PENDEN CEMENT AUTHORITY LIMITED

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2019

ANNUAL REPORT

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Penden Cement Authority Limited

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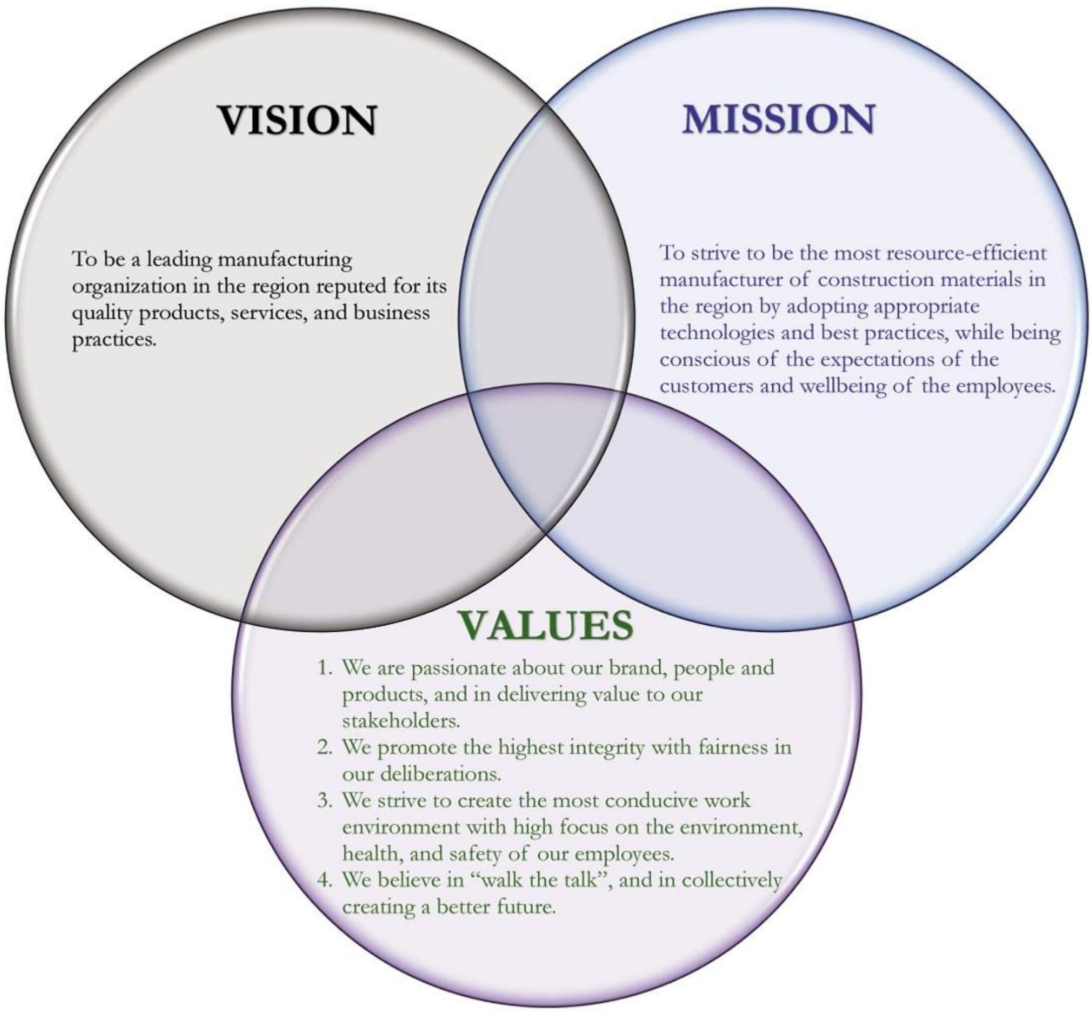

VISION
To be a leading manufacturing organization in the region reputed for its quality products, services, and business practices.
MISSION
To strive to be the most resource-efficient manufacturer of construction materials in the region by adopting appropriate technologies and best practices, while being conscious of the expectations of the customers and wellbeing of the employees.
VALUES
1. We are passionate about our brand, people and products, and in delivering value to our stakeholders.
2. We promote the highest integrity with fairness in our deliberations.
3. We strive to create the most conducive work environment with high focus on the environment, health, and safety of our employees.
4. We believe in "walk the talk", and in collectively creating a better future.

COMPANY PROFILE

Penden Cement Authority Limited (PCAL) is a Joint Sector Company incorporated under the Companies Act of Bhutan 2016. PCAL is an ISO 9001:2015 Certified Company.

PCAL was constituted as an undertaking of the Royal Government of Bhutan under the Royal Charter, in 1974. In 1977, the process of setting-up of a 300 TPD plant began at Gomtu and commercial production started in 1981.

The plant was optimized to a clinker production capacity of 1000 TPD in the year 2002 by adopting the improved technology and control system with minimum investment. In 2004, with the concept of the introduction of blended cement by using industrial wastes such as slag and fly ash, the capacity of cement production was further enhanced to 1650 TPD.

For a period spanning over 38 years, PCAL has served as the foundation in steering the country during the crucial industrialization and developmental phase. Since its inception, PCAL has embarked on a journey to continuously move from strength to strength with constant impetus in research and development, focus on new mining opportunities and other diverse enterprising avenues for the betterment of the company.

The main Quality Policy of the company is to comply with the requirements of customers to their satisfaction and continually improve the effectiveness of Quality Management System. The Quality Objectives of PCAL are to enhance customers' satisfaction by supplying consistent quality of cement and affecting deliveries just in time.

Since its establishment, PCAL had been primarily in the business of manufacturing and selling cement. With the emergence of new challenges, particularly in the form of gradual depletion of limestone deposits, aging machinery and ever increasing market competition, both external and domestic, PCAL is constantly reviewing both the internal and external environments to re-position itself for growth and sustenance.

COMPANY'S MILESTONE

1965
- Prospecting of Limestone initiated through the Geological Survey of India.

1970
- Feasibility Study of a 300 TPD cement plant at Pugli commenced.

1974
- Constitution of Penden Cement Authority.

1980
- Setting up of 300 TPD cement plant commenced.

1981
- Commercial production commenced.
- Entered Indian Cement Market as levied (controlled) item controlled under essential commodities by Cement Control.

1982
- HRH Ashi Kesang Wangmo Wangchuck inaugurated Penden Cement Plant on February 5, 1982.

1983
- Penden Cement achieves 107.9% capacity utilization in Clinker production.

1985
- Penden Cement takes over the management of Penden Collieries.
- 2 Virtual Shaft Kilns(VSKs) of 50MTPD capacity each installed. Thus enhancing the installed clinker production to 400MT.

1986

- Penden Cement takes over Shumar Gypsum Mines from Department of Industry.
- GOI declared Cement as a non-levied commodity under free sale.

1987

- Penden Cement was connected to the National Power Grid - Department of Power (DoP) supply on March 29, 1987.

1988

- Penden Cement initiated the project of planting trees within and the adjoining areas of its factory premises and mined out areas.

1989

- Penden Cement incorporated under the Companies Act of the Kingdom of Bhutan as a Joint Sector Corporate Body, Penden Cement Authority Limited.

1991

- Received DANIDA's assistance on reduction in air pollution, Occupational Health and Safety Management (OHSM) started.

1992

- Penden Collieries and Shumar Gypsum Mines were privatized.
- Established an Environment Cell to address the environmental issues and conduct monitoring of stack emission, ambient air quality, work environment air quality, and occupational safety and health aspects.

1993

- Optimized plant capacity to 400 TPD with a reduction in air pollution under DANIDA's funding.

1994

- Approval accorded by the board for capacity augmentation of the plant to 800 TPD.
- Penden Rock Project at Setikhare started.
- Penden Dolomite Project at Sunargaon initiated.

1995

- Work on capacity augmentation started.

1996

- Plant Capacity Augmented to 800 TPD.
- Clinker Storage Silo was set up, having a capacity of 10000 MT.
- Adoption of the new concept of Programmable Logic Control (PLC) philosophy.
- Installation of glass fabric Bag House for Pollution Control.

1998

- PCAL conferred with "ARCH OF EUROPE AWARD" for Excellence and Quality.
- First PSC was ground in July 20, 1998.

1999

- Launched the production of Portland Slag Cement (PSC). Bureau of Indian Standard Product Certification Awarded for OPC43, OPC33 grades, and PSC.

2001

- Project Work on Optimization from 800 TPD to 1000 TPD of Clinker production started.

2002

- The optimized Clinker production of 1000 TPD was achieved in May 2002.
- Upgradation of Programmable Logic Control (PLC) platform to next higher operating platform i.e. from CORAS to WINCC Operating System.
- Installation of new Gas Analyzers and better raw meal and coal feed control system.
- Penden Cement started operating the Uttare Limestone Mines.

2003

- PCAL awarded with ISO 9001: 2000 certifications by Bureau of Indian Standard.

2004

- Cement production augmented to 1650 TPD with the launching of Portland Pozzolana Cement (PPC) in the market.
- Cement Mill III was set up with a capacity of 22.5 TPH PSC and 30TPH OPC.
- Fly Ash Storage Silo was set up with a capacity of 750MT.
- New Packing Plant with 6 Spout Rotary Packer Machine was set up.

2005

- Product Certification for PPC (Portland Pozzolana Cement) was awarded by the Bureau of Indian Standard.
- Old Packing Plant upgraded from stationary Spout Packer Machine to 6 Spout Rotary Packer Machine.

2006

- Completed 25 years of commercial production and Celebrated the Silver Jubilee of the company on February 5, 2006.

2007

- Recognized as the first firm in obtaining "Private Forest Ownership Certificate" in the district toward protection and conservation of the environment.
- Circular Stacker Reclaimer having a storage capacity of 21,000MT was set up for blending and homogenization of limestone of varying quality.

2008

- Initiated additional limestone deposit prospecting through the expertise of DGM in and around Samtse district and Gelephu.

2009

- Separate Fly Ash dosing line introduced for Cement Mill III for production of PPC from this Mill.

2010

- PCAL awarded "THE PLATINUM TECHNOLOGY AWARD FOR QUALITY & BEST TRADE NAME" by OTHERWAYS INT'L RESEARCH & CONSULTANTS in Geneva, Switzerland.

2011

- PCAL has also led and constructed the Clock Tower in the middle of Gomtu Town to commemorate the Royal Wedding during 2011 with joint funding from the Lhaki Group of Companies.

2012

- High-quality limestone is being investigated in Dorokha and Denchukha areas located about 22-km crow fly distance north of Gomtu in an effort to prolong the life of your plant.

2013

- In bringing growth and diversification through new product development, the company has developed a new type of cement-based on mineral dolomite and is branded as DoloCem. Strength, workability, and durability related tests of this product are found positive and in conformity to Bureau of Indian Standards (BIS).

2014

- A 9 feet brass make Jampelyang (Manjushree) statue was constructed and successfully installed, in dedication to the 60th birth anniversary of HM the Fourth Druk Gyalpo, in collaboration with other industries and manufacturing companies, mining industries and local government authorities at the Queen's Park, Gomtu. The total expenditure incurred toward the installation of the statue was Nu. 4,150,000.00.

2016

- Penden Cement Authority limited received the ESQR's (European Society for Quality Research) Award for best practices 2016 at ESQR's Convention in Brussels, on June 4, 2016.
- PPC Plus, Penden Premium brand cement was launched in the Export market in the month of February 2016.

2017

- Adopted and implemented all phases of Bhutanese Financial Reporting Standards (BFRS).

2018

PCAL upgraded to ISO 9001:2015 Quality Management Systems in the month of September 2018.

Start of Restoration of Uttare Mines and Beema Bamboo plantation

PPC Plus, Penden Premium brand cement was launched in the domestic market in the month of November 2018.

An organizational development exercise was carried out. A technical audit of the plant was carried out by Siam Cement Group, Thailand. Detailed Project Report for the AAC blocks project carried out. The predictive maintenance program was introduced.

2019

- Carried out Limestone prospecting works at Daling, Pangbang. Carried out re-assessment of limestone deposits at Penden Limestone Mines in Pagli, Kalapani Calc-tufa Mines and Kharkhola area by DGM. The Performance Management System was introduced at the Department and Individual levels. Implementation of the OD exercise carried out. Introduction of heads of departments at the level of Directors. Implementation of the AAC blocks project started. Enterprise riks management was introduced, 10 years strategic roadmap was drawn, BSB mark launched for the domestic market, and several other reforms were carried out.

BOARD OF DIRECTORS

1. Dr. Sonam Tenzin, Chairman, PCAL
2. Brigadier Pema Dorji, Commandant, Royal Body Guard, Thimphu
3. Mr. Sonam Wangyel, Dzongdag, Samtse Dzongkhag Administration
4. Lopen Passang, Secretary General, Central Monastic Body, Thimphu
5. Mr. Tshering Tashi, Her Majesty's Secretariat, Thimphu
6. Ms. Leki Wangmo, Investment Director, National Pension & Provident Fund, Thimphu
7. Mr. Kinga Lotey, Head- HR & Administration Unit, DHI, Thimphu
8. Mr. Thinley Namgyel, Chief Enviroment Officer, NECS, Thimphu
9. Mr. Tenzin, Chief Executive Officer, PCAL

SHAREHOLDERS

SN	Name of Shareholders	% of Shares
1.	Central Monk Body	7.81%
2.	Other Monasteries	7.20%
3.	Yum Rani Choying Wangmo's Trust Fund	5.38%
4.	Royal Family Members	0.91%
5.	His Majesty's Kidu Fund & Sunchob Fund	11.03%
6.	Druk Holding and Investment	40.33%
7.	Bank of Bhutan Limited	0.11%
8.	National Pension and Provident Fund	6.34%
9.	Bhutan National Bank Limited	1.79%
10.	Royal Insurance Corporation of Bhutan	0.54%
11.	Education Stuff Welfare Scheme	0.26%
12.	Bhutan Development Bank Limited	0.11%
13.	Bhutan Trust Fund for Environmental Conversation	0.52%
14.	Army Welfare Project	0.13%
15.	Gokha Kidu Soelra Fund(RBG)	0.88%
16.	Royal Golf Club	0.03%
17.	Royal Bhutan Army	0.36%
18.	Royal Body Guard	0.22%
19.	Royal Bhutan Police	0.15%
20	Other Individual Shareholders	15.90%
TOTAL NUMBER OF SHARES		**100%**

SHAREHOLDERS AND BOARD MEETING HELD IN 2019

Meetings	No. of Meeting held
Annual General Meeting	1
Extraordinary General Meeting	1
Board Meeting	5
Board HRC Meeting	4
Board Audit Meeting	4
Board Tender Committee Meeting	2

DIRECTOR'S REPORT

To,
The Shareholders,
Penden Cement Authority Limited

I, on behalf of the Board of Directors of Penden Cement Authority Limited, take pleasure to present the Annual Performance Report on the business and operations of the Company, along with the audited financial statements for the year 2019.

The cement produced was 301,491.94 MT and dispatch was 303,936.23 MT during 2019, a decrease in dispatch of 2.79% from the 312,683.93 MT in 2018. This decrease in production was mainly on account of the longer duration of plant maintenance to take up the capital works and other external factors such as non-availability of fly ash at source, power outages, strikes in India that hampered dispatch, and non-availability of purchased clinker from source.

A total of 299,361.94 MT of PPC and 2,130.00 MT of PSC was produced during 2019. Out of which, 154,949.15 MT (51%) was sold in Bhutan and 148,987.08 MT (49%) was exported to India.

The overall income from the sale of cement for the year decreased to Nu.1,499.966 million from Nu.1,565.477 million in 2018. The decrease in the revenue is mainly attributable to decrease in production of 6,336.06 MT of cement when compared to 2018. The expenditure decreased by 1.35% from Nu.1,457.777 million in 2018 to Nu.1,437.983 million in 2019 due to lesser production. However, the expenditure does not commensurate with revenue due to increasing cost of raw materials and increased purchase of clinker during the year.

Due to the decrease in revenue, the Profit after Tax (PAT) decreased by 24.71% from Nu.111.579 million in 2018 to Nu.80.988 million in 2019. The decrease in PAT is attributable to reduced revenue and increase of expenditure on the account of increased quantity of purchased clinker and increasing costs of raw materials at the source.

The financial position of the company has also reduced from Nu.1,784.059 million in 2018 to Nu.1,599.689 million in 2019 due to decrease in investments (fixed deposit) and fixed assets. Fixed assets have been restated as per useful life of assets.

From the financial ratio analysis, there are improvements made in the operational efficiency ratio and the quick ratio as compared to the previous year.

The summary of the performance achievement for the year 2019 is highlighted as shown below:

Particulars	2019	2018	2017
Clinker Production (MT)	187,994.22	185,102.00	167,480.00
Cement Production (MT)	301,491.94	307,828.00	323,810.00
Cement Dispatched (MT)	303,936.23	312,683.93	322,594.64

Sale of Products and Other Income (MBTN)	1,557.297	1,618.803	1,631.094
Profit before Depreciation, Interest, and Tax (MBTN)	196.434	256.125	284.964
Less: Depreciation (MBTN)	78.477	96.238	78.220
Less: Interest (MBTN)	-	-	
Profit Before Tax (MBTN)	117.957	159.889	206.744
Corporate Income Tax (MBTN)	35.445	48.527	64.601
Profit After Tax (MBTN)	80.988	111.579	151.064
Comprehensive Income (MBTN)	70.915	109.767	154.743
Book Value of Shares (BTN)	33.58	37.96	41.51
Earnings Per Share (BTN)	2.09	3.23	4.55

Despite unprecedented efforts put in by the Board and management and employees, and improvements made in the system and processes, the financial achievement has been impacted mainly due to external factors, which were mostly beyond the control of the management. A summary of the challenges faced during the year are presented below:

1. Change of girth gear and pinions of coal mills 1 and 2 had to be taken up in 2019 due to deteriorating conditions of the coal mills. However, this has led to higher reliability of the coal mills.
2. Change of Kiln tip casting shell, Cowl shell, Pier 2 shell, which were procured before 2010 but had to be taken up in 2019 due to deteriorating Kiln operations. However, this would enable higher efficiency and availability of the Kiln hereafter. This exercise took more than 30 days as compared to the usual 15 days taken for the annual plant maintenance of the Kiln and its auxiliary systems.
3. Depleting limestone grade led to the purchase of 9,067 MT of high-grade limestone to meet the quality parameters of clinker.
4. Shortage of in-house clinkers during the plant maintenance led to high consumption of purchased clinkers and to upkeep the production of cement. The budgeted clinker for 2019 was 43,600 MT and actual purchase was 58,717 MT.
5. Sudden stoppage of fly ash supply from source incurred 17 days of production loss. The restoration of the fly ash silo also incurred certain production loss, as the initial plan was to construct a new fly ash silo. The existing silo is restored to its original storage capacity of 750 MT at a cost of Nu.3.20 million. Since the new fly ash silo was not constructed, Nu.30 million investment was also saved. The restoration has enabled better plant availability and efficiency. Substantial savings have been made from the production of PSC during shortages of fly ash from the source.
6. Abnormal hike of coal price in the fourth quarter from Nu. 8,100 to Nu. 8,650 per MT.
7. Due to huge outflow of cash mainly on account of purchased clinkers, the income from fixed deposits was also reduced in 2019.
8. Due to lack of critical spares of the plant, the spares and materials were procured from the original equipment manufacturers and authorized dealers, which also contributed to the increased cost of stores and spares consumed. However, this would lead to higher reliability from the genuine spares and help to prevent malpractices in the procurement system.

9. There were several breakdowns of the raw mill 1 air separator shaft that lost about 77 days, downtime of raw mill 2 due to cracks in the inlet bearing trunnion, air compressors, pump failures, etc.
10. Production was also hampered due to non-availability of raw material such as fly ash, clinker, and increasing cost of raw materials.

I will later submit a detailed report on the performance of the company under the challenges and way forward considered by the Board and the management.

Non-Financial Achievements

Given the current challenges faced by the Company, our performance in 2019 is indeed most satisfying. 2019 was also a great year for the Board and management to work on many reforms as we pave our way forward. A notable few are the 10 years' strategic roadmap, enterprise risk management, performance management system, investment plan, amendments to the service rules, reforms in procurement policies, introduction of technical and safety audits, strengthening of the internal auditing team, establishment of the environmental, health and safety unit (EHSU), introduction of EHS policy and initiation of the predictive maintenance cell to pursue advanced maintenance of the plant. We've also introduced many standard operating procedures to improve our system and processes. In the cement plant, we have carried out several rectifications and modernizations to improve plant availability and efficiency. The inventory management is also being considered a topmost priority to ensure that the critical spares and materials are available and that unnecessary inventory is not built up.

AAC Blocks Project: As approved by the Shareholders, a major highlight of 2019 is the implementation of the 300 CUM/day Autoclaved Aerated Concrete (AAC) blocks project, which is scheduled to be commissioned in July 2020. *Penden AAC Eco-blocks,* which is the name of the product, is sand based that is environment-friendly and has several technical and financial benefits as compared to the conventional or the red bricks. This will be a business unit of PCAL and shall engage about 65 employees that shall be met from the existing strength. The employees will be trained in the operation and maintenance of the plant during the project execution, commissioning and through on-the-job training in similar plants in India. In order to ensure higher reliability, efficiency and quality products, the Board and management has considered a fully automated plant. As far as possible, we will be using the current marketing and sales channel for the Penden AAC Eco-blocks. In 2020, we are targeting to fetch about Nu.88 million of revenue from the sale of the AAC blocks.

Beema Bamboo Project: Another major highlight is the Beema bamboo plantation at the Uttare Mines. After the closure of the Uttare Mines in 2016, we have planted Beema bamboo in 2019 for the reclamation of the mines. Beema bamboo has versatile applications such as energy generation or fuel substitute, environmental cleaning, removing of carbon, product manufacturing, and many other applications. The bamboo is expected to be ready for harvest by 2022-23. We have now established a project management unit to take up Beema bamboo plantation at a mass scale and to seek alternative fuel to supplement coal.

Other Diversification Projects: Several other diversifications are also being initiated. Based on the 10 years strategic roadmap, the Board and management is considering a dry mix mortar plant, which if found feasible shall be submitted to the Shareholders for consideration.

Other Non-Financial Achievements

Corporate Governance

The Company is adopting the best corporate governance practices complying with all Acts, Laws, Rules, and Regulations of the Royal Stock Exchange of Bhutan Limited, the Company Registry Division, MoEA, and DHI. While upholding the shareholder's values, the Company remains true to its vision, mission, and goals.

PCAL Board comprises nine Board of Directors including Chief Executive Officer. The Board Directors represent an array of institutions and minority shareholders providing the balance and wisdom for the Board to swiftly come to resolutions. In 2019, Dasho (Dr.) Sonam Tenzin was appointed as the chairman and Mr. Tshering Tashi, Mr. Thinley Namgyel, Lopen Passang and Dasho Pema Dorji were newly appointed in 2019 as Board Directors. The new company secretary cum legal officer was also recruited in 2019. A total of seven Board meetings were conducted during the FY 2019 along with the first Board Level Workshop on 10 years' strategic roadmap and enterprise risk management. The Board Audit Committee met for four meetings until the finalization of the accounts for FY 2019. Similarly, the Board also constituted a Board HR Committee which was convened four times in 2019 and Board Level Tender Committee that is constituted for tendering and procurement works, which are above the monetary values delegated to the management.

I am also pleased to inform the Shareholders that the management has also initiated several reforms such as the implementation of the organizational development exercise, regular management meetings, management retreats, employee's feedback system, employees' welfare scheme, and appropriate committees such as the employees' welfare and joint inspection, etc., to improve business processes and employees wellbeing. One of the major changes we have introduced is the detailed performance management system at the corporate level, company level and individual level, where incentives are based on the performance. The performance management system will enable the Board and the management to achieve higher goals and also to recognize the contributions made by the employees.

Corporate Social Responsibility

The Company continues to accord top priority to fulfilling its corporate social responsibility both towards its employees and the communities at large.

The Company continues to provide quality accommodation to its employees, games and sports facilities, other modern amenities, and conducts various rituals for the wellbeing of the employees and all sentient beings. The Company has contributed to various charities and religious institutions around the Country and the neighboring places through cash and also in kind. Few prominent contributions made are reading retreat donations of Nu. 20,000 to promote reading habits amongst young youth, annual contribution of Nu. 40,000 towards economically disadvantaged children attending Early Childhood Care and Development Centre. These children belong to our employees serving in lower categories. This is done to shoulder their expenses and uplift the society amongst the low income level. PCAL has also contributed about 10.50 MT of cement for renovation of Lhakhangs, institutions, and schools in Bhutan. In 2019, PCAL supported the reinforcement of the plastic ban initiative by NECS through free distribution of 10,000 environment friendly bags.

Apart from tangible contributions, PCAL is also working towards environment friendly measures by cleaning and planting plants in PCAL colony and also around Phuntsho Pelri to reduce the air pollution and also to manage waste through proper waste disposal by providing a waste disposal truck. PCAL has carried out sprinkling of water in and around Gomtu town to minimize dust on a daily basis. Further, PCAL has been a vegetarian company since 2018, where only vegetarian meals are served during all the official events. This is expected to contain expenses, promote healthy diet, and reduce impact on the environment besides other religious benefits.

Challenges and Way Forward

I would like to take this opportunity to briefly flash back through the company's profile from the time of inception.

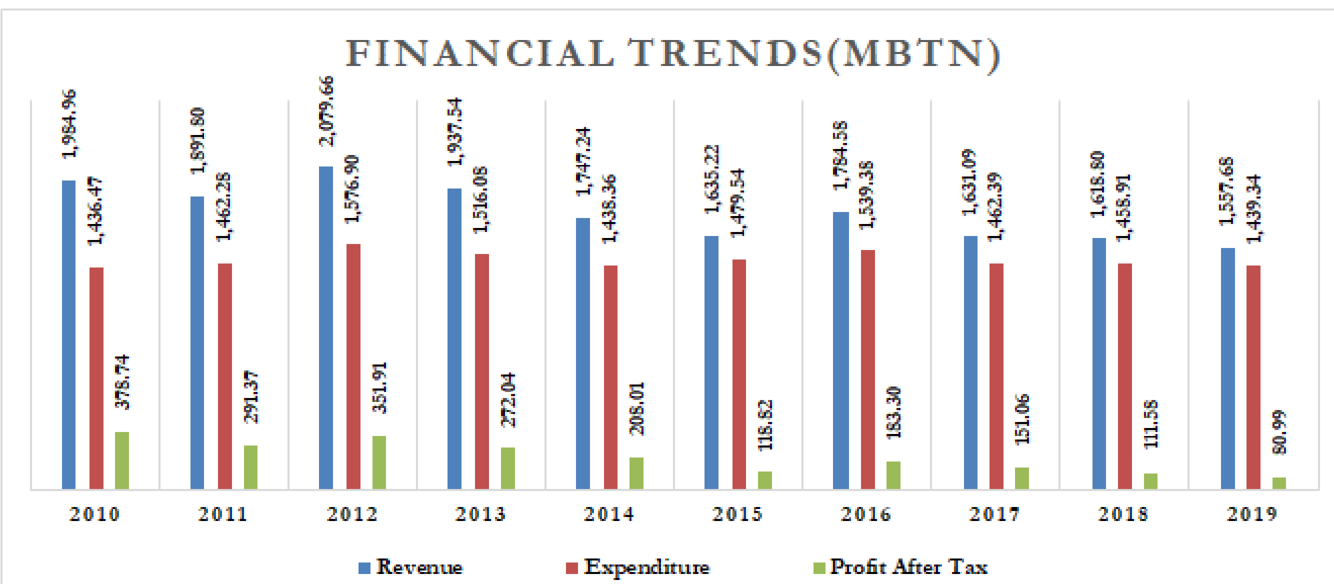
Penden Cement Authority Limited (PCAL) is a Joint Sector Company incorporated under the Companies Act of Bhutan 2016. PCAL was constituted as an undertaking of the Royal Government of Bhutan under the Royal Charter in 1974. In 1977, the process of setting-up of a 300 TPD plant began at Gomtu and commercial production started in 1981. In 1993 the plant capacity was optimized to 400 TPD and later in the year 1996, the plant capacity was augmented to 800 TPD. The plant was then optimized to a clinker production capacity of 1000 TPD in the year 2002 by adopting the improved technology and control system with minimum investment. In 2004, with the concept of the introduction of blended cement by using industrial wastes such as slag and fly-ash, the capacity of cement production was further enhanced to 1650 TPD.

The reason for the up-gradation of the Plant was the additional Uttare Limestone deposits identification in the mid-90s and also the Titi & Bouni Khola deposits which was later allotted to Lhaki Cement in late 90s. Further, the Uttare deposit exhausted with a huge difference in the actual quantity mined out against the projected geological reserves as stated above. The Uttare Limestone Mine reserve was estimated at 5.2 million tons. However, only about 1.8 million tonnes of limestone was extracted before its official closure in July 2016 after its operation for about one and a half decades. Therefore, there was a huge difference of about 3.4 million tonnes against the estimated reserve. The final reassessment report for the closure of Uttare Limestone Mine prepared by ONYX Mining & Survey Consulting Services, Thimphu with two check boreholes confirmed the exhaustion of the residual reserves and reasoned out for overestimating the reserves by GSI (Bhutan based) & NCCBM due to highly intricate nature of limestone deposits. Similarly, the Penden Limestone Mine reserve was estimated by DCPL, Kolkata, India at 5.23 million tones in 2002. As on date, about 4.557 million tonnes have been extracted and are already showing the indication of both quality and quantity depletion.

Over the four decades, PCAL was entrusted under the leadership of nine Managing Director/Chief Executive Officer including the incumbent CEO. The company has lost several opportunities in previous years. The present management headed by the CEO is focusing on initiating various policies, Diversification Projects like Penden AAC Eco-blocks and Beema Bamboo Plantation. The company is also following predictive maintenance to minimize the number of breakdowns due to aging machineries. The current management is also coming up with better and effective plans to shape Human Resources within the company which shall be briefly explained in paras below.

Today, PCAL is manned by 676 employees consisting of employees on contract, regular, GSP/ESP and muster roll. There has been a steady decline in the manpower strength from 1,296 in 2010 to 676 in 2019. The reduction in the number of employees is mainly on account of closure of Uttare Mines in 2016 and manpower rationalization taken up in the last few years.

The performance of the company has also been declining over the years. Since 2013, the revenue has been steadily declining without proportionate control on expenditure, thereby leading to depleting profit. Further, without a clear investment plan, the dividend payout of 100% was adjusted from the reserves until 2018 when the dividend payout fell down to 60%. As already reported to the Shareholders, the performance of 2019 has further deteriorated.



Following are the current key challenges faced by PCAL, their reasons and initiatives considered by the Board and the management, as mentioned below:

1. ***Limestone Deposits***

The limestone constitutes about 95% of the raw materials required for manufacturing cement. As reported earlier, the cement plant was initially designed for 300 MT and over the years, it was upgraded to 400 MT, then to 800 MT and finally to 1650 MT. On the other hand, the Uttare Mines was projected to produce about 5.2 million tonnes of limestone but had to close down after 1.8 million tonnes of limestone was extracted. The Uttare Mines was officially closed in 2016 due to poor quality limestone deposits. The Pugli Mines was also projected to have about 5.2 million tonnes of limestone and about 4.6 million tonnes have already been extracted. Therefore, upgrading of the cement plant was not supported by the limestone deposits. In order to meet quality parameters, the Company has been buying high grade limestone and clinker, which have led to the increased expenditure and declining profit over the years.

The Board and management considers the limestone reserves, the topmost priority of the Company and had carried out several explorations in the past. In recent years, the management had carried out the re-assessment of the limestone deposits at the Pugli Mines and Titi, Calc-tufa at Kalapani, and other potential deposits in the local areas. While there are indications of additional deposits at the Pugli Mines and Kalapani, more studies are required to confirm the deposits. After exhausting all possibilities within the vicinity of the plant, explorations were carried out in other Dzongkhags. In doing so, the team came across the potential limestone deposits at Daling and Bumshang under Ngangla Gewog in Zhemgang Dzongkhag. Accordingly, preliminary studies were carried out and approval of the Department of Geology and Mines (DGM) were sought. Based on the potential deposits, the pre-feasibility study (PFS) was carried out and completed but the approval is yet to be received.

The Pugli Limestone crushing unit, lab and office blocks are to be relocated in 2021 for potential deposits underneath the occupied space. The other alternative considered is the purchase of high quality Limestone, and Clinker from other sources. The management is focusing on producing PPC and PSC to reduce clinker consumption and exploring other alternative composite cement to reduce limestone consumption.

In order to expedite the exploration of limestone deposits, the management has established a project management unit. Further, the Board Chairman and Board of Directors are assisting the management in according clearance and discussions with relevant authorities to expedite works on the new captive mines.

2. *Plant Availability*

Due to the depleting limestone reserves and uncertainty surrounding it, the major maintenance and up-gradation of the plant and equipment were not considered for several years, which led to reduced plant availability. Therefore, there is a high frequency breakdown of the plant due to lack of right spares and materials for the plant, poor workmanship and non-availability of key skills, lack of maintenance strategy, improper implementation of production incentive, aging plant and equipment and fear of audit observations. To overcome these challenges the company is procuring spares and materials from original equipment manufacturers and authorized dealers and human resource training and certification programmes are being pursued to develop skills. The maintenance strategy is being implemented considering both preventive and predictive tools. We are also considering renovation and modernization of the plant and equipment without incurring major investments.

The Board and management is taking up the upgrading and modernization of plants and equipment in a phased manner, establishment of a predictive maintenance cell to carry out condition based maintenance of the plant for higher reliability and reduction in maintenance costs, introduction of inventory management manual and segregation of the spares, tools and plants. Identification of critical spares list, etc., and identification of key business priorities, to improve plant availability.

3. *HR Capacity*

Overall, there is a lack of HR competency and key skills (Kiln brick lining, insulation works, troubleshooting and diagnostics, welding, maintenance strategies, planning, business development, analytics, etc) and overstaffing, mismatch of skills and lack of ownership. Lack of succession planning, skill development and organizational culture issues have highly affected the HR capacity. To overcome these issues in the company, HR master plan including long term training plan is being considered, succession planning, HR training and development, job rotation, etc are also being taken up. The company has established a Knowledge Sharing Centre and terms of reference for functions and individual employees are under progress. The management's emphasis is on certification programs, in-house training and on-the-job training, etc to expedite capacity building.

The educational qualification matrix indicates poor planning and lack of required professionals for efficient operation and maintenance of the plant. There is an acute shortage of engineers in all the required fields. The Board and the management is also working on improving the technical to non-technical ratio of the employees so that critical skills are developed.

The Board and management has considered the 10 years strategic roadmap based on which HR master plan for five years shall be put in place to expedite capacity building and human resource development.

4. *Raw Materials*

Today, PCAL is facing challenges on high dependency on raw materials, and fuel and increasing costs of raw materials. This is due to procuring Coal, Gypsum, high quality Limestone, Clinker, Fly Ash, Slag and Iron ore from outside, increasing costs at the source and also due to the increasing costs of transportation and fuel. To overcome these challenges, the management is sourcing the raw materials from multiple sources through open tendering and carrying out optimization of raw materials and fuel. Along with optimization, PCAL is using grinding aid to improve efficiency and mills output, and the management also made representations to MoEA/DGM for operating captive coal mines so that the cost of fuel can be lowered as compared to the market price.

The Board and management has established a separate Raw Materials Control Division for effective management of raw materials inventory and controls. As per the 10 years strategic roadmap, we have now established a project management unit to work on the fuel substitute using Beema bamboo and other alternate fuel. A pilot project for Beema bamboo plantation has been considered as part of the reclamation of the Uttare Mines. The use of Beema bamboo and other waste materials are being explored to provide fuel substitute, and reduce dependency on coal.

The Board and management has worked on the 10 years strategic roadmap and the enterprise risk management of the company besides other reforms in its policies and system. For example, all business processes are made online for higher efficiency and transparency using the enterprise resource planning. With the concentrated efforts put in by the Board and the management, we are optimistic about turning around the trajectory of the company in the years ahead.

M/s T.K. Ghosh & Co., Kolkata was appointed by the Royal Audit Authority, as per the requirement of the Companies Act of Bhutan 2016 as Statutory Auditors of PCAL with effect from 2018. Accordingly, M/s T.K. Ghosh & Co, Kolkata undertook the Statutory Audit of the accounts of the company for the year 2019. The auditing of accounts was carried out with effect from 19th January 2020 to 4th February 2020. The 2019 audit was carried out in accordance with the International Standards on Accounting (ISA) as adopted by the Accounting and Auditing Standard Board of Bhutan (AASBB) and General terms of reference for auditor and minimum audit reporting requirement prescribed by the Royal Audit Authority specified under Chapter 10. Schedule-255(e) to the Companies Act of Bhutan, 2016.

I am pleased to report to our Shareholders that after many years, there are no Qualifications to the Auditor's Report for 2019. There are few observations or recommendations in the Annexure to the Auditor's Report for 2019. However, the Auditors have drawn attention to the evaluation of the useful life of the assets on a regular basis by an independent third party, which may impact the depreciation and related profitability of the company under Emphasis of Matter.

I am also pleased to report to our Shareholders that there are no major observations from the compliance audit of 2018 conducted by the Royal Audit Authority. The audit was conducted as required under the Audit Act of Bhutan 2018, and in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The unresolved paras are reconciliation of purchased clinker and installation of electric overhead travelling crane, which are being pursued rigorously by the management. Since 2018, the management has committed to ensure zero corruption, i.e., no audit qualifications on embezzlement, forgery and fraud, which is also one of the key performance indicators.

The Board of PCAL would like to acknowledge and thank sincerely the support of the RGoB, DHI, MoEA, MoLHR, RAA, NEC, DGM, RBA, RBP and other stakeholders in Bhutan and India for helping PCAL fulfil its mandates.

The Board would also like to thank the Chief Executive Officer, the PCAL management team and all employees for their dedicated service and contributions towards transforming the company. Further, the Board would like to urge the management of PCAL to continue to work towards achieving the huge tasks ahead as the company is going through a challenging phase. The Board shall continue to fully guide and support the management in its endeavour in achieving the vision, mission and goals of the company.

Tashi Delek

For and on behalf of the Board

(Dr. Sonam Tenzin)
Chairman of the Board of PCAL

Plantation of Beema bamboo at Uttare Mines by the management team

AUDITOR'S REPORT

T. K. Ghose & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PENDEN CEMENT AUTHORITY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Penden Cement Authority Limited (the Company), which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company, its financial performance and its cash flows for the year then ended in accordance with BAS.

Basis for Opinion

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

Emphasis of Matter

We draw the attention of the shareholders in respect of the following observation,

(i) The Company maintains a Fixed Asset Register based on which regular physical verification, useful life and depreciation is calculated. The Company did not get the useful life of the assets evaluated by an independent third party, which may impact the depreciation and related profitability.

Our opinion is not modified in respect of these matters.

T.K. GHOSE & CO.
Regn. No- 302002E

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For the audit of the Financial Statements we did not find any significant issue to be reported under K.A.M

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Our additional responsibilities are provided in **Annexure I.**

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan, 2016 (the Minimum Audit Reporting Requirements) we enclose in the Annexure II a statement on the matters specified therein to the extent applicable.

T.K. GHOSE & CO.
Regn. No-
302002E
Chartered Accountants
GB

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

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

For T. K. Ghose & Co.

Chartered Accountants

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

Gaurab Basu

Partner

M. No. 060518

Firm Registration No. 302002E

UDIN: 20060518AAAAAM2030

Date: 19/02/2020

Place: Kolkata

ANNEXURE I

Annexure to the Auditor's Responsibilities for the Audit of the Financial Statements of Penden Cement Authority Limited for the year ending 31st December 2019

As part of an audit in accordance with ISAs, we exercise professional judgment and maintained professional skepticism throughout the audit. We also

1. Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidences that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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Regn. No-
302002E
Chartered Accountants

5. 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.

For T. K. Ghose & Co.
Chartered Accountants

Gaurav Basu

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

Gaurab Basu
Partner
M. No. 060518
Firm Registration No. 302002E
UDIN: 20060518AAAAAM2030

Date: 19/02/2020
Place: Kolkata

ANNEXURE II

Annexure referred to in our audit report of even date on Minimum Audit Examination and Reporting Requirements (to the extent applicable)

1. The Company has generally maintained Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details and situation of PPE. *However, the company has not reconciled the quantitative and situation details of physical verification results with the records maintained. There are a number of assets whose location could not be ascertained at the time of physical verification but are included in the Asset Register. The useful life of the assets has not been accurately determined by the management.*

2. *None of the fixed assets of the Company have been revalued during the year under audit.*

3. The stock of inventories has been physically verified by the management once during the year.

   Considering the value of the inventory we feel once a year verification is not reasonable and the frequency should increase to once a half year.

   The management has followed adequate procedures for the physical verification of stocks in relation to the size of the Company and nature of its business.

   The company has identified discrepancies during the course of physical verifications and passed necessary entries in the books of accounts.

4. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of business. The basis of valuation is the same as in the preceding year.

5. On physical verification of the stocks, there are deviations in the book value and the value obtained during physical verification. The Company has passed proper entry for adjusting the deviation in the value of stock.

6. The Company is following a reasonable system of recording the receipts, issues and consumption of material and store. The issue of material and stores to respective departments can be tracked from the system.

7. At the end of the accounting year, the Company has carried out a quantitative reconciliation in respect of all the major items of inventories.

8. The obsolete, damaged, slow moving and surplus goods/ inventories has been identified by the management. Where the value of such items are significant, adequate provision has been raised.

9. Obsolete inventories amounting to Nu.556,618 has been sold during the year 2019.

10. Appropriate approval of the Board/ appropriate authority has been obtained for writing off the amount of material loss/ discrepancies in the physical balances of inventories including finished goods, raw materials, and stores & spares base on the power authorised by the Delegation of Power (DOP) of the Company.

11. The stocks have been valued based on the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASB). The basis of valuation is the same as in the preceding year.

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GB

12. The Company has not taken secured/ unsecured loans from companies, firms or other parties and/or from the companies under the same management.

13. The Company has not granted any loans, secured or unsecured, to companies, firms and other parties and/or to the companies under the same management.

14. Interest free advances given by the Company to outside parties and the employees have been generally adjusted/ recovered as per stipulation. Reasonable steps have been taken by the Company for recovery of the principal amounts, interest thereon (wherever applicable) *subject to our observations in Management Audit Report.*

    Advances have been granted to officers/staff generally in keeping with the provisions of service rules *subject to our observations in Management Audit Report.* Excessive/frequent advances are granted and/or accumulation of large advances against any particular individual are generally avoided *subject to our observations in Management Audit Report.*

15. In our opinion and according to the information and explanations given to us in course of the audit, the Company has generally established reasonably adequate system of internal controls 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 and systems and procedures. *However further steps may be taken to improve the internal control processes.*

16. A reasonable system of authorisation at proper level is there for the issue of stores and allocation of materials and labour to job. The system of internal control prevelant is commensurate with the size of the company and nature of its business.

17. In course of our audit we have observed that the Company, in general, has a system of obtaining competitive biddings/quotations from more than one party in respect of purchase of property, plant and equipment and other assets.

18. As explained to us, the Company has not entered into any transactions for purchase of goods, property, plant and equipment and sale of services with parties in which one or more directors/ any other parties in which such directors are interested.

19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management.

20. According to the information and explanations given to us and also as examined by us, there was no cases, where any items of inventory, which are unserviceable or damaged/ obsolete.

21. As informed to us, the Company, has a reasonable system of ascertaining and identifying point of occurrence of breakage and damages of raw material, packing material and finished goods and no such incidence have been identified.

22. As explained to us, the Company has reasonable record for production of finished goods and adequate safeguards exist to prevent unauthorized or irregular movement of goods from the Company.

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23. Based on the records maintained by the company and produced before us, the company is maintaining reasonable records for sale and disposal of realizable by-products and scraps.

24. According to the records maintained by the company and produced to us, the Company has generally been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities *subject to our Management Audit Report.*

25. According to the information and explanations given to us and so far it appears from the examination of the books, there were no undisputed amounts payable in respect of rates and taxes, provident fund, and other statutory dues as at date of the Statement of Financial Position. *Short payment of Provident Fund of Rs 58,616 was found in the month of November, 2019. But the amount was paid on 15th January, 2020 without any interest on the delayed payment.*

26. The Company has a reasonable system of allocation of man-hours to jobs/ contracts to commensurate with the size and nature of business of the Company.

27. *******removed*******

28. In our opinion, there is a reasonable system of price fixation taking into account the cost of production and the market conditions as decided by the Sales Committee of the Company from time to time.

29. The Company does not have a policy of credit rating of customers. As per the information given to us, credit sales are restricted to Institutional Customers only.

30. The company has a process of regular evaluation of the commission agent on regular basis based on the industry norms/ market condition.

31. In our opinion, the Company, in general, has a system of following up with debtors and other parties for recovery of outstanding dues. As explained to us, age wise analysis of debtors is regularly carried out and follow up actions undertaken, *however the system needs to be further strengthened and improved.*

32. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly cash/bank etc. are, in general, reasonably adequate and excessive amounts are not lying idle in non-interest-bearing accounts.

33. According to the information and explanations given to us, and on the basis of available records and information, we are of the opinion that the financial activities carried out by the Company during the year are prima facie lawful and intra-vires to the Articles of Association of the Company.

34. We are given to understand that Capital investment decisions are made with prior approval of the Board and investments in new projects are made only after ascertaining the technical and economic feasibility of such new projects.

35. The present system of budgeting, in our opinion, is generally reasonable.

36. Standard costing system is being established and variance analysis is being carried out by the company at regular intervals.

T.K. GHOSE & CO.
GB
Regn. No-
302002E
Chartered Accountants

37. The Directors have not been paid any remuneration other than sitting fees. The details of remuneration and other payments to the Managing Director/ CEO are disclosed in the accounts, is stated in Note 42. Based on the review of the records relating to the performance of the Board meetings, we have not come across any cases of disclosure of interest where payments have been made in cash or in kind to any of the directors and their relatives (including spouse(s) and child/children) by Company directly or indirectly, other than those mentioned above, nor have we been informed any of such case by the management.

38. As represented to us, the directives of the Board have generally been complied with.

39. We are given to understand by the management that the officials of the Company are refrained from transmitting any sensitive information which are not publicly available, unauthorized to their relatives/friends/associates or close persons which will directly or indirectly benefit themselves.

40. According to the information and explanations given to us, the Company has a reasonable system of ascertaining cost of its goods to enable it to make proper pricing decisions. However, pricing of its goods is largely market driven.

41. On the basis of checking of relevant records, we are of the opinion that the Company has not entered any agreements in respect of machinery/ equipment etc., taken on lease by it from others, other than those acquired in normal course of the business.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company has implemented "AXPERT", which in our opinion is fully stabilized to ensure effective internal control over operations.

2. According to the information and explanation given to us, the Company has adequate safeguard measures of its data and back up facilities for its data and maintains at a location in Thimphu.

3. The Company is maintaining appropriate backup facilities and disaster recovery measure at the location in Thimphu.

4. The operational controls are found to be adequate to ensure correctness and validity of input data and output information subject to our Management Report.

5. The Company has implemented proper measures for prevention of unauthorized access over the computer installation and files.

6. The data migration system is effectively managed by the Company.

GENERAL

1. **Going Concern Issues:**

   On review of the state of affairs as reflected by the Company's Statement of Financial accepted auditing standards, we have no reason to believe that the Company is not a going concern on the date of the Statement of Financial Position (i.e. 31st December 2019).

T.K. GHOSE & CO.
Regn. No- 302002E
Chartered Accountants

2. **Ratio Analysis:**
Included in a separate Annexure.

3. **Compliances with the Companies Act of Bhutan, 2016**

We have verified compliance with the Companies Act of Bhutan, 2016 by the Company during the course of our audit and our observations in this regard are given below:-

i) The Company has filed annual return as required by Section 267 of the Act.
ii) The Company has held annual general meeting as required by Section 177 of the Act.

iii) The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.

iv) Following statutory registers have been maintained by the Company depicting certain prescribed particulars as required to be disclosed under the Act.

a) Register of Directors

b) Register of charges [Section 228(c)]

c) Register of Intercorporate Loans/ Investments

d) Register of Buy Back of Shares

4. **Adherence to Laws, Rules and Regulations**

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements, as produced to us by the management.

In the course of audit, we have reviewed compliance to the Companies Act and its Articles of Association and as explained to us, the Company has been complying with appropriate laws, rules and regulations, systems, procedures and practices.

For T. K. Ghose & Co.

Chartered Accountants

Gaurav Basu

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

Gaurab Basu

Partner

M. No. 060518

Firm Registration No. 302002E

UDIN: 20060518AAAAAM2030

Date: 19/02/2020

Place: Kolkata

COMPREHENSIVE INCOME STATEMENT

PENDEN CEMENT AUTHORITY LIMITED

AUDITED COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED 31st DECEMBER, 2019

(Amount in Nu.)

Particulars	Notes	31st December 2019	31st December 2018 (Restated)
Income			
Revenue from operations	28	1,499,966,788	1,565,477,114
Other income	29	33,497,826	18,153,434
Total Revenue		**1,533,464,614**	**1,583,630,547**
Expenditure			
Decrease /(Increase) of stock	30	(84,410,768)	(24,646,526)
Raw materials consumed	31	324,698,643	306,510,123
Cost of clinker purchased		334,947,334	274,036,827
Packing materials consumed		64,855,484	66,576,414
Stores and spares consumed		56,871,021	49,587,190
Consumption of coal		269,226,517	279,082,688
Power		91,322,596	90,979,205
Repairs and maintenance	32	31,925,359	28,735,015
Employee cost	33	220,905,006	200,143,228
Depreciation	4 & 5	78,476,531	96,237,807
Other expenses	34	49,165,731	90,535,997
Total expenses		**1,437,983,453**	**1,457,777,967**
Profit from operations		**95,481,161**	**125,852,580**
Finance costs	35	1,356,897	1,135,599
Finance income	36	23,832,619	35,171,895
Profit before tax		**117,956,882**	**159,888,876**
Income tax Expense:			
Current tax		35,444,919	48,527,508
Deferred tax(Asset/Liability)		1,523,537	(217,894)
Profit after tax		**80,988,426**	**111,579,262**
Other cmprehensive income			
Remeasurements of post-employment benefit obligations		(10,073,251)	(1,811,900)
Net other comprehensive income		(10,073,251)	(1,811,900)
Total comprehensive income		**70,915,175**	**109,767,362**
Eaning per share			
- Basic and Diluted earnings per share		2.09	3.23

The above income statement should be read in conjunction with the accompanying notes

For T.K Ghosh & Co.
Chartered Accountants
Firm Registration No. 302002E

Gaurab Basu

Gaurab Basu
Partner
Membership No: 060518
Place : Kolkata
Date : 19/02/2020
UDIN: 20060518AAAAAM2030

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

For and on behalf of the Board of Directors

Chairman | Chief Executive Officer

Director | Director (FID)

Place: Thimphu
Date:

PENDEN CEMENT AUTHORITY LIMITED

AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER, 2019

(Amt in Nu.)

Particulars	Notes	31st December 2019	31st December 2018 (Restated)
ASSETS			
Non-current assets-			
Property, plant and equipment	4	624,045,637	648,628,685
Intangible assets	5	3,497,150	2,684,299
Investment property		1	1
Capital work in progress	6	12,522,562	6,936,002
Investments	7	100,410,000	287,261,424
Loans & Advances	8	21,798,145	16,521,792
Other non current assets	9	15,682,191	14,655,447
Trade & Other Receivable	10	3,088,609	4,769,666
Total non-current assets		**781,044,296**	**981,457,316**
Current assets-			
Inventories	11	485,222,542	431,631,448
Investments	12	149,901,585	244,109,281
Current tax assets	13	27,781,190	41,584,043
Trade and other receivables	14	871,577	1,258,623
Loans & Advances	15	90,447,059	14,153,225
Cash & Bank	16	57,379,814	63,097,267
Other current assets	17	7,041,402	6,768,730
Total current assets		**818,645,169**	**802,602,617**
Total assets		**1,599,689,465**	**1,784,059,932**
EQUITY & LIABILITIES			
Equity share capital	18	340,000,700	340,000,700
Retained earnings	19	801,873,125	950,753,495
Total equity		**1,141,873,825**	**1,290,754,195**
Non-current liabilities			
Long term provisions	20	6,477,337	5,721,618
Deferred tax liability	21	116,565,963	115,042,426
Employee benefit obligation	22	136,033,884	124,315,368
Other liabilities non current	23	3,519,045	4,578,173
Total non-current liabilities		**262,596,228**	**249,657,585**
Current liabilities			
Trade and other payables	24	130,564,221	165,814,193
Other curent liabilities	25	7,594,815	16,594,817
Current tax liabilities	26	35,444,919	48,527,508
Employee benefit obligation	27	21,615,457	12,711,634
Total current liabilities		**195,219,411**	**243,648,152**
Total		**1,599,689,465**	**1,784,059,932**

The above statement of financial position should be read in conjunction with the accompanying notes

For T.K Ghosh & Co.
Chartered Accountants
Firm Registration No. 302002E

Gaurab Basu
Partner
Membership No: 060518
Place : Kolkata
Date : 19/02/2020
UDIN: 20060518AAAAAM2030

T.K. GHOSE & CO.
Regn. No- 302002E
Chartered Accountants

For and on behalf of the Board of Directors

Chairman

Chief Executive Officer

Director

Director (FID)

Place: Thimphu
Date:

PENDEN CEMENT AUTHORITY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2019

(Amount in Nu.)

Particulars	31st December 2019	31st December 2018 (Restated)
A. Cash Flow from operating activities:		
Net Profit / (Loss) [Aggregate of Comprehensive Income and Other Comprehensive Income] before taxation	107,883,631	158,076,976
Adjustment to reconcile net income(loss) to net cash from operating activities:		
- Depreciation and Amortization	78,476,531	96,237,807
- (Gain)/Loss on Sale/Disposal of Property, Plant and Equipment	1,258,720	201,726
- Finance Charges	1,356,897	1,135,599
- Mining Cost	1,699,804	1,692,934
- Finance Income	(23,832,619)	(35,171,895)
Operating profit before working capital changes	**166,842,965**	**222,173,146**
Adjustments for Changes in		
- Inventories	(53,591,094)	6,321,222
- Current Investments	94,207,696	6,386,678
- Trade & Other Receivables	387,046	1,416,310
- Short Term Loans & Advances	(76,293,834)	876,114
- Other Current Asset	(265,801)	22,510,258
- Other Non Current Assets	763,515	(726,678)
- Trade and Other Payables	(35,249,972)	(12,991,457)
- Other Current Liabilities	(9,000,002)	(2,201,000)
- Provisions	755,719	677,174
- Other non- current Liablities	(1,059,128)	4,578,173
- Employee Benefit Obligation	20,622,339	(722,416)
Cash Generation from Operations	**(58,723,518)**	**26,124,379**
Less: Income Tax Paid (including CIT for previous years)	**50,519,779**	**62,009,859**
Net Cash Generation from operating Activities (A)	**57,599,668**	**186,287,667**
B. Cashflow From Investing Activities:		
Finance Income	23,832,619	35,171,895
Changes in Trade & Other Receivables	-	(1,597,951)
Changes in Loans & Advances	(5,276,353)	2,281,388
Purchase of Property, Plant and Equipment	(55,885,722)	(35,046,737)
Purchase of Intangible Assets	(1,583,115)	-
Proceeds from Sale of Property, Plant and Equipment	1,503,781	1,079,211
Changes In Capital Work-in-Progress	(5,586,560)	(6,936,002)
Changes in Other Non-Current Assets	(1,815,878)	991,916
Changes in Long Term Investments	186,851,424	39,955,350
Net Cash deployed in Investing Activities (B)	**142,040,196**	**35,899,070**
C- Cashflow From Financing Activities:		
Finance Charges	(1,356,897)	(1,135,599)
Dividend Paid	(204,000,420)	(238,000,490)
Net Cash Generation from Financing Activities (C)	**(205,357,319)**	**(239,136,090)**
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	**(5,717,452)**	**(16,949,353)**
Cash & Cash Equivalents at the beginning of the year	63,097,267	80,046,620
Cash & Cash Equivalents at the end of the year	**57,379,815**	**63,097,267**
Cash & Cash Equivalents include		
Cash in hand	258,184	238,554
Cheques in hand	26,320,048	17,885,160
Balances with Banks	30,801,583	44,973,553
Cash & Cash Equivalents Reported	**57,379,815**	**63,097,267**

Notes:

(1)The above cash flow statement has been prepared under the Indirect Method in accordance with BAS- 7 on "Statement of Cash Flows".
(2) Cash and Cash Equivalents exclude Bank Balances(Fixed Deposits) not available for immediate use
The accompanying notes form an integral part of this Statement of Cash Flows.

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

For and on behalf of the Board of Directors

For T.K.Ghose & Co.
Chartered Accountants
Firm Registration No. 302002E

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

Gaurab Basu
Partner
Membership No. 060518
Place: Kolkata
Date: 19/02/2020
UDIN: 20060518AAAAAM2030

Chairman

Chief Executive Officer

Director

Director (EID)

Place: Thimphu
Date:

STATEMENT OF CASH FOLOW AND NOTES FORMING PART OF FINANCIAL POSITION

PENDEN CEMENT AUTHORITY LIMITED

Statement of Changes in Equity

(Amount in Nu.)

A. Equity share capital

Description	Notes	Amount
As at 1st January 2018		**340,000,700**
Changes in equity share capital		-
As at 31 December 2018		**340,000,700**
Changes in equity share capital		-
As at 31 December 2019		**340,000,700**

B. Other equity

Description	Notes	Reserves and surplus	Reserve and surplus	Total other equity
		General Reserve	Retained earnings*	
Balance at 01 January 2018		**608,928,622**	**470,058,001**	**1,078,986,623**
Profit for the year			111,579,262	111,579,262
Other comprehensive income			(1,811,900)	-1,811,900
Dividend paid		(83,257,441)	(154,743,049)	(238,000,490)
Balance as at 31 December 2018		**525,671,181**	**425,082,314**	**950,753,495**

Description	Notes	Reserves and surplus	Reserve and surplus	Total other equity
		General Reserve	Retained earnings*	
Balance at 01 January 2019		**525,671,181**	**425,082,314**	**950,753,495**
Profit for the year			80,988,426	80,988,426
Other comprehensive income			(10,073,251)	(10,073,251)
Dividend paid		(86,947,267)	(117,053,153)	(204,000,420)
Additional CIT paid		(2,481,174)	(13,313,950)	(15,795,124)
Balance as at 31 December 2019		**436,242,740**	**365,630,385**	**801,873,125**

All shares are of same class and have the same rights attached.

* Retained Earnings comprise profits from previous year. Out of these profits, dividends paid for previous year in the current year is adjusted along with other adjustments. The current year's profits are then transferred to the Retained Earnings.

For T.K Ghosh & Co.
Chartered Accountants
Firm Registration No. 302002E

Gaurab Basu
Partner
Membership No 060518
Place : Kolkata
Date: 19/02/2020
UDIN: 20060518AAAAAM2030

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

For and on behalf of the Board Director

Chairman

Chief Executive Officer

Director

Director (PID)

Place: Thimphu
Date:

Notes to Financial Statements

4. Property, Plant and Equipment

Particulars	Land	Office Godown and Residential Building	Factory Buildings	Roads and Culverts	Plant & Machinery	Water Supply	Laborartory Equipments
At Ist January 2018	**10,785,238**	**127,369,495**	**138,173,153**	**155,917,324**	**912,576,002**	**24,090,703**	**6,167,908**
Additions in 2018	0	2,756,598	3,641,699	12,938,701	6,952,538	0	280,856
Sale/Disposals in 2018			0	0	(11,379,654)	0	0
At 31st December 2018	**10,785,238**	**130,126,093**	**141,814,852**	**168,856,025**	**908,148,887**	**24,090,703**	**6,448,764**
Additions in 2019	0	8,875,840	12,895,359	3,131,085	9,070,092	0	0
Sale/Disposals 2019	0	0	0	0	(9,887,572)	0	0
At 31st Decemeber 2019	**10,785,238**	**139,001,932**	**154,710,211**	**171,987,111**	**907,331,407**	**24,090,703**	**6,448,764**
Accumulated Depreciation							
Accumulated Depreciation as at 1st January 2018	0	48,163,697	38,572,217	56,090,258	581,350,046	8,876,875	4,685,288
Depreciation for the year 2018	0	4,123,340	4,079,146	12,028,590	56,814,632	1,312,119	298,918
Depreciation on Sale/Disposal in 2018	0	0	0	0	(10,315,629)	0	0
Accumulated Depreciation as at 31st December 2018	**0**	**52,287,037**	**42,651,363**	**68,118,848**	**627,849,049**	**10,188,994**	**4,984,206**
Depreciation for the year 2019	0	3,761,695	3,764,061	7,225,470	44,926,481	1,080,858	209,951
Depreciation on Sale/Disposal in 2019	0	0	0	0	(8,307,612)	0	0
Accumulated depreciation as at 31st December 2019	**0**	**56,048,732**	**46,415,424**	**75,344,318**	**664,467,918**	**11,269,852**	**5,194,157**
Net Block							
At 31st December 2018	**10,785,238**	**77,839,056**	**99,163,489**	**100,737,177**	**280,299,838**	**13,901,709**	**1,464,558**
At 31st December 2019	**10,785,238**	**82,953,200**	**108,294,788**	**96,642,793**	**242,863,489**	**12,820,851**	**1,254,607**

Particulars	Other Equipment	Electrical Installation	Furniture Fixtures & Other Equipments	IT Equipments	Vehicles	Telephone Installation	Instrumentation (electrical)	Components/ Parts	Generators	Total
At Ist January 2018	**18,663,736**	**74,163,838**	**30,310,465**	**28,054,820**	**31,337,103**	**10,130,324**	**15,118,140**	**11,263,496**	**3,665,885**	**1,597,787,628**
Additions in 2018	224,850	0	1,570,000	1,932,343	1,983,987	0	0	2,718,236	0	**34,999,809**
Sale/Disposals in 2018	0	0	(172,710)	0	(844,972)	0	0	0	0	**(12,397,336)**
At 31st December 2018	**18,888,586**	**74,163,838**	**31,707,755**	**29,987,163**	**32,476,118**	**10,130,324**	**15,118,140**	**13,981,731**	**3,665,885**	**1,620,390,102**
Additions in 2019	572,530	1,492,920	1,564,872	1,181,029	5,198,587	0	0	11,903,409	0	**55,885,722**
Sale/Disposals 2019	0	0	(105,962)	0	(2,153,045)	0	0		0	**(12,146,579)**
At 31st Decemeber 2019	**19,461,115**	**75,656,757**	**33,166,665**	**31,168,192**	**35,521,660**	**10,130,324**	**15,118,140**	**25,885,140**	**3,665,885**	**1,664,129,245**
Accumulated Depreciation									0	**0**
Accumulated Depreciation as at 1st January 2018	10,732,204	55,474,125	20,400,187	17,884,332	18,224,483	8,866,850	10,757,038	3,585,009	3,665,884	**887,328,493**
Depreciation for the year 2018	1,445,158	3,489,634	2,554,749	2,610,025	2,386,338	600,971	1,507,019	2,345,896	0	**95,596,535**
Depreciation on Sale/Disposal in 2018	0	0	(59,270)	0	(788,712)	0	0		0	**(11,163,611)**
Accumulated Depreciation as at 31st December 2018	**12,177,362**	**58,963,759**	**22,895,666**	**20,494,357**	**19,822,109**	**9,467,821**	**12,264,057**	**5,930,905**	**3,665,884**	**971,761,417**
Depreciation for the year 2019	1,116,637	3,052,137	2,384,592	2,248,419	2,689,748	340,972	1,504,110	3,401,137	0	**77,706,268**
Depreciation on Sale/Disposal in 2019	0	0	(105,962)	0	(970,503)	0	0	0	0	**(9,384,077)**
Accumulated depreciation as at 31st December 2019	**13,293,999**	**62,015,896**	**25,174,296**	**22,742,776**	**21,541,354**	**9,808,793**	**13,768,167**	**9,332,042**	**3,665,884**	**1,040,083,608**
Net Block									**0**	**0**
At 31st December 2018	**6,711,224**	**15,200,079**	**8,812,089**	**9,492,806**	**12,654,009**	**662,503**	**2,854,083**	**8,050,826**	**1**	**648,628,685**
At 31st December 2019	**6,167,116**	**13,640,861**	**7,992,369**	**8,425,416**	**13,980,306**	**321,531**	**1,349,973**	**16,553,098**	**1**	**624,045,637**

5. Intangible Assets

Gross Block	Amount
At Ist January 2018	**6,280,424**
Additions in 2018	0
Sale/Disposals in 2018	0
At 31st December 2018	**6,280,424**
Additions in 2019	1,583,115
Sale/Disposals 2019	0
At 31st Decemeber 2019	**7,863,539**
Accumulated Depreciation	
Accumulated Depreciation as at 1st January 2018	2,954,853
Depreciation for the year 2018	641,272
Depreciation on Sale/Disposal in 2018	0
Accumulated Depreciation as at 31st December 2018	**3,596,125**
Depreciation for the year 2019	770,263
Depreciation on Sale/Disposal in 2019	0
Accumulated depreciation as at 31st December 2019	**4,366,388**
Net Block	
At 31st December 2018	**2,684,299**
At 31st December 2019	**3,497,150**

T.K. GHOSE & CO. ★ Regn. No- 302002E ★ Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. ✱ GOMTU, BHUTAN ✱

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

6. Capital work in progress

Particulars	31st December 2019	31st December 2018 (Restated)
Building Under Construction	8,142,861	6,936,002
Capital Stock	4,379,701	-
Total	**12,522,562**	**6,936,002**

The Company has got 176.90 acres of land from government in the earlier years at Pugli free of cost, out of which the Company has let out 8.40 acres of land to external parties for the purpose of earning rental income. The Company has recorded such land at nominal value.

(i) Fair value of investment property carried at cost

Particulars	31st December 2019	31st December 2018 (Restated)
Fair value of investment property	68,345,415	68,345,415
Total	**68,345,415**	**68,345,415**

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

Particulars	31st December 2019	31st December 2018 (Restated)
Rental income	1,430,885	836,974
Total	**1,430,885**	**836,974**

7. Investments - Non Current

Particulars	31st December 2019	31st December 2018 (Restated)
Long Term Investments- Valued at cost		
Investments in fixed deposit	75,000,000	221,240,556
Interest fixed deposits	25,410,000	66,020,868
Total	**100,410,000**	**287,261,424**

8. Loans & Advances - Non Current

Particulars	31st December 2019	31st December 2018 (Restated)
Loans to Employees	19,863,615	16,521,792
Advances	1,934,529	-
Total	**21,798,145**	**16,521,792**

9. Other Non current assets

Particulars	31st December 2019	31st December 2018 (Restated)
Environment Restoration Bond	15,450,708	13,660,449
Deposits - Miscelleaneous	231,483	994,998
Total	**15,682,191**	**14,655,447**

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

10. Other Receivables - Non current

Particulars	31st December 2019	31st December 2018 (Restated)
Advance given:-		
- Considered good	-	-
- Considered doubtful	396,514	-
Less: Provision for doubtful Advances	(396,516)	-
Unamortised mining cost	3,088,611	4,769,666
Total	**3,088,609**	**4,769,666**

11. Inventories

Particulars	31st December 2019	31st December 2018 (Restated)
Valued at lower of Cost and Net Realizable Value		
Limestone, Gypsum and Other Raw Materials	105,427,791	152,314,277
Coal	39,094,052	35,018,475
Stores and Spares	124,554,646	112,563,442
Raw Materials in kiln prior to clinker stage under process	1,709,495	-
Clinker stock	200,188,059	113,912,768
Inventory in Cement Mills under process	6,847,186	-
Cement stock	7,401,314	17,822,486
Less: Provision on Stores and Spares	-	-
Total	**485,222,542**	**431,631,448**

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2019 amounted to Nu. 56,871,021 (2018 – Nu.49,587,190). These were included in stores and spares consumed in profit and loss account.

12. Investments - Current

Particulars	31st December 2019	31st December 2018 (Restated)
Fixed deposit with Bank	106,240,556	235,370,000
Interest Accrued on Fixed Deposit	43,661,029	8,739,281
Total	**149,901,585**	**244,109,281**

13. Current Tax Assets

Particulars	31st December 2019	31st December 2018 (Restated)
Advance Tax Paid	26,543,773	41,032,567
Tax Deducted at Source	1,237,416	551,476
Total	**27,781,190**	41,584,043

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

14. Trade & Other Receivables - Current

Particulars	31st December 2019	31st December 2018 (Restated)
Outstanding for a period exceeding six months:	-	
- Considered good		6,754,911
- Considered doubtful	-	(6,754,911)
Lease rent Receivable	173,510	443,799
House Rent Receivable	698,068	814,824
Total	**871,577**	**1,258,623**

15. Loans & Advances - Current

Particulars	31st December 2019	31st December 2018 (Restated)
(Unsecured and considered good unless otherwise stated)		
Advance to Suppliers & Contractors	82,928,581	-
Loans to Employees	6,272,721	13,285,978
Advance to employees	1,245,757	867,247
Total	**90,447,059**	**14,153,225**

16. Cash & Bank

Particulars	31st December 2019	31st December 2018 (Restated)
Cash in Hand	258,183	238,554
Cheques in Hand	26,320,048	17,885,160
Balances with Banks		
- On Current Accounts	29,566,481	43,451,499
- On Unpaid Dividend Accounts	1,235,102	1,522,054
- On Margin Money Account	-	-
Total	**57,379,814**	**63,097,267**

17. Other Current Assets

Particulars	31st December 2019	31st December 2018 (Restated)
Interest Accrued on Fixed Deposit and Investments	-	-
Interest Accrued on Loans and Advances	-	-
(Unsecured and considered good unless otherwise stated)		
Advance receivable in cash or in kind or for value to be receied:	-	
- Considered good	4,628,975	5,075,796
- Considered doubtful	1,964,504	1,964,504
- Provision for doubtful debts	(1,964,504)	(1,964,504)
Advance to others	712,622	
Unamortised mining cost	1,699,804	1,692,934.00
Total	**7,041,402**	**6,768,730**

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

18. Equity share capital

Particulars	31st December 2019	31st December 2018 (Restated)
Authorised Capital:		
100,000,000 Equity shares of 10 Ngultrums each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid up Share Capital		
34,000,070 Equity Shares of 10 Ngultrums each fully paid up (of the above 1,000,000 shares in the year 1994, and 1,133,337 shares in the year 2008 are allotted as fully paid up Bonus shares by way of Capitalisation of General Reserve)	340,000,700	340,000,700
All shares are of same class and have the same rights attached. There is no movement of shares during the reported periods		
Total	**340,000,700**	**340,000,700**

Movements in ordinary shares:	Number of shares	Par value
Opening balance 1 January 2018	**34,000,070**	**340,000,700**
Issues during the year	-	-
Balance on 31 December 2018	**34,000,070**	**340,000,700**
Issues during the year	-	-
Balance 31 December 2019	**34,000,070**	**340,000,700**

19. Retained Earnings

Particulars	31st December 2019	31st December 2018 (Restated)
General Reserve	438,723,914	525,671,181
Retained earnings	363,149,211	425,082,314
Total	**801,873,125**	**950,753,495**

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

Reserves and surplus

Particulars	31st December 2019	31st December 2018 (Restated)
General Reserve:-		
Opening balance	525,671,181	608,928,622
Add: Transfer from General Reserve	-	-
Add: Transfer to General Reserve	-	-
Add: Dividend paid	(86,947,267)	(83,257,441)
Closing Balance	**438,723,914**	**525,671,181**
Retained earnings:-		
Opening Balance	425,082,314	470,058,001
Add: Transferred from Profit & Loss	80,988,426	111,579,262
Add: Other comprehensive income	(10,073,251)	(1,811,900)
Less: Additional CIT paid	(15,795,124)	-
Less: Payment of Dividend	(117,053,153)	(154,743,049)
Closing Balance	**363,149,211**	**425,082,314**
Total	**801,873,125**	**950,753,495**

b) Retained Earnings

Retained Earnings comprise profits from previous year. Out of these profits, dividends paid for previous year in the current year is adjusted along with other adjustments. The balance amount after these adjustments is transgerred to General Reserve. The current year's profits are then transferred to the Retained Earnings.

c) General Reserve

Dividend may be declared from the General only after fulfilling the required formalities as writtten in the relevent laws.

20. Long Term Provisions

Particulars	31st December 2019	31st December 2018 (Restated)
Provision for decommissioning liability	6,477,337	5,721,618
Total	**6,477,337**	**5,721,618**

21. Deferred Tax Liability

Particulars	31st December 2019	31st December 2018 (Restated)
Deferred Tax (Assets)/Liabilities	115,042,426	115,260,320
- Property, plant & equipment	1,750,253	-
- Interest Accrued on Fixed Deposit and Investm	-	-
- Provision for Leave Encashment		
- Provision for doubtful debts	-	(14,741)
- Provision for decommissioning liability	(226,716)	(203,153)
- Provision for gratuity		
Total	**116,565,963**	**115,042,426**

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

GB

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

22. Employee Benefit Obligation

Particulars	31st December 2019	31st December 2018 (Restated)
Gratuity Payable	136,033,884	124,315,368
Total	**136,033,884**	**124,315,368**

23. Other Liabilities - Non Current

Particulars	31st December 2019	31st December 2018 (Restated)
Advance from Customers	402,443	402,443
Security Deposits	3,116,602	4,175,730
Total	**3,519,045**	**4,578,173**

24. Trade & Other Payables

Particulars	31st December 2019	31st December 2018 (Restated)
For Goods and Services	33,186,884	49,165,153
For Contractors	-	28,813,167
Provision For Expenses	1,814,915	1,767,579
Salary Payable	10,518,917	10,923,235
Other Payable to Employees	271,195	7,602,754
Security Deposits	47,459,734	42,625,159
Unclaimed Dividend	4,096,983	4,387,035
Interest Payable	376,362	376,362
Commission Payable	32,839,230	20,153,750
Total	**130,564,221**	**165,814,193**

25. Other Current Liabilities

Particulars	31st December 2019	31st December 2018 (Restated)
Advance from Customers	1,798,011	5,973,345
Advance from Others	880,609	4,546,817
Payable to Government Authorities	4,916,195	6,074,656
Total	**7,594,815**	**16,594,817**

T.K. GHOSE & CO.
Regn. No-302002E
Chartered Accountants

PENDEN CEMENT AUTHORITY LTD.
GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

26. Current Tax Liabilities

Particulars	31st December 2019	31st December 2018 (Restated)
Income tax liability	35,444,919	48,527,508
Total	**35,444,919**	**48,527,508**

27. Employee Benefit Obligation - Current

Particulars	31st December 2019	31st December 2018 (Restated)
Provision for Gratuity	12,029,556	3,638,637
Provision for un-availed leave	9,585,901	9,072,997
Total	**21,615,457**	**12,711,634**

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

PENDEN CEMENT AUTHORITY LTD. GOMTU : BHUTAN

PENDEN CEMENT AUTHORITY LIMITED
NOTES FORMING PART OF THE FINANCIAL POSITION

28. Revenvue from Operations

Particulars	31st December 2019	31st December 2018 (Restated)
SALES	-	
- Sale of Cement	711,020,861	854,903,026
- Sale from Depots		
- Gelephu	86,274,760	81,366,635
- Samdrup Jongkhar	39,758,412	38,729,418
- Phuentsholing	662,912,755	590,478,035
TOTAL	1,499,966,788	1,565,477,114

29. Other Income

Particulars	31st December 2019	31st December 2018 (Restated)
Sale of Scrape & Ohters	20,356,134	9,833,987
House Rent (Net)	6,829,519	7,039,122
Liability no longer required written back	307,178	291,904
Lease Rent Received	1,430,885	988,421
Prior Period Adjustment	4,342,560	-
Cement Issued for own consumption	231,550	-
TOTAL	33,497,826	18,153,434

30. Decrease/(Increase) in Stock

Particulars	31st December 2019	31st December 2018 (Restated)
Closing Stock :		
- Clinker	201,897,522	113,912,768
- Finished Goods (Cement)	14,248,500	17,822,486
	216,146,022	131,735,254
Less : Opening Stock :		
- Clinker	113,912,768	71,569,060
- Finished Goods (Cement)	17,822,486	35,519,668
	131,735,254	107,088,728
(Increase)/Decrease of Stock	(84,410,768)	(24,646,526)

31. Raw Material Consumed

Particulars	31st December 2019	31st December 2018 (Restated)
- Limestone	149,634,541	120,801,698
- Calc Tufa	8,432,967	5,303,336
- Sandstone	(46,883)	106,237
- Iron Ore	(5,923,436)	647,353
- Gypsum	45,858,443	36,483,624
- Fly ash	119,401,219	122,759,847
- Slag	7,341,791	14,941,730
Total	324,698,643	306,510,123

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32. Repairs & Maintenance

Particulars	31st December 2019	31st December 2018 (Restated)
Buildings and Roads	15,600,030	17,855,447
Plant and Machinery	14,873,628	9,288,198
Others	1,451,701	1,591,370
TOTAL	**31,925,359**	**28,735,015**

33. Employee Cost

Particulars	31st December 2019	31st December 2018 (Restated)
Salaries, Wages, Ex-Gratia and other allowances	181,601,416	163,754,771
Leave encashment	5,018,149	5,578,721
Post Employement Benefit	17,903,277	16,825,000
Contribution to Provident Fund	10,880,446	9,853,324
Staff Welfare	5,501,718	4,131,412
TOTAL	**220,905,006**	**200,143,228**

34. Other Expenses

Particulars	31st December 2019	31st December 2018 (Restated)
Travelling, Conveyance and Running Expenses of Vehicles	7,039,697	8,349,326
Printing and Stationery	2,494,213	2,397,428
Postage, Telephone and Telegrams	960,127	885,599
Insurance Charges	5,623,651	5,458,213
Laboratory Expenses	6,458,103	1,349,417
Loss on discard of property, plant and equipment	1,258,720	201,726
Audit Fees	177,061	148,838
Freight and Transportation	2,890,100	49,720,244
Entertainment Expenses	1,857,472	1,225,063
Training Expenses	4,838,904	5,221,073
Advertisement Expenses	838,975	1,261,072
Bhutan Sales Tax Paid	137,270	164,611
Other Administrative Expenses	2,676,504	1,596,840
Consultancy & Professional Charges	6,045,961	914,983
Horticulture Expenses	84,875	47,725
Mining cost	1,699,804	1,692,934
Donation	137,725	434,805
Directors' & Invitees Sitting Fees	540,000	836,000
Board Meeting Expenses	507,127	864,441
Sales Promotion Expenses	1,183,063	1,735,918
Rates & Taxes	302,311	514,241
Depot Expenses	381,762	458,602
Corporate Social Expenses	979,706	749,355
Others-Hiring of Equipmet	-	316,371
Write Off Account	52,600	-
Provision for Doubtful Debts (Expenses)	-	49,139
Provision for Obselete Stores & Spares	-	3,942,034
TOTAL	**49,165,731**	**90,535,997**

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35. Finance Cost

Particulars	31st December 2019	31st December 2018 (Restated)
Other interest cost	755,718	677,175
Bank Charges paid	601,179	458,424
TOTAL	**1,356,897**	**1,135,599**

36. Finance Income

Particulars	31st December 2019	31st December 2018 (Restated)
Interest on Fixed Deposits and others	22,068,741	35,171,895
Other Interest Income (IFRS)	1,763,878	-
TOTAL	**23,832,619**	**35,171,895**

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37. Fair Value Measurements

(Amount in Nu.)

Financial instruments by category

Particulars	31st December 2019			31st December 2018 (Restated)		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments in fixed deposits			75,000,000			221,240,556
Loans to Employees			19,863,615			16,521,792
Trade Receivables						
Deposit miscelleaneous			231,483			994,998
Environment Restoration Bond			15,450,708			13,660,449
House Rent Receivable			698,068			814,824
Leas Rent Receivables			173,510			443,799
Interest Accrued on Fixed Deposit			69,071,029			74,760,149
Fixed deposit with Bank			106,240,556			235,370,000
Cash in Hand			258,183			238,554
Cheques in Hand			26,320,048			17,885,160
Balances with Banks			30,801,583			44,973,553
Total financial assets			**344,108,782**			**626,903,834**
Financial liabilities						
Trade payables for Goods and Services			33,186,884			49,165,153
Trade payables for Contractors			-			28,813,167
Provision for expenses			1,814,915			1,767,579
Salary Payable			10,518,917			10,923,235
Interest Payable			376,362			376,362
Commission Payable			32,839,230			20,153,750
Security Deposits			47,459,734			42,625,159
Others (Including payable to employees)			271,195			7,602,754
Unclaimed Dividend			4,096,983			4,387,035
Total financialliabilities			**130,564,220**			**165,814,194**

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38. Capital Management

(a) Risk management

The company's objectives when managing capital are to:

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

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The funding requirement is met through the equity, given by the shareholder.

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.

(b) Dividends Paid & Proposed

Particulars	31st December 2019	31st December 2018 (Restated)
(i) Equity shares		
Final dividend for the year ended 31 Dec 2019 of Nu. NIL (31 Dec 2018 – Nu. 6) per fully paid share	204,000,420	238,000,490
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Nu. Nil per fully paid equity share (31 Dec 2018 – Nu. 6). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	-	238,000,490

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(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	31st December 2019		31st December 2018 (Restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Environment Restoration Bond	15,450,708	24,306,404	13,660,449	12,600,340
Investments in fixed deposit	75,000,000	107,336,542	221,240,556	298,545,533
Total financial assets	**90,450,708**	**131,642,946**	**234,901,005**	**311,145,872**

The carrying amounts of remaining financial assets and 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.

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(B) Liquidity risk **(Amount in Nu.)**

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.

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

(i) Maturities of financial liabilities

The tables below analyse the group'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 equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st December 2019	Less than 1 year	More than 1 years	Total
Trade and Other Payables	130,564,221	-	130,564,221
Total financial liabilities	**130,564,221**	**-**	**130,564,221**

Contractual maturities of financial liabilities 31st December 2018	Less than 1 year	More than 1 years	Total
Trade and Other Payables	165,814,193	-	165,814,193
Total financial liabilities	**165,814,193**	**-**	**165,814,193**

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39. 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	Trade and other payables	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	Currently the Company export goods to India

(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 and other receivables.

i) Trade receivables

The Company's trade receivables comprises from various parties. Trade receivables are non interest bearing and are generally on 30 days to 60 days credit term. Outstanding customer receivables are regularly monitored. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

Particulars	Less than one year	More than one year and upto 3 years	More than 3 years	Total
Trade & Other receivable as on 31 December 2019 (Gross)		-	396,514	396,514
Less: Provision for doubtful debts	-	-	(396,514)	(396,514)
Trade receivable as on 31 December 2019 (Net)	-	-	-	-

Particulars	Less than one year	More than one year and upto 3 years	More than 3 years	Total
Trade receivable as on 31 December 2018 (Gross)		-	6,754,911	6,754,911
Less: Provision for doubtful debts		-	(6,754,911)	(6,754,911)
Trade receivable as on 31 December 2018 (Net)	-	-	-	-

The requirement for impairment is analysed at each reporting date. Refer note 13 for details on the impairment of trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 36. The Company does not hold collateral as security.

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's Finance & Investment Department. 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.

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(C) Market risk

(i) Foreign currency risk

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

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	31st December 2019	31st December 2018 (Restated)
	INR	INR
Financial assets	16,881,828	26,338,912
Financial liabilities	14,941,948	21,858,623
Net exposure to foreign currency risk	**1,939,881**	**4,480,289**

As the value of INR is equivalent to Nu. historically, the company is not exposed to foreign exchange risk arising from foreign currency transactions 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 is not exposed to the risk of changes in market interest rates because it does not have any borrowings nor does it have any floating interest bearing financial assets.

Investment made by the Company 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.

(iii) Price Risk

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

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

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40. Tax Expense **(Amount in Nu.)**

Particular	31st December 2019	31st December 2018 (Restated)
Components of income tax expense		
Income tax expenses		
Current tax		
Current tax on profit for the year	**35,444,919**	48,527,508
Total current tax expenses	**35,444,919**	**48,527,508**
Deferred tax		
(Decrease)/ increase in deferred tax liabilities	1,523,537	(217,894)
Total deferred tax expenses	1,523,537	**(217,894)**
Income tax expenses	**36,968,456**	**48,309,614**

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(Amount in Nu.)

41. Disclosure as per IAS 19, 'Employees Benefit' as regards defined benefit scheme (Gratuity)

A	Change in Defined Benefit Obligation (DBO)	31-Dec-19	31-Dec-18
1	DBO at end of prior period	127,953,990	128,850,000
2	Current service cost	7,957,863	6,226,000
3	Interest cost on the DBO	9,945,414	10,599,000
4	Curtailment (credit)/ cost	-	-
5	Settlement (credit)/ cost	-	-
6	Past service cost - plan amendments	-	-
7	Acquisitions (credit)/ cost	-	-
8	Actuarial (gain)/loss - experience	10,073,251	(2,741,110)
9	Actuarial (gain)/loss - demographic assumptions	-	-
10	Actuarial (gain)/loss - financial assumptions		4,553,000
11	Benefits paid directly by the Company	(7,272,618)	(19,532,900)
12	Benefits paid from plan assets		
13	**DBO at end of current period**	**148,657,900**	**127,953,990**

B	Statement of Profit & Loss	31-Dec-19	31-Dec-18
1	Current service cost	7,957,863	6,226,000
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	7,957,863	6,226,000
6	Net interest on net defined benefit liability / (asset)	9,945,414	10,599,000
7	Immediate recognition of (gains)/losses – other long term employee benefit plans		
8	**Cost recognized in P&L**	**17,903,277**	**16,825,000**

C	Defined Benefit Cost	31-Dec-19	31-Dec-18
1	Service cost	17,903,277	6,226,000
2	Net interest on net defined benefit liability / (asset)		10,599,000
3	Actuarial (gains)/ losses recognized in OCI	10,073,251	1,811,900
4	Immediate recognition of (gains)/losses – other long term employee benefit plans		-
5	**Defined Benefit Cost**	**27,976,528**	**18,636,900**

D	Development of Net Financial Position	31-Dec-19	31-Dec-18
1	Defined Benefit Obligation (DBO)**	148657900	127,954,000
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(148,657,900)	(127,954,000)
4	**Net Defined Benefit Liability**	**(148,657,900)**	**(127,954,000)**

E	Reconciliation of Net Balance Sheet Position	31-Dec-19	31-Dec-18
1	Net defined benefit asset/ (liability) at end of prior period	127,953,990	(128,850,000)
2	Service cost	(7,957,863)	(6,226,000)
3	Net interest on net defined benefit liability/ (asset)	(9,945,414)	(10,599,000)
4	Amount recognized in OCI	(10,073,251)	(1,811,900)
7	Benefit paid directly by the Company	(7,272,618)	(19,532,900)
10	**Net defined benefit liability at end of current period**	**31-Dec-19**	**31-Dec-18**

F	Other Comprehensive Income (OCI)	31-Dec-19	31-Dec-18
1	Actuarial (gain)/loss due to liability experience	10,073,251	(2,741,110)
2	Actuarial (gain)/loss due to liability assumption changes		4,553,000
3	Actuarial (gain)/loss arising during period	10,073,251	1,811,900
4	Return on plan assets (greater)/less than discount rate		-
5	Actuarial (gains)/ losses recognized in OCI	10,073,251	1,811,900
6	Adjustment for limit on net asset		
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**10,073,251**	**1,811,900**

G	Expected benefit payments for the year ending	31-Dec-19	31-Dec-18
	Less than a year	25,022,422	3,005,000
	Between 1 - 2 years	14,998,046	7,583,000
	Between 2 - 5 years	127,841,929	48,569,000
	Over 5 years	225,182,628	82,418,000
(i)	**Expected employer contributions for the period ending 31 December 2019**		
(ii)	**Weighted average duration of defined benefit obligation**	**11.73 years**	**8 years**
(iii)	**Accrued Benefit Obligation**	**148,063,440**	**86,078,000**
(iv)	**Significant estimates: acturial assumptions and sensitivity**		

a	Discount Rate	31-Dec-19	31-Dec-18
	Discount Rate as at 31 December 2019	**8%**	**8%**
	Effect on DBO due to 1% increase in Discount Rate	(4,601,006)	(8,845,000)
	Effect on DBO due to 1% decrease in Discount Rate	4,882,206	9,970,000

b	Salary escalation rate	31-Dec-19	31-Dec-18
	Salary escalation rate as at 31 December 2019	**6%**	6.00%
	Effect on DBO due to 1% increase in Salary escalation rate	53,731,179	8,979,000
	Effect on DBO due to 1% decrease in Salary escalation rate	(5,104,798)	(8,371,000)

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42. Related Party Transactions

Disclosure of Related Party transactions:

Sl no.	Name of Related party	Nature of Transaction	For the Year Ended 31st Dec 2019	For the Year Ended 31st Dec 2018
1	Tenzin (CEO)	a. Salary & Allowances	1,749,600	720,000
		b. Other benefits	174,242	-
		c. Provident fund contribution	106,920	44,000
		d. Gratuity contribution	-	-
		e. Sitting fees	72,000	22,500
		Total	**2,102,762**	**786,500**
2	Mr. Kaylzang Tshering (CEO)	a. Salary & Allowances	-	969,025
		b. Other benefits	-	-
		c. Provident fund contribution	-	60,613
		d. Gratuity contribution	-	-
		e. Sitting fees	-	63,000
		Total	**-**	**1,092,638**
1	Druk holding and Investment Limited	a. Dividend	82,264,440	95,975,180
		Total	**82,264,440**	**95,975,180**
2	Royal Insurance Corporation of Bhutan Ltd.	a. Dividend	1,098,900	1,282,050
		b. Insurance Premium	-	5,766,510
		Total	**1,098,900**	**7,048,560**
3	Dungsam Cement Corporation Ltd.	Clinker purchase	21,267,618	84,455,840
		Total	**21,267,618**	**84,455,840**
4	Dungsam Polymers Ltd	PP bag purchase	**15,264,958**	**19,350,090**
5	Bhutan Telecom	Telephone & Internet bill	**845,441**	**720,456**
6	Bhutan Power Corporation Ltd	Electricity bill & Power supply line to Penden Mines	91,322,596	90,979,205
7	Bank of Bhutan Ltd	Bank charges	396,899	458,424
		Dividend	227,700	265,650
		Total	**624,599**	**724,074**
8	State Trading Corporation Ltd	Purchase of explosives & ICT products & Repairing charges	1,993,298	**1,792,792**
9	State Mining Corporation Ltd	Purchase of Coal	23,617,270	**2,696,538**
10	Thimphu - Tech Park	Training expenses	-	**35,000**
11	Wood Craft Corporation Ltd	Purchase of furniture	1,023,912	-

Sitting Fees paid to other board of directors of the company is Nu 409,500/-,Nu. 657,000 /-, and Nu. 589,500/- for 2019, 2018 and 2017 respectively. As the liabilities for gratuity is provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP are not included above

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43. Other Notes to Accounts

i. Following expenditure relating to Limestone/Calc-Tufa raising from all Mines are transferred to respective Consumption / Stock Accounts:

Particulars	31st December 2019 (Nu.)	31st December 2018 (Nu.)
- Salaries, Wages, Ex-gratia & Other Allowances & Benefits	34,921,655	31,105,604
- Stores and Spares consumed including maintenance charges and other direct expenses	6,555,343	6,909,311
- Contractors' Payment	17,722,466	19,429,386
Repairs to Plant and Machinery include:		
- Salaries and wages of own employees engaged in maintenance Department	22,921,711	18,993,234
- Other Expenses	8,047,013	9,288,198
Total	**90,168,188**	**85,725,734**

ii. Contingent Liability

S. no.	Nature of Contingent Liability	Amount in Nu. 2019	Amount in Nu. 2018
i	Bank Guarantee	2,012,400	2,012,400
	Total	**2,012,400**	**2,012,400**

iii. Capital Commitments

S. No.	Nature of Capital Commitment	Amount in Nu. 2019	Amount in Nu. 2018
1	Towards Civil works	7,245,504	8,529,786
2	Towards Plant and Machinery	12,771,465	6,247,544
	Total	**20,016,969**	**14,777,330**

iv. As per the term stipulated in the Mining Lease Agreement, relating to the Security for Mine Reclamation and Environmental Restoration in the Mine, a sum of Nu. 13,712,449 till FY 2019 (Till P.Y. 2018 Nu. 13,660,449) has been deposited into the joint account opened with Ministry of Trade and Industry. The company is following a policy of booking the expenses on reclamation and restoration at the time actual work done.

v. The corporate Income Tax assessment has been completed upto the accounting year 2018. During FY 2019 the Department of Revenue and Customs, Royal Government of Bhutan have raised an additional demand based on the revised computation.

vi. In the opinion of the management, the value of assets other than fixed assets and investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Statement of Financial Position.

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44. Operating Segments

The Company operates only in Cement and has only one segment. Further for internal reporting purposes they consider entire business as one segment only i.e. cement and performance is reviewed accordingly. Hence the company is having only single segment i.e. Cement.The Management considers the business from a geographic and product perspective. From geographic perspective management considers the performance in Bhutan (domicile of company) and India. From the Product Perspective management considers the revenue generated from the various types of Cement viz. PPC, PSC, OPC & PDC. These products are not considered for segment reporting being the similar nature, production processes, Customers & distribution channel.

Entity – wide Information:

Revenue from external customers by country, based on the destination of customers:

Sno.	Country	2019		2018	
		Quantity(MT)	Value (Nu.)	Quantity(MT)	Value (Nu.)
1	Bhutan	154,949	868,628,880	143,804	801,487,413
2	India	148,987	752,876,192	168,847	824,928,643
	Total	**303,936**	**1,621,505,072**	**312,651**	**1,626,416,056**

The Company has no single customer from whom it derives more than 10% of total revenue.

The above statement of financial position should be read in conjunction with the accompanying notes

For T.K.Ghose & Co.
Chartered Accountants
Firm Registration No. 302002E

Chairman

Chief Executive Officer

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

Gaurab Basu
Partner
Membership No. 060518
Place : Kolkata
Date : 19/02/2020
UDIN: 20060518AAAAAH2090

Director
Place : Thimphu
Date :

Director (FID)

SCHEDULE FORMING PART OF FINANCIAL POSITION AND INCOME STATEMENT

PENDEN CEMENT AUTHORITY LIMITED
SCHEDULES FORMING PART OF FINANCIAL POSITION &COMPREHENSIVE INCOME STATEMENT
INFORMATION AS REQUIRED UNDER PART II OF THE COMPANIES ACT OF THE KINGDOM OF BHUTAN, 2016

A.	Particulars	Unit	2019		2018	
	Production					
	Clinker	MT	187,994		185,102	
	Cement:					
	Ordinary Portland Cement	MT			-	
	Pozzolona Portland Cement	MT	299,362		307,828	
	Pozzolona Portland Cement(PLUS)	MT			-	
	Portland Slag Cement	MT	2,130		-	
	Total Cement Production	MT		**301,492**	-	**307,828**
	Purchased Cement					

	Particulars		2019		2018	
			Quantity (MT)	Value (Nu.)	Quantity (MT)	Value (Nu.)
B.	**Sales:**					
	Own Produced Cement		**303,936**	1,499,966,788	**312,684**	1,565,477,114
	Purchased Cement Sold					

C.	**Raw Materials Consumed:**					
	Limestone		299,536	149,529,030	285,947	119,251,437
	Calc-Tufa				-	134,915
	Calc -Tufa atplant		15,108	8,403,608	11,266	5,303,336
	Gypsum		14,475	45,796,649	12,536	36,483,624
	Sandstone		1,764	51,515	3,704	106,237
	Iron Ore		383	652,137	394	647,353
	Slag		2,688	7,330,962	6,373	14,941,730
	Fly Ash		58,216	122,640,721	59,388	122,759,847
	Dolomite Chips					
	Coal		31,720	269,182,677	35,015	278,592,906
D.	**Purchases:**					
	Clinker		65,998	334,979,692	61,293	263,592,266

	Particulars		2019		2018	
			Quantity (MT)	Value (Nu.)	Quantity (MT)	Value (Nu.)
E.	**Raw Material Stock:**					
	Limestone at Pugli Mine		171,911	47,053,784	146,205	38,216,483
	Gypsum		566	1,791,910	4,360	12,830,529
	Sandstone		4,724	137,930	3,118	91,047
	Fly Ash				313	271,552
	Limestone at Plant		61,036	28,443,796	140,254	58,870,365
	Iron Ore		6,422	10,932,287	2,942	5,008,851
	Limestone at Uttarey Mine					
	Slag (wet)		2,593	7,081,200	1,764	4,143,030
	Calc Tufa stock at Plant		7,784	4,329,586	1,058	498,175
	Clinker		173	876,426	7,462	32,098,679
	Coal		4,607	39,094,052	4,394	35,018,475
F.	**Commission to Agents:**					
	Bhutan Agents		158,039	30,510,348	167,269	26,542,656
	Indian Stockiest		134,490	31,238,337	138,548	34,396,286
					305,817	**60,938,942**

G.	**Particulars in respect of Opening and Closing Stock:**					
			As at 1 January 2019		As at 1 January 2018	
			Quantity (MT)	Value (Nu.)	Quantity (MT)	Value (Nu.)
	Opening Stock:					
	- Cement		4,059	16,592,745	8,937	33,271,676
	- Clinker		27,651	112,311,849	19,311	70,007,538
	- Clinker in process		1,441	1,600,919	1,335	1,561,522
	- Cement in process		340	1,229,741	660	2,247,992

	Closing Stock:		**As at 31 December 2019**		**As at 31 December 2018**	
	- Cement *		1,615	7,401,314	4,059	16,592,745
	- Clinker		45,423	200,188,059	27,651	112,311,849
	- Clinker in process		1,309	1,709,518	1,441	1,600,919
	- Cement in process		1,786	6,847,186	340	1,229,741
	* Net of short/(excess) adjusted					

For T.K Ghosh & Co.
Chartered Accountants
Firm Registration No. 302002E

Gaurab Basu
Partner
Membership No 060518
Place : Kolkata
Date: 19/02/2020
UDIN: 20060518AAAAAH2030

T.K. GHOSE & CO. Regn. No- 302002E Chartered Accountants

For and on behalf of the Board Director

Chairman **Chief Executive Officer**

Director **Director (FD)**
Place: Thimphu
Date:

NOTES TO FINANCIAL STATEMENT

Notes to Financial Statements

1. General information

Penden Cement Authority Limited (PCAL) was constituted as an undertaking of the Royal Government of Bhutan under the Royal Charter, in 1974. The Company was incorporated on 27th December 1990 under the Companies Act of the Kingdom of Bhutan, 1989. The registered office of the Company is located at Gomtu, Bhutan.

PCAL started its commercial production of cement in January 1981 when the first truck load emerged out of the Packing Plant. The plant was further optimized in the year 2002 to 1000 TPD of clinker production by upgrading the technology and control system. In 2004 with the addition of Cement Mill, Fly ash dosing and Electronic Packing Plant, the plant capacity now stands 1,650 TPD of cement production.

The financial statements were authorized for issue by the directors on ....

2. Summary of Restatement of Financial Statement of 2015, 2016, 2017 & 2018

The financial statement for the years 2015, 2016, 2017 & 2018 has been restated in the year 2019 due to recognition of the significant components of plant & machineries which were replaced in the above mentioned years. The financial impact as of 2015, 2016, 2017 & 2018 are as follows:

Particulars	2015			2016		
	Actual	Restated	Financial Impact	Actual	Restated	Financial Impact
Stores & Spares consumed	99,053,409.00	94,234,866.94	(4,818,542.06)	68,919,019.00	64,347,858.00	(4,571,161.00)
Depreciation	71,031,027.00	71,224,127.00	193,100.00	77,663,034.00	79,066,713.00	1,403,679.00
PAT	113,753,136.00	118,378,578.06	4,625,442.06	150,901,083.00	154,068,565.00	3,167,482.00
PPE	823,962,702.00	828,588,143.63	4,625,441.63	757,066,071.00	764,858,994.60	7,792,923.60
Retained Earning	1,122,789,922.00	1,127,415,365.00	4,625,443.00	1,154,690,764.00	1,162,483,685.00	7,792,921.00

Particulars	2017			2018		
	Actual	Restated	Financial Impact	Actual	Restated	Financial Impact
Stores & Spares consumed	53,663,960.00	51,790,168.13	(1,873,791.87)	52,305,426.00	49,587,190.00	(2,718,236.00)
Depreciation	78,220,697.00	80,208,926.00	1,988,229.00	93,891,912.00	96,237,807.00	2,345,895.00
DT income				7,876,027.00	217,894.00	7,658,133.00
PAT	154,743,049.00	154,628,611.87	(114,437.13)	117,053,153.00	109,767,362.00	(7,285,791.00)
PPE	702,906,117.00	710,584,603.11	7,678,486.11	640,703,040.00	648,628,685.00	7,925,645.00
Retained Earning	1,071,433,321.00	1,079,111,807.00	7,678,486.00	950,485,984.00	950,753,495.00	267,511.00
DT Liability				107,384,293.00	115,042,426.00	7,658,133.00

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

3. Summary of Significant Accounting Policies

3.1 Basis of preparation

(i) Compliance with Bhutanese Financial Reporting Standards (BFRS)

The 'Accounting and Auditing Standards Board of Bhutan' (AASBB), has decided to adopt IFRS in phases with minor changes. The Company in compliance with the Companies Act of Kingdom of Bhutan has adopted all the applicable Standards. The financial statements have been prepared in accordance with all applicable BFRS and other applicable laws such as Companies Act of the Kingdom of Bhutan, 2016.

The preparation of financial statements is in conformity with BFRS that requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The functional currency of preparation is the Bhutanese Ngultrum.

3.2 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.

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 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

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are incurred. Spare parts and servicing equipment are normally treated as inventory and expensed as consumed. However, major spare parts and stand-by equipment are treated as property, plant and equipment when they are expected to be used during more than one year.

3.3 Depreciation

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

Asset	Useful life
Office godown and Residential building	30 - 40 years
Factory Buildings	30 - 40 years
Roads and culverts	5 - 30 years
Plant & Machinery	5 – 20 years
Water Supply	5 – 30 years
Laborartory Equipments	5 – 20 years
Other Equipment	5 – 20 years
Electrical Installation	5 – 30 years
Furniture Fixtures & other equipments	7 – 10 years
Vehicles	7 – 10 years
Telephone Installation	5 – 20 years
Instrumentation (electrical)	5 – 20 years
Components of Plant & machinery	2 – 10 years

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.

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3.4 Investment property

Investment properties are land 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.

3.5 Leases

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

Company as a lessee

Assets on operating lease are not recognized as part of company's asset. Payments made for operating leases are recognized in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the user's benefit

Company as a lessor

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

Lease Income

Lease income from operating lease is recognized in income on a basis which is more representative of the time pattern.

3.6 Impairment - Non-Current Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.7 Investments and other financial assets

(i) *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.

(ii) ***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:

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR 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:

a. The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
b. The asset's contractual cash flow represent Solely Payments of Principal and Interest.

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.

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

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.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized only when:

- 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.

(v) 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 (for example,

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

prepayment, extension, call and similar options) but does not consider the expected credit losses.

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.

3.8 Financial liability

i) 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.

***ii)* 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 IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ loss 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.

Borrowings

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.

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

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

Trade and other payables

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

***iii)* 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 recognised in profit or loss as other gains/(losses).

3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and which are subject to an insignificant risk of changes in value.

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

3.11 Inventories

An inventory broadly consists of raw material, stores and spares, work in progress and finished goods.

Basis of valuation:

a) Raw Materials: (at annual weighted average cost)

Cost is determined as follows:-

- Limestone at Mines:	All direct expenses such as Salaries, Wages, Contribution to Provident Fund, Ex-gratia and all other allowances and Consumption of Stores and Spares,
- Limestone at Plant:	Cost at Mines, Royalty, Mineral Rent and Transportation cost by road.
- Bought-out Materials:	At landed cost.
b) Stores and Spares:	At monthly weighted average cost.
c) Coal:	At monthly weighted average cost.
d) Work in Progress (Clinker)	At cost (inclusive of appropriate overheads) or and Stock in Trade (Cement): Net realizable value whicheveris lower.
e) Work in Progress:	Raw Materials in kiln prior to clinker stage under process and Inventory in Cement Mills under process are arrived on an estimated quantity of stock under process on a standard cost valuation.

3.12 Employee benefit liabilities

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

a. Defined Contribution Plan (Pension and Provident Fund)

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

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PENDEN CEMENT AUTHORITY LTD. GOMTU, BHUTAN

ANNEXURE ON RATIO ANALYSIS

Annexure on Ratio Analysis

RATIO	BASIS	2019	2018
PROFITABILITY RATIO Net Profit Ratio	$\frac{\text{Profit after Tax}}{\text{Sales}}$	0.054	0.071
Return on Assets	$\frac{\text{Net Profit after Tax}}{\text{Net Block of Fixed Assets}}$	0.129	0.171
Return on Equity	$\frac{\text{Net Profit after Tax}}{\text{Shareholders Equity}}$	0.071	0.086
OPERATIONAL EFFICIENCY RATIO Capital Turnover	$\frac{\text{Sales}}{\text{Capital Employed}}$	1.314	1.213
Fixed Assets Turnover Ratio	$\frac{\text{Sales}}{\text{Net Block}}$	2.390	2.404
LIQUIDITY RATIO Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	4.193	3.294
Liquid Ratio	$\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}}$	1.708	1.523
Operating and Maintenance Expenses	$\frac{\text{Expenses (Direct Cost + Personnel Costs + Other Operating Costs)}}{\text{Sales}}$	0.926	0.873
Employee Remuneration to Sales Ratio	$\frac{\text{Personnel Costs}}{\text{Sales}}$	0.147	0.128

T.K. GHOSE & CO.
Regn. No- 302002E
Chartered Accountants

PENDEN CEMENT AUTHORITY LTD.
GOMTU, BHUTAN

3D Model of the AAC Blocks Plant
and the AAC Eco-block Product Logo

OUR REGIONAL DEPOTS

Phuentsholing	***Gelephu***	***Samdrup Jongkhar***
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Our Working Days:
Head Office: Mon - Fri (0900 hrs - 1700 hrs), and Sat (0900 hrs - 1300 hrs)
Cement Plant: 24x7