Annual Report 2024

"Making Agriculture Productive, Profitable and Prestigious"

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Annual Report 2024

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EXECUTIVE SUMMARY

The Farm Machinery Corporation Limited (FMCL) a State-Owned Enterprise was officially inaugurated on 19th August, 2016 and has successfully completed 8th year.

In 2024, FMCL achieved a significant financial turnaround, marking a shift from persistent losses to profitability. The company recorded an operating revenue of Nu. 217.5 million, a 22.76% increase from Nu. 167.9 million in 2023 with a profit after tax (PAT) of Nu. 0.6 million. This improvement was driven by strategic reforms, operational streamlining, enhanced service delivery, and a strong equity injection of Nu. 134.35 million by the Royal Government of Bhutan during the year.

The equity infusion strengthened FMCL's balance sheet, enabling capacity expansion, restructuring, and nationwide service reach. Operational scope grew with more units, functional areas, and improved delivery capacity. These positive results reflect sound fiscal discipline, ongoing reforms, and government support, positioning FMCL for sustainable growth. Consequently, the financial statements have been prepared on a going-concern basis.

Further, FMCL has 9 commercial farms. The total area of all the farms is 957.885 acres and the cultivated area was 205.792 acres in 2024. From 2017 to 2024, farm machinery hiring services covered a total of **112,635 acres**, benefiting **69,442 households**. Annual coverage fluctuated over the eight-year period, with notable peaks in **2022** (18,176.68 acres) and **2018** (16,853.51 acres). The lowest recorded coverage was in **2023** (7,393.01 acres), reflecting a sharp drop from the previous year.

Household participation followed a similar pattern, peaking in **2017** at 11,814 households before declining in subsequent years, with the lowest figure recorded in **2021** (5,739 households). Despite these variations, the overall trend demonstrates sustained utilization of machinery hiring services, contributing significantly to farm productivity across the period.

FOREWORD



2024 marked a year of renewal and cautious progress for Farm Machinery Corporation Limited (FMCL). Building on the reforms initiated in 2023, we strengthened our foundation, improved our financial position, and deepened our role in Bhutan's agricultural transformation.

A major milestone was the launch of the Crop Aggregation Program, which introduced a structured, SOP-based model across five regions. This initiative not only supported national food security priorities but also strengthened trust among farmers and stakeholders. We also introduced premium Khamtey rice from Phuntshothang Commercial Farm and enhanced market linkages through a partnership with Karma Feed, generating revenue from the supply of maize.

Key accomplishments this year include:

- Aggregating 176 MT of grains under the new crop aggregation model.
- Supporting land cultivation and development across more than **9,351.62 acres.**
- Conducting nationwide sensitization campaigns in all 20 Dzongkhags.
- Recording a modest profit after tax of Nu. 0.60 million, compared to a loss in 2023.
- Strengthening accountability through new Standard Operating Procedures for grain aggregation.

Despite challenges such as limited storage infrastructure, aging machinery, and weak downstream linkages, FMCL remained resilient. Guided by our values of Professionalism, Innovation, Service, Accountability, and Teamwork, we remain aligned with Bhutan's vision of Gross National Happiness.

These achievements were possible only through the trust and support of our stakeholders. I extend my sincere appreciation to the Royal Government of Bhutan and our shareholder, our farmers and customers, our Board of Directors, our employees, and our partners and collaborators for their unwavering support.

As we move forward into the 13th Five-Year Plan, FMCL will continue to focus on innovation, good governance, and sustainable mechanization. With collective effort and shared commitment, I am confident that FMCL will play a pivotal role in enhancing food security and advancing Bhutan's journey toward agricultural self-reliance.

(Wangda Dukpa)
Chief Executive Officer

1. COMPANY PROFILE



The Farm Machinery Corporation Limited (FMCL) was incorporated as a 100% State Owned Enterprise (SoE) on 29th March 2016 under the Companies Act of the Kingdom of Bhutan 2000, vide Lhengye Zhungtshog's directives letter No.-C-3/96/219 dated 4th March 2016 and subsequent approval note from the Ministry of Finance (MoF) vide letter No. MoF/PED/FMHS/2016/3347 dated 18th March 2016.

1.1. Vision

Be a leading agriculture company to make farming attractive for a sustainable food system.

1.2. Mission

Make agriculture productive, profitable, and prestigious (PPP) through a sustainable farming system.

1.3. Mandates

- Aggregator for food crops (Rice, Wheat, Maize, Quinoa, Peanut and Soya Beans)
- Manufacturing of Machinery, equipment and tools
- Contract and Commercial Farms
- Hiring Services
- Bio Inputs

1.4. Core Values

- **Customer First**

Design and provide quality products and services in accordance to the needs of the customers.

- **Teamwork**

Inculcate the culture of team work in planning, decision making and in achieving the objectives of the company.

- **Integrity**

All employees of the company are to maintain the highest standards of integrity, and sincere in their action and commitments

- **Partnership**

Establish strategic partnerships with allied entities for business expansion, efficient service delivery and sustainable growth of revenue streams.

- **Professionalism**

Employees are competent, possess required knowledge, upholding the principle of no job is big or small and maintaining a positive attitude and demeanor at all times.

1.5. Organogram

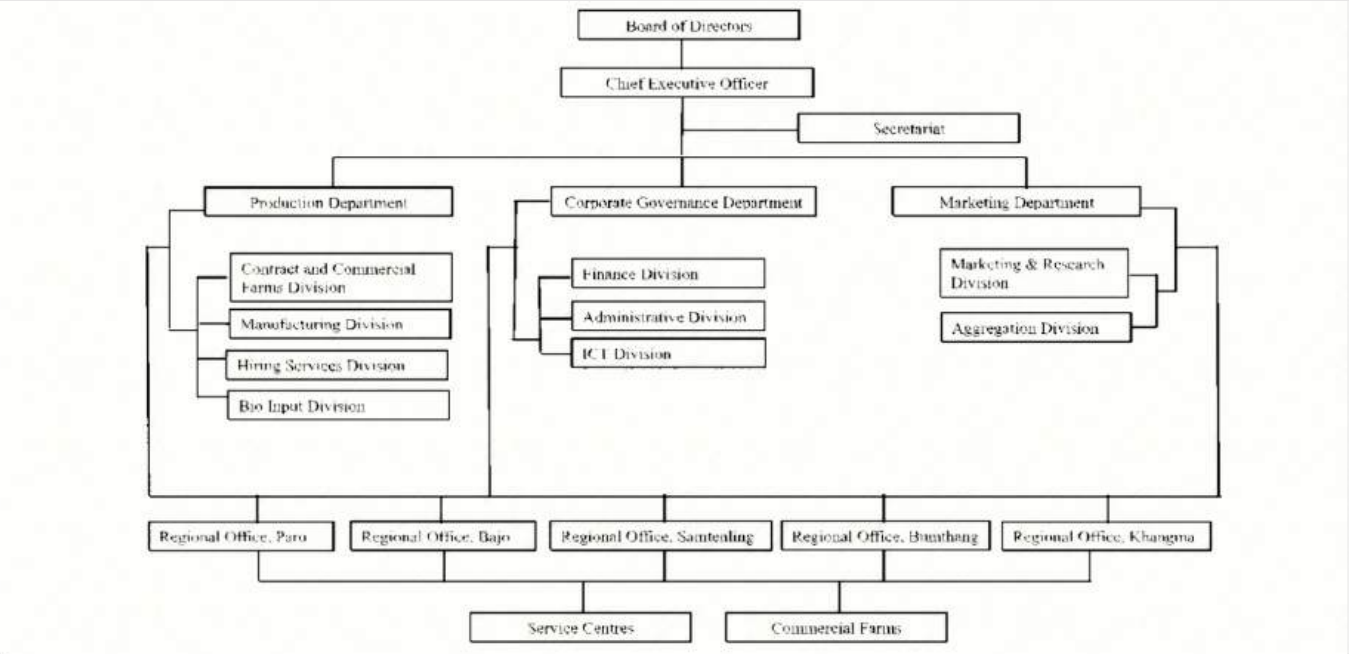


Figure 1: Organogram of FMCL

2. BOARD OF DIRECTORS



Name: Mrs. Tshering Om (Chairperson)

Designation: Chief Executive Officer

Agency Name: Bhutan Development Bank Limited



Name: Ms. Louise Monger (Board Director)

Designation: Chief Human Resource Officer

Agency Name: Royal Civil Service Commission



Name: Mr. Garab Dorji (Board Director)

Designation: Chief, Emerging Technology Division

Agency Name: Govtech Agency



Name: Dr. Pema Dorji (Board Director)

Designation: Program Officer

Agency Name: DMDF, Ministry of Finance



Name: Mr. Rinzin Wangchuk (Board Director)

Designation: Chief Agriculture Officer

Agency Name: Department of Agriculture, MoAL



Name: Ms. Dechen Peldon (Board Director)

Designation: Chief Finance Officer

Agency Name: Druk Holding and Investments



Name: Wangda Dukpa (Member Secretary)

Designation: Chief Executive Officer (CEO)

Agency Name: Farm Machinery Corporation Limited, Paro

3. DIRECTOR AND AUDITED REPORT

3.1. Director's Report

The Board of Directors is pleased to present the performance of Farm Machinery Corporation Limited (FMCL) for the financial year ending 31st December 2024. This report outlines the Company's strategic initiatives, operational achievements, financial performance, governance practices, and human resource developments during the year under review.

1. Company Overview

Established in 2016, FMCL is a state-owned enterprise mandated to promote mechanization and enhance agricultural productivity across Bhutan. In 2024, the Company undertook a strategic realignment to focus on two core mandates:

- **Aggregation of Six Priority Crops:** Rice, wheat, quinoa, soya bean, peanut, and maize.
- **Agro-Manufacturing and Value Addition:** In support of national food security and self-sufficiency.

These functions are complemented by the continued provision of farm and heavy machinery hiring services to support commercial agriculture and land development initiatives.

Guided by its vision *"To be a leading agriculture company that makes farming attractive for a sustainable food system,"* FMCL remains dedicated to the national goals of transforming Bhutan's agriculture sector and making farming **Productive, Profitable, and Prestigious (PPP).**

2. Operational Highlights – 2024

During the reporting year, FMCL achieved several significant milestones:

- **Launch of Aggregation Program:** Initiated on 7th November 2024 at Guma Gewog, Punakha Dzongkhag, this program operationalized grain procurement under a new SOP-based model across five regions. A total of **176 MT** was aggregated.
- **Introduction of Khamtey Rice:** On 21st March 2024, FMCL introduced the premium **Khamtey rice** from Phuntshothang Commercial Farm. Marketing and distribution were carried out by the Food Corporation of Bhutan Limited (FCBL) under a formal Memorandum of Understanding.
- **Farm and Machinery Services:** FMCL supported cultivation and land development over **9,351.62 acres**, and cultivated **197 acres** of land at commercial scale, yielding approximately **54.289 MT** of crops.
- **Nationwide Sensitization Campaigns:** Awareness programs were conducted in all 20 Dzongkhags during June and July to promote understanding of the crop aggregation process and build stakeholder trust.
- **Strategic Partnership with Karma Feed:** A MoU signed on 18th December 2024 enabled the supply of 176 MT of maize to Karma Feed, generating **Nu. 4.07 million** in revenue.
- **Institutionalization of SOPs:** FMCL developed and implemented comprehensive **Standard Operating Procedures (SOPs)** for grain aggregation to enhance accountability, quality control, and traceability.

3. Financial Performance

FMCL has encountered persistent financial challenges in recent years, with consecutive losses significantly eroding its net worth by the end of 2023. These challenges were largely driven by structural and operational challenges, limiting the Company's ability to generate sustained profitability.

However, in the financial year 2024, the Company recorded a notable improvement in its financial position. This was primarily due to the recognition of certain **non-cash revenue items**, which contributed positively to the reported figures, though they are not cash-generating in nature and do not resolve the underlying challenges.

During the year, the Company:

- **Generated revenue** of **Nu. 217.45 million**, a significant increase from **Nu. 167.96 million** in 2023.
- **Recorded a Profit After Tax (PAT)** of **Nu. 0.60 million**, compared to a loss of Nu. 3.71 million in the previous year.
- **Received financial support** of **Nu. 134.35 million** under the **Economic Stimulus Plan**, provided in the form of equity.
- **Total assets** as of year-end stood at **Nu. 411.86 million**, reflecting an improvement from **Nu. 392.80 million** in 2023.

While this recovery is encouraging, the Company recognizes the need for continued structural reforms and sustainable revenue models to ensure long-term financial viability and reduced dependence on external support.

4. Human Resource

As of 31st December 2024, FMCL employed **226 staff**—**191 males** and **35 females**—deployed across the Corporate Office and five Regional Farm Machinery Centres.

The annual **attrition rate** stood at approximately **11%**, raising concerns for long-term HR stability. The Board acknowledges the importance of investing in human capital and remains committed to strengthening HR development, retention, and engagement.

5. Key Challenges

FMCL faced several operational and structural challenges during the year, including:

- Inadequate storage and aggregation infrastructure
- Aging machinery fleet
- Weak downstream market linkages
- Persistent crop depredation by wild animals
- Limited skills, competencies and experiences

To address these challenges, FMCL has taken proactive measures, including seeking capital investment under the ESP project and improving regional coordination mechanisms, develop short-term and long-term HR plan.

6. Corporate Governance

FMCL operates in full compliance with the **Companies Act of Bhutan 2016** and all other applicable regulations.

- **Board Composition:** A newly reconstituted **seven-member Board** was appointed and held its first meeting on 26th December 2024.
- **Board Meetings:** Seven Board meetings, including the Annual General Meeting (AGM), were convened during the year.
- **Board Committees:**
    - **Audit Committee:** Convened four times to oversee internal controls and financial reporting.
    - **HR Committee:** Formally established on 26th December 2024 to oversee strategic HR matters.

7. Statutory Audit

The statutory audit for FY 2024 was conducted by **M/s Menuka Chhetri & Chartered Accountants, Thimphu**, from 11th to 24th March 2025. The audit was carried out in accordance with International Standards on Auditing and the Companies Act of Bhutan 2016.

The auditors issued an **unqualified opinion**, confirming the accuracy and fairness of FMCL's financial statements.

8. Acknowledgement

The Board of Directors expresses its sincere gratitude to:

- Our valued **shareholders** for their continued trust and support,
- The **Management and staff** for their dedication, resilience, and commitment,
- The **Ministry of Agriculture & Livestock**, **ESP Program**, **farmers**, and all other stakeholders for their active cooperation and partnership.

As we look to the future, the Board remains firmly committed to steering FMCL toward its long-term vision of **sustainable agricultural transformation** and contributing meaningfully to **Bhutan's economic self-reliance**.

Sincerely,



(Tshering Om)

Chairperson

3.2 Auditors' Report & Financial Statement

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

To the Members of the Farm Machinery Corporation Limited:

Opinion

We have audited the accompanying financial statements of **Farm Machinery Corporation Limited (The Company)**, which comprise the Statement of Financial Position as at 31 December 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 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 of December 31, 2024, and its financial performance and cash flows for the year then ended by Bhutanese Accounting Standards (BAS).

Basis for Opinion

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

Emphasis of Matter

*We draw attention to **the following notes** of the financial statements:*

i. ***A gain on extinguishment of liabilities** amounting to Nu. **49,625,553.07**, resulting from the derecognition of certain trade payables. The extinguishment was approved by the Board of Directors following an internal assessment confirming that no outstanding obligations existed.*

ii. ***A gain on the reversal of the provision** of Nu. **52,001,552.32**, originally recorded in prior years, was reversed upon approval by the Board of Directors and recognized in the current year's profit or loss by **BAS 2 – Inventories** and **BAS 37 – Provisions, Contingent Liabilities and Contingent Assets.***

However, this reversal simultaneously increased the inventory balance under BAS 2 and was offset by an equivalent expense reflected in "Change in Inventories," resulting in a non-cash, neutral effect. Although the reversal boosts reported profit, it also gives rise to an equal and opposite expense, leaving overall cash flow unchanged. Users should be aware of this offsetting presentation when reviewing the financial statements.

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Mobile no. 17588698 17386523 77608720, Fixed Line No. 02 330339

iii. ***Loss on Disposal of Fixed Assets*** *amounting to Nu.* ***20,115,255.60.*** *The loss arose from the derecognition of assets that were no longer in use and were disposed of during the year as part of the company's restructuring and efforts to streamline operations. The disposal has been accounted for by* ***BAS 16 – Property, Plant and Equipment****, which mandates that an asset be removed from books when it is either disposed of or no longer expected to generate future economic benefits. The resulting loss has been recognized in the current year's statement of profit or loss.*

iv. *During the reporting period, receivables amounting to Nu.* ***8,860,540.38*** *were written off as* ***bad debt expense****, following approval by the Board of Directors, after all reasonable efforts for recovery had been exhausted. The recognition and subsequent derecognition of these receivables were carried out by IFRS* ***9 – Financial Instruments****, which requires an entity to derecognize a financial asset when the contractual rights to the cash flows expire or when the asset is transferred along with substantially all the associated risks and rewards of ownership. The resulting expense has been appropriately recognized in the statement of profit or loss for the current period.*

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have nothing to report under the KAM.

Information other than the Financial Statements and the Auditor's Report thereon

The other information comprises the information included in the Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on this matter.

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

THIMPHU BHUTAN

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

As part of an audit under ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We are also:

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

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

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

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

e) 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 are required to 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 are also required to 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

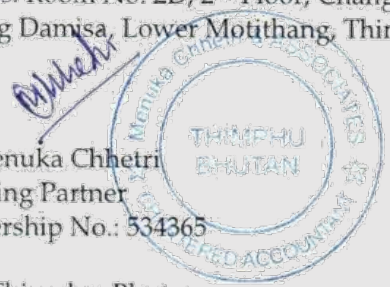
As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as ***Appendix-I*** with statements on the matters specified therein to the extent applicable.

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

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

For **Menuka Chhetri & ASSOCIATES**

Chartered Accountants
Firm Registration No.: 331825E
Address: Room No. 2D, 2nd Floor, Changankha Residency,
Kawang Damisa, Lower Motithang, Thimphu.



CA. Menuka Chhetri
Managing Partner
Membership No.: 534365

Place: Thimphu, Bhutan
Date:

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

Appendix-I

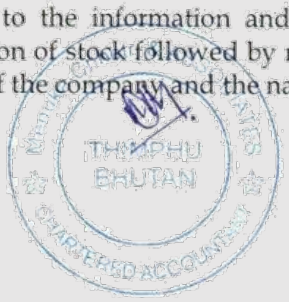
MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

Our audit was carried out by applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

The statutory audit report was prepared under the Companies Act of Bhutan, 2016 and other relevant Acts and regulatory norms in examining the accounts of the company containing *inter alia*, the following:
General:

a) The Companies audited adhere to the Corporate Governance Guidelines and Regulations as applicable to them.
b) The governing board/authority pursues a prudent and sound financial management practice in managing the affairs of the company.
c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
d) Proper books of accounts have been maintained, and financial statements agree with the underlying accounting records.
e) Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
f) The mandatory obligations social entrusted are being fulfilled.
g) The amount of tax is computed correctly and reflected in the financial statements.

1. The Company has maintained proper records of fixed assets in the Fixed Assets Register (FAR) manually in Excel showing full particulars including quantitative details of the fixed assets. The fixed assets register is available from the asset custodian for recording existing as well as new procured assets. As explained, the custodians usually updated the register maintained in the system for both procurement and location of assets.
2. As explained to us, the fixed assets are physically verified by the respective custodian of assets semiannually and verification statement submitted to the management, which in our opinion is reasonable having regard to the size of the Company and nature of assets.
3. The fixed assets of the company have not been revalued during the year.
4. As informed to us by management, they conducted physical verification of the inventories twice a year in 2024. Thus, considering the size and frequency of the moment of inventories, the verification conducted twice a year is adequate.
5. The inventories records are adequately maintained by the Company. The method of valuation of inventory for the company is adequate and commensurate with the size and nature of the business. ss
6. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.



7. During the physical verification of the store's inventories done by the audit team formed by the management, no such major discrepancy having a material impact on the financial statements was noticed. As per the prevailing practice, adjustments of such discrepancies if any have been adjusted in the books of accounts.
8. Based on explanation from the management of records, we are of the opinion that there is a reasonable system of recording receipts, issues and consumption of materials of stores and allocating materials consumed to the respective jobs, commensurate with the size and nature of its business.
9. Based on the information provided to us, the quantitative reconciliation is carried out at the end of the accounting year in respect of all major items of inventories, i.e., finished goods, and raw materials.
10. *The audit team appointed by the management has verified and noted that a substantial number of assets are non-functional and have been dormant in the stores for an extended period by the close of 2024.*
11. *Due to the considerable volume of obsolete inventory throughout the year, there was a need to dispose of such materials.*
12. In our opinion the method of valuation of stock is fair and proper in line with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB).
13. The Basis of Valuation of Stock is adequate, and no deviation from the preceding financial year has been observed.
14. According to the information and explanations given to us, the Company has availed OD Loans from BDBL Nu. **18,210,824.74**. The company has not taken secured/unsecured loans from companies, firms or other parties during the year under our review, except advances granted to suppliers of raw materials in the normal course of business and to the officers/ employees of the Company.
15. The company has not granted any loans to the other parties, which are ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.
16. Advances granted to officers/staff are generally in accordance with the provisions of the service rules, and no excessive/frequent advances are granted, and accumulation of large advances against any individual is avoided.
17. In our opinion and according to the information and explanations given to us in the course of this audit, the Company has generally established a 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.
18. In our opinion and according to the information and explanations given to us, there is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of Materials and labors to Jobs.
19. In our opinion and according to the information and explanations given to us, there is an adequate system of competitive bidding, commensurate with the size of the Company and

the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services.

20. (a). As explained to us, the procurement and sales division have their own procedures to follow. No such involvement of directors is been recorded nor found any other party/ parties related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested have been made at prices, which are unreasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties are recorded.

    (b). According to the information and explanation given to us, the company has not entered transactions wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company.

21. According to the information and explanation given to us and based on our checking of the accounts and records, to the best of our knowledge, no personal expenses have been debited from the Statement of Comprehensive Income.

22. The Company, in general, has an adequate system of ascertaining and identifying unserviceable or damaged inventories and losses, if any, on the sale of the same, which needs to be duly accounted for/charged in these accounts.

23. As per the information, the company is maintaining reasonable records for production of finished goods and by-products, and they have maintained adequate physical safeguards to prevent unauthorized or irregular movement of goods from the company.

24. As per the information and explanations given to us and on our examination, the management is maintaining reasonable records for sales and disposal of realizable by-products and scraps which are applicable.

25. According to the records maintained by the company and produced by us, the Company has generally been regular in depositing rates and taxes, provident fund and other statutory dues with the appropriate authorities. In our opinion, the provision for Corporate Tax is adequate and necessary adjustments have been made to compute amount of tax required under the Rules on the Income Tax Act of the Kingdom of Bhutan - 2001.

26. According to the information and explanations provided to us, the company has a reasonable system of allocating man hours utilized to the respective jobs, commensurate with the size and nature of its business.

27. In our opinion, there is a reasonable system of price fixation considering the cost of production and market conditions. However, it needs to be further strengthened to incorporate all Fixed Production Overhead.

28. According to the information and explanation given to us, the Company does not allow credit to parties.

29. Since the Company is not earning revenue through commission agents, this clause is not applicable.

30. The Company, in general, has a system of following up with debtors and other parties for recovery of outstanding dues. It was stated to us that Debtors and other parties which are few are being monitored for payment without doing the age-wise analysis of outstanding

Nemika Chhetri & Associates
THIMPHU
BHUTAN
CHARTERED ACCOUNTANTS

claim. As explained to us, age-wise analysis of the debtors is regularly carried out and follow-up actions undertaken.

31. In our opinion, and based on information and explanations given to us, the management of liquid resources, particularly cash/bank etc. are, in general, reasonably adequate considering the present suitability.

32. In our opinion and to the extent our examination reveals, the business activities carried out by the Company are lawful and intra-vires to its Articles of Incorporation.

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. The Company does not have a system of standard costing, but operational variances are analysed at periodic intervals against budgeted norms.

36. In our opinion and to the extent revealed by our examination, the details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or to any of their relatives by the Company, directly or indirectly, are disclosed of the Notes to the Accounts.

37. In our opinion and based on examination of books and records, generally the directives of the Board issued have been complied with.

38. According to information provided to us, we are given to understand by the management that the officials of the Company are refrained from transmitting any sensitive information which is not publicly available, unauthorized to their relatives/friends/associates or close persons which will directly or indirectly benefit them. We have, however, relied on the management assertion on the same and cannot independently verify the same.

39. According to the information and explanations given to us, the company maintains proper records for inter unit transactions/services and arrangement for services made with other agencies engaged in similar activities.

40. According to the information and explanations given to us, proper agreements are executed, and the terms and conditions of lease are reasonable, and the same are applied if machinery and equipment are acquired on lease or leased out to others.

COMPUTERISED ACCOUNTING ENVIRONMENT

i. The Company works in a computerized accounting environment using "Tally software, Tally Prime". In our opinion, organizational and system development controls and other internal controls appear to be generally adequate relative to the size and nature of computer installation.

ii. The Company appears to have taken adequate measures, and the backup of the separate data drive is being kept in the custody of the IT Manager.

iii. The Company has yet to introduce a system of backup facilities and disaster recovery measures including keeping files in different and remote locations.

iv. The operational control of the Company requires further improvement to ensure correctness and validity of input data and output information.

v. According to the information and explanations given to us, measures to prevent unauthorized access to the computer installation and files are adequate.

GENERAL

a) Going Concern Issues:

*Company has demonstrated notable financial progress in 2024. The Company achieved an operating revenue of **Nu. 118.65 million**, marking a **23.13% increase** from the revenue of **Nu. 96.33 million** reported in 2023. This upward trend reflects strategic reforms, operational streamlining, and improved service delivery across all functional mandates. In a landmark development, FMCL recorded a **Profit After Tax (PAT) of Nu. 0.600 million** in 2024. The achievement is particularly commendable given FMCL's persistent losses over the past years. The positive result is based on comprehensive assessments, including all relevant **cash and non-cash adjustments** during the year.*

A critical enabler of FMCL's turnaround has been the capital injection of Nu. 134.348 million by the Royal Government of Bhutan during the year. This equity infusion significantly strengthened the Company's balance sheet, improved liquidity, and provided the necessary financial cushion for ongoing operations, capacity enhancement, and restructuring exercises. As a result, FMCL's operational scope and structure also expanded, with the number of units and functional areas increasing, thereby strengthening the Company's delivery capacity and national reach.

*Based on the improved financial position, consistent revenue growth, government equity support, and the first-ever net profit recorded in 2024, we believes that FMCL is well-positioned to continue its operations for the foreseeable future. The turnaround from consistent losses to profitability reflects the viability of FMCL's revised business model and strategic direction. Furthermore, ongoing reforms and fiscal discipline provide confidence in the Company's ability to manage financial and operational risks. Therefore, the financial statements for the year have been prepared on a **going-concern basis**.*

b) Ratio Analysis:

Financial and Operational Results of the Company have been given in Annexure to this report.

c) Compliances with the Companies Act of Bhutan, 2016

According to the information and explanations given to us by the management and based on a Compliance Checklist completed by the Company Officials, the Company has generally complied with the provisions of The Companies Act of Bhutan, 2016.

Our observations in this regard are given below: -

i. The Company has filed the annual return as required by Section 267 of the Act.

ii. The Company holds the annual general meeting as required by Section 177 of the Act.

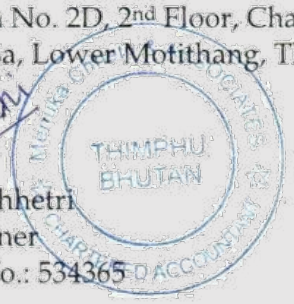
iii. The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.

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

For **Menuka Chhetri & ASSOCIATES**

Chartered Accountants
Firm Registration No.: 331825E
Address: Room No. 2D, 2nd Floor, Changankha Residency,
Kawang Damisa, Lower Motithang, Thimphu.



CA. Menuka Chhetri
Managing Partner
Membership No.: 534365

Place: Thimphu, Bhutan
Date:

FINANCIAL STATEMENTS

FARM MACHINERY CORPORATION LIMITTED

PARO: BHUTAN

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

(Amounts in Nu.)

Particulars	Notes	31-Dec-24	31-Dec-23
ASSETS			
Non-Current Assets			
Fixed Assets			
Property, Plant & Equipment	3	154,077,714	185,535,111
Intangible Assets	4	313,998	392,767
WIP	5	24,704,234	-
Total Non-Current Assets		**179,095,947**	**185,927,878**
Current Assets			
Inventories	6	143,716,304	184,287,792
Sundry Debtors	7	20,747,882	18,287,256
Cash & Cash Equivalents	8	65,348,504	417,743
Loans & Advances	9	2,954,618	3,882,951
Total Current Assets		**232,767,309**	**206,875,742**
TOTAL ASSETS		**411,863,255**	**392,803,620**
EQUITY & LIABILITIES			
Shareholders' Equity			
Share Capital	1	224,770,000	90,422,000
Capital Reserves	2a	160,152,095	192,881,172
Retained Earning	2b	(71,251,014)	(73,829,876)
Total Shareholders' Equity		**313,671,081**	**209,473,296**
Non-Current Liabilities			
Deferred Grant	10	13,932,915	42,815,597
Defined Benefit Obligation	11	7,630,639	11,145,996
Deferred Tax Liabilities (Net)	12	3,728,461	2,211,736
Total Non-Current Liabilities		**25,292,016**	**56,173,329**
Current Liabilities			
Long-term Borrowings	13	18,210,825	-
Defined Benefit Obligation	14	6,341,291	898,550
Provisions	15	1,957,609	-
Other Current Liabilities	16	46,390,433	126,258,445
Total Current Liabilities		**72,900,158**	**127,156,995**
TOTAL LIABILITIES		**98,192,174**	**183,330,324**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**411,863,255**	**392,803,620**

Significant Accounting Policies & Notes on Accounts
The Schedules referred to above form an integral part of the Statement of Financial Position

For **Menuka Chhetri & ASSOCIATES**
Chartered Accountants
Firm Registration No. 331825E

CA. Menuka Chhetri
(Managing Partner)
Membership No. 534365
Place:- Thimphu, Bhutan
Date:

On behalf of the Board

Tshering Om
Chairperson

Wangda Dukpa
Chief Executive Officer

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FARM MACHINERY CORPORATION LIMITTED
PARO: BHUTAN
STATEMENT OF COMPREHENSIVE INCOME AS AT 31ST DECEMBER 2024

(Amounts in Nu)

Particulars	Notes	31-Dec-24	31-Dec-23
INCOME			
Revenue	17	118,646,740	96,325,708
Change in inventories	18	(40,571,487)	30,265,392
Other Income	19	139,379,143	41,369,660
TOTAL INCOME		**217,454,396**	**167,960,760**
EXPENDITURE			
Purchase of Materials	20	-	13,921,395
Operating Cost	21	55,926,339	32,990,204
Employees Cost	22	96,346,520	86,899,253
Administration Expenses & General Charges	23	33,625,996	5,803,118
Repairs & Maintenance	24	3,914,882	4,915,231
Project Expenditures	25	-	1,497,895
Finance Cost	26	764,149	-
Depreciation & amortization Expenses	27	24,280,039	25,640,665
TOTAL EXPENDITURE		**214,857,925**	**171,667,760**
Operating Profit / (Loss) for the year		2,596,471	(3,707,000)
Profit/(Loss) before Tax		**2,596,471**	**(3,707,000)**
Less: Provision for Taxation		-	-
- Current Tax		(479,660)	-
- Deferred Tax	28	(1,516,725)	(6,520)
Profit/(Loss) after Taxation		**600,086**	**(3,713,520)**
OTHER COMPREHENSIVE INCOME			
a) Item that will not be recycled to Profit & Loss account			
- Loss on remeasurement of Define Benefit Obligation		(787,338)	1,056,884
30% Tax on OCI		-	317,065
b) Item that will be recycled to Profit & Loss account			-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(187,252)**	**(2,973,701)**

Significant Accounting Policies & Notes on Accounts
The Schedules referred to above form an integral part of the Statement of Comprehensive Income

For **Menuka Chhetri & ASSOCAITES**
Chartered Accountants
Firm Registration No. 331825E

CA. Menuka Chhetri
(Managing Partner)
Membership No. 534365

Place: - Thimphu, Bhutan
Date:

On behalf of Board

Tshering Om
Chairperson

Wangda Dukpa
Chief Executive Officer

FARM MACHINERY CORPORATION LIMITTED
PARO: BHUTAN
STATEMENT OF CHANGES IN EQUITY FOR THE ENDED 31ST DECEMBER 2024

(Amounts in Nu)

PARTICULARS	Equity Share Capital	Capital Reserve	Retained Earning	Total Shareholders Equity
Opening Balance at 1st January 2023	**90,422,000**	**77,006,352**	**(70,123,208)**	**97,305,144**
NetProfit/(Loss) for the year	-	-	(3,713,520)	(3,713,520)
Other Comprehensive Income	-	-	1,056,884	1,056,884
Add: Current Year Adjustment	-	-	(1,050,032)	(1,050,032)
Capital Reserve	-	115,874,820	-	115,874,820
Balance on 31st December 2023	**90,422,000**	**192,881,172**	**(73,829,876)**	**209,473,296**
Opening Balance on 1st January 2024	**90,422,000**	**192,881,172**	**(73,829,876)**	**209,473,296**
Net Profit/(Loss) for the year	-	-	600,086	600,086
Other Comprehensive Income	-	-	(787,338)	(787,338)
Add: Current Year Adjustment	-	-	2,766,114	2,766,114
Capital Reserve	-	(32,729,077)	-	(32,729,077)
Issued of Share Capital	134,348,000	-	-	134,348,000
Balance on 31st December 2024	**224,770,000**	**160,152,095**	**(71,251,014)**	**313,671,080**

Significant Accounting Policies & Notes on Accounts
The Schedules referred to above form an integral part of the Statement of Changes in Equity

For **Menuka Chhetri & ASSOCAITES**
Chartered Accountants
Firm Registration No. 331825E

CA. Menuka Chhetri
(Managing Partner)
Membership No. 534365
Place:- Thimphu, Bhutan
Date:

On behalf of Board

Tshering Om
Chairparson

Wangda Dukpa
Chief Executive Officer

FARM MACHINERY CORPORATION LIMITED

PARO: BHUTAN

STATEMENT OF CASH FLOW AS AT 31ST DECEMBER 2024

(Amounts in Nu)

Particulars	31-Dec-24	31-Dec-23
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	2,596,471	(3,707,000)
Adjustments for:		
Depreciation	24,280,039	25,640,665
Loss on Disposal Fixed Assets	20,115,256	(275,495)
Interest Income	(1,097,698)	-
Deferred Grant Income	(6,067,085)	(15,729,988)
Deferred Grant	13,932,915	-
Operating Profit before Working Capital Changes	**53,759,898**	**5,928,182**
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	(2,460,626)	52,480,982
(Increase)/Decrease in Inventories	40,571,487	(30,265,392)
(Increase)/Decrease in Loans & Advances	928,333	1,360,411
Increase/(Decrease) in Non-Current Liabilities	(37,667,055)	5,344,071
Increase/(Decrease) in Current Liabilities	7,400,350	(18,510,687)
Increase/(Decrease) in Other Current Liabilities	(79,868,011)	(43,685,366)
CASH GENERATED FROM OPERATIONS	**(17,335,623)**	**(27,347,800)**
NET CASH FROM OPERATING ACTIVITIES	**(17,335,623)**	**(27,347,800)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (NET)	(12,859,129)	(99,642,330)
Expenditure on Capital Work in Progress	(24,704,234)	1,616,795
Interest Income	1,097,698	-
NET CASH USED IN INVESTING ACTIVITIES	**(37,563,363)**	**(98,025,535)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decreases in Share Capital	134,348,000	-
Increase/(Decrease) in Capital Reserve	(32,729,077)	125,762,016
Increase/(Decrease) in Long Term Debt	18,210,825	-
NET CASH FROM FINANCING ACTIVITIES	**119,829,748**	**125,762,016**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**64,930,761**	**388,682**
CASH AND CASH EQUIVALENTS - AT THE BEGINNING OF THE YEAR	417,743	29,061
CASH AND CASH EQUIVALENTS - AT THE END OF THE YEAR	**65,348,504**	**417,743**
CASH AND CASH EQUIVALENTS REPORTED IN FS	**65,348,504**	**417,743**

Significant Accounting Policies & Notes on Accounts
The Schedules referred to above form an integral part of the Balance Sheet

For **Menuka Chhetri & ASSOCAITES**
Chartered Accountants
Firm Registration No. 321825E

CA. Menuka Chhetri
(Managing Partner)
Membership No. 534365
Place:- Thimphu, Bhutan
Date:

On behalf of Board

Tshering Om
Chairperson

Wangda Dukpa
Chief Executive Officer

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. General Information:

Reporting Entity:

Farm Machinery Corporation Limited (FMCL) was established on March 29, 2016, as a 100% state owned enterprise under the Company Act of Bhutan to address key agricultural challenges such as labor shortages, human-wildlife conflict, and rural-urban migration that threaten food security. With significant potential for farm mechanization—only partially realized so far—FMCL was envisioned as a transitional institution to promote commercial farming, rural employment, and private sector involvement in agriculture, particularly mechanization services

The company was incorporated with an authorized capital of Nu 500 million and has received various equity injections, including Nu 134.348 million in 2025 to support aggregation activities.

The financial statements of the Company for the year ended December 31, 2024 were authorized for issue in accordance with the resolution of the Board of Directors dated June 16, 2025.

2. Disclosure of Significant Accounting Policies:

a) Basis of Preparation:

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying 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:

i. Fixed assets: critical judgments are expected period of use, condition of the asset, technological advances, regulation, and residual values.

ii. Actuarial valuation of employee benefits: expected uptake of the gratuities and the discount rate used in the valuation. The functional currency of preparation is in Bhutanese Ngultrum.

3. Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in line with Bhutanese Accounting Standards. The summarized impact of the introduction of BAS is:

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BHUTAN
CHARTERED ACCOUNTANTS

i. The company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements. Generally, the disclosure norms adopted by the company are as per function which is in confirmation with group accounting policies.

ii. Depreciation has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per BAS 16.

iii. Employee retirement benefits are valued on an actuarial basis which reflects the estimated liability at balance sheet date.

4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors.

5. Foreign currency translation

i. 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 ruling at balance sheet date.

ii. 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 Income.

6. Property, plant and equipment

All property, plants and equipment are stated at historical cost less depreciation and impairment, if any. Costs includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost. Subsequent costs are included in the assets carrying amount of assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other Assets has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per BAS 16. Gains and losses on disposals are determined by comparing the proceeds with the

BHUTAN CHARTERED ACCOUNTANTS

carrying amount and are recognized within "Other Income" or "Other expenses" as the case may be, in the income statement.

Accounting Policy followed for useful life:

Sl. No	Items	Life
1	Vehicle & Vessels	15
2	Computer & Peripherals	5
3	Office Equipment	5
4	Furniture & Fixtures	10
5	Plant & Machinery	10

7. Intangible assets

i. Costs associated with maintaining the computer software programmer are recognized as an expense incurred.

ii. The Company does not recognize the internally generated technical knowhow and hence recognition criteria and amortization policy is not defined by the entity.

8. Receivables and advances.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "loans to customers", "trade and other receivables" and "cash & cash equivalents" in the Statement of Financial Position (notes 5, 3).

9. Inventories

Inventories are stated at cost or net realizable value whichever is lower. Costs are determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

10. Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

11. Cash and cash equivalents

Monika Chhetri & ASSOCIATES THIMPHU BHUTAN CHARTERED ACCOUNTANT

In the Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

12. Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payments are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

13. Current and deferred income tax

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, and in this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated based on the tax laws enacted at the balance sheet date in Bhutan. Management periodically evaluates computations made in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions wherever appropriate based on amounts expected to be paid to the tax authorities. 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 balance sheet 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 temporary differences can be utilized.

14. Employee benefits

i. Retirement Benefits

Defined Contribution Scheme

Employees belong to a defined contribution benefit plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme

The company makes retirement payments based on the final salary and years of service. The gratuity is accrued based on actuarial valuation. Changes in service and interest are charged

to the Profit and Loss Account. Changes to actuarial valuation are charged to the Statement of Comprehensive Income.

ii. Other Benefits

Other benefits such as leave encashment and bonus are accrued.

Define Benefits Obligations

The Company operates a defined benefit gratuity plan for its employees following the provisions of the Labour and Employment Act and internal HR policy (SRR 2022). The gratuity of liability is determined based on the actuarial valuation carried out by an independent actuary using the Projected Unit Credit (PUC) Method, as mandated by BAS 19 – Employee Benefits.

15. Revenue Recognition

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns, taxes, and royalties collected on behalf of the government. The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring promised goods or services to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. An asset is assumed to be transferred to a customer when (or as) the customer obtains control of that asset. The incremental cost incurred by the company for obtaining a contract with the customer is recognized as an asset 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.

16. Interest Income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount; the estimated future cash flow being discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

17. Comparative Information

Where necessary certain comparative information has been reclassified to provide a more appropriate basis for comparison, and comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NOTES NO.: 1: SHARE CAPITAL

Particulars	31-Dec-24	31-Dec-23
Authorized		
1,000,000 Equity shares of Nu 100 each	100,000,000	100,000,000
Issued, Subscribed and Paid up		
683,220 Equity shares of Nu 100 each fully paid	90,422,000	90,422,000
Issued 200,000 shares of 100 each	134,348,000	-
Total	**224,770,000**	**90,422,000**
a. Reconciliation of the number of Equity Shares outstanding		
At the beginning of the year	904,220	904,220
Shares allotted during the year	1,343,480	-
No of shares outstanding as on 31.12.2024	**2,247,700**	**904,220**

b. Terms/Rights attached to Equity Shares

The Company has only one class of ordinary shares ('Equity Shares') having a par value of Nu. 100 each. Each holder of ordinary shares ('Equity Shareholders') is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

c. Shares held by Entities in the aggregate shares in the Company

Shareholders	31-Dec-24		
	No. of Shares	% age	Shares Worth (Nu.)
Ministry of Finance, Royal Government of Bhutan	2,247,700	100.00%	224,770,000

d. Numbers of Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

NOTES NO: 2a RESERVES & SURPLUS

Particulars	31-Dec-24	31-Dec-23
A. CAPITAL RESERVE		
Capital Reserve	160,152,095	192,881,172
Total	**160,152,095**	**192,881,172**

SCHEDULE NO: 2b RETAINED EARNINGS

Particulars	31-Dec-24	31-Dec-23
Profit/(Loss) Brought Forward	(73,829,877)	(70,123,208)
Profit /(Loss) for the Year	600,086	(3,713,521)
Add: Current Year Adjustment	2,766,114	(1,050,032)
Other Comprehensive Income	(787,338)	1,056,884
Total	**(71,251,015)**	**(73,829,877)**

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NOTE NO.: 3: PROPERTY PLANT & EQUIPMENTS

Particulars	Useful life	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 01.01.2024	Additions	Adjustments	Closing as on 31.12.2024	Opening as of 01.01.2024	Year Dep.	Year Adjustments	Closing as on 31.12.2024	Net Block as on 31.12.2024	Net Block as on 31.12.2023
Computer & Peripherals	5	1,865,269	153,780	-	2,019,049	893,702	344,304	-	1,238,006	781,043	971,567
Furniture & Fixtures	10	1,803,781	-	-	1,803,781	913,756	180,872	-	1,094,628	709,153	890,025
Land & Building	30	22,510,598	-	-	22,510,598	532,678	818,904	-	1,351,582	21,159,016	21,977,920
Office Equipments	5	1,812,725	11,560	-	1,824,285	1,023,468	342,003	-	1,365,470	458,815	789,258
Plant & Equipments	10	87,886,133	12,693,789	-	100,579,922	29,115,023	8,991,071	-	38,106,094	62,473,828	58,771,110
Vehicle & Vessels	15	15,103,928	-	-	15,103,928	4,223,891	1,009,687	-	5,233,578	9,870,350	10,880,037
Fixed Assets Transfer From AMTC	10	13,257,748	-	1,854,157	11,403,591	889,904	1,249,403	195,185	1,944,122	9,459,469	12,367,844
Fixed Assets Transfer From CMU	10	64,121,087	-	9,907,514	54,213,573	4,304,018	5,100,632	972,961	8,431,689	45,781,884	59,817,069
Fixed Assets Transferred From AMC	10	38,926,969	-	18,243,307	20,683,663	24,521,669	1,883,516	8,721,576	17,683,609	3,000,053	14,405,300
Semi-Permanent Shed (Green House)	3	16,051,313	-	-	16,051,313	11,429,978	4,270,986	-	15,700,963	350,350	4,621,336
Semi-Permenant Shed-POL	5	49,324	-	-	49,324	5,679	9,892	-	15,571	33,753	43,645
TOTAL		263,388,876	12,859,129	30,004,978	246,243,028	77,853,765	24,201,270	9,889,722	92,165,313	154,077,714	185,535,111

NOTE NO.: 4: Intangible Assets

Particulars	Useful life	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 01.01.2024	Additions	Adjustments	Closing as on 31.12.2024	Opening as of 01.01.2024	Year Dep.	Year Adjustments	Closing as on 31.12.2024	Net Block as on 31.12.2024	Net Block as on 31.12.2023
Inventory Management System	10	218,165	-	-	218,165	109,082	21,876	-	130,959	87,206	109,082
Tally ERP-9 System	10	177,131	-	-	177,131	88,565	17,762	-	106,327	70,804	88,565
Website	10	81,670	-	-	81,670	40,835	8,189	-	49,024	32,646	40,835
HR & Administration Data Base	10	308,568	-	-	308,568	154,284	30,941	-	185,225	123,343	154,284
TOTAL		785,533	-	-	785,533	392,767	78,769	-	471,535	313,998	392,767
Grand Total		264,174,410	12,859,129	30,004,978	247,028,561	78,246,532	24,280,039	9,889,722	92,636,848	154,391,713	185,927,878

SCHEDULE NO.: 5: WORK IN PROGRESS (AGGREGATION INITIATIVES)

Particulars	31-Dec-24	31-Dec-23
Aggregation: Equipment and Vehicles	892,225	-
Aggregation- Capacity Development and Training	157,126	-
Aggregation Role	19,346,141	-
Aggregation- Warehouse and Processing Facilities	4,308,742	-
Total	**24,704,234**	**-**

SCHEDULE NO.: 6: INVENTORIES

Particulars	31-Dec-24	31-Dec-23
Inventories-Accessories, Machinery, tools etc.	124,636,287	180,354,371
Inventory Farm Produce	548,972	1,162,640
POL Inventory	-	579,229
Raw Materials Inventory	1,074,313	2,191,552
Aggregation Stock	17,456,733	-
Total	**143,716,304**	**184,287,792**

SCHEDULE NO.: 7: SUNDRY DEBTORS

Particulars	31-Dec-24	31-Dec-23
(Unsecured, considered good)		
Trade Receivables	17,535,270	14,861,391
TDS Receivable from RRCO	3,212,612	3,425,866
Total	**20,747,882**	**18,287,256**

SCHEDULE NO.: 8: CASH AND CASH EQUIVALENTS

Particulars	31-Dec-24	31-Dec-23
Cash in Hand		
Cash	21,181	22,166
Balances with Banks		
BDBL-201800021401 (RFMCL, Khangma)	-	35,526
SHFP CD -202321243	(553)	-
BOB CD-200137006 (Revenue A/c)	5,589,692	999,852
BOB CD-200137017(Operational A/c)	124,789	(1,140,157)
BOB CD-200307387 (SBA A/c)	40,150	427
Gratuity Account 100902120	504,781	-
PNB-550010083428	51,097,084	4,317
RFMCL,Bajo-CD-200933530	1,708,891	186,966
RFMCL,Khangma-CD-200922971	5,062,334	5,889
RFMCL, Paro-CD-200930506	899,862	302,756
RFMCL,Samtenling-CD-200728623	300,292	-
Total	**65,348,504**	**417,743**

SCHEDULE NO.: 9: LOANS AND ADVANCES

Particulars	31-Dec-24	31-Dec-23
Advance to Suppliers	2,782,721	1,255,030
Advance to Staffs	171,898	2,627,921
Total	**2,954,618**	**3,882,951**

SCHEDULE NO.: 10: DEFERRED GRANT

Particulars	31-Dec-24	31-Dec-23

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Grant from AMC	-	14,446,545
Grant from MoEA	-	105
Grant from MoAF	-	215,094
Grant from JICA	-	7,071,481
Grant from Phaithang Project & SHFP	-	15,651,908
Grant from UNDP	-	5,430,464
Grant from MoAF	13,932,915	-
Total	**13,932,915**	**42,815,597**

SCHEDULE NO.: 11: DEFINED BENEFIT OBLIGATION (NON-CURRENT)

Particulars	31-Dec-24	31-Dec-23
Provision for Travel Allowance	410,855	240,035
Provision for Carriage Charges	161,878	93,955
Provision for Gratuity	5,206,124	5,671,963
Provision for Leave Encashment.	1,447,360	4,900,008
Provision for Leave Tranfer grant	404,422	240,035
Total	**7,630,639**	**11,145,996**

SCHEDULE NO.: 12: NET DEFERRED TAX LIABILITIES

Particulars	31-Dec-24	31-Dec-23
Balance As on 31.12.2023	(2,211,736)	(2,205,217)
Charge to Statement of Comprehensive Income	(1,516,725)	(6,520)
Total	**(3,728,461)**	**(2,211,736)**

SCHEDULE NO.: 13: LONG TERM BORROWINGS

Particulars	31-Dec-24	31-Dec-23
Bank OD A/c	18,210,825	-
Total	**18,210,825**	**-**

SCHEDULE NO.: 14: DEFINED BENEFIT OBLIGATION (CURRENT)

Particulars	31-Dec-24	31-Dec-23
Travel Allowance	179,739	180,373
Carriage Charges	68,651	118,837
Gratuity	2,122,885	91,988
Leave Encashment.	3,783,845	326,979
Transfer grant	186,172	180,373
Total	**6,341,291**	**898,550**

SCHEDULE NO.: 15: PROVISIONS

Particulars	31-Dec-24	31-Dec-23
Provisions for Tax	947,587	-
Provisions for Bad Debt (ECL)	1,010,023	
Total	**1,957,609**	**-**

SCHEDULE NO.: 16: OTHER CURRENT LIABILITIES

Particulars	31-Dec-24	31-Dec-23
Sundry Creditors	6,390,433	104,235,421
Provision for taxes	-	947,587
Provision For Bad Debts	-	746,078
Other Current Liabilities	40,000,000	-
Provision for Dead Stock	-	20,329,359

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Total	**46,390,433**	**126,258,445**

SCHEDULE NO.: 17: REVENUE

Particulars	31-Dec-24	31-Dec-23
Revenue from Aggregation	6,651,769	-
Revenue from Contract farming	4,525,023	5,037,864
Revenue from Geog Powertiller	2,353,054	4,306,553
Revenue from hiring	62,596,325	20,553,345
Revenue from Production	7,416,270	3,333,446
Revenue from Repair &Maintenance	2,073,458	1,866,429
Revenue from Rice Milling Charges	19,671	794,678
Revenue from sale of machineries	13,408,331	9,947,693
Revenue from sales of spare parts	15,988,534	24,748,867
Revneue from POL	237,358	2,269,242
Revenue From Repair and Maintenance (Heavy Machines)	2,698,265	23,231,629
Revenue From Training	678,682	235,962
Total	**118,646,740**	**96,325,708**

SCHEDULE NO.: 18: CHANGES IN INVENTORIES

Particulars	31-Dec-24	31-Dec-23
Inventories-Accessories, Machinery, tools etc.	(55,718,084)	32,714,636
Inventory Farm Produce	(613,668)	(262,055)
POL Inventory	(579,229)	(1,829,135)
Raw Materials Inventory	(1,117,240)	(358,054)
Aggregation Stock	17,456,733	-
Total	**(40,571,487)**	**30,265,392**

SCHEDULE NO.: 19: OTHER INCOME

Particulars	31-Dec-24	31-Dec-23
Grant income	6,067,085	15,729,988
Gain on Distinguishment of Debts	49,625,553	-
Gain on Reversal of Provisions	52,001,552	-
Interest on Deposit	1,097,698	-
Revenue From Auction	2,450,000	16,041,647
Revenue From Hiring of Tractor	14,790	1,885,353
Revenue From Others	3,994,809	437,306
Revenue From Rental	1,181,133	-
Revenue From Sale of Scrap	1,864,521	-
Revenue From Sales of Dead Stock	508,644	-
Revenue From Sales of Gas Cylinder	610,026	286,400
Revenue From Sales of Tender Document	18,000	40,000
Salary Arrears from MoF	19,806,000	-
Project Revenue	139,332	6,948,966
Total	**139,379,143**	**41,369,660**

SCHEDULE NO.: 20: PURCHASES OF MATERIALS

Particulars	31-Dec-24	31-Dec-23
Purchase of Raw Materials	-	2,738,545
Purchase of Machineries	-	6,444,233
Purchase of Spare Parts	-	2,947,183
Purcahse of POL	-	1,791,435
Total	**-**	**13,921,395**

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SCHEDULE NO.: 21: OPERATING COST

Particulars	31-Dec-24	31-Dec-23
Aggregation Operating Expenditure	6,067,085	-
Maintenance of Property - Plantation	3,771,939	6,166,820
Maintenance of property - Machineries and Spare parts (CHS)	30,491,565	15,290,435
Maintenance of property - Machineries and Spare parts (GPT)	1,646,544	2,885,734
Maintenance of property - Machineries and spare parts(R&M)	687,157	849,078
Op. Exp - Items for processing and manufacturing (Rice Mill)	9,850	44,191
Op. Exp - Taxes, Royalities and Charges	86,373	21,314
Op. Exp-Item for Processing & Manufacturing (Pro)	6,610,159	58,548
Purchase of Machineries	1,228,738	7,574,551
Purchase of Spare Parts	5,154,317	99,533
Expenditure on Training	172,612	-
Total	**55,926,339**	**32,990,204**

SCHEDULE NO.: 22: EMPLOYEE COST

Particulars	31-Dec-24	31-Dec-23
Gain/loss from employee long term benefit	-	3,335,863
Pay & Allowances	84,364,906	68,148,619
Provident Fund from Employer	6,361,674	5,538,959
Traveling Expenses	5,600,428	9,801,772
Training in Country	19,512	74,040
Total	**96,346,520**	**86,899,253**

SCHEDULE NO.: 23: ADMINISTRATIVE EXPENSES AND GENERAL EXPENSES

Particulars	31-Dec-24	31-Dec-23
Allowance-Audit Expenses	322,653	235,000
Allowance-Board Expenses	257,242	341,677
Bad Debts Expenses	8,860,540	1,021,573
Exp. On Rental Charges	96,000	236,327
Hospitality & Entertainment Expenses	235,857	227,952
Loss on Disposal of Fixed Assets	20,115,256	-
Licence Renewal Expenses	63,986	229,579
Op. Exp-Advertising	10,505	49,210
Op. Exp-Bank Charges	19,463	36,658
Op. Exp-Energy/Propulsion Chages	111,726	-
Op. Exp- In Country Meeting & Celebrations	648,541	1,050,806
Op. Exp-Transporation	480,452	512,605
Plants & Equipments: General Tools & Instruments	87,690	38,056
Professional Service Expenses	45,000	30,000
Rental of Property- Land	9,327	-
S&M-Office Supplies, Printing & Publications	379,403	447,611
S&M-Uniforms, Extension Kits & Linens	390,840	1,450
Uitilities-Telegram, Wireless Transmission & Postage	500	1,577
Utilities-Electricity, Water & Sewage	476,167	442,859
Utilities-Telephones, Telex, Fax, E-Mail & Internet	1,014,850	900,179
Total	**33,625,996**	**5,803,118**

SCHEDULE NO.: 24: REPAIR AND MAINTENANCE

Particulars	31-Dec-24	31-Dec-23
R & M- Building	145,641	563,066

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R/M - Computer	7,300	14,600
R/M- Equipments	885,386	345,341
R/M- Vehicles	5,000	3,776,446
Maintenance of Property-Vehicles	2,870,205	138,972
Maintenance of Property-Water Supply & Sewerage	1,349	76,806
Total	**3,914,882**	**4,915,231**

SCHEDULE NO.: 25: PROJECT EXPENDITURE

Particulars	31-Dec-24	31-Dec-23
Project expenditure	-	1,497,895
Total	**-**	**1,497,895**

SCHEDULE NO.: 26: FINANCE COST

Particulars	31-Dec-24	31-Dec-23
Interest Charged on ODF	764,149	-
Total	**764,149**	**-**

SCHEDULE NO.: 27: DEPRECIATION & AMORTIZATION

Particulars	31-Dec-24	31-Dec-23
Depreciation & Amortization of Assets	24,280,039	25,640,665
Total	**24,280,039**	**25,640,665**

SCHEDULE NO.: 28: DEFERRED TAX

Particulars	31-Dec-24	31-Dec-23
Deferred Tax	(1,516,725)	(6,520)
Total	**(1,516,725)**	**(6,520)**

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29. Notes on Accounts

i. The Company received an equity infusion amounting to Nu. **134,348,000** and a capital grant of Nu. **20,000,000** from the Ministry of Finance during the year.

ii. During the year, the Company recognized revenue of Nu. **237,358.17** from the sale of POL derived from prior years' stock balance. This amount is exclusive of employee costs.

iii. The Company generated revenue of Nu. **4,544,694.27** from contract farming activities, which includes the closing stock valued at Nu. **548,971.94**. The total expenditure incurred on crop plantation amounted to Nu. **3,771,938.56.** After accounting for inventory, the net profit from contract farming operations stood at Nu. **85,598.55.**

iv. The Company's inventory comprises the following components:

a. Accessories, machinery, tools, and related items: Nu. **124,636,287.47**
b. Farm produce inventory: Nu. **548,971.94**
c. Raw materials inventory: Nu. **1,074,312.53**
d. Aggregation stock: Nu. **17,456,732.55**

v. During the year, fixed assets with a total carrying amount of Nu. 30,004,977.62 were derecognized, as they were no longer in use and were disposed of as part of the company's restructuring and operational streamlining efforts. The disposal resulted in a loss of Nu. 20,115,255.60. These assets primarily originated from previous transfers from AMC, CMU, and AMTC.

vi. Over the past financial years, Farm Machinery Corporation Limited (FMCL) received various government and donor grants, which were recorded as non-current liabilities in the balance sheet. These amounts remained unadjusted in prior periods. However, with the approval of the Board and in compliance with applicable accounting standards, the grant balances have been duly adjusted during the current financial year. These adjustments have been accounted for in accordance with the relevant accounting treatment for government grants under applicable financial reporting frameworks.

vii. Due to the non-availability of cost, price and year of purchase and other specific details, each item of other asset has been valued at Nu. 1.

viii. As per BAS 2: Inventories the management has measured the inventories at cost or net realizable value, whichever is lower.

ix. In accordance with BAS 19 – Employee Benefits, the Company provides post-employment benefits under a defined benefit plan for its eligible employees. The defined benefit obligation is determined based on an actuarial valuation performed using the projected unit credit method. The valuation considers factors such as discount rate, salary escalation, employee turnover, and retirement age. Movement in the Defined Benefit Obligation is as follows:

A. Actuarial valuation of Gratuity as on 31 December 2024

Present value of defined benefit obligation	31-Dec-2024	31-Dec-2023

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Present value of defined benefit obligation	7,329,009.16	5,763,950.90
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	**(7,329,009.16)**	**(5,763,950.90)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2024	31-Dec-2023
(a) Statement of profit or loss	2,122,885.09	1,452,560.76
(b) Other comprehensive income	(117,122.23)	306,342.14

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57|60|63 years*
Retirement age for contract employees depends on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	10 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x service years
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31-Dec-2024	31-Dec-2023
Members considered for valuation		2.80%	220	214
Average age (years)		0.60%	34.5	34.3
Monthly salary (Nu.)	Average	0.42%	15,910.11	15,844.23
	Total	3.23%	3,500,225	3,390,665
Past service (years)	Average	15.06%	3.94	3.43
	Total	18.28%	867	733

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	7,329,009.16	5,763,950.90
Fair value of plan assets	-	-

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Funded status - surplus/(deficit)	(7,329,009.16)	(5,763,950.90)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	**(7,329,009.16)**	**(5,763,950.90)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2024	31-Dec-2023
Expense recognized in profit or loss	2,122,885.09	1,452,560.76
Expense recognized in other comprehensive income	(117,122.23)	306,342.14
Defined benefit cost	**2,005,762.86**	**1,758,902.90**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2024	31-Dec-2023
Current service cost	1,679,397.20	1,471,058.26
Past service cost	-	(356,927.14)
Loss/(Gain) on settlement	-	-
Interest on DBO	443,487.89	338,429.64
Less: Expected interest on plan asset	-	-
Expenses recognized in profit or loss	**2,122,885.09**	**1,452,560.76**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	(117,122.23)	306,342.14
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognized as OCI	**(117,122.23)**	**306,342.14**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	5,763,950.90	4,455,693
Add: Current service cost	1,679,397.20	1,471,058.26
Add: Past service cost	-	(356,927.14)
Add: Interest cost	443,487.89	338,429.64
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(440,704.60)	(450,645)
Actuarial (gain) or losses due to experience adjustment	(117,122.23)	306,342.14
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	7,329,009.16	5,763,950.90

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2024	31-Dec-2023
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2024	31-Dec-2023

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Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2024	31-Dec-2023
Current liability	738,598.58	91,987.95
Non-current liability	6,590,410.58	5,671,962.95
Net Liability	**7,329,009.16**	**5,763,950.90**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
December 31, 2025	797,686.47
December 31, 2026	374,912.10
December 31, 2027	452,990.06
December 31, 2028	963,449.03
December 31, 2029	1,208,462.13
December 2030 to December 2034	10,959,455.67
December 2035 to December 2044	48,747,064.44

ESTIMATED TERM OF LIABILITY (IN YEARS): 16 .91

SENSITIVITY ANALYSES

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+0.5%	6,893,602.55	(435,406.61)	-5.94%
	Base rate	7,329,009.16	-	0.00%
	-0.5%	7,806,191.84	477,182.68	6.51%
Salary growth rate	+0.5%	7,833,314.23	504,305.07	6.88%
	Base rate	7,329,009.16	-	0.00%
	-0.5%	6,865,830.39	(463,178.77)	-6.32%
Mortality rate	+10%	7,320,648.62	(8,360.54)	-0.11%
	Base rate	7,329,009.16	-	0.00%
	-10%	7,337,420.77	8,411.61	0.11%
Employee turnover rate	+0.5%	7,129,578.94	(199,430.22)	-2.72%
	Base rate	7,329,009.16	-	0.00%
	-0.5%	7,539,254.36	210,245.2	2.87%

B. Actuarial valuation of Carriage Charge as on 31 December 2024

	31-Dec-2024	31-Dec-2023
Present value of defined benefit obligation	230,528.65	212,791.14
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	**(230,528.65)**	**(212,791.14)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2024	31-Dec-2023
(a) Statement of profit or loss	68,650.52	54,368.33
(b) Other comprehensive income	116,513.45	178,248.49

Menuka Chhetri & ASSOCIATES THIMPHU BHUTAN CHARTERED ACCOUNTANTS

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57|60|63 years*
Retirement age for contract employees depends on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	1 year for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Distance × Rate per km as per RSTA
Grade	**Entitlement**
M3 and above	Two trucks up to Nu. 55,000
P1 to S1	One truck up to Nu. 27,000
S2 and below	One DCM up to Nu. 15,000

MEMBERSHIP DATA

		% Change	31-Dec-2024	31-Dec-2023
Members considered for valuation		2.80%	220	214
Average age (years)		0.60%	34.5	34.3
Monthly salary (Nu.)	Average	0.42%	15,910.11	15,844.23
	Total	3.23%	3,500,225	3,390,665
Past service (years)	Average	15.06%	3.94	3.43
	Total	18.28%	867	733

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Discount rate	8.00%	8.00%
Increase in cost of transportation	5.00%	5.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	230,528.65	212,791.14
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(230,528.65)	(212,791.14)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	**(230,528.65)**	**(212,791.14)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2024	31-Dec-2023
Expense recognized in profit or loss	68,650.52	54,368.33

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Expense recognized in other comprehensive income	116,513.45	178,248.49
Defined benefit cost	**185,163.97**	**232,616.82**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2024	31-Dec-2023
Current service cost	58,324.29	70,803.62
Past service cost	-	(21,765.66)
Loss/(Gain) on settlement	-	-
Interest on DBO	10,326.23	5,330.37
Less: Expected interest on plan asset	-	-
Expenses recognized in profit or loss	**68,650.52**	**54,368.33**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	116,513.45	178,248.49
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognized as OCI	**116,513.45**	**178,248.49**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	212,791.14	153,085
Add: Current service cost	58,324.29	70,803.62
Add: Past service cost	-	(21,765.66)
Add: Interest cost	10,326.23	5,330.37
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(167,426.46)	(172,910.68)
Actuarial (gain) or losses due to experience adjustment	116,513.45	178,248.49
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	**230,528.65**	**212,791.14**

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2024	31-Dec-2023
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	**-**	**-**

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2024	31-Dec-2023
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	**-**	**-**

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

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Nu.	31-Dec-2024	31-Dec-2023
Current liability	101,914.94	118,836.61
Non-current liability	128,613.71	93,954.53
Net Liability	**230,528.65**	**212,791.14**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS	Nu.
December 31, 2025	110,068.14
December 31, 2026	106,632.82
December 31, 2027	106,417.73
December 31, 2028	106,221.58
December 31, 2029	128,141.76
December 2030 to December 2034	544,122.80
December 2035 to December 2044	1,344,132.78

ESTIMATED TERM OF LIABILITY (IN YEARS): 10 .74

SENSITIVITY ANALYSES

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+0.5%	220,369.81	(10,158.84)	-4.41%
	Base rate	230,528.65	-	0.00%
	-0.5%	241,510.86	10,982.21	4.76%
Increase in cost of transportation	+0.5%	242,403.37	11,874.72	5.15%
	Base rate	230,528.65	-	0.00%
	-0.5%	219,471.87	(11,056.78)	-4.80%
Mortality rate	+10%	230,636.23	107.58	0.05%
	Base rate	230,528.65	-	0.00%
	-10%	230,421.24	(107.41)	-0.05%
Employee turnover rate	+0.5%	233,838.67	3,310.02	1.44%
	Base rate	230,528.65	-	0.00%
	-0.5%	227,041.0	(3,487.65)	-1.51%

C. Actuarial valuation of Earned Leave as on 31 December 2024

	31-Dec-2024	31-Dec-2023
Present value of defined benefit obligation	5,231,204.41	5,226,987.49
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	**(5,231,204.41)**	**(5,226,987.49)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2024	31-Dec-2023
(a) Statement of profit or loss	3,783,844.74	4,357,118.31
(b) Other comprehensive income		-

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil

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Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57|60|63 years*
Retirement age for contract employees depends on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x earned leave / 30
Benefit floor	None
Benefit ceiling	90 days

MEMBERSHIP DATA

		% Change	31-Dec-2024	31-Dec-2023
Members considered for valuation		2.80%	220	214
Average age (years)		0.60%	34.5	34.3
Monthly salary (Nu.)	Average	0.42%	15,910.11	15,844.23
	Total	3.23%	3,500,225	3,390,665
Accrued leave (days)	Average	-5.37%	54.84	57.95
	Total	-2.71%	12,065.6	12,402.1

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	5,231,204.41	5,226,987.49
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(5,231,204.41)	(5,226,987.49)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	**(5,231,204.41)**	**(5,226,987.49)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2024	31-Dec-2023
Service Cost	4,216.92	1,021,255.27
Net interest on net defined liability (asset)	266,973.89	201,702.72
Immediate recognition of gains/losses – Other long term employee benefits	3,512,653.93	3,134,160.32
Expense recognized in other comprehensive income	-	-
Define Benefit Cost	**3,783,844.74**	**4,357,118.31**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2024	31-Dec-2023
Current service cost	4,216.92	1,054,288.71

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Past service cost	-	(33,033.44)
Loss/(Gain) on settlement	-	-
Interest on DBO	266,973.89	201,702.72
Expected interest on plan asset	-	-
Immediate recognition of gains/losses – Other long term employee benefits	3,512,653.93	3,134,160.32
Expenses recognized in profit or loss	**3,783,844.74**	**4,357,118.31**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	3,512,653.93	3,134,160.32
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Immediate recognition of gains/losses – Other long term employee benefits	3,512,653.93	3,134,160.32
Expense recognized as other comprehensive income	-	-

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	5,226,987.49	4,172,698.78
Add: Current service cost	4,216.92	1,054,288.71
Add: Past service cost	-	(33,033.44)
Add: Interest cost	266,973.89	201,702.72
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,779,627.82)	(3,302,829.60)
Actuarial (gain) or losses due to experience adjustment	3,512,653.93	3,134,160.32
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	**5,231,204.41**	**5,226,987.49**

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2024	31-Dec-2023
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2024	31-Dec-2023
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2024	31-Dec-2023

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Current liability	548,813.38	326,979.10
Non-current liability	4,682,391.03	4,900,008.39
Net Liability	**5,231,204.41**	**5,226,987.49**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	*Nu.*
December 31, 2025	592,718.45
December 31, 2026	337,843.36
December 31, 2027	340,338.91
December 31, 2028	407,843.34
December 31, 2029	420,741.39
December 2030 to December 2034	1,845,859.45
December 2035 to December 2044	4,384,536.68

ESTIMATED TERM OF LIABILITY (IN YEARS): 11 .22

SENSITIVITY ANALYSES

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+0.5%	4,981,058.62	(250,145.79)	-4.78%
	Base rate	5,231,204.41	-	0.00%
	-0.5%	5,503,825.79	272,621.38	5.21%
Salary growth rate	+0.5%	5,522,212.19	291,007.78	5.56%
	Base rate	5,231,204.41	-	0.00%
	-0.5%	4,962,240.35	(268,964.06)	-5.14%
Mortality rate	+10%	5,232,654.91	1,450.5	0.03%
	Base rate	5,231,204.41	-	0.00%
	-10%	5,229,759.13	(1,445.28)	-0.03%
Employee turnover rate	+0.5%	5,288,546.91	57,342.5	1.10%
	Base rate	5,231,204.41	-	0.00%
	-0.5%	5,170,472.82	(60,731.59)	-1.16%

D. Actuarial valuation of Travel Allowance as on 31 December 2024

	31-Dec-2024	31-Dec-2023
Present value of defined benefit obligation	590,593.93	420,408.45
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	**(590,593.93)**	**(420,408.45)**

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2024	31-Dec-2023
(a) Statement of profit or loss	179,738.93	74,013.63
(b) Other comprehensive income	478,413.17	338,930.82

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	57 / 60 / 63 years*

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Retirement age for contract employees depends on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	1 year for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary x 1
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31-Dec-2024	31-Dec-2023
Members considered for valuation		2.80%	220	214
Average age (years)		0.60%	34.5	34.3
Monthly salary (Nu.)	Average	0.42%	15,910.11	15,844.23
	Total	3.23%	3,500,225	3,390,665
Past service (years)	Average	15.06%	3.94	3.43
	Total	18.28%	867	733

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	590,593.93	420,408.45
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(590,593.93)	(420,408.45)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	**(590,593.93)**	**(420,408.45)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2024	31-Dec-2023
Expense recognized in profit or loss	179,738.93	74,013.63
Expense recognized in other comprehensive income	478,413.17	338,930.82
Defined benefit cost	**658,152.10**	**412,944.45**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2024	31-Dec-2023
Current service cost	165,624.92	115,213.05
Past service cost	-	(55,622.34)
Loss/(Gain) on settlement	-	-
Interest on DBO	14,114.01	14,422.92
Less: Expected interest on plan asset	-	-
Expenses recognized in profit or loss	**179,738.93**	**74,013.63**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME



Nu.	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	478,413.17	338,930.82
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognized as OCI	**478,413.17**	**338,930.82**

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Nu.	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	420,408.45	353,109
Add: Current service cost	165,624.92	115,213.05
Add: Past service cost	-	(55,622.34)
Add: Interest cost	14,114.01	14,422.92
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(487,966.62)	(345,645)
Actuarial (gain) or losses due to experience adjustment	478,413.17	338,930.82
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	**590,593.93**	**420,408.45**

COMPOSITION OF PLAN ASSET

Nu.	31-Dec-2024	31-Dec-2023
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

Nu.	31-Dec-2024	31-Dec-2023
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

Nu.	31-Dec-2024	31-Dec-2023
Current liability	315,551.53	180,373.34
Non-current liability	275,042.40	240,035.11
Net Liability	**590,593.93**	**420,408.45**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

In.	Nu.
December 31, 2025	340,795.65
December 31, 2026	183,583.26
December 31, 2027	184,945.20
December 31, 2028	223,104.84
December 31, 2029	217,995.98
December 2030 to December 2034	1,001,818.36

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December 2035 to December 2044				2,475,141.54
ESTIMATED TERM OF LIABILITY (IN YEARS): 11 .22				
SENSITIVITY ANALYSES				
Assumption/Parameter	**Scenario**	**Defined Benefit Obligation (DBO)**	**Net effect of DBO**	**Percent change**
Discount rate	+0.5%	570,368.56	(20,225.37)	-3.42%
	Base rate	590,593.93	-	0.00%
	-0.5%	612,497.91	21,903.98	3.71%
Salary growth rate	+0.5%	614,680.39	24,086.46	4.08%
	Base rate	590,593.93	-	0.00%
	-0.5%	568,146.06	(22,447.87)	-3.80%
Mortality rate	+10%	590,585.48	(8.45)	0.00%
	Base rate	590,593.93	-	0.00%
	-10%	590,603.12	9.19	0.00%
Employee turnover rate	+0.5%	594,018.45	3,424.52	0.58%
	Base rate	590,593.93	-	0.00%
	-0.5%	586,954.19	(3,639.74)	-0.62%

E. Actuarial valuation of Transfer Grant as on 31 December 2024

	31-Dec-2024	31-Dec-2023
Present value of defined benefit obligation	590,593.93	420,408.45
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	**(590,593.93)**	**(420,408.45)**
EXPENSES RECOGNIZED IN		
Nu.	31-Dec-2024	31-Dec-2023
(a) Statement of profit or loss	186,171.63	131,556.97
(b) Other comprehensive income	309,533.85	233,362.48
BASIS OF VALUATION		
KEY FEATURES OF THE PLAN		
Parameter	Description	
Type of plan	Defined benefit	
Employee's contribution	Nil	
Employer's contribution	100%	
Reference salary	Last basic pay	
Normal retirement age	57|60|63 years*	
Retirement age for contract employees depends on their contract term		
Benefit payable on	Retirement/resignation/death while in service	
Form of benefit	Lump sum	
Vesting period	2 years for resignation and none for rest	
Service definition	Total service rounded to nearest integer	
Benefit formula	Reference salary x 1	
Benefit floor	None	
Benefit ceiling	None	
MEMBERSHIP DATA		

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CHARTERED ACCOUNTANT

		% Change	31-Dec-2024	31-Dec-2023
Members considered for valuation		2.80%	220	214
Average age (years)		0.60%	34.5	34.3
Monthly salary (Nu.)	Average	0.42%	15,910.11	15,844.23
	Total	3.23%	3,500,225	3,390,665
Past service (years)	Average	15.06%	3.94	3.43
	Total	18.28%	867	733

ACTUARIAL ASSUMPTIONS

FINANCIAL ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Discount rate	8.00%	8.00%
Salary growth rate	6.00%	6.00%

DEMOGRAPHIC ASSUMPTIONS

Parameter	31-Dec-2024	31-Dec-2023
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	5.00%	5.00%

FINANCIAL EXHIBITS

DETAILED FINANCIAL EXHIBITS

LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	590,593.93	420,408.45
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(590,593.93)	(420,408.45)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	**(590,593.93)**	**(420,408.45)**

COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-2024	31-Dec-2023
Expense recognized in profit or loss	186,171.63	131,556.97
Expense recognized in other comprehensive income	309,533.85	233,362.48
Defined benefit cost	**495,705.48**	**364,919.45**

EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

Nu.	31-Dec-2024	31-Dec-2023
Current service cost	165,559.75	115,213.05
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	20,611.88	14,119.03
Less: Expected interest on plan asset	-	2,224.89
Expenses recognized in profit or loss	**186,171.63**	**131,556.97**

AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

Nu.	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	309,533.85	291,209.71
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	(57,847.23)
Expenses recognized as OCI	**309,533.85**	**233,362.48**

Menuka Chhetri & ASSOCIATES CHARTERED ACCOUNTANTS THIMPHU BHUTAN

RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Nu.	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	420,408.45	353,109
Add: Current service cost	165,559.75	115,213.05
Add: Past service cost	-	-
Add: Interest cost	20,611.88	14,119.03
Less: Benefits paid by the plan	-	(55,622.34)
Less: Benefits paid by the employer	(325,520)	(297,620)
Actuarial (gain) or losses due to experience adjustment	309,533.85	291,209.71
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
DBO at the end of period	**590,593.93**	**420,408.45**

RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS		
Nu.	31-Dec-2024	31-Dec-2023
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	(2,224.89)
Benefits paid from the plan	-	(55,622.34)
Return on plan assets greater or (less) than discount rate	-	57,847.23
Fair value at the end of period	-	

BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY		
Nu.	31-Dec-2024	31-Dec-2023
Current liability	313,721.12	180,373.34
Non-current liability	276,872.81	240,035.11
Net Liability	**590,593.93**	**420,408.45**

EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS	
In.	*Nu.*
December 31, 2025	338,818.81
December 31, 2026	183,583.26
December 31, 2027	184,945.20
December 31, 2028	223,104.84
December 31, 2029	217,995.98
December 2030 to December 2034	1,001,818.36
December 2035 to December 2044	2,475,141.54

ESTIMATED TERM OF LIABILITY (IN YEARS): 11.23

SENSITIVITY ANALYSES

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+0.5%	570,368.56	(20,225.37)	-3.42%
	Base rate	590,593.93	-	0.00%
	-0.5%	612,497.91	21,903.98	3.71%
Salary growth rate	+0.5%	614,680.39	24,086.46	4.08%
	Base rate	590,593.93	-	0.00%

Menuka Chhetri & Associates
THIMPHU BHUTAN
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	-0.5%	568,146.06	(22,447.87)	-3.80%
Mortality rate	+10%	590,585.48	(8.45)	0.00%
	Base rate	590,593.93	-	0.00%
	-10%	590,603.12	9.19	0.00%
Employee turnover rate	+0.5%	594,018.45	3,424.52	0.58%
	Base rate	590,593.93	-	0.00%
	-0.5%	586,954.19	(3,639.74)	-0.62%

x. As on reporting date, 2,247,700.00 shares of face value at Nu. 100 each were outstanding, and no additional shares were issued during the accounting year. Therefore, the company has presented in the statement of profit & loss basic and diluted earnings per share in accordance with Para 9 and 30 of BAS-33 Earnings per Share.

xi. The Company has earned gross income of Nu. 137.881 million by carrying out other ad-hoc/additional activities.

xii. Previous year figures have been regrouped and rearranged wherever necessary to make them comparable to those of the current year.

xiii. Due to the non-availability of cost, price and year of purchase and other specific details, each item of other asset has been valued at Nu. 1.

xiv. As per BAS 2: Inventories the management has measured the inventories in cost or net realizable value, whichever is lower.

xv. As per Executive Order No. DOA/ADM/01/139 dated 5th October 2016 of the Ministry of Agriculture and Forest, the following programs/ projects under the Department of Agriculture were handed over to the Farm Machinery Corporation Limited. Further, as per executive order No.C-2/2019/288 dated 18th September 2019 two farms Phabthang and Wangray Commercial Farm was developed:

Program/Project	Area (Acres)
Nichula	200
Gangtokha Agriculture Land	18.95
Phuntshothang Agriculture Rehabilitation	523
Tendrelthang	17
Dechenphug	16
Kana Citrus Plantation Site	101
Phabthang	70
Wangray48	48
Nyelsephu	4.05

However, as of now FMCL has limited control over this land and hence does not meet recognition criteria as set out under BAS-16 Property Plant and Equipment. Therefore, it has not been accounted for.

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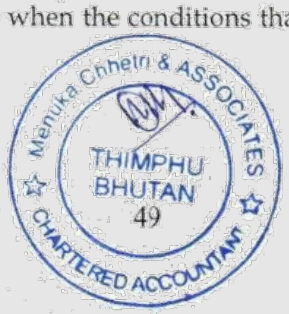
xvi. Due to the timing difference in the admissibility of depreciation as per the provisions of the Income-tax of Bhutan, deferred tax liability has been created in the accounts as per the computation shown in the table below.

Particulars	Carrying Amount	Tax Base	Taxable (-)/Deductible Temporary difference
Fixed Assets	154,391,712.50	139,129,104.80	(15,262,607.80)
Defined Benefit Obligations-Travel Allowance	590,593.90	179,738.90	410,855.00
Defined Benefit Obligations-Carriage Charges	230,528.70	68,650.50	161,878.10
Defined Benefit Obligations-Gratuity	7,329,009.20	2,122,885.10	5,206,124.10
Defined Benefit Obligation-Leave Encashment	5,231,204.40	3,783,844.70	1,447,359.70
Defined Benefit Obligation-Transfer Grants	590,593.90	186,171.60	404,422.30
			(7,631,968.60)
		Deferred tax (30%)	**(2,289,590.60)**

xvii. Biological Assets and Bearer Plants have not been accounted for by the Company since most of these assets are stationed in contract and commercial farms which may be taken by private individuals or the government at any time as ownership is not under FMCL.

xviii. **Inter-Unit Trade Payables Written Back and recognized under Other Income Nu. 49,625,553.** During the reporting period, the Company identified certain trade payables amounting to **Nu. 49,625,553** outstanding internal operational units/entities. Upon review, it was confirmed that these inter-unit balances were no longer valid obligations, having arisen from intra-entity transactions that had either been settled through offsetting or no longer carried legal enforceability due to operational restructuring. Accordingly, in the financial statements, the outstanding balances have been written back to income under "Other Income – Liabilities No Longer Payable." This accounting treatment aligns with the requirements of **BAS 1 – Presentation of Financial Statements,** where liabilities are derecognized when the obligation ceases to exist.

xix. **Non-Adjustment of Inventory Disposal with Prior Provision (Now Reversed) Nu. 52,001,552.** As per the provisions of **BAS 2 – Inventories** and **BAS 37 – Provisions**, the Company had previously recognized a provision for inventory write-down amounting to **Nu. 52,001,552** for items deemed obsolete or impaired in earlier periods. During the current financial year, a portion of the provisioned inventory was either sold or otherwise disposed of. A corresponding reversal of the provision amounting to **Nu. 52,001,552** has been recognized in the Statement of Profit or Loss under "Other Income – Reversal of Inventory Provision." This treatment reflects the recovery in net realizable value or successful utilization of the previously impaired inventory. It follows **BAS 2.34**, which requires reversal of impairment losses on inventories when the conditions that caused the write-down cease to exist.



xx. **Related Party Transaction:** The Company was incorporated as a 100% State Owned Enterprise under the Ministry of Finance. Hence, MoF holds a 100% share of the company, as a related party, for the purpose of disclosures required by BAS 24.

xxi. **Remuneration of Key Managerial Personnel**

Particulars	Amount (Nu)
Gross Remuneration paid to Key Managerial Employees	4,206,519.00
PF Contribution	328,146.00
Directors Sitting Fees	30,000.00

xxii. **Particulars of Key Management Personnel (KMP):** KMPs are those people who have authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly including any Director whether executive or otherwise.

a. Remuneration of Chief Executive Officer

Particulars	31-Dec-24	31-Dec-23
Salary including Allowances	2,003,437.50	1,155,000.00
Contribution to GPF	136,686.00	112,500.00
Leave Encashment	-	75,000.00
LTC	-	7500.00
Travel Administration	97,500.00	102,000.00
Total	**234,186.00**	**1,369,500.00**
Board Sitting Fees	**30,000.00**	**20,000.00**

b. Remuneration for other KMPs

As the posts for the Directors are vacant, remuneration of the General Managers is disclosed.

Particulars	GM (AFD)		DGM (FMSD)	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Salary including allowance	826,680.00	577,128.00	564,840.00	257,034.00
Contribution to GPF	72,360.00	70,644.00	48,336.00	39,144.00
Leave Encashment	40,200.00	39,245.00	27,520.00	21,745.00
LTC	-	7,500.00	-	7,500.00
Travel Administration	69,500.00	62,000.00	73,472.00	24,477.00
Total	**1,008,740.00**	**756,517.00**	**714,168.00**	**349,900.00**

As the liabilities for gratuity are provided on an actuarial basis for the company as a whole, the amounts pertaining to KMP not disclosed separately and as such could not be included above.

c. Remuneration for the Board of Directors

Sl. No	Name	31-Dec-24			31-Dec-23		
		Sitting Fees	Mileage	Total	Sitting Fees	Mileage	Total
1	Mr. Sonam Penjor	25,000.00	-	25,000.00	25,000.00	-	25,000.00
2	Ms. Rinzin Pemo	-	-	-	35,000.00	-	35,000.00
3	Mr. Jambay Dorji	32,500.00	-	32,500.00	35,000.00	5,184.00	40,184.00
4	Mr. Pema Dorji	37,500.00	5,184.00	42,684.00	12,500.00	-	12,500.00

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5	Mr. Jitshen Wangchuk	-	-		5,000.00	-	5,000.00
6	Mr. Wangda Dukpa	30,000.00	-	30,000.00	20,000.00	-	20,000.00
7	Ms. Tshering Om	5,000.00	-	5,000.00	-	-	-
8	Ms. Dechen Peldon	5,000.00	-	5,000.00	-	-	-
9	Mr. Rinzing Wangchuk	5,000.00	-	5,000.00	-	-	-
10	Ms. Garab Dorji	5,000.00	-	5,000.00	-	-	-
	Total Amount:	**145,000.00**	**5,184.00**	**150,184.00**	**132,500.00**	**5,184.00**	**137,684.00**

While transitioning to the applicable IAS, considerations have been made in respect of appropriate provisions, to the extent possible, while drawing up these financial statements, considering the current level of operations carried out by the Company, its share holding pattern and nature of transactions transacted by the Company at this stage only as of the date of adoption of this financial statement by the Board of Directors. The applicability of the other provisions/sections will be reviewed at each year-end by the Board of Directors of the Company for its compliance.

Menuka Chhetri & Associates
THIMPHU
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RATIO ANALYSIS

FARM MACHINERY CORPORATION LIMITED
PARO: BHUTAN
RATIO ANALYSIS AS ON DECEMBER 31, 2024

Particulars	Formula	31-Dec-24	31-Dec-23
Return on Capital Employed: (A)	Share Capital + Reserve & Surplus / Profit/(Loss) Before Tax	0.29%	-1.31%
Current Ratio	Current Assets / Current Liabilities	2.36	1.13
Quick Ratio	Current Assets except inventory / Current Liabilities	0.90	0.12
PBT/Gross Income	Profit/(Loss) Before Tax / Gross Income	0.51%	-2.21%
PAT/Gross Income	Profit/(Loss) After Tax / Gross Income	1.42%	-2.21%
Employee Cost/Gross Income	Employee Cost / Gross Income	44.61%	51.74%
Stores Consumption/Gross Income	Stores Consumption / Gross Income	18.79%	-9.73%
Total Income/Fixed Assets	Fixed Assets (Net Block) / Total Income	1.40	0.90
Revenue/Fixed Assets	Fixed Assets / Revenue	1.40	0.90
Return on Capital Employed (B)	Non-Current Liabilities+ Share capital +Reserves (Total equity) / Profit/(Loss) Before Tax	0.34%	-1.68%

For Menuka Chhetri & Associates
Chartered Accountants
Firm Registration No: 331825E

Menuka Chhetri & ASSOCIATES THIMPHU BHUTAN CHARTERED ACCOUNTANT

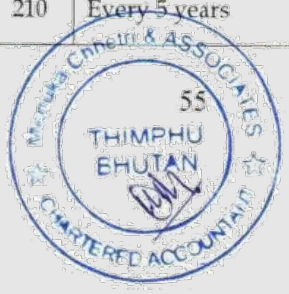
CA. Menuka Chhetri
(Managing Partner)
Membership No. 534365

Place: Thimphu, Bhutan
Date:

COMPLIANCE CALENDAR AND CHECKLIST

COMPLIANCE CALANDAR

Sl. No	Activity	Sec		Remarks
1	Submission of Annual Return	267	On or before 31st July	Annual Return filed on 31 July, 2024
b)	All unlisted companies include; i. Duly filled form as per Annual Return Form ii. Balance Sheet iii. Profit & Loss Account iv. Cash Flow Statement v. Auditor's Report vi. Directors' Report.			
2	Annual General Meeting	177	On or before 30th June	AGM held on 21st May, 2024
3	Notice Calling General Meetings	185	21 days before the AGM	Notice was sent on 30th April 2024
4	Payment of Dividend	204	Within 30 days of declaration in AGM	No Dividend declared
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		Audited accounts for 2023 submitted and approved by 8th AGM on 21st May 2024.
6	Filing of Documents with Register	267		31st July, 2024
7	Appointment of auditor GCC & GC Reappointment Removal	251	Every AGM Notify the Registrar within 15 days from passing the resolution	In accordance with Section 255 of the Companies Act of Bhutan 2016, Royal Audit Authority has appointed the auditor Menuka Chhetri & Associates as the statutory auditor for Financial Year ended 31 December 2024 vide Audit Appointment Letter RAA(SA-15) COAD/2024/3258 dated 19 November 2024
	Resignation	260-262	Convene the AGM within 14 days to discuss resignation.	
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the Registrar	
9	Board Meetings 1st BM 2nd BM 3rd BM 4th BM	146 & 149	3 months after last BM	50th BM held on 21/05/2024 51st BM held on 25/06/2024 52nd BM held on 25/08/2024 53rd BM held on 31/10/2024 54th BM held on 20/12/2024 55th BM held on 26/12/2024
10	Appointment of CEO	210	Every 5 years	Appointed by the RGOB for term of three years only



11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Not Applicable
12	Appointment of Company Secretary	213	As per prescribed by MTI	Appointed by the Company as prescribed in FMCL SRR 2022
13	Statutory Record and Inspection	228	All times	Records and Registers are updated yearly.

COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

No.	Sec	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval		√		
2	47	Change of name/Approval		√		
3	123	Increase or consolidation of share capital	√			
4	124	Reduction of share capital		√		
5	82	License Copy and Share Certificate filing			√	
6	107	Public offer of shares & Debentures-ROC Approval			√	
		MANAGEMENT & ADMINISTRATION				
7	217	Registered Office of Company	√			Chundudingkha, Paro Bhutan
		(Postal Address & Contact Number)				Post Box No. 131
8	221	Publication of name by Company	√			As per certificate of incorporation
		(Letter Head, Seals and Sign Board)				
9	241	Financial Year of Companies as of 31st Dec	√			Financial year ended on 31st December each year
	242	Extension up to 15 months - ROC approval			√	
	243	Extension up to 18 months - Authority's approval			√	
10	245	Financial Statements to follow BAS	√			BAS for Public Companies
11	267	Annual Return Submission On/before 31st May for listed; others 31st July	√			Annual return filed on July, 2024
12	177	Annual General Meeting (Minutes)	√			AGM held on 21st May, 2024 and minutes are maintained and recorded accordingly
13	180	Extraordinary General Meeting (Minutes)		√		
14	185	Notice for calling general meeting	√			
15	187	listed Co. - written as well as in media			√	
		Public Co/Private Co. - Written Notice			√	
16	190	Chairman of meeting (CEO cannot chair)	√			1. 50th BM – 54th BM and 8th AGM chaired by Ms. Sonam Penjor, Director, NCGS 2. 55th BM chaired by Ms. Tshering Om, CEO, BDBL
17	192	Representation of corporations at meetings (appointed by Board Directors)				

Meruka Chhetri & ASSOCIATES
THIMPHU BHUTAN
CHARTERED ACCOUNTANT
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18	193	Ordinary and special resolutions (Minutes)		√		
19	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	√			All minutes of the AGM and Board are maintained.
20	199	Declaration and payment of dividend (199-209)		√		No dividend has been declared for the year 2024
21	232	Books of account to be kept by company (location & time)	√			Books of accounts are generally maintained as required by the Companies Act of Bhutan, 2016 at Head Office and 5 regional offices.
22		Board's report (signed by Chairman)	√			Boards Report contains CG & CSR practices report.
23	252	Appointment and removal of Auditors	√			Auditors are appointed or removed by RAA
		Need to re-appoint annually (251-259)				
24	260	Resignation of Auditors from office (Annual Resignation)			√	Auditors have not resigned
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	√			The audit was conducted as per the BAS as per the terms of appointment issued by RAA.
26	133	Number of directors	√			3 Board Directors including CEO
27	134	One third of all Public Companies shall be independent		√		
28	138	(Minimum No. & retirement on rotation)			√	
29	139	Additional directors		√		Company has no additional director
30	140	Consent to act as directors	√			Consent form filed
31	141	Certain persons not to be appointed as Directors		√		
32	142	Resignation by a director			√	
33	143	Removal of directors		√		
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	√			6 Board meetings and 1 AGM held in 2024
35	152	General powers of the board	√			
36	156	Restriction on powers of Board	√			
37	210	Appointment of Chief Executive Officer (Max 5 years terms& 2 consecutive terms only)	√			
38	213	Company Secretary required in all Public Companies	√			
39	414	Appointment of selling or buying agents (govt. Approval obtained or not)			√	
40	157	No loans to directors (only for Public Co.)			√	
41	53	Inter-corporate investments (investments to be disclosed) apply old rule			√	
42	158	Conflict of Interest Transactions by Board	√			The company practices a signing of Declaration of CoI in the beginning of every Board Meeting
43	161	Standard of care required by directors (Reckless decision)	√			Every director shall exercise their powers and discharge their duties in accordance with the provisions of the Act,



						honestly and in good faith in the best interests of the company.
		STATUTORY RECORD AND INSPECTION				
44	228	Statutory record and inspection				
	(a)	Register of buy-back of shares			√	
	(b)	Register of transfers			√	
	(c)	Register of charges				
	(d)	Register of inter-corporate loans			√	
	(e)	Register of inter-corporate investments			√	
	(f)	Register of contracts in which directors are interested	√			
	(g)	Register of directors	√			
	(h)	Register of directors' shareholding			√	

For Menuka Chhetri & ASSOCIATES
Chartered Accountants
(FRN No. 331825E)
CA Menuka Chhetri

Menuka Chhetri & ASSOCIATES
THIMPHU
BHUTAN
CHARTERED ACCOUNTANT

Managing Partner
M. No. 534365
SIGNATURE/SEAL
NAME OF THE INSPECTOR/AUDITOR

For FMCL

FARM MACHINERY CORPORATION LIMITED

Name:
Company Secretary

NOTE: THIS COMPLIANCE CHECKLIST IS TO BE USED BY ALL CONCERNED UNTIL NEW ONE IS ADOPTED BY REGISTRAR OF COMPANIES

4. Corporate Governance Department (CGD)

The Corporate and Governance Department (CGD) comprises three divisions, namely Finance, ADM & HR and ICT Division. Its function is to regulate and administratively manage the company.

4.1. Human Resources

In 2024, the company was managed by 226 staff, out of which 24 at the Headquarters, 44 at Regional Office Paro, 28 at Regional office Bajo, 38 at regional office Bumthang, 50 at Regional office, Khangma and 42 at Regional office Samtenling respectively (Table 1).

Table 1. Employee Strength

SL. No.	HQ/ Regions	Male	Female	Total No. of Staff
1	Corporate Office	14	10	24
2	RFMCL, Paro	37	7	44
3	RFMCL, Bajo	20	8	28
4	RFMCL, Bumthang	37	1	38
5	RFMCL, Khangma	49	1	50
6	RFMCL, Samtenling	34	8	42
Total		**191**	**35**	**226**

4.2. Information, Communication & Technology

Through significant advancements in digitization, the company has enhanced efficiency and transparency in planning and reporting systems. Notably, we have automated the dispatch system eliminating manual coordination and improving logistics. The implementation of standardized planning templates has further facilitated strategic decision-making and communication.

Looking ahead, we are committed to continuing our digital transformation, including the integration of mechanized farming techniques and efficient digital monitoring of machinery and equipment.

4.3. Procurement and Inventory

The Procurement Division facilitates the procurement of inventory and its subsequent distribution to Regional Offices for trading purposes.

During the year 2024, FMCL procured 18.443 M of inventory stock. The company generated a revenue of Nu.35.504 M from selling different machines and spare parts (Table 2).

Table 2. Inventory of machinery, tools and equipment procured in the year 2024

Particular	Amount (Nu.)
Accessories	654,462.23
Central Machinery Unit (CMU)	25,692.55
Implements	2,949,134.90
Machinery	11,472,265.29
Others	21,000.00
Spare Parts	1,985,952.87
Tool	1,328,192.09
Vehicle	7,206.28
Grand Total	**18,443,906.21**

The table 3 represents the total value of assets and materials amounts to **Nu. 125.67 million**, comprising major components such as **spare parts (Nu. 72.38M)**, **machinery (Nu. 42.75M)**, and other items including implements, tools, accessories, vehicles, and raw materials.

Table 3: Stock Inventory Summary 2024

Particulars	Amount (Nu.)
Accessories	1,141,030.70
Central Machinery Unit (CMU)	577,638.34
Implements	1,758,584.49
Machinery	42,753,940.77
Others	110,622.23
Spare Parts	72,384,558.73
Tool	5,729,414.99
Vehicle	180,483.55
Total Amount	**124,636,273.80**
Raw Materials	1,029,515.90
Grand Total	**125,665,789.70**

5. Production Department (PD)

The Production Department (PD) oversees various critical aspects which include machinery hiring services, commercial farms, manufacturing of machines & spare parts and Bio-inputs. Its primary responsibility is to efficiently manage and direct production processes while formulating effective marketing strategies to maximize sales of products and services. By coordinating production activities and aligning them with market demands, Production Department plays a pivotal role in ensuring the success and profitability of the organization.

5.1. Physical progress report of hiring services

5.1.1. Farm machinery hiring services:

The total working days of the farm machines is 27,021 days with the area coverage of 8,877 acres and benefited 6,006 households of farmers across the country (Table 4).

Table 4:Physical progress of farm machinery hiring services.

Region	Households benefited (Nos.)	Area coverage (Acre)	Machine days (days)
Bajo	686	2,041	2,867
Bumthang	157	346	480
Khangma	1,636	2,371	2,176
Paro	2,592	2,327	20,056
Samteling	935	1,791	1,443
Grand Total	**6,006**	**8,877**	**27,021**

5.1.2. Heavy machinery hiring services:

The total working days of the heavy machines is 4,936 days with the area coverage of 475 acres (Table 5).

Table 5: Physical progress of heavy machinery hiring services.

Region	Area coverage (Acre)	Machine days (days)
Bajo	39	182
Bumthang	208	1,923
Khangma	125	1,666
Paro	38	534
Samteling	64	631
Grand Total	**475**	**4,936**

5.1.3. Yearly physical achievement of farm machinery hiring services

The Table 6, showing drastic drop in demand after the withdrawal of subsidy by the government in June 2022 due to enforcement of full commercial hiring rates to the farmers. There was a slight increase in area coverage in 2024 compared to 2023.

Table 6: Yearly physical achievement of farm machinery hiring services

Year	Area coverage (Acre)	Machine days (days)
2017	14,400	11,814
2018	16,854	10,985
2019	13,848	9,537
2020	16,803	10,897
2021	16,283	5,739
2022	18,177	8,351
2023	7,393	6,113
2024	8,877	6,006
Total	**112,635**	**69,442**

5.2. Status of the hiring machinery

5.2.1. Hiring machinery condition status

From the total of 1718 machines (farm machines and heavy machines), 575 numbers were in functional condition, 631 numbers need to be repaired and 512 numbers of machines were beyond repair. For those machines that are beyond repair shall be disposed through public auction system. The Table 7 below shows the detail status of the machines.

Table 7: Hiring machinery condition status

Sl. No.	Machine Types	Function	Repairable	Beyond Repairable	Total
1	Combine harvester	25	11	12	**48**
2	Mini tiller	123	71	72	**266**
3	Multi crop thresher	6	0	0	**6**
4	Paddy reaper	1	17	61	**79**
5	Paddy thresher (paddle)	3	0	2	**5**
6	Paddy thresher (power)	0	8	30	**38**
7	Power tiller	327	456	230	**1013**
8	Power weeder	0	17	9	**26**
9	Tractor	32	29	57	**118**
10	Transplanter	8	7	29	**44**
11	Water pump	2	6	10	**18**
12	Yanmer mobile thresher	1	3	0	**4**
13	Heavy Machine	33	5	0	**38**
14	Heavy Vehicles	14	1	0	**15**
	Total	**575**	**631**	**512**	**1718**

5.2.2. Hiring machinery distribution status

The Table 8 showing the hiring machinery distribution in the regions to render services to the agriculture farmers across the country.

Table 8: Hiring machinery distribution in the region

Sl. No.	Machine Types	Paro	Bajo	Khangma	Samtenling	Bumthang	Grand Total
1	Combine harvester	44	-	4	-	-	**48**
2	Mini tiller	45	35	132	43	11	**266**
3	Multi crop thresher	1	-	3	2	-	**6**
4	Paddy reaper	44	17	8	5	5	**79**
5	Paddy thresher (paddle)	3	-	-	2	-	**5**
6	Paddy thresher (power)	21	6	5	6	-	**38**
7	Power tiller	281	261	304	154	13	**1,013**
8	Power weeder	23	1	-	2	-	**26**
9	Tractor	16	5	28	64	5	**118**
10	Trans-planter	29	6	9	-	-	**44**
11	Water pump	10	6	2	-	-	**18**
12	Yanmer mobile thresher	3	-	-	1	-	**4**
13	Heavy Machine	3	3	13	4	15	**38**
14	Heavy Vehicles	-	-	4	1	10	**15**
	Total	**523**	**340**	**512**	**284**	**59**	**1,718**

5.3. Physical progress report of Farms

The Table 9 below showing the cultivated area and production from different commodities produced by eight different farms in the year 2024.

Table 9: Physical progress of Commercial Farms

Name of Farm	Commodity	Area cultivated (Acre)	Production (Kg)
Phuntshothang	Paddy	67	16,190
Tendrelthang	Paddy	12	5,427
Nysephu	Tomato	4	10,700
	Strawberry		10
	Lactus		100
Chundudingkha (HQ)	Tomato	4	1,246
	Chilli		130

Phebtang	Tomato	36 GH	2,341
Gangtokha	Tomato	14	431
	Banana		61
	Dragon fruit		109
Kana	Citrus	23	2625
Nichula	Sesame	130	1500

5.4. Physical progress report of manufacturing section

A total of 685 numbers of spare parts and agriculture related implements were manufactured and 6 numbers of mega greenhouses of different sizes were constructed (Table 10).

Table 10: Physical progress of manufacturing section

Activity	Machines/spare parts	Quantity (Nos.)	Remarks
Adhoc activities	Dryer	1	
	Fabrication of hatchery unit	1	
	Grain winnower	1	
	Portable greenhouse	1	
	Soil sieving machine	1	
	Vermicomposting sieving machine	1	
	Biochar cone	1	
Mega greenhouse fabrication	Mega Greenhouse(10m*35m)	1	Gelephu
	Mega Greenhouse(16m*44m)	1	ARDC, Wengkhar
	Mega Greenhouse(20m*8m)	1	Tangsibji, Trongsa
	Mega Greenhouse(20m*9m)	1	Sha Khotakha, Wandue
	MGH 24mx50m	1	Samtse
	MGH 8mx50m	1	Bumthang
Spare part manufacturing	Cagewheel - Mini Tiller	43	
	Cagewheel - Yanmar Power Tiller	9	
	Cagewheel Kubota	7	
	Plough - Mini Tiller	30	
	Plow 12hp	8	
	Plow Shear	571	
	Rotary Wheel	1	
	Sole piece	1	
	saddle	2	
	Total	**685**	

5.5. Bio-input Progress

5.5.1. Bio-feed supplement

The main objectives of the liquid-feed supplement trial were to assess its efficacy on proper feed conversion to weight gain in grower piglets and enhancing feed digestion. In the layers, it is also to assess efficacy in boosting egg production rates, reducing faeces odour, diarrhoea and ensuring proper feed digestibility, and improving egg quality, especially the shell thickness.

The Table 11 presents the trial report of liquid bio-feed supplement on grower piglets and layer birds. The trial was conducted at different locations with two groups, a control group and a treatment group which were identified before the trial for both grower piglets and poultry layers. The group with the lowest value of FCR is considered more efficient.

Table 11: The report of liquid bio-feed supplement

Bio-feed Supplement				
Trial	**Location**	**Trial on**	**Duration**	**Output/remarks**
1st trial	Shaba, Paro	Grower Piglet	29 days	Low average daily weight gained per piglet.
				Lower Feed conversion ratio.
				Higher production cost and less economic viability.
				The scour case was lower, hence indicating healthier rumen and a proper digestion of feed.
		Poultry layer	29 days	Visual observations revealed no differences in the egg shell thickness and its colour.
				Lower faeces odour and wet droppings hence, positive digestive (gizzard) health.
				Total egg production was lower compared to the control group.
				Lower feed conversion ratio.
2nd trial	BLDCL Farm, Yusipang	Grower Piglet	31 days	Higher FCR value.
				Lower average daily weight gain in the treatment group.
3rd trial	Gangtokha, Wangduephodrang	Poultry layer	30	The overall cost of producing an egg in both groups was higher compared to the findings at Shaba, which was mainly caused by the higher cost of the Karma feed.

				No clear distinction on the feces odour, eggshell colour and its quality and the overall health of the layers.

5.5.2. Liquid Bio-fertilizer

The experiment was laid out in a randomized block design with four treatments as highlighted below:

T1: Control (Water)
T2: FMCL bio-fertilizer at 100% concentration
T3: FMCL bio-fertilizer at 16.7% (1 LBF: 5water) concentration
T4: K-BOOSTER at 0.003% (3 ml K-BOOSTER: 1 ltr water) concentration

Each treatment was replicated three times and it was introduced as a foliar spray on the crops at two different frequencies: once every two weeks and once every week. Two crops, cabbage var. Golden acre and Radish var. Gensuke were used in the experiment. The Table 12 below presents the trial report of liquid bio-fertilizer on cabbage and radish.

Table 12: The report of liquid bio-fertilizer

Trial	Location	Trial on	Duration	Output/remarks
4th trial	National Seed Centre, Paro, Elevation 2410 masl. The min, max and average temperatures (5.4ºC, 35.5ºC and 18.5ºC)	Cabbage	Mid-August to End of October	T2, T3 and T4 have a significantly higher effect on the parameters of cabbage growth (head weight, diameter, height) when applied every week compared to once in two weeks
				LBF 100% on cabbage showed superior growth attributes as compared to other treatments.
		Radish		Application of LBF 16.7% on radish every week showed superior growth as compared to other treatments.

6. Marketing Department (MD)

As part of FMCL's strategic transformation, the company has streamlined its operations into two core mandates: the aggregation of six priority crops (rice, wheat, quinoa, soybean, peanuts, and maize) and manufacturing. With this restructuring, the Marketing & Production Department has been reorganized into the Marketing Department and the Production Department. The Marketing Department is now solely responsible for the Aggregation Division and the Marketing Division, which oversee crop aggregation, sales, and market expansion of all products and services, respectively.

The department plays a vital role in facilitating crop aggregation, supporting production department in offering hiring services to support farmers in increasing production, and conducting market research to assess demand, analyse competitor pricing, and integrate customer feedback to refine our services. Additionally, the team oversees sales and distribution, fostering strategic partnerships with government agencies, private farms, and cooperatives to create sustainable market linkages.

In the digital space, FMCL has leveraged its website and social media platforms to run targeted marketing campaigns, share success stories, and engage stakeholders, ensuring greater visibility and outreach. Following are the major milestones carried out in 2024:

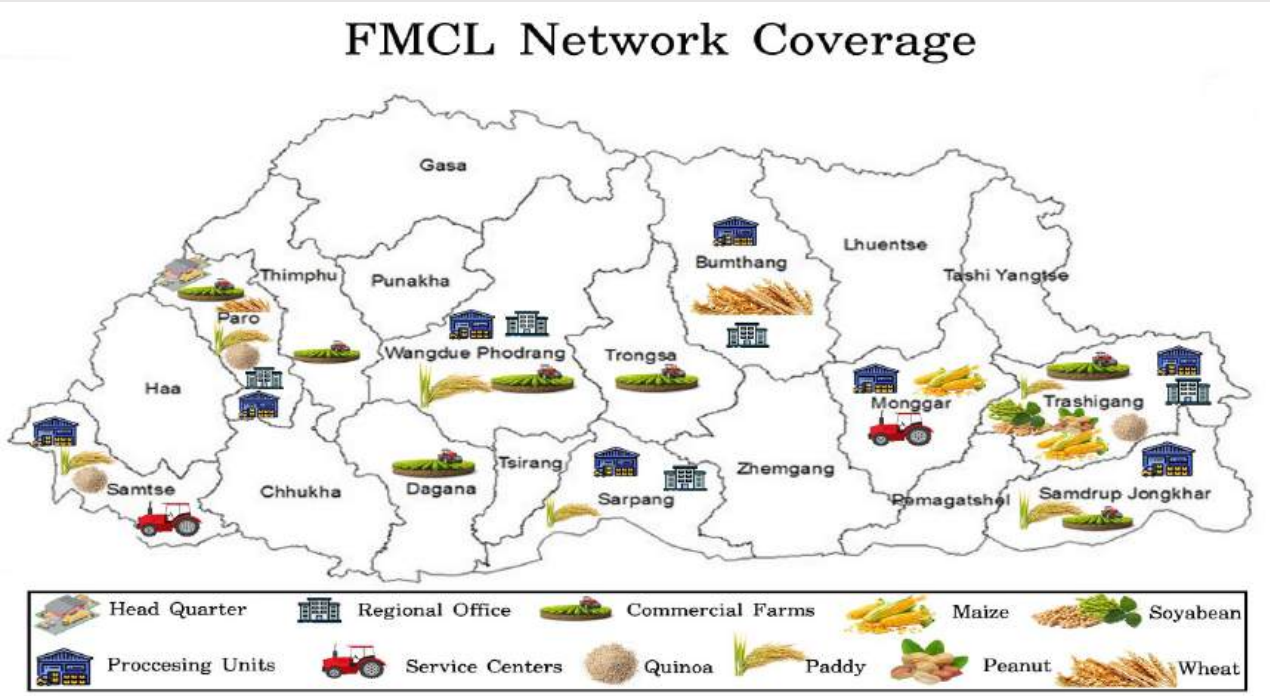


Figure 2: FMCL Network Coverage

6.1 Launch of Khamtey Rice from Phuntshothang Commercial Farm

A major milestone for FMCL was the official launch of Khamtey Rice, a premium rice variety from Phuntshothang Commercial Farm, by the Food Corporation of Bhutan Limited (FCBL) on 21st March, 2024 (Figure 3). This achievement followed from the signing of a Memorandum of Understanding (MoU) between FMCL and FCBL on 15th December 2024, positioning FMCL as the producer and FCBL as the distributor and marketer of Khamtey Rice.

Under this agreement, FMCL supplied 17 metric tons (MT) of Khamtey Rice to FCBL, generating Nu. 1.5 million in revenue. This collaboration not only strengthened FMCL's position as a leading rice producer but also reinforced FCBL's role in distribution and market expansion, ensuring that Bhutanese consumers have access to high-quality, locally grown rice.



Figure 3: The rice launching by FCBL.

6.2 Sesame Production at Nichula Commercial Farm

From the 2023 sesame harvest, 1.7 MT was supplied for marketing from Nitchula Farm. Given the limited domestic market for black sesame, the marketing department explored alternative sales strategies by offering both sesame oil and seeds to consumers based on demand (Figure 4). To secure wholesale buyers, we supplied sesame seeds to Bhutan Natural Growers and processed oil (without packaging) to One Gewog One Product (OGOP). A market report was submitted based on the findings, highlighting the need for further market expansion and increased acreage for the next harvest at Nitchula Farm.



Figure 4:Sesame seeds and oil

6.3 Awareness & Sensitization Program

Beginning June 2024, in line with FMCL's aggregation implementation plan, the Marketing Department launched an awareness campaign across 20 Dzongkhags. The program was conducted at two levels:

a. FMCL headquarters engaged with Dzongkhag officials to align aggregation strategies.
b. Regional offices conducted training and sensitization programs for farmers, focusing on crop collection procedures, price determination, and quality standards.



Through these efforts, FMCL successfully educated farmers and stakeholders on the aggregation process and the role of FMCL in supporting sustainable agricultural markets.



Figure 5: Awareness meeting conducted by HQ staff with Dzongkhag officials and by regional staff with farmers and local leaders.

6.4 Launch of Aggregation Implementation Plan

On 19th August, 2024, during FMCL's 8th Foundation Day, the Aggregation Implementation Plan was officially launched (Figure 6). This initiative, fully supported by the Economic Stimulus Plan (ESP), is a major milestone in FMCL's efforts to enhance agricultural aggregation, streamline grain collection, and strengthen the supply chain.



Figure 6:The launching of the implementation document by the CEO and the board director.

6.5 Development of Grain Collection Standards & SOPs

Aggregation being a completely new role for FMCL, the Marketing Department developed and implemented grain collection standards and Standard Operating Procedures (SOPs) for the Aggregation Team. These standards ensure the collection and maintenance of high-quality grains, define individual staff roles and responsibilities, and establish accountability for the end products after processing.

By adhering to these strict quality measures, FMCL guarantees that only high-quality processed crops are marketed and distributed.

6.6 Launch of FMCL's Aggregation Program

On 7th November, 2024, FMCL launched the Aggregation Program at Zomlingthang, Guma Gewog, Punakha Dzongkhag, an event graced by the Honorable Minister of Agriculture &

Livestock. This program marked the official start of grain collection across five regions and demonstrated grain collection and quality assessment procedures (Figure 7)..



Figure 7:Demonstration of grain quality assessment

6.7 Aggregation Achievements

In just two months, FMCL successfully collected431.66 metric tons of grains (Maize, Paddy and Wheat) paid Nu. 22.01 million p to farmers for the purchase and benefited988 households across 10 Dzongkhags. Through efficient market linkages and fair pricing, FMCL continues to empower local farmers, enhance rural livelihoods, and strengthen Bhutan's agricultural sector.

6.8 Strategic Partnerships & Market Expansion

On 18th December 2024, FMCL signed a Memorandum of Understanding (MoU) with Karma Feed to supply maize. Within two months, FMCL successfully supplied 176 MT of maize, generating Nu. 4.07 million in revenue before the end of 2024.



This partnership secures a stable maize market for farmers, ensures a consistent local raw material supply for Karma Feed, promotes the future growth of maize production for farmers, and strengthens Bhutan's maize value chain.

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