



DRUK GREEN POWER CORPORATION LIMITED



**ANNUAL
REPORT 2022**



TABLE OF CONTENTS

COMPANY PROFILE	2
VISION, MISSIONS & VALUES	3
BOARD OF DIRECTORS	4
MANAGEMENT TEAM	6
DGPC TIMELINE	10
DIRECTORS' REPORT	12
CORPORATE GOVERNANCE REPORT	25
INDEPENDENT AUDITORS' REPORT	27
REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS	32
FINANCIAL STATEMENTS	38
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	42



OUR COMPANY PROFILE

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

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

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.

Tandin Tshering

Secretary General, National Assembly Secretariat



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.

Tashi Lhamo

Director, Druk Holding & Investments



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.

Lobzang Dorji

Dzongdag, Sarpang Dzongkhag Administration



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.

Loday Tsheten

Director, MoF



Loday Tsheten is currently a Director with the Ministry of Finance. Before that, he was the Chief Internal Auditor with the Ministry. He has over 24 years of experience in budgeting and accounting, code of ethics, and auditing.

Loday Tsheten has a Bachelor of Commerce (Honours) from Sherubtse College, University of Delhi, and a Master in Business Administration from Edith Cowan University, WA, Australia. He also has an Advanced Degree in Public Policy and Administration from Maxwell School of Public Policy and Administration, Syracuse University, USA.

Basant Raj Chhetri

Chief Executive Officer, Bhutan Professional Services



Basant Raj Chhetri is currently the Chief Executive of Bhutan Professional Services, the project management consultant for the construction of Thimphu Resort, which is being developed by SD Hotels and Hospitality Private Limited. Before that, he worked as a consultant for the Gyalsung Infra project.

With over 30 years of experience, Basant Raj Chhetri specialises in strategic planning, resource allocation and optimisation, process improvements, relationship management, staff development, coaching and mentoring, and team-building activities. He has a Bachelor of Civil Engineering from Motilal Nehru National Institute of Technology, Allahabad University, and a Master of Science in Concrete Technology, Construction and Management from the University of Dundee, UK.



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.

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Dechen Wangmo
 Director, Corporate Affairs Department

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.



Ugyen Wangchuk
 Director, Finance Department

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.



Yeshi Tenzin
 Director, Operation & Maintenance Department

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.



Tshewang Dorji
 Director, Human Resource and Administration Department

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.



Sonam Wangdi
 Director, Projects Department

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.

HEAD OF PLANTS



Kencho Gyeltshen

Associate Director, Tala Hydropower Plant

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, Kurichhu Hydropower Plant

Zangpo is currently the Head of Kurichhu Hydropower Plant. Before that, he headed the maintenance division at Chhukha 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, Chhukha Hydropower Plant

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, Basochhu Hydropower Plant

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.



1988



Chukha Hydropower Plant

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

2002



Kurichhu Hydropower Plant

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

2004



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

2007



Tala Hydropower Plant

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

2008



Druk Green Power Corporation Limited

Incorporated through the merger of Chukha, Kurichhu and Basochhu Hydropower Corporations
 Incorporation: December 27, 2007

2012



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%), TPCL (26%), NPPF (15%)

2021



Druk Hydro Energy Limited

Business Scope: To construct & commission small hydro projects upto 150 MW
 Incorporation: December 16, 2021
 Shareholding: DGPC(100%)

2017



Bhutan Automation & Engineering Limited

Business Scope: Manufacture of automation systems for hydropower plants
 Project estimated Cost: Nu. 60.00 million
 Company Incorporation: November 08, 2017
 Project schedule: December 2018
 Shareholding: DGPC(51%), Andritz Hydro (India) (49%)

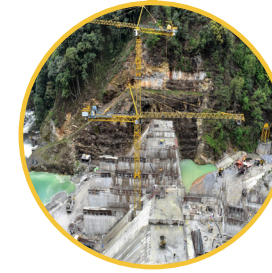
2015



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: Sept. 2015 - Feb. 2022
 Shareholding: DGPC (100%)

2014



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%)

2014



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%)

Dear Shareholder,

The Board of DGPC is pleased to present the Directors' Report for 2022 on the businesses, operations and performance of the company along with the audited Financial Statements for the financial year ended December 31, 2022.

FINANCIAL PERFORMANCE

(in million Ngultrum)	2021	2022
REVENUE	12,509.07	12,026.29
EXPENDITURE	5,179.82	5,483.34
PROFIT BEF. TAX	7,329.26	6,542.95
CORP. INCOME TAX	2,232.14	1,918.54
COM. INCOME	5,118.68	4,625.96

*Revenue decreased by 3.86% attributable to a decrease in export and an increase in domestic energy consumption as the export tariff is higher than domestic
 *Expenditure increased on account of an increase in forex loss to Nu. 369.66 million from Nu. 54.59 million in 2021
 * DGPC power plants made a royalty pass-through of Nu. 2,348.75 million in 2022 as against Nu. 2,403.72 million in 2021

The financial position of the company continues to be strong with the total debt and liabilities aggregating to Nu. 10,266.20 million; constituting only 22.82% of the overall shareholder's fund of Nu. 46,086.94 million. These funds are almost entirely invested in income-generating assets. The fund applications comprise Nu. 50,614.87 million in non-current assets (comprising of fixed assets, investments in subsidiaries and joint ventures, and other long-term investments) and Nu. 5,738.28 million in current assets (comprising short-term investments, trade and other receivables, and cash and cash equivalents).

Under the COVID-19 relief measures, the government waived off Nu. 6.73 million interest on loans DGPC availed on behalf of Bhutan Power Corporation Limited (BPC) to finance the associated transmission assets linked to Nikachhu and Mangdechhu projects.

Dividend

Nu. 4,395.77 million was declared dividend, which is 13.54% of the paid-up share capital of Nu. 32,465.09 million against Nu. 5,110.00 million in 2021. Considering the projected cash flows for making payments of taxes and dividends, as in earlier years, DGPC will need to raise over Nu. 4,500.00 million in the form of commercial papers from domestic financial institutions.

Investments

Taking forward its mandates, DGPC continues to make substantial investments in (i) greenfield hydropower projects (Nikachhu, Kholongchhu and small hydro) through equity injection and raising of debt financing; (ii) restoration, 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.

OPERATIONAL PERFORMANCE

(in million unit)	2021	2022
GENERATION	7,311.53	7,227.93
GROSS IMPORT	203.18	146.38
GROSS EXPORT	4,785.11	4,029.40
GROSS DOMESTIC SALE	2,851.92	3,329.40

* Chhukha hydropower plant lost 109.03 MU in generation owing to the failure of generator winding and core of unit 4 in July 2022; the unit was restored in August but kept at partial loading till September end before taking it out for major refurbishment
 *Tala hydropower plant lost 10.682 Mu in generation from the forced outages of 400 kV feeder 1 and feeder 2 in June and July 2022

The import of power from India takes place primarily to support Bhutan's domestic grid during exigencies. Such imports are normally netted off during the import months. However, Bhutan imported/purchased 241.104 MU of energy from India through Indian Energy Exchange from January – March to meet the deficit for domestic demand when Tala hydropower plant was taken for total shutdown for HRT inspection and repair works. There was no netting off of this power import.

MAJOR RENOVATION, MODERNIZATION AND AUTOMATION OF HYDROPOWER PLANTS

Apart from completing the annual grueling and time-consuming maintenance of each of the generating units and associated equipment at the Chhukha, Kurichhu, Tala and Basochhu power plants, DGPC undertook several major restoration, renovation, modernization and automation activities at its power plants to address the teething and recurring problems not only to ensure a high level of availability of the generating units but also to extend the life of the power plants. The timely maintenance of the power plants is critical for minimizing the frequency of service outages and other undesirable consequences.

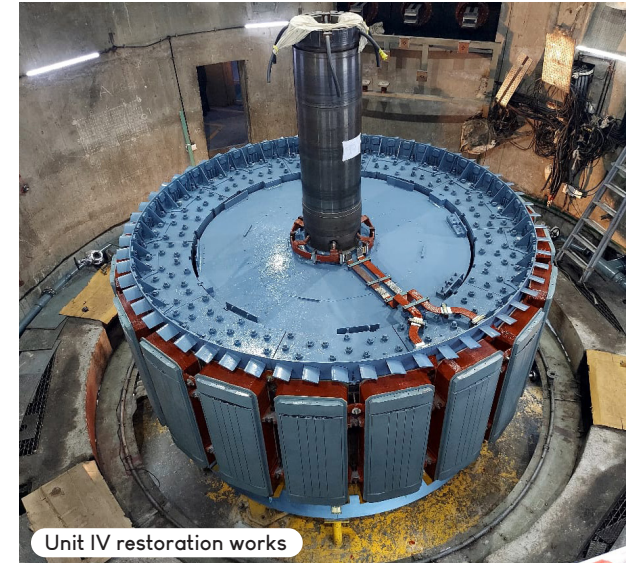
Chhukha Hydropower Plant

Restoration and Replacement of Unit IV Generator

Due to the ageing of insulation, the stator core and its windings of unit 4 failed in July 2022. The unit was shut down immediately. The unit was restored and started operation in August 2022. However, generation was restricted to 90% of its rated capacity as recommended by the OEM and experts. The generator had been in service for over 35 years.

Replacement of Unit II Generator along with Ancillaries for all four Units

The contractual stage for the replacement of the unit 2 generator and ancillary equipment of all four units was completed in December 2022. The entire scope of work is expected to be completed by 2025 beginning.



Unit IV restoration works

Kurichhu Hydropower Plant

Repair of Stilling Basin and Spillway Glacis

On dewatering the stilling basin, more erosion than estimated was observed resulting in a huge increase in the quantum of excavation and concrete works, thereby delaying the major repairs of the stilling basin and dam glacis. Due to limited working windows and unpredictable river inflows, the stilling basin repair works could be completed by March 2023. The repair of the spillway glacis with steel lining has been completed in two bays. The repairs of the balance three spillway glacis are scheduled for completion by 2023 end.



Repair of spillway glacis

Tala Hydropower Plant

The annual maintenance of generating units at THP was completed on May 28, 2022. Major works such as rotor levelling, unit axis alignment and centring of generator shaft, and overhauling of nozzles were carried out. The in-situ repair of the runners was carried out by BHSL.

Physical Inspection and Rectification of Head Race Tunnel (HRT)

THP had been experiencing repeated incidences of disintegrated concrete masses appearing in the turbines from the HRT since September 2018. This



HRT inspection

repeated appearance of concrete blocks and fragments in the turbine system was a serious concern as it could result in catastrophic damage to the turbine and generator. These incidences potentially suggested defects/weakening of underwater civil structures.

To ascertain the structural integrity of the underwater civil structures, experts from the USA were brought in for underwater inspection in March 2021. Using a remotely operated vehicle (ROV), the inspection indicated cracks, voids and debris at several sections of the HRT. Based on the ROV report, to examine the structural integrity and stability of the water conductor system, DGPC retained the services of specialised experts from across the world, who collaborated that the HRT was associated with a high risk for potential instability during near future operations and could be subjected to collapse, particularly at one or two vulnerable locations. Based on their recommendations and considering the urgency, Tala power plant was completely shut down from January 1, 2022, to match with the leanest discharge period to minimise generation. The dewatering and inspection of the HRT were completed by the end of January 2022.

The repair works of the HRT were undertaken in-house by an all-Bhutanese team of engineers and technicians. For supervision and monitoring, several senior officers were mobilised from Punatsangchhu and Nikachhu projects and online support was availed from external experts. With the mobilisation of resources and repair activities planned to take into consideration the worst-case damage scenario in the HRT, the rectification works in the HRT were completed in a record period of just over 30 days with multiple crews working round the clock, and despite difficult challenges posed by COVID-19 pandemic travel restrictions and lockdowns. During the shutdown, maintenance and repair works were carried out, which otherwise would not have been possible. The repair works were completed 15 days ahead of the planned schedule. This provided a huge opportunity for the company to learn and gain experience in dealing with such technically complex issues.

Automation of the Plant

The design, engineering, erection and commissioning of the latest state-of-the-technology SCADA and control and protection system for Tala power plant was awarded to BHUTAN AUTOMATION in October



Old damaged outdoor termination



Installation of new indoor termination



New DC gate hoisting mechanism



Installation of new nozzle injector

2022 to replace the Computer Control System that could not be made fully functional since the commissioning of the project. The SCADA system, on completion in January 2025, is expected to automate and greatly enhance the operational effectiveness and efficiency of the power plant.

Restoration and Upgradation of Feeder-1 Outdoor and Feeder-2 Indoor Terminations

The 400kV Tala-Siliguri Feeder-1 Y-phase outdoor termination failed in June 2021 due to severe thundering and lightning. In March 2022, Feeder-2 tripped due to an intense fire that broke out on the B-Phase XLPE cable indoor termination in the GIS hall. The mobilisation and coordination of the Japanese and German OEMs were complicated by the COVID-19 situation. However, the supply of the spare parts and consumables and thereafter the restoration and upgradation of the two feeders were completed in June and July 2022 with minimal generation losses.

Restoration of DC Gates and Hoists

The July 2021 backwater surge incident caused major damage to the hydro-mechanical equipment in Tala power plant's desilting chambers. The most affected equipment was the desilting chamber gates and their hoisting arrangements, and the silt-flushing tunnel gates control panels. Concerted efforts were made to complete the restoration works within the schedule of May 2022.

Replacement of Nozzle Injector System

The work for the design, engineering, manufacturing, supply, testing and commissioning of the new nozzle injector system was awarded to GE Power India Limited in collaboration with BHSL. The first set of the nozzle injectors was delivered in December 2022 after the final machining of some components, assembling and testing at BHSL. The installation and commissioning of this first set of nozzle injectors is scheduled to be completed within March 2023. On successful testing of this first set of nozzle injectors over one working season, orders for the balance sets will be confirmed. The improved and upgraded design for the nozzle injectors is expected to resolve the problem of the frequent failures faced with the existing nozzle injector system that was initially supplied by the OEM.

SIGNIFICANT INITIATIVES UNDERTAKEN BY THE PROFIT CENTRES

1.1 Hydropower Research and Development Centre (HRDC)

HRDC continues to expand its services and applied research work towards weaning away dependence on OEMs and external expertise in the development, operation and maintenance of hydropower plants. HRDC further provided services to some industries and external agencies working in Bhutan such as GE T&D, Jaiprakash Associates, and Hitachi.

During the year, HRDC introduced new services in geotechnical and geophysical investigations considering the huge demand for such services in the hydropower and construction sectors. HRDC started to provide geophysical and geotechnical investigations services to the Phase I and II small hydro projects. HRDC also is continuing to consolidate its other areas of expertise.

1.2 Druk Green Consultancy (DGC)

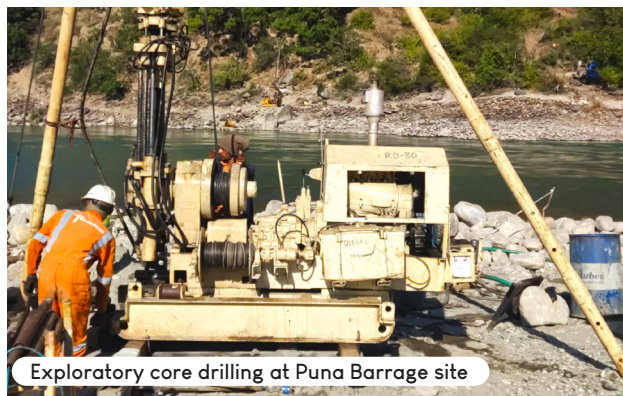
Aligned to DGPC's mandate to take a lead role in accelerating hydropower development and building capacity, DGC has built substantial competencies in the investigation, design and engineering, and construction management of hydropower projects. Its expertise range from survey and mapping, geological and geotechnical investigations, hydrology and power potential studies, design and engineering, CDM conceptualisation and reports, and social and environmental studies.

DGC undertakes the DPR studies for small/medium hydropower projects and reviews/supervises DPRs for large projects, including backstopping/engineering design services for rehabilitation projects.

During the year, DGC completed the feasibility studies, including the preparation of tender documents and technical specifications for the three Phase I small hydro projects – 54 MW Burgangchhu in Zhemgang, 32 MW Yungichhu in Lhuentse and 18 MW Suchhu in Haa. This enabled the award of the main civil works by June 2022. Druk Hydro Energy Limited is implementing these three projects with DGC (supported by an international panel of experts) as the design consultant.



Core drilling



Exploratory core drilling at Puna Barrage site

DGC is currently completing the feasibility studies for the Phase II small hydro projects – 85 MW Jomori, 45 MW Gamri I, 18 MW and 8 MW Druk Bindu, and 20 MW Begana. The DPR update for the Druk Bindu I and II project was completed in December 2022. The feasibility study for the Jomori will be completed by March 2023 while feasibility reports for the Begana and Gamri-I projects will be submitted by the second half of 2023.

Besides these small hydro projects, DGC is undertaking the DPR update for the 1,125 MW Dorjilung project and the DPR studies for the integrated 740 MW Gongri Reservoir/1,800 MW Jerichhu Pump Storage project.

With DGPC expanding into solar generation, DGC will also venture into the design and engineering of solar power plants and solar hydro hybrid systems.



Taking over of MHP



1.3 Druk Green Energy Trading (DGET)

For the first-time Bhutan imported power from the Indian Energy Exchange (IEX) from January to March 2022. The requirement for import was not only due to the huge increase in domestic demand but also due to the shutdown of the Tala power plant for the maintenance of the water-conducting system. The import of up to 400 MW of electricity was made from the IEX's Day Ahead Market through PTC India.

Bhutan imported 240 MU of energy during the period at a cost of Nu. 798 million at an average import cost of Nu. 3.32 per unit (including charges/fees). While IEX clearing prices increased substantially by mid-March 2022, Bhutan did not import power after March 16, 2022, with the rectification of Tala HRT getting completed ahead of schedule. It is projected that Bhutan will continue to require the import of power to meet the lean months' power deficit for the foreseeable

future. DGET gained significant experience in energy trading in the IEX based on which Bhutan is exploring selling power into the IEX.

As a pre-requisite condition for Bhutan to sell and buy power to/from India, DGPC entered into the Settlement Nodal Agency Agreement with NTPC Vidyut Vyapar Nigam Limited in December 2022. This complies with India's "Guidelines for Import/Export (Cross Border) of Electricity 2018."

1.4 Hydropower Training Centre (HTC)

DGPC continued to place importance on building its human resources, which is integral to the successful fulfilment of its mandates. HTC was set up within DGPC to specifically support the in-house development of human resources. Since its establishment in 2021, HTC has focused on the reskilling and upgradation of the competencies of the frontline workers who are directly associated with the operation and maintenance of the hydropower plants and the construction of hydroelectric projects.

2. OTHER KEY ACTIVITIES

2.1 Taking Over of Mangdechhu Hydropower Plant (MHP)

Mangdechhu Hydroelectric Project Authority (MHPA) officially handed over the 720 MW Mangdechhu project to DGPC on December 27, 2022, with full responsibility for the operation and maintenance of the project, the first to be commissioned from within the 10,000 MW by 2020 projects that the RGoB and the GoI are collaborating.

However, DGPC has been associated with the operation and maintenance of the plant since its commissioning in 2019. In 2022, the work order for the restoration of generating unit III was placed on Andritz Hydro (India) with a completion deadline of June 2023.

2.2 IT Systems

DGPC implemented many projects to automate repetitive administrative tasks with the aim ultimately to reduce errors and oversights, for easy and real-time access to critical data, to facilitate communication and collaboration, and to provide a single repository

for documents generated within the organisation. The DGPC MIS was launched in January 2022 (developed with Thimphu TechPark) followed by the Annual Compact system in August 2022 (developed in-house). DGPC further continued to support its SAP ePayment system.

During the year, DGPC also upgraded and/or introduced the Employee Appraisal system, SAP Warehouse system, Team Appraisal system, eDGPC App, eRecruitment and selection system, internal audit system, and online learning.

2.3 Embedded Generation Assets

DGPC took over the Embedded Generation (EG) assets of BPC in June 2022 on an “as is where is basis.” With an aggregate generating capacity of 9 MW, the EG assets comprise 17 operational mini/micro hydropower plants, 7 decommissioned mini/micro hydropower plants, one small solar farm and one wind plant with two windmills. Apart from normal operation and maintenance, DGPC is assessing each of the plants and preparing an investment plan for extending the life of these assets.

3. PERFORMANCE OF DGPC SUBSIDIARY/ JOINT VENTURE COMPANIES

3.1 Bhutan Hydro Services Limited (BHSL)

Bhutan Hydropower Services Limited (BHSL) earned revenue of Nu. 197.69 million during 2022. BHSL continued to stay in the negative with a loss after tax of Nu 38.80 million, mainly on account of the depreciation and financing costs. A major concern for the company is the erosion of equity from the initial value of Nu. 654.828 million to Nu. 37.25 million with the accumulated losses. The company continues to face challenges in ensuring a sustainable business model on account of the workload and capacity constraints of the facility.

While continuing to make losses, BHSL has steadfastly supported Bhutan’s power sector with the reclamation of underwater hydro-mechanical components and the manufacture of runners and nozzle injector assemblies, which otherwise would have to be contracted to firms outside of Bhutan. BHSL can ensure the timely turn-around time for the reclamation and



Nozzle injector for THP



Preparation of runner for THP

manufacture of these critical hydro-mechanical components, which otherwise could result in shut down of power plants. To help turn BHSL’s financials around, it was decided to expand BHSL’s mandate to include the design, manufacture, supply, testing, installation and commissioning of hydro-mechanical equipment, including penstocks for the Phase I small hydro projects. While the initial handholding for the design and engineering of such hydro-mechanical equipment will be provided through BHUTAN AUTOMATION, BHSL is expected to build its capacity to participate in providing such H&M equipment and penstocks to the hydropower projects that are planned for the future.



Celebration of customer event, BHUTAN AUTOMATION



HRT-Face 6 & 7 excavation breakthrough ceremony

3.2 Tangsibji Hydro Energy Limited (THyE)

In the construction of the 118 MW Nikachhu project, the project achieved an overall physical progress of 87.75% by the end of 2022. In terms of financial progress, an expenditure of Nu. 11,476.203 million has been incurred thus far. The progress of the project has been severely hampered by the continued adverse geological conditions encountered in the excavation of face 6 and face 7 of the HRT, which was further aggravated by the continued impact of the COVID-19 pandemic.

A major milestone was achieved during the year with the breakthrough of the last section of the HRT from

HRT face 6 to face 7 on December 14, 2022. With the completion of this critical activity, the project is expected to be commissioned by December 2023.

3.3 Bhutan Automation & Engineering Limited

Despite the challenges related to employee turnover and global supply chain disruptions, BHUTAN AUTOMATION was able to perform satisfactorily and maintain its focus on delivering high-quality automation solutions to its customers. BHUTAN AUTOMATION made a revenue of Nu. 113 million with a PAT of Nu. 8.9 million during the year as against the revenue of Nu. 128.7 million and a PAT of Nu. 23 million in 2021. The shareholders (DGPC and Andritz Hydro) agreed to declare a dividend of 80% of the PAT.

Apart from the ongoing orders for Punatsangchhu I and II projects, BHUTAN AUTOMATION also secured orders for over Nu. 612 million from (i) Chhukha power plant for the replacement of turbine governors of all four units and the excitation system of one unit, (ii) Tala power plant for the implementation of the SCADA and other control systems, (iii) BPC for the implementation of SCADA systems at four of its existing substations, and (iv) CST for the supply of a training system for automation and protection relays.

3.4 Druk Hydro Energy Limited (DHyE)

Druk Hydro Energy Limited (DHyE), a 100% subsidiary company of DGPC, was incorporated to take forward the construction of the small hydro projects. The construction of the three Phase I small hydro projects was initiated during the year. As of 2022 end, DGPC had injected Nu. 1,356.504 million as equity in DHyE. Debt financing is being explored through financial institutions such as SBI and SDF.

As of December 31, 2022, DHyE had accomplished the following in taking forward the Phase I projects:

- The contract agreements for the Main Package-1 (Civil Works) were awarded [54MW Burgangchhu to Construction Development Corporation Ltd (CDCL), 32MW Yungichhu to Rigsar Construction Pvt Ltd, and 18MW Suchhu to Vajra Builders Pvt Ltd].
- Based on a shortlisting process, the Letter of

Invitation (LoI) for the Design, Manufacture, Supply, Testing, Installation and Commissioning of the Electro-Mechanical (E&M) equipment were issued to ANDRTIZ Hydro, Voith Hydro and FLOVEL Energy (all based out of India) for the Yungichhu and Suchhu projects. The E&M equipment LoI for the larger Burgangchhu project was issued to ANDRTIZ Hydro and Voith Hydro.

- The LoI for the SCADA and Protection System for all three projects was issued to BHUTAN AUTOMATION.
- The LoI for the hydro-mechanical works for the three projects was issued to Bhutan Hydropower Services Ltd.

DHyE will be further expanding its mandate during 2023 to take forward the implementation of the four small hydro projects under Phase II. In future, DHyE may be mandated to implement other small to medium size projects. On commissioning of these projects, the power plants will be placed under DGPC for operation and maintenance.

3.5 Dagachhu Hydropower Corporation (DHPC)

In 2022, the Dagachhu power plant generated 450.80 MU as against the target of 466.47 MU mainly on account of poor hydrology. The power plant achieved a power plant availability (PPA) of 99.90% and a water utilization factor (WUF) of 99.70% indicating a good performance despite the decreased river inflow. DHPC made a Profit After Tax of Nu. 65.943 million in 2022 (due to the huge foreign exchange loss of Nu. 410 million during the year) as against the PAT of Nu. 407.490 million in 2021. The shareholders (DGPC, Tata Power Company and NPPF) agreed to declare a dividend of 90% of PAT.

During the year, DHPC implemented the much stricter Deviation Settlement Mechanism (with no relaxation for run-of-the-river schemes) issued by the Central Electricity Regulatory Commission of India with effect from December 5, 2022. The operation and maintenance contract, which was signed between DHPC and DGPC in September 2021, could also be finally implemented at the end of 2022.



DHPC dam



SNA signing

5.6 Kholongchhu Hydro Energy Limited (KHEL)

By the end of 2022, the two shareholders (DGPC and SJVN) had made a total equity injection of Nu. 4,626.51 million in the company. The main civil works package for the HRT (KC-2), which had been awarded in 2021 (80% to the JV of Valecha-Rigsar and 20% to CDCL), also came to a stop by the first half of 2022 with the two shareholders not agreeing on the award of the main civil works packages for the dam (KC-1) and the powerhouse (KC-3).

In light of the continued deadlocks between the two shareholders and taking into account the challenges faced by KHEL, DGPC at the shareholders meeting held on April 20, 2022, decided to withdraw from the joint venture arrangement. After consultations, the

4. HUMAN RESOURCE DEVELOPMENT

DGPC continues to focus on the development of its human resources through a growth culture supported by programs and policies that promote reskilling, upskilling and acquiring of new required skills at the individual and organisational levels. The company's emphasis is on building an agile and resilient workforce to adapt to changing work environments.

Multi-prong training/awareness programs have always been one of the most important tools offered by the company to its employees. A series of skilling, reskilling and upskilling and re-deployment programs were conducted during the year as part of the overall learning and development programs aimed mainly at the lower categories of employees. These included training on cyber security, operator training, O&M manual sensitization, ISO implementation, awareness of ethics, prevention of corruption and professionalism to help boost performance, foster commitment, and alter the attitudes of its employees to change management. Of significance were also the awareness programs in sexual harassment and discrimination prevention.

With the exit of a large number of experienced middle-level officers and its impact on the delivery of its services, DGPC introduced revised guidelines for the selection of functional heads. There is also a rethink on the application of training bonds and the implementation of extra-ordinary leaves towards encouraging officers to stay on with the company. With the completion of the organisational development exercise and the implementation of the recommendations, the service rules would need to be reviewed again for a rationalised compact and efficient manpower deployment and development of these human resources.

5. CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility plays an important role in fulfilling the company's vision and mission. The company's CSR focus has been to contribute in a small way towards the social, spiritual and environmental well-being of the individual and the communities in the vicinity of the power plants and projects and those with whom DGPC has to deal. A significant part of CSR philosophy is also employee-driven through social



CHP Drupchen



Hydrogen workshop

two governments agreed that the joint venture arrangement was not working and decided at the bilateral meeting held on October 31, 2022, that DGPC acquire the 50% shareholding of SJVN.

The acquisition of SJVN's shares was completed by 2022 end with DGPC taking over the assets and liabilities of KHEL on an "as-is where-is" basis. The formalities for the transfer of shares were completed in January 2023.

Every attempt was made to curtail unnecessary expenditures from the time DGPC had decided to withdraw from the joint venture. An expenditure of Nu. 430.99 million was incurred during the year to meet establishment costs and to complete some of the infrastructure works.

and financial support to causes that are important to the employees and the company. The DGPC CSR activities may not always fall within the core business activities of the company, but in the long run generate a return on the investment to the company, whether it be small or large.

CSR Monitoring and Reporting Requirements

The CSR initiatives are highlighted in the Annual Report outlining the CSR activities undertaken by the company in addition to the use of proper media-publicity channels to report on the major CSR contributions.

6. CORPORATE GOVERNANCE

The Board met five 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 in ensuring the performance of its subsidiary companies.

The Board sub-committees, such as the Board Audit Committee, the Board HR Committee, the Board Level Tender Committee, and the Nomination and Governance Committees, met as and when required to provide support to the company, its subsidiaries and the Board on various issues. Through these interventions, DGPC managed and continued to ensure the smooth functioning of its business operations.

7. RISK MANAGEMENT

DGPC has adopted a risk management system that focuses on identifying the key risks and understanding the magnitude of impact and associated costs which may hinder the achievement of the company's objectives. To ensure continuous value-creation, the risk register is reviewed regularly and mitigation action plans are proposed and implemented. The regular updates of the risk register help the company to better understand the changing risks and opportunities that could influence its business. The Business Risk Register is reviewed by the Board and submitted to the Shareholder.

8. KEY CHALLENGES

Despite the difficulties, concerted efforts were made to ensure that the operation of the power plants was not affected and that there were no major breakdowns. If there were, the generating units were restored at the earliest. This ensured that there was a reliable power supply to the people of Bhutan and a steady flow of revenues to the government. But the road to recovery is slow for the whole country and the hydropower industry is no exception.

The immediate and long-term key challenges ahead of DGPC and the hydropower sector is the delays in the construction of the ongoing hydropower projects giving rise to cost and time overruns and therefore the growing concerns in respect of the affordability of the electricity so generated. These delays will also have a huge impact on the anticipated benefits in terms of taxes, royalties, employment and socioeconomic development for the people of Bhutan. Further, in the fast emerging energy scenarios and market conditions at the national and sub-regional levels, there are plenty of uncertainties in mobilising the huge investments required to build additional generation capacity and thereafter the ability to service the debts and sustain the energy sector.

For the existing hydropower plants, their sustainability will depend on the adoption of better technologies, the introduction of automation systems, and the availability of O&M expertise, including timely support of the OEM. With more of the power plants ageing, the issue of availability of spares is fast becoming critical and with that, there could be an increase in the frequency of breakdowns and loss of generation. It is, therefore, crucial to continue to support the strengthening of the subsidiary companies, the service centres and the HRDC as these contribute to the weaning away of the dependence on factors outside of the control of the company. DGPC will need to continue to invest in upgrading technologies, adopting newer technologies, and building its human resources.

A major concern for DGPC is the sharp increase in its attrition rate and that too mostly amongst those who have gained a lot of experience in the field. During 2022, DGPC experienced the highest attrition with 87 (5.16%) leaving the company of which 57 (3.38%) were voluntary resignations and that too mostly at the



Annual Maintenance, BHP

managerial level. DGPC could soon be faced with a challenge not only to sustain its present operations but also in expanding its role in the energy sector. There is therefore the immediate need to develop retention strategies, if not for all but at least for those whose skills and expertise are critical to the company.

The difficulty in accessing funds for new investments continues to hinder the harnessing of Bhutan's huge hydropower potential. Traditionally, Bhutan collaborated with the Gol and received financing for developing hydropower projects. The modalities of engaging with the Gol are changing and there is a need to mobilise funds at least some of the funds from other sources. With no addition of generation capacity, Bhutan is now faced with an energy deficit, which was not thinkable of a couple of years back. With global warming and climate change, the evolving energy market in India, and Bhutan's rapid domestic demand growth, Bhutan needs to urgently consider its short-term and long-term options. Otherwise, Bhutan will find itself in an energy crisis and an energy security situation while sitting on such a huge hydropower potential. Diversifying within the sector is already gaining importance with consideration of other renewables like solar and hydrogen fuel as options. However, no matter what happens, it is important to note that hydropower will continue to remain the backbone of Bhutan's electricity source and economy, and therefore there is a need to make hydropower an integral component of plans and policies.

A challenge that DGPC also needs to pay greater attention to is the operations of its subsidiary companies so that they succeed and can fulfil their mandates.

9. STATUTORY AUDIT REPORT

Rinzing Financial Private Limited, Thimphu, was appointed as the statutory auditors for DGPC for the financial year 2022 by the Royal Audit Authority, as per the requirement of the Companies Act of Bhutan 2016. Rinzing Financial undertook the statutory audit of the accounts of DGPC from January 15 to February 10, 2023, covering all the power plants and corporate office.

The 2022 audit was conducted 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 requirements prescribed by the Royal Audit Authority as 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 2020 and interpretations 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 among the statutory auditor, Royal Audit Authority, and DGPC was held on March 3, 2023. DGPC Board considered the auditors' report and the audited accounts at its 110th meeting held on March 20, 2022.

10. AUDITORS' REPORT

There are no qualifications to the auditors' report for 2022. There are no observations or recommendations in the annexure to the auditors' report for 2022. The auditors have pointed out a few issues in the management report. These are being addressed by the management. being addressed by the management.

11. DISCLOSURE OF COMPENSATIONS TO THE BOARD OF DIRECTORS & MANAGEMENT (MANAGING DIRECTOR)

As required under the Companies Act, the disclosure of compensations to the Board of Directors and the Managing Director for the year 2022 vis-à-vis the year 2021 are as below:

Compensation	2022	2021
Board Directors (Sitting Fees other than for the Managing Director)	0.52	1.14
Managing Director (Pay, Allowances, Sitting Fees and Other benefits)	5.07	5.35

ACKNOWLEDGEMENTS

Investments Limited, Ministry of Energy and Natural Resources, Ministry of Finance, Electricity Regulatory Authority, National Environment Commission and other Bhutanese entities without whose unstinting support, the company might not have been able to have another successful year. The Board of DGPC would also like to put on record the continued support being provided by Gol and its many entities towards ensuring O&M and expert support and enabling the smooth flow of electricity between the two countries.

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 COVID-19 pandemic 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 the company in its endeavours in achieving its mandates.

Tashi Delek!

For and on behalf of the Board,


Dasho Karma Tshering
(Chairperson)

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:

1. Leadership for efficiency in order for companies to compete effectively in the global economy, and thereby create jobs;
2. 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;

3. Leadership with responsibility as companies are increasingly called upon to address legitimate social concerns relating to their activities; and
4. 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
Dasho Karma Tshering	Non-Independent and Executive	Secretary, MOEA	March 23, 2021 at the 14 th AGM		DGPC
Dasho Lobzang Dorji	Independent and Non-Executive	Sarpang Dzongdag, Sarpang	March 23, 2020 at the 13 th AGM		DGPC
Ms. Tashi Lhamo	Non-Independent and Non-Executive	Director (Finance), Druk Holding & Investments Limited (DHI)	March 13, 2017 at the 10 th AGM	Reappointed on March 23, 2021 at the 14 th AGM	DGPC
Dasho Tandin Tshering	Independent and Non-Executive	Secretary General, National Assembly	March 23, 2020 at the 13 th AGM		DGPC
Mr. Loday Tsheten	Non-Independent and Non-Executive	Director, DMFDF	April 14 2022 at 15 th AGM		DGPC
Mr. Basant Raj Chhettri	Independent and Non-Executive	CEO, Bhutan Professional Services	April 14, 2022 at 15 th AGM		DGPC
Dasho Chhewang Rinzin	Non-Independent and Executive	Managing Director, Druk Green Power Corporation Limited (DGPC)	December 6, 2007 at 1 st AGM	Reappointed March 23, 2021 at the 14 th AGM	DGPC, BHUTAN AUTOMATION, THyE, KHEL and DHyE

BOARD COMPOSITION

The Board of DGPC comprises of seven Directors. The 15th Annual General Meeting (AGM) held on April 14, 2022 appointed Mr. Loday Director, DMFDF, MoF and Mr. Basant Raj Chhettri, CEO, Bhutan Professional Services as the new Directors.

INDEPENDENCE

The composition of the Board of Directors of DGPC meets the requirements for independent directors as laid down in Section 134 of the Companies Act, where a Board of a public company shall consist of at least one-third of Independent Directors. As of December 2022, the Board of Directors comprises of Directors who satisfy the requirement for identification as independent (3 Directors of 7 are independent).

BOARD MEETINGS

The Board of DGPC met five times during the year 2022 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 once whereas the Board Level Tender Committee (BLTC) met three times during the year. 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.

ATTENDANCE AT BOARD & COMMITTEE MEETINGS

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

Name of Director	BM	BAC	BHRC	BLTC	AGM
Dasho Karma Tshering	4/5	1/1	-	3/3	1/1
Dasho Tandin Tshering	4/5	1/1	-	-	1/1
Dasho Lobzang Dorji	3/5	0/1	-	-	1/1
Ms. Tashi Lhamo	5/5	1/1	-	-	1/1
Mr. Loday Tsheten	3/3	-	-	3/3	-
Mr. Basant Raj Chhetri	2/3	-	-	2/3	-
Dasho Chhewang Rinzin	5/5	-	-	3/3	1/1

ABBREVIATION

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

MANAGEMENT OF DGPC

The CEO and Management are responsible for ensuring the administration of activities in line with the directives of the Board and is also responsible for establishing and maintaining internal controls that are essential for the Board's supervision. As part of this responsibility, the Management regularly reports to the Board on critical issues relevant to the organization.

ETHICS

DGPC upholds the highest standards of ethical behavior in all its business activities. The DGPC Business Code of Conduct serves as a guiding framework for its employees 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.

COMPLIANCE CHECKLIST

DGPC maintains a compliance checklist to evaluate the organizations adherence to the corporate governance requirements. The compliance with the relevant laws and regulations for a corporate governance is an on-going commitment and requires the organization to continuously assess the checklist to improve the compliance. In order to ensure awareness and understanding, these laws and regulations are communicated to all the employees throughout the organization and are regularly reviewed to align with the evolving legal requirements.

RISK MANAGEMENT SYSTEMS

DGPC recognize that identifying, assessing and mitigating risks are essential for safeguarding the interest of the Shareholder and ensuring a sustainable

growth of the organization. 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.

SHAREHOLDER ENGAGEMENT

The Shareholder engagement is a crucial aspect of Corporate Governance as it allows the organizations to build and maintain effective relationship with the Shareholder and foster trust and help make informed decisions that align with the organizations interests. DGPC has been and continues to be responsive to the Shareholder feedback and adopts the governance practices and strives to address shareholder concerns, implement suggested improvements and communicate the outcomes of shareholder engagement efforts. DGPC seeks feedback and actively responds to stakeholder inquiries and concerns.

EVALUATION OF BOARD OF DIRECTORS AND CEO

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.



- ▶ INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL STATEMENTS
- ▶ REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS
- ▶ FINANCIAL STATEMENTS
 - Statement of Financial Position as at December 31, 2022
 - Statement of Comprehensive Income for the year ended December 31, 2022
 - Statement of Cash Flows for the year ended December 31, 2022
 - Statement of Changes in Equity for the year ended December 31, 2022
- ▶ ACCOUNTING POLICIES & NOTES TO ACCOUNTS
- ▶ KEY MANAGEMENT PERSONNEL
- ▶ EXHIBITS
- ▶ RATIO ANALYSIS

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report on the Standalone Financial Statements for the year ended December 31, 2022

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

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 31 December 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 30 of the financial statements describing the adoption of Bhutanese Financial Reporting Standard (BFRS) 16 on Leases for the first time in the current period. The company has opted to apply the standard retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application, January 1, 2022, in accordance with paragraphs C7-C13, as per BFRS 16, section C5 (b). The cumulative effect of initially

applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application has been complied by the company, per section C7 of BFRS 16.

We also draw attention to Note 12 of the financial statement for retrospective adjustments per DHI directive vide letter no. DHI/FD/DGA/Group Companies/2022/304 dated 28th June 2022, the company has rectified adjustment of the land transfer to DHI from the share capital instead of reserves. These adjustments have been made retrospectively in line with BAS 8 and this has been presented as a separate column on the face of the financial statement.

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, 2022. 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

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

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

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

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

- 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;

- 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a Going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged



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

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as a separate section "report on minimum audit examination requirements"

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

- We have obtained all the information and explanations, which to the best of our knowledge

and belief were necessary for the purposes of our audit;

- In our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books;
- The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- 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



Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

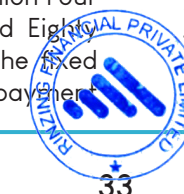
As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks and test verification of accounts and records as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

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 taken an additional loan of Nu. 67,470,687.00 (Ngultrum Sixty Seven Million Four Hundred Seventy Thousand Six Hundred Eighty Seven) from NPPF during the year at the fixed interest rate of 8.00% per annum with repayment

period of 15 years as tabulated below:

Loan Year	Loan Amount (Nu.)	Repayment tenure	Interest rate	Lending Institute
2022	67,470,687.00	15 years	8.00% p.a	NPPF

8. The Company has not granted any unsecured loan to its holding company during the year 2022;
9. The Company has not given loans/advances to the any parties during the year.
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 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 2022 and Statement of Gross Energy Available for sale/use for the year 2021 have been provided in Exhibit 1, (1A, 1B, 1C, 1D, 1E), 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. 1,599.88 million as under: -
- | Particulars | 2022 (In Million Nu.) |
|----------------------|-----------------------|
| TDS Payable | 2.24 |
| Corporate Income Tax | 1,597.63 |
| Royalties | 168.86 |
| Total | 1,768.74 |
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 31 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;
 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 32 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;
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 31 December 2022 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 ratio analysis section.

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




Tashi Rinzing Schmidt
 Partner
 CPA License No. 34762
 Date:

FINANCIAL STATEMENTS

Statement of Financial Position as at December 31, 2022

(Amount in Nu.)

Particulars	Note No.	31-Dec-22	31-Dec-21	1-Jan-21
ASSETS:				
Non-current assets				
Property, plant & equipment	3	33,974,394,032.43	35,172,220,670.97	36,615,380,626.46
Intangible assets	3	31,364,727.75	36,829,862.94	28,736,779.98
Right of Use Assets/Leasehold Properties	3	22,248,325.94	-	-
Investment property	4	-	-	32,000,000.00
Deferred tax asset	5	211,933,146.63	-	64,388,719.65
Investments in subsidiaries and joint ventures	6	12,204,836,989.76	10,066,492,500.14	8,787,347,385.44
Long-Term Investments	7a	4,170,090,795.45	4,207,248,139.43	2,769,370,399.12
Other assets	7b	-	-	1,880,572.38
Total non-current assets		50,614,868,017.96	49,482,791,173.48	48,299,104,483.03
Current assets				
Cash and cash equivalents	11c	2,259,144,540.19	1,840,555,671.45	759,358,887.64
Inventories	8	528,743,485.04	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	2,602,201,167.23	2,904,316,290.85	3,014,839,387.24
Prepayments and advances	9	207,710,528.11	124,137,520.94	36,081,893.25
		5,597,799,720.57	6,655,432,173.58	7,594,721,589.09
Assets classified as held for sale	10	140,478,096.80	134,930,791.28	134,484,949.28
Total current assets		5,738,277,817.37	6,790,362,964.86	7,729,206,538.37
Total assets		56,353,145,835.33	56,273,154,138.34	56,028,311,021.40

For Rinzing Financial Private Limited




Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



(Ugyen Wangchuk)
Director, Finance

Statement of Financial Position as at December 31, 2022

(Amount in Nu.)

Particulars	Note No.	31-Dec-22	31-Dec-21	1-Jan-21
EQUITY AND LIABILITIES:				
Equity				
Share capital	12	32,465,093,407.26	32,465,093,407.26	32,131,958,441.49
General reserves		8,868,573,935.56	8,859,898,603.89	9,402,159,518.99
Retained earnings		4,753,277,646.70	5,249,132,840.01	5,188,196,593.23
Total shareholders' equity		46,086,944,989.52	46,574,124,851.15	46,722,314,553.71
Non-current liabilities				
Long-Term Borrowings	7c	6,113,946,011.82	6,317,879,953.89	5,899,015,821.98
Deferred tax liability	5	-	8,647,244.73	-
Employee benefit obligation	13	610,826,449.58	561,966,150.23	529,629,710.92
Lease liability	7d	23,519,000.62	516,968.82	286,021.22
Total non-current liabilities		6,748,291,462.02	6,889,010,317.67	6,428,931,554.12
Current liabilities				
Trade and other payables	11d	1,303,533,875.67	565,995,256.48	458,072,922.13
Other financial liabilities	11e	442,059,348.03	447,996,706.68	398,456,850.98
Other current liabilities	14	51,919,354.74	68,342,184.33	65,007,859.75
Current tax liabilities	15	1,597,636,500.78	1,628,348,421.16	1,857,074,824.57
Employee benefit obligation	16	122,760,304.58	99,336,400.87	98,452,456.14
Total current liabilities		3,517,909,383.80	2,810,018,969.52	2,877,064,913.57
Total liabilities		10,266,200,845.82	9,699,029,287.19	9,305,996,467.69
Total shareholders' equity & liabilities		56,353,145,835.33	56,273,154,138.34	56,028,311,021.40

For Rinzing Financial Private Limited




Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:


For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



(Ugyen Wangchuk)
Director, Finance

Statement of Comprehensive Income for the year ended on December 31, 2022
(Amount in Nu.)

Particulars	Note No.	31-Dec-22	31-Dec-21
INCOME			
Electricity revenue	17	11,511,032,946.51	12,004,425,244.27
Interest earned	18	191,842,628.49	199,444,532.71
Other income	19	323,413,731.71	305,204,016.95
		12,026,289,306.71	12,509,073,793.93
EXPENDITURE			
Wheeling charges		786,649,983.27	991,276,852.19
Insurance		127,541,192.69	151,135,299.49
Running and maintenance expenses	20	246,950,627.18	346,839,709.74
Employees' remuneration and benefits	21	1,051,362,690.43	875,653,307.66
Finance cost	22	246,021,560.24	245,754,101.56
Depreciation/amortization		2,295,333,544.98	2,251,991,228.96
Other expenses	23	729,484,252.47	317,167,349.58
		5,483,343,851.26	5,179,817,849.18
Operating profit		6,542,945,455.45	7,329,255,944.75
Profit before tax		6,542,945,455.45	7,329,255,944.75
Tax expense	24		
Current tax		2,139,120,066.23	2,159,106,359.94
Deferred tax (Income)/Expenses		(220,580,391.36)	73,035,964.38
Income Tax for earlier years			
		1,918,539,674.87	2,232,142,324.32
Profit for the year		4,624,405,780.58	5,097,113,620.43
Other comprehensive income:			
Remeasurements of post-employment benefit obligations gain/(loss)		1,556,734.58	21,561,711.24
Income tax relating to these items			
Total other comprehensive income for the year		1,556,734.58	21,561,711.24
Comprehensive income for the year		4,625,962,515.16	5,118,675,331.67

For Rinzing Financial Private Limited



Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

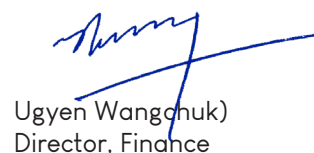
For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



(Ugyen Wangchuk)
Director, Finance

Statement of Cash flows for the year ended on December 31, 2022
(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21
Cash flows from operating activities		
Profit before taxation	6,542,945,455.45	7,329,255,944.75
Adjustment for:		
Actuarial gains (losses)	1,556,734.58	21,561,711.24
Depreciation / amortisation	2,295,333,544.98	2,251,991,228.96
Foreign exchange loss	369,658,248.45	54,596,057.11
Loss/(gain) on sale of property plant & equipment	-	-
Investment income	-191,842,628.49	-199,444,532.71
Dividend income	-49,841,162.49	-8,956,096.04
Interest expenses	246,021,560.24	245,754,101.56
(Increase)/decrease in trade receivables and other receivables	302,115,123.62	110,523,096.39
(Increase)/decrease in inventories	-54,355,863.19	-84,999,301.23
(Increase)/decrease in prepayments and advances	-83,573,007.17	-88,055,627.69
(Increase)/decrease in assets classified as held for sale	-5,547,305.52	-445,842.00
Increase/(decrease) in trade and other payables	43,081,007.17	107,922,334.35
Increase/(decrease) in other current liabilities	-20,247,103.48	3,334,324.58
Increase/(decrease) in other Non-current liabilities	-516,968.82	230,947.60
Increase/(decrease) in employee benefit obligation	72,284,203.06	33,220,384.04
(Increase)/Decrease in Other asset	-	1,880,572.38
Cash generated from Operation	9,467,072,558.33	9,778,369,303.29
Income tax paid	-2,169,831,986.61	-2,387,832,763.34
Net cash from operating activities	7,297,240,571.72	7,390,536,539.95

For Rinzing Financial Private Limited



Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



(Ugyen Wangchuk)
Director, Finance

Statement of Cash flows for the year ended on December 31, 2022

(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21
Cash flows from investing activities		
Purchase of PPE & intangibles assets	-1,087,538,154.91	-818,245,390.66
Acquisition of PPE-ROU Asset	591,332.33	
Payment for investments in subsidiaries and joint ventures	-2,138,344,489.62	-1,279,145,114.70
Proceeds from held-to-maturity investments	1,466,168,800.00	700,000,000.00
Interest received	74,866,240.96	144,584,824.25
Dividend received	49,841,162.49	8,956,096.04
Net cash used in investing activities	-1,634,415,108.75	-1,243,849,585.07
Cash flows from financing activities		
Issue of share capital		366,456,000.00
Increase/(Decrease) in Reserve		368,210,205.93
Proceeds/(Repayment) of loan	125,151,337.30	
Adjustment RoU opening to Retained earning	-3,142,376.80	
Cash payment for interest portion of Lease Liability	-8,061,693.56	
Interest paid	-248,183,861.07	-200,156,376.99
Dividend paid	-5,110,000,000.00	-5,600,000,000.00
Net cash used in financing activities	-5,244,236,594.21	-5,065,490,171.06
Net increase/(decrease) in cash and cash equivalents	418,588,868.85	1,081,196,783.82
Cash and cash equivalents at the beginning of the period	1,840,555,671.45	759,358,887.64
Cash and cash equivalents at the end of the period	2,259,144,540.30	1,840,555,671.46
Component of cash and cash equivalents:-		
Cash in hand	285,363.99	392,483.78
Balances in current accounts with banks	2,258,859,176.20	1,840,163,187.67
Total	2,259,144,540.19	1,840,555,671.45

For Rinzing Financial Private Limited




Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



Ugyen Wangchuk)
Director, Finance

Statement of Changes in Equity for the year ended on December 31, 2022

	Number of Shares	Equity Share Capital	General Reserve	Retained Earnings	Total Equity	
					(Amount in Nu.)	(Amount in Nu.)
Balance at December 31, 2020	32,131,958.44	32,131,958,441.49	9,402,159,518.99	5,188,196,593.23	46,722,314,553.71	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	5,097,113,620.43
Transfer to reserves						
Transfer to/(from) General Reserve				542,260,915.10	21,561,711.24	21,561,711.24
Other Comprehensive Income for the Period						
Transaction with the owners						
Book value of Land transferred is adjusted from reserve	-33,321.03	-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	-5,600,000,000.00
Balance at December 31, 2021	32,465,093.41	32,465,093,407.26	8,859,898,603.89	5,249,132,840.01	46,574,124,851.15	46,574,124,851.15
Adjustment of IFRS 16 Lease						
As at January 01, 2022	32,465,093.41	32,465,093,407.26	8,859,898,603.89	5,245,990,463.21	46,570,982,474.35	46,570,982,474.35
Net profit for the year 2022						
Net Profit/(Loss) for the year				4,624,405,780.58	4,624,405,780.58	4,624,405,780.58
Transfer to reserves						
Transfer to/(from) General Reserve			8,675,331.67	-8,675,331.67		
Other Comprehensive Income for the Period						
Transaction with the owners						
Issue of Additional Shares				1,556,734.58	1,556,734.58	1,556,734.58
Payment of Dividends						
Balance at December 31, 2022	32,465,093.41	32,465,093,407.26	8,868,573,935.56	4,753,277,646.70	46,086,944,989.52	46,086,944,989.52

For Rinzing Financial Private Limited




Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

For Druk Green Corporation Limited:



(Dasho Karma Tshering)
Chairman, DGPC



(Dasho Chhewang Rinzin)
Managing Director



Ugyen Wangchuk)
Director, Finance

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

- 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.

- 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 Profit or Loss.

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 events 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 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

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.

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.

Depreciation

Company provides depreciation on property, plant and equipment on straight-line method considering the useful lives of the assets.

Asset	Rates
Civil Structures	3.33%
	3.33%
Electromechanical Equipment's	5% (Diesel Generators, Mini/Micro and Wind Power)
	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%
Solar	4%



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.

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

viii. Intangible Assets

- The intangible assets are initially measured at cost and carried as per cost model.
- Intangible assets having finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.
- Subsequent Expenditure
Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, are expensed off in the year in which they are incurred.

- 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.

- 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

The company assesses all lease contract at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-to-use asset is recognized, and lease liability is recognized for all future lease payments. The standard provides exemption for short term i.e. less than 12 months and low value leases.

Initial Recognition and Measurement.

Lessee is required to recognize a right-of-use asset representing its right to use the underlying leased

asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such as Property, Plant and Equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognizes amortization of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The initial lease asset equals the lease liability in most cases.

At lease commencement, a lessee accounts for two elements:

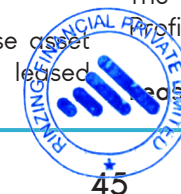
- Right-of-use asset: Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs.
- Lease liability: The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments and variable payments.

Subsequent Measurement

After commencement date, lessee needs to adjust both elements recognized initially. Lessee accretes the lease liability to reflect interest and reduce the liability to reflect lease payments made. The subsequent measurement of right-of-use, the standard provides choice to adopt cost model or revaluation model, or fair value model. The company will do subsequent measurement based on cost model for leases recognized.

Right-of-Use Asset: Lessee shall measure the right-of-use asset using a cost model under BAS 16 – “Property, Plant and Equipment” and to depreciate the asset over the lease term on a straight-line basis. The resulted depreciation amount is charged to the Profit or Loss.

Lease Liability: Lessee shall recognize an interest on



the lease liability and the lease payments are recognized as a reduction of the lease liability. Interest on lease liability is charged to the Profit or Loss.

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:

□ **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.

□ **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 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.

□ **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.

□ **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.

□ **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.

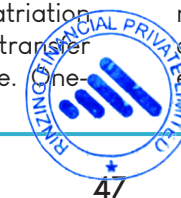
Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the 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.

□ **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.

□ **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 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.

□ **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.

□ **Dividend Income**

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

□ **Other Income**

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

□ **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:

- Interest and commitment charges on bank borrowings and other short term and long-term

borrowings;

- Amortization of discounts or premiums relating to borrowings;
- Amortization of ancillary costs incurred in connection with the arrangement of borrowings;
- Finance charges in respect of assets acquired under finance leases or under other similar arrangements; and
- Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

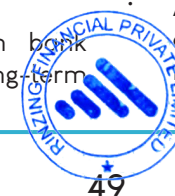
The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are added to the cost of those assets until such time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

- Inventories consist of stores and spares held mainly for repair & maintenance and are valued at lower of cost or net realizable value.
- 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.
- 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.
- 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.
- As the corporation is engaged in the generation of electricity, there are no finished goods or raw materials.



- 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.

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

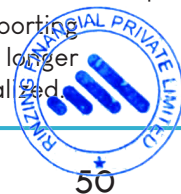
BFRS 8 ‘Operating Segments’ requires a disclosure of operating results segment wise for the entity, whose debt or equity instruments are traded in public market or in the process of listing its securities in public market. Since the company’s equity is not listed in public market, the standard is not 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.

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

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.

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 to 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.

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.

□ **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.

□ **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

- 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.

□ **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.



□ **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

□ **Basic earnings per share**

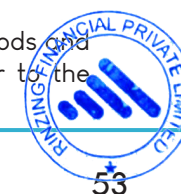
Basic earnings per share is calculated by dividing:

- 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

□ **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.



NOTE 3: PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND CAPITAL WORKS IN PROGRESS

FIXED ASSETS	GROSS BLOCK		DEPRECIATION	NET BLOCK		Closing balance as at 31.12.2022	Disposal	During the year	NET BLOCK	NET BLOCK
	Opening Balance as at 01.01.2022	Additions		Disposal	Book Adjustments					
TANGIBLE ASSETS	3,914,740.00	-	-	-	3,914,740.00	3,914,740.00	-	-	3,914,740.00	3,914,740.00
Land and Land Development	-	20,839,519.24	-	-	20,839,519.24	20,070,064.81	-	769,454.43	20,070,064.81	-
CIVIL STRUCTURES	-	5,912,423.06	-	-	5,912,423.06	5,912,423.06	-	-	5,912,423.06	-
Buildings	2,544,462,741.94	72,640,975.34	-53,008,084.18	536,896.88	2,664,024,639.98	2,664,024,639.98	-27,011,182.49	86,177,985.80	2,750,013,457.49	1,545,947,744.35
Walls & Fencings	373,643,186.82	24,933,067.16	-3,458,039.35	-	395,118,214.63	395,118,214.63	-1,372,559.25	12,967,500.60	408,080,663.88	279,961,044.15
Road & Curbs	2,855,807,884.99	5,465,193.56	-67,831,187.59	-	2,893,441,891.06	2,893,441,891.06	-43,993,711.14	95,151,522.53	2,937,435,602.12	1,689,614,241.15
Water Supply & Sanitation	245,056,909.57	4,075,644.98	-19,188,716.94	12,050.00	229,943,827.61	229,943,827.61	-1,879,002.76	89,195,479.67	231,822,830.37	150,124,538.16
Dam Complex-Civil	10,929,094,232.64	66,103,364.92	-197,844.66	-	11,031,552,752.90	11,031,552,752.90	-58,438.65	2,837,508,022.97	11,080,060,730.85	5,740,099,047.91
Power House Complex-Civil	5,537,441,532.88	31,912,174.27	-197,844.66	22,926,422.00	5,763,532,244.49	5,763,532,244.49	-58,438.65	2,837,508,022.97	5,821,040,267.44	2,886,029,507.44
Transmission Line -Civil	216,328.23	-	-	-	216,328.23	216,328.23	-	7,203.73	223,531.96	89,764.69
Switch Yard -Civil	139,500,726.02	-	-	-	139,500,726.02	139,500,726.02	-	4,645,374.14	144,146,100.16	66,907,419.58
Water Conductor System- Power House	23,565,562,836.61	75,336,382.91	-183,530.00	-	23,748,368,689.52	23,748,368,689.52	-80,441.10	786,700,199.93	24,534,068,889.45	13,343,299,530.93
Other Civil Structures	99,147,968.68	81,567.20	-4,459,515.55	-	99,779,020.33	99,779,020.33	-2,282,282.61	3,270,212.30	103,059,232.63	66,473,434.27
PLANT AND MACHINERY	156,619,391.03	2,510,466.80	-121,148.11	-	159,008,709.72	159,008,709.72	-53,440.43	5,610,275.03	164,568,985.15	87,023,882.18
Gates	1,051,951,362.98	4,000,508.00	-	-	1,055,951,870.98	1,055,951,870.98	-	34,370,603.71	1,090,322,474.69	451,480,508.94
Generators	3,547,125,840.44	-	-1,797,928.13	-	3,549,327,912.31	3,549,327,912.31	-1,680,775.35	119,031,154.95	3,669,409,087.66	1,479,241,381.71
Excitation Systems	349,296,947.12	482,794.80	-	-	350,079,741.92	350,079,741.92	-	183,315,147.93	533,394,889.85	165,981,799.19
Governing Systems	31,346,555.65	705,219.04	-	-	32,051,774.69	32,051,774.69	-	12,444,654.59	44,496,429.28	15,332,497.96
Turbines	3,260,168,786.74	-	-	-	3,260,168,786.74	3,260,168,786.74	-	115,465,895.55	3,375,654,682.29	1,352,722,403.35
Burners	1,515,080,967.97	32,114,562.54	-	-	1,547,195,530.51	1,547,195,530.51	-32,015.13	49,950,050.01	1,597,145,580.52	96,372,222.68
Oil Handling Systems	83,451,560.19	-	-119,400.00	-	83,332,160.19	83,332,160.19	-	13,809,926.56	97,142,086.75	36,248,431.94
Control & Conditioning Monitoring Systems	283,153,657.36	-	-	-	283,153,657.36	283,153,657.36	-	18,009,276.56	291,162,933.92	144,688,226.61
Control & Protection Panels	746,200,214.92	29,193,226.85	-2,930,150.83	-	772,463,390.94	772,463,390.94	-1,937,456.29	385,783,188.90	1,158,246,579.14	386,354,331.98
Power Cables & Motors	305,917,938.56	16,573,929.52	-5,115,800.00	-	317,376,068.08	317,376,068.08	-7,5492.37	161,34,039.69	324,910,107.77	170,040,700.97
Transformers	959,404,049.54	724,801.10	-130,500.00	-	959,624,350.64	959,624,350.64	-130,499.00	558,400,320.94	1,518,024,671.58	432,387,613.01
Switch Gears	86,089,024.60	-	-	-	86,089,024.60	86,089,024.60	-	50,135,904.80	136,224,929.40	38,819,884.31
Control & Protection Panels	992,912,013.49	-	-213,830.50	-	992,698,182.99	992,698,182.99	-213,828.50	37,975,607.97	1,030,673,790.96	509,594,098.34
Capacitors	4,841,874.00	-	-	-	4,841,874.00	4,841,874.00	-	161,234.40	5,003,108.40	390,845,114.07
Capacitor Banks	195,542,362.94	7,067,453.29	-1,645.00	-	202,589,811.23	202,589,811.23	-	17,948,062.05	220,537,873.28	2,482,083.94
Embedded Generation	25,058,743.61	4,093,339.15	-	-	29,152,082.76	29,152,082.76	-	40,416,922.04	69,569,004.80	172,288,073.74
Solar Power	1,910,829,532.97	3,862,432.00	-7,707,100.00	-	1,906,984,864.97	1,906,984,864.97	-2,281,134.34	992,936,388.62	3,199,121,253.31	974,552,994.77
Electro-Mechanicals-Others	401,464,393.57	56,398,316.76	-8,453,203.61	-	449,409,506.72	449,409,506.72	-4,941,680.20	301,209,980.44	750,619,487.16	120,845,464.34
Tools and Plants	133,086,835.54	4,483,329.00	-2,196,060.01	-	135,374,094.53	135,374,094.53	-2,066,148.43	100,903,615.63	137,337,713.16	37,229,096.78
Fire Fighting and Safety Equipments	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS	109,351,440.10	2,603,855.26	-4,325,371.75	-	107,629,923.61	107,629,923.61	-	4,040,339.95	111,670,263.56	8,637,648.57
Office Equipment	69,088,222.04	5,365,974.21	-2,954,787.65	-	71,499,408.60	71,499,408.60	-4,413.67	2,497,460.17	73,996,868.77	20,926,946.28
Furniture & Fixtures	285,604,209.23	10,856,742.70	-17,593,499.17	-	278,867,452.76	278,867,452.76	-15,759,017.90	220,396,161.10	504,263,613.86	69,607,479.75
Vehicles	206,517,061.15	954,048.16	-185,020.00	-	207,286,089.31	207,286,089.31	-82,911.31	6,755,522.01	214,041,611.32	77,244,141.07
Illumination System	202,894,961.50	17,763,299.38	-6,833,928.28	-	213,824,332.60	213,824,332.60	-	149,183,822.82	363,008,155.42	53,781,138.68
Information and Technology	73,484,792.00	7,407,364.23	-5,261,171.64	-	75,630,984.59	75,630,984.59	-	7,253,748.10	82,884,732.69	14,477,822.84
General Assets	64,825,468,999.75	891,627,763.55	-222,827,202.62	-	65,494,259,560.68	65,494,259,560.68	-137,715,280.17	2,283,747,635.99	66,777,987,196.67	33,249,795,477.00
Less: Provision for Losses	-	-	-	-	-	-	-	-	-	-
Net Assets	64,825,468,999.75	891,627,763.55	-222,827,202.62	-	65,494,259,560.68	65,494,259,560.68	-137,715,280.17	2,283,747,635.99	66,561,482,396.65	33,249,795,477.00
INTANGIBLE ASSETS	245,326,366.84	6,120,878.37	-214,865.91	0	251,232,379.30	251,232,379.30	-214,862.91	11,585,990.56	262,818,370.16	36,829,862.94
Intangible Assets	245,326,366.84	6,120,878.37	-214,865.91	0	251,232,379.30	251,232,379.30	-214,862.91	11,585,990.56	262,818,370.16	36,829,862.94
Less: Provision for Losses	-	-	-	-	-	-	-	-	-	-
Net Assets	245,326,366.84	6,120,878.37	-214,865.91	0	251,232,379.30	251,232,379.30	-214,862.91	11,585,990.56	262,818,370.16	36,829,862.94
CAPITAL WORKS IN PROGRESS	1,883,975,094.25	323,178,350.78	-	-	2,207,153,445.03	2,207,153,445.03	-	-	2,207,153,445.03	1,883,975,094.25
Capital Works in Progress	1,883,975,094.25	323,178,350.78	-	-	2,207,153,445.03	2,207,153,445.03	-	-	2,207,153,445.03	1,883,975,094.25
Less: Provision for Losses	-	-	-	-	-	-	-	-	-	-
Advance-Capital	38,450,099.73	59,410,821.51	-80,935,690.01	-	117,325,231.23	117,325,231.23	-	-	229,250,561.46	38,450,099.73
Net Assets	1,922,425,193.98	382,589,172.29	-80,935,690.01	-	2,224,079,676.26	2,224,079,676.26	-	-	2,603,326,036.72	2,122,425,193.98
Grand Total	66,993,220,490.57	1,280,337,814.21	-303,977,758.54	-	67,969,580,546.24	67,969,580,546.24	-137,930,123.08	2,295,333,626.55	70,264,914,172.79	35,209,950,533.92

NOTE 4 : INVESTMENT PROPERTY

Particulars	(Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Land given on lease	*-	*-	32,000,000.00
	-	-	32,000,000.00

(i) Fair value of investment property carried at cost

Particulars	(Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Fair value of investment property	*-	*-	53,558,653.50
	-	-	53,558,653.50

(ii) Amounts recognized in profit or loss for investment properties

Particulars	(Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Rental income	*-	*-	1,190,594.57
	-	-	1,190,594.57

*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 the year 2021.

NOTE 5 : DEFERRED TAX ASSET

Particulars	(Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Bonus payable	25,540,233.56	5,238,433.85	14,141,546.21
Employee benefit obligation	437,686.11	-41,328,308.78	24,264,366.63
ADB Loan	407,843,113.57	252,305,546.27	212,790,549.26
Interest on fixed deposit	6,221,728.96	3,951,043.90	3,114,274.36
Deferred rent	-	-	-478,365.35
Property, plant & equipment	-228,109,615.57	-228,813,959.97	-189,443,651.46
	211,933,146.63	-8,647,244.73	64,388,719.65

NOTE 6 : INVESTMENTS IN SUBSIDIARIES AND JOINT

Particulars	(Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Investment in subsidiary companies			
Equity investment in Dagachhu Hydropower Corporation Limited.	2,437,880,000.00	2,437,880,000.00	2,437,880,000.00
2,437,880 (31 December 2021: 2,437,880) equity shares of Nu. 1000 each, fully paid	-	-	-
Equity investment in Tangsibji Hydro Energy Limited	5,737,022,993.86	5,073,142,962.04	4,247,087,697.44
60,000,000 (31 December 2021: 48,500,000) equity shares of Nu. 100 each, called up amount Nu. 95.62 (31 December 2021: called up amount Nu.104.60)	-	-	-
Equity investment in Bhutan Hydropower Services Limited	420,596,538.10	420,596,538.10	333,962,688.00
6,548,288 (31 December 2021: 6548,288) equity shares of Nu. 100 each, fully paid amounting Nu. 64.23 (31 December 2021: Nu. 100 each)	-	-	-
Equity Investment in Druk Hydro Energy Limited	-	-	-
	8,635,499,534.96	8,932,619,078.24	7,021,930,392.88

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1,000,000,000 equity shares of Nu. 100 each. Called up amount of Nu. 13.565 per share (31 December 2021: 0) equity shares of Nu. 100 each, fully paid up			-
Investment in joint venture companies			-
Equity investment in Kholongchhu Hydro Energy Limited	2,222,233,330.41	2,104,273,000.00	1,737,817,000.00
25,000,000 (31 December 2021: 25,000,000) equity shares of Nu. 100 each, called up amount Nu. 88.89 (31 December 2021: called up amount Nu. 84.17 each)			-
Equity investment in Bhutan Automation & Engineering Limited	30,600,000.00	30,600,000.00	30,600,000.00
3,060,000 (31 December 2020: 3,060,000) equity shares of Nu. 100 each, fully paid up			-
	12,204,836,989.76	10,066,492,500.14	8,787,347,385.44

Details for changes in equity of Tangsibji Hydro Energy Limited, Bhutan Hydropower Services Limited, Druk Hydro Energy Limited, and Kholongchhu Hydro Energy Limited are highlighted under Note 31 e, f, g and h.

FINANCIAL ASSETS (NON-CURRENT)

NOTE 7A : LONG-TERM INVESTMENTS

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Investment in non-government bonds	-	200,000,000.00	200,000,000.00
Investment in fixed deposits:			
-Fixed deposit with bank	3,842,471,970.40	3,808,640,770.40	2,508,640,770.40
-Accrued interest on fixed deposit	327,618,825.05	198,607,369.03	60,729,628.72
Total Held-to-maturity investments	4,170,090,795.45	4,207,248,139.43	2,769,370,399.12

NOTE 7B : OTHER ASSETS

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Deferred lease income	-	-	1,880,572.38
	-	-	1,880,572.38

FINANCIAL LIABILITY - NON-CURRENT

NOTE 7C : LONG- TERM BORROWINGS

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Government of Austria loan (ROI-6% & tenure of loan-BHP-LS 20 years & BHP-US 18 years)	326,049,725.50	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)*	4,024,236,603.03	3,631,019,108.99	3,230,189,006.43
Loan from Bank of Bhutan	53,688,719.32	587,000,000.00	587,000,000.00
Loan from NPPF	408,794,117.50	460,758,000.00	418,405,000.00
Deferred Grant Income	1,535,042,721.76	1,397,307,496.23	1,272,359,473.03
Less: current maturities of long-term debt	-233,865,875.29	-229,579,239.55	-225,637,108.42
	6,113,946,011.82	6,317,879,953.89	5,899,015,821.98



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 7D : LEASE LIABILITY NON-CURRENT

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Lease liability	23,519,000.72	516,968.82	286,021.22
	23,519,000.72	516,968.82	286,021.22

NOTE 8 : INVENTORIES

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Stores & spares	553,923,345.37	517,066,271.71	520,464,509.56
	553,923,345.37	517,066,271.71	520,464,509.56
Less:			
Provision for obsolescence/Losses	-25,179,860.33	-42,678,649.86	-131,076,188.94
	528,743,485.04	474,387,621.85	389,388,320.62

Inventories recognized in profit and loss.

Inventories issued and recognized as expenses during the year ended 31 December 2022 amounted to Nu. 149,143,034.96 (2021- Nu. 129,861,609.45). These were included in running and maintenance expenses.

NOTE 9 : PREPAYMENTS AND ADVANCES

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Prepaid expenses	143,386,323.80	50,569,769.97	10,181,554.08
Other receivables	-	-	-
Staff advance	973,307.71	3,369,182.91	5,699,239.33
Advance to supplier/contractor	63,350,896.60	70,198,568.06	20,201,099.84
	207,710,528.11	124,137,520.94	36,081,893.25

NOTE 10 : ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Asset held for disposal	140,478,096.80	134,930,791.28	134,484,949.28
Total assets classified as held for sale	140,478,096.80	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 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 realisable 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 by the within one year of such categorization.

FINANCIAL ASSETS (CURRENT)

NOTE 11A : SHORT TERM INVESTMENTS

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
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

(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Trade receivables (Unsecured, Considered good)			
- Bhutan Power Corporation	907,705,280.14	366,722,831.81	590,939,568.76
- Power Trading Corporation Limited	192,945,408.30	875,679,715.03	889,183,769.61
	1,100,650,688.44	1,242,402,546.84	1,480,123,338.37
Intercorporate Loan	-	315,000,000.00	300,000,000.00
Miscellaneous deposits	5,314,595.24	5,234,386.58	5,266,741.15
Other receivables	1,496,235,883.55	1,341,679,357.43	1,229,449,307.72
Total trade and other receivables	2,602,201,167.23	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.

NOTE 11C : CASH AND CASH EQUIVALENTS

(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Cash in Hand	285,363.99	392,483.78	699,556.78
Balances with Banks in Current Accounts:			
Bank of Bhutan	2,129,660,078.80	1,773,662,778.21	704,108,175.60
Bhutan National Bank	127,623,498.33	63,640,520.20	47,809,616.00
Druk PNB	722,712.77	1,819,352.96	6,524,302.96
Tashi Bank	852,886.30	1,040,536.30	217,236.30
	2,259,144,540.19	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.

FINANCIAL LIABILITY (CURRENT)

NOTE 11D : TRADE AND OTHER PAYABLES

(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Security deposit- suppliers & others	67,613,608.29	53,054,049.99	44,627,812.49
Sundry creditors	1,050,351,912.56	406,368,539.45	295,811,982.51
Outstanding liabilities to contractors	21,536.00	748,409.94	2,682,091.19
Outstanding liabilities for expenses	39,701,911.87	42,928,517.74	114,786,270.45
Provision for bonus	75,374,781.46	-	-
Provision for Performance Based Variable Allowance	70,149,379.61	62,834,245.08	-
Sundry liabilities	320,745.88	61,494.28	164,765.49
Total trade and other payables	3,032,533,875.67	565,995,256.48	458,072,922.13



NOTE 11E : OTHER FINANCIAL LIABILITIES

(Amount in Nu.)

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Government of Austria Loan	145,324,862.72	145,324,862.72	145,324,862.72
Loan from Asian Development Bank	88,541,012.57	84,254,376.83	80,312,245.70
Interest accrued but not due on loans	208,193,472.74	218,417,467.13	172,819,742.56
	442,059,348.03	447,996,706.68	398,456,850.98

NOTE 12 : SHARE CAPITAL

Particulars	31-Dec-22	31-Dec-21	1-Jan-21
Authorised share capital 50,000,000 equity shares@ Nu. 1,000 per share	50,000,000,000.00	50,000,000,000.00	50,000,000,000.00
Subscribed and paid -up share capital after adjustment 32,465,093.41 equity share @ 1,000 per share	32,465,093,407.26	32,465,093,407.26	32,131,958,441.49
	32,465,093,407.26	32,465,093,407.26	32,131,958,441.49

Movement of shares has been restated based on DHI directive vide letter no. DHI/FD/DGA/Group Companies/2022/304 dated 28th June, 2022, the company has rectified adjustment of the land transfer to DHI from the share capital instead of reserves, an equivalent book value of Nu. 147,470,592.74/- only have adjusted as shown below.

Movements in ordinary shares:	Number of shares	Par value
Balance 1 January 2016	30,712,866.00	30,712,866,000.00
Book value of Land transferred is adjusted from Capital	-4,454.13	-4,454,133.72
Issue of Additional Shares	-	-
Balance 31 December 2016	30,708,411.87	30,708,411,866.28
Book value of Land transferred is adjusted from Capital	-84.73	-84,730.01
Issue of Additional Shares	832,822.00	832,822,000.00
Balance 31 December 2017	31,541,149.14	31,541,149,136.27
Book value of Land transferred is adjusted from Capital	-	-
Issue of Additional Shares	230,520.00	230,520,000.00
Balance 31 December 2018	31,771,669.14	31,771,669,136.27
Book value of Land transferred is adjusted from Capital	-109,610.69	-109,610,694.78
Issue of Additional Shares	294,856.00	294,856,000.00
Balance 31 December 2019	31,956,914.44	31,956,914,441.49
Book value of Land transferred is adjusted from Capital	-	-
Issue of Additional Shares	175,044.00	175,044,000.00
Balance 31 December 2020	32,131,958.44	32,131,958,441.49
Book value of Land transferred is adjusted from Capital	-33,321.03	-33,321,034.23
Issue of Additional Shares	366,456.00	366,456,000.00
Balance 31 December 2021	32,465,093.41	32,465,093,407.26
Book value of Land transferred is adjusted from Capital	-	-
Issue of Additional Shares	-	-
Balance 31 December 2022	32,465,093.41	32,465,093,407.26



NOTE 13 : EMPLOYEE BENEFIT OBLIGATION

Particulars	Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Gratuity	566,015,511.36	521,569,449.73	488,088,118.26
Other long-term benefit	44,810,938.22	40,396,700.50	41,541,592.66

NOTE 14 : OTHER CURRENT LIABILITIES

Particulars	Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Sundry liabilities	45,851,875.87	68,342,184.33	64,569,618.39
Tax deducted at source - payable	2,243,204.98	-	438,241.36
Lease liability-current	3,824,273.89	-	-
	51,919,354.74	68,342,184.33	65,007,859.75

NOTE 15 : CURRENT TAX LIABILITIES

Particulars	Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Provision for corporate Income Tax	1,597,636,500.78	1,628,348,421.16	1,857,074,824.57
	1,597,636,500.78	1,628,348,421.16	1,857,074,824.57

NOTE 16 : EMPLOYEE BENEFIT OBLIGATION

Particulars	Amount in Nu.)		
	31-Dec-22	31-Dec-21	1-Jan-21
Gratuity	50,270,896.61	41,483,762.86	37,924,152.00
Other long-term benefit	5,862,309.30	5,038,548.24	3,235,483.00
Leave encashment payable	66,627,098.67	52,814,089.77	57,292,821.14
	122,760,304.58	99,336,400.87	98,452,456.14

NOTE 17 : ELECTRICITY REVENUE

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Export & Domestic revenue		
Power Trading Corporation Ltd	7,308,480,001.99	8,433,382,658.30
Bhutan Power Corporation Ltd	4,202,108,142.52	3,570,595,285.97
From staff & other private parties	444,802.00	447,300.00
	11,511,032,946.51	12,004,425,244.27

NOTE 18 : INTEREST EARNED

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Interest on deposits	184,190,573.70	180,444,532.72
Interest on non-government bonds	7,652,054.79	18,999,999.99
	191,842,628.49	199,444,532.71

NOTE 19 : OTHER INCOME

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Dividend income	49,841,162.49	8,956,096.04
Grant income	135,039,339.79	102,078,108.33
Miscellaneous receipts	86,748,643.65	174,605,210.01
Liquidity charges	11,132,570.33	3,851,241.04
House rent recovered- employee/others	16,965,784.95	15,704,611.53
Lease rental income	28,640.50	8,750.00
Income from Deviation Settlement Mechanism	23,657,590.00	-
	323,413,731.71	305,204,016.95



NOTE 20 : RUNNING AND MAINTENANCE EXPENSES

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
R&M electro-mechanical	133,635,236.85	129,942,262.86
R&M civil structures	35,419,761.13	153,441,846.20
R&M vehicles	53,629,362.25	41,041,822.70
R&M-Information Technology	20,948,767.56	19,457,035.25
R&M-Fire Fighting & Safety	2,736,155.49	2,632,329.73
R&M-Office Equipment	581,343.89	324,413.00
	246,950,627.18	346,839,709.74

NOTE 21 : EMPLOYEES' REMUNERATION AND BENEFITS

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Salaries and wages	566,245,680.58	529,078,998.84
Professional training	24,491,200.19	15,153,329.65
Bonus	74,986,906.33	-
Incentive/honorarium	57,685,586.24	58,732,496.63
Employer's contribution to provident fund	66,824,391.64	62,711,877.28
Leave encashment	50,575,380.14	31,374,261.05
Gratuity expenses	83,047,906.06	70,025,977.76
Performance Based Variable Allowance	70,646,688.61	62,566,545.97
Leave travel concession	21,430,494.88	19,826,479.61
Terminal benefits	7,209,528.93	6,839,841.00
GPA- insurance	3,619,652.91	3,496,933.83
Liveries	12,124,183.51	10,620,638.44
Staff welfare expenses	11,555,840.58	4,478,302.35
Medical expenses	919,249.83	747,625.25
	1,051,362,690.43	875,653,307.66

NOTE 22 : FINANCE COST

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Interest to Government of Austria	26,270,290.18	34,989,781.94
Interest to Asian Development Bank	197,105,466.50	180,115,004.55
Interest on current portion of long-term borrowing	14,584,110.00	30,649,315.07
Interest Unwinding	8,061,693.56	-
	246,021,560.24	245,754,101.56

NOTE 23 : OTHER EXPENSES

Particulars	Amount in Nu.)	
	31-Dec-22	31-Dec-21
Brand Management Fee	98,815,973.33	98,101,806.21
Travel	24,963,752.09	25,476,694.39
Foreign exchange gains/loss	369,658,248.45	54,596,057.11
Grant expense	19,313,512.57	8,965,559.37
License fee	22,353,497.92	14,942,667.50
Profit on sale/discard of assets (net)	61,880,092.28	6,664,219.04
Electricity	11,736,782.30	14,089,951.35
Entertainment	5,724,381.61	7,164,341.49
Corporate social responsibility	82,544,851.57	22,265,289.93
Consultancy charges	8,569,016.52	18,724,057.06
Rent	1,164,207.66	9,809,237.12
Telephone and fax	6,171,889.61	6,759,324.48



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Printing and stationery	3,697,744.04	6,005,063.35
Rates and taxes	3,704,710.00	57,870.04
Advertisement and publicity	1,164,304.25	1,672,313.04
Audit fees & expenses	782,033.50	763,204.00
Directors' sitting fees	547,500.00	1,415,000.00
Bank charges	661,675.33	698,948.78
Board meeting expenses	329,214.55	309,410.00
Books & periodicals	624,314.47	216,601.10
Postage and telegram	150,033.00	195,713.04
Other expenses	4,926,517.42	18,274,021.18
	729,484,252.47	317,167,349.58

NOTE 24: TAX EXPENSE

(Amount in Nu.)

Particular	31-Dec-22	31-Dec-21
Components of income tax expense		
Income tax expenses		
Current tax		
Current tax on profit for the year	2,139,120,066.23	2,159,106,359.94
Total current tax expenses	2,139,120,066.23	2,159,106,359.94
Deferred tax		
(Decrease)/increase in deferred tax liabilities	-220,580,391.36	73,035,964.38
Total deferred tax expenses	-220,580,391.36	73,035,964.38
Income tax expenses	1,918,539,674.87	2,232,142,324.32

Numerical reconciliation of income tax expense to prima facie tax payable

Particulars	2022	2022	2021	2021
Tax expenses				
- Current tax		2,139,120,066.23		2,159,106,359.94
Total tax expense		2,139,120,066.23		2,159,106,359.94
Reconciliation of tax on accounting profit :-				
Profit before tax		6,542,945,455.45		7,329,255,944.75
Income tax expense calculated at 30% (A)		1,962,883,636.64		2,198,776,783.43
Non-deductible expense				
- Production incentive/ Bonus /PBVA	85,134,111.88	25,540,233.56	17,461,446.17	5,238,433.85
- Medical expenses	586,432.83	175,929.85	553,401.03	166,020.31
- Donation	82,544,851.57	24,763,455.47	22,265,289.93	6,679,586.98
Total non-deductible expense (B)		50,479,618.88		12,084,041.14
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	-31,112,339.17	-9,333,701.75
- ADB Loan (ForEx Gain/Loss-unrelaxed)	548,326,000.43	164,497,800.13	99,061,372.84	29,718,411.85
Net Effect (C)		155,164,098.38		20,384,710.10
Lease Rent				
Decrease in income	-	-	1,880,572.38	564,171.71
Net Effect (D)		-		564,171.71
Fixed Deposit Interest				



02

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

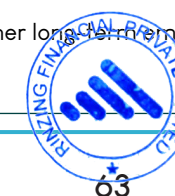
- Excess interest accrued and deferred tax assets booked as on 31.12.2022	(83,973,689.29)	-25,192,106.79	-83,973,689.29	-25,192,106.79
Net Effect (E)		-25,192,106.79		-25,192,106.79
Impact Due to Depreciation				
Depreciation	-15,683,854.54	-4,705,156.36	-82,407,201.88	-24,722,160.56
Net Effect (F)		-4,705,156.36		-24,722,160.56
Impact due to Penalties				
Penalties	70,949.01	21,284.70		
Net Effect (F)		21,284.70		
Adjustment to Gratuity during the year				
Gratuity charged to profit or loss	1,562,302.57	468,690.77	-75,963,596.97	-22,789,079.09
Difference between adjustment to bonus and charged to profit or loss		468,690.77		-22,789,079.09
Net effect (G)		468,690.77		-22,789,079.09
Reconciled with tax expense as above (A+B+C+D+E+F+G)	587,454,765.30	2,139,120,066.23		2,159,106,359.94

NOTE 25A: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (GRATUITY)

A	Assets/Liabilities	2022	2021
1	DBO at end of prior period	563,053,213.00	526,012,269.00
2	Current service cost	39,483,389.46	36,764,077.99
3	Interest cost on the DBO	43,965,038.53	40,298,169.48
4	Curtailment (credit)/ cost		
5	Settlement (credit)/ cost		
6	Past service cost - plan amendments		
7	Acquisitions (credit)/ cost		
8	Actuarial (gain)/loss - experience	-3,234,769.71	-18,182,738.24
9	Actuarial (gain)/loss - demographic assumptions		
10	Actuarial (gain)/loss - financial assumptions		
11	Benefits paid directly by the Company	-26,980,462.70	-22,285,150.56
12	Benefits paid from plan assets	-	446,585.33
	DBO at end of current period	616,286,408.58	563,053,213.00

B	Statement of Profit & Loss	2022	2021
1	Current service cost	39,483,389.46	36,764,077.99
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	39,483,389.46	36,764,077.99
6	Net interest on net defined benefit liability / (asset)	43,965,038.53	40,298,169.48
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	83,448,427.99	77,062,247.47

C	Defined Benefit Cost	2022	2021
1	Service cost	39,483,389.46	36,764,077.99
2	Net interest on net defined benefit liability / (asset)	43,965,038.53	40,298,169.48
3	Actuarial (gains)/ losses recognized in OCI	-3,234,769.71	-17,736,152.91
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	80,213,658.28	59,326,094.56



03

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

D	Development of Net Financial Position	2022	2021
1	Defined Benefit Obligation (DBO)**	616,286,408.58	563,053,213.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-616,286,408.58	-563,053,213.00
	Net Defined Benefit Asset	-616,286,408.58	-563,053,213.00

E	Reconciliation of Net Balance Sheet Position	2022	2021
1	Net defined benefit asset/ (liability) at end of prior period	-563,053,213.00	-526,012,269.00
2	Service cost	-39,483,389.46	-36,764,077.99
3	Net interest on net defined benefit liability/ (asset)	-43,965,038.53	-40,298,169.48
4	Amount recognized in OCI	3,234,769.71	18,182,738.24
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	26,980,462.70	22,285,150.56
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	-616,286,408.58	-563,053,213.00

F	Other Comprehensive Income (OCI)	2022	2021
1	Actuarial (gain)/loss due to liability experience	-3,234,769.71	-18,182,738.24
2	Actuarial (gain)/loss due to liability assumption changes	-	446,585.33
3	Actuarial (gain)/loss arising during period	-3,234,769.71	-17,736,152.91
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	-3,234,769.71	-17,736,152.91
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	-3,234,769.71	-17,736,152.91

G	Expected benefit payments for the year ending	2022
1	31-Dec-23	54,292,568.34
2	31-Dec-24	52,339,555.54
3	31-Dec-25	61,150,652.50
4	31-Dec-26	72,753,600.96
5	31-Dec-27	70,187,426.44
6	December 2028 to December 2032	471,628,195.73
(i)	Expected employer contributions for the period ending 31 December 2022	NA
(ii)	Weighted average duration of defined benefit obligation	13.09 years
(iii)	Significant estimates: actuarial assumptions and sensitivity	
a	Discount Rate	2022
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-27,110,905.66
	Effect on DBO due to 0.5% decrease in Discount Rate	29,098,808.06
b	Salary escalation rate	2022
	Salary escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	30,544,005.35
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-28,689,718.96



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 25B: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (CARRIAGE ALLOWANCE)

A	Assets/Liabilities	2022	2021
1	DBO at end of prior period	6,802,013.00	8,501,853.08
2	Current service cost	621,485.74	508,174.31
3	Interest cost on the DBO	517,806.89	648,016.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	1,503,705.74	-2,451,171.60
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-658,853.85	-401,653.01
12	Benefits paid from plan assets	-	-3,205.70
	DBO at end of current period	8,786,157.52	6,802,013.08

B	Statement of Profit & Loss	2022	2021
1	Current service cost	621,485.74	508,174.31
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	621,485.74	508,174.31
6	Net interest on net defined benefit liability / (asset)	517,806.89	648,016.00
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	1,139,292.63	1,156,190.31

C	Defined Benefit Cost	2022	2021
1	Service cost	621,485.74	508,174.31
2	Net interest on net defined benefit liability / (asset)	517,806.89	648,016.00
3	Actuarial (gains)/ losses recognized in OCI	1,503,705.74	-2,454,377.30
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	2,642,998.37	-1,298,186.99

D	Development of Net Financial Position	2022	2021
1	Defined Benefit Obligation (DBO)**	-8,786,157.52	-6,802,013.08
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-8,786,157.52	-6,802,013.08
	Net Defined Benefit Asset	-8,786,157.52	-6,802,013.08

E	Reconciliation of Net Balance Sheet Position	2022	2021
1	Net defined benefit asset/ (liability) at end of prior period	-6,802,013.00	-8,501,853.08
2	Service cost	-621,485.74	-508,174.31
3	Net interest on net defined benefit liability/ (asset)	-517,806.89	-648,016.00
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)	-1,503,705.74	2,451,171.60



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	3,205.70
11	Cost of termination benefits	658,853.85	401,653.01
	Net defined benefit asset/ (liability) at end of current period	-8,786,157.52	-6,802,013.08

F	Other Comprehensive Income (OCI)	2022	2021
1	Actuarial (gain)/loss due to liability experience	1,503,705.74	-2,451,171.60
2	Actuarial (gain)/loss due to liability assumption changes	-	-3,205.70
3	Actuarial (gain)/loss arising during period	1,503,705.74	-2,454,377.30
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	1,503,705.74	-2,454,377.30
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	1,503,705.74	-2,454,377.30

G	Expected benefit payments for the year ending	2022
1	31-Dec-23	1,214,518.94
2	31-Dec-24	1,323,886.30
3	31-Dec-25	1,333,647.18
4	31-Dec-26	1,451,730.92
5	31-Dec-27	1,458,328.41
6	December 2028 to December 2032	7,935,042.17
(i)	Expected employer contributions for the period ending 31 December 2022	NA
(ii)	Weighted average duration of defined benefit obligation	13.09 years
(iii)	Significant estimates: actuarial assumptions and sensitivity	
a	Discount Rate	2022
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-317,720.52
	Effect on DBO due to 0.5% decrease in Discount Rate	338,490.18
b	Transportation Cost	2022
	Transportation cost escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Transportation cost escalation rate	370,308.66
	Effect on DBO due to 0.5% decrease in Transportation cost escalation rate	-349,991.51

NOTE 25C: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (REPATRIATION ALLOWANCE BENEFIT SCHEME)

A	Assets/Liabilities	2022	2021
1	DBO at end of prior period	19,316,617.00	18,137,611.00
2	Current service cost	1,549,602.99	1,468,993.83
3	Interest cost on the DBO	1,486,289.83	1,374,907.28
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	67,022.69	-714,953.88
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-1,475,988.32	-951,270.00
12	Benefits paid from plan assets	-	1,328.77
	DBO at end of current period	20,943,544.19	19,316,617.00



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

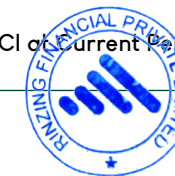
B	Statement of Profit & Loss	2022	2021
1	Current service cost	1,549,602.99	1,468,993.83
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	1,549,602.99	1,468,993.83
6	Net interest on net defined benefit liability / (asset)	1,486,289.83	1,374,907.28
7	Immediate recognition of (gains)/losses - other long term employee benefit plans	-	-
	Cost recognized in P&L	3,035,892.82	2,843,901.11

C	Defined Benefit Cost	2022	2021
1	Service cost	1,549,602.99	1,468,993.83
2	Net interest on net defined benefit liability / (asset)	1,486,289.83	1,374,907.28
3	Actuarial (gains)/ losses recognized in OCI	67,022.69	-713,625.11
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	3,102,915.51	2,130,276.00

D	Development of Net Financial Position	2022	2021
1	Defined Benefit Obligation (DBO)**	-20,943,544.19	-19,316,617.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-20,943,544.19	-19,316,617.00
	Net Defined Benefit Asset	-20,943,544.19	-19,316,617.00

E	Reconciliation of Net Balance Sheet Position	2022	2021
1	Net defined benefit asset/ (liability) at end of prior period	-19,316,617.00	-18,137,611.00
2	Service cost	-1,549,602.99	-1,468,993.83
3	Net interest on net defined benefit liability/ (asset)	-1,486,289.83	-1,374,907.28
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)	-67,022.69	714,953.88
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	1,475,988.32	951,270.00
12	Benefits paid from plan assets	-	-1,328.77
	Net defined benefit asset/ (liability) at end of current period	-20,943,544.19	-19,316,617.00

F	Other Comprehensive Income (OCI)	2022	2021
1	Actuarial (gain)/loss due to liability experience	67,022.69	-714,953.88
2	Actuarial (gain)/loss due to liability assumption changes	-	1,328.77
3	Actuarial (gain)/loss arising during period	67,022.69	-713,625.11
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	67,022.69	-713,625.11
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	67,022.69	-713,625.11



G	Expected benefit payments for the year ending	2022
1	31-Dec-23	2,558,387.55
2	31-Dec-24	2,706,654.11
3	31-Dec-25	2,641,815.00
4	31-Dec-26	3,020,268.60
5	31-Dec-27	2,973,253.45
6	December 2028 to December 2032	17,686,924.89
(i)	Expected employer contributions for the period ending 31 December 2022	NA
(ii)	Weighted average duration of defined benefit obligation	13.09 years
(iii)	Significant estimates: actuarial assumptions and sensitivity	
a	Discount Rate	2022
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-855,380.52
	Effect on DBO due to 0.5% decrease in Discount Rate	916,391.28
b	Salary escalation rate	2022
	Salary escalation rate	8.00%
	Effect on DBO due to 0.5% increase in Salary escalation rate	966,388.13
	Effect on DBO due to 0.5% decrease in Salary escalation rate	-909,594.42

NOTE 25D: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (TRANSFER GRANT BENEFIT SCHEME)

A	Assets/Liabilities	2022	2021
1	DBO at end of prior period	19,316,617.00	18,137,611.00
2	Current service cost	1,549,602.99	1,468,993.83
3	Interest cost on the DBO	1,484,740.43	1,370,754.00
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	107,307.09	-658,884.60
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions	-	-
11	Benefits paid directly by the Company	-1,514,723.32	-1,003,186.00
12	Benefits paid from plan assets	-	1,328.77
	DBO at end of current period	20,943,544.19	19,316,617.00

B	Statement of Profit & Loss	2022	2021
1	Current service cost	1,549,602.99	1,468,993.83
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	1,549,602.99	1,468,993.83
6	Net interest on net defined benefit liability / (asset)	1,484,740.43	1,370,754.00
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	3,034,343.42	2,839,747.83

C	Defined Benefit Cost	2022	2021
1	Service cost	1,549,602.99	1,468,993.83
2	Net interest on net defined benefit liability / (asset)	1,484,740.43	1,370,754.00
3	Actuarial (gains)/ losses recognized in OCI	107,307.09	-657,555.83



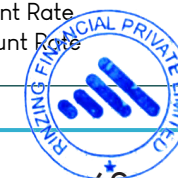
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	3,141,650.51	2,182,192.00

D	Development of Net Financial Position	2022	2021
1	Defined Benefit Obligation (DBO)**	-20,943,544.19	-19,316,617.00
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	-20,943,544.19	-19,316,617.00
	Net Defined Benefit Asset	-20,943,544.19	-19,316,617.00

E	Reconciliation of Net Balance Sheet Position	2022	2021
1	Net defined benefit asset/ (liability) at end of prior period	-19,316,617.00	-18,137,611.00
2	Service cost	-1,549,602.99	-1,468,993.83
3	Net interest on net defined benefit liability/ (asset)	-1,484,740.43	-1,370,754.00
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)	-107,307.09	658,884.60
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	1,514,723.32	1,003,186.00
12	Benefits paid from plan assets	-	-1,328.77
	Net defined benefit asset/ (liability) at end of current period	-20,943,544.19	-19,316,617.00

F	Other Comprehensive Income (OCI)	2022	2021
1	Actuarial (gain)/loss due to liability experience	107,307.09	-658,884.60
2	Actuarial (gain)/loss due to liability assumption changes	-	1,328.77
3	Actuarial (gain)/loss arising during period	107,307.09	-657,555.83
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	107,307.09	-657,555.83
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	107,307.09	-657,555.83

G	Expected benefit payments for the year ending	2022
1	31-Dec-23	2,558,387.55
2	31-Dec-24	2,706,654.11
3	31-Dec-25	2,641,815.00
4	31-Dec-26	3,020,268.60
5	31-Dec-27	2,973,253.45
6	December 2028 to December 2032	17,686,924.89
(i)	Expected employer contributions for the period ending 31 December 2022	NA
(ii)	Weighted average duration of defined benefit obligation	13.09 years
(iii)	Significant estimates: actuarial assumptions and sensitivity	
a	Discount Rate	2022
	Discount Rate	8.00%
	Effect on DBO due to 0.5% increase in Discount Rate	-855,380.52
	Effect on DBO due to 0.5% decrease in Discount Rate	916,391.28
b	Salary escalation rate	2022



Salary escalation rate	8.00%
Effect on DBO due to 0.5% increase in Salary escalation rate	966,388.13
Effect on DBO due to 0.5% decrease in Salary escalation rate	-909,594.42

NOTE 26: EARNINGS PER SHARE

Particulars	2022	2021
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company (b/c)	142.49	157.67
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	4,625,962,515	5,118,675,332
(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	32,465,093.41	32,465,093.41

Note: Diluted earning per share is same as basic earning per share.

NOTE 27: FAIR VALUE

Particulars	31-Dec-22			31-Dec-21		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investment in non-government bonds	-	-	-	-	-	200,000,000.00
Fixed deposit with bank	-	-	3,842,471,970.40	-	-	5,108,640,770.40
Accrued interest on fixed deposit	-	-	327,618,825.05	-	-	199,294,492.31
Deferred lease income	-	-	-	-	-	-
Trade receivables	-	-	1,100,650,688.44	-	-	1,242,402,546.84
Intercorporate loan	-	-	-	-	-	315,000,000.00
Accrued interest on investment	-	-	208,193,472.74	-	-	218,417,467.13
Miscellaneous deposits	-	-	5,314,595.24	-	-	5,234,386.58
Other receivables	-	-	1,496,235,883.55	-	-	1,341,679,357.43
Cash and cash equivalents	-	-	2,259,144,540.19	-	-	1,840,555,671.45
Total financial assets	-	-	9,239,629,975.61	-	-	10,471,224,692.14
Financial liabilities						
Borrowings	-	-	6,556,005,359.85	-	-	6,765,876,660.57
Security deposit- suppliers & others	-	-	67,613,608.29	-	-	53,054,049.99
Sundry creditors	-	-	1,050,351,912.56	-	-	406,368,539.45
Outstanding liabilities to contractors	-	-	21,536.00	-	-	748,409.94
Outstanding liabilities for expenses	-	-	39,701,911.87	-	-	42,928,517.74
Provision for bonus	-	-	75,374,781.46	-	-	-
Sundry liabilities	-	-	320,745.88	-	-	61,494.28
Total financial liabilities	-	-	7,789,389,855.91	-	-	7,269,037,671.97

(i) Fair value hierarchy

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

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

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

(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	31-Dec-22		31-Dec-21	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment in non-government bonds	-	-	200,000,000.00	122,232,337.47
Fixed deposit and accrued interest	4,170,090,795.45	3,625,574,306.44	4,007,248,139.43	3,625,574,306.44
Total financial assets	4,170,090,795.45	3,625,574,306.44	4,207,248,139.43	3,747,806,643.91
Financial liabilities				
Borrowings and accrued interest	4,350,286,328.53	487,419,460.26	4,102,393,697.21	2,148,706,989.79
Total financial liabilities	4,350,286,328.53	487,419,460.26	4,102,393,697.21	2,148,706,989.79

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 identifies 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.

(i) 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 analyzed 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 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.

(ii) 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.

Contractual maturities of financial liabilities 31-Dec-22	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	244,583,114.01	244,583,114.01	333,174,753.87	1,290,357,266.78	2,112,698,248.68
Interest	79,855,350.05	62,571,237.70	143,494,047.15	287,433,506.43	573,354,141.33
Security Deposit- Suppliers & Others	67,613,608.29	-	-	-	67,613,608.29
Sundry Creditors	1,050,351,912.56	-	-	-	1,050,351,912.56
Outstanding Liabilities to contractors	21,536.00	-	-	-	21,536.00
Outstanding Liabilities for expenses	39,701,911.87	-	-	-	39,701,911.87
Provision for Bonus	75,374,781.46	-	-	-	75,374,781.46
Sundry Liabilities	70,149,379.61	-	-	-	70,149,379.61
Total financial liabilities	1,627,651,593.85	307,154,351.72	476,668,801.02	1,577,790,773.20	3,989,265,519.80

Contractual maturities of financial liabilities 31-Dec-21	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

(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 high 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	Impact on profit before tax	
	31-Dec-22	31-Dec-21
USD sensitivity		
Nu. depreciate by 5% (2021: 5%)	-201,211,830.15	-181,550,955.45
Nu. appreciate by 5% (2021: 5%)	201,211,830.15	181,550,955.45
EURO sensitivity		
Nu. depreciate by 5% (2021: 5%)	-	-
Nu. appreciate by 5% (2021: 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 capita

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 2022 which is debt service coverage ratio. There was no loan covenants on



the Company prior to 31 December 2022.

The company has complied with these covenants throughout the reporting period. As at 31 December 2022, the debt service coverage ratio was 26.87

The debt service coverage ratio was as follows:

(Amounts in Nu.)

Particulars	31-Dec-22
EBITDA	9,084,300,560.67
Debt Service	338,059,105.76
Debt service coverage ratio	26.87

NOTE 30: LEASE - COMPANY AS A LESSEE

The company has applied BFRS 16 effective January 1, 2022. For the initial application, the company has opted to apply this standard to its leases by opting BFRS 16 para C5 (b) which allows company to apply "retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in accordance with paragraphs C7-C13 of BFRS 16.

i. Right of Use of Asset/Lease Liability

The company has lease agreement for land and building with DHI, RGoB and private entity. The company has recognized the land and building as Right-of-Use Assets separately in the balance sheet and lease liability under current and non-current liabilities.

Set out below are the carrying amount of Right-of-use assets recognized and movement during the year:

	ROU-Land/Building
Balance as at 1st Dec, 2021	-
Addition	-
Balance as at 31st December, 2021	-
Amount restated through opening balance	29,643,675.25
Depreciation restated through retain earning	4,752,646.43
As at 1st January, 2022	24,891,028.83
Addition during the year	1,860,913.47
Depreciation Expenses	4,503,616.35
Balance as at 31st December, 2022	22,248,325.94

Set out below are the carrying amount of lease liability recognized and the movement during the year:

	2022	2021
Opening Lease liability	516,968.82	516,968.82
Amount restated through opening balance	29,643,675.25	-
Accretion of Interest restated through retained earning	12,809,556.15	-
Restated payment adjustment through Retained earning	-14,419,825.77	-
As at 1st January	28,550,374.45	516,969.82
Accretion of Interest during the year	8,061,693.91	-
Addition during the year	1,860,913.47	-
Payment	-11,129,707.41	-
Balance as at 31st December	27,343,274.41	516,969.82



Following are the amount recognized as in profit and loss:

Amount recognized in profit/loss account	2022	2021
Depreciation Expenses for Right-of-Use Asset	4,503,616.35	-
Interest on Financial liability	8,061,693.91	-
Total amount recognized in Profit/Loss	12,565,310.26	-

The maturity analysis of lease liability is disclosed as under:

Particulars	2022
Less than 1 Year	3,747,316.17
1 to 5 years	-
More than 5 years	22,768,232.57

ii. Reconciliation between previous BAS 17 and BFRS 16

As required by BFRS 1, first-time adoption of BFRS, estimates in accordance with BASs (Phase I & II) at the date of transition to BAS (Phase III- BFRS 16) shall be consistent with estimates made for the same date in accordance with previous BAS 17 (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

BAS estimates as at January 1, 2022 are consistent with the estimates as at the same date made in conformity with previous BAS 17.

The company has presented and disclose the financial statements including at least three statements of financial position re-statement using modified retrospective, two statements of Profit or Loss and other comprehensive income, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented. The restated financial statements are prepared in pursuance of the BAS 2020 standard release by Accounting and Auditing Standard Board of Bhutan.

(Amount in Nu.)

Particulars	2022
Balances as on January 1, 2022	46,570,982,474.35
Adjustments	
Adjustments related to implementation of IFRS 16	3,142,376.80
Balance of equity before tax impact on adjustments	46,574,124,851.15

NOTE 31: ADDITIONAL DISCLOSURES

- The authorized share capital of the Company is Nu. 50 billion (50,000,000 equity share @ Nu. 1,000 per share) and as of the report date, the total paid up capital is Nu. 32,465.093 million (32,465.093 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.
- 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



- 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).
- Tangsibji Hydro Energy Limited (THyE) is a subsidiary company with authorized capital of Nu. 7,000 million 2022. The subscribed capital in 2022 is Nu. 6,000 million. The paid-up capital in 2022 is Nu. 5,737.02 million after an additional capital injection of Nu. 663.88 million. The company has a 100% stake in THyE.
- Bhutan Hydropower Services Limited (BHSL) is a subsidiary company with authorized capital of Nu. 20 million 2022. The subscribed capital is Nu. 6.55 million and paid up capital is Nu. 420.59 million. The company has a 100% stake in BHSL.
- Druk Hydro Energy Limited (DHyE) was formed in 16th November 2021 as a subsidiary company with authorized capital of Nu. 100,000 million. The subscribed share capital is Nu. 10,000 million @ Nu. 100/ per share. The Paid-up share capital is Nu. 1,356.51 million in 2022. Of the total paid up capital, DGPC has injected a capital of Nu. 1,248.00 million and the expenses incurred by DGPC amounting to Nu. 108.51 million, prior to formation of DHyE, has been transferred to DHyE as an equity injection. The company has a 100% stake in DHyE.
- 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. 2,222,233,330.41 has been called up and paid till December 31, 2022. Hon'ble Minister, MoEA, RGoB vide letter dated July 25, 2022 conveyed the decision to move ahead with closure of KHEL, referring to his meeting with Hon'ble Minister of Power, Gol on 18.07.2022. It was also conveyed that RGoB shall take over the assets and liabilities of the project on 'as is where is basis'. The modalities for way ahead were also discussed by CMD, SJVN on October 21, 2022. The matter was further taken up during the bilateral meeting held between the two governments at Thimphu, Bhutan on October 31, 2022, during the visit of Secretary (Power) and representatives from MEA, Gol in presence of Indian Embassy officials in Bhutan. Pursuant to the discussions held at the aforesaid meeting, as desired by RGoB, the proposal for taking over the project by DGPC was accepted by the two governments. Based on mutually agreed terms between the two countries and the shareholders, DGPC shall take over the full ownership of KHEL. DGPC is expected to take over the 50% share held by SJVN Limited by January 2023.
- 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.
- The domestic tariff has been revised from Nu. 1.42/kWh to Nu. 1.34/kWh and wheeling charges from Nu. 0.270/kWh to Nu.0.23/kWh with effect from September 1, 2022 to June 30, 2025 vide letter no. BEA/CEO/DGPC/2022-23/184 dated August 31, 2022 and BEA/CEO/DGPC/2022-23/186 dated August 31, 2022 respectively.
- 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 five years period, valid until November 30, 2026.
- 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) and is further extension till June 30, 2023 granted vide letter no. 2296-00/2019/Umw/1-KOBU Thimphu/2022 dated June 24, 2022. DGPC have received Euro 400,000.00 (Euro Four Hundred Thousand) only against the grant as on 31.12.2022. Since the grant is in the nature of income, the grant has been presented as Grant Income and Grant expense correspondingly.



13. 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.
14. 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.
15. Asian Development Bank (ADB) has sanctioned Special Funds resources 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).
16. During the year, it was decided that those Associated Transmission System (ATS) which are under the custody of BPC to be handed over including the liability portion of ATS with BOB and NPPF. While the loan with NPPF amounting to Nu. 141,778,000/- only was transferred during the financial year, the outstanding loan with BOB could not be transferred due to related party restriction limit within the DHI owned companies. However, the workings have been reconciled among DGPC, BPC and BOB and adjustments were made under payable and receivables. Tabulated below is the details of ATS loan:-

SN.	Banks	Payment Date	Interest rate	Interest Type	Loan (Principal BPC)	Loan (Principal)-MHPA	Total Loan (Principal)
1	BOB	27-Dec-17	7.11%	Floating	536,480,000.00	50,520,000.00	587,000,000.00
2	NPPF	19-Dec-18	8.30%	Fixed	24,200,000.00	294,780,000.00	318,980,000.00
3	NPPF	9-Apr-20	9%	Fixed	99,425,000.00		99,425,000.00
4	NPPF	24-Feb-21	8.9	Fixed	42,353,000.00		42,353,000.00
5	NPPF	20-May-22	8%	Fixed		67,470,687.00	67,470,687.00
	TOTAL						1,115,228,687.00

In addition, an additional loan of Nu. 67,470,687.00 (Ngultrum Sixty-Seven Million Four Hundred Seventy Thousand Six Hundred Eighty-Seven) only was availed from NPPF during the year at the fixed interest rate of 8.00% per annum with repayment period of 15 years. A total loan of Nu. 1,115,228,687.00 was availed so far to finance the portion of construction of 400 kV Mangdechhu-Jigmeling via Goling transmission line.

17. Interest waiver benefit derived on ATS loan due to COVID situation during the year amounts to Nu. 6.73 million.

Loan Amount (Nu.)	Interest Waiver - Period	Waiver (%)	Amount Waived (Nu.)	Lending Institute
50,520,000 @ 7.94% p.a	1 Jan - 30 April 2022	50%	659,389.81	BOB
294,780,000 @ 8.30% p.a	1 Jan - 30 June 2022	50%	6,066,410.88	NPPF
	Total Benefit from Interest Waiver		6,725,800.69	



- Finance cost and Loan balance reported as on December 31, 2022 is excluding the interest waiver benefit.
18. The company has incurred a loss of Nu. 369.66 million (previous year Nu. 54.59 million loss) in 2022 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.
19. 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, 2022. The reconciliation is carried out and confirmation of the balances is obtained for majority of the balances of more than Nu. 1.00 million.
20. To consolidate electricity generation under DGPC and leave the transmission and distribution with BPC, the embedded generation assets worth Nu. 417.85 million including a government grant liability of Nu. 152.71 million and inventories of Nu. 6.39 million was transferred to DGPC in 2022.
21. The company has identified the obsolete inventory and made required provisions during the year.
22. Quantitative Information of purchase and sale of power:

Particulars	2022		2021	
	Units (kWh)	Amount (Nu)	Units (kWh)	Amount (Nu)
Purchase			203.18	405.58
Self-Generation	7,227.93		7,311.53	
Sale:				
Within Bhutan	3,027.25	4,202.11	2,514.40	3,570.60
Export to India	3,087.00	7,308.48	3,671.40	8,433.38
Internal Consumption & Losses	58.06	0.44	61.59	0.44
Total	6,172.31	11,511.03	6,247.39	12,004.42

23. 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. From September 2022, royalty obligation has been paid as per the Electricity Subsidy and Royalty Payment Framework 2022. Royalty Energy of 1,055.62 MU (previous year 1,064.05 MU) amounting to Nu. 2,348.75 million (Previous year Nu. 2,403.72 million) paid in 2022.

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

		Amount in Million (Nu.)	
	Particulars	2022	2021
a)	TDS Payable	2.24	0
b)	Corporate Income Tax	1,597.64	1,628.35
	Total	1,599.88	1,628.35

25. Auditors' remuneration:

		Amount in Million (Nu.)	
	Particulars	2022	2021
a)	Audit Fess	0.52	0.52
b)	Out of pocket expenses	0.26	0.24
	Total	0.78	0.76



- aa. A dividend of Nu. 4,395,773,647.34 have been proposed for the year ended December 31, 2022 amounting to a dividend of Nu. 135.40 per share. These financial statements do not reflect this dividend proposed.

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

bb. DGPC reliance on PTC (i.e single external customer) for export revenue amount to Nu. 7,308,480,001.99 (i.e 60.77% of total revenue).

NOTE 32: 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	2022	2021
	% 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%	100%
Druk Hydro Energy Limited	100%	-
Joint Venture -		
Kholongchhu Hydro Energy Ltd.	50%	50%
Bhutan Automation Engineering Ltd.	51%	51%

Fellow Subsidiaries under DHI ownership -

- | | |
|---|--|
| 1. Bhutan Power Corporation Limited | 9. Bhutan Board Product Limited |
| 2. Bank of Bhutan Limited | 10. Dungsam Polymers Limited |
| 3. Bhutan Telecom Limited | 11. Penden Cement Authority Limited |
| 4. Druk Air Corporation Limited | 12. 12. Natural Resources Development Corporation Ltd. |
| 5. State Trading Corporation of Bhutan Limited | 13. State Mining Corporation Limited |
| 6. Dungsam Cement Corporation Limited | 14. Thimphu Tech Private Limited |
| 7. Wood Craft Center Limited | 15. Menjong Sorig Pharmaceutical Corporation Limited |
| 8. Construction Development Corporation Limited | 16. Druk Hydro Energy Limited |

Name of Related Party	Relationship	Nature of transaction with related party	2022	2021
Druk Holding & Investments	Holding Company	a. Payment of Dividend	5,110,000,000.00	5,600,000,000.00
		b. Equity	32,465,093,407.26	32,612,564,000.00
		c. Management & Brand Fee	98,815,973.33	98,101,806.21
		d. Lease Rent	1,727,975.36	1,951,299.96
Bhutan Power Corporation Limited	Fellow Subsidiary	a. Sale of Electricity	4,202,108,142.52	3,570,595,285.97
		b. Wheeling Charges	789,649,983.27	991,276,852.19
		c. Consumption of electricity by DGPC estd.	11,961,078.82	13,733,629.43
		d. Receivable on energy sold	907,705,280.14	342,547,792.41
		e. Payable towards wheeling charges	297,500,324.88	99,739,117.88
		d. Trade payables	4,797.00	970,914.64
		e. Advance Payment	6,503,387.94	1,079,715.00
		f. Non-trade receivable	17,324,845.41	24,175,039.40
		g. Purchase of Embedded Generation	268,777,715.72	
g. Income on CoE services provided	225,757.00	456,739.97		



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Bank of Bhutan Limited	Fellow Subsidiary	a. Bank charges	628,516.96	668,622.74
		b. Interest expenses on loan	1,786,787.55	
		c. Long Term Borrowing	587,000,000.00	587,000,000.00
		d. Accrued Interest on Loan		133,909,487.52
		e. Long-term Fixed Deposit	2,000,000,000.00	2,000,000,000.00
		f. Accrued Interest Income on Deposit	188,397,558.32	95,975,921.11
		g. Services availed	274,798.43	585,000.00
		h. Trade payable	274,798.43	
		i. Interest Income from Deposit	92,421,637.21	95,760,443.11
Bhutan Telecom Limited	Fellow Subsidiary	a. Payable towards Telephone, Internet services & Others	2,143,740.43	1,893,073.62
		b. Data Center services charges	7,255,618.26	6,661,791.88
		c. Advance payment	-	2,923,308.00
		d. Telephone, Fax, Internet Services & Others	2,320,232.30	2,383,108.31
Druk Air Corporation Limited	Fellow Subsidiary	a. Purchase of Air Tickets and Others	1,704,660.54	931,768.00
		b. Receivable commission on Air Ticket		29,745.03
		c. Income Others		35,119.00
		d. Purchase of office equipments	278,744.00	
		e. Payable towards Air Tickets	-	135,660.00
State Trading Corporation of Bhutan Limited	Fellow Subsidiary	a. Vehicle Procurement	6,396,718.00	6,810,291.00
		b. Repair and Maintenance of Vehicles	16,195,081.43	13,621,882.09
		c. Trade Payable	154,127.00	-
		d. Deposit Received	1,292,500.29	2,215,084.41
Bhutan Hydropower Services Limited	Subsidiary	a. Equity Investment	420,596,538.10	420,596,538.10
		b. Services availed related to repairs and maintenance of electro -mechanical equipment	50,169,900.29	102,755,824.08
		c. Inter Corporate Loan		15,000,000.00
		d. Interest Income on Inter corporate Loan	317,876.71	1,516,027.40
		e. Accrued Interest Income on Loan		417,945.21
		f. Corporate Guarantee Fee income	3,092,085.30	3,083,463.09
		g. Other services	50,423.00	269,536.56
		h. Advance payment	43,714,440.74	14,809,490.69
		i. Receivable for service provided	3,258,315.75	4,188,877.59
Dagachhu Hydropower Corporation Limited	Subsidiary	a. Equity Investment	2,437,880,000.00	2,437,880,000.00
		b. Income on services provided	2,692,093.20	1,794,899.00
		c. Other miscellaneous Income	40,456,019.80	3,025,915.00
		d. Trade Receivable	1,954,219.63	503,669.00
		e. Non-Trade Payable	4,647,218.23	3,592,081.47
		f. Non-Trade Receivable		17,718.00
Tangsibji Hydro Energy Limited	Subsidiary	a. Equity Investment	5,737,022,993.86	5,073,142,962.04
		b. Income on services provided	632,532.53	937,031.32
		c. Trade Receivable (+Corporate Guarantee Fee)	58,611,894.96	42,383,544.96
		d. Corporate Guarantee Fee Income	16,228,350.00	15,277,239.59
Dungsam Cement Corporation Limited	Fellow Subsidiary	a. Inter-corporate Loan	-	300,000,000.00
		b. Interest income on Loan	19,446,575.34	53,424.66
		c. Accrued interest on Loan		53,424.66
		d. Income from CoE services	614,629.00	
Kholongchhu Hydro Energy Limited	Joint Venture	a. Equity Investment	2,222,233,330.41	2,104,273,000.00
		b. Non-trade receivable		



Natural Resources Development Corporation Ltd	Fellow Subsidiary	a. Procurement of Furniture & Fixture	122,415.00	2,127,801.20
		b. Payable towards purchase	-	2,118,391.20
		c. Advance payment	-	2,870,346.00
		d. Purchase of construction materials	101,564.31	53,958.70
		e. Performance security Deposit	-	462,763.00
Construction Development Corporation Ltd.	Fellow Subsidiary	a. Advance payment	100,000.00	-
		b. Other miscellaneous expenses	739,956.86	11,872.56
		c. Trade Payable	-	-
		d. Non-Trade Payable	28,636.63	-
		e. Capital Work-in-progress	342,684.00	487,297.25
Bhutan Board Products Limited	Fellow Subsidiary	a. Procurement of Furniture & Fixture	46,204.00	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	9,385,142.69	8,956,096.04
		c. Services availed	72,256,757.99	76,699,638.17
		d. Income from Inter Corporate (Rec)	209,056.65	-
		b. Miscellaneous Income	544,528.65	7,401,979.08
Thimphu Tech Park Limited	Fellow Subsidiary	a. R&M Services availed	968,803.00	2,241,132.01
		b. Trade Payable	3,542,000.00	4,170,560.67
		c. Security Deposit	-	64,309.89
		d. Capital Work-in-progress	261,209.00	830,063.00
		e. Advance payment	-	1,075,000.00
State Mining Corporation Limited	Fellow Subsidiary	c. Intangible assets	3,542,000.00	9,468,612.44
		a. Interest income on Loan	-	4,558,904.10
		b. Accrued interest on Loan	-	-
Menjong Sorig Pharmaceutical Corporation Limited	Fellow Subsidiary	c. Inter Corporate Loan	-	-
		c. Other miscellaneous Income	-	3,000,000.00
		a. Purchase of product & services	1,400.00	80,849.44
Druk Hydro Energy Limited	Fellow Subsidiary	a. Investment with DHyE	1,356,504,127.39	-
		b. CoE and other services	-	-
		b. Trade Receivable	1,662,257.62	-

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 and Managing Director.

Amount in million (Nu.)

Sl. No.	Particulars	2022	2021
a)	Short- term employee benefits	5.07	5.35
b)	Post- employment benefits (PEB)*	-	-
c)	Other long- term benefits (OLTB)*	-	-
	Total	5.07	5.35

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

Sl. No.	Particulars	2022	2021
a)	Directors' Sitting Fee	0.52	1.2
	Total	0.52	1.2

*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



Tashi Rinzing Schmidt
Partner
CPA License No. 34762
Date:

For Druk Green Corporation Limited:



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འབྲུག་སྐད་འབྲུག་གློག་མེ་ལས་འཛིན་ཚད།

DrukGreen

(a dhi company)

DRUK GREEN POWER CORPORATION LIMITED

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