydropower plants with some vetting by internationally renowned consultants. DGC generated an operating profit of Nu. 3.876 million in 2021 against an operating loss of Nu. 30.282 million in 2020.



DGPC team at DC chamber, THyE

Pontoon Placement at River for CPT

Amongst many important activities, DGC initiated the DPR for the barrage option for the 1,200 MW Punatsangchhu-I hydroelectric project. However, the DPR submission was delayed beyond the expected deadline in June 2021 due to the requirement of substantially more sophisticated geological and geotechnical investigations by international design and engineering consultants. Therefore, it is expected to be submitted in early 2022.

DGC also undertook the reconnaissance survey and the feasibility studies of the phase I small hydropower projects. DGC further provided technical support for the repairs of KHP dam spillway glacis and stilling basin, and preparatory works for the rectification of THP HRT.

5.2 Hydropower Research and Development Centre

Hydropower Research and Development Centre (HRDC) continued to expand on its services and applied research works towards weaning away dependence on original equipment manufacturers and external expertise in the construction, operation and maintenance of hydropower projects/plants. During the year, HRDC further invested in building a geophysical and geotechnical investigations expertise vertical considering the difficulties in getting such specialised services.

HRDC played a critical role in the testing and commissioning of MHEP's generating unit 3. It provides instrumentation services to the hydropower projects under construction such as the Punatsangchhu I&II and Nikachhu. It also supports the operating power plants and leads the dam safety monitoring activities. HRDC has expanded to provide its specialised services to other clients within Bhutan while continuing to explore possibilities outside Bhutan.

5.3 Fleet Management Division

Fleet managemnt division continued to optimise the numbers and costs of transport operations within DGPC even as it works towards a replacement of the fleet with environment-friendly electric vehicles.

Start of package III core driliing work

Vibration measurement - ADRE (Automated Diagnostic for Rotating Equipment)

6. DGPC SUBSIDIARY COMPANIES

6.1 Bhutan Hydropower Services Limited

Bhutan Hydropower Services Limited (BHSL) earned revenue of Nu. 155.362 million in 2021, but continued to be in the red with Nu. 28.208 million in losses mainly on account of depreciation and financing costs despite an interest waiver of Nu. 24.122 million that the company benefitted from the government support to the COVID-19-induced economic downturn. The equity was further eroded to Nu. 76.129 million from the initial share capital of Nu. 654 million. The performance of the company has however improved from the loss of Nu. 53.432 million in 2020 despite a COVID-19-related interest waiver of Nu 30.186 million.

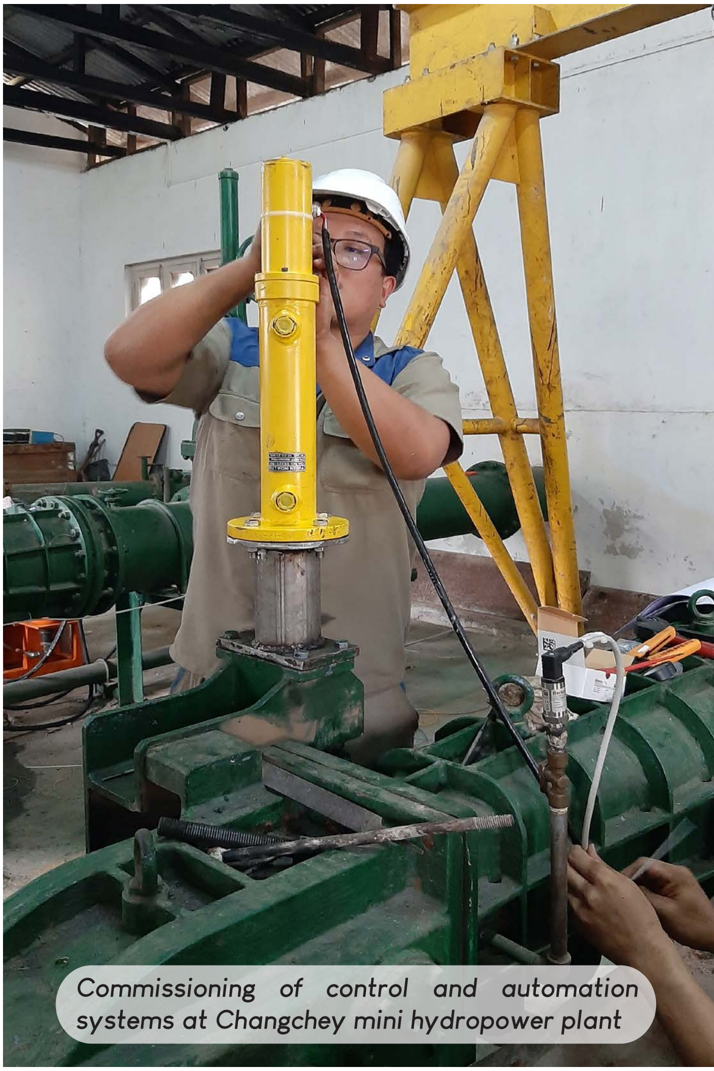
In September 2021, DGPC bought off the 49% shareholdings of GE in BHSL at a cost of Nu. 86.633 million. DGPC's 100% shareholding paves the way for BHSL to expand into manufacturing and other businesses, and turn the company around. BHSL delivered its first new Pelton runner to BHP and expects to invest in expanding the facilities to manufacture not only runners but also other underwater components for hydropower projects/plants. BHSL is further working with GE for the manufacture of the nozzle injectors for THP. DGPC similarly plans to require hydro-mechanical contractors to off-load some components of the contracts to BHSL. BPC is also investing in an extension of the BHSL facility to undertake rehabilitation of transformers and eventually start manufacturing them.

With these plans for expanding BHSL's scope, the focus is also on the development of the skills to handle the highly specialised work orders.

Completed manufacture of Pelton runner for BHP

6.2 Bhutan Automation & Engineering Limited

Bhutan Automation & Engineering Limited (BHUTAN AUTOMATION) earned Nu. 128.71 million in 2021 as against the revenue of Nu. 180.92 million in 2020. The decrease in revenue was mainly on account of the delays with the large hydropower projects that slowed down the delivery of the SCADA systems from BHUTAN AUTOMATION. Despite the setbacks, including the COVID-19 situation and offtake delays, the company made a PAT of Nu. 23.002 million against Nu. 21.951 million in 2020. The shareholders (DGPC and Andritz Hydro) agreed to declare a dividend of 80% of PAT.



Commissioning of control and automation systems at Changchey mini hydropower plant

Apart from the ongoing order for the Punatsangchhu II SCADA system, BHUTAN AUTOMATION was also awarded the contract for designing, engineering, manufacturing, supply, erection, testing and commissioning of the complete computerised control system and protection system (CCSPS) for the 1,200 MW Punatsangchhu I project in May 2021. BHUTAN AUTOMATION also successfully commissioned the state-of-the-art automation system for BHP's 220 kV switchyard in November 2021.

BHUTAN AUTOMATION is working closely with DGPC for the projected SCADA work orders for CHP and THP. The company is also working with Andritz Hydro to provide services outside of Bhutan. In the process, the company got itself ISO certified. DGPC continues to fully support BHUTAN AUTOMATION through a breathe-in breathe-out arrangement of engineers.

6.3 Dagachhu Hydro Power Corporation Limited

In 2021, Dagachhu Hydro Power Corporation Limited (DHPC) generation touched 502 MU against the target of 448 MU mainly on the account of better-than-projected hydrology. On an overall scheduled energy sale of 520 MU to Tata Power Trading Company Limited, DHPC earned a gross revenue of Nu. 1,664.711 million, including an upside benefit sharing of Nu. 182.236 million.

DHPC earned a PAT of Nu. 407.490 million in 2021 as against Nu. 263.018 million in 2020. After adjustment of the accumulated previous years' negative balance in retained earnings, there were positive retained earnings of Nu. 72.178 million. The shareholders (DGPC, Tata Power Company and NPPF) agreed to declare a dividend of 95% of these positive retained earnings.

In September 2021, a management contract agreement was signed with DGPC to outsource the business operations of DHPC to the O&M Services Centre, a profit centre under DGPC. DGPC expects to achieve optimal resource utilisation and efficient operation across its power plants, especially for those with similar technologies, through this arrangement. DGPC further expects to explore opportunities to expand and provide O&M services to power plants beyond Bhutan.

6.4 Kholongchhu Hydro Energy Limited

The shareholders (DGPC and SJVN) injected Nu. 866.45 million in 2021 taking the cumulative equity injection in the company to Nu. 4,508.55 million. The accumulated expenditure as of 2021 end was Nu. 3,589.83 million.

Kholongchhu Hydro Energy Limited (KHyE) made a breakthrough during the year by signing a contract agreement with the Valecha-Rigsar JV for 80% of the HRT civil works package and another agreement with Construction Development Corporation Limited (CDCL) for the balance work. While Jaiprakash Associates Limited (JAL) was the lowest evaluated bidder for both the dam and PH civil works packages, the award of the works could not be finalised with differences of opinion arising in the signing of separate contract agreements for the 80% of the works packages with JAL and the balance with the Bhutanese counterpart, CDCL.

While some progress was made, the negotiations on the debt financing agreement also could not be concluded.

6.5 Tangsibji Hydro Energy Limited

In the construction of the 118 MW Nikachhu hydropower project, the financial and physical progress achieved by Tangsibji Hydro Energy Limited (THyE) as of December 31, 2021, were as under:

- Equity injection: Nu. 5,073.14 million (DGPC: Nu. 1,928.34 million/ADB-ADF: Nu. 3,144.79 million)
- Debt financing: Nu. 6,334.59 million (ADB-OCR: Nu. 3,088.92 million/SBI-EXIM: Nu. 3,245.67 million)
- Expenditures incurred in the implementation of the project: Nu. 9,913.75 million
- Overall physical progress (MP-1, MP-2 and transmission line): 78.58%

The progress of the project has been severely hampered by COVID-19 and the continued adverse geological conditions encountered in the excavation of the main feeder tunnel; head race tunnel (HRT) at face 1, face 6 and face 7 (with heavy water ingress); and with the inclined pressure shaft. The shortage of manpower due to travel restrictions to bring in expatriate workers was, to some extent, addressed through prioritising works on the critical path and engagement of Bhutanese workers through many incentive schemes including production-based performance management systems. However, the civil works construction continued to face an acute shortage of specialised workers required at some of the critical work fronts despite the special arrangements approved for the project by the COVID-19 task forces.

The electro-mechanical works however continued unhindered except at times when the work fronts could not be made available by the civil works contractor. During the year, the stator and rotor for both the generating units were lowered in the generator pits. Efforts are being made to complete the project by mid-2023.

6.6 Druk Hydro Energy Limited

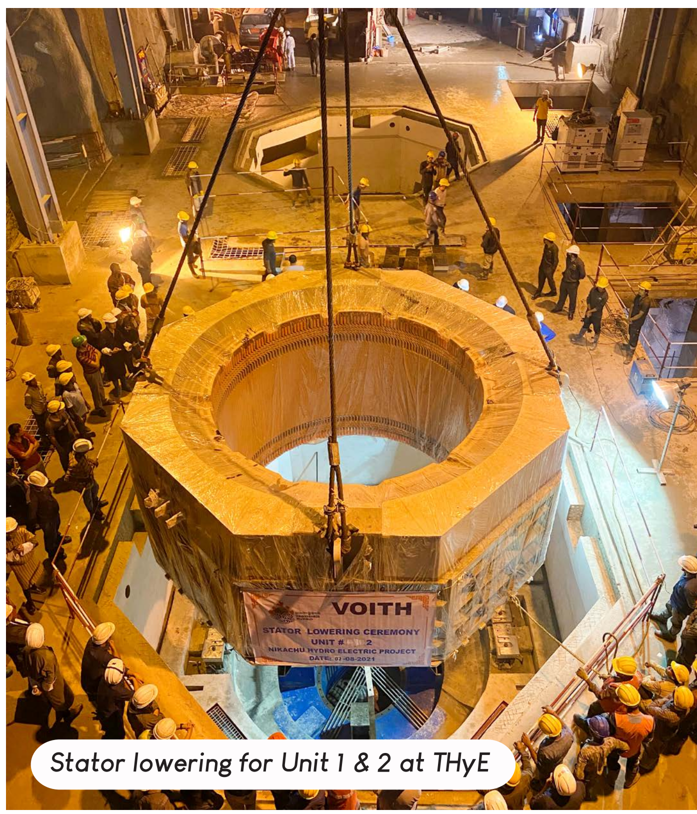
To take forward the construction of the three small hydropower projects in phase I aggregating 104 MW in installed capacity, a special purpose company was created as a subsidiary of DGPC. Druk Hydro Energy Limited (DHyE) will further expand its scope to include the planned phase II implementation and other small to medium hydropower projects that might be taken up at a later stage. On their commissioning, these power plants will be placed under DGPC for operation and maintenance.

7. HUMAN RESOURCES - CAPACITY BUILDING AND SUPPORT

The COVID-19 pandemic added another facet to the implementation of plans and programmes for the capacity building of DGPC's human resources. Ample time and energy were put into rationalising the immediately required human resources development activities and a decision was eventually taken to initiate DGPC's own Hydropower Training Centre at Rinchentse. The emphasis has also shifted to in-house, online and hands-on reskilling and upskilling of employees while ensuring strict compliance with the COVID-19 protocols.

DGPC continued to support and provide opportunities for a number of its employees to pursue higher studies in emerging and relevant specialised fields through internal resources as well as external support. The Austrian Government is

Signing of DHPC management contract



Stator lowering for Unit 1 & 2 at THyE partially funding the capacity development for monitoring hydropower plant safety. Apart from the regular visit of Austrian experts to assess the problems and train DGPC counterparts on implementing remedial measures, especially in instrumentation, many DGPC employees are undertaking graduate studies in geotechnical and hydro-mechanical engineering through the ADA programme.

Under the new normal environment, many employees work remotely. However, critical O&M employees at the power plants were kept in facility quarantines to ensure the availability of a critical mass of employees for operating the power plants in case of COVID-19 community transmission. The new normal environment also enabled DGPC to further build on its expertise and experience with OEMs and suppliers practically not in a position to provide services. This further provided opportunities for BHSL, BHUTAN AUTOMATION, and HRDC to step up and take on the numerous problems and challenges encountered by the operating power plants as well as the services required by the projects under construction, thus reducing dependency on OEMs and expatriate service providers.

DGPC ended the year with 1641 employees of which 212 are on deputation to its subsidiary companies and projects under construction.

8. CORPORATE SOCIAL RESPONSIBILITY

DGPC remains committed to its corporate social responsibility (CSR) while sustaining the business through the COVID-19 situation by supporting Bhutanese communities and ensuring livelihoods. Consistent efforts were made to ensure strict compliance with the COVID-19 safety protocols to limit its impact. In keeping with the directives of DHI, DGPC introduced timely and essential measures to ensure the continuity of its business, whilst warranting the safety and wellbeing of employees and communities in the vicinity of the power plants.

As part of its CSR, the guest houses at the power plants were made available as isolation and quarantine facilities as and when required for travellers from high-risk to low-risk areas and the frontline workers serving along the border. The newly constructed DGPC office at Phuentsholing was handed over to the Ministry of Health and converted into a COVID-19 ward.

As part of Being Green initiatives, waste bags were distributed to buses and taxis in Thimphu and others in the vicinity of the power plants. DGPC and its subsidiaries continue the frequent mass cleaning exercises, annual tree plantation activities, waste management programmes, and other programmes to generate income in the rural areas, some of which target women.

A significant part of CSR philosophy is also employee-driven. DGPC's employees are actively invested in providing financial and social support to community programmes, thus creating value for the communities.

9. CORPORATE GOVERNANCE

The Board of Directors met seven times during the year to consider numerous emerging issues and provided timely directives for the smooth operation and maintenance of the existing power plants and investments in new projects. The Board also guided the Company in its growth as a leader in corporate governance and ensured the performance of its subsidiary companies. The Board sub-committees also met as and when required to provide support to the Company, its subsidiaries and the Board on various issues.

Through these interventions, DGPC continued to provide uninterrupted services with adequate reserves of essential spares and commodities in its power plants to ensure uninterrupted generation of electricity. Despite the pandemic, DGPC employees carried out their responsibilities with dedication, determination and perseverance, and managed to maintain the same levels of service delivery. The Company has and continues to observe all government advisories and guidelines diligently in the fight to contain the spread of COVID-19.

10. KEY CHALLENGES

The unprecedented challenges brought about by the COVID-19 pandemic continue to frustrate and inconvenience every establishment. The immediate and long-term key challenge ahead of DGPC and the hydropower sector is the delay in the construction of the hydropower projects giving rise to cost and time overruns. These delays will have a huge impact on the anticipated benefits in terms of taxes, royalties, employment opportunities and socio-economic development for the government and the aspirations of the people of Bhutan.

Despite the difficulties faced, concerted efforts were made to ensure that the operation of the power plants was unaffected and continue to earn a steady flow of income to the extent of the existing power plants. The difficult times have however called for higher levels of commitment of the employees with many of them separated in isolation facilities in case there should be any exigencies and away from their families for long periods. This arrangement is being reviewed but continues with some optimisation.

MoU signing with Andritz Hydro

The operation and maintenance of power plants are dependent on technology, automation, availability of O&M expertise, and timely support of the OEM and critical spare suppliers as and when required. This has become challenging and costly during the pandemic despite arrangements of bubble missions and sometimes resorting to online virtual supervision. Manufacture and delivery of critical spares and on-time back-end services are becoming difficult to get. With the ageing of power plants, the issues of availability of spares and parts become critical and there could be an increase in the frequency of breakdowns and loss of generation. Therefore, the continual need to support the strengthening of the subsidiary companies, service centres and HRDC to a large extent has contributed to weaning away the dependence on factors outside of the control of the Company. DGPC will continue to invest in upgrading technologies, introducing emerging systems, and building its human resources.

Knowledge sharing: Cyber security awareness

There is a growing need to invest in new generation capacity and diversify into other renewables for not only the country's energy security but also to ensure a steady revenue stream. Investment decisions might need to consider national energy security issues rather than being driven by cost benefits considerations alone. This would need a rationalisation of tariffs while trying to remain competitive in the emerging energy market while being sensitive to the expectations of domestic consumers.

Visit of students from Gaselo CS to BHP

While the cost of hydropower is bound to increase with the higher investments and other renewables may appear better in light of the falling prices, especially solar, it is important to understand that hydropower will remain the backbone of Bhutan's electricity grid and base load. On the debates of climate change, global warming and the reducing costs of other renewables such as solar, Bhutan should not find itself led into an electricity supply crisis. On the other hand, it is also important to create hybrid hydro solar integrated systems for energy security.

A number of the subsidiary companies of DGPC continue to face technical as well as financial problems and at times with the management. These companies will need continuous monitoring and support including closer engagement and control.

The hydropower sector is going through a difficult time – having not met the aspirations of the people with the promised accelerated development of hydropower potential and the anticipated benefits. There is a huge debate on the future of the hydropower sector. A key challenge will be to bring all the key stakeholders together and reach a clear understanding of the way ahead with the development of the huge hydropower potential that Bhutan is sitting on for the long-term benefit of the country and its people. The future of DGPC will be guided by this.

11. STATUTORY AUDIT REPORT

As per the requirement of the Companies Act of Bhutan 2016, the Royal Audit Authority (RAA) appointed Rinzing Financial Private Limited, Thimphu, as the statutory auditor for DGPC for 2021. The audit was carried out from January 12 till March 18, 2022, covering the corporate office and all the power plants.

The 2021 audit was conducted as per the auditing standards prescribed by the Accounting and Auditing Standard Board of Bhutan (AASBB) and general terms of reference for the auditors and minimum audit reporting requirement prescribed by the Royal Audit Authority specified under section 266 of the Companies Act of Bhutan, 2016. The financial statements for DGPC as an individual entity were prepared to comply fully with the adoption of Bhutanese Accounting Standards (BAS) covered under BAS March 2021 and interpretations

Annual Chhukha drupchen

Tree plantation on Social Forestry Day, BHP issued by AASBB to the extent applicable to the companies reporting under BAS/BFRS and the relevant provisions of the Companies Act of Bhutan, 2016. The financial statements were prepared on a historical cost convention on an accrual basis except as stated otherwise. The audit exit meeting between the statutory auditor, RAA, and DGPC was held on March 10, 2022. The DGPC Board considered the auditors' report and the audited accounts at its 105th meeting held on March 24, 2022.

11.1 Auditors' Report

There are no qualifications for the auditors' report for 2021. There are no observations or recommendations in the annexure to the auditors' report for 2021. The auditors have pointed out a few issues in the management report, which are being addressed by the management.

11.2 Disclosure of Compensations to the Board of Directors and Management (Managing Director and Directors)

As required under the Companies Act of Bhutan 2016, the disclosure of compensations to the Board of Directors, managing director and directors on the management team are as below:

SN	Compensation	2021	2020
1	Board of Directors (excluding sitting fees for the Managing Director) (Nu.)	1,200,000.00	735,000.00
2	Managing Director and Directors (pay, allowances, sitting fees, travel and other benefits) (Nu.)	14,850,007.28	12,896,177.20

ACKNOWLEDGEMENT

The Board of DGPC would like to acknowledge the support of the Royal Government of Bhutan (RGoB), Druk Holding and Investments Limited (DHI), Ministry of Economic Affairs, Ministry of Finance, Bhutan Electricity Authority, National Environment Commission, Bhutan Power Corporation Limited and other stakeholders in Bhutan in helping DGPC fulfil its many mandates. The Board would especially like to acknowledge the support provided by RGoB and the national/regional/dzongkhag COVID-19 task forces in accommodating the numerous requests of the hydropower plants and projects for movement of workers, plant and equipment, and construction materials, and also for enabling bubble missions for critical works despite the extreme difficulties faced by the whole country in dealing with the pandemic. The continuous support rendered by the task forces ensured the uninterrupted supply of electricity and the delivery of its essential services. The Board would also like to acknowledge the support of GoI and its agencies in taking forward the Kholongchhu hydropower project and other initiatives of DGPC, and the hydropower sector as a whole.

The Board would also like to thank the managing director, DGPC management team and employees, and subsidiary companies for their dedicated work and contributions towards the excellent performance of the Company despite the difficult conditions. The Board would further like to urge the management of DGPC to continue to work towards achieving the enormous tasks ahead and evolve the governance of the Company to emerge as a leader in corporate governance and management.

The Board shall continue to fully support DGPC in its endeavours in achieving its mandates.

Tashi Delek

For and on behalf of the Board,

(Nim Dorji)
Chairperson

Basochhu waterfall

CORPORATE GOVERNANCE REPORT

INTRODUCTION

As mandated by the Royal Charter and the DHI ownership policy, 2010, the Corporate Governance (CG) Code was introduced in 2013 to provide clear framework, guidelines and in strengthening the functions of Corporate Governance. The Guidelines and framework are the globally accepted standards up-to which the companies are expected to perform with excellence. The good Corporate Governance promotes ethical, transparent and responsible business in all activities that the company performs.

Druk Green Power Corporation Limited (DGPC) has been closely following all the policies and Guidelines provided under the Companies Act of Bhutan 2016, CG code 2013 and other statutory requirements in fulfilling the mandates.

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate Governance is essential about the leadership:

a. Leadership for efficiency in order for companies to compete effectively in the global economy, and thereby create jobs;
b. Leadership for probity because require confidence and assurance that the management of a company will behave honestly and with integrity in regard to their Shareholders and others;
c. Leadership with responsibility as companies are increasingly called upon to address legitimate Social concerns relating to their activities; and
d. Leadership that is both transparent and accountable because otherwise business leaders cannot be trusted and this will lead to the decline of companies and the ultimate demise of a country's economy.

Along with the CD code principles, for the international standards, the OECDs six principles are the key benchmark for Corporate Governance. Following are the key OECD principles that DGPC closely follows:

1. Ensuring an effective legal and regulatory framework;
2. Rights of Shareholders;
3. Equitable treatment of Shareholders;
4. Relations with Stakeholders;
5. Transparency and disclosure; and
6. The responsibility of the Board.

The Corporate Governance Framework for DGPC is as below:

Name of the Director	Position	Address	Date of first Appointment	Date of Retirement/ Re-appointment	DHI Companies	Other Companies/ Boards	Board sub committee
Dasho Nim Dorji	Non-Independent and Non-Executive	NSCWG, HMS	July 29, 2014 at the 2nd EGM	Reappointed on March 13, 2020 at the 13th AGM	DGPC, DHI	DHI and Bhutan Duty Free Limited,	BLTC and BAC
Dasho Karma Tshering	Independent and Executive	Secretary, MOEA	March 23, 2021 at the 14th AGM		DGPC	Kuensel Corporation	Chairperson (BLTC & BAC)
Dasho Lobzang Dorji	Independent and Executive	Sarpang Dzongdag, Sarpang	March 23, 2020 at the 13th AGM		DGPC	-	
Ms. Tashi Lhamo	Non-Independent and Non-Executive	Director (Finance), DHI	March 13, 2017 at the 10th AGM	Reappointed on March 23, 2021 at the 14th AGM	DGPC	-	
Mr. Kinga Tshering	Independent and Executive	Chief Executive Officer, TVET	March 23, 2020 at the 13th AGM		DGPC, DHI	-	
Mr. Tandin Tshering	Non-Independent and Executive	Secretary General, National Assembly	March 23, 2020 at the 13th AGM		DGPC	-	
Dasho Chhewang Rinzin	Non-Independent and Executive	Managing Director, DGPC	December 6, 2007 at 1st AGM	Reappointed March 21, 2018 at the 11th AGM	DGPC, CDCL, BHUTAN AUTOMATION, THyE, KHEL	DHyE	BLTC and BHRC

BOARD COMPOSITIONS

The Board of DGPC comprises of seven Directors. The 14th Annual General Meeting (AGM) held on March 23, 2021 appointed Dasho Karma Tshering, Secretary, MoEA as the new Board of Director and also confirmed on the re-appointment of Ms. Tashi Lhamo, Director (Finance, DHI) and Dasho Chhewang Rinzin, MD DGPC for another term.

Note: Dasho Karma Tshering was appointed during the 96th Board Meeting held on December 15, 2020 in place of Dasho Sonam Topgay. The Meeting also appointed Dasho Nim Dorji as the Chairperson of DGPC Board. However, formally appointed during the 14th AGM.

Pursuant to Section 134 of the Companies Act, a Board of a public company shall consist of at least one-third of Independent Directors. As of December 2021, the Board of Directors comprises of Directors who satisfy the requirement for identification as independent (3 Directors of 7 are independent). As part of good corporate governance practice, more women are getting appointed on its Board and on the Boards of its subsidiary companies.

BOARD MEETINGS

The Board of DGPC met seven times during the year 2021 and the quorum at each of these meetings was duly met. The Board dealt with numerous issues and provided timely directives for the smooth functioning of the company.

Similarly, the Board Audit Committee (BAC) met five times whereas the Board Human Resource Committee met eight times and Board Level Tender Committee (BLTC) met six times during the year 2021. The Sub Committees provide guidance and to deliberate on various issues confronting the company.

ANNUAL GENERAL MEETING

The principles of DHI's Corporate Governance Code ensure that the governance of State-Owned Enterprises are carried out in a transparent and accountable manner, while not intervening in the day-to-day management of the Company.

The Board keeps the Shareholders informed on all matters affecting the Company. Through the Annual General Meeting (AGM), the Shareholders exercises its rights over the Company.

The details of Board and Board Committee meetings attended and held are as below:

Name of Director	BM	BAC	BHRC	BLTC	AGM
Dasho Nim Dorji (Chairperson)	7-Jul	1-May	-	6-Jun	1-Jan
Dasho Karma Tshering	6-Jul	4-May	-	-	-
Dasho Lobzang Dorji	5-Jul	1-May	-	-	-
Mr. Kinga Tshering	7-Jul	-	8-Aug	6-Jun	1-Jan
Ms. Tashi Lhamo	7-Jul	5-May	8-Aug	6-Jun	1-Jan
Mr. Tandin Tshering	6-Jul	4-May	8-Aug	-	1-Jan
Dasho Chhewang Rinzin	7-Jul	-	8-Aug	6-Jun	1-Jan

Abbreviation

BM: Board Meeting
AGM: Annual General Meeting
BHRC: Board HR Committee
BLTC: Board Level Tender Committee
BAC: Board Audit Committee


Signing of the 4th extension of MoU between DGPC and EGAT on March 16, 2021

EXTRAORDINARY GENERAL MEETING

Apart from timely Board and Annual General Meeting, during the year 2021 DGPC conducted one Extraordinary General Meeting (EGM) on August 24 mainly to discuss on the approval of special resolution for buy-back of shares from GE renewable Holdings, France in BHSL.

BUSINESS CODE OF CONDUCT

The DGPC Business Code of Conduct is a management tool for setting out DGPC's values, responsibilities and ethical obligations. The code articulates the values that DGPC wishes to foster in its leaders and employees. The code is intended to be the central guide and reference for employees to support day-to-day decision making, to encourage discussions of ethics and compliance, and to empower employees to handle ethical dilemmas they encounter in their everyday work place. The code also serves as a valuable reference for helping employees locate relevant documents, services and other resources related to ethics within DGPC.

WHISTLE BLOWER

Druk Green has a whistle Blower mechanism to provide platform to report any unethical practices and conduct in the workplaces and also to protect the whistle blower from any harm as per the prevailing Laws of the Land. It helps the employees in conducting themselves in the manner mandated by the Business Code of Conduct.

RISK MANAGEMENT SYSTEMS

As part of good corporate governance, the DGPC Risk Management Manual provides for a framework for the management of the Company's business risks. The key risks, which may hinder the achievement of the Company's objectives are identified, assessed, evaluated and compiled in a Risk Register.

The Risk Register is reviewed on a yearly basis and mitigation action plans are proposed and implemented. The Risk Register is reviewed by the Board and submitted to the Shareholder.

POLICIES AND PRACTICES OF CEO AND BOARD EVALUATION

As per the DHI CG Code, the Board evaluates the performance of the CEO annually as per the CEO Performance Evaluation Guideline. The leadership assessment of the CEO is conducted confidentially through an online survey annually based on criteria such as decision making and inter personal skills, employee engagement and development, relationship with Board, integrity and ethical code, and visioning and strategic planning.

The performance of the Board is also evaluated annually through an online survey. The survey is in accordance with various criteria such as professional and ethical attributes, dedication and preparedness, team work, and contribution.

Board directorship program for subsidiary companies

Feasibility study of a 500 kW mini hydropower project, Chuza Chhu, Lunana

AUDIT REPORT ON FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of Druk Green Power Corporation Limited (DGPCL):

Opinion

We have audited the standalone financial statements of Druk Green Power Corporation Limited ("the Company"), which comprise the Statement of Financial Position as at December 31, 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 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 requirements in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. 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. For the audit of the financial statements, we have not found any significant issues to be reported under this Para.

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

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

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

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

RINZING FINANCIAL PRIVATE LIMITED

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

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

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

1. 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;

2. 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;

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

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

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

RINZING FINANCIAL PRIVATE LIMITED

our report because the adverse consequences of doing so would reasonably be expected to the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

1. 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;

2. In our opinion, proper books of account as required by law have been kept by the Company insofar as it appears from our examination of those books;

3. 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

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

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

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

1. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The Company's Management had conducted physical verification of fixed assets during the year. Discrepancies noted were not material and have been properly dealt with in the books of accounts. Certain items have been identified as unserviceable which were properly disposed of and accounted for in the books of accounts;

2. The company has not revalued any of its fixed assets during the period as the Company follows the cost model for the valuation of its fixed assets;

3. The company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs and heads of accounts, commensurate with the size and nature of its business.

4. Procedures of physical verification of inventories (stores and spares) followed by the management are generally adequate and reasonable in relation to the size of the company and the nature of its business;

5. The company has a procedure to determine unserviceable or damaged stores. Provisions have been made in accounts for loss arising out of obsolescence of such stores and spare parts;

6. Valuation of year-end inventories is appropriate and proper in accordance with the applicable Accounting Standards and is on the same basis as in the earlier years however there were some errors in earlier year Net Realisable Value (NRV) which were rectified accordingly;

7. The Company has not taken any loan or advance during the year 2021 from any corporation/company/firm under the same management;

8. The Company has not granted any unsecured loan to its holding company during the year 2021;

9. The Company has given loans/advances to the following parties during the year for which principal and interest are not due during the year as per terms and condition of the agreement:

   During the year, an inter-corporate loan of Nu. 300,000,000 (Ngultrum Three Hundred Million) has been provided to Dungsam Cement Corporation Limited (DCCL) at the interest rate of 6.50% per annum for a year.

   During the year inter-corporate loan of Nu. 30,000,000.00 (Ngultrum Thirty Million) was provided to Bhutan Hydropower Service Limited (BHSL) at the rate of 4% per annum for 333 days. Of which 50% loan was repaid and balance loan of Nu. 15,000,000 was extended until 03 June 2022 at the rate of 6.50% per annum.

10. Loans/advances granted to officers/staff are generally in keeping with the provisions of its service rules and no excessive/frequent advances are granted and accumulation of large advances against any particular individual is generally avoided;

11. Internal control systems of the Company are generally commensurate with its size and the volume of business to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations, systems and procedures;

12. Considering certain exceptions that some of the items purchased are of special nature for which no suitable alternative sources exist for

RINZIN FINANCIAL PRIVATE LIMITED

obtaining comparable quotations, there is an adequate system of obtaining competitive biddings/quotations/agreed rate contracts in place, commensurate with the size of the Company and the nature of its business, for purchase of goods and services including stores, plant and machinery, equipment and other assets;

13. The Company sells its electricity generated to PTC India Limited (at rates fixed by the Royal Government of Bhutan and the Government of India) and to Bhutan Power Corporation Limited (at the rates fixed by relevant authority appointed by the Royal Government of Bhutan). Hence, in view of the above, the issue of competitive bidding for sale of goods and services, in our opinion, is not applicable to the Company. Further, the rates at which the transactions have been entered into for sale of electricity are not prima-facie prejudicial to the interest of the Company;

14. The Company maintains reasonable records for the generation of electricity. In our opinion, reasonable records of energy received and energy distributed are maintained by the Company. The Statement of Energy Generation, Statement of Gross Energy Available for sale/use for the year 2021 and Statement of Gross Energy Available for sale/use for the year 2020 have been provided in Exhibit 1, (1A, 1B, 1C, 1D), Exhibit 2, (2A, 2B, 2C, 2D) respectively;

15. As the Company is engaged in the generation of electricity, question of purchasing or selling goods or services or the question of inventory of finished goods or raw materials and ascertaining unserviceable or damaged thereof does not arise. However, there is an adequate system of ascertaining any losses in transmission and distribution of electricity at the point of occurrence, for taking corrective actions;

16. The Company is maintaining reasonable records for sale and disposal of realizable scrap. The Company does not generate any by-products;

17. The Company has been generally regular in depositing rates and taxes, duties, provident fund and other statutory dues with the appropriate authorities. We believe that the provision for corporate tax is adequate;

18. As on the last day of the financial year, there was no undisputed liability payable in respect of rates, taxes, duties, royalties and other statutory dues except Nu. 1,628.35 million as under: -

Particulars	2021 (In Million Nu.)
TDS Payable	0
Corporate Income Tax	1,628.35
Total	1,628.35

19. To the best of our knowledge, no personal expenses of employees or directors have been charged to the account other than those payable under contractual obligation/ in accordance with generally accepted practice;

20. Transactions, if any, entered into by the Company wherein the directors are directly or indirectly interested are not prejudicial to the interest of the other shareholders and the Company;

21. Quantitative reconciliation is carried out at the end of the accounting year in respect of electricity and shown in Clause W of Note 30 of "Notes to Accounts";

22. Approvals of Board/appropriate authority are generally obtained for writing-off of amounts due to material loss/discrepancies in physical/book balances of inventories (stores and spares);

23. System for follow up with debtors and other parties for recovery of outstanding amounts are reasonable;

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24. Management of liquid resources, particularly cash/bank and short-term deposits, etc., is adequate. Management has ensured that excessive amounts are not lying idle in non-interest-bearing accounts. The Company has not withdrawn any excess amounts as loans leading to avoidable interest burden on the company;

25. Business activities carried out by the Company during the year are, in our opinion, lawful and intra vires the Articles of Incorporation of the Company;

26. Activities/investment decisions related to new projects are made only after ascertaining the technical and economic feasibility of such new ventures and upon subsequent approval by the Board for such new projects;

27. The Company has a suitable budgetary control system;

28. Since the Company is engaged in the generation of hydroelectricity, no input/output relationship can be established. The Company does not have a system of standard costing but operational variances are analysed at periodic intervals against budgeted norms;

29. The details of remuneration, commission and other payments made in cash or kind to the board of Directors including the Managing Director or any of their relatives by the Company directly or indirectly is disclosed in the Note 31 of Notes to Financial Statements;

30. On the basis of our examination of minutes of the meetings of the Board of Directors, made available to us, directives of the Board appear to have been generally complied with;

31. The officials of the Company have not transmitted any price sensitive information, which are not made publicly available, unauthorized to their relatives/friends/associates or close persons which directly or indirectly benefit themselves. We have, however, relied on the management assertion on the same and cannot independently verify the same.

32. Adequate documents and records are maintained for loans and advances granted, agreements have been drawn up and timely entries have been made therein;

33. The Company has kept and maintained proper records for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities;

34. The terms and conditions of leases are reasonable and the proper agreements have been executed with respect to land;

35. During the course of our audit, we have not come across any investments (shares) that would require provision for permanent diminution; and

36. The Company is not covered under Financial Services Act of Bhutan, 2011 and has complied with other applicable laws, rules and regulations and guidelines issued by appropriate Authorities.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company adopted SAP from June 1, 2011 as their system for accounting, payroll, inventory management, and personnel information/management. In our opinion, organizational and system development controls and other internal controls appears to be adequate relative to the size and nature of computer installation of the Company;

2. The Company appears to have adequate safeguard measures and backup facilities commensurate with the size and nature of computer installation;

3. Operational controls in the company are generally found to be adequate to ensure correctness and validity of input data and output information;

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4. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate;

5. The Company has a Disaster Recovery Plan (DRP) in place commensurate with the size and nature of business of the Company.

GENERAL

1. Going Concern Problems:

On the basis of the attached Financial Statements as at December 31, 2021 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.

2. Ratio Analysis.

Financial and Operational Ratio Analysis in respect of the Company are as given under Exhibits-3 and 3A to this report.

3. Adherence to Laws, Rules and Regulations:

On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any non-compliance to The Companies Act of Bhutan 2016 (except as mentioned above) and the relevant laws under the Bhutan Electricity Act. In respect of compliance with other Acts prevalent in Bhutan, applicable to the company, a comprehensive list of compliance checklist has been developed by the committee formed by the management. The assessment of regulatory requirement mainly relating to environment and disaster management is being conducted by ISO audit team supported by legal division annually. As stated to us there were no non-compliance raised by the ISO audit team as of the date of this audit report.

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

DRUK GREEN POWER CORPORATION LIMITED

RATIO ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

Particulars	December 31, 2021	December 31, 2020
CURRENT RATIO	**2.42**	**2.69**
Current asset	6,790,362,964.86	7,729,206,538.37
Current liabilities(including provisions)	2,810,535,938.34	2,877,350,934.79
DEBT EQUITY RATIO	**0.15**	**0.13**
Debt	6,765,876,660.57	6,297,472,672.96
Equity	46,574,124,851.15	46,722,314,553.71
LIQUID RATIO	**2.2**	**2.54**
Current assets	6,790,362,964.86	7,729,206,538.37
Less: Inventories	474,387,621.85	389,388,320.62
Less: Prepaid Expenses	50,569,769.97	10,181,554.08
Less: Advance to Supplier/Contractor	70,198,568.06	20,201,099.84
	6,195,207,004.98	7,309,435,563.83
Current liabilities(including provisions)	2,810,535,938.34	2,877,350,934.79
DEBT SERVICE COVERAGE RATIO	**28.43**	**28.34**
EBITA	9,827,001,275.27	9,810,180,621.29
Debt Service	345,680,245.19	346,135,895.59
FIXED ASSETS (NB) TO EQUITY	**0.76**	**0.78**
Fixed assets	35,209,050,533.91	36,676,117,406.44
Equity	46,574,124,851.15	46,722,314,553.71
FIXED ASSETS (NB) TURNOVER	**0.34**	**0.35**
Fixed assets	35,209,050,533.91	36,676,117,406.44
Electricity Revenue	12,004,425,244.27	12,979,965,237.64
ROCE (%)	**14.2**	**14.2**
PBIT	7,575,010,046.31	7,528,091,876.74
Capital Employed (Total Shareholders Equity + Debt)	53,340,001,511.72	53,019,787,226.67
GENERATION AND MAINTAINENCE EXPENSES TO ELECTRICITY REVENUE	**4.15**	**3.69**
Operation & Maintenance expenses	498,433,962.57	479,124,688.25
Electricity Revenue	12,004,425,244.27	12,979,965,237.64
DIVIDEND PERCENTAGE	**15.69**	**17.37**
Corporate dividend	5,110,000,000.00	5,600,000,000.00
Share Capital	32,612,564,000.00	32,246,108,000.00
ROE (%)	**10.94**	**10.83**
PAT	5,097,113,620.43	5,057,739,084.90
Total Shareholders Equity	46,574,124,851.15	46,722,314,553.71
EARNINGS PER SHARE	**156.29**	**156.85**
PAT	5,097,113,620.43	5,057,739,084.90
Outstanding Equity Shares	32,612,564.00	32,246,108.00

CASH FLOW EFFICIENCY RATIOS

CASH FLOW TO TURNOVER	**0.62**	**0.62**
Cash from operation	7,390,536,539.95	7,993,251,158.43
Electricity Revenue	12,004,425,244.27	12,979,965,237.64
OPERATIONS INDEX	**1.45**	**1.58**
Cash from operation	7,390,536,539.95	7,993,251,158.43
PAT	5,097,113,620.43	5,057,739,084.90
CASH FLOW RETURN ON ASSETS	**0.17**	**0.18**
Cash from operation + Tax Paid + Interest Paid	9,778,369,303.29	9,975,744,358.81
Total Assets	56,273,154,138.34	56,028,311,021.40

Note: Due to compliances of BAS , the previous years figure have been regrouped wherever necessary.

Sl.No.	Particulars	2021	2020	Remarks
A.	**Ratios for assessing financial health (In numbers)**			
I	Debt Equity Ratio	0.15	0.13	The ratio has increased due to increase in the loan obligation.
II	Current Ratio	2.42	2.69	The ratio has decreased on account of decrease in current assets compared to 2020.
III	Liquid Ratio	2.2	2.54	The ratio has decreased on account of decrease in current assets compared to 2020.
IV	Debt Services Coverage Ratio	28.43	28.34	The Debt Services Coverage has decreased on account of decrease in EBITA.
V	Fixed Assets to Equity	0.76	0.78	The ratio has decreased due to decrease in Fixed Assets (Net Block), increase in Accumulated Depreciation.
VI	Fixed Assets to Turnover	0.34	0.35	The ratio has decreased due to decrease in Fixed Assets (Net Block) as compared to 2020.
B.	**Ratios for assessing profitability(In percentage)**			
I	Return on Equity (%)	10.94	10.83	The ratio has increased due to increase in profit compared to the previous year and due to decrease in total shareholder equity.
II	Return on Capital Employed (%)	14.2	14.2	The ratio has Increased due to increased in profit.
III	Generation and Maintenance Expenses to Electricity Revenue (%)	4.15	3.69	The ratio has increase mainly due to increase in O&M expenses and decrease in revenue as compared to 2020.
IV	Earning Per Share	156.29	156.85	The decrease is mainly on account of increase in number of shares due to additional equity injection although there is a increase in profit before tax compared to previous year.
C.	**Ratios for assessing cash flow efficiency (in numbers)**			
I	Cash flow turnover	0.62	0.62	The ratio has decreased due to decreased in cash from operation as well as electricity revenue as compared to 2020.
II	Operation Index	1.45	1.58	The ratio has decrease due to huge decrease in cash from operation although profit after tax increase as compared to 2020.
III	Cash flow return on assets	0.17	0.18	The ratio has decreased due to increase in total asset with a decrease in cashflow as compared to 2020.

Note: Due to compliances of BAS , the previous years figure have been regrouped wherever necessary.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

(Amount in Nu.)

Particulars	Note No.	December 31, 2021	December 31, 2020
ASSETS:			
Non- current assets			
Property, plant & equipment	3	35,172,220,670.97	36,615,380,626.46
Intangible assets	3	36,829,862.94	28,736,779.98
Investment property	4	-	32,000,000.00
Deferred tax asset	5	-	64,388,719.65
Investments in subsidiaries and joint ventures	6	10,066,492,500.14	8,787,347,385.44
Long-Term Investments	7a	4,207,248,139.43	2,769,370,399.12
Other assets	7b	-	1,880,572.38
Total non - current assets		**49,482,791,173.48**	**48,299,104,483.03**
Current assets			
Cash and cash equivalents	11c	1,840,555,671.45	759,358,887.64
Inventories	8	474,387,621.85	389,388,320.62
Short Term Investments	11a	1,312,035,068.49	3,395,053,100.34
Trade and other receivables	11b	2,904,316,290.85	3,014,839,387.24
Prepayments and advances	9	124,137,520.94	36,081,893.25
		6,655,432,173.58	**7,594,721,589.09**
Assets classified as held for sale	10	134,930,791.28	134,484,949.28
Total current assets		**6,790,362,964.86**	**7,729,206,538.37**
Total assets		**56,273,154,138.34**	**56,028,311,021.40**
EQUITY AND LIABILITIES:			
Equity			
Share capital	12	32,612,564,000.00	32,246,108,000.00
General reserves		8,712,428,011.15	9,288,009,960.48
Retained earnings		5,249,132,840.01	5,188,196,593.23
Total shareholders' equity		**46,574,124,851.15**	**46,722,314,553.71**
Non- current liabilities			
Long- Term Borrowings	7c	6,317,879,953.89	5,899,015,821.98
Deferred tax liability	5	8,647,244.73	-
Employee benefit obligation	13	561,966,150.23	529,629,710.92
Total non current liabilities		**6,888,493,348.85**	**6,428,645,532.90**
Current liabilities			
Trade and other payables	11d	565,995,256.48	458,072,922.13
Other financial liabilities	11e	447,996,706.68	398,456,850.98
Other current liabilities	14	68,859,153.15	65,293,880.97
Current tax liabilities	15	1,628,348,421.16	1,857,074,824.57
Employee benefit obligation	16	99,336,400.87	98,452,456.14
Total current liabilities		**2,810,535,938.34**	**2,877,350,934.79**
Total liabilities		**9,699,029,287.19**	**9,305,996,467.69**
Total shareholders equity & liabilities		**56,273,154,138.34**	**56,028,311,021.40**

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

For Druk Green Power Corporation Limited

(Dasho Nim Dorji)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Wangchuk)
Director, Finance

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

(Amount in Nu.)

Particulars	Note No.	December 31, 2021	December 31, 2020
INCOME			
Electricity revenue	17	12,004,425,244.27	12,979,965,237.64
Interest earned	18	199,444,532.71	179,772,586.11
Other income	19	347,923,895.62	181,170,311.75
		12,551,793,672.60	13,340,908,135.50
EXPENDITURE			
Wheeling charges		991,276,852.19	1,188,506,525.79
Insurance		151,135,299.49	132,334,949.16
Running and maintenance expenses	20	347,298,663.08	346,789,739.09
Employees' remuneration and benefits	21	917,914,232.99	961,964,889.78
Finance cost	22	245,754,101.56	218,427,833.24
Depreciation/amortisation		2,251,991,228.96	2,282,088,744.55
Other expenses	23	317,167,349.58	901,131,410.39
		5,222,537,727.85	6,031,244,092.00
Operating profit		7,329,255,944.75	7,309,664,043.50
Profit before tax		7,329,255,944.75	7,309,664,043.50
Tax expense	24		
Current tax		2,159,106,359.94	2,262,976,902.56
Deferred tax		73,035,964.38	(11,051,943.96)
Income Tax for earlier years		-	-
		2,232,142,324.32	2,251,924,958.60
Profit for the year		5,097,113,620.43	5,057,739,084.90
Other comprehensive income:			
Remeasurements of post-employment benefit obligations		21,561,711.24	25,052,763.00
Income tax relating to these items			7,515,828.90
Total other comprehensive income for the year		21,561,711.24	17,536,934.10
Comprehensive income for the year		5,118,675,331.67	5,075,276,019.00

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

For Druk Green Power Corporation Limited

(Dasho Nim Dorji)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Wangchuk)
Director, Finance

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON DECEMBER 31, 2021

(Amount in Nu.)

Particulars	December 31, 2021	December 31, 2020
Cash flows from operating activities		
Profit before taxation	7,329,255,944.75	7,309,664,043.50
Adjustment for:		
Actuarial gains (losses)	21,561,711.24	25,052,763.00
Depreciation / amortisation	2,251,991,228.96	2,282,088,744.55
Foreign exchange loss	54,596,057.11	71,051,530.79
Loss/(gain) on sale of property plant & equipment	-	-
Investment income	-199,444,532.71	-179,772,586.11
Dividend income	-8,956,096.04	-934,768.27
Government grant	-	-
Interest expenses	245,754,101.56	218,427,833.24
(Increase)/decrease in trade receivables and other receivables	110,523,096.39	189,013,674.24
(Increase)/decrease in inventories	-84,999,301.23	93,298,342.30
(Increase)/decrease in prepayments and advances	-88,055,627.69	147,102,987.19
(Increase)/decrease in assets classified as held for sale	-445,842.00	-119,207,451.27
Increase/(decrease) in trade and other payables	107,922,334.35	-112,316,149.39
Increase/(decrease) in other current liabilities	3,565,272.18	20,061,021.01
Increase/(decrease) in employee benefit obligation	33,220,384.04	33,126,312.73
(Increase)/Decrease in Other asset	1,880,572.38	-911,938.70
Cash generated from Operation	**9,778,369,303.29**	**9,975,744,358.81**
Income tax paid	-2,387,832,763.34	-1,982,493,200.38
Net cash from operating activities	**7,390,536,539.95**	**7,993,251,158.43**
Cash flows from investing activities		
Purchase of PPE & intangibles assets	-816,924,356.43	-452,083,356.15
Sale of PPE & intangible asset	-1,321,034.23	-
Payment for investments in subsidiaries and joint ventures	-1,279,145,114.70	-1,052,614,162.16
Proceeds from held-to-maturity investments	562,122,259.69	-1,530,942,646.11
Interest received	282,462,564.56	149,247,046.23
Dividend received	8,956,096.04	934,768.27
Net cash used in investing activities	**-1,243,849,585.07**	**-2,885,458,349.92**
Cash flows from financing activities		
Issue of share capital	366,456,000.00	175,044,000.00
Increase/(Decrease) in Reserve		
Proceeds/(Repayment) of loan	368,210,205.93	359,110,289.88
Proceeds/(Repayment) of Short-Term Loan		
Interest paid	-200,156,376.99	-181,790,505.72
Dividend paid	-5,600,000,000.00	-5,132,992,540.80
Net cash used in financing activities	**-5,065,490,171.06**	**-4,780,628,756.64**
Net increase/(decrease) in cash and cash equivalents	**1,081,196,783.82**	**327,164,051.87**
Cash and cash equivalents at the beginning of the period	**759,358,887.64**	**432,194,835.78**
Cash and cash equivalents at the end of the period	**1,840,555,671.46**	**759,358,887.65**
Component of cash and cash equivalents:-		
Cash in hand	**392,483.78**	**699,556.78**
Balances in current accounts with banks	**1,840,163,187.67**	**758,659,330.86**
Total	**1,840,555,671.45**	**759,358,887.64**

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

For Druk Green Power Corporation Limited

(Dasho Nim Dorji)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Wangchuk)
Director, Finance

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2021

(Amount in Nu.)

	Number of Shares	Equity Share Capital	General Reserve	Retained Earnings	Total Equity
Balance at December 31, 2019	32,071,064.00	32,071,064,000.00	9,474,470,887.42	5,059,452,188.09	46,604,987,075.51
Net profit for the year 2020					
Net Profit/(Loss) for the year	-	-	-	5,057,739,084.90	5,057,739,084.90
Transfer to reserves					
Transfer to/(from) General Reserve	-	-	-186,460,926.94	186,460,926.94	-
Other Comprehensive Income for the Period	-	-	-	17,536,934.10	17,536,934.10
Transaction with the owners					
Issue of Additional Shares	175,044.00	175,044,000.00	-	-	175,044,000.00
Payment of Dividends	-	-	-	-5,132,992,540.80	-5,132,992,540.80
Balance at December 31, 2020	32,246,108.00	32,246,108,000.00	9,288,009,960.48	5,188,196,593.23	46,722,314,553.71
Net profit for the year 2021					
Net Profit/(Loss) for the year	-	-	-	5,097,113,620.43	5,097,113,620.43
Transfer to reserves	-	-	-	-	-
Transfer to/(from) General Reserve		-	-542,260,915.10	542,260,915.10	-
Other Comprehensive Income for the Period	-	-	-	21,561,711.24	21,561,711.24
Transaction with the owners	-	-	-	-	-
Book value of Land transferred is adjusted from reserve	-	-	-33,321,034.23	-	-33,321,034.23
Issue of Additional Shares	366,456.00	366,456,000.00	-	-	366,456,000.00
Payment of Dividends	-	-	-	-5,600,000,000.00	-5,600,000,000.00
Balance at December 31, 2021	32,612,564.00	32,612,564,000.00	8,712,428,011.15	5,249,132,840.01	46,574,124,851.15

For Rinzing Financial Private Limited

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ACCOUNTING POLICIES & NOTES TO ACCOUNTS

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 : GENERAL CORPORATE INFORMATION

A Nature of Operations

Druk Green Power Corporation Limited ("DGPC" or "the Company") – the public sector generation utility with the vision of " harnessing and sustaining Bhutan's renewable energy resources"– was established in 2008 for the effective and optimal utilization of the scarce water and human resources, to develop the water to wire expertise amongst the Bhutanese, and to lead in accelerating hydropower development on its own or through joint ventures in keeping with the Sustainable Hydropower Development Policy, which was also approved in 2008.

The company is a wholly owned subsidiary of Druk Holding & Investments (DHI), the holding company for government owned companies. The company has been incorporated and registered under the Companies Act of the Kingdom of Bhutan, 2000 and has registered office located at Thimphu, Bhutan.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

The note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

i. Basis of Preparation

a) Compliance with BAS/BFRS

The Financial Statement have been prepared in accordance with Bhutanese Accounting Standard (BAS) and in compliance with the section 244 of Companies Act of Bhutan, 2016 including the Accounting Standard Rules for Companies in Bhutan, 2012.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except assets held for sale which are measured at fair value less cost of disposal.

ii. 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. The legally enforceable right must not be contingent on future evets and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity or the counterparty.

iii. Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. The functional currency of DGPC is Bhutanese Ngultrum (Nu) which is also the presentation currency.

iv. 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.

Key source of estimation of uncertainty at the date of the financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial

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year, is in respect of impairment, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations.

v. 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 recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss 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.

vi. Investment in Subsidiaries, Associate and Joint Venture

Investment in subsidiaries, joint ventures and associates are measured and carried at cost as per BAS 27- Separate Financial Statements.

vii. 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 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.

Freehold land is carried at historical cost.

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 profit and or loss.

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

Company provides depreciation on property, plant and equipment on straight-

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line method considering the useful lives of the assets.

Asset	Rates
Civil Structures	3.33%
Electromechanical Equipment's	3.33%
	5% (Diesel Generators)
	20% (Runners & Spares)
	10% (SCADA)
Fire Fighting and Safety Equipment's	10%
General Assets	20%
Information and Technology Equipment's	20%
Machineries	15%
Office Equipment's	20%
Tools and Plants	10%
Vehicles	15%
Land	0%
Furniture and Fixtures	10%

The depreciation for the property, plant and equipment purchased / constructed during the year is pro-rated on the basis of actual number of calendar days from the date asset are available for use.

Depreciation is calculated on acquisition or construction cost less the residual value.

Depreciation is provided from the date on which the asset is ready for use up to the date of management approval for write-off of the assets due to sale or retirement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or other expenses.

The assets costing Nu. 500 and below is considered as consumables and charged off as expenses.

d. General assets include air conditioners, air coolers, fans, heaters, vacuum cleaners, blowers etc.

viii. Intangible Assets

a. The intangible assets are initially measured at cost and carried as per cost model.

b. 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.

c. **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.

d. **Research and development**

Research expenditure are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique intangible asset controlled by the entity are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the intangible asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

e. **Amortization of Intangible Assets with finite useful lives**

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives.

ix. Capital Work in Progress

Expenditure on material, labor, 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 expenditure and overheads incurred is expensed off and are not capitalized.

x. Investment property

Investment properties are land or building which are held for rental yields and are not occupied by the Company. An investment property is initially measured at its cost and the company has also chosen the cost model for measurement of Investment Property after initial recognition at cost.

Subsequent expenditure is capitalized to the assets carrying amount 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 repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Investment properties are depreciated using the straight-line method over their estimated useful lives.

xi. Government Grants

Grants from Government and Government agencies are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants related to income are recognized in the Statement of profit or loss 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.

Grants related to assets which are recognized in the Statement of Financial Position as deferred income, are recognized to the Statement of profit or loss on a systematic basis over the useful life of the related assets.

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 profit or loss in the year it is received or becomes receivable.

xii. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Company as a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of lease, at the lower of fair value of the asset or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the statement of profit and loss over the period of the lease.

Assets on operating lease are not recognized as part of company's asset. Payments made for operating leases are recognized in profit or loss 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.

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 income on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

xiii. Impairment - Non-Current Assets

The carrying amount of the non-current assets, other than long term investment and capital work in progress are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss statement.

xiv. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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

b. Defined Benefit Plans (Gratuity)

In accordance with the DGPC service manual, 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

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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 profit or loss and invested in the form of deposits with financial institutions of Bhutan.

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and presented within equity.

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

c. Short Term Benefits

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

d. Earned Leave Encashment

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

e. Other Long-term Benefits

As per company's service manual, the employee who have rendered minimum five years of service are entitled to one-month basic pay as repatriation allowance and one-month basic pay as transfer grant 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 profit or loss. The plan is unfunded.

xvi. 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 not recognized for future operating losses.

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 pre-tax 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.

xvii. Revenue

Revenue shall be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

a. Electricity Revenue

Revenue from the export of energy is measured at the price at which Power Purchase Agreements (PPA) has been entered into and domestic sale of energy is measured at the tariff rate determined by Bhutan Electricity Authority. These rates have been considered as fair value for the purpose of measuring the revenue recognized against royalty expense. Revenue is recognized when meter energy units transmitted to customers.

The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring a promised good or service (i.e. an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. An asset is assumed to be transferred to customer when (or as) the customer obtains control of that asset.

The Company transfers controls of the electricity over time and the customer simultaneously receives and consumes the benefits provided by the seller's performance as it performs; therefore, the Company satisfies its performance obligations and recognizes revenue over time. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of its performance obligation to deliver electricity.

The Company uses the output method to measure its progress in satisfaction of its performance obligation. As a practical expedient under this method, if the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer, the Company may recognize revenue in the amount to which it has a right to invoice.

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes and royalty collected on behalf of government.

Incremental cost incurred by the Company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Bilateral contracts between two utilities for exchange of power by purchase and sale (or vice versa) of quantities of energy as per contract are not accounted for as sales as per BFRS 15. Energy balances against SWAP contracts not settled during the same financial year are accounted for as payable/ receivable and included under other current assets/liabilities in statement of financial position.

b. Revenue from services

The Company has experience, expertise and infrastructure about various aspects related to hydropower and hydroelectricity. The Company earns revenue from providing services in the nature of consultancy fee, fee for hydropower research and development testing etc.

Revenue is recorded when the control for the service is transferred to the customer viz. the service is completed and the report/ results are shared with the customer as that is the point when the Company has a right

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to payment for the service, transfers the significant risk and rewards of the service and the customer has accepted the output of the services.

Revenue is recognized at transaction price which is mentioned in the contract.

Revenue from deputation of manpower to other entities is recorded over time using the output method to measure its progress in satisfaction of its performance obligation.

c. **Interest Income**

Other income comprises interest income on funds invested. Interest income is recognized on a time proportion basis using effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

d. **Dividend Income**

Dividends are recognized as revenue when the right to receive payment is established.

e. **Other Income**

Other Incomes are recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity.

f. **Significant financing component**

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

xviii. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

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

xix. Borrowing Costs

Borrowing costs for the purpose of BAS 23 "Borrowing Cost" has been determined as under:

a. Interest and commitment charges on bank borrowings and other short term and long-term borrowings;
b. Amortization of discounts or premiums relating to borrowings;
c. Amortization of ancillary costs incurred in connection with the arrangement of borrowings;
d. Finance charges in respect of assets acquired

under finance leases or under other similar arrangements; and

e. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are added to the cost of those assets until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

xx. Inventories

a. Inventories consist of stores and spares held mainly for repair & maintenance and are valued at lower of cost or net realizable value.

b. Cost is calculated on Weighted Average Price Method and comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

c. Obsolete and defective items of inventory are identified at the time of physical verification of inventories and where necessary, adjustment is made for the same.

d. Stock of salvaged and scrapped materials has been stated at nil value. The amount realized on disposal of such stock is accounted for under Other Income.

e. As the corporation is engaged in the generation of electricity, there are no finished goods or raw materials.

f. Inventories consists of material and other supplies for use in the production. inventories are valued at cost if the finished products in which they will be incorporated are expected to be sold at above cost.

xxi. Liquidated Damages

Claims for liquidated damages against the suppliers/contractors are taken as income or adjusted with property, plant and equipment when these are probable for recovery as per the contractual terms.

xxii. 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 neither accounting nor taxable profit nor 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.

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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 recognized 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.

xxiii. Contingent Liabilities and Contingent Assets

Contingent liabilities are 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 are 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.

xxiv. Operating Segment

BFRS 8 'Operating Segments' requires a disclosure of operating results segment wise for the entity, whose debt or equity instruments are traded in public market or in the process of listing its securities in public market. Since the company's equity is not listed in public market, the standard is not applicable to the company. Further, the company is having the revenue mainly from only one segment i.e. sale of energy, hence, the BFRS 8 is not applicable to the company.

xxv. Cash and 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.

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xxvi. Trade receivables

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

xxvii. Investments and other financial assets

Investments and other financial assets

a. Initial measurement

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

b. Classification and subsequent measurement

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

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

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

Financial assets measured at amortized cost:

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

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

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

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

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:

- the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- 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.

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 amortized 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. Derecognition 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 derecognized only when:

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

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

e. Income recognition

Interest income: Interest income from debt instruments is recognized 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.

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

xxviii. Financial liability

a. Initial recognition and measurement

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

b. Subsequent measurement

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

Financial Liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk 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 recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

c. Derecognition

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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

Financial guarantee contracts

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

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

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

xxix. 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. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

xxx. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xxxi. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxxii. 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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NOTES 3: PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND CAPITAL WORKS IN PROGRESS

FIXED ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	NET BLOCK
	Opening Balance as at 01.01.2021	Additions	Disposal	Book Adjustments	Gross Block as on 31.12.2021	Opening Balance as at 01.01.2021	During the year	Disposal	Transfer from CWIP	Closing balance as at 31.12.2021	Net Block As at 31.12.2021	Net Block As at 31.12.2020
TANGIBLE ASSETS												
Land and Land Development	5,235,774.23	-	-1,321,034.23	-	3,914,740.00	-	-	-	-	-	3,914,740.00	5,235,774.23
CIVIL STRUCTURES	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	2,558,947,091.85	8,355,085.09	-3,191,006.54	351,571.54	2,564,462,741.94	935,401,418.37	84,507,995.65	-1,394,396.43	-	1,018,515,017.59	1,545,947,724.35	1,623,545,673.48
Walls & Fencings	367,541,305.29	7,220,533.83	-1,303,984.30	185,332.00	373,643,186.82	81,409,104.65	12,291,504.06	-18,466.31	-	93,682,142.40	279,961,044.42	286,132,200.64
Road & Culverts	2,855,869,562.50	448,203.63	-1,009,931.14	-	2,855,307,834.99	1,070,659,231.62	95,069,413.24	-35,051.02	-	1,165,693,593.84	1,689,614,241.15	1,785,210,330.88
Water Supply & Sanitation	242,550,122.12	1,328,215.00	-821,427.55	-	243,056,909.57	84,879,335.00	8,067,610.46	-14,594.05	-	92,932,351.41	150,124,558.16	157,670,787.12
Dam Complex-Civil	10,929,094,232.64	-	-	-	10,929,094,232.64	4,825,057,516.52	363,938,837.95	-	-1,169.74	5,188,995,184.73	5,740,099,047.91	6,104,036,716.12
Powerhouse Complex- Civil	5,530,944,680.18	1,384,484.75	-	5,112,367.95	5,537,441,532.88	2,467,081,664.87	184,330,360.57	-	-	2,651,412,025.44	2,886,029,507.44	3,063,863,015.31
Transmission Line -Civil	216,328.23	-	-	-	216,328.23	119,359.81	7,203.73	-	-	126,563.54	89,764.69	96,968.42
Switch Yard- Civil	139,500,726.02	-	-	-	139,500,726.02	67,947,932.30	4,645,374.14	-	-	72,593,306.44	66,907,419.58	71,552,793.72
Water Conductor System-Powerhouse	23,565,562,836.61	-	-	-	23,565,562,836.61	9,437,530,063.22	784,733,242.46	-	-	10,222,263,305.68	13,343,299,530.93	14,128,032,773.39
Other Civil Structures	99,147,968.68	-	-	-	99,147,968.68	29,377,827.08	3,296,898.33	-	-	32,674,725.41	66,473,243.27	69,770,141.60
PLANT AND MACHINERY	-	-	-	-	-	-	-	-	-	-	-	-
Trash Cleaning Equipment's	171,416,028.04	-	-4,796,637.01	-	166,619,391.03	75,193,842.15	5,705,170.87	-1,303,304.17	-	79,595,708.85	87,023,682.18	96,222,185.89
Gates	1,051,951,362.98	-	-	-	1,051,951,362.98	566,168,501.20	34,302,352.84	-	-	600,470,854.04	451,480,508.94	485,782,861.78
Generators	3,543,574,712.44	3,551,128.00	-	-	3,547,125,840.44	1,948,788,493.55	119,095,965.18	-	-	2,067,884,458.73	1,479,241,381.71	1,594,786,218.89
Excitation Systems	349,296,947.12	-	-	-	349,296,947.12	170,740,355.50	12,574,792.43	-	-	183,315,147.93	165,981,799.19	178,556,591.62
Governing Systems	311,346,555.65	-	-	-	311,346,555.65	145,694,281.24	12,328,776.45	-	-	158,023,057.69	153,323,497.96	165,652,274.41
Turbines	3,233,126,857.94	27,041,928.80	-	-	3,260,168,786.74	1,812,228,442.73	112,218,183.66	-	-	1,924,446,626.39	1,335,722,160.35	1,420,898,415.21
Runners	1,491,497,622.91	23,583,344.36	-	-	1,515,080,967.27	1,353,594,279.72	65,114,464.87	-	-	1,418,708,744.59	96,372,222.68	137,903,343.19
Oil Handling Systems	83,451,560.19	-	-	-	83,451,560.19	44,424,191.36	2,778,936.89	-	-	47,203,128.25	36,248,431.94	39,027,368.83
Control & Conditioning Monitoring Systems	283,153,657.36	-	-	-	283,153,657.36	124,655,504.19	13,809,926.56	-	-	138,465,430.75	144,688,226.61	158,498,153.17
Control & Protection Panels	677,315,718.38	71,169,560.00	-2,285,063.46	-	746,200,214.92	337,653,676.28	23,812,125.61	-1,619,918.95	-	359,845,882.94	386,354,331.98	339,662,042.10
Pumps & Motors	305,917,938.56	-	-	-	305,917,938.56	120,308,466.98	15,568,770.61	-	-	135,877,237.59	170,040,700.97	185,609,471.58
Transformers	959,505,334.54	-	-101,285.00	-	959,404,049.54	495,559,954.63	31,500,960.18	-44,478.28	-	527,016,436.53	432,387,613.01	463,945,379.91
Shunt Reactors	86,089,024.60	-	-	-	86,089,024.60	44,402,375.78	2,866,764.51	-	-	47,269,140.29	38,819,884.31	41,686,648.82
Gas Insulated Switch Gears	993,018,928.72	-	-106,915.23	-	992,912,013.49	425,449,221.41	37,975,607.97	-106,914.23	-	463,317,915.15	529,594,098.34	567,569,707.31
Valves	965,084,409.78	-	-	-	965,084,409.78	543,327,938.60	30,911,357.11	-	-	574,239,295.71	390,845,114.07	421,756,471.18
Switchyard	4,841,874.00	-	-	-	4,841,874.00	2,198,555.66	161,234.40	-	-	2,359,790.06	2,482,083.94	2,643,318.34
Capital Spares	160,084,690.30	14,287,722.91	-419,859.36	22,589,809.09	196,542,362.94	6,389,892.18	17,640,367.29	-150,035.25	374,064.98	24,254,289.20	172,288,073.74	153,694,798.12
Critical Spares	21,121,029.10	4,334,755.00	-397,040.49	-	25,058,743.61	16,652,187.96	2,776,120.99	-397,035.49	-119,715.98	18,911,557.48	6,147,186.13	4,468,841.14
Electro-Mechanicals-Others	1,932,688,742.11	1,069,607.30	-338,987.35	-22,589,809.09	1,910,829,552.97	878,101,886.43	58,821,907.29	-272,770.54	-374,064.98	936,276,958.20	974,552,594.77	1,054,586,855.68
Machinery	264,114,466.04	5,438,257.01	-	-	269,552,723.05	244,076,769.24	4,484,279.84	-	-	248,561,049.08	20,991,673.97	20,037,696.80
TOOLS & SAFETY EQUIPMENTS	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Plants	393,066,849.74	13,604,944.56	-5,207,400.73	0	401,464,393.57	261,797,067.53	23,681,413.22	-4,811,234.73	-48,316.79	280,618,929.23	120,845,464.34	131,269,782.21
Fire Fighting and Safety Equipment's	129,733,732.01	5,001,100.00	-1,647,996.47	-	133,086,835.54	90,439,852.97	6,966,206.04	-1,548,320.25	-	95,857,738.76	37,229,096.78	39,293,879.04
OTHER ASSETS	-	-	-	-	-	-	-	-	-	-		
Office Equipment	108,520,841.76	1,869,776.76	-1,039,178.42	-	109,351,440.10	96,989,611.86	4,851,917.91	-1,039,056.42	-88,681.82	100,713,791.53	8,637,648.57	11,531,229.90
Furniture & Fixtures	66,312,282.37	3,400,992.20	-625,052.53	-	69,088,222.04	44,513,089.34	4,313,267.81	-606,957.27	-58,124.12	48,161,275.76	20,926,946.28	21,799,193.03
Vehicles	279,082,235.23	6,855,204.00	-333,230.00	-	285,604,209.23	195,780,677.12	20,549,275.36	-333,223.00	-	215,996,729.48	69,607,479.75	83,301,558.11
Illumination System	206,530,789.15	-	-13,728.00	-	206,517,061.15	122,544,054.42	6,734,542.92	-5,677.26	-	129,272,920.08	77,244,141.07	83,986,734.73
Information and Technology	191,680,640.12	14,657,021.13	-3,442,699.75	0	202,894,961.50	130,210,581.31	22,407,376.10	-3,439,246.68	-64,887.91	149,113,822.82	53,781,138.68	61,470,058.81
General Assets	72,024,264.26	4,954,943.26	-1,494,415.52	-	75,484,792.00	55,042,864.98	7,504,716.30	-1,490,125.13	-50,136.99	61,007,319.16	14,477,472.84	16,981,399.28
	64,630,159,723.75	219,556,807.59	-29,896,873.08	5,649,271.49	64,825,468,929.75	29,352,390,069.76	2,242,345,221.80	-18,630,805.46	-431,033.35	31,575,673,452.75	33,249,795,477.00	35,277,769,653.99
Less: Provision for Losses												
Net Assets	64,630,159,723.75	219,556,807.59	-29,896,873.08	5,649,271.49	64,825,468,929.75	29,352,390,069.76	2,242,345,221.80	-18,630,805.46	-431,033.35	31,575,673,452.75	33,249,795,477.00	35,277,769,653.99
INTANGIBLE ASSETS												
Intangible Assets	227,603,843.77	17,722,523.07	-	-	245,326,366.84	198,867,063.79	9,629,440.11	-	0	208,496,503.90	36,829,862.94	28,736,779.98
Less: Provision for Losses												
Net Assets	227,603,843.77	17,722,523.07	-	-	245,326,366.84	198,867,063.79	9,629,440.11	-	0	208,496,503.90	36,829,862.94	28,736,779.98
CAPITAL WORKS IN PROGRESS												
Capital Works in Progress	1,292,197,007.07	597,427,358.67	-	-5,649,271.49	1,883,975,094.25	-	-	-	-	-	1,883,975,094.25	1,292,197,007.07
Less: Provision for Losses	-	-	-	-	-	-	-	-	-	-	-	-
Advance-Capital	45,413,965.39	303,403,069.46	-310,366,935.12	-	38,450,099.73	-	-	-	-	-	38,450,099.73	45,413,965.39
Net Assets	1,337,610,972.46	900,830,428.13	-310,366,935.12	-5,649,271.49	1,922,425,193.98	-	-	-	-	-	1,922,425,193.98	1,337,610,972.46
Grand Total	66,195,374,539.98	1,138,109,758.79	-340,263,808.20	0	66,993,220,490.57	29,551,257,133.55	2,251,974,661.91	-18,630,805.46	-431,033.35	31,784,169,956.65	35,209,050,533.92	36,644,117,406.43

Note: Of the total depreciation, Nu. 16,566.65 is transferred to CWIP.

NOTE 4 : INVESTMENT PROPERTY

Particulars	December 31, 2021	December 31, 2020
Land given on lease	-	32,000,000.00
	-	**32,000,000.00**

*With the implementation of BAS- 40: Investment Property, the land on lease by DGPC was derecognized from Property, plant and equipment and accounted under Investment Property. The ownership of the land on lease was transferred to DHI during the year. Refer Note 30 (r)

i. Fair value of investment property carried at cost.

Particulars	December 31, 2021	December 31, 2020
Fair value of investment property	-	53,558,653.50
	-	**53,558,653.50**

ii. Amounts recognised in profit or loss for investment

Particulars	December 31, 2021	December 31, 2020
Rental income	-	1,190,594.57
	-	**1,190,594.57**

NOTE 5 : DEFERRED TAX ASSET/(LIABILITY)

Particulars	December 31, 2021	December 31, 2020
Bonus payable	5,238,433.85	14,141,546.21
Employee benefit obligation	-41,328,308.78	24,264,366.63
Interest accrued on ADB loan		
ADB Loan	252,305,546.27	212,790,549.26
Capital work in progress		
Interest on fixed deposit	3,951,043.90	3,114,274.36
Deferred rent	-	-478,365.35
Property, plant & equipment	-228,813,959.97	-189,443,651.46
	-8,647,244.73	**64,388,719.65**

NOTE 6 : INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Particulars	December 31, 2021	December 31, 2020
Investment in subsidiary companies		
Equity investment in Dagachhu Hydropower Corporation Limited.	2,437,880,000.00	2,437,880,000.00
2,437,880 (31 December 2020: 2,437,880) equity shares of Nu. 1000 each, fully paid		
Equity investment in Tangsibji Hydro Energy Limited *48,500,000 (31 December 2020: 36,000,000) equity shares of Nu. 100 each, called up amount Nu. 104.60 (31 December 2020: called up amount Nu.87.57)*	5,073,142,962.04	4,247,087,697.44
Equity investment in Bhutan Hydropower Services Limited *6,548,288 (31 December 2020: 3,339,626.88) equity shares of Nu. 100 each, fully paid up amount Nu. 64.23 (31 December 2020: Nu. 100 each)*	420,596,538.10	333,962,688.00
Investment in joint venture companies		
Equity investment in Kholongchhu Hydro Energy Limited *25,000,000 (31 December 2020: 25,000,000) equity shares of Nu. 100 each, called up amount Nu. 84.17 (31 December 2020: called up amount Nu. 69.51 each)*	2,104,273,000.00	1,737,817,000.00
Equity investment in Bhutan Automation & Engineering Limited *3,060,000 (31 December 2020: 3,060,000) equity shares of Nu. 100 each, fully paid up*	30,600,000.00	30,600,000.00
	10,066,492,500.14	**8,787,347,385.44**

RINZING FINANCIAL PRIVATE LIMITED

NOTE 7A : Long-Term Investments

Particulars	December 31, 2021	December 31, 2020
Investment in non-government bonds	200,000,000.00	200,000,000.00
Investment in fixed deposits:		
-Fixed deposit with bank	3,808,640,770.40	2,508,640,770.40
-Accrued interest on fixed deposit	198,607,369.03	60,729,628.72
Total Held-to-maturity investments	**4,207,248,139.43**	**2,769,370,399.12**

NOTE 7B : Other assets

Particulars	December 31, 2021	December 31, 2020
Deferred lease income	-	1,880,572.38
	-	**1,880,572.38**

*With the implementation of BAS- 40: Investment Property, the land on lease by DGPC was derecognized from Property, plant and equipment and accounted under Investment Property. The ownership of the land on lease was transferred to DHI during the year. Refer Note 30 (r)

NOTE 7C : Long- Term Borrowings

Particulars	December 31, 2021	December 31, 2020
Government of Austria loan (ROI-6% & tenure of loan-BHP-LS 20 years & BHP-US 18 years)	471,374,588.22	616,699,450.94
Loan from Asian Development Bank (ROI - 3.15% of Loan-2464 and ROI- 1.5% of Loan-3226 & 0421 for tenure of loan-32 year)*	3,631,019,108.99	3,230,189,006.43
Loan from Bank of Bhutan	587,000,000.00	587,000,000.00
Loan from NPPF	460,758,000.00	418,405,000.00
Deferred Grant Income	1,397,307,496.23	1,272,359,473.03
Less: current maturities of long-term debt	-229,579,239.55	-225,637,108.42
	6,317,879,953.89	**5,899,015,821.98**

NOTE 8 : INVENTORIES

Particulars	December 31, 2021	December 31, 2020
Stores & spares	517,066,271.71	520,464,509.56
	517,066,271.71	**520,464,509.56**
Less:		
Provision for obsolescence/Losses	-42,678,649.86	-131,076,188.94
	474,387,621.85	**389,388,320.62**

Amounts recognized in profit or loss

Inventories recognized as an expense during the year ended 31 December 2021 amounted to Nu. 129,861,609.45 (2020 – Nu. 187,740,736.99). These were included in running and maintenance expenses.

NOTE 9: PREPAYMENTS AND ADVANCES

Particulars	December 31, 2021	December 31, 2020
Prepaid expenses	50,569,769.97	10,181,554.08
Other receivables	-	-
Staff advance	3,369,182.91	5,699,239.33
Advance to supplier/contractor	70,198,568.06	20,201,099.84
	124,137,520.94	**36,081,893.25**

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NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	December 31, 2021	December 31, 2020
Asset held for disposal	134,930,791.28	134,484,949.28
Total assets classified as held for sale	**134,930,791.28**	**134,484,949.28**

a) Description about assets classified as held for sale

When a property, plant and equipment is damaged, impaired, obsolete it is considered for disposal and hence disclosed as 'Assets classified as held for sale' at estimated realizable value as at the balance sheet date. Assets classified as held for sale basically consist of furniture, small equipment's etc.

b) Fair value measurements

The sale of these assets are expected to be completed by next year of classifying it as 'assets classified as held for sale'. The estimated realizable value of the asset as at the balance sheet date are reassessed based on the market information. Sale of assets disclosed as 'assets classified as held for sale' are expected to be completed within one year of such categorization.

NOTE 11: FINANCIAL ASSETS (CURRENT)

Note 11a: Short Term Investments

Particulars	December 31, 2021	December 31, 2020
Investment in fixed deposits/bonds:		
Investment in fixed deposits	1,300,000,000.00	3,300,000,000.00
Accrued interest on fixed deposits	687,123.28	83,705,155.13
Accrued interest on non-government bonds	11,347,945.21	11,347,945.21
Total held-to-maturity investments	**1,312,035,068.49**	**3,395,053,100.34**

Note 11b: Trade and other receivables

Particulars	December 31, 2021	December 31, 2020
Trade receivables (Unsecured, Considered good)		
- Bhutan Power Corporation	366,722,831.81	590,939,568.76
- Power Trading Corporation Limited	875,679,715.03	889,183,769.61
	1,242,402,546.84	**1,480,123,338.37**
Intercorporate Loan	315,000,000.00	300,000,000.00
Miscellaneous deposits	5,234,386.58	5,266,741.15
Other receivables	1,341,679,357.43	1,229,449,307.72
Total trade and other receivables	**2,904,316,290.85**	**3,014,839,387.24**

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30-90 days and therefore are all classified as current.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

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Note 11c: Cash and cash equivalents

Particulars	December 31, 2021	December 31, 2020
Cash in Hand	392,483.78	699,556.78
Balances with Banks in Current Accounts:		
Bank of Bhutan	1,773,662,778.21	704,108,175.60
Bhutan National Bank	63,640,520.20	47,809,616.00
Druk PNB	1,819,352.96	6,524,302.96
Tashi Bank	1,040,536.30	217,236.30
	1,840,555,671.45	**759,358,887.64**

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Note 11d: Trade and other payables

Particulars	December 31, 2021	December 31, 2020
Security deposit- suppliers & others	53,054,049.99	44,627,812.49
Sundry creditors	406,368,539.45	295,811,982.51
Outstanding liabilities to contractors	748,409.94	2,682,091.19
Outstanding liabilities for expenses	42,928,517.74	114,786,270.45
Provision for bonus	-	-
Provision for Performance Based Variable Allowance	62,834,245.08	-
Sundry liabilities	61,494.28	164,765.49
Total trade and other payables	**565,995,256.48**	**458,072,922.13**

Note 11e: Other financial liabilities

Particulars	December 31, 2021	December 31, 2020
Government of India Loan	-	-
Government of Austria Loan	145,324,862.72	145,324,862.72
Loan from Asian Development Bank	84,254,376.83	80,312,245.70
Interest accrued but not due on loans	218,417,467.13	172,819,742.56
	447,996,706.68	**398,456,850.98**

NOTE 12 : SHARE CAPITAL

Particulars	December 31, 2021	December 31, 2020
Authorised share capital		
50,000,000 equity shares@ Nu. 1,000 per share	50,000,000,000.00	50,000,000,000.00
Subscribed and paid -up share capital		
32,612,564 equity share @ 1,000 per share	32,612,564,000.00	32,246,108,000.00
	32,612,564,000.00	**32,246,108,000.00**

Movements in ordinary shares:	Number of shares	Par value
Opening balance January 1, 2020	32,071,064.00	32,071,064,000.00
Issues during the year	175,044.00	175,044,000.00
Balance December 31, 2020	**32,246,108.00**	**32,246,108,000.00**
Issues during the year	366,456.00	366,456,000.00
Balance December 31, 2021	**32,612,564.00**	**32,612,564,000.00**

NOTE 13 : EMPLOYEE BENEFIT OBLIGATION

Particulars	December 31, 2021	December 31, 2020
Gratuity	521,569,449.73	488,088,118.26
Other long term benefit	40,396,700.50	41,541,592.66
	561,966,150.23	**529,629,710.92**

NOTE 14 : OTHER CURRENT LIABILITIES

Particulars	December 31, 2021	December 31, 2020
Sundry liabilities	68,342,184.33	64,569,618.39
Tax deducted at source - payable	-	438,241.36
Deferred lease liability	516,968.82	286,021.22
	68,859,153.15	**65,293,880.97**

NOTE 15 : CURRENT TAX LIABILITIES

Particulars	December 31, 2021	December 31, 2020
Provision for corporate Income Tax	1,628,348,421.16	1,857,074,824.57
	1,628,348,421.16	**1,857,074,824.57**

NOTE 16 : EMPLOYEE BENEFIT OBLIGATION

Particulars	December 31, 2021	December 31, 2020
Gratuity	41,483,762.86	37,924,152.00
Other long term benefit	5,038,548.24	3,235,483.00
Leave encashment payable	52,814,089.77	57,292,821.14
	99,336,400.87	**98,452,456.14**

NOTE 17 : ELECTRICITY REVENUE

Particulars	December 31, 2021	December 31, 2020
Export & Domestic revenue		
Power Trading Corporation Ltd	8,433,382,658.30	10,066,540,198.78
Bhutan Power Corporation Ltd	3,570,595,285.97	2,912,912,225.36
From staff & other private parties	447,300.00	512,813.50
	12,004,425,244.27	**12,979,965,237.64**

NOTE 18 : INTEREST EARNED

Particulars	December 31, 2021	December 31, 2020
Interest on deposits	180,444,532.72	160,772,586.10
Interest on non-government bonds	18,999,999.99	19,000,000.01
	199,444,532.71	**179,772,586.11**

NOTE 19 : OTHER INCOME

Particulars	December 31, 2021	December 31, 2020
Dividend income	8,956,096.04	934,768.27
Grant income	102,078,108.33	79,826,923.41
Miscellaneous receipts	217,325,088.68	73,452,202.06
Liquidity charges	3,851,241.04	8,887,801.15
House rent recovered- employee/others	15,704,611.53	15,877,994.59
Lease rental income	8,750.00	2,190,622.27
	347,923,895.62	**181,170,311.75**

NOTE 20 : RUNNING AND MAINTENANCE EXPENSES

Particulars	December 31, 2021	December 31, 2020
R&M electro-mechanical	129,942,262.86	228,960,419.77
R&M civil structures	153,900,799.54	68,136,802.03
R&M vehicles	41,041,822.70	28,437,650.13
R&M-Information Technology	19,457,035.25	18,977,063.62
R&M-Fire Fighting & Safety	2,632,329.73	857,827.21
R&M-Office Equipment's	324,413.00	1,419,976.33
	347,298,663.08	**346,789,739.09**

NOTE 21 : EMPLOYEES REMUNERATION AND BENEFITS

Particulars	December 31, 2021	December 31, 2020
Salaries and wages	571,339,924.17	597,515,349.20
Professional training	15,153,329.65	6,567,967.18
Bonus	-	178,123.56
Incentive/honorarium	58,732,496.63	69,127,746.38
Employer's contribution to provident fund	62,711,877.28	62,976,849.00
Leave encashment	31,374,261.05	45,458,274.61
Gratuity expenses	70,025,977.76	68,506,489.17
Performance Based Variable Allowance	62,566,545.97	63,788,604.02
Leave travel concession	19,826,479.61	22,031,267.06
Terminal benefits	6,839,841.00	6,440,716.00
GPA- insurance	3,496,933.83	3,516,576.21
Liveries	10,620,638.44	11,688,849.79
Staff welfare expenses	4,478,302.35	3,227,106.01
Medical expenses	747,625.25	940,971.59
	917,914,232.99	**961,964,889.78**

**For the FY 2020, the performance based variable allowance has been clubbed together with salary and wages. Therefore, for better presentation the revised amount for salary and wages has been changed from 661,303,953.22 to 597,515,349.20 by separating the performance based variable allowance of Nu. 63,788,604.02.

NOTE 22 : FINANCE COST

Particulars	December 31, 2021	December 31, 2020
Interest to Government of India	-	-
Interest to Government of Austria	34,989,781.94	43,709,273.71
Interest to Asian Development Bank	180,115,004.55	157,195,271.86
Interest on current portion of long-term borrowing	30,649,315.07	17,523,287.67
	245,754,101.56	**218,427,833.24**

NOTE 23 : OTHER EXPENSES

Particulars	December 31, 2021	December 31, 2020
Brand Management Fee	98,101,806.21	94,794,950.66
Travel	25,476,694.39	22,618,872.91
Foreign exchange gains/loss	54,596,057.11	71,051,530.79
Grant expense	8,965,559.37	7,174,539.93
License fee	14,942,667.50	14,956,758.19
Profit on sale/discard of assets (net)	6,664,219.04	4,927,345.91
Electricity	14,089,951.35	10,173,600.55
Entertainment	7,164,341.49	5,690,186.01
Corporate social responsibility	22,265,289.93	563,353,585.27
Consultancy charges	18,724,057.06	64,062,052.53
Rent	9,809,237.12	9,706,653.81
Telephone and fax	6,759,324.48	6,676,012.01
Printing and stationery	6,005,063.35	6,572,754.92
Rates and taxes	57,870.04	79,355.33
Advertisement and publicity	1,672,313.04	1,721,401.19
Audit fees & expenses	763,204.00	978,114.00
Directors' sitting fees	1,415,000.00	880,000.00
Bank charges	698,948.78	270,235.31
Board meeting expenses	309,410.00	238,592.00
Books & periodicals	216,601.10	218,413.42
Postage and telegram	195,713.04	182,970.00
Other expenses	18,274,021.18	14,803,485.65
	317,167,349.58	**901,131,410.39**

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NOTE 24: TAX EXPENSE

Particular	December 31, 2021	December 31, 2020
Components of income tax expense		
Income tax expenses		
Current tax		
Current tax on profit for the year	2,159,106,359.94	2,262,976,902.56
Total current tax expenses	**2,159,106,359.94**	**2,262,976,902.56**
Deferred tax		
(Decrease)/increase in deferred tax liabilities	73,035,964.38	-11,051,943.96
Total deferred tax expenses	**73,035,964.38**	**-11,051,943.96**
Income tax expenses	**2,232,142,324.32**	**2,251,924,958.60**

Numerical reconciliation of income tax

Particulars	2021	2021	2020	2020
Tax expenses				
- Current tax		2,159,106,359.94		2,262,976,902.56
Total tax expense		**2,159,106,359.94**		**2,262,976,902.56**
Reconciliation of tax on accounting profit :-				
Profit before tax		**7,329,255,944.75**		**7,309,664,043.50**
Income tax expense calculated at 30% (A)		**2,198,776,783.43**		**2,192,899,213.05**
Non-deductible expense				
- Production incentive/ Bonus /PBVA	17,461,446.17	5,238,433.85	47,138,487.36	14,141,546.21
- Medical expenses	553,401.03	166,020.31	696,640.99	208,992.30
- Donation	22,265,289.93	6,679,586.98	186,190,768.18	55,857,230.45
Total non-deductible expense (B)		**12,084,041.14**		**70,207,768.96**
Adjustment to deferred tax pertaining to ADB Loan				
- Deferred tax effect on forex exchange difference on ADB principal/interest	-31,112,339.17	-9,333,701.75	-29,624,129.84	-8,887,238.95
- ADB Loan (ForEx Gain/Loss-unrelaised)	99,061,372.84	29,718,411.85	119,641,200.88	35,892,360.26
Net Effect (C)		**20,384,710.10**		**27,005,121.31**
Lease Rent				
Decrease in income	1,880,572.38	564,171.71	-911,938.70	-273,581.61
Net Effect (D)		**564,171.71**		**-273,581.61**
Fixed Deposit Interest				
- Excess interest accrued and deferred tax assets booked as on 31.12.2018	(83,973,689.29)	-25,192,106.79	10,260,448.16	3,078,134.45
Net Effect (E)		**-25,192,106.79**		**3,078,134.45**
Impact Due to Depreciation				
Depreciation	-82,407,201.88	-24,722,160.56	-97,434,554.09	-29,230,366.23
Net Effect (F)		**-24,722,160.56**		**-29,230,366.23**
Adjustment to Gratuity during the year				
Gratuity charged to profit or loss	-75,963,596.97	-22,789,079.09	-2,364,624.58	-709,387.38
Difference between adjustment to bonus and charged to profit or loss		**-22,789,079.09**		**-709,387.38**
Net effect (G)		**-22,789,079.09**		**-709,387.38**
Reconciled with tax expense as above (A+B+C+D+E+F+G)		**2,159,106,359.94**		**2,262,976,902.56**

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Note 25a: Disclosure as per IAS 19, "Employees Benefit" as regards defined benefit scheme (Gratuity)

A	Assets/Liabilities	2021	2020
1	DBO at end of prior period	526,012,269.00	503,488,368.00
2	Current service cost	36,764,077.99	35,189,675.00
3	Interest cost on the DBO	40,298,169.48	39,162,239.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	-18,182,738.24	-23,907,257.00
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-22,285,150.56	-27,920,756.00
12	Benefits paid from plan assets	446,585.33	-
	DBO at end of current period	**563,053,213.00**	**526,012,269.00**

B	Statement of Profit & Loss	2021	2020
1	Current service cost	36,764,077.99	35,189,675.00
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	36,764,077.99	35,189,675.00
6	Net interest on net defined benefit liability / (asset)	40,298,169.48	39,162,239.00
7	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Cost recognized in P&L	**77,062,247.47**	**74,351,914.00**

C	Defined Benefit Cost	2021	2020
1	Service cost	36,764,077.99	35,189,675.00
2	Net interest on net defined benefit liability / (asset)	40,298,169.48	39,162,239.00
3	Actuarial (gains)/ losses recognized in OCI	-17,736,152.91	-23,907,257.00
4	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Defined Benefit Cost	**59,326,094.56**	**50,444,657.00**

D	Development of Net Financial Position	2021	2020
1	Defined Benefit Obligation (DBO)	563,053,213.00	526,012,269.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-563,053,213.00	-526,012,269.00
	Net Defined Benefit Asset	**-563,053,213.00**	**-526,012,269.00**

E	Reconciliation of Net Balance Sheet Position	2021	2020
1	Net defined benefit asset/ (liability) at end of prior period	-526,012,269.00	-503,488,368.00
2	Service cost	-36,764,077.99	-35,189,675.00
3	Net interest on net defined benefit liability/ (asset)	-40,298,169.48	-39,162,239.00
4	Amount recognized in OCI	18,182,738.24	23,907,257.00
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	22,285,150.56	27,920,756.00
8	Acquisitions credit/ (cost)	-	-
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-446,585.33	-
11	Cost of termination benefits	-	-
	Net defined benefit asset/ (liability) at end of current period	**-563,053,213.00**	**-526,012,269.00**

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F	Other Comprehensive Income (OCI)	2021	2020
1	Actuarial (gain)/loss due to liability experience	-18,182,738.24	-23,907,257.00
2	Actuarial (gain)/loss due to liability assumption changes	446,585.33	-
3	Actuarial (gain)/loss arising during period	**-17,736,152.91**	**-23,907,257.00**
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	-17,736,152.91	-23,907,257.00
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**-17,736,152.91**	**-23,907,257.00**

G	Expected benefit payments for the year ending	2021
1	31-Dec-22	44,802,463.89
2	31-Dec-23	41,863,550.59
3	31-Dec-24	51,457,813.00
4	31-Dec-25	62,394,131.45
5	31-Dec-26	72,971,871.31
6	December 2027 to December 2030	427,790,688.23
(i)	**Expected employer contributions for the period ending 31 December 2021**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**13.09 years**
(iii)	**Significant estimates: Actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2021**
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-26,046,783.00
	Effect on DBO due to 0.5% decrease in Discount Rate	28,012,079.00
b	**Salary escalation rate**	**2021**
	Salary escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	29,318,727.00
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-27,481,832.00

Note 25b: Disclosure as per IAS 19, "Employees Benefit" as regards defined benefit scheme (Carriage Allowance)

A	Assets/Liabilities	2021	2020
1	DBO at end of prior period	8,501,853.08	6,477,621.08
2	Current service cost	508,174.31	596,480.00
3	Interest cost on the DBO	648,016.00	461,175.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	-2,451,171.60	1,679,509.00
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-401,653.01	-712,932.00
12	Benefits paid from plan assets	-3,205.70	-
	DBO at end of current period	**6,802,013.08**	**8,501,853.08**

B	Statement of Profit & Loss	2021	2020
1	Current service cost	508,174.31	596,480.00
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	508,174.31	596,480.00
6	Net interest on net defined benefit liability / (asset)	648,016.00	461,175.00
7	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Cost recognized in P&L	**1,156,190.31**	**1,057,655.00**

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C	Defined Benefit Cost	2021	2020
1	Service cost	508,174.31	596,480.00
2	Net interest on net defined benefit liability / (asset)	648,016.00	461,175.00
3	Actuarial (gains)/ losses recognized in OCI	-2,454,377.30	1,679,509.00
4	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Defined Benefit Cost	**-1,298,186.99**	**2,737,164.00**

D	Development of Net Financial Position	2021	2020
1	Defined Benefit Obligation (DBO)**	-6,802,013.08	-8,501,853.08
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-6,802,013.08	-8,501,853.08
	Net Defined Benefit Asset	**-6,802,013.08**	**-8,501,853.08**

E	Reconciliation of Net Balance Sheet Position	2021	2020
1	Net defined benefit asset/ (liability) at end of prior period	-8,501,853.08	-6,477,621.08
2	Service cost	-508,174.31	-596,480.00
3	Net interest on net defined benefit liability/ (asset)	-648,016.00	-461,175.00
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	2,451,171.60	-1,679,509.00
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	3,205.70	-
11	Cost of termination benefits	401,653.01	712,932.00
	Net defined benefit asset/ (liability) at end of current period	**-6,802,013.08**	**-8,501,853.08**

F	Other Comprehensive Income (OCI)	2021	2020
1	Actuarial (gain)/loss due to liability experience	-2,451,171.60	1,679,509.00
2	Actuarial (gain)/loss due to liability assumption changes	-3,205.70	-
3	Actuarial (gain)/loss arising during period	-2,454,377.30	1,679,509.00
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	-2,454,377.30	1,679,509.00
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**-2,454,377.30**	**1,679,509.00**

G	Expected benefit payments for the year ending	2021
1	31-Dec-22	944,039.62 1,045,653.64
2	31-Dec-23	1,066,522.27
3	31-Dec-24	
4	31-Dec-25	1,143,434.02
5	31-Dec-26	1,235,354.69
6	December 2027 to December 2030	6,093,766.34
(i)	**Expected employer contributions for the period ending 31 December 2021**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**10.46 years**
(iii)	**Significant estimates: Actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2021**
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-249,845.00
	Effect on DBO due to 0.5% decrease in Discount Rate	266,349.00
b	**Increase in cost of transportation**	**2021**
	Cost of transportation	5.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	291,096.00
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-274,937.00

Note 25c: Disclosure as per IAS 19, "Employees Benefit" as regards defined benefit scheme (Repatriation Allowance Benefit Scheme)

A	Assets/Liabilities	2021	2020
1	DBO at end of prior period	18,137,611.00	18,538,371.00
2	Current service cost	1,468,993.83	1,275,653.00
3	Interest cost on the DBO	1,374,907.28	1,415,652.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	-714,953.88	-1,406,635.00
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-951,270.00	-1,685,430.00
12	Benefits paid from plan assets	1,328.77	-
	DBO at end of current period	**19,316,617.00**	**18,137,611.00**

B	Statement of Profit & Loss	2021	2020
1	Current service cost	1,468,993.83	1,275,653.00
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	1,468,993.83	1,275,653.00
6	Net interest on net defined benefit liability / (asset)	1,374,907.28	1,415,652.00
7	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Cost recognized in P&L	**2,843,901.11**	**2,691,305.00**

C	Defined Benefit Cost	2021	2020
1	Service cost	1,468,993.83	1,275,653.00
2	Net interest on net defined benefit liability / (asset)	1,374,907.28	1,415,652.00
3	Actuarial (gains)/ losses recognized in OCI	-713,625.11	-1,406,635.00
4	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Defined Benefit Cost	**2,130,276.00**	**1,284,670.00**

D	Development of Net Financial Position	2021	2020
1	Defined Benefit Obligation (DBO)**	-19,316,617.00	-18,137,611.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-19,316,617.00	-18,137,611.00
	Net Defined Benefit Asset	**-19,316,617.00**	**-18,137,611.00**

E	Reconciliation of Net Balance Sheet Position	2021	2020
1	Net defined benefit asset/ (liability) at end of prior period	-18,137,611.00	-18,538,371.00
2	Service cost	-1,468,993.83	-1,275,653.00
3	Net interest on net defined benefit liability/ (asset)	-1,374,907.28	-1,415,652.00
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	714,953.88	1,406,635.00
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	951,270.00	1,685,430.00
12	Benefits paid from plan assets	-1,328.77	-
	Net defined benefit asset/ (liability) at end of current period	**-19,316,617.00**	**-18,137,611.00**

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F	Other Comprehensive Income (OCI)	2021	2020
1	Actuarial (gain)/loss due to liability experience	-714,953.88	-1,406,635.00
2	Actuarial (gain)/loss due to liability assumption changes	1,328.77	-
3	Actuarial (gain)/loss arising during period	-713,625.11	-1,406,635.00
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	-713,625.11	-1,406,635.00
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**-713,625.11**	**-1,406,635.00**

G	Expected benefit payments for the year ending	2021
1	31-Dec-22	2,248,796.24
2	31-Dec-23	2,449,508.13
3	31-Dec-24	2,509,001.98
4	31-Dec-25	2,720,878.87
5	31-Dec-26	3,011,055.85
6	December 2027 to December 2030	16,173,610.94
(i)	**Expected employer contributions for the period ending 31 December 2021**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**11.55 years**
(iii)	**Significant estimates: Actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2021**
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-820,397.00
	Effect on DBO due to 0.5% decrease in Discount Rate	880,349.00
b	**Salary escalation rate**	**2021**
	Salary escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	926,135.00
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-870,229.00

Note 25d: Disclosure as per IAS 19, 'Employees Benefit" as regards defined benefit scheme (Transfer Grant Benefit Scheme)

A	Assets/Liabilities	2021	2020
1	DBO at end of prior period	18,137,611.00	18,538,371.00
2	Current service cost	1,468,993.83	1,275,653.00
3	Interest cost on the DBO	1,370,754.00	1,416,104.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	-658,884.60	-1,418,382.00
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-1,003,186.00	-1,674,135.00
12	Benefits paid from plan assets	1,328.77	-
	DBO at end of current period	**19,316,617.00**	**18,137,611.00**

B	Statement of Profit & Loss	2021	2020
1	Current service cost	1,468,993.83	1,275,653.00
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	1,468,993.83	1,275,653.00
6	Net interest on net defined benefit liability / (asset)	1,370,754.00	1,416,104.00
7	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Cost recognized in P&L	**2,839,747.83**	**2,691,757.00**

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C	Defined Benefit Cost	2021	2020
1	Service cost	1,468,993.83	1,275,653.00
2	Net interest on net defined benefit liability / (asset)	1,370,754.00	1,416,104.00
3	Actuarial (gains)/ losses recognized in OCI	-657,555.83	-1,418,382.00
4	Immediate recognition of (gains)/losses – other long term employee benefit plans	-	-
	Defined Benefit Cost	**2,182,192.00**	**1,273,375.00**

D	Development of Net Financial Position	2021	2020
1	Defined Benefit Obligation (DBO)**	-19,316,617.00	-18,137,611.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-19,316,617.00	-18,137,611.00
	Net Defined Benefit Asset	**-19,316,617.00**	**-18,137,611.00**

E	Reconciliation of Net Balance Sheet Position	2021	2020
1	Net defined benefit asset/ (liability) at end of prior period	-18,137,611.00	-18,538,371.00
2	Service cost	-1,468,993.83	-1,275,653.00
3	Net interest on net defined benefit liability/ (asset)	-1,370,754.00	-1,416,104.00
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	658,884.60	1,418,382.00
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	1,003,186.00	1,674,135.00
12	Benefits paid from plan assets	-1,328.77	-
	Net defined benefit asset/ (liability) at end of current period	**-19,316,617.00**	**-18,137,611.00**

F	Other Comprehensive Income (OCI)	2021	2020
1	Actuarial (gain)/loss due to liability experience	-658,884.60	-1,418,382.00
2	Actuarial (gain)/loss due to liability assumption changes	1,328.77	-
3	Actuarial (gain)/loss arising during period	-657,555.83	-1,418,382.00
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	-657,555.83	-1,418,382.00
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**-657,555.83**	**-1,418,382.00**

G	Expected benefit payments for the year ending	2021
1	31-Dec-22	2,248,796.24
2	31-Dec-23	2,449,508.13
3	31-Dec-24	2,509,001.98
4	31-Dec-25	2,720,878.87
5	December 31, 2026	3,011,055.85
6	December 2027 to December 2030	16,173,610.94
(i)	**Expected employer contributions for the period ending 31 December 2021**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**11.55 Years**
(iii)	**Significant estimates: Actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2021**
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-820,397.00
	Effect on DBO due to 0.5% decrease in Discount Rate	880,349.00
b	**Salary escalation rate**	**2021**
	Salary escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	926,135.00
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-870,229.00

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NOTE 26: EARNINGS PER SHARE

Particulars	2021	2020
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company (b/c)	157	157
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	5,118,675,332	5,075,276,019
(c) Weighted average number of equity shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	32,612,564	32,246,108

NOTE 27: FAIR VALUE MEASUREMENTS

Particulars	December 31, 2021			December 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment in non-government bonds	-	-	200,000,000.00	-	-	200,000,000.00
Fixed deposit with bank	-	-	5,108,640,770.40	-	-	5,808,640,770.40
Accrued interest on fixed deposit	-	-	199,294,492.31	-	-	144,434,783.85
Deferred lease income	-	-	-	-	-	1,880,572.38
Trade receivables	-	-	1,242,402,546.84	-	-	1,480,123,338.37
Intercorporate loan	-	-	315,000,000.00	-	-	300,000,000.00
Accrued interest on investment	-	-	218,417,467.13	-	-	172,819,742.56
Miscellaneous deposits	-	-	5,234,386.58	-	-	5,266,741.15
Other receivables	-	-	1,341,679,357.43	-	-	1,229,449,307.72
Cash and cash equivalents	-	-	1,840,555,671.45	-	-	759,358,887.64
Total financial assets	**-**	**-**	**10,471,224,692.14**	**-**	**-**	**10,101,974,144.07**
Financial liabilities						
Borrowings	-	-	6,765,876,660.57	-	-	6,297,472,672.96
Security deposit- suppliers & others	-	-	53,054,049.99	-	-	44,627,812.49
Sundry creditors	-	-	406,368,539.45	-	-	295,811,982.51
Outstanding liabilities to contractors	-	-	748,409.94	-	-	2,682,091.19
Outstanding liabilities for expenses	-	-	42,928,517.74	-	-	114,786,270.45
Provision for bonus	-	-	-	-	-	-
Sundry liabilities	-	-	61,494.28	-	-	164,765.49
Total financial liabilities	**-**	**-**	**7,269,037,671.97**	**-**	**-**	**6,755,545,595.09**

(i) Fair value hierarchy

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

Level 1: 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 maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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.

Particulars	December 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in non-government bonds	200,000,000.00	129,863,874.87	200,000,000.00	129,863,874.87
Fixed deposit and accrued interest	4,007,248,139.43	3,625,574,306.44	2,569,370,399.12	2,862,146,370.69
Deferred lease income	-	-	1,880,572.38	1,880,572.38
Total financial assets	**4,207,248,139.43**		**2,771,250,971.50**	**2,993,890,817.94**
Financial liabilities				
Borrowings and accrued interest	4,102,393,697.21	2,148,706,989.79	3,846,888,457.37	2,228,788,418.42
Total financial liabilities	**4,102,393,697.21**	**2,148,706,989.79**	**3,846,888,457.37**	**2,228,788,418.42**

The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

NOTE 28: FINANCIAL RISK MANAGEMENT

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

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities
Market risk – foreign exchange	Future commercial transactions and recognised financial liabilities not denominated in Bhutanese 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 various financial institutions

The Board provides oversight of the governance structure, control and management system and risk mitigation measures. Druk Green identify's risks that the Company might be exposed to and to implement the mitigating plans in keeping with the Risk Management Manual that came into effect from January 01, 2012. The first Risk Register was developed in 2013. The Risk Register is an evolving document that is being reviewed and updated on an annual basis. It helps the Company in identifying and managing all risks and opportunities that can affect the achievement of the business objectives of Druk Green.

(A) Credit risk

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

Trade receivables

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. Trade receivables are non-interest bearing and are generally on 30-90 days credit term. The Company's major debtors are government owned/ government controlled companies. Further the Company regularly monitors its outstanding customer receivables. The Company has less credit risk as the customer base is distributed both economically and geographically. The aging of trade receivables of the Company are less than 3 months.

The requirement for impairment is analysed at each reporting date. For impairment, customers are individually accessed. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivable as disclosed above. The Company evaluates the risk as low since majority of the customer are two government owned companies (i.e. Bhutan Power Corporation and PTC India Ltd). No allowance for impairment has been considered based its past experience and forwarding-looking information.

The Company also makes inter-corporate loans to its group companies as per the Company's policy and reviews the outstanding receivable on a periodic basis.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's Finance & Investment Department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy. The counterparties are accordingly governed by the regulatory authorities to mitigate financial loss during failure to make payment. For banks and financial institutions, only high rated banks/institutions are accepted.

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

(B) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. For the current ongoing projects, DGPC's portions of funds are mostly met through either equity, grant or loan.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows through preparation of "fund gap analysis" monthly. In addition, the Company's liquidity management policy involves projecting cash flows on monthly basis and considering the level of liquid assets necessary to monitor debt service coverage ratio against debt financing requirements and maintaining debt financing plans.

(i) Maturities of financial liabilities

The tables below depicts the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

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Contractual maturities of financial liabilities December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	233,211,304.48	233,211,304.48	444,384,188.00	1,230,410,184.64	2,141,216,981.61
Interest	79,431,819.86	67,943,905.18	146,921,465.12	293,458,955.79	587,756,145.95
Security Deposit -Suppliers & Others	53,054,049.99	-	-	-	53,054,049.99
Sundry Creditors	406,368,539.45	-	-	-	406,368,539.45
Outstanding Liabilities to contractors	748,409.94	-	-	-	748,409.94
Outstanding Liabilities for expenses	42,928,517.74	-	-	-	42,928,517.74
Provision for Bonus	-	-	-	-	-
Sundry Liabilities	61,494.28	-	-	-	61,494.28
Total financial liabilities	815,804,135.75	301,155,209.67	591,305,653.12	1,523,869,140.43	3,232,134,138.96

Contractual maturities of financial liabilities 31-Dec-20	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	233,211,304.48	233,211,304.48	589,709,050.73	1,318,296,626.40	2,374,428,286.09
Interest	90,919,734.54	79,431,819.86	171,016,844.45	335,183,481.64	676,551,880.49
Security Deposit - Suppliers & Others	44,627,812.49	-	-	-	44,627,812.49
Sundry Creditors	295,811,982.51	-	-	-	295,811,982.51
Outstanding Liabilities to contractors	2,682,091.19	-	-	-	2,682,091.19
Outstanding Liabilities for expenses	114,786,270.45	-	-	-	114,786,270.45
Provision for Bonus	-	-	-	-	-
Sundry Liabilities	164,765.49	-	-	-	164,765.49
Total financial liabilities	782,203,961.15	312,643,124.35	760,725,895.18	1,653,480,108.04	3,509,053,088.72

(C) Market risk

(i) Foreign currency risk

The Company deals with foreign currency loan, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The revenue earned from the export of energy to India is in foreign currency (Indian Rupee) which does not have foreign exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR). However company has started sourcing fund from international financial institute for the development of hydro power projects for which the company is exposed to foreign currency risk.

The risk is measured through a forecast of highly probable foreign currency cash flows. Further the Company manages its foreign currency risk other than in Indian Rupee by maintaining its foreign currency exposure, as approved by Board as per established risk management policy.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Nu. are as follows:-

Particulars	December 31, 2021		December 31, 2020	
	USD	INR	USD	INR
Financial assets		875,679,715.03		889,183,769.61
Financial liabilities	3,631,019,108.99		3,230,189,006.43	
Net exposure to foreign currency risk	-3,631,019,108.99	875,679,715.03	-3,230,189,006.43	889,183,769.61

Sensitivity

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

Particulars	Impact on profit before tax	
	December 31, 2021	December 31, 2020
USD sensitivity		
Nu. depreciate by 5% (2020: 5%)	-181,550,955.45	-161,509,450.32
Nu. appreciate by 5% (2020: 5%)	181,550,955.45	161,509,450.32
EURO sensitivity		
Nu. depreciate by 5% (2020: 5%)	-	-
Nu. appreciate by 5% (2020: 5%)	-	-

* 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/payable 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.

The Company has only fixed rate borrowings and are carried at amortised cost. Further inter corporate loans given and investment made by the Company also bears fixed rate of interest. Interest income and interest expenses, are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

NOTE 29: CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to:

safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. 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 a mixture of equity, grants, long term borrowings and short term borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, 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.

(i) Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with a financial covenant during the year ending 31 December 2021 which is debt service coverage ratio.

The company has complied with these covenants throughout the reporting period. As at 31 December 2021, the debt service coverage ratio was 28.43

The debt service coverage ratio was as follows:

Particulars	December 31, 2021
EBITA	9,827,001,275.27
Debt Service	345,680,245.19
Debt service coverage ratio	28.43

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a. The authorized share capital of the Company is Nu. 50,000 million (50,000,000 equity share @ Nu. 1,000 per share) and as of the report date, the total paid up capital is Nu. 32,612.564 million (32,612.564 equity share @ Nu. 1,000 per share). The Company presents separate financial statements for all the Hydropower Plants and share capital of the company is subdivided amongst the Hydropower Plants for maintenance of information on the performance and financing structure of each Hydropower Plant. The Hydropower Plants operates as profit center of DGPC and does not have a legal existence of their own.

b. The Licensed and the Installed Capacity of Hydropower Plants under DGPC are as below,

Plants	Licensed Capacity (MW)	Installed Capacity (MW)
Basochhu Hydropower Plant	64	64
Chhukha Hydropower Plant	336	336
Kurichhu Hydropower Plant	60	60
Tala Hydropower Plant	1020	1020

c. Dagachhu Hydro Power Corporation Limited is a subsidiary company, where DGPC is having 2,437,880 equity shares of Nu. 1,000 each 59% stake along with 26% is held by Tata Power Company Limited and 15% by National Pension & Provident Fund (NPPF).

d. Tangsibji Hydro Energy Limited (THyE) is a subsidiary company whose initial subscribed share capital was Nu. 3.60 billion, increased to Nu. 4.85 billion, and then to Nu. 5 billion 2021. The paid-up capital in 2021 is Nu. 5.07 billion after an additional capital injection of Nu. 0.82 billion. The company has a 100% stake in THyE.

e. Bhutan Hydropower Services Limited (BHSL) was formed as a joint venture between DGPC and M/s GE Renewal Holding, France vide agreement dated June 6, 2012 with 51% and 49% equity shareholding respectively. The company has been allotted 2,559,000 fully paid-up equity shares of Nu. 100 each. Additional equity injection of Nu. 78,962,688.00 has been made by DGPC in the year 2018 for refinancing of 30% DEG loan of BHSL. DGPC's paid up capital is Nu. 333,962,688.00 million as on 31.12.2021. During the year DGPC bought back all equity shares held by M/s GE Renewal Holding (3,208,661 equity shares) at Nu. 27 per share for Nu. 86,633,847 as on June 30, 2021. As a result, BHSL became fully owned subsidiary of DGPC from the date. The same has been approved during the extra ordinary general meeting of DGPC held on August 24, 2021.

f. Kholongchhu Hydro Energy Limited (KHEL) was formed as a joint venture between DGPC and SJVN Limited, a Government of India Undertaking vide agreement dated September 30, 2014 with 50% equity shareholding each. Of the allotted 25,000,000 equity shares of Nu. 100 each by KHEL, Nu. 2,104,273,000.00 has been called up and paid till December 31, 2021 and Nu. 395,727,000.00 has remained uncalled on the date.

g. Bhutan Automation and Engineering Limited (BAEL) was formed as a joint venture between DGPC and Andritz Hydro Private Limited, India, vide agreement dated October 16, 2017 with 51% and 49% equity shareholding respectively. DGPC has been allotted fully paid up 3,060,000 equity shares of Nu. 10 each.

h. The domestic tariff has been revised from Nu. 1.59/kWh to Nu. 1.42/kWh and wheeling charges from Nu. 0.195/kWh to Nu.0.270/kWh with effect from October 1, 2019 to June 30, 2022 vide letter no. BEA/CEO/DGPC/2019-20/244 dated October 1, 2019 and BEA/CEO/BPC/2019-20/247 dated October 1, 2019 respectively.

i. The export tariff for Chhukha was revised from Nu. 2.25/kWh to Nu. 2.55/ kWh applicable from January 1, 2017 for a four years period, valid until December 31, 2020. The export tariff was Nu. 2.55/kWh as of December 31, 2021. The export tariff for Tala and Kurichhu was revised from Nu. 2.12/kWh to Nu. 2.23/kWh applicable from December 1, 2021 for a

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five years period, valid until November 30, 2026.

j. Government of Austria committed grant of Euro 600,000.00 (Euro Six Hundred Thousand) only towards "Capacity Development for monitoring of hydropower plant-Final Phase" via Grant Contract No. 2296-00/2019 for the period of three years (2020-2022). DGPC have received Euro 400,000.00 (Euro Four Hundred Thousand) only against the grant as on 31.12.2021. Since the grant is in the nature of income, the grant has been presented as Grant income and Grant expense correspondingly.

k. A Loan of Nu. 708,000,000.00(Ngultrum Seven Hundred Eight Million) and Nu. 1,648,872,940.86 (Ngultrum One Billion Six Hundred Forty-Eight Million Eight Hundred Seventy-Two Thousand Nine Hundred Forty and Chetrum Eighty-Six), was availed via subsidiary agreement between Royal Government of Bhutan and the then erstwhile Basochhu Hydropower Corporation Ltd. (for Lower Stage and Upper Stage) dated October 14, 2004 and August 1, 2006 respectively for a tenure of 18 years and 20 years at a fixed interest rate of 6% each respectively per annum.

l. Asian Development Bank (ADB) has sanctioned a loan of USD 29,000,000.00(US Dollar Twenty-Nine Million) equivalent to Special Drawing Rights (SDR) of 18,832,000.00 (SDR Eighteen Million Eight Hundred and Thirty-Two Thousand) only, on the date of the signing of agreement via subsidiary agreement between Royal Government of Bhutan and Druk Green Power Corporation dated March 3, 2009 for a period of 32 years including a grace period of 8 years at the interest rate of 3.15% per annum for equity injection in Dagachhu Hydropower Corporation Limited. The repayment of principal has started from April 15, 2017.

m. Asian Development Bank (ADB) has sanctioned Special Funds resources a loan of Special Drawing Rights (SDR), SDR 16,987,000.00 (SDR Sixteen Million Nine Hundred Eighty Seven Thousand) only and grant of US$ 25,250,000.00 (US Dollar Twenty Five Million Two Hundred Fifty Thousand) only for the purposes of implementation of the Second Green Power Development Project, on the date of the signing of agreement via subsidiary agreement between Royal Government of Bhutan and Druk Green Power Corporation dated June 12, 2015 for a period of 32 years including a grace period of 8 years at the interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. The fund was sanctioned for equity injection in Tangsibji Hydro Energy Limited (THyE).

n. A loan of Nu. 42,353,000.00 (Ngultrum Forty Two Million Three Hundred Fifty Three Thousand) only was availed from NPPF during the year at the fixed interest rate of 8.90% per annum with repayment period of 15 years. Total loan of Nu. 1,047,758,000.00 was availed so far to finance the portion of construction of 400 kV Mangdechhu-Jigmeling via Goling transmission line as tabulated below:

Loan Year	Loan Amount (Nu.)	Repayment tenure	Interest rate	Lending Institute
2017	**587,000,000.00**	15 years	**7.94% p.a**	**BOB**
2018	**318,980,000.00**	15 years	**8.30% p.a**	**NPPF**
2020	**99,425,000.00**	15 years	**9.00% p.a**	**NPPF**
2021	**42,353,000.00**	15 years	**8.90% p.a**	**NPPF**
Total	**1,047,758,000.00**			

o. Interest waiver benefit derived on ATS loan due to COVID situation during the year amounts to Nu. 41.010 million.

Loan Amount (Nu.)	Interest Waiver Period	Waiver (%)	Amount Waived (Nu.)	Lending Institute
587,000,000.00 @ 7.94% p.a	1 Jan - 31 Dec 2021	50%	23,298,491.86	**BOB**
318,980,000.00 @ 8.30% p.a	1 Jan - 31 Dec 2021	50%	13,237,670.00	**NPPF**
99,425,000.00 @ 9.00% p.a	1 Jan - 31 Dec 2021	50%	4,474,125.00	**NPPF**
Total Benefit from Interest Waiver			**41,010,286.86**	

Finance cost reported as on December 31, 2021 is excluding the interest waiver benefit.

The company had also incurred Nu.6.283 million during the year in response to the Covid-19 pandemic. The abstract of the expenses is as under:

SN	Particulars	Budget head	Amount (in Million Nu.)
1	Purchase of Essential Items for O&M staff	Other General Expense	4.628
2	Purchase of Sanitizer, Disinfectants and PPE	Other General Expense	0.247
4	Quarantine Expenses	Other General Expense	1.219
5	Vehicle POL recoupment	R/M vehicle	0.189
	Total Expense		6.283

p. Inter Corporate Loan

During the year, an inter-corporate loan of Nu. 300,000,000.00 (Ngultrum Three Hundred Million) has been provided to Dungsam Cement Corporation Limited (DCCL) at the interest rate of 6.50% per annum for a year.

During the year inter-corporate loan of Nu. 30,000,000.00 (Ngultrum Thirty Million) was provided to Bhutan Hydropower Service Limited (BHSL) at the rate of 4% per annum for 333 days. Of which 50% loan was repaid and balance loan of Nu. 15,000,000.00 was extended until June 3 2022 at the rate of 6.50% per annum.

q. With the implementation of BAS- 40: Investment Property, the land on lease by DGPC was derecognized from Property, plant and equipment and accounted under Investment Property. The ownership of the land on lease was transferred to DHI during the year. The changes in this account during the year are given below:

Particulars	Amount
Transfer from Property, plant and equipment	-
Addition during the year	-
Deletion/Adjustments during the year	32,000,000.00
Depreciation during the year	
Depreciation on Deletion/ Adjustments	-
Balance as at December 31, 2021	-

r. The company has incurred a loss of Nu. 54.59 million (previous year Nu. 71.05 million loss) in 2020 on account of exchange difference arising on the settlement of monetary items and on translating monetary items at rates different from those at which they were translated on initial recognition or in previous financial statements and charged to statement of comprehensive income.

s. All the balances against debtor, creditors and advances are based on the invoices raised to/ raised from and advances paid respectively, which are not settled as at December 31, 2021. The reconciliation is carried out and confirmation of the balances is obtained for majority of the balances of more than Nu. 1.00 million. The management is in the process of reconciling the remaining balances and to obtain the balances confirmation of the same.

t. DGPC has given corporate guarantee to Bhutan Hydropower Services Limited (BHSL) for Nu. 16,784,568 and Nu. 78,877,469.78 to Bhutan Automation and Engineering Limited (BAEL) to avail bank guarantee/mobilization advance from Bhutan National Bank (BNB) during the year.

u. The company has identified the obsolete inventory and made required provisions during the year. The company is also in the process of identifying and declaring the non-moving materials.

v. Quantitative Information of purchase and sale of power:

Particulars	2021		2020	
	Units (kWh)	Amount (Nu)	Units (kWh)	Amount (Nu)
Purchase	213.18	405.58	241.58	556.09
Self-Generation	7,311.53		7,630.04	
Sale:				
Within Bhutan	2,514.40	3,570.60	2,051.35	2,912.91
Export to India	3,671.40	8,433.38	4,401.88	10,066.54
Internal Consumption & Losses	61.59	0.44	66.42	0.51
Total	6,247.39	12,004.42	6,519.65	12,979.96

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w. All existing generation plants (Kurichhu, Chhukha, Tala and Basochhu) fully owned by the RGoB have to provide 15% of the annual generation as royalty energy to RGoB free of charge. All other generation plants shall provide royalty energy as per the SHDP. RGoB shall have the option to avail the royalty energy either in energy or cash in lieu at the highest off-take rate or pro-rated thereof after adjusting for admissible losses and wheeling charges. Till 2016 Royalty obligation portion were paid on the domestic tariff rate and from January 1, 2017 it has been paid as per the instruction of Electricity Subsidy and Royalty Payment Framework 2017. Royalty Energy of 1,064.05 MU (previous year 1,110.40 MU) amounting to Nu. 2,403.72 million (Previous year Nu. 2,492.13 million) was supplied at highest off-take/export tariff in 2021.

x. The following statutory dues were outstanding and pending to be deposited at respective year ends:

	Particulars	2021	2020
a)	TDS Payable	0	0.43
b)	Corporate Income Tax	1,628.35	1,857.05
	Total	**1,628.35**	**1,8,57.48**

y. Auditors' remuneration:

	Particulars	2021	2020
a)	Audit Fess	0.52	0.52
b)	Out of pocket expenses	0.24	0.45
	Total	**0.76**	**0.97**

aa. A dividend of Nu. 5,110,000,000.00 have been proposed for the year ended December 31, 2021 amounting to a dividend of Nu. 156.69 per share. These financial statements do not reflect this dividend proposed.

bb. DGPC reliance on PTC (i.e single external customer) for export revenue amount to Nu. 8,433,382,658.30 (i.e 70.25% of total revenue).

NOTE 31: RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of DHI (a Royal Government of Bhutan undertaking). The company for the purpose of disclosure requirement has considered DHI controlled companies/corporations and company's own subsidiaries as related parties for the purpose of disclosures required by BAS 24 as summarized:

Companies	2021	2020
	% of Holding	% of Holding
Parent -		
Druk Holding & Investment	100%	100%
Subsidiaries -		
Dagachhu Hydro Power Corporation Ltd.	59%	59%
Tangsibji Hydro Energy Limited	100%	100%
Bhutan Hydropower Services Ltd.	100%	0%
Joint Venture -		
Kholongchhu Hydro Energy Ltd.	50%	50%
Bhutan Hydropower Services Ltd.	0%	51%
Bhutan Automation Engineering Ltd.	51%	51%

Fellow Subsidiaries under DHI ownership

1. Bhutan Power Corporation Limited
2. Bank of Bhutan Limited
3. Bhutan Telecom Limited
4. Druk Air Corporation Limited
5. State Trading Corporation of Bhutan Limited
6. Dungsam Cement Corporation Limited
7. Wood Craft Center Limited
8. Construction Development Corporation Limited
9. Bhutan Board Product Limited
10. Dungsam Polymers Limited
11. Penden Cement Authority Limited
12. Natural Resources Development Corporation Ltd.
13. State Mining Corporation Limited
14. Thimphu Tech Private Limited

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Name of Related Party	Relationship	Nature of transaction with related party	2021	2020
Druk Holding & Investments	Holding Company	a. Payment of Dividend	5,600,000,000.00	5,132,992,540.79
		b. Interest expenses on Loan		-
		c. Equity	32,612,564,000.00	32,246,108,000.00
		d. Management & Brand Fee	98,101,806.21	94,794,950.66
		e. Lease Rent	1,951,299.96	1,586,035.30
		f. Non trade payables		
Bhutan Power Corporation Limited	Fellow Subsidiary	a. Sale of Electricity	3,570,595,285.97	2,912,912,225.36
		b. Wheeling Charges	991,276,852.19	1,188,506,525.79
		c. Consumption of electricity by DGPC estd.	13,733,629.43	9,973,831.20
		d. Receivable on energy sold	342,547,792.41	484,909,277.87
		e. Payable towards wheeling charges	99,739,117.88	103,638,021.75
		f. Trade payables	970,914.64	1,440,055.00
		g. Telephone, Fax, Internet Services & Others		73,613.08
		h. Other Trade receivable		57,171.03
		h. Advance Payment	1,079,715.00	3,168,886.43
		i. Capital Work-in-progress		1,166,542.97
		j. Non-trade receivable	24,175,039.40	
		j. Income on CoE services provided	456,739.97	203,929.00
Bank of Bhutan	Fellow Subsidiary	a. Bank charges	668,622.74	258,545.12
		b. Interest expense on loan	-	6,016,767.00
		c. Long Term Borrowing	587,000,000.00	587,000,000.00
		d. Accrued Interest on Loan	133,909,487.52	110,610,995.00
		e. Long-term Fixed Deposit	2,000,000,000.00	2,000,000,000.00
		f. Accrued Interest Income on Deposit	95,975,921.11	31,275,004.02
		g. Services availed	585,000.00	-
		h. Interest Income from Deposit	95,760,443.11	31,275,004.02
Bhutan Telecom Limited	Fellow Subsidiary	a. Payable towards Telephone, Internet services & Others	1,893,073.62	1,807,146.22
		b. Data Center services charges	6,661,791.88	6,579,526.04
		c. Rental Income	-	16,728.00
		d. Advance payment	2,923,308.00	-
		e. Telephone, Fax, Internet Services & Others	2,383,108.31	2,280,021.14
Druk Air Corporation Limited	Fellow Subsidiary	a. Purchase of Air Tickets and Others	931,768.00	557,835.00
		b. Receivable commission on Air Ticket	29,745.03	233,579.60
		c. Income Others	35,119.00	20,215.40
		d. Payable towards Air Tickets	135,660.00	174,831.00
State Trading Corporation of Bhutan Limited	Fellow Subsidiary	a. Vehicle Procurement	6,810,291.00	14,522,853.99
		b. Repair and Maintenance of Vehicles	13,621,882.09	7,785,568.06
		c. Trade Payable	-	73,901.00
		d. Inter Corporate Loan	-	-
		e. Purchase of IT equipment's	-	-
		f. Deposit Received	2,215,084.41	1,213,560.86
		g. Interest Income from Loan	-	4,512,704.92
Bhutan Hydropower Services Limited	Subsidiary	a. Equity Investment	420,596,538.10	333,962,688.00
		b. Income from leased land		2,102,533.27
		c. Services availed related to repairs and maintenance of electro -mechanical euipments	102,755,824.08	175,142,343.88
		d. Inter Corporate Loan	15,000,000.00	-
		e. Interest Income on Inter corporate Loan	1,516,027.40	750,410.96
		f. Accrued Interest Income on Loan	417,945.21	
		g. Corporate Guarantee Fee income	3,083,463.09	3,136,556.29
		h. Other services	1,374,951.06	
		i. Advance payment	14,809,490.69	-
		j. Receivable for service provided	1,105,414.50	-

Dagachhu Hydropower Corporation Limited	Subsidiary	a. Equity Investment	2,437,880,000.00	2,437,880,000.00
		b. Income on services provided	1,794,899.00	2,974,071.77
		c. Other miscellaneous Income	3,025,915.00	3,109,524.00
		d. Trade Receivable	503,669.00	154,411.76
		e. Non-Trade Payable	3,592,081.47	3,185,261.75
		f. Non-Trade Receivable	17,718.00	38,209.59
Tangsibji Hydro Energy Limited	Subsidiary	a. Equity Investment	5,073,142,962.04	4,247,087,697.45
		b. Income on services provided	937,031.32	429,202.15
		c. Trade Receivable (+Corporate Guarantee Fee)	42,383,544.96	27,106,305.37
		d. Corporate Guarantee Fee Income	15,277,239.59	13,046,365.03
		e. Capital Work-in-progress	-	
		f. Trade payables	-	82,616.00
Dungsam Cement Corporation Limited	Fellow Subsidiary	a. Inter-corporate Loan	300,000,000.00	-
		b. Interest income on Loan	53,424.66	37,617,251.13
		c. Accrued interest on Loan	53,424.66	-
		d. Income from CoE Services		179,400.00
		e. Trade Receivable		
Kholongchhu Hydro Energy Limited	Joint Venture	a. Equity Investment	2,104,273,000.00	1,737,817,000.00
		b. Non-trade receivable		
		c. Deposits received		
Natural Resources Development Corporation Ltd	Fellow Subsidiary	a. Procurement of Furniture & Fixture	2,127,801.20	1,341,179.50
		b. Payable towards purchase	2,118,391.20	30,642.70
		c. Advance payment	2,870,346.00	1,713,422.50
		d. Purchase of construction materials	53,958.70	496,904.91
		e. Performance security Deposit	462,763.00	462,763.00
Construction Development Corporation Ltd.	Fellow Subsidiary	a. Advance payment	-	-
		b. Other miscellaneous expenses	11,872.56	108,485.00
		c. Trade Payable	-	1,303,902.60
		d. Non-Trade Payable	-	
		e. Capital Work-in-progress	487,297.25	14,301,241.38
Bhutan Board Products Limited	Fellow Subsidiary	a. Procurement of Furniture & Fixture	353,660.00	-
		b. Trade Payable		-
Bhutan Automation & Engineering Limited	Joint Venture	a. Equity Investment	30,600,000.00	30,600,000.00
		b. Dividend Income	8,956,096.04	934,768.27
		c. Services availed	76,699,638.17	82,509,668.55
		b. Miscellaneous Income	7,401,979.08	5,941,676.05
Thimphu Tech Park Limited	Fellow Subsidiary	a. R&M Services availed	2,241,132.01	2,103,588.35
		b. Trade Payable	4,170,560.67	2,415,371.65
		c. Security Deposit	64,310.00	215,000.00
		d. Capital Work-in-progress	830,063.00	860,000.00
		e. Advance payment	1,075,000.00	-
		c. Intangible assets	9,468,612.44	-
State Mining Corporation Limited	Fellow Subsidiary	a. Interest income on Loan	4,558,904.09	2,610,655.74
		b. Accrued interest on Loan	-	2,610,655.74
		c. Inter Corporate Loan	-	300,000,000.00
		c. Other miscellaneous Income	3,000,000.00	-
Menjong Sorig Pharmaceutical Corporation Limited	Fellow Subsidiary	a. Purchase of product & services	80,849.44	-

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. As such Key management personnel of the company for the purpose of disclosure of compensation include Board of Directors, Managing Director and Management Team (Head of Department)

Amount in Million (Nu.)

Sl. No.	Particulars	2021	2020
a)	Short- term employee benefits	12.9	14.85
b)	Post- employment benefits (PEB)*	-	-
c)	Other long- term benefits (OLTB)*	-	-
	Total	12.9	14.85

Sitting fees paid to the Board of Directors (excluding MD, DGPC)

Sl. No.	Particulars	2021	2020
a)	Directors' Sitting Fee	1.2	0.74
	Total	**1.2**	**0.74**

*No separate valuation is done for key managerial personnel (Managing Director and Head of Department) in respect of PEB and OLTB. The same is included in the Note 19: Employee remuneration and benefits.

For Rinzing Financial Private Limited

RINZING FINANCIAL PRIVATE LIMITED

Tashi Rinzing Schmidt
Partner
CPA License No. 34762

For Druk Green Power Corporation Limited

(Dasho Nim Dorji)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Wangchuk)
Director, Finance

DrukGreen
(a dhi company)

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