



ANNUAL REPORT

2025

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DUNGSAM CEMENT CORPORATION LIMITED

A **dhi** Company

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2025

The Year in Review

On behalf of the Board and Management, I would like to extend our sincere gratitude and appreciation to all our valued stakeholders for their continued support, confidence, and cooperation throughout the financial year 2025.

The year 2025 marked a significant period of recovery and operational improvement for DCCL. During the year, the Company produced a total of 548,699.10 MT of clinker compared to 402,588.79 MT in 2024, reflecting an increase of 36%. Cement production also improved to 450,610.98 MT from 405,032.32 MT in the previous year, representing a growth of 11%. This improvement was achieved through enhanced operational stability, effective plant management, and focused process optimization initiatives undertaken during the year.

The Company successfully implemented several important plant improvements and upgradation works aimed at improving operational efficiency and reducing production costs. Key initiatives included the fabrication and erection of the preheater downcomer duct, installation of the multicore coal firing system, and partial in-house fabrication of the coal dosing chute. These improvements enhanced coal flow consistency, minimized kiln feed variation, reduced air leakages, and improved specific heat consumption. In addition, replacement of the Electrostatic Precipitator (ESP) discharge and collecting electrodes significantly reduced emissions from the ESP stack, reaffirming the Company's commitment to environmental compliance and sustainable operations.

The year was also particularly demanding in terms of maintenance activities, during which several major works were successfully executed despite significant operational risks, including the deployment of a 700-ton capacity crane and execution of work at height. However, through careful planning and maintenance of adequate clinker stock, the Company ensured uninterrupted cement supply to the market without disrupting production operations. The successful completion of these critical activities reflects the dedication and professionalism of the Company's technical and operational teams.

During the financial year 2025, DCCL generated total revenue of Nu. 3,041.23 million compared to Nu. 2,594.10 million in 2024, reflecting a growth of 17%. The increase in revenue was mainly driven by higher production levels, stable operations, improved sales performance, and increased domestic non-trade pricing. Other revenues also increased during the year, further strengthening the Company's financial position.

Despite the increase in production and sales volumes, total expenditure decreased by 3% to Nu. 3,036.32 million compared to Nu. 3,143.96 million in 2024. The reduction in expenditure was primarily attributed to lower coal consumption and improved operational efficiency. The coal consumption ratio decreased from 23.61% in 2024 to 21.16% in 2025 following the upgradation of the coal flow meter system and reduction of false air leakages in the preheater

cyclone area. These improvements resulted in substantial cost savings and contributed significantly to lowering overall operating expenses.

Operation and Maintenance (O&M) expenses were also lower during the year due to the Company's strategic focus on plant upgradation, capitalization of major repair works, improved equipment reliability, and better preventive maintenance planning. As a result of improved operational performance and effective cost management, the Company recorded a profit before tax of Nu. 4.91 million in 2025, marking a strong turnaround from the losses recorded in the previous year.

The positive performance achieved during the year reflects the Company's resilience, recovery, and strengthened financial stability. Going forward, DCCL will continue to focus on operational efficiency, infrastructure improvement, market expansion, and prudent financial management to ensure sustainable growth and long-term profitability.

We seek the continued support and cooperation of all our stakeholders as we strive to further strengthen the Company and achieve greater success in the years ahead. We also extend our heartfelt appreciation to our valued customers for their continued trust and confidence in Dragon Cement.

Wishing everyone a prosperous and successful 2026.

Tashi Delek!



(Dechen Choling)
Chief Executive Office

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COMPANY PROFILE

The Royal Government of Bhutan initiated Dungsam Cement Project (DCP) in 1982 with assistance from the Government of India. It was incorporated as Dungsam Cement Corporation Limited (DCCL) on September 10, 2009 under the Companies Act of the Kingdom of Bhutan 2000/2016 as a wholly owned subsidiary of Druk Holding and Investment Limited (DHI), which is an investment arm of the Royal Government of Bhutan.

The company was commissioned in the year 2014 and the Commercial Operation Date (CoD) was declared as January 1, 2014.

The plant has an installed capacity of 3,000 MT of clinker productions per day and 4,130 MT of cement productions per day making it the biggest cement producer in the country. The company produces three types of cement viz. Ordinary Portland Cement (OPC), Portland Pozzolona Cement (PPC) and Portland Slag Cement (PSC). The products are marketed under the brand name “Dragon Cement”. About 80% of the cement produced is marketed in India and 20% of the cement produced is sold in the domestic market. As of now the company is in its 13th year of operation and given its potentials, it aspires to become one of the major profit-generating companies under DHI.

The plant is located at Chengkari, Nganglam, under Pemagatshel Dzongkhag in eastern Bhutan at an approximate distance of about 150 KM in North-West of Guwahati, Assam, India. It has obtained permanent license from the Bhutan Standard Bureau (BSB) and Bureau of Indian Standards (BIS) to market its cement in Bhutan and India.

The Company had been ISO 9001:2015 certified by Bureau Veritas (BV), a certifying agent based in India, and consequently, all processes and operations are streamlined as per the ISO Standards.

MISSION

To provide value to the shareholders and meet customer satisfaction through the manufacture and sale of quality cement in a sustainable manner.

VISION

To be the leading manufacturer and supplier of quality cement in the region.

CORE VALUES

E – Excellence and Quality

T – Team Work

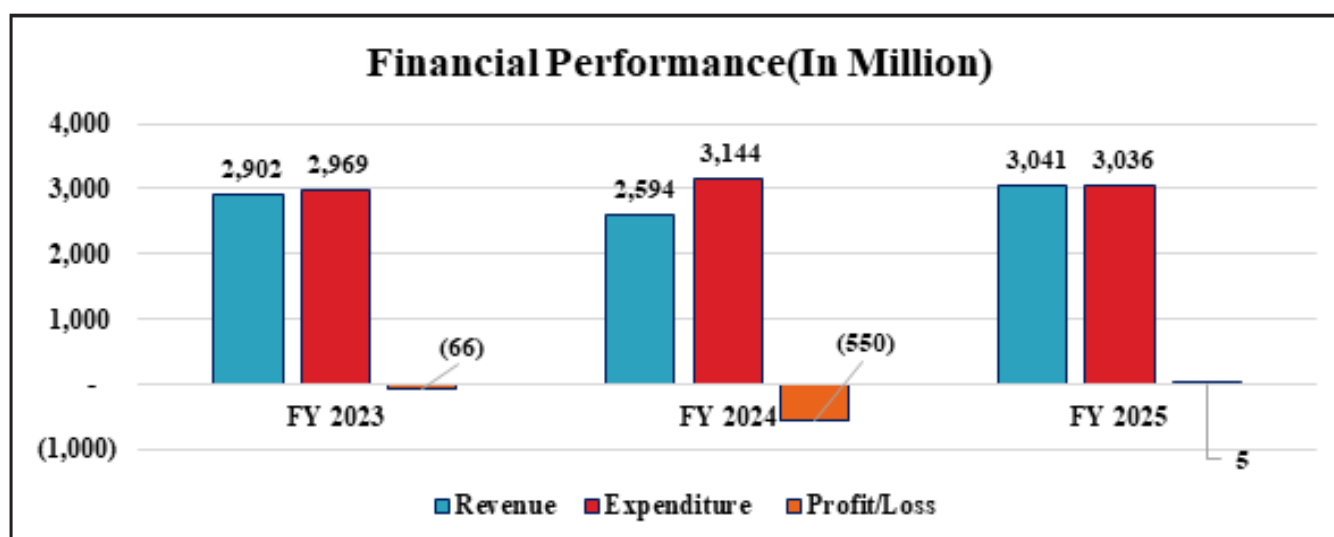
H – Honesty

I – Integrity

C – Commitment and safety

S – Service Oriented

FINANCIAL PERFORMANCE FOR PAST 3 YEARS



DCCL BOARD OF DIRECTORS



Mr. Ugyen Namgyal
Chairman, DCCL Board

Mr. Ugyen Namgyal currently serves as the head of the Corporate Services Department at DGPC. Prior to this role, he was the CEO of Druk Hydro Energy Limited, responsible for developing all small hydropower projects in Bhutan, and Tangsibji Hydro Energy Limited, a special purpose vehicle created to construct and commission the 118 MW Nikachhu Hydropower Project.

He is a Certified Practicing Accountant (CPA) from CPA Australia. He holds a Bachelor of Commerce (Honours) from Sherubtse College, Bhutan, and a Bachelor of Business from the University of South Australia, Adelaide.

Mr. Tashi Dawa currently serves as the Dzongdag of Wangdue Phodrang Dzongkhag. Prior to his current appointment, he served as the Dzongda of Pemagatshel Dzongkhag, Chief Program Officer at the Ministry of Economic Affairs, and Director of the Road Safety and Transport Authority (RSTA) under the Ministry of Information and Communications (MoIC). He holds a master's degree in leadership and administration, complemented by postgraduate qualifications in Policy and Planning Studies and Educational Administration. With extensive experience in public administration, governance, and policy implementation, he has made significant contributions to the civil service and national development.



Mr. Tashi Dawa
Director DCCL Board



Mr. Dorji Nima
Director DCCL Board

Mr. Dorji Nima is the Chief Operating Officer (COO) at DHI. He heads the performance planning, monitoring and evaluation for the DHI Group. He has a Master's degree in Business Administration (MBA) from Australian Graduate School of Entrepreneurship, Melbourne, Australia. He received Aus AID scholarship to pursue MBA in Australia and RGoB scholarship to pursue Bachelor of Business Administration degree from Madras University, India in 2001. Mr. Dorji serves as the nominee board director from DHI.

Ms. Dechen Yangden obtained her Bachelor Degree in Civil Engineering from University of Wollongong, Australia and Masters of Philosophy in Urban Infrastructure Management from Yokohama National University, Japan. She served as Assistant Engineer in BUDP, MoWHS (2002-2005), also served as Executive Engineer, MoWHS (2011 – 2014) and, presently serving as the Director, Department of Water, MoENR, Thimphu. She has a wide range of experience of 16 years in specialized technical fields such as planning, designing and implementation of urban



Ms. Dechen Yangden
Director DCCL Board



Ms. Yeshey Seldon
Commissioner, DRC, MoF

Ms. Yeshey Seldon from Thimphu dzongkhag is a graduate of Sherubtse College with a Bachelor's Degree in Economics Honors; She holds a Master Degree in International Economics in Public Policy and Taxation from the Yokohama National University in Japan since the year 2005. She started her career as the civil servant in year 2000, in the Department of Revenue and Customs, under the Ministry of Finance. Currently She works in the capacity of the Commissioner for Customs and Excise Division since 2018. Her division is mandated to ensure seamless movement of the international trade. Ensure facilitation of cross border trade and monitor illegal trade.

Mr. Kinzang Tshering holds a Bachelor of Commerce in Finance from Gedu College of Business Studies, Bhutan, which he completed on 30 June 2022. He began his professional career with the National Pension and Provident Fund (NPPF), where he has served in the Portfolio Investment Division for the past three years, gaining extensive experience in investment analysis and portfolio management. Currently, he serves as the Acting Chief of the Portfolio Investment Division at NPPF, where he oversees investment operations and contributes to the management of the Fund's investment portfolio.



Mr. Kinzang Tshering –
Additional Director DCCL
Board



Mr. Dechen Choling
CEO, DCCL

Mr. Dechen Choling obtained Bachelor of Technology in Electrical & Electronics Engineering from University of Kerala, India in 2002; Master of Science in Electrical Engineering (MScE) from University of New Brunswick, Canada in 2009 and Master of Business Administration (MBA) from University of Canberra, Australia in 2021. He worked for Bhutan Power Corporation Limited (BPC) from October 2002 – 2022. He was a General Manager for Strategic Planning & Business Development Department from 2019 – June 2022, Thimphu, General Manager for Renewable Energy Department from 2016 – 2019. He also worked as a Project Manager for Wind Power Project, Project Engineer for National Load Dispatch Centre (NLDC), now Bhutan Power System Operator (BPSO) from 2009 – 2011. He started his career in BPC as a Deputy Manager for Rural Electrification of six eastern districts of Bhutan from 2002 – 2005.

MANAGEMENT TEAM

Head of Departments



Mr. Samdrup



Mr. Loday Zangpo



Mrs. Karma Lhamo

Mr. Samdrup – General Manager (Plant and Mines)

Mr. Samdrup, General Manager (Plant and Mines Department) obtained his Bachelor of Science from Sherubtse College and Master of Science from Asian Institute of Technology (AIT), Bangkok, Thailand. He served as Head – Quality Division in Dungsam Cement Corporation Limited. Prior to joining Dungsam Cement Corporation Limited he served as Head – Production and Quality control in Penden Cement Authority Limited (PCAL), Gomtu, Samtse.

Mr. Loday Zangpo – Officiating General Manager (Corporate Service Department)

Mr. Loday Zangpo, Offtg. GM CSD holds a Bachelor's Degree in Arts from North Bengal University. He is currently serving as the head of the Procurement and Material Management Division at Dungsam Cement Corporation Limited. Before joining Dungsam Cement Corporation Limited, he worked as a manager at the Bhutan Institute of Well-being, which operates under the Bhutan Youth Development Fund (BYDF).

Mrs. Karma Lhamo – Officiating General Manager (Finance and Accounts)

Mrs. Karma Lhamo, the Officiating General Manager of the Finance and Accounts Department (FAD), obtained her bachelor's degree in business administration (Finance) from Gaeddu College of Business Studies in 2013. She is currently serving as the Head of the Accounts Division. Prior to this, she served as the Deputy Finance Manager at Dungsam Polymer Limited for two years (2014-2016) before joining Dungsam Cement Corporation Limited.

DIRECTOR'S REPORT – DCCL 2025

Dear Shareholders,

On behalf of the Board and the Management of Dungsam Cement Corporation Limited (DCCL), I extend a warm welcome to all our valued shareholders to the 16th Annual General Meeting (AGM) of DCCL.

The Board is pleased to present the company's performance for the period from 1st January 2025 to 31st December 2025.

Operational Highlights

In 2025, DCCL produced a total of 548,699.10 MT of clinker compared to 402,588.79 MT in 2024, reflecting a significant increase of 36%. Total cement production during the year reached 450,610.98 MT compared to 405,032.32 MT in 2024, representing an increase of 11%.

During the year, the Company successfully executed several key improvements works. These included the fabrication and erection of the preheater downcomer duct, which contributed to the reduction of air leakages and improved specific heat consumption. The Company also achieved a major milestone with the installation of the multicore coal firing system, along with the partial in-house fabrication of the coal dosing chute. These initiatives enhanced coal flow consistency and significantly minimized kiln feed variation. In addition, the replacement of the Electrostatic Precipitator (ESP) discharge and collecting electrodes led to a notable reduction in emissions from the ESP stack.

The year 2025 was particularly demanding in terms of maintenance activities, during which several major works were undertaken despite significant operational risks, including the deployment of a 700-ton capacity crane and execution of work at height. These maintenance activities were successfully managed without any disruption to cement production, as adequate clinker stock was maintained to ensure uninterrupted supply to the market.

Financial Highlights

1. Revenue

During the financial year 2025, the Company generated a total revenue of Nu. 3,041.23 million, compared to Nu. 2,594.10 million in 2024, reflecting a growth of 17% over the previous year. The substantial growth in revenue was mainly driven by enhanced production capacity and minimal operational disruptions during the year. Additionally, an increase in domestic non-trade pricing contributed to increased sales revenue. Other revenues also increased by Nu. 51.49 million from 2024 contributing further to the overall revenue growth.

Overall, the revenue growth demonstrates the Company's resilience, improved operational efficiency, and strategic focus on maximizing production and market opportunities.

2. Expenditure

The total expenditure for the year is Nu. 3,036.32 million, compared to Nu. 3,143.96 million in 2024, representing a decrease of 3% despite the increase in production and sales.

The reduction in expenditure was mainly driven by a decrease in coal consumption. The coal consumption ratio reduced to 21.16% in 2025 from 23.61% in 2024. This improvement was largely attributed to the upgradation of the coal flow meter system, which enabled more accurate measurement and better control of coal feeding into the kiln.

In addition, coal consumption per unit of production decreased due to higher overall production levels. Furthermore, false air was reduced from 29.24% to 15.67% following the replacement of the downcomer ducts and sealing of leakages in the preheater cyclone area during the year. This significantly contributed to the reduction in coal consumption. As a result of these combined measures, the company achieved cost savings of approximately Nu. 145.78 million compared to 2024, thereby significantly lowering overall expenses.

Operation and Maintenance (O&M) expenses were also lower in 2025 compared to the previous year, primarily due to the company's strategic focus on capital works and plant upgradation initiatives. Major repair and replacement activities were capitalized during the year. Additionally, improved equipment reliability and better preventive maintenance planning contributed to reduced breakdown-related costs.

3. Profit/Loss Before Tax

The company recorded a profit before tax of Nu. 4.91 million in 2025.

The turnaround from a significant loss in the previous year to a profit in 2025 reflects improved operational performance, stable production, enhanced sales volumes, and effective cost management. The absence of frequent operational disruptions also played a crucial role in profitability.

This positive performance is viewed as a strong indication of the company's recovery and improved financial stability. Going forward, continued focus on operational efficiency, market expansion, and prudent financial management will remain key priorities to ensure sustained profitability.

HR and Other Systems

During the Financial Year 2025, the company recorded 36 employee resignations and recruited 24 employees to fill critical vacancies and ensure operational continuity. Of the total resignations, 29 were voluntary, primarily driven by career progression, better opportunities, improved benefits, and location preferences. As of 31 December 2025, the total employee strength stands at 451.

To address employee turnover and strengthen retention, the company continues to prioritize employee engagement, welfare programs, and professional development initiatives, with a focus on building long-term internal capacity and sustaining operational efficiency. As part of its human capital development strategy, four employees were sponsored to pursue a Master of Business Administration (MBA) at the Royal Institute of Management under the FY 2026 Long-Term Training Program. This initiative aims to develop future leaders, enhance administrative efficiency, and strengthen institutional capability.

The company is currently revising its Service Rules to further strengthen and standardize human resource management practices. The revised framework is expected to be completed and implemented in 2026. The company continues to manage its human resources and related systems in accordance with its established service rules and regulations.

Corporate Governance

DCCL complied with the 2016 Corporate Governance Code issued by Druk Holding and Investments (DHI) and all statutory requirements specified in the Companies Act of the Kingdom of Bhutan, 2016.

The Board, comprising seven Directors, convened six Board meetings, four Board Audit Committee (BAC) meetings, and one Board Procurement Committee (BPC) meeting in 2025. However, no meetings were held for the Board Human Resource Committee (BHRC) during the year. All directives and resolutions of the Board and its Committees were duly implemented.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) represents the obligations of business to align its actions with the objectives and values of society as a whole. DCCL is committed to creating a positive impact on the environment and communities both within and beyond its business premises. By fostering a strong reputation, enhancing stakeholder relationships, and contributing to the sustainable development of society and the environment, the company actively supports local communities and non-governmental organizations.

As part of its CSR initiatives, DCCL donated 98 MT of drop cement, 30 MT of OPC and 34.75 MT of PPC. The company also provided a monetary sponsorship of Nu. 260,000 during the Global Peace Prayer.

Statutory Audit

The statutory audit was conducted for the second consecutive year by M/s. Karma & Associates, Lower Taba, Thimphu, as appointed by the Royal Audit Authority (RAA). The audit was carried out from 2 February 2026 to 14 February 2026.

We are pleased to report that the audit resulted in no qualified opinions and no significant issues were raised. Additionally, the company's Internal Audit team conducted regular audits to ensure proper checks and controls.

Key Challenges & Way Forward

Key Challenges

1. **Sustaining Operational Efficiency Gains:** While clinker production increased by 36% and cement production by 11% in 2025, sustaining this higher output level will require consistent plant reliability. Despite successful major maintenance works in 2025, aging equipment and financial constraints continue to pose risks to uninterrupted operations.
2. **Low Calorific Value of Coal:** The continued supply of low-grade coal increases consumption rates and places additional strain on coal dosing systems. Although improvements in coal flow measurement and reduced false air have lowered overall coal consumption, the lower calorific value of coal has obstructed the clinker production from reaching at the 100% design capacity.
3. **Structural Limitations of Cement Silos:** Weak cement silo structures continue to restrict storage capacity and, on several incidences, have forced the cement mill to be stopped. This has affected production continuity and dispatch efficiency. This remains a bottleneck despite improved clinker stock management.
4. **Intermittent Power Supply:** Power outages disrupt kiln stability and production continuity, impacting both operational efficiency and equipment lifespan. The power outage for fraction of a second poses risk of production loss for about three hours due to dust coagulation on several sensors and these sensors don't transmit the required signal and thereby delaying the resumption of plant operation.
5. **Export Market Competition and Price Sensitivity:** Although revenue grew by 17% in 2025, stiff competition in export markets continues to exert pressure on pricing and margins. Sustaining revenue growth will require strategic market positioning.
6. **Cash Flow and Financial Constraints:** Despite achieving a profit before tax of Nu. 4.91 million in 2025, the company continues to face liquidity pressures due to substantial payables and debt obligations. Limited cash flow affects spare part procurement, plant upgrades, and working capital management.
7. **Employee Retention and Skilled Workforce Shortage:** The loss of experienced technical personnel to other organizations poses operational risks and increases training and replacement costs, potentially affecting plant stability.
8. **Fly Ash Shortages and Decline of Cement Sales:** One of the prominent additives for production of Portland Pozzolana Cement (PPC) is Fly Ash. The coincidence of lean season for Thermal Power plants due to minimal demand of power in winter months in India lead to lower generation of power and hence the Fly Ash. Conversely this season is a peak season for cement industries, thereby leading to high demand for Fly Ash from other cement companies and often leading to Fly Ash shortages. This shortage results in drop of cement sales due to unavailability of PPC.

Way Forward

1. **Strengthening Plant Availability and Reliability:** Building on the operational improvements achieved in 2025 including reduced false air, improved coal flow systems, and enhanced preventive maintenance, the company will prioritize critical spare procurement and phased plant rehabilitation. An estimated investment of over Nu. 400 million is required to further enhance plant availability and operational stability.
2. **Fuel Efficiency and Alternative Energy Optimization:** Continued focus on thermal efficiency, optimized coal dosing, and strict monitoring of specific heat consumption will remain key priorities. Exploring alternative fuel options and supplier negotiations will further mitigate risks associated with low calorific coal.
3. **Infrastructure and Logistics Optimization:** The upcoming road connectivity between Samdrupjongkhar and Nganglam via Dewathang, which is expected to complete by 2027, will shorten transportation distances and reduce logistics costs. The company will align its transportation and distribution planning to capitalize on these infrastructure improvements.

4. **Market Expansion and Revenue Diversification:** Given the positive revenue growth momentum, DCCL will focus on strengthening its presence in high-return export markets while maximizing domestic pricing opportunities. Strategic market segmentation and stronger distributor networks will be emphasized to sustain sales growth.
5. **Financial Restructuring and Prudent Cost Management:** Following the turnaround from loss to profit, the company will continue strict expenditure control, optimize working capital, and explore financial restructuring options to improve liquidity and reduce debt burden.
6. **Human Resource Stabilization and Incentive Mechanisms:** To address workforce attrition, the company will explore incentives and retention benefits, and targeted training programs to safeguard operational continuity. Shareholder support will be sought to implement sustainable HR policies.
7. **Capacity and Storage Enhancement:** Addressing cement silo structural issues will be prioritized to improve storage capacity and minimize mill stoppages. Strengthening storage infrastructure will ensure smoother dispatch and better market responsiveness.
8. **Sourcing of Fly Ash from Additional Sources:** Fly Ash is currently sourced from NTPC, Salakati, India due to low logistics cost. To address the problem of such shortages, the temporary sourcing of Fly Ash from other thermal power plants like Farraka, Kahalgaon and etc. will be explored during the lean season.

Acknowledgement

On behalf of the Board, Management, and employees of DCCL, I extend my sincere gratitude to our shareholders for their unwavering support and guidance. We look forward to your continued support.

We also express our appreciation to the Royal Government of Bhutan, various ministries, departments, and local agencies for their steadfast support.

The Board acknowledges the dedication and hard work of DCCL's management and employees despite the challenges.

Lastly, we extend our heartfelt thanks to our valued customers for their trust in our Dragon brand and their continued loyalty.

Tashi Delek!
For and on behalf of Board



[Ugyen Namgyal]
Chairman

CORPORATE GOVERNANCE

Dungsam Cement Corporation Limited (DCCL) as a DHI owned company aims to achieve high Corporate Governance (CG Code) standards and ensure compliance with legislation, regulation and DHI CG Code 2016.

DCCL has also complied with the Companies Act of the Kingdom of Bhutan 2016 and other statutory requirements of the Royal Government of Bhutan.

CONSTITUTION OF THE BOARD AND ITS MEETINGS

Constitution of the Board of Directors:

As per the approval of the Annual General Meeting (AGM), the following senior officials have been appointed as the Board of Directors for the Dungsam Cement Corporation Limited (DCCL).

No	Name	Addresses	Designation	Date of appointment	Category
1.	Mr. Ugyen Namgyel	Director, CSD, Druk Green Power Corporation	Chairman	March 2024	Non-independent
3.	Mr. Tashi Dawa	Dzongdag, Pemagatshel,	Director	March 2024	Independent
3.	Mr. Dorji Nima	COO, Druk Holding and Investments Limited	Director	June 2019	Non-independent
4.	Ms. Dechen Yangden	Director, Department of Water Services, MoENR	Director	June 2019	Independent
5.	Ms. Yeshey Seldon	Commissioner, DRC, MoF	Director	March 2025	Independent
6.	Ms. Kinzang Tshering	Acting Chief, NPPF, Thimphu.	Additional Director	September 2025	Non-independent
7.	Mr. Dechen Choling	CEO, Dungsam Cement Corporation Limited	CEO/Director	July 2022	Executive Director

Board Meetings:

To enhance good governance and provide appropriate policy directives to the company, six (6) Board meetings were convened during the FY 2025. In all the Board meetings, quorum was maintained as required. The details of the board attendance are as follows:

Board Meeting serial No.	Dates	Members Present	Leave of absence
99	January 08, 2025	1. Ugyen Namgyal 2. Mr. Tashi Dawa 3. Mr. Dorji Nima 4. Ms. Dechen Yangden 5. Mr. Dechen Choling	1. Sonam Tobgye 2. Karma Yangzom Tshering
100	March 04, 2025	1. Ugyen Namgyal 2. Mr. Tashi Dawa 3. Mr. Dorji Nima 4. Ms. Dechen Yangden 5. Ms. Karma Yangzom Tshering 6. Mr. Sonam Tobgye 7. Mr. Dechen Choling	
101	May 13, 2025	1. Mr. Ugyen Namgyal 2. Mr. Dorji Nima 3. Ms. Yeshey Seldon 4. Mr. Karma Yangzom Tshering 5. Dechen Choling	1. Ms. Dechen Yangden 2. Mr. Tashi Dawa
102	June 27, 2025	1. Mr. Ugyen Namgyal 2. Mr. Tashi Dawa 3. Mr. Dorji Nima 4. Ms. Karma Yangzom Tshering 5. Mr. Dechen Choling 6. Dechen Yangden 7. Ms. Yeshey Seldon	
103	September 13, 2025	1. Mr. Ugyen Namgyal 2. Mr. Tashi Dawa 3. Mr. Dorji Nima 4. Ms. Yeshey Seldon 5. Mr. Dechen Choling	1. Ms. Dechen Yangden
104	November 24, 2025	1. Mr. Ugyen Namgyal 2. Mr. Tashi Dawa 3. Mr. Dorji Nima 4. Mr. Kinzang Tshering 5. Mr. Dechen Choling	1. Ms. Dechen Yangden 2. Ms. Yeshey Seldon

Board Sub-committee Meetings and Procedures:**Board Audit Committee Meetings (BAC)**

Besides six (6) board meetings, four (4) Board Audit Committee meetings were also conducted. In all the BAC meetings, quorum was maintained as required. The details of the board attendance are as follows:

BAC Meeting No.	Dates	Members Present	Leave of Absence
54	February 20, 2025	1. Mr. Dorji Nima 2. Ms. Dechen Yangden	1. Ms. Karma Yangzom Tshering
55	May 01, 2025	1. Mr. Dorji Nima 2. Ms. Dechen Yangden	1. Ms. Karma Yangzom Tshering
56	August 08, 2025	1. Mr. Dorji Nima 2. Ms. Karma Yangzom Tshering	1. Ms. Dechen Yangden
57	November 07, 2025	1. Mr. Dorji Nima 2. Ms. Karma Yangzom Tshering	1. Ms. Dechen Yangden

Board Remuneration

As per the CG standards the board directors are entitled for certain remuneration for every board meeting as sitting fees. The details of the remunerations paid for the board directors are as follows:

Sl. no	Board Meetings Held	Board Directors	Remuneration paid (Nu)	Attendance
1	99th Board Meeting Venue: DHI, Thimphu Date: January 08, 2025	Mr. Ugyen Namgyal	8,000	Present
		Mr. Tashi Dawa	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Mr. Sonam Tobgye	NA	Absent
		Ms. Karma Yangzom Tshering	NA	Absent
		Mr. Dechen Choling	8,000	Present
2	100th Board Meeting Venue: Zoom online conference Date: March 04, 2025	Mr. Ugyen Namgyal	8,000	Present
		Mr. Tashi Dawa	8,000	Present
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	8,000	Present
		Ms. Karma Yangzom Tshering	8,000	Present
		Mr. Sonam Tobgye	8,000	Present
		Mr. Dechen Choling	8,000	Present
3	101st Board Meeting Venue: DHI, Thimphu Date: May 13, 2025	Mr. Ugyen Namgyal	8,000	Present
		Mr. Tashi Dawa	NA	Absent
		Mr. Dorji Nima	8,000	Present
		Ms. Dechen Yangden	NA	Absent
		Ms. Karma Yangzom Tshering	8,000	Present
		Ms. Yeshey Seldon	8,000	Present
		Mr. Dechen Choling	8,000	Present

4	102nd Board Meeting Venue: DHI, Thimphu Date: June 27, 2025	Mr. Ugyen Namgyal	12,500	Present
		Mr. Tashi Dawa	10,000	Present
		Mr. Dorji Nima	10,000	Present
		Ms. Dechen Yangden	10,000	Present
		Ms. Karma Yangzom Tshering	10,000	Present
		Ms. Yeshey Seldon	10,000	Present
		Mr. Dechen Choling	10,000	Present
5	103rd Board Meeting Venue: Zoom online conference Date: September 13, 2025	Mr. Ugyen Namgyal	12,500	Present
		Mr. Tashi Dawa	10,000	Present
		Mr. Dorji Nima	10,000	Present
		Ms. Dechen Yangden	NA	Absent
		Ms. Yeshey Seldon	10,000	Present
		Mr. Dechen Choling	10,000	Present
6	104th Board Meeting Venue: Zoom online conference Date: November 24, 2025	Mr. Ugyen Namgyal	12,500	Present
		Mr. Tashi Dawa	10,000	Present
		Mr. Dorji Nima	10,000	Present
		Ms. Dechen Yangden	NA	Absent
		Mr. Kinzang Tshering	10,000	Present
		Ms. Yeshey Seldon	NA	Absent
		Mr. Dechen Choling	10,000	Present

Annual General Meeting (AGM)

The 16th AGM for the financial year ended 2025 was convened on March 16, 2026 at Board Room, Druk Holding and Investments Limited (DHI). The following agenda were deliberated during the 16th AGM:

Agenda 16.01 Adoption of the 16th Annual General Meeting Agenda

Agenda 16.02 Confirmation and Adoption of the Minutes of the 15th Annual General Meeting

Agenda 16.03 Presentation of Directors' Report for FY 2025

Agenda 16.04 Consideration of Audited Accounts and Auditor's Report for the Financial Year ended 31st December 2025

Agenda 16.05 Declaration of Dividend, if any

Agenda 16.06 Endorsement of Remuneration of CEO and Directors

Agenda 16.07 Appointment of Statutory Auditors

Agenda 16.08 Retirement and Appointment of Board Directors

Agenda 16.09 Review of Annual Compact 2025

Agenda 16.10 Any other matter

Appointment and Retirements of Board Directors

The Shareholders endorsed the appointment/reappointment of following board directors on DCCL Board.

SI No.	Current Board Director	Designation/Address	Remark
1	Mr. Ugyen Namgyal	Director, DGPC (Chair of the board)	Continue for another term
2	Mr. Dorji Nima	COO, DHI	
3	Ms. Dechen Yangden	Director, DoW, MoENR	Replace by following new Directors 1. Ms. Chimi Dema Chief Survey Engineer, NLCS 2. Mr. Sonam Tshering, Professor, JSW 3. Mr. Singay Dorji, Dzongda, Pema Gatshel
4	Ms. Yeshey Seldon	Commission, DRC, MoF	
5	Mr. Tashi Dawa	Dzongda, Wangdue	

Risk Management System

The DCCL Risk management framework was implemented in 2016 after the endorsement by the board during the 51st board meeting. A risk register template was developed and distributed by DHI to the DHI Companies to encourage enterprise risk management within the company. DCCL has assigned and designated a Risk officer who is assigned to compile a risk report for management's information and action.

SN	Activities	Risk identified	Mitigation and Controls	Risk Owner
1	Drilling and Blasting	1. Risk of human Injury 2. Damages to nearby infrastructure and surrounding. 3. Risk of fines and penalties by regulatory bodies	1. Continue Internal standard Operating procedure 2. Engage certified blaster and train the blasters to replace the separated man power 3. Strict adherence of explosive handling as per the regulatory bodies	Plant & Mines Department
2	Mining and Production of limestone from our 2 captive mines	1. Risk of low-quality limestone and high MGO contain in limestone 2. Formation of snowman and disturbing the kiln	1. Blending of limestone grades with high and low MGO contain. 2. Continue daily limestone quality testing	Plant & Mines Department
3	Staff operating the plant, machineries and equipment starting from mines till Packing Plant	1. Mis-operation leading to the damage to the handled equipment and machineries 2. Causing the damage to surroundings and other infrastructure	Close monitoring by the respective and concerned heads and supervisors	Plant and Mines Department

4	Scheduled and unplanned repairs and maintenance	1. Aging/obsolete structure, machinery and equipment not being able to repair.	Thorough inspections and maintenance of plant and machineries prior to production 2. Maintain enough stock of critical spare parts for critical machinery. 3. Identify aging machineries and equipment's and develop plans for replacements or major maintenance	Plant Mines Department
5	Selling cement to both domestic and export market	1. Loss of NSR and market share due to stiff competition in the export market 2. Cross boarder Political and taxation factors impeding the market entry 3. Delay in delivery and business loss	1. Signing MoU with the big hydro power projects in domestic market 2. Signing long term business MoU with reliable cross border counter parts by end of the year	Sales & Marketing Department
6	Procurement of raw materials, OEMs and spare parts to manufacture the cement	1. Exorbitant rate due to depending on fewer number of vendors and suppliers 2. Suppliers supplying incompatible equipment's causing damages to other parts 3. Poor-quality raw materials affecting production efficiency. 4. Unavailability of raw material suppliers/source	1. Sign Long-term contracts and strategic alliances with key suppliers to ensure stable pricing and supply by the end of year 2. Explore alternatives with the vendors supplying similar kind of materials at cheaper rate 3. Prepare annual raw material sourcing plan	Corporate Service Department
7	Monitoring of cement quality on week/batch wise- both chemical and Physical	1. Inferior quality of products resulting in to loss of market or brand image 2. Poor quality disrupting the cement sales	Adopting quality assurance and quality control procedures.	Plant and Mines Department
8	Collection of credit and receivables from domestic customers, and export market	1. Customers failing to pay within the agreed credit terms affecting the cash flow and later disrupt the business chain 2. Customers becoming insolvent	1. Establishment of a clear credit policy outlining customer eligibility, credit limits, and payment terms. 2. Comprehensive evaluation of customers' credit worthiness	Sales & Marketing Department

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) represents the obligations of business to align its actions with the objectives and values of society as a whole. DCCL is committed to creating a positive impact on the environment and communities both within and beyond its business premises. By fostering a strong reputation, enhancing stakeholder relationships, and contributing to the sustainable development of society and the environment, the company actively supports local communities and non-governmental organizations

As part of its CSR initiatives, DCCL donated 98 MT of drop cement, 30 MT of OPC and 34.75 MT of PPC. The company also provided a monetary sponsorship of Nu. 260,000 during the Global Peace Prayer.

Policies and practices of CEO and board evaluation

The evaluation of CEO and the board is coordinated and carried out by DHI as per their DHI Guidelines.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DUNGSAW CEMENT CORPORATION LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dungsam Cement Corporation Limited (the Company), which comprise the statement of financial position as at 31st December 2025, 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 as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of 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 reasonable basis for our audit opinion.

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

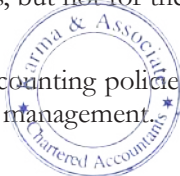
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

- i. 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 audit evidence 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.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 up to the date of our audit's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

For Karma and Associates.
Chartered Accountants



(Chimmi Dorji-FCCA)
Managing Partner
Firm Reg. No: BH-04

Place: Thimphu



Appendix I

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

General

In our opinion and according to information and explanations given to us, we report that:

1. The Companies has adhered to the Corporate Governance Guidelines and Regulation as applicable to them.
2. The Governing Board of the Company has pursued a prudent and sound financial management practice in managing the affairs of the Company.
3. The financial statements are prepared applying the Bhutanese Accounting Standard issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
4. Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
5. Adequate records as specified under section 228 of the Companies Act of the Kingdom of Bhutan 2016, have been maintained.
6. Applicable mandatory obligations social or otherwise are being fulfilled.
7. The amount of tax is computed correctly and reflected in the financial statements.

Matters pertaining to a manufacturing, mining or processing company:

1. The Company has generally maintained Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details and location of PPE is available. Physical verification of PPE was done during the year internally.
2. None of the fixed assets of the Company have been revalued during the year under audit.
3. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business and the same is supported by a physical verification inventory report done by management on every half yearly basis.
4. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of business.
5. On sample basis we have examined certain stocks and certain discrepancies were identified between physical verification of the stock and the book stock.
6. The Company is following a reasonable system of recording the receipts, issues and consumption of material and store.
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 by a physical inventory verification report done on every half yearly basis. Where the value of such items is significant, adequate provision has been made. At the same time the audit team also identified those inventories which did not have any movement for the past 5 years (Non-Moving) and the list have been submitted to the management of DCCL.
9. Obsolete inventories has been identified Nu. 38,794.00; however, it has not been written off during the year 2025.



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 based on the power authorized 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 (AASBB). The basis of valuation is the same as in the preceding year.
12. The rate of interest and the other terms and conditions of loans availed by the company secured or unsecured are prima facie not prejudicial to the interest of the company.
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). Advances have been granted to officers/staff generally in keeping with the provisions of service rules. Excessive/frequent advances are granted and/or accumulation of large advances against any particular individual are generally avoided.
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.
16. A reasonable system of authorization at proper level is there for the issue of stores and allocation of materials and labour to job. The system of internal control prevalent 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. Transactions for purchase and sale of goods and services with the director(s) or any other party(ies) related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested are disclosed by the company in note no. 45 of the financial statements. As these transactions have been made at prices, which are reasonable having regard to the prevailing market prices or at prices at which such transactions have been made with other parties and are not prejudicial to the interest of other shareholders and the Company.
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. The operational condition of the inventories verified has not been ascertained and no provision for loss if any arising due to its condition has been provided in the books of accounts.
21. As informed to us, there is reasonable system of ascertaining and identifying point of occurrence of breakage/damages of raw materials, packaging materials and finished products i.e. while in transit, during processing, during loading/unloading, in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.
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.

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.
25. According to the information and explanations given to us and on the basis of our observation, the following undisputed statutory dues were outstanding as on 31.12.2025
 - Bhutan Sales Tax: Nu. 9,283,046.25
 - Salary TDS Payable: Nu. 42,553.25
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. 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.
28. The Company has made credit sales during the year. The Company has formed a credit and collection policy. However, the policy is silent in case recoveries are not made from customers within due time and security deposit to be given by a customer. The Company does not have a policy of credit rating of customers.
29. The company has a process of regular evaluation of the commission agent on regular basis based on the industry norms/ market condition.
30. In our opinion, the Company, in general, has a system of following up with debtors and other parties except in few cases for recovery of outstanding dues. As explained to us, age wise analysis of debtors is regularly carried out and follow up actions undertaken.
31. 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.
32. 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.
33. 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.
34. The present system of budgeting, in our opinion, is generally reasonable.
35. Standard costing system is being established and variance analysis is also done every month but activity costing is not being carried out by the company at regular intervals.
36. Directors who have acted as the CEO of the company have been paid 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 No. 45. 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.



37. As represented to us, the directives of the Board have generally been complied with.
38. 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.
39. 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.
40. On the basis of information and explanations given to us, proper agreements are executed and that the terms and conditions of leases are reasonable and the same are applied if machinery/equipment are acquired on lease or leased out to others.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company has implemented "SAP" which is fully implemented. At the same time new SAP RISE is currently being implemented and is in the second phase of data migration. (In contract with TTPL, Thimphu)
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 the same at Thimphu
3. The operational controls are found to be adequate to ensure correctness and validity of input data and output information subject to our Management Report.
4. The Company has implemented proper measures for prevention of unauthorized access over the computer installation and files.
5. The data migration system is effectively managed by the Company.

GENERAL

1. Going Concern:

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 2025).

2. Ratio Analysis:

Included in a separate Annexure.

3. Compliances with the Companies Act of The Kingdom of Bhutan, 2016

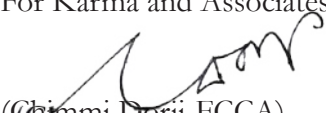
The company has generally complied with the requirements of the Companies Act of The Kingdom of Bhutan, 2016 concerning conducting of meetings, filing requirements, maintenance of records, issue of shares, raising of loans and all other matters specified in the said Act except as mentioned in the compliance checklist and management report signed by us on the even date.

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 however, we are unable to state that the company has been complying with other applicable laws, rules and regulations, system, procedures and practices.

For Karma and Associates


(Chimmi Dorji-FCCA)
Managing Partner,
Firm Reg: BH-04



DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

PARTICULARS	Notes	(Amount in Nu)	
		12/31/2025	12/31/2024
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	6,491,745,102.24	6,595,242,189.79
Right to Use Asset	3	9,147,600.00	7,403,891.00
Intangible Asset	4	25,938,344.00	30,762,132.00
Capital Work-in-Progress	5	15,286,002.74	4,972,355.97
Investments	6	4,702,854.49	4,400,945.75
Other Non-Current Assets	9	50,621,133.67	49,370,553.97
		6,597,441,037.14	6,692,152,068.48
Current Assets:			
Inventories	10	805,854,332.85	899,308,618.64
Trade & Other Receivables	7	245,328,661.98	163,324,809.36
Loans & Advances	8	116,716,121.45	27,356,427.88
Cash and Cash Equivalents	11	337,483,984.48	71,671,467.11
Prepaid Tax	12	12,021,783.93	7,223,645.65
Other Current Assets	13	19,243,937.16	15,429,667.21
Investments	14	100,217,397.26	-
		1,636,866,219.11	1,184,314,635.85
Asset classified as held for sale	15	8,423,201.05	8,356,101.05
TOTAL		8,242,730,457.30	7,884,822,805.38
EQUITY AND LIABILITIES			
Shareholders' Equity	16	7,832,263,042.00	7,368,264,800.00
Retained Earnings /(Loss)		(5,983,914,369.87)	(6,586,101,389.60)
		1,848,348,672.13	782,163,410.40
Non-Current Liabilities			
Borrowings	17	3,452,187,244.56	2,558,131,028.86
Lease Liability	18	10,961,247.65	9,305,561.28
Deferred tax liabilities(net)	35	634,080,452.52	1,231,165,143.38
Employee benefit liabilities	20(a)	88,698,406.85	81,258,303.07
Other Long-Term Liabilities	21	2,850,477.05	2,632,096.05
		4,188,777,828.63	3,882,492,132.64
Current Liabilities			
Current Borrowings	22	1,447,702,266.21	2,160,120,808.90
Trade and Other Payables	19	689,568,294.43	1,030,347,565.49
Employee benefit liabilities	20(b)	9,141,883.83	8,760,504.58
Other Current Liabilities	23	59,191,512.07	20,938,383.37
		2,205,603,956.54	3,220,167,262.34
TOTAL		8,242,730,457.30	7,884,822,805.38

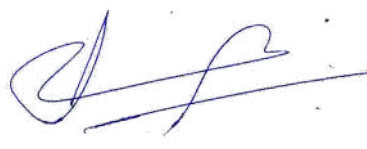
See accompanying notes to the financial statements 1-57
In-terms of our audit report of event date attached.

**FOR KARMA & ASSOCIATE
CHARTERED ACCOUNTANTS
FIRM REG. NO. BH-04**

**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS**



**(CHIMMI DORJI-FCCA)
MANAGING PARTNER**



**(UGYEN NAMGYAL)
CHAIRMAN**



**(DECHEN CHOLING)
CHIEF EXECUTIVE OFFICER**



DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2025

Particulars	Note	(Amount in Nu)	
		12/31/2025	12/31/2024
Revenue			
Revenue from sale of Cement	24(a)	2,448,727,043.06	2,310,116,751.76
Revenue from sale of Clinker	24b)	497,272,236.00	240,241,070.00
Other Revenue	25	95,225,733.98	43,739,579.99
Total Revenue		3,041,225,013.04	2,594,097,401.75
Expenditure			
Consumption of raw materials & Consumables	26	600,742,257.56	482,677,813.19
Changes in inventory of semi-finished goods and finished goods	27	(224,278,938.47)	14,245,177.83
Power & Fuel	28	1,125,288,496.18	948,533,414.39
Employee benefit expenses	29	287,868,481.73	267,604,512.64
Depreciation & Amortization	30	355,580,466.74	350,535,158.85
Selling & Marketing Expenses	31	187,839,909.92	186,072,027.57
Operation & maintenance Expenses	32	230,086,515.03	322,401,445.20
General Admin & Other Expenses	33	117,118,298.39	208,654,231.18
Finance Cost	34	356,070,077.26	363,231,407.26
Total Expenditure		3,036,315,564.34	3,143,955,188.11
Profit / (Loss) Before Income Tax		4,909,448.70	(549,857,786.36)
Current Income Tax			
Deferred Income Tax Income/(Expenses)	35	597,084,690.86	200,732,132.28
Profit/ (Loss) After Income Tax		601,994,139.56	(349,125,654.08)
Other Comprehensive income/(Loss)			
Actuarial Gain/(Loss) on post-employment benefit obligations		192,880.17	6,200,572.51
Gain/loss on revaluation of land			
Net Other Comprehensive Income/(Loss)		192,880.17	6,200,572.51
Total Comprehensive Income/(Loss)		602,187,019.73	(342,925,081.57)
Basic and Diluted Earnings per share	36	4.98	(4.60)

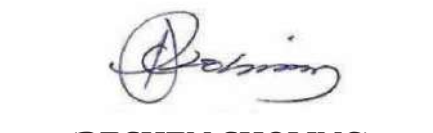
**FOR KARMA & ASSOCIATE
CHARTERED ACCOUNTANTS
FIRM REG. NO. BH-04**


**(CHIMMI DORJI-FCCA)
MANAGING PARTNER**


**(UGYEN NAMGYAL)
CHAIRMAN**



**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS**


**(DECHEN CHOLING)
CHIEF EXECUTIVE OFFICER**

DUNGSAM CEMENT CORPORATION LIMITED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

Attributable to the Owners of the Company

(Amount in Nu.)

Particulars	Ordinary Shares			Retained earnings/ (Loss)	Total
	No. of Shares (issued and fully paid up)	Par value per share	Total value of share		
Balance as at January 01, 2024	73,306,450.00	100.00	7,330,645,000.00	(6,243,176,308.03)	1,087,468,691.97
Issue of share during the year	2,535,957.13	14.83	37,619,800.00		37,619,800.00
Decrease of share during the year- Restated				-	-
Profit/ (Loss) After Income Tax				(349,125,654.08)	(349,125,654.08)
Other Comprehensive income/(Loss)				6,200,572.51	6,200,572.51
Balance as at December 31, 2024	75,842,407.13	97.15	7,368,264,800.00	(6,586,101,389.60)	782,163,410.40
Balance as at January 01, 2025	75,842,407.13	97.15	7,368,264,800.00	(6,586,101,389.60)	782,163,410.40
Issue of share during the year	44,991,549.22	10.31	463,998,242.00		463,998,242.00
Profit/ (Loss) After Income Tax				602,187,019.73	602,187,019.73
Other Comprehensive income/(Loss)				-	-
Balance as at December 31, 2025	120,833,956.36	64.82	7,832,263,042.00	(5,983,914,369.87)	1,848,348,672.13



Authorized Capital

Particulars	31/12/2025	31/12/2024
80,000,000 Equity shares of Nu.100 each	8,000,000,000.00	8,000,000,000.00
20,000,000 Preference shares of Nu.100 each	2,000,000,000.00	2,000,000,000.00
Total	10,000,000,000.00	10,000,000,000.00

**FOR KARMA & ASSOCIATE
CHARTERED ACCOUNTANTS
FIRM REG. NO. BH-04**

**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS**



**(CHIMMI DORJI-FCCA)
MANAGING PARTNER**



**(UGYEN NAMGYAL)
CHAIRMAN**



**(DECHEN CHOLING)
CHIEF EXECUTIVE OFFICER**



DUNGSAM CEMENT CORPORATION LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

Particulars	(Amount in Nu)	
	12/31/2025	12/31/2024
Cash Flow from Operating Activities		
Net Profit after Tax	4,909,448.70	(549,857,786.36)
Adjustment for:		
Depreciation/amortization	355,580,466.74	350,535,158.85
(Gain)/Loss on disposal of PPE	4,773,079.99	4,130,497.73
Retirement/Scrapping of Inventories & PPE	54,164,604.93	130,427,931.37
Interest expenses on Borrowing	346,083,842.20	359,092,640.64
Unwinding interest (income)/expense on discounts	3,162,091.21	3,676,054.18
Operating profit before working capital changes	768,673,533.77	298,004,496.41
Adjustment for		
(Increase)/Decrease in Trade Receivables and Other Receivables	(82,003,852.62)	87,263,388.61
(Increase)/decrease in loans and advances (Current & Non-Current)	(89,359,693.57)	(9,265,198.57)
(Increase)/Decrease in Other Non-Current Assets	(1,250,579.70)	251,557.00
(Increase)/Decrease in Other Current Assets	(8,612,408.23)	32,225,574.12
(Increase)/Decrease in Inventories	93,454,285.79	129,280,417.17
Increase/(Decrease) in Trade Payables	(340,779,271.06)	(65,342,312.49)
Increase/(Decrease) in Employee Liabilities	8,014,363.20	9,860,773.88
Increase/(Decrease) in Other Long-Term Liabilities	218,381.00	244,941.00
Increase/(Decrease) in Lease Liability	1,655,686.37	629,319.32
Increase/(Decrease) in Other Current Liabilities	38,253,128.70	(14,020,044.98)
Net cash generated from operating activities before income tax	(380,409,960.12)	171,128,415.06
Less: Tax Paid	-	-
Net Cash from Operating activities (A)	388,263,573.65	469,132,911.47
Cash Flow from Investing Activities		
Purchase of PPE & Intangible assets and CWIP	(259,316,946.96)	(28,130,012.53)
Fixed Deposit with Bank	(102,761,606.27)	76,871,630.31
Proceed from/withdrawal of Assets	(59,004,784.92)	(139,721,543.72)
Interest received during year	2,242,300.27	5,957,544.20
Net Cash from Investing Activities (B)	(418,841,037.88)	(85,022,381.74)
Cash Flow from Financing Activities		
Decrease/Issue of Share Capital	463,998,242.00	37,619,800.00
Short term Borrowings repaid	(712,418,542.69)	1,176,299,700.29
Long term Borrowings repaid/availed during the year	894,056,215.70	(1,200,460,782.50)
Interest Paid during the year	(349,245,933.41)	(362,768,694.82)



Payment of principal amount of lease liability		
Net cash generated from/use in financing activities (C)	296,389,981.60	(349,309,977.03)
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	265,812,517.37	34,800,552.70
Cash & Cash Equivalents at the beginning of the year	71,671,467.11	36,870,914.41
Cash & Cash equivalents at the end of the year	337,483,984.48	71,671,467.11

1. The above Statement of Cash Flow has been prepared under the “Indirect Method” as set out in the Bhutanese Accounting Standard-7 on ‘Statement of Cash Flows’.

2. Cash and Cash Equivalents include cash in hand and bank balances in current accounts [Refer Note No. 11 to the Accounts].

3. Figures in brackets indicate cash outflows.

In-terms of our audit report of event date attached.

**FOR KARMA & ASSOCIATE
CHARTERED ACCOUNTANTS
FIRM REG. NO. BH-04**

**FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS**


**(CHIMMI DORJI-FCCA)
MANAGING PARTNER**


**(UGYEN NAMGYAL)
CHAIRMAN**


**(DECHEN CHOLING)
CHIEF EXECUTIVE OFFICER**



Note 01: NOTES TO FINANCIAL STATEMENTS**A. General Information:**

Dungsam Cement Corporation Limited (DCCL) subsidiary of Druk Holding & Investments (DHI), A Royal Government of Bhutan undertaking. The Company has been incorporated and registered under The Companies Act of the Kingdom of Bhutan 2000 (revised to Companies Act of Bhutan 2016) as limited liability on 10th September 2009. The registered office of the Company is located in Nganglam, Pemagatshel, Bhutan. The Company is engaged in manufacturing and selling of cement (OPC-43, PPC and PSC) within country and export to India. The Company also sells Clinker to India.

The Company's financial statements are prepared in accordance with and are fully compliant with the Bhutanese Accounting Standards (BAS), except as stated otherwise in the financial statements. The financial statements of the Company for the year ended December 31, 2025 were authorized for issue by the Board of Directors on dated 16th March 2026

B. Significant accounting policies:**1.1) Basis of preparation:**

These financial statements are general purpose financial statements that have been prepared in accordance and in compliance with the Bhutanese Accounting Standards and the relevant provisions of The Companies Act of Kingdom of Bhutan.

These financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements.

The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. In areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

1.2) The functional/presentation currency:

The items and figures included in the financial statements are measured using the currency of the primary economic environment in which the Company operates referred to as the "functional currency". The functional currency and presentation currency of the Company is Bhutanese Ngultrum.

1.3) Foreign currency translation:

Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at balance sheet date are translated at the rates of exchange prevailing at balance sheet date.

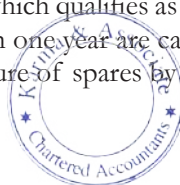
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

1.4) Property, plant and equipment:

Property, plant and equipment (PPE) is initially recognized at cost. The company follows cost model for PPE 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.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the retired part is derecognized.

The spare parts and servicing equipment are normally treated as inventory and expensed off as and when consumed. However, major spare parts and stand-by equipment which qualifies as PPE fulfilling the value more than Nu. 500,000/- and are expected to be used for a period of more than one year are capitalized as Critical and Capital Spares. However, the Depreciation is charged on basis of following nature of spares by identifying Critical Spares and Capital Spares.



- a. Critical Spares to ensure smooth operation of Plant & Machinery without interruptions which Plant cannot operate. The depreciation of such will be immediately charged over the life of main assets.
- b. Capital spares are replacement parts and that will be installed and put into use at a later date. The depreciation of such will be charged as and when it is installed, on the life of the main asset.

Land is not depreciated. Company provides depreciation on property, plant and equipment on straight-line method over the useful lives of the assets which are as follows:

Asset Class	Useful life
Building and civil structure	35 years
Plant and machinery	2-30 years
Furniture and fixtures	7 years
Office equipment	7 years
Vehicle	10 years
Other equipment	7 years
Right to Use	Valued based on lease period

Building includes semi-permanent buildings. Useful life of semi-permanent buildings and civil structure is estimated at 10 years.

The other equipment includes Infrastructure for Power. Useful life of Infrastructure for power is estimated at 7-20 years.

Assets in nature of tools, tackles, implements, equipment's which are consumables in nature and expected useful is not more than a year, assets costing Nu. 5,000 and below are expensed off. Assets that are fully depreciated but still in use are recorded at Nu.1 for each asset for the purpose of monitoring.

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The residual values are not more than 5% of the original cost of the asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized under other income or other expenses as the case may be, in the statement of comprehensive Income.

1.5) Intangible assets:

Acquired SAP ERP software, central control room software, website and other licenses are capitalized on the basis of the costs incurred to acquire the specific software. These costs are amortized over their estimated useful lives of 13-20 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net considerations received in the disposal with the carrying amount, and are recognized in the Statement of Comprehensive Income.

1.6) Impairment of assets:

Assets are tested for impairment as per BAS 36 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.7) Investment Property:

The investment Property (BAS 40) is initially recognized at original cost and subsequently recognised the capital gains and earnings. The company follows cost model and are stated at cost less accumulated gains. The property, land, gratuity, and Bond redemption reserve are classified as investment property disclosed in Notes.

1.8) Capital- Work- In-Progress:

Cost of the fixed assets not ready for their intended use at the Statement of Financial Position date together with all related expense are shown as Capital Work-in-Progress. The Capital Work in Progress is recorded as fixed asset only when its ready to use.

1.9) Financial assets:**a) Initial measurement:**

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

b) Classification and subsequent measurement:

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

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

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

Financial assets measured at amortized cost:

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

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

- i. The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. The asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI). Currently, the company does not have any asset classified under this category.

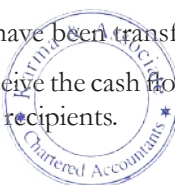
Financial instruments measured at fair value through profit and loss:

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

c) 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 derecognised only when:

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



When the company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognised.

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

d) Income recognition:

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

1.10) Financial liability:

a) Initial recognition and measurement:

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

b) Subsequent measurement:

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

Financial liabilities at fair value through profit or loss:

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Financial Liability at Amortized cost:

This category mainly includes borrowings, trade payables & other payables, security deposit, lease liabilities and debt instruments. The financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

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.

The company capitalise borrowing cost that are directly attributable to the acquisition, construction or production of qualifying asset to the extent in determining amount of borrowing cost eligible for capitalisations by applying a capitalisation rate to the expenditure on that asset.

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 agree 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.

c) Derecognition:

Financial assets are derecognized whenever one of the following conditions is met:

- i. the contractual right to receive the cash flows associated with the asset expires.
- ii. the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by BFRS 9 (the “pass through test”);
- iii. the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired. 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 statement profit or loss.

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

1.11) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined using moving average price for the materials procured from third parties. Cost of inventories is recognized including other incidental expenses incurred in acquiring inventories and bringing them to their existing location and condition. The standard cost is used for semi-finished and finished goods. The cost of finished goods and work in progress comprises of raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). The Inventory consists of Raw Materials, Fuel, Work in Progress, Finished Products, Capital Spares, Asset Spares and Stores, Spares, loose tools and other inventories.

The company assess the inventories as Fast, Slow and Non-moving items during physical verification. Company further reviews the inventories which has value more than Nu. 500,000/- and useful life more than one year as insurance/capital spares.

The company establish the following criteria to identify the inventories as fast, slow and non-moving for each category of Inventory:

i) Inventory- Spare Parts:

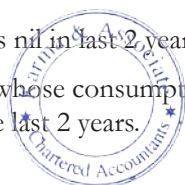
Under Inventory Spares we have critical/insurance and non-critical spares which are to be maintained as standby and servicing equipment for all time.

- a) Non-Moving: Inventories whose consumption is nil in last 5 years or more.
- b) Slow Moving: Inventories whose consumption whose consumption during the last 5 year is less than 30% of the sum of opening stock and purchases during the last 5 years.
- c) Fast Moving: All other inventories that do not fall under the above two categories shall fall under this category.

ii) Inventory- Consumables:

Under inventory consumables, there are items which are to be consumed within the short span of time i.e., 1-2 years from the date of purchase.

- a) Non-Moving: Inventories whose consumption is nil in last 2 years or more.
- b) Slow Moving: Inventories whose consumption whose consumption during the last 2 year is less than 30% of the sum of opening stock and purchases during the last 2 years.



c) Fast Moving: All other inventories that do not fall under the above two categories shall fall under this category.

iii) Inventory- Capital Spares/Materials:

Asset inventories are those items which are PPE in nature and shall be immediately capitalized once it's put to use.

a) Non-Moving: Those inventories which is lying more than 1 year after its purchase.

b) Fast Moving: Those inventories which are consumed/issued within a year.

The criteria, i.e., the threshold percentage of consumption for designating an inventory as Fast, Slow and Non-Moving shall be amended as desired by the company on time to time.

iv) Treatment for Slow/Non-Moving:

(i) Non-moving inventories classified as obsolete/unserviceable shall be auctioned off.

(ii) Non-moving inventories classified as incomplete shall be retrofitted and to make it complete inventories or set.

(iii) Surplus inventories shall as per Management decision will be reviewed for further course of action.

(iv) New procurement for Surplus/Non/slow moving shall be initiated only if the existing stock does not meet the intended purpose.

1.12) 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.

1.13) Current and deferred income tax:

a.) Current income taxes:

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income where tax is also recognized in other comprehensive income. Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

b.) Deferred tax:

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

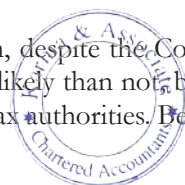
Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on net basis. Management evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

The income tax liabilities are recognized when, despite the Company's belief that its income tax return positions are supportable, the Company believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities. Benefits from tax positions are measured at the single best estimate of the most likely outcome.



At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes available which causes the Company to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made.

1.14) Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

1.15) Financial Liability at Amortized cost:

Financial liabilities at amortized cost represented by trade and other payables, security deposits and retention money are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate.

1.16) Employee benefits:

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

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

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

b. Defined Benefit Plans (Gratuity):

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

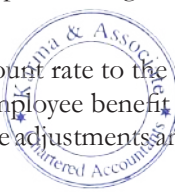
a. Defined Benefit Plans (Earned Leave/Carriage Charges/Transfer Grants/Repartition Allowances):

The liability or asset recognized in the balance sheet in respect of defined benefit plans such as Earned Leave/Carriage Charges/Transfer Grants/Repartition Allowances at the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized



in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

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

b. Short Term Benefits:

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

c. Earned Leave Encashment:

The employees of the company are entitled for earned leave of 30 days but cannot carry forward earned leave balance. The employee can have the option of either availing the leave or encashing the earned leave withing the same financial year. Out of 30 days of earned leave during the year, if employee avails leave during the year and has balance earned leave, the balance shall be encashed on pro rate basis.

1.17) Provisions and Contingent Liabilities:

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

Liabilities for reclamation and restoration costs w.r.t excavated out area are recognized based on the Certificate of Mining Engineer.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of reclamation and restoration and discounted up-to the reporting date using the appropriate risk-free discount rate.

Any change in the present value of the estimated reclamation and restoration costs other than the unwinding of discount is adjusted to the decommissioning allowance and the carrying value of the provisions. The unwinding of discount on allowance is charged in the Statement of profit and loss as finance cost.

1.18) Leases:

As a lessee:

Lease where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.19) Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

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

1.20) Revenue recognition:

Revenue from customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, stated net of discounts, commission and taxes and royalty collected on behalf of government.

Sale of goods:

The Company recognizes revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. An asset is assumed to be transferred to customer when (or as) the customer obtains control of that asset. Incremental cost incurred by the company for obtaining a contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods to which the asset relates.

The company discloses the reportable segment of revenue from each product OPC, PPC and PSC for the purposes of making decisions and about allocating resources, assessing its performance, costing etc. The segment reports are disclosed through the Notes.

Liquidated damages and penalties:

Liquidated damages and penalties occur when contractors/suppliers fail to meet the key performance indicators set out in their contract with the Company. Income resulting from claims for liquidated damages and penalties are recognised when it can be reliably measured and probable that the economic benefits will flow to the Company.

Interest income:

Interest income from investment is recognized at the applicable effective interest rate. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

1.21) Unpaid Cheque:

Cheques issued but not presented and appearing in the bank reconciliation should be considered as “stale” cheques after six months from date of cheques. All such stale cheques appearing in the bank reconciliation statement should be transferred to ‘Unpaid Cheques’ Account and parked for 3 years that if no claims are made during this period the amount will be recognized as income from liabilities no longer required.

1.22) Unclaimed/Unpaid Liabilities:

The company will review all outstanding liabilities or unclaimed payables in each reporting period and if it is established that any amount shall not be payable, these amounts should be transferred to Unpaid and Unclaimed Liabilities Account. If the unclaimed balances of vendors are determined that shall form no longer the liabilities of the company, the same shall be recognized as income from liabilities no longer required after expiry of 3 years with exception to litigation. In case of any subsequent claims, the same shall be debited to Miscellaneous Expenses during the period of refund.

1.23) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.



C. Critical accounting estimates and assumptions:

The preparation of financial statements is in conformity with BAS/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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the year in which they become known. Actual results may differ from management's estimates if these results differ from historical experience or other assumptions do not turn out to be substantially accurate, even if such assumptions were reasonable when made.

The said estimates are based on the facts and events, that existed as at the date of statement of financial position, or that occurred after that date but provide additional evidence about conditions existing as at the statement of financial position date. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

i) Useful lives of property, plant and equipment:

The costs of property, plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in the accounting policy. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

ii) Fair Value measurement of Financial Instruments:

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model etc. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Retirement benefit obligations:

The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases, etc. as estimated by independent actuary appointed for this purpose by the Management which may differ from actual developments in the future.

iv) Contingent Asset/Liabilities:

The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation at the balance sheet date and are not discounted to its present value. A disclosure for a contingent liability/asset is made when there is a present obligation arising as a result of past event that probably will not require an outflow/inflow of resources or where a reliable estimate of the obligation cannot be made.

v) Provision/Loss Allowance on ECL:

The position of doubtful Debts is reviewed and monitored on yearly basis as expected credit Loss (ECL) per the ageing buckets: 0-30 days, 31-60, 61-90 days & above 90 days for the probability default, loss given default, exposure at default economic factor adjustment and the discount factor. The company also takes appropriate action to write off or reverse from the provision in case of subsequent recovery, the same is credited to impairment gain/losses.

vi) Provision for Advances/Claims/Receivables:

The position of doubtful recoveries is reviewed and monitored from time to time. However, the amounts which are doubtful of recovery after expiry of 3 years are recognized fully as Bad debts by creating a charge against provision for doubtful debts.

In the following reporting period after all the means of recovery is exhausted and reasonably established. The company takes appropriate action to write off or reverse from the provision. In case of subsequent recovery, the same is credited to Miscellaneous Income.



DUNGSAW CEMENT CORPORATION LIMITED
NOTES FORMING PART OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

Note 2: Property, Plant & Equipment

	Free- hold Land	Building & Civil Structure	Plant & Machineries	Furniture & Fix- ture	Office Equipment	Other Equip- ment	Vehicles	Total
Balance as at 1 January 2025:								
Cost	390,920.70	4,712,767,108.42	5,408,475,059.12	20,868,054.80	23,183,873.53	81,275,795.98	54,030,335.22	10,300,991,147.77
Accumulated Depreciation	-	1,466,329,278.79	2,126,548,988.55	15,779,083.13	13,221,427.53	54,646,149.76	29,224,030.22	3,705,748,957.98
Book Value as at 1 January 2025:	390,920.70	3,246,437,829.63	3,281,926,070.57	5,088,971.67	9,962,446.00	26,629,646.22	24,806,305.00	6,595,242,189.79
Changes in book value during the year:								
Addition	-	17,407,112.34	259,928,881.61	2,759,346.40	2,022,379.88	12,747,609.24	4,889,598.00	299,754,927.47
Deletion/Adjustment	-	(4,972,355.97)	91,769,457.13	234,611.44	449,262.45	5,498,222.90	15,831,758.00	108,810,955.95
Depreciation on deletions and Adjustment	-	-	39,380,497.62	193,170.44	419,706.70	4,653,997.98	10,168,958.00	54,816,330.74
Depreciation for the year	-	127,896,969.94	209,555,783.60	914,600.40	1,782,902.88	4,935,183.99	4,171,949.00	349,257,389.81
Total Changes	-	140,331,726.31	600,634,619.96	4,101,728.68	4,674,251.91	27,835,014.11	35,062,263.00	812,639,603.97
Balances as at 31 December 2025:								
Cost	390,920.70	4,735,146,576.73	5,576,634,483.60	23,392,789.76	24,756,990.96	88,525,182.32	43,088,175.22	10,491,935,119.29
Accumulated Depreciation	-	1,594,226,248.73	2,296,724,274.53	16,500,513.09	14,584,623.71	54,927,335.77	23,227,021.22	4,000,190,017.05
Book value as at 31 December 2025:	390,920.70	3,140,920,328.00	3,279,910,209.07	6,892,276.67	10,172,367.25	33,597,846.55	19,861,154.00	6,491,745,102.24



DUNGSAM CEMENT CORPORATION LIMITED
NOTES FORMING PART OF STATEMENT OF FINANCIAL POSITION AS AT
DECEMBER 31, 2025

3. Right to Use Asset*(Amount in Nu.)*

Balance as at 1 January 2025:	
Cost	17,141,525.00
Accumulated Amortization	9,737,634.00
Book value as at 1 January 2025	7,403,891.00
	-
Changes in book value during the year:	
Addition	-
Deletion/Adjustment	-
Depreciation on deletions and Adjustment	-
Depreciation for the year	1,499,288.93
Total Changes	1,499,288.93
Balances as at 31 December 2025:	
Cost	20,384,522.93
Accumulated Amortization	11,236,922.93
Book value as at 31 December 2025:	9,147,600.00

4. Intangible Assets*(Amount in Nu.)*

Balance as at 1 January 2025:	
Cost	66,458,926.90
Accumulated Amortization	35,696,794.90
Book value as at 1 January 2025	30,762,132.00
Changes in book value during the year:	
Addition	-
Deletion/Adjustment	-
Depreciation on deletions and Adjustment	-
Depreciation for the year	4,823,788.00
Total Changes	4,823,788.00
Balances as at 31 December 2025:	
Cost	66,458,926.90
Accumulated Amortization	40,520,582.90
Book value as at 31 December 2025:	25,938,344.00



5. Capital Work-in-Progress*(Amount in Nu.)*

Balance as at 1 January 2025	4,972,355.97
Additions	15,286,002.74
Capitalization	4,972,355.97
Expense-off	
Book value as at 31 December 2025:	15,286,002.74

Note 6: Investments -non-current*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Fixed Deposit with Bank (earmarked for gratuity liability)	3,972,483.48	3,972,483.48
Accrued Interest on Fixed Deposit (earmarked for gratuity liability)	730,371.01	428,462.27
Total	4,702,854.49	4,400,945.75

Note 7: Trade & Other Receivables- Current*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
(Unsecured, Considered Good)		
Trade Receivables	250,588,791.21	168,584,938.59
Less: provision for impairment of trade receivables	-	-
	5,260,129.23	5,260,129.23
Other Receivables	-	-
Less: provision for impairment of other receivables	-	-
Total	245,328,661.98	163,324,809.36

Note 8: Current - Loans and Advances*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
(Unsecured, Considered Good)		
Advance payments-Employees	2,874,381.44	1,081,255.14
Advance to vendors	53,841,740.01	26,275,172.74
Less provision for impairment		
Net advances to vendors	56,716,121.45	27,356,427.88
Advance payments to third parties	-	-
Advance to Related Parties	-	-
Inter corporate Lending-Current	60,000,000.00	
Total	116,716,121.45	27,356,427.88

Note 9: Other Non-current Assets*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
(Unsecured, Considered Good)		
Security Deposits	27,511,358.70	24,218,069.00
Unamortized mine expenditure	23,109,774.97	25,152,484.97
Total	50,621,133.67	49,370,553.97



Note 10: Inventories*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
(As taken, valued and certified by the management)		
Raw Materials	27,092,808.86	53,502,291.17
Fuel	14,151,076.70	99,232,444.85
Work in Progress	390,012,483.12	363,454,769.86
Finished Products	52,484,721.61	59,181,058.55
Asset Spares	886,000.00	10,173,385.06
Stores, Spares & loose tools	321,227,242.56	313,764,669.15
Total	805,854,332.85	899,308,618.64

Note 11: Cash and Cash Equivalents*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Cash-in-hand	441,342.80	544.19
Balances with Banks in Current Accounts	337,042,641.68	71,670,922.92
Total	337,483,984.48	71,671,467.11

*There are no restricted cash and cash equivalents***Note 12: Prepaid Tax***(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Prepaid Tax	12,021,783.93	7,223,645.65
Total	12,021,783.93	7,223,645.65

Note 13: Other Current Asset*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Pre-paid Expenses	19,243,937.16	15,429,667.21
Total	19,243,937.16	15,429,667.21

Note 14: Investment*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Fixed Deposit	100,000,000.000	-
Accrued Interest on Fixed Deposit	217,397.260	-
Total	100,217,397.260	-

Note 15: Asset classified as held for sale*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Property, plant & equipment	8,423,201.05	8,356,101.05
Total	8,423,201.05	8,356,101.05

Some items of property, plant and equipment have been classified as held for sale during the year. The Company has classified such assets at the lower of carrying amount and fair value less cost to sell. The fair value has been derived by using the market approach whereby the Company has estimated the net realizable value of such assets.



Note 16: Equity share capital*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Issued, Subscribed and Paid-up		
Equity shares	7,832,263,042.00	7,368,264,800.00
Total	7,832,263,042.00	7,368,264,800.00

Terms/Rights attached to equity shares

Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

Authorized Capital*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
80,000,000 Equity shares of Nu.100 each	8,000,000,000.00	8,000,000,000.00
20,000,000 Preference shares of Nu.100 each	2,000,000,000.00	2,000,000,000.00
Total	10,000,000,000.00	10,000,000,000.00

Note 17: Long-Term Borrowings*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Term Loan (Secured) - Non-Current Portion		
Ngultrum Borrowing	2,252,187,244.56	2,558,131,028.86
Ngultrum Bonds	1,200,000,000.00	-
Total	3,452,187,244.56	2,558,131,028.86

Details of Security

- A. Term loans in Ngultrum are secured by way of first mortgage on all the present and future assets of the company*
B. For remaining Ngultrum borrowing and bonds corporate guarantee is given by Druk Holding and Investments Ltd.
C. See accompanying Note 41 of financial statements on details of borrowings

Note 18: Lease Liability*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Lease Liability	10,961,247.65	9,305,561.28
Total	10,961,247.65	9,305,561.28

Note 19: Current - Trade and Other Payables*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Trade payable for Goods/Services & Expenses	198,050,394.21	205,129,759.72
Amounts due to Related Parties	452,392,590.69	629,188,357.25
Total Trade payable	650,442,984.90	834,318,116.97
Accrued Interest	-	159,884,314.62
Security Deposits	17,184,180.71	19,666,917.72
Salary related payable to Employees	13,248,931.82	13,361,853.12
Retention Money payable	8,692,197.00	3,116,363.06
Total	689,568,294.43	1,030,347,565.49



Note 20(a): Employee Benefit Liabilities (Non-Current)*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Post employment benefit obligation	88,698,406.85	81,258,303.07
Total	88,698,406.85	81,258,303.07

Note 20(b): Employee Benefit Liabilities (Current)*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Post employment benefit obligation	8,689,898.83	8,512,103.58
Provision for Employee Benefits	451,985.00	248,401.00
Total	9,141,883.83	8,760,504.58

Note 21: Other Long-Term Liabilities (Non-Current)*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Provision for mines reclamation and restoration	2,850,477.05	2,632,096.05
Total	2,850,477.05	2,632,096.05

Note 22: Short-Term Borrowings*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Working Capital Loan (Secured)		
Working Capital Loan from Related Party	1,140,000,000.00	1,870,000,000.00
Working Capital Loan from NPPF	5,000,000.00	10,341,277.52
Current Maturities of Long-Term Borrowings	302,702,266.21	279,779,531.38
Total	1,447,702,266.21	2,160,120,808.90

See accompanying Note 41 of financial statements on details of borrowings

Note 23: Other Current Liabilities*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Advances received from Customers & Others	6,757,714.40	15,636,757.40
Other Accounts payable - current	23,315,401.68	312,106.13
Unpaid Cheque	-	6,060.40
BST payable	9,283,046.25	4,746,915.19
TDS Payable	42,553.25	236,544.25
Other Provision	8,773,725.05	-
Total	48,172,440.63	20,938,383.37

Note 24(a): Revenue from Sale of Cement*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Revenue from Sale of Cement	2,519,075,922.06	2,364,641,814.99
less: Discount/Rebate	(1,997,876.00)	(1,804,885.23)
Less: Commission	(68,351,003.00)	(52,720,178.00)
Revenue from Sale of Cement	2,448,727,043.06	2,310,116,751.76



Note 24(b): Revenue from Sale of Clinker*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Revenue from Sale of Clinker	505,975,876.00	240,241,070.00
Less: Commission	(8,703,640.00)	-
Total	497,272,236.00	240,241,070.00

Note 25: Other Revenue*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Rental Income	5,673,061.39	6,122,850.71
Liquidated Damages & Penalties	19,300,005.37	21,207,333.56
Income From Sale of Scraps	4,773,079.99	4,130,497.73
Miscellaneous Income	59,023,749.47	5,488,068.11
Income from sale of quartzite	900,682.00	785,084.84
Price Difference-Material	-	0.84
Interest Income	2,242,300.27	5,957,544.20
Weighbridge fees	3,289,150.00	-
Guest House Income	17,432.00	48,200.00
Gain on Foreign Currency fluctuation	6,273.49	-
Total	95,225,733.98	43,739,579.99

Note 26: Consumption of raw materials & related expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Consumption- Raw Materials	425,521,956.29	292,476,508.14
Consumption- Consumables	26,026,675.48	24,264,009.25
Mining related expenses	149,193,625.79	165,937,295.80
Total	600,742,257.56	482,677,813.19

Note 27: Changes in inventory of semi-finished goods and finished goods*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Consumption-Semi Finished Products	4,806,769,137.04	4,085,422,763.92
Cost of goods manufactured - Semi Finished Good	(5,191,247,201.55)	(4,505,405,908.98)
Cost of goods manufactured-Finished Goods	(1,985,998,582.93)	(1,851,221,123.36)
Cost of goods sold - Semi Finished Good	578,086,792.40	224,184,016.60
Cost of goods sold - Finished Good	1,999,342,796.26	1,833,661,464.34
Price Difference	(431,231,879.69)	227,603,965.31
Total	(224,278,938.47)	14,245,177.83

Note 28: Power & fuel expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Electricity Charges - plant	260,644,143.92	238,728,510.31
Consumption- Fuel	864,644,352.26	709,804,904.08
Total	1,125,288,496.18	948,533,414.39



Note 29: Employee benefit expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Salary & Allowances	230,901,816.53	210,707,732.26
Leave Travel Concession	6,525,757.90	6,867,730.28
Repatriation Allowance	1,803,153.01	2,146,995.00
Transfer Grant	1,803,153.01	2,146,995.00
GPA Insurance	773,063.00	665,163.01
Subsidy to Dungsam Sport Club	254,471.00	222,700.00
Wages	4,123,650.00	4,583,350.00
Short-term training	2,632,997.52	2,009,679.38
Leave encashment	7,266,214.50	6,572,257.07
Provident Fund -Matching Contribution	16,164,502.70	16,560,699.95
Gratuity	13,239,290.00	13,036,541.99
Carriage Charge of personal effects	614,678.01	867,221.99
Employee Related Expenses & Welfare Expenses	1,765,734.55	1,217,446.71
Total	287,868,481.73	267,604,512.64

Note 30: Depreciation & amortization*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Depreciation	349,257,389.81	347,212,205.85
Amortization	6,323,076.93	3,322,953.00
Total	355,580,466.74	350,535,158.85

Note 31: Selling & Marketing Expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Marketing & Sales Promotion Expenses	678,179.11	1,189,926.08
Consumption of Packing Materials	129,548,934.24	122,519,644.16
Handling Charges-Cement & Depo Rent	11,506,508.07	9,331,986.55
Freight Outward-Cement	46,106,288.50	52,708,045.18
Bad Debts	-	322,425.60
Total	187,839,909.92	186,072,027.57

Note 32: Operation & Maintenance Expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Consumption-Spare Parts	84,679,116.38	121,728,142.17
Operation & maintenance-Direct	120,877,166.12	173,914,905.59
Operation& maintenance-Indirect	24,530,232.53	26,758,397.44
Total	230,086,515.03	322,401,445.20



Note 33: General Admin & Other expenses*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
P&M- Insurance	9,042,718.00	9,928,578.00
Material handling	24,646,190.92	24,737,568.92
Brand Management Fee	1,634,460.68	5,831,420.15
Retirement/Scrapping of Inventories	861,834.75	26,267,277.55
Retirement/Scrapping of Assets	53,302,770.18	104,160,653.82
Fees & subscriptions	7,648,232.58	7,414,802.97
Travelling expenses	5,352,903.00	4,347,467.20
Administration expenses	14,154,298.51	25,366,962.47
Bank Charges	474,889.77	599,500.10
Total	117,118,298.39	208,654,231.18

Note 34: Finance cost*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Interest on borrowings	100,840,085.79	108,609,609.61
Coupon on Bonds	74,194,521.00	60,922,622.93
Interest on loans from BoBL	114,020,406.43	125,926,651.68
Other borrowing cost	6,824,143.85	462,712.44
Interest on Working Capital	57,028,828.98	63,633,756.42
Interest/Unwinding Cost	3,162,091.21	3,676,054.18
Total	356,070,077.26	363,231,407.26

See accompanying Note 41 of financial statements on details of Interest Cost on borrowings

Note 36: Earnings per share*(Amount in Nu)*

Particulars	12/31/2025	12/31/2024
Profit/(Loss) after tax	610,589,015.28	(349,125,654.13)
Other comprehensive income for the year	192,880.17	6,200,572.51
Profit/(Loss) used to determine basic earnings per share	610,781,895.45	(342,925,081.62)
Numbers of shares at the beginning of the year	75,842,407.13	73,306,450.00
Number of shares allotted	44,991,549.22	2,535,957.13
Number of shares at the end of the year	120,833,956.36	75,842,407.13
Weighted average number of ordinary shares in issue	120,833,956.36	75,842,407.13
Basic and Diluted Earnings per share	5.05	(4.60)



Note 35: Deferred tax liability/ (asset)

Particulars	12/31/2025	12/31/2024
Property, plant and equipment	1,431,897,275.71	1,431,897,275.71
Total deferred tax liability	1,431,897,275.71	1,431,897,275.71
Property, plant and equipment	(744,820,557.04)	(59,413,386.81)
Unused tax loss (refer note (i) below)	(52,996,266.09)	(141,318,745.47)
Total deferred tax asset	(797,816,823.13)	(200,732,132.28)
Net deferred tax liability	634,080,452.52	1,231,165,143.43

(i) In assessing the reliability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. As the Company has a history of tax losses, the Company has recognised a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

(b) Tax expense

Particulars	12/31/2025	12/31/2024
Deferred tax:		
Decrease/(increase) in deferred tax assets	597,084,690.86	200,732,132.28
(Decrease)/increase in deferred tax liabilities		-
Total deferred tax expenses	597,084,690.86	200,732,132.28
Income tax expenses	597,084,690.86	200,732,132.28

(c) Numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the tax rate

Particulars	12/31/2025	12/31/2024
Tax expenses		
- Current tax	-	-
- Deferred tax	597,084,690.86	200,732,132.28
Total tax expense	597,084,690.86	200,732,132.28
Profit before tax	4,909,448.70	(549,857,786.36)
Income tax expense/(income) calculated at 30%	1,472,834.61	(164,957,335.91)
Impact of expenses (net) disallowed under tax laws for which no deferred tax has been recognized	(21,119,521)	(22,836,719.70)
Impact of reversal of deferred tax asset recognized in earlier year as the same has lapsed	3,052,526.25	41,553,435.20
Other differences	613,678,850.68	346,972,752.69
Reconciled with tax expense as above	597,084,690.86	200,732,132.28

37. Operating Profit/(Loss):



In the financial year (FY) 2025, the company recorded a significant turnaround in its financial performance, reporting an operating profit (before finance cost and tax) of Nu. 360,979,525.96 compared to an operating loss of Nu. 186,626,379.10 in FY 2024. This represents a substantial improvement in operational efficiency

38. Financial Instrument:

Expected Credit Losses for trade receivables modifies the measurement of expected credit losses. Upon adoption, there was no impact on the company's consolidated financial statements as the loss allowances was recognized more in prior year than the computed ECL in FY 2024.

Particular	31/12/2025		31/12/2024		Remarks
	Computed ECL	Provision Created	Computed ECL	Provision Created	
Loss Allowances	383,551	5,260,129	3,359,603	5,260,129	No Impact

39. Lease

The total Lease liabilities of (Government Land and DHI Land) of Nu. 10,961,247.65 were computed in the year 2025.

i. DHI land

The ownership of land was taken by DHI and the lease agreement is made and entered into May 11, 2021, effective from February 17, 2021 for term of 30 years measuring the land area of 188.59 acre expiring the lease agreement on February 18, 2051. The initial lease payout is Nu. 410,747 and 5% increment after every 5 years.

Particulars	31-12-25	31-12-24
Lease Liability	8,021,897.38	5,380,940

ii. Depot Land

The Company has entered into a lease arrangement with DHI for a lease term of two years, commencing on September 1, 2025 and ending on September 11, 2027. The lease rent is at a rate of Nu. 46.54 per square foot. The lessee is required to pay an annual lease rent of Nu. 1,553,221.31.

Particulars	31-12-25	31-12-24
Lease Liability	2,351,171.63	0

iii. Government Land

The Company has entered into a lease agreement with the Dungkhag Administration, Nganglam, Pema Gatshel Dzongkhag for the use of land for truck parking purposes. The lease pertains to Plot No. LNOR-I7 located at Tshenkari, Norbugang, measuring 2.010 acres. The lease term is ten (10) years, effective from October 7, 2025 to October 7, 2035, at a lease rental of Nu. 1.00 per square foot per annum.

Particulars	31-12-25	31-12-24
Lease Liability	588,178.64	0



40. Bond

Bond Series IV, with a total issue size of Nu. 1.2 billion, was issued for a period of 10 years on 10 April 2025 at an interest rate of 8.5% per annum. The face value per unit is Nu. 1,000, with 1,200,000 units. The bond was issued to repay a short-term loan.

41. Borrowings:

The details of Borrowings including Repayment and Interest for the year are as under:

Lender	Balance as on 01/01/2025	Disbursement Date	Maturity Date	Int. Rate	Disbursement Amount	Repaid in FY 2025	Interest Paid in FY 2025	Closing Loan Balance as on 31/12/2025
Term Loan:	2,837,910,560					283,021,049	212,524,994	2,554,889,511
BOB TL Nu. 600M	460,635,341	31-Dec-31	31-Mar-32	7.60%		51,255,293	33,539,372	409,380,048
BOB TL Nu. 610M	419,241,515	30-Nov-30	30-Nov-30	7.60%		57,417,627	27,523,363	361,823,889
BOB TL Nu. 670M	618,252,193	30-Nov-33	30-Nov-33	8.50%		48,538,948	50,622,173	569,713,246
NPPF TL Nu. 1560M	1,339,781,511	31-Dec-33	31-Dec-33	7.80%		125,809,182	100,840,086	1,213,972,329
Short Term Loan:	1,880,341,278				790,000,000	1,525,341,278	53,865,574	1,145,000,000
NPPF WCL Nu. 550M	5,341,278	27-Mar-19	30-Jun-26	10.50%		341,278	13,924,377	5,000,000
NPPF WCL Nu. 150M	5,000,000	15-Sep-21	14-Sep-25	10.50%		5,000,000	371,096	0
SMCL ICL Nu. 330M	330,000,000	11-Apr-24	12-Mar-25	3.50%		330,000,000	11,463,887	0
DHI ICL Nu. 340M	340,000,000	15-Jun-24	14-May-25	3.50%		340,000,000	10,838,986	0
DHP ICL Nu. 110M	110,000,000	26-Sep-24	31-Mar-25	4.50%		110,000,000		0
DGPC ICL Nu. 700M	700,000,000	12-Nov-24	31-Mar-25	3.50%		700,000,000	9,320,967	0
DHI ICL Nu. 390M	390,000,000	05-Nov-24	31-May-26	4.50%		40,000,000	7,946,261	350,000,000
SMCL ICL Nu. 500M	0	04-Jun-25	05-May-26	3.50%	500,000,000.00	0	0	500,000,000
DGPC ICL Nu. 290M	0	10-Oct-25	28-May-26	3.50%	290,000,000.00	0	0	290,000,000
Bond	0				1,200,000,000.00	0	51,000,000	1,200,000,000
Bond IV	-	10-Apr-25	0/04/2035	8.5%	1,200,000,000.00	0	51,000,000	1,200,000,000
Total	4,718,251,838					1,808,362,327	317,390,568	4,899,889,511

42. Contingent Assets:

The contingent assets are not provided to the following pending civil suit:

i. DCCL Vs GSA C/o Kuenga Tenzin (Nu. 52,14966/-)

The issue was first started in the year 2017 regarding the credit sales facilitated to M/s Gakhyl Supply Agency even after TPA agreement. After his failure to clear the debt amounting to Nu. 5,214,966/- only (including Nu. 450,000/- only receivables against VI-U Anagami) as of 30/06/2017 the issue was registered to Royal Court of Justice, Nganglam Dungkhag on 19/04/2018. After 5 months of rigorous case hearing the Hon'ble Court delivered its judgment on 27/09/2018 wherein it stated Mr. Kuenga Tenzin, C/o Ms. GSA to clear the debt balance in 5 months' time after the passing of the judgment by Dungkhag Court.

However, Mr. Kuenga Tenzin appealed to Pemagatshel Dzongkhag Court regarding the issue and the first hearing was conducted on 22/04/2019. In after 6 months' time of submitting rebuttals to the Hon'ble Court, the Dzongkhag Court held its judgment on 16/10/2019 stating Mr. Kuenga Tenzin to clear the debt balance of Nu. 5,214,966/- only as on 31/12/2019.

Against the Judgment passed by the Pemagathsel Dzongkhag Court Mr. Kuenga Tenzin appealed to High Court of Bhutan on 05/12/2019. The closing hearing was held on 23/01/2020 by the High Court of Bhutan, and judgment was passed on 13/11/2020 wherein it stated Mr. Kuenga Tenzin C/o M/s. GSA to clear the debt balance in 4 months' time after the passing of the judgment by High Court, Bench II.

After judgment delivered from the High Court Bench II, Mr. Kuenga Tenzin appealed to High Court Larger Bench on 27/08/2021. With the following due process of law, Hon'ble Court held the closing hearing on 02/09/2021. Without any changes with the judgment, the Hon'ble High Court, Larger Bench delivered its judgment on 25/11/2021. However, Mr. Kuenga Tenzin appeal to Supreme Court and proceeding is underway.



The Honorable Supreme Court (SC) upheld the verdict of the High Court's Larger Bench, dismissing the appeal and rendering its judgment on February 17, 2023, in favor of DCCL. In its ruling, Supreme Court ordered the debt to be settled within six months from the date of the judgment. The case is still at the enforcement court, Nganglam Dungkhag.

ii. DCCL Vs M/s Samphel Doejung Transport (Nu. 854,519)

The first hearing has started in the year 23/08/2019 with the issue facilitated to shortage of cement. Since court has delivered the judgment accordingly with the procedure, the defendant Tenzin Wangda has ordered to pay only within 6 months. With the judgment rendered from Nganglam Dungkhag Court in 11/06/2021, the defendant has not satisfied with the judgment and he appealed to Pemagatshel Dzongkhag Court. The District Court of Pemagatshel issued its judgment on December 5, 2022, upholding the decision of the Dungkhag Court in favor of DCCL. Subsequently, the firm filed an appeal with the High Court, which affirmed the District Court's decision. Despite this, the firm pursued the case to the Supreme Court, which, on June 6, 2023, upheld the High Court's judgment, requiring the settlement of the amount within six months. However, M/s. Samphel Doejung Transport has submitted a petition to the HM Secretariat. We have been advised to await a response from the HM Secretariat.

43. In the opinion of the Board current assets, loans & advances shall have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Statement of Financial Position, unless otherwise stated and adequate provisions for all known liabilities have been made.

44. Employee Benefits:

Provision for all defined employee benefits such as gratuity, transfer grant, repatriation allowance & carriage charges, has been made based on actuarial valuation of their liabilities carried out by an independent valuer namely, M/s Bhutan Actuarial & Risk Consultant as required by BAS-19 on Employee Benefit.

i. Expense recognized in the Statement of Comprehensive Income:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance		Carriage Charge	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Current service cost	7,723,058	7,790,816	1,237,331	1,567,911	1,237,331	1,567,911	466,902	715,780
Past service cost								
Net Interest income / (cost) on the net defined benefit liability (asset)	5,516,232	5,245,726	565,822	579,084	565,822	579,084	147,776	151,442
Expenses recognized in the statement of profit or loss	13,239,290	13,036,542	1,803,153	2,146,995	1,803,153	2,146,995	614,678	867,222

ii. Amount recognized as Other Comprehensive Income:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance		Carriage Charge	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Actuarial (gains)/ losses due to liability experience	2,418,525	-2,212,345	(1,083,873)	-1,654,637	(1,083,873)	-1,654,637	(443,659)	(678,953)
Remeasurement (gains)/losses recognized in OCI	2,418,525	(2,212,345)	(1,083,873)	(1,654,637)	(1,083,873)	(1,654,637)	(443,659)	(678,953)



iii. Reconciliation Of Changes in Present Value of Defined Benefit Obligation

Particulars	Gratuity Liability		Transfer Grant Liability		Repatriation Allowance Liability		Carriage Charge Liability	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Net defined benefit liability/(asset) in the beginning of current period	73,020,447	68,946,910	7,390,736	7,578,733	7,390,736	7,578,733	1,968,489	2,005,830
Add: Amount recognized in the income statement	13,239,290	13,036,542	1,803,153	2,146,995	1,803,153	2,146,995	614,678	867,222
Add: Amount recognized in the OCI	2,418,525	(2,212,345)	(1,083,873)	(1,654,637)	(1,083,873)	(1,654,637)	(443,659)	(678,953)
Less: Contributions paid into the plan								
Less: Benefits paid by employer	8,135,090	6,750,660	635,911	680,355	635,911	680,355	242,583	225,610
Net defined benefit liability/(asset) in the end of current period	80,543,172	73,020,447	7,474,105	7,390,736	7,474,105	7,390,736	1,896,925	1,968,489
Current Liability	7,220,600	6,929,122	633,505	681,905	633,505	681,905	202,288	219,171
Non-Current Liability	73,322,571	66,091,325	6,840,599	6,708,830	6,840,599	6,708,830	1,694,637	1,749,318

iv. Actuarial Assumption:

Particulars	Gratuity		Transfer Grant		Repatriation Allowance		Carriage Charge	
	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24
Method used	Projected unit credit (PUC)							
Discount rate per annum	8%	8%	8%	8%	8%	8%	8%	8%
Salary escalation per annum	7%	7%	7%	7%	7%	7%	7%	7%
Increase in transportation cost								
Mortality rate (of IAIM 2012-2014)	100%	100%	100%	100%	100%	100%	100%	100%
Attrition rate per annum	5%	5%	5%	5%	5%	5%	5%	5%



i. Risk exposure:

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk:

This is the risk that the plan is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets.

Salary escalation risk:

The present value of the defined benefit plan is calculated with the assumption of salary increase of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk:

The Company has used certain mortality and attrition assumptions in valuation of the liability. Thus, the plan is exposed to the risk of actual experience turning out to be worse compared to the assumption

Asset liability mismatching or market risk:

The duration of the liability is longer than the duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment risk:

The plan is exposed to the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

45. Related Party Disclosures:

The Company is a subsidiary of Druk Holding & Investments (DHI) (a Royal Government of Bhutan undertaking). The company considers for the purpose of disclosure required under BAS-24, the related parties are mainly parties that are under same holding companies in a position of control over directly or indirectly, in which the holding company has a significant influence to exercise. The related parties also include the board of directors and key management personnel. The key management personnel comprise management personnel who have the power and direct or indirect responsibility for the planning, management, and control of the company's activities.

The fellow subsidiaries are shown below:

- i. Druk Holdings & Investments Limited
- ii. Bank of Bhutan Limited
- iii. Bhutan Telecom Limited
- iv. Bhutan Power Corporation Limited
- v. Construction Development Corporation Limited
- vi. Druk Green Power Corporation Limited
- vii. Dungsam Polymers Limited
- viii. Dagachhu Hydro Power Corporation
- ix. Penden Cement Authority Limited
- x. State Mining Corporation Limited
- xi. State Trading Corporation of Bhutan Limited
- xii. Thimphu Tech Park Limited
- xiii. Bhutan Board Products Pvt Limited



The related parties' transactions entered with fellow subsidiaries mainly involves the provision of services, the sourcing of financial resources, utilities services and administrative activities. All these transactions are part of routine operations. The transactions are carried out in the interest of the company and are settled on an arm's length basis, i.e., on the same market terms as similar to the agreements entered into between two independent parties.

The following tables summarize commercial, financial and other relationships between the Company and related parties:

i. The nature of transaction with fellow subsidiaries are shown below:

Nature of Transaction	31/12/2025	31/12/2024
Bank of Bhutan Limited:		
Interest & Coupon	175,804,656.83	134,714,002.00
Interest income for Bond redemption reserve	0.00	185,404.00
Balances with BOBL	133,592,941.16	29,207,048.00
Bank Charges & AMC for E-Payment	711,731.36	744,870.00
Bhutan Power Corporation Ltd.:		
Electricity charges	260,644,143.92	238,728,510.00
Security deposits paid Noncurrent	3,389,180.00	3,389,180.00
Bhutan Telecom Limited:		
Telephone and internet charges	-4,038,606.15	3,742,138.00
Interest on borrowing	-	0.00
Druk Holdings & Investments Limited:		
Guarantee fee	6,121,643.85	264,812.00
Equity Shares held by DHI	6,938,455,306.00	6,480,465,000.00
Rental Expenses paid to DHI Group Companies	1,256,627.76	821,493.00
Interest on borrowings-Intergroup	19,040,000.00	13,402,186.00
Inter group Brand management Fees	1,634,460.68	5,831,420.00
Dungsam Polymers Limited:		
Purchase of PP bag	129,548,934.24	120,345,100.00
State Trading Corporation of Bhutan Limited		
Purchase of office equipment	0.00	141,775.00
Running & Maintenance of Vehicle	172,613.00	288,592.00
Purchase of vehicle	0.00	1,259,067.00
Druk Green Power Corporation Limited:		
Interest on borrowing	9,163,424.65	3,695,355.00
Spares & service charge	0.00	194,014.00
State Mining Corporation Limited:		
Purchase of Coal	759,239,666.68	434,228,759.00
Purchase of Gypsum	32,763,226.66	31,229,016.00
Inter Group Miscellaneous Income	450,711.78	777,898.00
Sales of cement	191,100.12	680,610.00
Interest on borrowing	13,249,178.07	8,331,148.00
Construction Development Corporation Ltd.:		
Sales of cement	82,101,682.37	70,748,487.00
Thimphu Tech Park Limited:		
Fees and Subscriptions	2,375,303.19	2,184,233.00



Advances to related parties	88,783.51	
Dagachhu Hydro Power Corporation Ltd.:		
Interest	1,342,602.74	2,182,104.00
Bhutan Board Product Pvt Limited		
Interest income for ICL	17,260.27	0.00

ii. The borrowing balances with related parties as of 31/12/2025:

Lender	Closing Loan Balance as on 31/12/2025	Closing Loan Balance as on 31/12/2024
Term Loan:	1,340,917,182	1,498,129,049
BOB TL Nu. 600M	409,380,048	460,635,341
BOB TL Nu. 610M	361,823,889	419,241,515
BOB TL Nu. 670M	569,713,245	618,252,193
Short Term Loan:	1,140,000,000	1,870,000,000
DHPC ICL	0	110,000,000
DHI ICL	350,000,000	730,000,000
DGPC340M (ICL)	290,000,000	700,000,000
SMCL ICL	500,000,000	330,000,000

iii. The balances with related parties as on 31/12/2025:

Related Party	Nature of Transactions	Outstanding balance as on 31 Dec 2025	Outstanding balance as on 31 Dec 2024
Druk Holdings and Investments Limited	Payable	6,504,410.90	9,543,080.00
Bank of Bhutan Limited	Payable	2,335,498.77	2,698,165.00
Bhutan Telecom Limited	Payable	45,242.00	323,509.00
Bhutan Power Corporation Limited	Payable	21,068,837.73	19,132,996.00
State Trading Corporation Limited	Payable	0.00	28,652.00
Dungsam Polymers Limited	Payable	20,448,450.00	30,489,100.00
Druk Green Power Corporation Limited	Payable	0.00	3,368,995.00
State Mining Corporation Limited	Payable	380,732,880.96	586,005,748.00
Thimphu Tech Park Limited	Payable	127,024.92	0.00
Construction Development Corporation Limited	Receivable	30,916,623.00	16,692,138.00
Penden Cement Authority Ltd.	Receivable	0.00	34,888.00

iv. Corporate Guarantee is given by the Holding Company - Druk Holding and Investments Ltd. for the followings:

1. BOBL Term Loan: Nu. 670,000,000/- only.
2. BOBL Term Loan: Nu. 610,000,000/- only.



3. BOBL Term Loan: Nu. 600,000,000/- only.
4. NPPF Term Loan: Nu. 1,560,000,000/- only.
5. Bond IV: Nu. -1,200,000,000/- only.

v. Key Managerial Personnel (KMP):

The key managerial personnel are those having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly including any director whether executive or otherwise. The key management personnel of the company for the purpose of disclosure of compensation include the as required by the Companies Act of Bhutan, 2016.

The Key managerial personnel with whom transactions have taken place during the year:

1. Dasho Karma Yezer Raydi, Chairman
2. Mr. Ugyen Namgay, Chairman
3. Mr. Dorji Nima, Board Director
4. Mrs. Dechen Yangden, Board Director
5. Mrs. Karma Yangzom, Board Director
6. Mr. Sonam Tobgye, Board Director
7. Mr. Tashi Dawa, Board Director
8. Mr. Dechen Choling, CEO

The summary of compensation paid to CEO:

Particular	FY 2025	FY 2024
Basic Salary and Allowances	2,940,391.25	2,730,564
Communication Facility Allowance	29,876.04	23,580
Contribution to provident fund	184,822.00	172,464
Sitting fees	105,000.00	76,000
Travel Expense	244,752.00	133,575
Total	3,504,841	3,136,183
Other Benefit:		
i) Housing A-type building	Free of Rent	Free of Rent

The sitting fees paid to the Board of Directors and Board's Member Secretary in FY 2025:

Sl. No	Name of Directors & Members	2025	Remarks
1	Mr. Ugyen Namgay, Chairman	82,000.00	
2	Mr. Dorji Nima, Board Director	103,000.00	
3	Mrs. Dechen Yangden, Board Director	39,000.00	
4	Mr. Sonam Tobgye, Board Director	8,000.00	Retired on March 14, 2025
5	Mrs. Karma Yangzom Tshering, Board Director	31,000.00	Retired on August 31, 2025
6	Mr. Tashi Dawa, Board Director	51,000.00	
7	Mr. Dechen Choling, CEO	105,000.00	
8	Mr. Kinzang Tshering, Board Director	10,000.00	Replaced on October 1, 2025
9	Mrs. Yeshey Seldon, Board Director	28,000.00	
10	Mr. Sonam Darjee, Company Secretary	41,000.00	
11	Mr. Doten Wangdi, Member Secretary BAC	9,000.00	
12	Loday Zangmo, Member Secretary BPLC	2,500.00	
	Total	509,500.00	



vi. Terms and conditions of the transactions:

1. As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP esp. the Board Directors are not ascertainable separately and were not included above.
2. All transactions were made on normal commercial terms and conditions and at market rates.

46. During the year the Company has assessed the carrying amount of the asset's visa-vis their recoverable values and no impairment is envisaged at the reporting date of Statement of Financial Position.

47. An inventory refers to spare parts, raw materials, consumables, fuel, work in progress and finished goods readily available for sale. Tabulated below shows the valuation of our finished goods:

Material	FY 2025		FY 2024	
	Closing Stock (MT)	Closing Value (Nu.)	Closing Stock (MT)	Closing Value (Nu.)
OPC 43	6,573.05	28,066,139.52	4,570	21,107,304
PPC	6,398.67	24,418,342.71	9,065	38,073,515
PSC	0.05	239.38	0.05	239
Total	12,971.76	52,484,721.61	13,635	59,181,059

48. Certain balance of advances to Vendors and others, Trade Receivables, Sundry Creditors, Intra Group Company Balances, Advances received from Customers & others and other Current Liabilities are subject to confirmation/reconciliation and consequential adjustment if any, required.

49. The Company operates only in cement and for internal reporting purposes they consider the entire business as one segment only i.e., cement, and performance is reviewed accordingly. Hence the company has 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 (the domicile of the company) and India. From the product perspective management considers the revenue generated from the various types of cement viz. PPC, PSC & OPC. These products are not considered for segment reporting being of similar nature, production processes, customers, and distribution channels.

i. Entity- wide information:

The revenue and sales by country, based on the destination of customers for cement:

Country	FY 2025		FY 2024	
	Quantity (MT)	Value (Nu.)	Quantity (MT)	Value (Nu.)
Bhutan	207,561.25	1,340,868,486.06	206,251	1,301,413,531
India	243,690.05	1,178,207,436.00	206,409	1,063,263,690
Total	451,251.30	2,519,075,922.06	412,659	2,364,677,221

ii. Auditors' remuneration:

Particulars	FY 2025(Nu)	FY 2024(Nu)
Audit fees	420,000.00	121,275.00
Other audit expenses	199,521.29	203,208.00
Total	619,521.29	324,483.00

50. Operating Lease:

DCCL has two captive Mines to extract Limestone and Phyllite to be used as raw materials for the production of Clinker. The Lease agreement was drawn between DCCL and the Department of Geology and Mines (DGM) dated 29/06/2010 for the initial period of 25 years from the date of signing whereby DCCL leased the Kangrezi area covering 120.83 hectares (298.57 Acres) and Marung Ri area covering of 152.78 hectares (377.52 acres).

DCCL has to pay the surface rent @ Nu.640/- only per acre per annum unless revised by the Royal Government and also have to pay the mineral and royalty rent per unit measures of limestone dispatched @ Nu. 8.5/- only and Nu. 34/- only respectively for both the mines.



51. Capital Advance and Capital Payables:

Management does not recognize the advances and payables as capital advances and capital payables. However, management recognizes and treats spare parts as inventory and expenses them as and when consumed. Major spare parts and stand-by equipment that qualify as PPE are capitalized as Capital Spares.

52. Fair Value Measurement:

The company measures fair value per BFRS-13. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market whenever required by the BFRS.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e., its current price, publicly available and effectively traded on an active, liquid market.

Financial Instruments by category:

Particulars	31-Dec-25	31-Dec-24
	Amortized cost	Amortized cost
Total Financial assets:		
i) Security deposits	27,511,358.70	24,218,069.00
ii) Cash and cash equivalents	337,483,984.48	71,671,467.11
iii) Investments	104,920,251.75	4,400,945.75
iv) Trade and other receivables	245,328,661.98	163,324,809.36
Total Financial liabilities:		
i) Borrowings	4,899,889,510.77	4,718,251,837.76
ii) Trade payable and other payables	689,568,294.43	1,027,494,497.00

i. Fair value hierarchy:

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date.

Level 2:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3:

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). This is the case for unlisted equity securities included in level 3.

ii. Valuation technique used to determine fair value:

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are

- Recognized and measured at fair value and
- Measured at amortized cost and for which fair values are disclosed in the financial statements.

To indicate the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the BAS.

The carrying amounts of loans and advances, trade and other receivables, cash and cash equivalents, and trade and other payables are considered to be the same as their fair values, due to their short-term nature.



The fair values for financial instruments such as borrowings, retention money and security deposits 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 counter-party credit risk

iii. Fair value of financial assets and liabilities measured at fair value:

The following table shows, for each class of assets measured at fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Particulars	31-Dec-25		31-Dec-24	
	Carrying amount	Fair value	Carrying amount	Fair value
Total Financial assets:	32,214,213.19	13,718,769.21	28,619,014.75	15,682,921.84
i) Security deposits	27,511,358.70	9,176,413.37	24,218,069.00	11,140,566.00
ii) Investments	4,702,854.49	4,542,355.84	4,400,945.75	4,223,018.00
Total Financial liabilities:	2,554,889,511.05	2,274,447,234.70	2,837,910,560.24	2,453,743,583.00
i) Borrowings	2,554,889,511.05	2,274,447,234.70	2,837,910,560.24	2,453,743,583.00

The fair values for financial instruments were calculated based on cash flows discounted using the current borrowing rate. 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.

iv. Fair Valuation of Land

In the year 2018 May 8, the 30 decimal land was capitalized at the initial purchase cost at Nu. 12,000,000. It was revalued at Nu. 390,921 based on the government compensation rate of Nu.13,030.69 per decimal. The difference of Nu.809,079.30 was presented under a loss on revaluation of land under Other Comprehensive Income in 2023. No fair valuation was done in 2025.

53. Capital management:

i. Risk management

The Company is a subsidiary of Druk Holding & Investments Limited (DHI). The amount mentioned under total equity in the balance sheet is considered Capital. The company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for the 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 judgment of the appropriate balance of key elements to meet strategic and day-to-day needs. The Company manages its structure and makes adjustments in light of changes in economic conditions. The funding requirements are met through the equity given by the shareholders.

ii. 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 to which the entity is exposed how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions and recognized financial liabilities not denominated in Bhutanese Ngultrum (Nu.)	Cash flow forecasting	Diversification of asset and liability
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	The Company does not have borrowings at the floating interest rate
Credit risk	Cash and cash equivalents, trade receivables, and financial assets measured at amortized cost	Aging analysis Creditworthiness	Diversification of customer base
Liquidity risk	Trade and other payables	Cash flow forecasts	Availability of committed facilities

a. Market risk- Foreign currency risk:

The foreign currency (Indian Rupee) does not have exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR).

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

1.Nu vs INR:

Particulars	31-Dec-25	31-Dec-24
	INR	INR
Financial assets	124,461,974.63	75,304,549.00
Financial liabilities	(68,804,077.35)	(156,516,594.00)
Net exposure to foreign currency risk	55,657,897.28	(81,212,045.00)

b. Market risk- Interest rate risk:

The 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 as on 31/12/2024 and in FY 2023 was not exposed to the risk of changes in market interest rates because it does not have any floating rate 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 BFRS-7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c. Credit Risk:

The 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 from trade and other receivables.

Trade Receivables:

The Company's trade receivables comprise majorly from the Hydro Power Projects. Trade receivables are non-interest bearing and are generally given for 45 days credit term for Domestic Non-Trade customer and 7 days for Export customer. Outstanding customer receivables are regularly monitored. The aging of trade receivables as on the balance sheet date is given below. The age analysis has been considered from the invoice date:

Description	Current	1-30 days	31-60 days	61-90 days	> 90 days	Total
Trade Receivable as 31.12.2025	93,643,657	29,382,985	22,636,520	8,570,116	96,355,513	250,588,791
Less: Provision for impairment Loss					-5,260,129	-5,260,129
Net Receivable as on 31.12.2025	93,643,657	29,382,985	22,636,520	8,570,116	91,095,383	245,328,662
Trade Receivable as 31.12.2024	23,917,808	42,813,171	3,145,673	412,875	98,295,411	168,584,939
Less: Provision for impairment Loss	-	-	-	-	-5,260,129	-5,260,129
Net Receivable as on 31.12.2024	23,917,808	42,813,171	3,145,673	412,875	93,035,282	163,324,809

The requirement for impairment is analysed at each reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Cash and cash equivalents and other financial assets:

The Credit risk from balances with banks and financial institutions is managed by the Company's Finance & Investment Department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. 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.



d. Liquidity risk:

The 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.

Maturities of financial liabilities:

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

Contractual maturities of financial liabilities	Upto 1 year	2-3 years	4-5 years	More than 5 years	Total
31/12/2025					
Borrowings- Long Term	305,298,674	686,775,967	800,231,733	1,962,583,137	3,754,889,511.05
Interest payable – Borrowings	314,149,693	517,300,769	391,736,051	483,488,027	1,706,674,538.54
Borrowings – Short Term	1,145,000,000				1,145,000,000.00
Trade payable and other payables	678,168,311	11,399,983			689,568,294.43
Total financial liabilities	2,442,616,678	1,215,476,720	1,191,967,783	2,446,071,163	7,296,132,344.02

54. Profit/(Loss) before income tax during the year:

The company has reported a profit of Nu. 4,909,448.70 for the year 2025, compared to a loss of Nu. 549,857,786 in FY 2024. This represents a significant turnaround in financial performance. The substantial improvement reflects stronger operational efficiency, improved revenue generation, effective cost management, and overall better financial discipline during the year. The shift from a considerable loss to a positive profit position demonstrates the company's resilience and successful implementation of strategic measures aimed at restoring profitability.

55. Additional Disclosures:

i. In the opinion of the management, the value of assets other than property, plant and equipment, 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

ii. Production and Sales:

The quantitative detail of production and sales of Cement and Clinker as under:

Particulars	Unit	FY 2025	FY 2024
Production Qty.:			
i) Cement	MT	450,610.99	405,032.34
ii) Clinker	MT	548,699.10	402,588.80
Sales Qty.:			
i) Cement	MT	451,251.30	412,659
ii) Clinker	MT	140,317.94	54,148.32

iii. Segment reporting on Sales:

The Company operates only in cement and for internal reporting purposes it is considered the entire business as one segment i.e., cement and the performance is reviewed accordingly. 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. Since these products are being of similar nature, production processes, customers and distribution channel it is not considered for segment reporting.



However, the quantitative detail of sales of Cement and Clinker as under:

Sales	FY 2025		FY 2024	
	MT	Revenue -Nu	MT	Revenue -Nu
OPC-43	231,174.40	1,298,861,646.76	193,916.00	1,113,856,500.00
PPC	220,076.90	1,220,214,275.30	218,743.00	1,250,785,315.00
Total Cement	451,251.30	2,519,075,922.06	412,659.00	2,364,641,815.00
Clinker	140,317.94	505,975,876.00	54,148.00	240,241,070.00

iv. Insurance claim

On October 22, 2024, Cement Silo No. 3 was completely collapsed towards the adjacent highway, narrowly missing other silos and the main packing and loading structures. The incident occurred during routine operations and significantly damaged equipment and structures. The company has submitted an insurance claim of Nu. 261,628,569 in the year 2024. No insurance claim has been received, as the report states that the damage resulted from gradual deterioration, which is excluded under the policy term.

V. Defer Tax Computation

Pursuant to the Income Tax Act of Bhutan 2025, the corporate income tax rate has been reduced from 30% to 22%, effective for the income year starting January 1, 2026. The deferred tax assets and liabilities have been remeasured using the substantively enacted rate of 22%. Nu. 597,084,690.86 has been recognized in the Statement of comprehensive income and DTL of Nu. 636,504,648.29 presented in the financial position. The DTL for old tax rate and new tax rate is tabulated below:

Description	Old Tax Rate (30%)	New Tax Rate (22%)
DTL- Property, Plant & Equipment	936,922,798.18	687,076,718.67
DTA-Carry Forward Loss	(68,961,914.15)	(50,572,070.38)
Net DTL	867,960,884.03	636,504,648.29





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