

Abridged Prospectus For Rights Issue

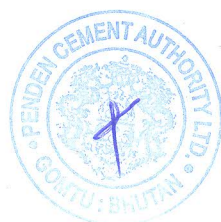
Name of the Company: Penden Cement Authority Limited

A. General Information

Name of the company	Penden Cement Authority Limited
Registered Office	P.O. Box No. 79, Phuntshopelri (Gomtu), Samtse
Name of the auditor	Auditor: SP Chopra & Co. Chartered Accountants 31-F, Connaught Place, New Delhi- 110 001, India
Bankers	1. Bank of Bhutan Limited 2. Bhutan National Bank Limited
Paid-up capital	Nu. 374,000,950.00

B. Details of the Rights Issue

Underwriter/Broker (Name and Contact Number)	RICB Securities Ltd. P.O. Box 315, Norzin Lam, Thimphu Contact No.: 17612015/ 77487283/ 17970963/00975-2-323487/321161/
Total number of rights shares offered	22,440,057
Issue price	Nu. 15
Ratio	3:5 (Three shares for every five shares held)
Total capital raised from the rights issue	Nu. 336,600,855.00
Opening date	29 th July 2024
Closing date	28 th August 2024
Allotment date	12 th September 2024
Listing	The rights shares shall be listed with Royal Securities Exchange of Bhutan within 15 working days from the date of the allotment.



C. Utilisation of the fund

The capital raised from the sale of Right Shares will be used as Equity injection for the following:-

Sl. No.	Particulars	Nu. (Mill)
1	Haurikhola Limestone Project	59.110
2	Penden Quartzite Mine	3.900
3	Cement Mill Up gradation	50.000
4	Kline & Cline Coal firing modification	30.000
5	AAC Equity (Including WCL of Cement)	153.334
6	Contingency for above investments and additional investment for AAC	40.256
	Grand Total	336.601

D. Disclosure of directors and substantial shareholders of rights issue subscription

The substantial shareholders have consented to fully subscribe their rights.

E. Renunciation of Rights Issue

The Shareholders shall have the right to renounce the shares offered partially or in full in favour of any person other than the promoters and substantial shareholders of the issuing company.

- i. The shareholders who do not want to renounce their rights shall have the option to sell their rights through the RSEB auctioning process;
- i. Any shareholder not exercising their rights, RSEB shall treat their rights as renounced and shall be sold in the auction. The best price shall be determined through RSEB auctioning process where prices shall be placed in descending order, the price at which the total volume gets filled shall be the auction price. The orders shall be allocated as per pro-rata allocation method with time priority;
- ii. The auction of the rights issue shall be open for 3 working days, after the announcement;
- iii. Interested bidders shall submit their bids for the rights issue through any broker according to the bid order form and the minimum shall be 100 shares.
- iv. Interested bidders shall deposit 25% as advance of the initial bid value in order to qualify for the auction. Successful bidders shall deposit the remaining amount on the allotment date. If the successful bidders fail to deposit the amount on the allotment date, the 25% advance shall be forfeited in favour of RSEB.



F. Risk factor

A. Aging Plant

Penden plant is more than 42 years old and faces frequent shutdown due to breakdown of machines. This has led to low plant availability thereby hampering the production.

However, the management has the following maintenance strategy in place to improve the plant availability:-

- i. Summer Annual Maintenance,
- ii. Winter Annual Maintenance,
- iii. Predictive maintenance, and
- iv. Ad hoc maintenance strategies.

B. Depleting Limestone reserve and quality

The Penden limestone mines in Pugli has been mined for 48 years and the reserve has depleted with maximum estimated balance life of about 6 years. The quality of limestone is also low with CaCO₃ content ranging from 70% to 75%. PCAL sourced high grade limestone from Thimphu as sweetener but the usage has now been reduced because of high prices which is making our products less competitive.

However, the management is rigorously pursuing to explore and acquire new captive mines. The Detailed Geological Report for Dangling mines in Zhemgang was approved by the DGM in June, 2023 and the draft Final Mine Feasibility Study (FMFS) report was also submitted to the DGM for review and approval in May, 2024. Once the FMFS is approved, the next and the final Environmental Impact Assessment (EIA) report will be submitted to DGM for NEC clearance and signing of Lease Agreement and after which the deposit will be acquired for operation.

The management has also undertaken to explore for the captive limestone mines in Haurikhola which is about 8 to 9 km farther away from the present Penden mines. An estimate of investment of Nu. 147.77 million has been planned and approved by the Board in a phased manner spread over a period of three years.

C. Market Risk:

Penden Cement Authority Ltd faces stiff market competition both in the domestic and export market.

In the export market, PCAL faces competition from cement brands such as Star, Birla, Dalmia, Samrat, Black Tiger, Konark, Ambuja, Ultratech etc and with low prices.

PCAL faces competition from Dragon Cement, Lhaki Cement, Druk cement and imported Indian cement in Bhutan. Penden holds about 60% market share in the western region and has limited institutional buyers.

However, Penden Cement still enjoys its brand image and ensures highest quality in its products to overcome these challenges. The management also has aggressive marketing strategies including effective pricing mechanisms. The new investments are also expected to make our products more competitive in the market.



Risk Registers

The company is also mandated to maintain the annual risk registers to address other risks, besides the above risks, such as disruptions in supply chain, financial management, delays in project implementation, inventory management, damage to property and life due to accidents, litigations, non-compliance with statutes, regulations, and standards, and adverse impacts of new regulations.

These risks are also regularly monitored, updated and periodic reports are submitted to DHI.

G. Financial highlights

1. Projected Financial statement for five years.

Statement of Financial Position

Particulars	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
ASSETS					
Non-current assets					
Property, plant and equipment	1,082,276,031	1,080,227,200	991,558,070	1,046,592,662	950,909,979
Right of use assets	1,252,650	1,083,365	914,081	744,796	575,512
Capital work in progress	193,012,000	145,367,000	147,775,000	-	-
Intangible assets	3,505,170	2,263,005	1,020,840	1,020,840	1,020,840
Investment property - Land	17,637,150	17,637,150	17,637,150	17,637,150	17,637,150
Long term loans & advances	132,438	33,109	-	-	-
Other receivables	212,251,409	203,533,842	195,938,183	189,357,245	183,694,657
Deferred tax assets (net)	13,988,490	9,325,659.77	-	-	-
Total non-current assets	1,524,055,337	1,459,470,331	1,354,843,323	1,255,352,693	1,153,838,138
Current assets					
Inventories	516,734,323	542,571,039	569,699,591	598,184,570	628,093,799
Trade and other receivables	18,096,622	17,191,791	16,332,201	15,515,591	14,739,811
Short term loans & advances	749,236	674,312	606,881	546,193	491,574
Cash & Bank balances	255,914,629	477,884,099	715,327,897	935,851,051	1,184,202,872



Other current assets	11,080,500	9,972,450	8,975,205	8,077,684	7,269,916
Total current assets	802,575,309	1,048,293,690	1,310,941,775	1,558,175,089	1,834,797,971
TOTAL ASSETS	2,326,630,646	2,507,764,021	2,665,785,098	2,813,527,782	2,988,636,109
EQUITY & LIABILITIES					
Share capital	598,401,520	598,401,520	598,401,520	598,401,520	598,401,520
Share Premium	112,200,285	112,200,285	112,200,285	112,200,285	112,200,285
General Reserves	456,613,617	572,957,431	695,430,588	825,422,808	975,303,814
Revaluation Surplus	434,254,684	434,254,684	434,254,684	434,254,684	434,254,684
Retained Earnings	51,454,558	101,316,192	153,804,688	209,515,640	273,750,356
Other Comprehensive Income	17,843,528	17,843,528	17,843,528	17,843,528	17,843,528
Total equity	1,670,768,192	1,836,973,640	2,011,935,293	2,197,638,465	2,411,754,187
Non-current liabilities					
Borrowings	330,386,035	349,541,882	328,086,828	290,584,277	249,376,202
Provisions	148,668,404	153,128,456	157,722,310	162,453,979	167,327,598
Lease liabilities	1,211,614.46	1,062,136.78	920,307.42	765,971.78	598,027.08
Total non-current liabilities	480,266,053	503,732,475	486,729,445	453,804,228	417,301,827
Current liabilities					
Borrowings	22,375,724	24,547,698	34,130,552	37,502,551	41,208,075
Provisions	35,274,996	36,333,246	37,423,243	38,545,940	39,702,318
Lease liabilities	137,365	149,478	141,829	154,336	167,945
Trade and other payables	101,241,517	91,117,365	82,005,629	73,805,066	66,424,559
Other current liabilities	16,566,799	14,910,119	13,419,107	12,077,197	12,077,197
Total current liabilities	175,596,401	167,057,906	167,120,360	162,085,089	159,580,094
Total	2,326,630,646	2,507,764,021	2,665,785,098	2,813,527,782	2,988,636,109



Statements of Comprehensive income

Particulars	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
Revenue					
Revenue from operations	2,240,688,794	2,427,079,170	2,775,717,500	3,016,781,343	3,167,620,410
Other income	26,637,830	18,701,518	19,185,072	19,689,223	20,215,473
Total Revenue	2,267,326,624	2,445,780,688	2,794,902,573	3,036,470,566	3,187,835,883
Expenditure					
Cost of materials consumed	772,699,042	849,861,408	1,108,560,241	1,261,280,846	1,324,344,889
Other manufacturing expenses	859,689,809	786,082,082	818,183,641	856,205,001	894,154,530
Changes in inventories of finished goods and WIP	(6,803,328)	-	-	-	-
Employee benefit expenses	273,691,485	291,130,028	297,972,315	304,814,603	306,805,641
Finance costs	28,953,896	26,974,097	24,802,123	32,960,589	29,588,589
Depreciation and amortisation expenses	77,443,822	87,190,995	89,911,295	92,740,407	95,682,684
Selling and transportation expenses	151,311,861	159,661,667	184,894,393	201,900,077	211,992,581
Other expenses	33,681,023	35,707,358	37,296,360	38,964,812	39,779,339
Total Expenditure	2,190,667,610	2,236,607,636	2,561,620,369	2,788,866,336	2,902,348,253
Profit / (Loss) before tax	76,659,014	209,173,052	233,282,203	247,604,230	285,487,630
Tax Reversal / (Expenses):					
Income Tax Expense	(16,519,000)	(52,293,263)	(58,320,551)	(61,901,057)	(71,371,907)
Deferred tax	13,988,490	9,325,660	-	-	-
Net Profit/(Loss) for the year	74,128,504	166,205,449	174,961,652	185,703,172	214,115,722
Earning per share					
- Basic/Diluted earnings per share	1.24	2.78	2.92	3.10	3.58



Cash Flow Statement

Particulars	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
A. Cash flows from operating activities:					
Profit / (Loss) before tax	76,659,014	209,173,052	233,282,203	247,604,230	285,487,630
Adjustments for:					
- Depreciation and amortization expenses	77,613,107	87,360,280	90,080,580	92,909,692	95,851,968
- Finance costs	28,953,896	26,974,097	24,802,123	32,960,589	29,588,589
- Interest income	(13,624,808)	(13,897,304)	(14,175,250)	(14,458,755)	(14,747,930)
Operating Profit/(Loss) before working capital changes	169,601,210	309,610,125	333,989,656	359,015,756	396,180,258
Adjustments for Changes in working capital					
Changes in inventories	(24,606,396)	(25,836,716)	(27,128,552)	(28,484,980)	(29,909,229)
Changes in other current assets & DTA	10,556,826	5,770,880	10,322,905	897,520	807,768
Changes in trade and other payables	(11,249,057)	(10,124,152)	(9,111,737)	(8,200,563)	(7,380,507)
Changes in other current liabilities	(1,840,755)	(1,656,680)	(1,491,012)	(1,341,911)	-
Changes in provisions	5,357,575	5,518,302	5,683,851	5,854,367	6,029,998
Changes in loans & advances	116,358	174,252	100,541	60,688	54,619
Changes in trade & other receivables	10,911,136	9,622,398	8,455,248	7,397,549	6,438,367
Cash generated/(used in) from operations	158,846,894	293,078,408	320,820,900	335,198,426	372,221,274
Less: Taxes paid (net of refund)	115,244	(42,967,603)	(58,320,551)	(61,901,057)	(71,371,907)
Net generated/(used in) from operating activities (A)	158,962,138	250,110,805	262,500,349	273,297,368	300,849,366
B. Cash flows from Investing Activities:					
Interest income	13,624,808	13,897,304	14,175,250	14,458,755	14,747,930
Purchase of property, plant and equipment and CWIP	(193,012,000)	(36,255,000)	(2,408,000)	-	-



Net cash (used in) investing activities (B)	(179,387,192)	(22,357,696)	11,767,250	14,458,755	14,747,930
C- Cash flows from Financing Activities:					
Finance cost	(28,953,896)	(26,974,097)	(24,802,123)	(32,960,589)	(29,588,589)
Principal payment on lease liabilities	(126,234)	(137,365)	(149,478)	(141,829)	(154,336)
Increase/(Decrease) in Equity + Premium	336,600,855	-	-	-	-
Increase/(Decrease) in borrowings (net)	(81,014,156)	21,327,822	(11,872,201)	(34,130,552)	(37,502,551)
Net cash (used in) / generated from financing activities (C)	226,506,569	(5,783,641)	(36,823,802)	(67,232,971)	(67,245,477)
Net Increase / (Decrease) in cash & bank balances (A+B+C)	206,081,516	221,969,469	237,443,799	220,523,154	248,351,821
Cash & Bank balances at the beginning of the year	49,833,113	255,914,629	477,884,099	715,327,897	935,851,051
Cash & Bank balances at the end of the year	255,914,629	477,884,099	715,327,897	935,851,051	1,184,202,872

2. Financial statement for the last three years.

Statement of Financial Position

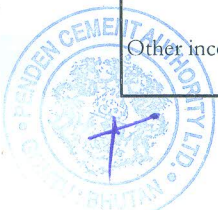
Particulars	As at 31 Dec, 2021	As at 31 Dec, 2022	As at 31 Dec, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	730,373,042	874,448,029	1,150,866,477
Right of use assets	261,043,042	-	1,421,934
Capital work in progress	5,952,213	289,794,890	7,611,211
Intangible assets	9,015,652	4,724,774	4,747,335
Investment property - Land	-	17,637,150	17,637,150
Long term loans & advances	7,813,457	940,405	165,547
Other receivables	181,292,734	195,059,003	222,210,094
Non-current tax assets	534,935	1,401,528	2,645,754
Deferred tax assets (net)	-	-	23,314,149
Total non-current assets	1,196,025,075	1,384,005,779	1,430,619,651
Current assets			
Inventories	485,732,615	607,719,291	492,127,926
Trade and other receivables	51,536,524	24,786,148	19,049,075



Short term loans & advances	2,400,591	3,179,556	832,484
Cash & Bank balances	136,877,376	4,656,711	49,833,113
Other current assets	28,486,738	14,316,910	12,311,666
Total current assets	705,033,844	654,658,616	574,154,264
	4,468,682		
TOTAL ASSETS	1,905,527,601	2,038,664,395	2,004,773,915
EQUITY & LIABILITIES			
Share capital	340,000,700	340,000,700	374,000,950
General Reserves	438,723,914	438,723,914	404,723,664
Revaluation Surplus	221,979,699	434,254,684	434,254,684
Retained Earnings	161,961,673	(73,721,913)	29,216,006
Other Comprehensive Income	3,959,927	23,931,756	17,843,528
Total equity	1,166,625,913	1,163,189,141	1,260,038,832
Non-current liabilities			
Borrowings	170,000,000	170,000,000	260,267,915
Provisions	142,465,648	141,325,500	144,338,256
Lease liabilities			1,348,980
Deferred tax liabilities (net)	39,375,621	43,713,241	
Total non-current liabilities	351,841,269	355,038,741	405,955,151
Current liabilities			
Borrowings	192,123,008	309,036,721	173,508,000
Provisions	45,907,348	34,165,998	34,247,569
Lease liabilities			126,234
Trade and other payables	133,169,257	154,358,872	112,490,574
Other current liabilities	15,860,806	22,874,922	18,407,555
Total current liabilities	387,060,419	520,436,513	338,779,932
Total	1,905,527,601	2,038,664,395	2,004,773,915

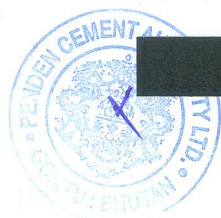
Statements of Comprehensive income

Particulars	For the year ended 31 December, 2021	For the year ended 31 December, 2022	For the year ended 31 December, 2023
Revenue			
Revenue from operations	909,219,120	499,794,235	1,604,084,989
Other income	33,574,407	46,574,784	46,942,278



Total Revenue	942,793,527	546,369,019	1,651,027,267
Expenditure			
Cost of materials consumed	294,950,168	168,751,977	453,495,395
Other manufacturing expenses	385,527,470	299,808,425	672,027,309
Changes in inventories of finished goods and work in progress	17,453,676	(26,497,343)	87,987,190
Employee benefit expenses	193,278,358	188,489,953	198,479,108
Finance costs	7,204,724	13,851,422	21,203,519
Depreciation and amortization expenses	71,448,677	68,258,187	67,218,804
Selling and transportation expenses	38,906,665	33,484,217	82,280,099
Other expenses	15,332,101	25,113,962	32,623,455
Total Expenditure	1,024,101,839	771,260,800	1,615,314,879
Profit / (Loss) before tax	(81,308,312)	(224,891,781)	35,712,388
Tax reversal / (expenses):			
Current tax - earlier years	(6,073,715)	-	198,141
Deferred tax	(16,558,153)	(4,692,143)	67,027,390
Net Profit/(Loss) for the year	(103,940,180)	(229,583,924)	102,937,919
Other comprehensive income/(loss)			
- Items that will not be reclassified to profit or loss			
Re-measurements gain on defined benefit plans	24,794,974	19,971,829	(6,088,228)
- Items that will be reclassified to profit or loss			
Fair value of land	-	212,274,985	-
Net other comprehensive (loss) / income	24,794,974	232,246,814	(6,088,228)
Total Comprehensive Income	(79,145,206)	2,662,890	96,849,691
Earning per share			
- Basic/Diluted earnings per share	(2.78)	(6.75)	a.

Cash Flow Statement



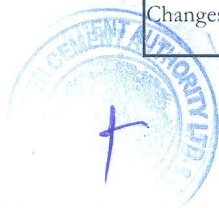
Particulars

31 December, 2021

31 December, 2022

31 December, 2023

<u>A. Cash flows from operating activities:</u>			
Profit / (Loss) before tax	(81,308,311.86)	(224,891,780.87)	35,712,388.34
Adjustments for:			
- Depreciation and amortization expenses	71,448,676.71	68,258,186.51	67,218,803.63
- Property, plant and equipment written off		1,180,086.92	802,830.71
- Loss on sale of assets held for sale		508,769.76	
- Shortage of coal written off (Refer note 42.9)		40,202,794.00	
- Balances written off	26,655.03		
- Obsolete spares written off	83,601.00	229,603.37	
- Finance costs	7,204,724.09	13,851,421.73	21,203,518.67
- Liabilities no longer required written back	(3,536,036.11)	(3,123,483.57)	(13,390,436.27)
- Impairment allowance on Beema Bamboo Project - CWIP (refer note 42.15)			7,216,936.00
- Interest income	(14,925,800.31)	(13,756,566.42)	(13,669,342.31)
Operating Profit/(Loss) before working capital changes	(21,006,491.45)	(117,540,968.57)	105,094,699.78
<u>Adjustments for Changes in working capital</u>			
Changes in inventories	89,739,528.86	(155,002,436.10)	115,591,365.08
Changes in other current assets	94,850,744.45	14,169,828.24	2,005,244.24
Changes in trade and other payables	(28,661,216.54)	24,313,098.17	(28,477,862.52)
Changes in other current liabilities	3,211,540.28	7,014,115.87	(4,467,367.17)
Changes in provisions	16,283,353.50	7,090,330.60	(2,993,897.86)
Changes in loans & advances	7,807,338.61	6,094,086.67	3,121,930.01
Impact of restatement as at 01.01.2021 (Refer Note 41)	(9,681,295.20)		
Changes in trade & other receivables	(16,397,009.24)	26,222,112.90	(21,414,018.50)
Cash generated/(used in) from operations	136,146,494.27	(187,639,831.22)	168,460,092.06
Less: Taxes paid (net of refund)	(6,545,472.92)	(866,593.00)	(1,046,085.12)
Net generated/(used in) from operating activities (A)	129,601,021.35	(188,506,424.22)	167,414,006.94
<u>B. Cash flows from Investing Activities:</u>			
Interest income	37,670,088.59	518,561.24	13,669,342.31
Purchase of property, plant and equipment and capital work in progress	(4,562,022.99)	(34,515,005.45)	(68,076,616.58)
Purchase of intangible assets	(4,410,850.00)		(1,250,000.00)
Proceeds from Sale of PPE/held for sale/transfer to held for disposal (net)		3,959,912.22	
Changes in capital work-in-progress	(157,011,166.00)		



Net cash (used in) investing activities (B)	(128,313,950.40)	(30,036,531.99)	(55,657,274.27)
C- Cash flows from Financing Activities:			
Finance cost	(28,151,759.74)	(13,190,544.73)	(21,203,518.67)
Interest paid on lease liabilities	89,068,134.38		(140,310.95)
Principal payment on lease liabilities			(256,315.80)
Increase/(Decrease) in borrowings (net)		99,512,835.95	(44,980,184.76)
Net cash (used in) / generated from financing activities (C)	60,916,373.64	86,322,291.22	(66,580,331.18)
Net Increase / (Decrease) in cash & bank balances (A+B+C)	62,203,444.59	(132,220,664.99)	45,176,402.49
Cash & Bank balances at the beginning of the year	74,673,931.00	136,877,376.12	4,656,711.00
Cash & Bank balances at the end of the year	136,877,376.12	4,656,710.77	49,833,113.49
Cash & Bank balances include:			
Cash and cash equivalents			
- Cash in hand	141,804.36	86,667.35	62,825.39
- Balances with Banks in current accounts	95,511,117.32	3,436,911.14	48,638,054.85
<u>Other bank balances</u>			
Fixed deposit with Banks having original tenure of more than three months but less than twelve months (including interest)	40,006,573.00		
Balances with Banks on unpaid dividend accounts	1,217,882.44	1,133,133.28	1,132,233.28
Cash & Bank balances reported under Note - 12	136,877,376	4,656,710.77	49,833,112.52

H. Market price

	3 rd Feb'24	3 rd Mar'24	3 rd Apr'24	3 rd May'24	3 rd Jun'24	3 rd Jul'24
Market Value	80.77	93.46	101.00	90.00	90.07	103.00

I. Outstanding litigation

None

J. Name and contact number of the Company Secretary

Lhaden Wangmo, Offg Company Secretary
Contact No: 17694112

K. Declaration

We hereby declare that we have complied with the relevant provisions of the Companies Act, the regulations of Royal Securities Exchange of Bhutan, and all prevailing rules and regulations. Furthermore, no statements made in the prospectus contradict the provisions of the Companies Act.



Name of the Company: Penden Cement Authority Limited

Rights Issue Subscription Form

To,
The RICB Securities Ltd.
Norzin Lam
Thimphu

Date:

Dear Sir/Madam,

Subject: Subscription of Rights Shares

I/We hereby express our intent to subscribe to the rights shares and agree to accept the shares allotted to us, subject to the terms and conditions outlined in the offer document. The information provided below is accurate and complete to the best of my/our knowledge.

A. Rights Offer Subscription

Name:	CID No.
Address:	Contact No.
Email:	
Bank Name & Account Number	
No. of shares applied for:	Amount remitted: Nu.
Payment method: Cash/Bank Transfer/Cheque/Other	
<i>N.B: Please attach a copy of the CID</i>	
<u>Signature of the applicant</u>	



B. Renunciation of Rights Shares

The shareholder(s) reserves the right to renounce their offers wholly or partially to any person, other than the promoters or any substantial shareholders of the company whom he/she does desire.

Renouncer (Shareholder)

Name: CID No.

Address: Contact No.

Email:
.....

No. of shares held:

This is to confirm that the below listed applicant(s) has been offered my rights and are not the promoters or substantial shareholders of the company and therefore, authorize the Exchange to register them as shareholders of the company.

N.B: Please attach a copy of the CID

Signature of the Renouncer

Renounee (New Applicant)

Name: CID No.

Address: Contact No.

Email:
.....

Bank Name & Account Number.....

No. of shares applied: Amount remitted: Nu.

Payment method: Cash/Bank Transfer/Cheque/Other

N.B: Please attach a copy of the CID

Signature of the Renounee



C. Sell Order Form

Name: CID No.

Address: Contact No.

Email:
.....

Bank Name & Account Number.....

No. of shares to be sold: Price: Discovered auction price

N.B: Please attach a copy of the CID

Signature of the applicant

For Official Use Only:

Subscription Received By:

Date Received:

