ANNUAL REPORT

STCBL

State Trading Corporation of Bhutan Ltd.

2025

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STCBL

State Trading Corporation of Bhutan Ltd.

ANNUAL REPORT 2025

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Company Profile

State Trading Corporation of Bhutan Limited (STCBL) was established in 1968 by the Royal Government of Bhutan (RGoB) under the administrative control of the Ministry of Trade and Industry and was declared as an autonomous body in 1984.

The company was registered as a limited company under the Companies Act of the Kingdom of Bhutan from March 5, 1996. The Royal Government of Bhutan (Druk Holding and Investments) holds 51% of share and it is the only state-owned enterprise into trading. The company is overseen by a Board of Directors whose members are a mix of private and public sector professionals.

ENVISIONING STCBL

Vision

To be the first choice for quality, trust, and innovation to foster happiness.

Mission

To deliver genuine products and empathetic services, embracing innovation and a customer- centric approach to enhance customer satisfaction and foster lasting public trust.

Our Values

1. Productivity
2. Integrity
3. Loyalty
4. Learning & Innovation
5. Accountability
6. Respect

Our Core Values

P

Productivity

Upholding honesty and strong moral principles in all our actions

I

Integrity

We uphold honesty, fairness, and strong moral principles by always choosing what is right over what is easy, and we ensure trust in all our actions.

L

Loyalty

We demonstrate unwavering commitment, support, and allegiance to STCBL's mission and values

L

Learning & Innovation

We foster continuous learning, human capacity development, and innovative thinking to enhance performance, drive organizational growth, and ensure sustained improvement.

A

Accountability

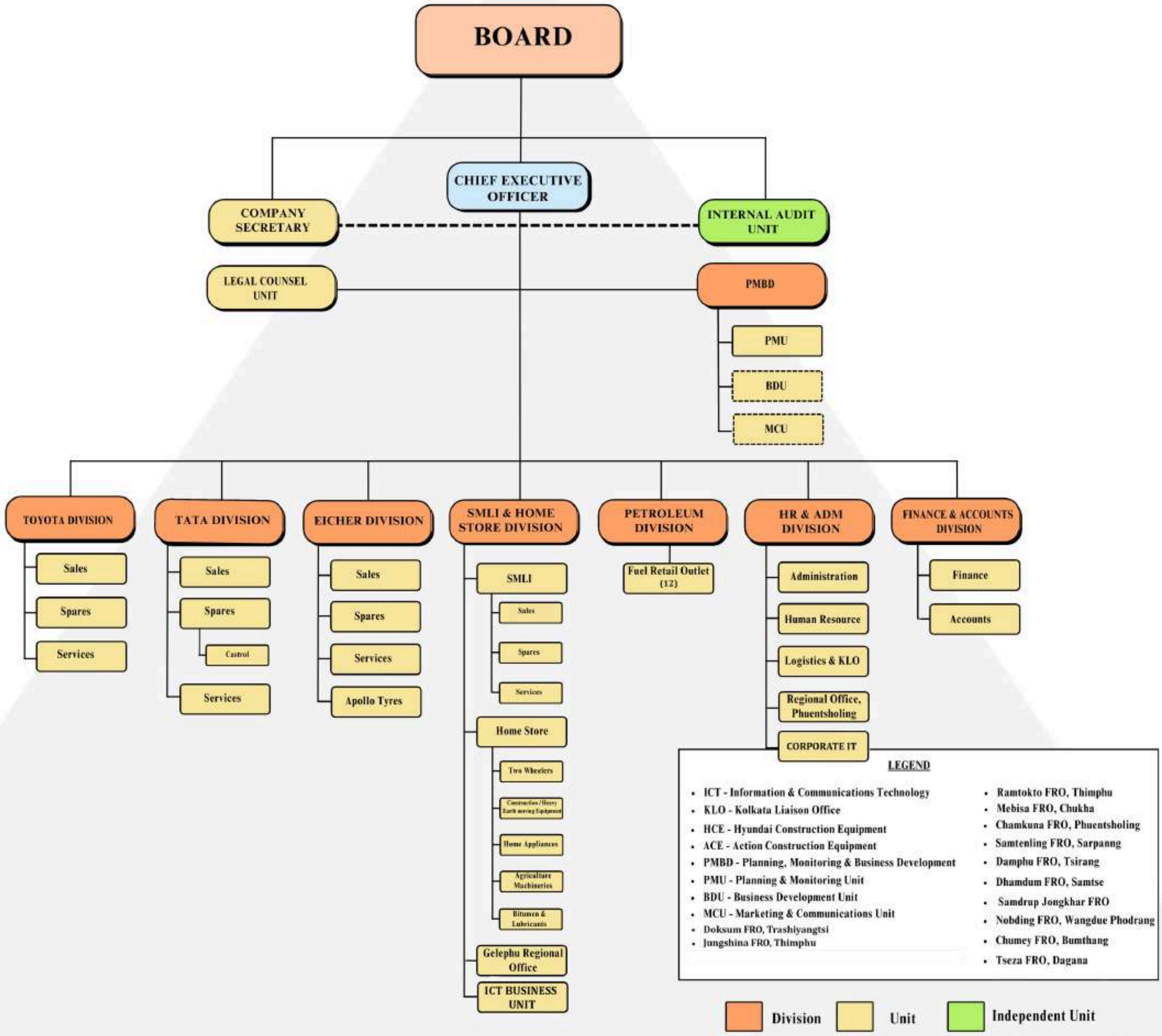
We take full ownership of our duties and responsibilities, recognizing our role in both successes and setbacks, and we deliver on our commitments with reliability

R

Respect

We foster a workplace culture built on mutual appreciation, understanding, and recognition of each individual's contributions, creating and environment of openness, candour, and dignity.

Organizational Structure



Year at a Glance

Launch of Hyundai Construction Equipment

Renewal of MOU with HPCL

JANUARY

FEBRUARY

Developed Human Resource Master Plan (HRMP)

Delivered 8 units of Toyota Coaster buses to Dophu Transport

In-house Leadership Development Programme in collaboration with RIGSS

Delivered 6 units of customized emergency response vehicles to RBP

AUGUST

JULY

Participation in 2nd Batch GMC volunteer

Participation in 3rd Batch GMC volunteer

Participation in 8th Royal Highland Festival 2025

Delivered 14 units of Toyota Coaster buses to Meto Transport

SEPTEMBER

OCTOBER

Celebration of 57th Foundation Day

Participation in 7th Construction Expo

Salhang Tendrel (groundbreaking ceremony) for construction of our new Regional Office building

MARCH

APRIL

Delivered 20 units of Eicher buses & trucks to Gyalsung HQ

1st Cohort Strategic Sales & Marketing Management with High-Impact Managerial Leadership Mastery program held in Bangkok.

In-house Customer Relationship Management Training

Inauguration of Doksum Fuel Retail Outlet (Tashi Yangtse)

JUNE

MAY

Launch of Corporate Strategic Plan (CSP) & Theme Song

2nd Cohort Strategic Sales & Marketing Management with High-Impact Managerial Leadership Mastery program held in Bangkok.

Awarded Highest Market Share in Truck - Category B award (TATA)

Awarded Sales & Marketing (Toyota)

Inauguration of Jungshina FRO

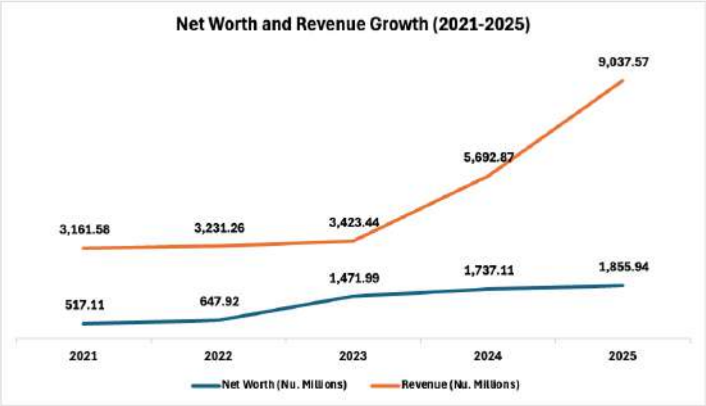
Annual Picnic 2025 at Jigmechu

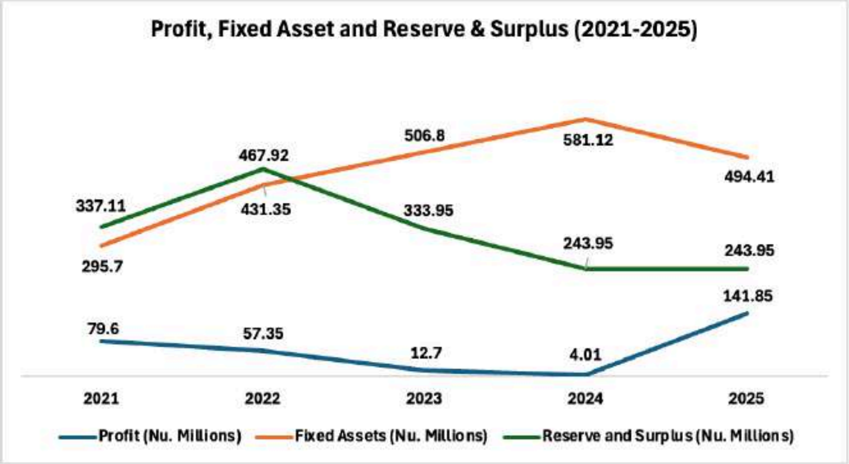
NOVEMBER

DECEMBER

Key Financial Highlights (Past Five Years)

PARTICULARS	YEAR				
	2021	2022	2023	2024	2025
Net Worth (Nu. Millions)	517.11	647.92	1,471.99	1,737.11	1,855.94
Revenue (Nu. Millions)	3,161.58	3,231.26	3,423.44	5,692.87	9,037.57
Profit (Nu. Millions)	79.6	57.35	12.7	4.01	141.85
Fixed Assets (Nu. Millions)	295.7	431.35	506.8	581.12	494.41
Reserve and Surplus (Nu. Millions)	337.11	467.92	333.95	243.95	243.95
Earning per share (Nu. Millions)	4.13	3.19	0.71	0.18	5.25





BOARD OF DIRECTORS

Chhime Tshering

Chairman

Mr. Chhime Tshering is the Director General of Department of Industry under Ministry of Industry, Commerce and Employment. He is the current Chairman of STCBL Board. He earned his Master's Degree in Agricultural Economics from Michigan State University, USA. He served as the Director of National Statistics Bureau prior to his appointment as Director General of Department of Industry

Singye N Dorji

Independent, Non-Executive Director

Mr. Singye N Dorji is the Joint Managing Director of RSA Pvt Ltd. He began his career in 2001 with the Ministry of Education as an education planner in the Policy and Planning Division. He received a Master's Degree in Professional Studies from Cornell University, USA, a PG Diploma in Development Management from the Royal Institute of Management, Thimphu and a Diploma in Project Management from Tietgen Business College, Nordic Agriculture Academy Odense, Denmark. He is currently the Chairman of the SAARC Young Entrepreneurs' Forum and President of Association of Bhutanese Industries. He is also a member of the Private Sector Development Committee (PSDC), Bhutan. He served as a member of the National Task Force for the development of Bhutan's 21st Century Economic Roadmap.

Chencho Tshering

Independent, Non-Executive Director

Mr. Chencho Tshering is the Chief Executive Officer of Bhutan Yuden Travels. He started his career as a reporter for Kuensel in 1990. He climbed his way to be appointed as the Managing Director of Kuensel Corporation Limited in April 2009. He was also the First Chairman of the Bhutan Media Foundation (BMF) from 2011 to 2013. In addition to being the Chairman of BMF, he also served as the Deputy Chairman of South Asia Foundation (SAF) and Board Director of Kidu Foundation, Lhaksam and Menjong Diagnostic Centre. After his retirement from Kuensel in 2014 he started his own tour company and is presently in the business of tourism and hospitality

Phuntsho Namgyal

Non-Independent, Non-Executive Director

Mr. Phuntsho Namgyal is currently the Director of the Department of Geology and Mines under the Ministry of Energy and Natural Resources. Prior to this role, he served as the Director of the Department of Renewable Energy from March 2020 to October 2022. He began his professional career in 2004 as a Civil Engineer with the Department of Energy. Mr. Namgyal holds a Bachelor's degree with Honours in Civil Engineering from Thailand and a Master's degree in Environment, Climate Change, and International Development from the United Kingdom. In addition to his current role, he also serves as the Non-Executive Chairman of the Electricity Regulatory Authority of Bhutan.

Karpo Tshering

Independent, Non-Executive Director

Mr. Karpo Tshering is the Associate Director of Druk Holding and Investments Limited (DHI). He began his career in 2006 as an IT Officer with the Ministry of Health. He holds a master's degree in software engineering from the Australian National University, Australia.

With extensive experience in the field of Information Technology, Mr. Tshering has played a key role in leading the SAP ERP transformation across the DHI Group. He has also served as a Board Director in several DHI group companies. Currently, he is working as the Program Manager for the implementation of RISE with SAP across the DHI Group.

Prem Bdr. Moktan

Non-Independent, Non-Executive Director

Mr. Prem Bdr. Moktan, Director of the Credit & Operations Department, Bank of Bhutan, possesses extensive qualifications and expertise in banking and finance. He holds a Master of Business Administration (MBA) in Banking & Finance from the University of Canberra, Australia, and a Bachelor of Commerce (Honours) degree from Sherubtse College. Additionally, he is a Certified Trade Finance Professional (CTFP) accredited by the International Chamber of Commerce (ICC) Academy, and he has earned the Advanced Certified Banking and Credit Analyst (CBCA™) certification from CFI, CPA Canada. Mr. Moktan further specialized in Environmental, Social, and Governance (ESG) matters in relation to green and sustainable Finance, bringing over 25 years of experience across various business functions at the Bank of Bhutan. His prior roles include serving as Chief Financial Officer (CFO) and Director of Credit before assuming his current position as the Director of Credit & Operations at Bank of Bhutan. Additionally he is also adjunct faculty of Financial Institution Training Institute (FITI) since 2016.

Leki Dendup

Non-Independent, Executive Director

Mr. Leki Dendup is the Chief Executive Officer (CEO) of State Trading Corporation of Bhutan Limited (STCBL). He started his career as a civil servant in January 2004. His professional career spans over two decades working with STCBL, the Anti-Corruption Commission of Bhutan and Department of Revenue and Customs, Ministry of Finance. He served in the board of Microfinance Bhutan Private Limited (MBPL) for over two years as an Independent Director, where he also served as the Chairperson of Board Audit Committee.

He holds a Master's degree in Justice & Criminology from RMIT, Melbourne, Australia, a Post Graduate Certificate in Corruption Studies from Hong Kong University SPACE, Post Graduate Diploma in Financial Management from Royal Institute of Management, Semtokha, Bhutan and Bachelors of Commerce (Honours) from Sherubtse College, Kanglung, Bhutan.

STCBL MANAGEMENT TEAM

Leki Dendup
Chief Executive Officer

Ugyen Chada
GM, Petroleum Division

Dechen Wangdi
GM, Toyota Division

Pem Tshogay
GM, Tata Division

Sangay Tshering
GM, HRAD

Late Tashi Pemo
GM, Eicher Division

Namgay Choden
Sr. Manager, Legal Counsel Unit

Choki Wangmo
Officiating Chief Finance Officer, FAD

Sonam Tobgay
Officiating HOD, SMLI & Homestore Division

Directors' Report

Dear Shareholders,
On behalf of the Board of Directors, the Management and employees of STCBL, I am pleased to present the Directors' Report for the year 2025.

Operational Highlights

The financial year 2025 has been defined by strategic resilience, market expansion, and the reinforcement of core partnerships. Despite a dynamic and evolving automotive and equipment landscape, STCBL successfully navigated these challenges through operational agility, customercentric strategies, and a strong commitment to excellence.

The Company recorded steady growth across its core business segments, resulting in a Profit Before Tax of Nu. 243.80 million, reflecting improved operational efficiency and effective strategic execution. The Petroleum Division remained the largest contributor to revenue, generating Nu. 6,026,395,649.34, supported by stable supply and robust market demand, with total sales of 26,997,578.539 litres of Motor Spirit (MS) and 67,094,090.123 litres of High-Speed Diesel (HSD). The Toyota Division generated revenue of Nu. 1,830.09 million, Tata Division contributed Nu. 538.91 million, Eicher Division recorded revenue of Nu. 293.59 million, SMLI contributed Nu. 79.17 million, and Home Store and other segments generated Nu.
257.32 million.

In terms of sales volume, the Company delivered a total of 730 units (Toyota – 340 units; Tata – 165 units; Hyundai and Action Construction Equipment – 12 units, two-wheeler – 85 units and agriculture machinery– 39; Eicher – 89 units), reflecting strong market confidence in its diverse product portfolio. This year STCBL was also recognized by Tata Motors Limited and Toyota Motor Asia for Highest Market Share in Trucks – Category B received the Toyota Sales & Marketing Award respectively underscoring consistent performance, strong industry partnerships, and a continued commitment to excellence.

In line with its long-term strategy to diversify and strengthen its revenue base, STCBL successfully ventured into the heavy earth moving machinery segment with the inauguration and launch of HD Hyundai Equipment on 20th January 2025, recording sale of one unit during the year. This marks a strategic entry into the construction and earthmoving sector, positioning the Company as a comprehensive solution provider for the nation's infrastructure development.

Customer proximity remains central to STCBL's growth strategy. The establishment of new Fuel Retail Outlets (FROs) at Doksum in Trashiyangtse and Jungshina in Thimphu has significantly expanded the Company's service network and enhanced its capacity to deliver timely and efficient services. Besides, decongesting traffic at Ramtokto FRO, these initiatives have improved operational efficiency while contributing positively to community convenience and accessibility.

The Company strengthened its market positioning through enhanced branding and stakeholder engagement initiatives. Active participation in trade fairs, including construction fairs and highland festivals, along with enhanced media presence, has significantly improved brand visibility and customer reach. Furthermore, close engagement with principal companies through distributor/dealer conferences and reciprocal visits reflects the strength of strategic partnerships and mutual commitment to growth.

STCBL continued to build strong collaboration and professional networks through participation in conferences and stakeholder engagements in the areas of legal, finance, and corporate governance leveraging the DHI network. The management undertook strategic visits to various Dzongkhags and industries, and actively participated in professional forums, thereby facilitating knowledge exchange, strengthening institutional relationships, and enhancing coordination with key stakeholders.

In line with its commitment to national service, the Company actively contributed to initiatives under the Gelephu Mindfulness City (GMC) and Pelsung program, through volunteer efforts and participation in nation-building activities. These engagements reflect STCBL's dedication to supporting national priorities while fostering a culture of social responsibility and employee engagement.

Looking ahead, STCBL remains focused on driving business growth through sustainable innovation, operational excellence, and financial optimization. The Company's dynamic 10-year Corporate Strategic Plan (CSP), which is aligned with our national priorities, particularly the vision of DHI 10X Roadmap and GMC, reflects our collective vision for the future and will provide a clear roadmap for STCBL's long-term growth, strengthen organizational capabilities, and enhance performance across key metrics, reinforcing the Company's commitment to sustained value creation.

Financial Statement and Key Financial Performance Highlights

The financial statement of STCBL for 2025 has been prepared as per the Bhutan Accounting Standards (BAS). The financial performance reflects substantial growth in revenue, strengthened asset base, and increased liabilities due to higher operational activities. Despite the challenges posed by changes in policies, rising costs, and financial expenses, STCBL has maintained a stable financial position and continues to grow.

Sr. No	Particulars	31 Dec 2025	31 Dec 2024	Variance (%)
1	Revenue	9,037,508,217.16	5,692,875,202.47	58.75
2	Expenses	8,793,732,307.40	5,675,033,239.64	54.95
3	Profitability Performance	141,851,086.70	4,012,265.28	3,435.44
4	Asset and Liability Position	1,855,936,421.28	1,737,117,077.06	6.84
5	Shareholders' Equity	716,749,065.07	631,161,477.88	13.56

A. Revenue:

The Company recorded a strong growth in revenue during the year, registering revenue increase by 58.75% to Nu. 9,037.50 million as compared to Nu. 5,692.87 million in 2024. This robust performance was primarily driven by Petroleum business, which remained the largest contributor with Nu. 6,026.40 million (67%), followed by Automobile business contributing Nu. 2,818.51 (2,741.76) million (31%). The Home Store and other business segments contributed Nu. 215.61 (257.32) million (2%), reflecting steady performance across diversified operations.

B. Expense Trends:

The Company's expenditure increased correspondingly with the scale of operation. Purchases of stock-in-trade amounted to Nu. 8,310.23 million, reflecting higher business activity and procurement requirements. Employee benefit expenses included Nu. 19.00 million towards PBVA and Nu. 15.92 million towards gratuity. Finance costs rose during the year with an additional term loan and overdraft facility of Nu. 100 million each to support operational and working capital needs. A refund of GT and CD approximately of Nu. 10.00 million was made in 2024 books of accounts. Additionally, advances totaling Nu. 6.58 million related to Bhutan Outlet in Dhaka, Bangladesh was written off due to expired Fast Moving Consumer Goods products. Bhutan Outlet faced continuous operational and financial challenges due to the unfavorable situation in Bangladesh, ultimately resulting in closure of the business.

C. Profitability Performance:

The Company achieved a significant turnaround in profitability, recording a net profit after tax of Nu. 141.85 million for the year 2025, as compared to Nu. 4.01 million in the previous year. This notable improvement reflects stronger revenue growth, improved operational efficiency, and prudent cost management across the Company's business segments.

Sl. No	Particulars	FY 2025	FY 2024	Variance (%)
1	Revenue	9,037.50	5,692.90	58.75
2	Expenses	8,793.70	5,675.00	54.96
3	Profit Before Tax	243.8	17.7	1,277.40
4	Profit After Tax	141.85	4	3,446.25
5	Earnings Per Share	6.3	0.18	3,400.00
6	Current Ratio	1.46	1.12	30.36
7	Trade Receivable Turnover days	9.42	22.02	(57.22)
8	Inventory Turnover Ratio	20.71	13.26	56.18
9	Fixed Asset	494.41	581.1	(14.92)
10	Capital Work in Progress	14.7	13.8	6.52

Board's Recommendation on Dividend

After reviewing the company's financial performance, liquidity for operational continuity ongoing capital expenditure requirements and other obligations, the Board decided to declare dividend of 12%.

Corporate Governance

STCBL upholds strong corporate governance standards ensuring integrity, ethics, transparency, accountability, and regulatory compliance. Regular audits, compliance reviews, and governance assessments maintain operational integrity and stakeholder trust. The management and governance of the Company are guided by the Companies Act of Bhutan 2016, DHI's Corporate Governance Code, and other relevant laws of the country.

The Board consists of seven members, including the Chairman and CEO. The Board provides strategic leadership and oversight to the management, and acts as a fiduciary to protect the interests of the shareholders. The Board is supported by three sub-committees, Board Audit Committee (BAC), Board Level Tender Committee (BLTC), and Board Human Resources Committee (BHRC) to ensure effective governance, risk management, and operational oversight.

During the year 2025, the Board held 10 meetings to review the Company's performance and deliberate on strategic and operational matters, while the sub-committees conducted a total of 12 meetings, with BAC holding 5, BLTC 3, and BHRC 4 meetings.

Corporate Social Responsibility

During the year, STCBL continued to strengthen its commitment to social and community development, focusing on initiatives that create meaningful and lasting impacts. The Company supported environmental conservation efforts, health awareness programs, and religious and social welfare activities, reflecting its commitment to holistic community development. In the area of youth empowerment, a total of 10 participants were trained under the DeSuup Skilling Program and On-the-Job Training (OJT) initiatives, including members from the Royal Bhutan Army, equipping them with practical skills and enhancing their employability.

The Tata Division, through the Tata Motors SkillPro Programme, extended its engagement to an underprivileged youth, providing industry-relevant training and mentorship opportunities to build sustainable career. These efforts reflect STCBL's vision of creating a positive and lasting impact in the communities it serves, fostering growth, opportunity, and resilience across Bhutan.

Statutory Audit Report

Ghosh and Associates was appointed as the statutory auditors for the year by the Royal Audit Authority. The firm audited the accounts from 2nd March to 14th March 2026 in accordance with International Standards on Auditing and relevant provisions of the Companies Act of Bhutan 2016 and issued an unqualified report.

Challenges and Way Forward:

During the year, the Company encountered several operational and market challenges that tested its resilience. The rise of electric vehicles and changing customer preferences impacted its automobile and petroleum businesses. The Bhutan Outlet in Dhaka, Bangladesh faced continuous operational and financial challenges due to unfavorable situation in Bangladesh ultimately resulting in closure of the business. Additionally, an earthquake caused temporary disruption at the Nobding Fuel Retail Outlet (FRO). These challenges were further intensified by economic uncertainties, supply chain disruptions, and evolving regulatory and tax frameworks.

Within the petroleum segment, the Company had previously faced challenges related to product losses, which affected operational efficiency. Through sustained efforts by the Board, Management and employees, STCBL implemented enhanced monitoring, strengthened operational discipline, and improved stakeholder coordination, thereby, achieving over 50% reduction in product and shrinkage losses. The petroleum business continues to be a key contributor to the Company's overall performance.

Looking ahead, STCBL remains committed to navigating these challenges through a proactive and strategic approach. We will focus on enhancing and automating systems and processes and standard to further improve efficiency and effectiveness. In the petroleum business, the Company will focus on expanding its retail network by commissioning new FROs at Nganglam, Pema Gatshel and Lhamoizingkha, Dagana. This expansion is envisaged to enhance accessibility, reinforce market presence and improve service delivery. Further, the Company has secured land confirmation in Pugli, Samtse for the construction of a new FRO,which will further expand the network and enhance accessibility of petroleum services in the region. The Company will commence the construction of its Regional Office in Phuentsholing, which will primarily serve as a 3S automobile center providing three essential services under one roof (Sales, Spare parts and Service) to ensure seamless customer experience by offering efficient sales and after-sales support. In the automobile segment, STCBL will introduce a new product line of EV/Alliance model vehicles, reflecting its commitment to emerging market trends and sustainable mobility solutions.

The Company will focus on enhancing sales strategies, improving inventory management, accelerating trade receivable recovery, and deepening customer engagement. Key priorities include driving innovation and transformation across operations, with the successful implementation of the dynamic Corporate Strategic Plan (CSP) and Human Resource Master Plan (HRMP) to guide long-term growth. The successful execution of CSP and HRMP with a focus on innovation and transformation will ensure that STCBL achieves sustainable growth, operational excellence and contributes meaningfully to Bhutan's socio-economic development.

Acknowledgement

On behalf of the Board of Directors, Management, and employees of the STCBL, we extend our deepest gratitude to His Majesty the Druk Gyalpo for his selfless and exemplary leadership in safeguarding the well-being and prosperity of every Bhutanese. We humbly offer our prayers for His Majesty's good health and reaffirm our unwavering dedication to serving the nation with commitment and integrity.

Finally, we extend our sincere gratitude to the Royal Government of Bhutan, DHI, our esteemed shareholders, valued customers and other stakeholder for their trust, support, and encouragement. Your confidence in us continues to inspire STCBL to strive for excellence.

We remain committed to realising our vision- be the first choice for quality, trust, and innovation to foster happiness.

Tashi Delek!

(Chhime Tshering)
Chairman

CORPORATE GOVERNANCE REPORT

STCBL BOARD DIRECTORS

Sl. No	Name	Address	Date of Appointment	Status
1	Mr. Chhime Tshering	Director General, Ministry of Industry, Commerce and Employment	18 Jul 2022	Non-Independent
2	Mr. Chencho Tshering	Bhutan Yuden Tours	14 Mar 2020	Independent
3	Mr. Singay Namgyal Dorji	RSA Pvt. Ltd	14 Mar 2020	Independent
4	Mr. Phuntsho Namgyal	Department of Geology and Mines, Ministry of Energy & Natural Resources	22 Mar 2024	Non-Independent
5	Mr. Karpo Tshering	CSD, DHI	25 Mar 2025	
6	Mr. Prem Bdr. Moktan	Credit & Operations Department, BoBL	22 Mar 2024	Non-Independent
7	Mr. Leki Dendup	STCBL	6 Jan 2025	Ex-Officio

BOARD MEETINGS

9 Board Meetings were held in 2025. The details of the Board Attendance are as follows:

Board Meeting No	Date	Members Present	Leave of Absence
164	3 Jan 2025	Mr. Chhime Tshering Mr. Singye N Dorji Mr. Prem Bdr. Moktan Mr. Kelzang Lhendup Mr. Leki Dendup	Mr. Chencho Tshering Mr. Phuntsho Namgyal

165	7 Feb 2025	Mr. Chencho Tshering Mr. Singye N Dorji Mr. Phuntsho Namgyal Mr. Kelzang Lhendup Mr. Leki Dendup	Mr. Chhime Tshering Mr. Prem Bdr. Moktan
166	12 Mar 2025	Mr. Chhime Tshering Mr. Prem Bdr Moktan Mr. Chencho Tshering Mr. Phuntsho Namgyal Mr. Leki Dendup	Mr. Singye N Dorji
167	23 Mar 2025	Mr. Chhime Tshering Mr. Phuntsho Namgyal Mr. Chencho Tshering Mr. Singye N Dorji Mr. Prem Bdr Moktan Mr. Leki Dendup	None
168	6 May 2025	Mr. Chhime Tshering Mr. Chencho Tshering Mr. Singye N Dorji Mr. Prem Bdr Moktan Mr. Karpo Tshering Mr. Leki Dendup	Mr. Phuntsho Namgyal
169 (1st Session)	6 Aug 2025	Mr. Chhime Tshering Mr. Phuntsho Namgyal Mr. Chencho Tshering Mr. Singye N Dorji Mr. Prem Bdr Moktan Mr. Karpo Tshering Mr. Leki Dendup	None
169 (2nd Session)	11 Aug 2025	Mr. Chhime Tshering Mr. Chencho Tshering Mr. Prem Bdr Moktan Mr. Karpo Tshering Mr. Leki Dendup	Mr. Phuntsho Namgyal Mr. Singye N Dorji

170	22 Oct 2025	Mr. Chhime Tshering Mr. Phuntsho Namgyal Mr. Singye N Dorji Mr. Prem Bdr Moktan Mr. Karpo Tshering Mr. Leki Dendup	Mr. Chencho Tshering
171	28 Oct 2025	Mr. Chhime Tshering Mr. Phuntsho Namgyal Mr. Prem Bdr Moktan Mr. Karpo Tshering Mr. Leki Dendup	Mr. Chencho Tshering Mr. Singye N Dorji
172	27 Nov 2025	Mr. Chhime Tshering Mr. Chencho Tshering Mr. Singye N Dorji Mr. Prem Bdr Moktan Mr. Leki Dendup	Mr. Phunsho Namgyal Mr. Karpo Tshering

BOARD COMMITTEE:

The company had eleven Board Level Committees meetings for the year 2025 as follows:

1. Board Audit Committee
2. Board Level Tender Committee
3. Board Human Resource Committee

Sl. No.	Name of the Committee Meeting	Numbers of Meeting Conducted	Date	Member Present	Leave of Absence
1	44th BAC meeting	5 times	6 Mar 2025	Mr. Kelzang Lhendup Mr. Chencho Tshering Mr. Prem Bdr. Moktan Ms. Naki	None
2	45th BAC meeting		10 Mar 2025	Mr. Kelzang Lhendup Mr. Chencho Tshering Mr. Prem Bdr. Moktan Ms. Naki	None
3	46th BAC meeting		20 Aug 2025	Mr. Karpo Tshering Mr. Chencho Tshering Mr. Prem Bdr. Moktan Ms. Naki	None

4	47th BAC meeting		7 Oct 2025	Mr. Karpo Tshering Mr. Prem Bdr. Moktan Ms. Naki	Mr. Chencho Tshering
5	48th BAC meeting		31 Dec 2025	Mr. Karpo Tshering Mr. Chencho Tshering Mr. Prem Bdr. Moktan Ms. Naki	None
6	12th BLTC Meeting	4 times	19 Jun 2025	Mr. Singye Namgyal Mr. Leki Dendup Mr. Sangay Tshering Ms. Choki Wangmo	Mr. Phuntsho Namgyal
7	Emergency BLTC Meeting		18 Jul 2025	Mr. Singye Namgyal Mr. Leki Dendup Mr. Sangay Tshering Ms. Choki Wangmo	None
8	13th BLTC Meeting		26 Sept 2025	Mr. Singye Namgyal Mr. Leki Dendup Mr. Sangay Tshering Ms. Choki Wangmo	Mr. Phuntsho Namgyal
9	14th BLTC Meeting		21 Oct 2025	Mr. Singye Namgyal Mr. Leki Dendup Mr. Sangay Tshering Ms. Choki Wangmo	Mr. Phuntsho Namgyal
10	12th BHRC Meeting	2 times	21 Aug 2025	Mr. Karpo Tshering Mr. Chencho Tshering Mr. Leki Dendup Mr. Sangay Tshering	None
11	13th BHRC Meeting		10 Oct 2025	Mr. Karpo Tshering Mr. Chencho Tshering Mr. Leki Dendup Mr. Sangay Tshering	None

Ghosh & Associates

AUDIT REPORT ON THE FINANCIAL STATEMENTS OF STATE TRADING CORPORATION OF BHUTAN LIMITED

PERIOD: 01/01/2025 to 31/12/2025

TITLE SHEET

Title	:	Audit Report on the financial statements of State Trading Corporation of Bhutan Limited
AIN	:	KK-04
Head of the Agency	:	Mr. Leki Dendup, Chief Executive Officer CID No. 11407002035
Finance Personnel	:	Ms. Choki Wangmo, Officiating Chief Financial Officer CID No.11905000032
Period Audited	:	1 Jan 2025 – 31 Dec 2025
Schedule of Audit	:	Planning: 02 Mar – 14 Mar 2026 Actual: 02 Mar – 14 Mar 2026 Reporting:
Composition of Audit Team	:	<u>Team Leader:</u> Mr. Partha Pratim Ghosh, Managing Partner <u>Team Members:</u> 1. Mr. Priyajit Dutt, Audit Manager 2. Mr. Sanjay Dutta, Senior Auditor 3. Mr. Swapnanil Mukherjee, Audit Assistant 4. Ms. Debrupa Porel, Audit Assistant 5. Mr. Rik Pachal, Audit Assistant 6. Ms. Anurina Chakraborty, Audit Assistant
Supervising Officer	:	CA Partha Pratim Ghosh
Engagement Letter	:	Appointment letter dated 3/11/2025
Focal Person	:	CA Priyajit Dutt Email: *ghoshandassociatesca@gmail.com*
Date of Exit Conference	:	14/03/2026

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INDEPENDENT AUDITORS REPORT

GHOSH & ASSOCIATES
Chartered Accountants
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INDEPENDENT AUDITORS REPROT

Report on the Audit of the Financial Statements

To the Members of the State Trading Corporation of Bhutan Limited:

Opinion

We have audited the financial statements of the State Trading Corporation of Bhutan Limited, which comprise the statement of financial position as on 31 December 2025 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

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

Emphasis of Matter

We draw the attention of the shareholders in respect of the following observations;

a. The Company reported product and shrinkage losses amounting to Nu. 72 million for the year 2024, of which Nu. 52 million was recorded in the books of accounts. The remaining Nu. 20 million was finalized following the audit meeting, and with Board approval, the accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i. 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;

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

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

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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

v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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:

d) We have obtained all the information and explanation, except for the matters referred to in Emphasis of Matter and Key Audit Matter Paragraph, which to the best of our knowledge and beliefs were necessary for the purposes of our audit.

d) In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of the books.

d) The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.

d) In our opinion, the company has complied with other legal and regulatory requirements.

For GHOSH & ASSOCIATES
Chartered Accountants
Firm Registration No.: 322016E

CA. P. P. Ghosh, Partner
Membership No.: 055752
UDIN: 26055752LDUIFC2139

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Place: Thimphu, Bhutan
Date: -23.04.2026

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS FOR 2025

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 pursue 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 are in agreement 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 Property, Plant & Equipment (PPE) Register showing full particulars including quantitative details and situation of PPE. *The Register is not maintained with the location of the assets.*

2. As per the information provided by the company, they had conducted the Physical Verification of the Assets during the financial year 2025.

3. The fixed assets of the Company have not been revalued during the year under audit.

4. The company had conducted physical verification of the inventories Quarterly during the year 2025. *However due to non-conduct of physical verification of inventories for certain quarters in the SMLI Division (Q3), ICT Section (Q1, Q2 and Q3), and Toyota Division (Q4) of State Trading Corporation of Bhutan Limited we are unable to express an opinion on the correctness of the inventory balances relating to the above divisions for the concerned quarters.*

5. *During the review of the closing inventory as at 31 December 2025 a shortage of stock amounting to Nu. 3,117,393.34 relating to items such as Apollo Tyres, Tubes and Flaps under Eicher Division was observed the issue pertains to 2023. The matter is under prosecution with OAG.*

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Further, dead / non-moving stock valued at Nu. 1,501,350.08 has been identified in the inventory. The Management has accounted for the same in the Annual Accounts by providing the same for the year 2025, and the aggregate amount of Nu. 4,618,743.42 has been charged to the Profit and Loss Account, thereby impacting the profitability of the Company to that extent

6. The company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.

7. Quantitative reconciliation is carried out at least at the end of accounting year in respect of all major items of inventories i.e. finished goods and raw materials.

8. The obsolete, damaged, slow moving and surplus goods/inventories has been determined and adequate provisions are made for the significant values.

9. There are no instances of obsolete and surplus inventories disposed off and proceeds from such disposals are accounted for appropriately.

10. Approval of Board/appropriate authority is obtained for writing off amounts due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares wherever applicable.

11. On the basis of examination of stocks it was observed the stock was valued based on weighted average basis as prescribed in Bhutanese Accounting Standards. The basis of valuation of stocks is the same as in the preceding year.

12. the rate of interest and the other terms and conditions of loans availed, if any, by the company secured or unsecured are prima facie not prejudicial to the interest of the company.

13. The companies have refrained from granting loans to other parties which are ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.

14. The loans/advances granted to officers/staff are in keeping with the provisions of service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is avoided.

15. The company has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules/regulations and system and procedures.

16. Since the Company is in Trading Business and not in manufacturing since the said clause in not applicable.

17. There is system of competitive biddings, commensurate with the size of the company and the nature of its business, for the purchase of goods and services including stores, raw

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

materials, plant and machinery, equipment and other assets, and for the sale of goods and services.

18(a). the transactions for purchases and sales of goods and services made in pursuance of contracts or arrangement entered into with the director(s) or 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 reasonable 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. Details of such transactions and amounts thereof are adequately disclosed in the financial statements.

18(b). The examination reveals that the transactions entered into by the company wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company, the details thereof together with the likely financial impact thereof is reported in the Financial Statements.

19. The company accounts represent legitimate business expenses and no personal expenses are charged to the company.

20. The provision for loss for any unserviceable or damaged stores, raw materials or finished goods are being done for all the applicable cases.

21. We are given to understand that there is a reasonable system of ascertaining and identifying point of occurrence of breakage/damages raw materials, packaging materials and finished products i.e. while in transit, during processing, during loading/ unloading, in storage and during handling etc.

22. The company is maintaining reasonable records for production of finished goods, by-products however the Company needs to install CCTVs in the warehouse and godowns in order to prevent unauthorized or irregular movement of goods from the company.

23. The company is maintaining reasonable records for sales and disposal of realizable by-products and scraps where applicable.

24. The company is regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues. On examination of records and as per the information as made available to us, the provision for corporate tax is adequate and necessary adjustments have been made to compute amount of tax as per the prevailing tax laws, rules and regulations of Bhutan

25. According to the information and explanations provided to us and so far it appears from the examination of the books, there were no undisputed amounts payable in respect of rates and taxes as on the last day of Financial Year 2025 except for, -
Bhutan Sales Tax (under the Other Current Liability) – Nu. 15,530,765.10 (PY: Nu. 25,89,303)
Salary Tax (under the Other Current Liability –Nu. 2,613.00 (PY Nu. 2,613.00)

26. Since the Company is in Trading business the said clause is not applicable.

GHOSH & ASSOCIATES KOLKATA

27. There is a reasonable system of price fixation taking into account the cost of production and market conditions.

28. The credit sales policy is reasonable and proper credit rating of customers are carried out.

29. Since none of the sales are effected through Commission Agents the said clause is *not applicable.*

30. Due to the non applicability of the above clause the said clause is *not applicable.*

31. The system for continuous follow-up with debtors and other parties for recovery of outstanding amounts by way of sending reminders and personal visits needs to be strengthen further. Age-wise analysis of outstanding amounts between more than 45 days and within 45 days is maintained by the Company. *Old Outstanding Debtors are appearing in the books of Corporation for the year ended 31st December 2025 as outstanding for more than 45 days as per the Credit Policy of the Company. Management is required to take appropriate steps for the recovery of the old outstanding dues pending since long. The practice of taking balance Confirmation Certificates as at the end of the year are not yet implemented and therefore we are unable to check the authenticity of the Outstanding Balances of Debtors as appearing in the Statement of Financial Position for the year ended 31st December 2025.*

32. The management of liquid resources particularly cash/bank and short term deposits etc. are adequate and that excessive amount are not lying idle in non-interest bearing accounts and withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company.

33. The activities carried out by the company are lawful and intra-vires to the Articles of Incorporation of the company.

34. The investment decisions are made subject to prior approval of the Board and investment in new projects are made only after ascertaining the technical and economic feasibility of such new ventures.

35. The Company has an effective budgetary control system.

36. The Company is in trading business therefore the said clause is not applicable.

37. 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 any of their relatives (including spouse(s) and child/children) by the company directly or indirectly are disclosed in the accounts.

38. The directives of the Boards have been complied with and there are no cases of noncompliance.

GHOSH & ASSOCIATES KOLKATA Chartered Accountants

39. From the verification of records it appears that the officials of the company have not transmitted any price sensitive information, which are made not publicly available, to their relatives/friends/associates or close persons.

40. From the verification of records it appears that Proper records are kept for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities for services made with other agencies engaged in similar activities.

41. Proper agreements are executed and the terms and conditions of leases are reasonable and the same are applied for the machinery/Equipments acquired on lease.

42. The sourcing of products for retailing has been done rightly from manufacturers and authorized dealers at most advantageous terms and prices.

43. Generally the company maintains appropriate inventory levels to avoid stock-out and overstocking situations.

Note: Clause Number 42 and 43 are additionally applicable since the Company is involved into Trading Activities.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. In our opinion, organizational and system development controls and other internal controls appears to be generally adequate relative to the size and nature of computer installation.

2. According to the information and explanations given to us, disaster recovery plans are in place in the Company.

3. *The Company does not have adequate Disaster Recovery Plan (DRP) in place commensurate with the size and nature of business of the Company Since during September 2025 the system data was hacked by MAKOP Ransomware data was corrupted entirely. Although the company took every possible step to continue its normal day to day activities.*
   However consequent to the disaster, the Company took adequate safety measures in the form of introducing restricted Virtual Private Networking (VPN) based access, Regular back up of data to Hard Disks which kept under the safe custody of IT unit under HRAD of the company. Furthermore, the company has drafted ICT Disaster/Crisis Management Plan (DRP)

4. The operational controls in the Company are generally adequate to ensure correctness and validity of input data and output information.

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

6. *The Company does not have any physical access control in the form of access doors in Head Office and CCTV installed in Godown. CCTV Installed in Home Store Showroom, Thimphu is partially working and we have been informed they are occasionally malfunctioned due to network issue.*

7. The Corporation has been using Microsoft Dynamic 365 ERP System for bookkeeping.

GENERAL

1. Going Concern Issues:

On the basis of the attached Financial Statements as at 31 December 2023 and according to the information and explanations given to us, the financial position of the company is healthy, and we have no reason to believe that the Company is likely to become sick in the near future.

Ratio Analysis:

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

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 has82g.enerally complied with the provisions of The Companies Act of Bhutan, 2016.

Our observations in this regard are given below: -

a) The Company has filed annual return as required by Section 267 of the Act.
b) The Company has held annual general meeting as required by Section 177 of the Act.
c) The Company is following the accrual basis of accounting as required under Section 235(b) of the Act.
d) Following statutory registers have been maintained by the Company depicting certain prescribed particulars as required to be disclosed under the Act.

i. Register of Directors
ii. Register of charges [Section 228(c)]

Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements, as produced to us by the management. In the course of audit, we have reviewed compliance to the Companies Act of Bhutan, 2016 and its Articles of Incorporation and as explained to us, the Company has been generally complying with appropriate laws, rules and regulations, systems, procedures and practices.

For GHOSH & ASSOCIATES
Chartered Accountants
Firm Registration No: 322016E

CA P.P. Ghosh, Partner
Membership No.:055752
UDIN: 26055752LDUIFC2139
Place: Bhutan
Date: -23.04.2026

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

FINANCIAL STATMENTS

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

(Amounts in Nu.)

Particulars	Note	December 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	2	494,416,736.94	581,120,443.59
Capital working-in-progress	3	14,692,533.60	13,780,452.47
Right of Use	4	63,182,830.37	69,578,074.11
Non-current tax assets	5	-	36,288,214.83
Deferred tax assets	6	4,588,980.03	7,814,267.00
Total non-current assets		**576,881,080.94**	**708,581,452.00**
Current assets			
Inventories	7	369,898,314.56	439,577,264.74
Investments	8	7,041,447.92	20,484,628.31
Trade and other receivables	9	233,035,436.90	339,450,057.83
Cash and cash equivalents	10	295,803,948.54	109,605,755.19
Other current assets	11	373,276,192.42	119,417,918.99
Total current assets		**1,279,055,340.34**	**1,028,535,625.06**
TOTAL ASSETS		**1,855,936,421.28**	**1,737,117,077.06**
EQUITY AND LIABLITIES			
Equity			
Equity share capital	12	270,002,400.00	270,002,400.00
Other equity	13	446,746,665.07	361,159,077.88
Retained Earnings	13 i	202,795,432.31	117,207,845.12
Reserves	13 ii	243,951,232.76	243,951,232.76
Total equity		**716,749,065.07**	**631,161,477.88**
Non-current liabilities			
Long term borrowings	14	151,255,323.42	94,883,109.42
Employee benefits obligation	15	30,154,808.08	20,545,557.69
Lease liability	16	67,044,255.14	68,271,496.84
Total non-current liabilities		**248,454,386.64**	**183,700,164.05**
Current Liabilities			
Short term borrowings	17	389,313,077.60	546,552,764.88
Trade and other payables	18	334,413,180.22	234,997,145.13
Other current liabilities	19	130,878,906.41	122,993,256.64
Employee benefits obligation	20	15,911,678.00	14,000,939.43
Current tax liabilities	21	20,216,127.34	3,711,328.75
Total current liabilities		**890,732,969.57**	**922,255,435.13**
Total liabilities		**1,139,187,356.21**	**1,105,955,599.18**
TOTAL EQUITY & LIABILITIES		**1,855,936,421.28**	**1,737,117,077.06**

The notes to accounts referred to above form an integral part of Statement of Financial Position.

For Ghosh & Associates
Chartered Accountants
Firm's Registration no. 322016E

CA P.P. Ghosh, Partner
Membership No. 055752
UDIN: 26066752LUDIFC2139
Place: Thimphu, Bhutan, 23/04/26

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

On Behalf of Board

Chairperson

Director

CEO

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Nu.)

Particulars	Note	31 December 2025	31 December 2024
Income			
Revenue from operations	22	9,025,484,937.77	5,626,403,432.77
Other income	23	12,023,279.39	66,471,769.70
Total revenue		**9,037,508,217.16**	**5,692,875,202.47**
Expenses			
Purchases of stock-in-trade		8,310,293,307.47	5,446,908,537.77
Changes in inventories of stock-in-trade	24	71,881,673.76	-124,329,625.63
Employee benefit expenses	25	192,469,655.77	151,658,910.76
Finance costs	26	60,790,525.68	50,400,062.57
Depreciation expense	2,4	37,902,537.99	35,905,919.09
Other expenses	27	120,394,606.73	114,489,435.08
Total expenses		**8,793,732,307.40**	**5,675,033,239.64**
Profit before tax		243,775,909.76	17,841,962.83
Tax expense	28	101,924,823.06	13,829,697.55
Current tax expense		97,851,482.93	6,333,942.55
(1) Current Tax		*83,135,347.76*	6,333,942.55
(2) Prior Year Tax		*14,716,135.17*	-
Deferred tax expense		4,073,340.13	7,495,755.00
Net profit for the year		**141,851,086.70**	**4,012,265.28**
Other comprehensive income			
Remeasurement gain/ (loss) on defined benefit plans		3,854,784.00	(5,693,187.00)
Income tax relating to component for other comprehensive income		848,052.48	1,707,957.00
Other comprehensive income for the year, net of tax		**4,702,836.48**	**(3,985,230.00)**
Total comprehensive income for the year		**146,553,923.18**	**27,035.28**
Earnings Per Share	29	5.25	0.18

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

For Ghosh & Associates
Chartered Accountants
Firm's Registration no. 322016E

CA P.P. Ghosh, Partner
Membership No. 055752
UDIN: 26066752LUDIFC2139
Place: Thimphu, Bhutan

GHOSH & ASSOCIATES KOLKATA Chartered Accountants

On Behalf of Board

Chairperson

Director

CEO

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Nu.)

Particulars	Share Capital	Reserve Fund	Retained Earnings	Other Comprehensive Income / (loss)	Total Shareholder's Equity
As January 1, 2024	180,001,600.00	333,952,032.76	117,180,809.84	73,934,103.68	631,134,442.60
Profit for the year			4,012,265.28		4,012,265.28
Other Comprehensive Income			-3,985,230.00	(3,985,230.00)	(3,985,230.00)
Bonus shares	90,000,800.00	-90,000,800.00			-
As at 31 December 2024	270,002,400.00	243,951,232.76	117,207,845.12	69,948,873.68	631,161,477.88
As January 1, 2025	270,002,400.00	243,951,232.76	117,207,845.12	69,948,873.68	631,161,477.88
Prior year adjustment			-60,966,335.99		-60,966,335.99
Profit for the year			141,851,086.70		141,851,086.70
Other Comprehensive Income			4,702,836.48	4,702,836.48	4,702,836.48
As at 31 December 2025	270,002,400.00	243,951,232.76	202,795,432.31	74,651,710.16	716,749,065.07

Significant Accounting Policies & Notes to Financial Statement 1 to 40

The notes to accounts referred to above form an integral part of Statement of Change in Equity

For Ghosh & Associates

Chartered Accountants
Firm's Registration no.
322016E

CA P.P. Ghosh, Partner
Membership No. 055752
UDIN:
Place: Thimphu, Bhutan

On Behalf of Board

Chairperson

Director

CEO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Nu.)

Particulars	31 December 2025	31 December 2024
Cash flow from operating activities		
Profit before tax	243,775,909.76	17,841,962.83
Depreciation	37,902,537.99	35,905,919.09
Loss/(gain) on property, plant and equipment	18761163.97	
Interest expense	60,790,525.68	50,400,062.57
Interest income		8,843,612.56
Provision for variable pay	19,000,000.00	
Unrealized foreign exchange loss/(gain)	-456,228.45	-42,202.89
Net profit from operating activities before working capital changes	**379,773,908,95**	**112,949,354.16**
Adjustment for:		
(Increase)/Decrease in inventory	69,678,950.18	-76,506,272.38
(Increase)/Decrease non-current/current financial and other assets	-111,155,437.67	-94,470,642.22
(Increase)/Decrease in Trade and Other Receivables	*106,414,620.93*	*-82,230,945.61*
(Increase)/Decrease in other current Assets	*-217,570,058.60*	*-12,239,696.61*
Increase/(Decrease) non-current/current financial and other liabilities/provisions	121,029,308.89	81,750,828.62
Increase/(Decrease) in other Current Liability	*24,390,448.36*	*45,111,871.66*
Increase/(Decrease) in Trade and other Payables	*80,416,035.09*	*28,959,716.93*
Increase/(Decrease) in Short Term Provision	*16,222,825.44*	*7,679,239.04*
	79,552,821.40	**-89,226,085.98**
Cash generated from operating activities	**459,326,730.35**	**23,723,268.18**
Income tax paid	-101,924,823.06	13,829,697.55
(i) Net cash from operating activities	**357,401,907.29**	**9,893,570.63**
Cash flow from investing activities		
Proceeds from maturity of investment	13,443,180.39	(5,967,875.00)
Proceeds from sale of Property, Plant and Equipment	40,034,176.35	(101,085,316.22)
ROU Asset	-3,598,927.92	(23,948,272.42)
Capital Work in Progress	-912,081.13	53,761,028.02
Deferred Tax Assets	3,225,286.97	5,787,794.67
(ii) Net cash from (used in) investing activities	**52,191,634.66**	**-71,452,640.95**
Cash flow from financing activities		
Interest on loans paid	-54,089,438.75	(42,436,748.69)
Proceeds from short term borrowings		181,535,818.19
Repayments of short-term borrowings	-157,239,687.68	
Proceeds from Long-Term Borrowings	56,372,214.00	(14,123,261.14)
Payment of lease liabilities	-7,928,328.63	3,986,116.28
Dividend Paid		200.00
(iii) Net cash from (used in) financing activities	**-162,885,240.66**	**128,962,124.65**

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Net Increase/Decrease in Cash & Cash Equivalent (i+ii+iii)	**246,708,301.29**	**67,403,054.32**
Cash and cash equivalent in the beginning of the financial year	109,605,755.19	40,905,778.34
Effect of exchange rate changes on cash and cash equivalents	456,228.45	42,202.89
Unclaimed dividend		1,254,719.63
Prior period adjustment recognized directly in equity	-60,966,335.99	
Cash and cash equivalent in the end of the financial year	**295,803,948.94**	**109,605,755.19**

For Ghosh & Associates
Chartered Accountants
Firm's Registration no. 322016E

CA P.P. Ghosh, Partner
Membership No. 055752
UDIN: 26066752LUDIFC2139
Place: Thimphu, Bhutan
Date: 19/04/26

On Behalf of Board

Chairperson

Director

CEO

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Notes to Financial Statement for the year ended December 31, 2025

A: General Information:

I. Reporting Entity:

State Trading Corporation of Bhutan ("STCBL" or "the Company") – has been incorporated and registered under the Companies Act of the Kingdom of Bhutan, 2016 and has registered office located at Thimphu, Bhutan. The Company is a subsidiary of Druk Holding and Investments Limited (DHI) which holds 50.98% stake in STCBL. The Company derives its revenue primarily from trading of automobiles, petroleum, computer and IT accessories, household items etc.

B: Disclosure of Significant Accounting Policies:

The note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

I. Basis of Preparation:

a) Compliance with BAS/BFRS

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

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities;
- Assets held for sale – measured at fair value less cost to sell; and
- Defined benefit plans

c) Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle;

b) Held primarily for the purpose of trading:

c) Expected to be realized within twelve months after reporting period.

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) It is expected to be settled in normal operating cycle;

b) It is held primarily for the purpose of trading;

c) It is due to be settled within twelve months after reporting period.

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

ii. Use of estimates

The preparation of Financial Statements in conformity with BAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment etc., deferred tax assets, provisions, fair value measurements of financial instruments and retirement benefit obligations.

iii. Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of discounts, rebates, returns and taxes and amounts collected on behalf of third parties.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

a) Sale of traded goods

The company is involved in trading of various goods such as automobiles, computer and IT accessories, household items etc.

Revenue is recognized when control of the goods has transferred to the customer.

In case of sale where the Company provides an option of deferred payment, significant financing component in the contract is identified and interest income is recognised over the concerned period.

The Company considers whether there is other obligation in the contract that are separate performance obligation and determines whether a portion of transaction price needs to be allocated to those obligations.

b) Service revenue

Revenue from service mainly comprises of revenue from maintenance services. Revenue from providing services is recognized at the point in time when the service is rendered.

c) Interest income

Other income comprises interest income on fixed deposits and sale on deferred instalment payment basis.

d) Other Income

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

iv. Property, plant and equipment

a) PPE is initially recognized at cost.

The company follows cost model for property, plant and equipment and are stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The Property, plant and equipment are derecognized when no future economic benefits are expected from its use or on disposal.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount. These are recognized net within "other income / other expenses" in Statement of profit and or loss.

b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of property, plant and equipment are expensed off in the year in which they are incurred.

c) Depreciation methods, estimated useful lives and residual value

Company provides depreciation on property, plant and equipment on straight-line method to allocate cost, net of their residual values, over their estimated useful lives or, in case of certain structure constructed on leased land, the shorter lease term as follows:

Asset	Estimated useful life
Buildings and civil structures: a) Temporary structure b) Permanent structure	 5-8 years 35 years
Furniture	10 years
Office Equipment	3-8 years
Vehicles	7-10 years with 20% residual value
Air conditioner	3-7 years
Loose tools	7 years
Plant & machineries (ACW)	7 years
Software	5-7 years
Central Heating System	20 years

v. Foreign currency

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. The functional currency of STCBL is Bhutanese Ngultrum (Nu) which is also the presentation currency.

Transactions and balances

Transactions in foreign currency are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

vi. Investments and other financial assets

a) Initial measurement

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

b) Classification and subsequent measurement

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

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

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

Financial assets measured at amortized cost:

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

- Ø The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Ø Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. Any gain or loss on de-recognition is recognized directly in profit or loss and presented in other income or expense. This category generally applies to trade and other receivables, bank deposits, security deposits, investment in bonds, cash and cash equivalents and employee loans, etc.

Financial instruments measured at fair value through other comprehensive income:

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

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

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI).

Financial instruments measured at fair value through profit and loss:

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

c) Impairment of financial assets

The Company recognizes an allowance for expected credit loss (ECLs) for all financial instruments except for financial assets classified at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The ECL is recognized for 12 months and lifetime. The ECL is determined based on the significant increase in the credit risk 'SICR' and objective evidence of impairment over the life of the financial asset. For the computation of ECL, the standard prescribes a rebuttable presumption of 30 days past due as 'SICR' and 90 days past due as default. As a practical expedient, the standard allows simplified approach for ECL computation of trade receivables, contract assets and lease receivable. The policy prescribes the following:

1) 30 days past due as trigger point for SICR

2) 90 days past due as the default point

3) Simplified approach for computation of ECL for trade receivables, contract assets and lease receivables.

The impairment of financial asset is guided by the guidelines issued by the DHI.

d) De-recognition of financial assets

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

Ø The rights to receive cash flows from the asset have been transferred, or

Ø The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is

vii. Financial liability

a) Initial recognition and measurement

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

b) Subsequent measurement

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

Financial Liabilities at fair value through profit or loss

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

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

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

Borrowings

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Trade and other payables

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

c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

viii. Offsetting financial instruments

Financial assets and financial liabilities or income and expenses are offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when, and only when, the entity has a legal right and is allowed by the standard to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity or the counterparty.

ix. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short – term highly liquid investments with original maturities of three months. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

x. Provision, contingent liabilities and contingent assets

Provisions are recognized if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Contingent liabilities are not recognized but disclosed for all possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

xi. Income tax

Income tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax base).

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

xii. Inventories

a. Inventories are valued at lower of cost or net realizable value.

b. Cost is calculated on the basis of specific identification for all automobiles and on weighted average method for all other items. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

xiii. Employee benefits

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

a) Defined contribution plan (pension and provident fund)

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

b) Post-employment - Defined benefit plans:

Gratuity

In accordance with the STCBL service rule, the company provides for gratuity, a defined benefit retirement plan covering all employees. The gratuity provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. The calculation is performed annually by a qualified actuary using the projected unit credit method and amount of obligation is provided in profit or loss. The plan is unfunded.

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

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and presented within equity.

Transfer grant and travel allowance

As per company's service manual, the employee who have rendered minimum one year of service excluding probation period are entitled to one-month basic pay as travel allowance and the employee who have rendered minimum two years of service excluding probation period are entitled one-month basic pay as transfer grant at the time of leaving the service. One-month basic pay for this purpose is the pay at the time of leaving the service. The calculation is performed annually by a qualified actuary and amount of obligation is provided in profit or loss. The plan is unfunded.

Carriage Charge

As per company's service manual, the employee who have rendered minimum one year of service excluding probation period are entitled to freight allowance based on employee grade at the time of leaving the service. The calculation is performed annually by a qualified actuary and amount of obligation is provided in profit or loss. The plan is unfunded.

c) Short term benefits

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

d) Earned leave encashment

The employees of the company are entitled for earned leave. The portion of the unutilized earned leave at the end of the year shall be compensated in cash during the end of the year or retirement or termination of employment for the unutilized accrued earned leave based on the salary at the time. The calculation is performed annually and amount of obligation is provided in profit or loss. The plan is unfunded.

xiv. Leases

The company assesses all lease contract at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration then a right-to-use asset is recognized, and lease liability is recognized for all future lease payments.

The standard provides exemption for short-term i.e. less than 12 months and low value leases.

Right-of-use asset

The standard provides the option to present right-of-use as separate item on the balance sheet or as part of PPE or investment properly. For subsequent measurement of right-of-use, the standard provides choice to adopt cost model or revaluation model, or fair value model.

The DHI Group policy prescribes to:

1) Apply exemption on short term and low value leases as defined in the guidelines for materiality.
2) Present the right-to-use asset as a separate item on balance sheet.
3) Subsequent measurement based on cost model for leases recognized.

Lease Liability

The lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less than any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees

xv. Impairment - non-current assets

The carrying amount of the non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss statement.

xvi. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable; asset is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

xvii. Borrowing costs

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

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

All other borrowing costs are recognized as an expense in the period in which they are incurred.

xviii. Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

xix. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xx. Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

b) Diluted earnings per share

A diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

the after-Income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

xxi. Comparative information

Prior year figures have been restated, regrouped or reclassified to comply with BAS and effect of which, if any, has been adjusted.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

Note 2: Property, Plant and Equipment

Amounts in Ngultrum (BTN)

Particulars	Freehold land	Buildings and civil structures	Furniture	Office equipment	Vehicles	Air conditioner	Loose tools	Plant & machineries	Central Heating System	Software	Total
Balance at 1 January 2025	150,676,566.29	319,366,795.01	11,545,522.84	22,944,075.62	49,074,838.53	1,635,961.68	14,964,515.82	3,947,077.85	50,044,974.80	1,290,801.00	625,491,129.44
Additions	-	70,656,704.40	2,347,853.64	4,300,871.55	23,341,970.94	-	-	400,116.00	-	37,800.00	101,085,316.53
Adjustments/Disposals	-	-	-		-	-	-	-	-		
Balance at 31 December 2025	**150,676,566.29**	**390,023,499.41**	**13,893,376.48**	**27,244,947.17**	**72,416,809.47**	**1,635,961.68**	**14,964,515.82**	**4,347,193.85**	**50,044,974.80**	**1,328,601.00**	**726,576,445.97**
Balance at 1 January 2025	150,676,566.29	390,023,499.41	13,893,376.48	27,244,947.17	72,416,809.47	1,635,961.68	14,964,515.82	4,347,193.85	50,044,974.80	1,328,601.00	726,576,445.97
Additions	-	5,455,610.23	326,787.33	2,916,717.98	6,470,256.30	142,700.00	25,000.00	182,869.82	-	247,000.00	15,766,941.66
Adjustments/Disposals	74,562,282.59										74,562,282.59
Balance at 31 December 2025	**76,114,283.70**	**395,479,109.64**	**14,220,163.81**	**30,161,665.15**	**78,887,065.77**	**1,778,661.68**	**14,989,515.82**	**4,530,063.67**	**50,044,974.80**	**1,575,601.00**	**667,781,105.04**
Accumulated Depreciation											
Balance at 1 January 2025	-	52,794,548.49	6,958,366.69	14,193,272.40	20,690,552.53	1,217,290.40	13,184,098.41	2,586,734.20	6,908,713.48	155,748.46	118,689,325.06
Adjustments/Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	13,006,646.34	995,492.65	2,554,883.94	8,265,036.91	87,459.55	1,408,461.32	268,749.35	-	179,946.65	26,766,676.71
Balance at 31 December 2025	-	**65,801,194.83**	**7,953,859.34**	**16,748,156.34**	**28,955,589.44**	**1,304,749.95**	**14,592,559.73**	**2,855,483.55**	**6,908,713.48**	**335,695.11**	**145,456,001.77**
Balance at 1 January 2025	-	65,801,194.83	7,953,859.34	16,748,156.34	28,955,589.44	1,304,749.95	14,592,559.73	2,855,483.55	6,908,713.48	335,695.11	145,456,001.77
Adjustments/Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	14,357,633.53	1,128,300.11	3,119,152.67	8,467,055.27	94,796.39	228,211.04	292,015.51		221,201.81	27,908,366.33
Balance at 31 December 2025	-	**80,158,828.36**	**9,082,159.45**	**19,867,309.01**	**37,422,644.71**	**1,399,546.34**	**14,820,770.77**	**3,147,499.06**	**6,908,713.48**	**556,896.92**	**173,364,368.10**
Carrying amount											
As at 31 December 2025	**76,114,283.70**	**315,320,281.28**	**5,138,004.36**	**10,294,356.14**	**41,464,421.06**	**379,115.34**	**168,745.05**	**1,382,564.61**	**43,136,261.32**	**1,018,704.08**	**494,416,736.94**
As at 31 December 2024	**150,676,566.29**	**324,222,304.58**	**5,939,517.14**	**10,496,790.83**	**43,461,220.03**	**331,211.73**	**371,956.09**	**1,491,710.30**	**43,136,261.32**	**992,905.89**	**581,120,443.59**

Note 3: Capital working-in-progress

Amounts in Nu

Particulars	As at 1 January 2025	Addition during the year	Adjustment/ Deduction	Total	Capitalized during the year	As at 31 December 2025
Fuel Retail Outlet & Others	13,780,452.47	28,063,676.82	-	41,844,129.29	27,151,595.69	14,692,533.60
TOTAL	13,780,452.47	28,063,676.82	-	41,844,129.29	27,151,595.69	14,692,533.60

Note 4: Right of Use Asset

Particulars	31-Dec-25	31-Dec-24
Opening balance	69,578,074.11	54,769,044.07
Additions		
Adjustments/Disposals	3,598,927.92	23,948,272.42
Less: Depreciation for the year	9,994,171.66	9,139,242.38
Closing balance	**63,182,830.37**	**69,578,074.11**

Note 5 : Non-current tax assets

Particulars	31-Dec-25	31-Dec-24
Advance tax	-	53,520,281.27
	-	
Less: Provision for tax		17,232,066.44
Total	**-**	**36,288,214.83**

Note 6 : Deferred tax assets (net)

Particulars	31-Dec-25	31-Dec-24
Deferred tax assets		
Employee benefit obligations	11,683,745.48	6,647,335.00
Deferred revenue	(353,834.02)	(710,467.00)
Deferred rent	-	-
	11,329,911.46	**5,936,868.00**
Deferred tax liabilities		
Property, `plant and equipment	(1,146,249.90)	7,830,146.00
Recognition of revenue as per BFRS 15		-
Inventory	(4,745,168.08)	(4,844,815.00)
Lease rentals	(8,49,513.45)	(1,107,932.00)
	(6,740,931.43)	**1,877,399.00**
Total	**4,588,980.03**	**7,814,267.00**

Note 7 : Inventories

Particulars	31-Dec-25	31-Dec-24
Trading stock	421,115,875.65	493,096,423.26
Goods-in-transit		
	421,115,875.65	493,096,423.26
Less: Provision for obsolence and shortages	51,217,561.09	53,519,158.52
Total	**369,898,314.56**	**439,577,264.74**

Note 8 : Investments

Particulars	31-Dec-25	31-Dec-24
Fixed deposits with maturity more than 3 months	6,000,000.00	20,484,628.31
Interest on investment	1,041,447.92	-
Interest accrued and not due on fixed deposits	-	-
Total	**7,041,447.92**	**20,484,628.31**

Note 9 : Trade and other receivables

Particulars	31-Dec-25	31-Dec-24
Unsecured, considered good (	518,498,948.18	400,758,790.42
Less: Debtors suspense	282,395,502.84	43,570,533.27
Trade receivables (Unsecured, considered good)*	236,103,445.34	357,188,257.15
Add: Interest accrued and due on sale made on deferred settlement terms	21,347.08	21,347.08
Less: Provision for loss allowance	52,423,547.01	52,878,100.00
	183,701,245.41	**304,331,504.23**
Security deposits	20,498,193.62	12,716,009.48
Other receivable	26,291,385.67	19,857,931.92
Recoverable from employees	2,544,612.20	2,544,612.20
Total	**233,035,436.90**	**339,450,057.83**

***Notes:** *An amount of Nu. 3,117,393.34 relates to contingent goods and has been included under unsecured balances*

Note 10 : Cash and cash equivalents

Particulars	31-Dec-25	31-Dec-24
Cash and Cash Equivalents		
Cash at bank	231,283,825.09	43,418,930.09
Cash on hand including cheques	26,055,509.45	7,022,157.96
Other bank balances		
Margin money with banks against LC	38,463,614.00	57,909,947.51
Unclaimed dividend a/c	1,000.00	1,254,719.63
Total	**295,803,948.54**	**109,605,755.19**

Note 11 : Other current assets

Particulars	31-Dec-25	31-Dec-24
Advance recoverable in cash or in kind/for value to be received	363,358,786.81	112,559,366.99
Considered Bad or Doubtful:	-	-
Total	363,358,786.81	112,559,366.99
Less: Provision for Bad or Doubtful Advances	-	-
Advance to suppliers	363,358,786.81	112,559,366.99
Prepaid expenses	5,295,206.36	2,586,117.54
Advances for expenses	4,622,199.25	4,272,343.46
Total	**373,276,192.42**	**119,417,918.99**

Note 12: Equity share capital

Particulars	31-Dec-25	31-Dec-24
Authorized		
50,000,000 equity shares of Nu.10 each	500,000,000	500,000,000
Issued, Subscribed and Paid up:		

27,000,240 (Previous year-27,000,240 @ 10) equity shares of Nu 10 each fully paid up. Out of above, following bonus shares were allotted as fully paid up without payment being received in cash: (a) 200,003 equity shares were allotted by capitalization of reserve in year 2010 & 2011 (b) 300,005 equity shares were allotted by capitalization of reserve in year 2012 (c) 9,000,080 equity share were allotted by capitalization of reserve in the year 2023 (50.98% of the share capital are held by Holding Company - Druk Holding and Investment Ltd.)	270,002,400	270,002,400
Total	**270,002,400**	**270,002,400**

Note 13 i: Retained Earnings

Particulars	31-Dec-25	31-Dec-24
Retained Earnings	202,795,432.31	117,207,845.12

Note 13 ii: Reserves

Particulars	31-Dec-25	31-Dec-24
Reserves	243,951,232.76	243,951,232.76

Note 14 : Long term borrowings

Particulars	31-Dec-24	31-Dec-24
Long term borrowings from Bank of Bhutan, NPPF and T Bank	151,255,323.42	94,883,109.42
Total	**151,255,323.42**	**94,883,109.42**

Note:

(a) The Company has borrowed funds from Bank of Bhutan (BOB) amounting to Nu. 103,400,000 as on 15 September 2015 at a floating rate of MLR (Minimum Lending Rate) plus margin. The term loan is subject to moratorium period and thereafter repayable in equal monthly instalments of Nu. 1,104,914 each starting from 1 July 2018. The said loan is secured by hypothecation of property (vehicles, plant and machinery, equipment and tools, stock, book debts and other assets) to BOB by way of first charge as security.

(b) The Company has borrowed funds from National Pension and Provident Fund (NPPF) amounting to Nu. 20,000,000 as on 11 September 2019 at a fixed interest rate of 7% per annum payable quarterly. The term loan is repayable in equal quarterly instalments starting from 1 January 2021.

(c) The Company has borrowed funds from T Bank amounting to Nu. 30,000,000 as on 23 October 2020 at a floating interest rate of 5% per annum as Bridging Loan under the COVID-19

Pandemic Phase II Monetary Measures. The term loan is repayable in equal quarterly instalments starting from 1 October 2021.

(d) The Company has obtained a term loan of Nu. 100,000,000 from Bhutan Development Bank Limited (BDBL) on 3 April 2025 at a fixed interest rate of 11.75% per annum, payable on a monthly basis. The loan is repayable in equal monthly instalments commencing from 1 October 2025 and carries a grace period of 6 months from the date of disbursement.

Note 15 : Employee benefits obligation - non-current

Particulars	31-Dec-25	31-Dec-24
Gratuity	24,110,811.08	15,340,514.69
Leave encashment	-	-
Travel allowance	4,833,584.00	4,317,767.00
Transport charge	631,022.00	478,583.00
Transfer grant	579,391.00	354,693.00
Total	**30,154,808.08**	**20,545,557.69**

Note 16 : Lease liability

Particulars	31-Dec-25	31-Dec-24
Balance at 1 January 2024	68,271,496.84	56,322,066.68
Additions		11,949,430.16
Adjustments/Disposals	-1,227,241.70	-
Balance at 31 December 2025	**67,044,255.14**	**68,271,496.84**

***Notes:** *Out of the total lease payments during the year, Nu. 6,701,086.93 has been accounted for as finance cost*

Note 17 : Short term borrowings

Particulars	31-Dec-25	31-Dec-24
Overdraft with Bank of Bhutan	13,584,813.10	124,281,081.60
Overdraft with T Bank	83,723,513.13	98,689,113.31
Short term loan from NPPF	33,149,637.97	41,723,281.58
Commercial paper	200,000,000.00	200,000,000.00
Inter-corporate borrowings		50,000,000.00
Overdraft with BDBL	10,908,599.38	
Current maturities of long term borrowings	47,946,514.02	31,859,288.39
Total	**389,313,077.60**	**546,552,764.88**

Note:

(a) The Company has availed an overdraft facility from Bank of Bhutan (BOB) as on 5 August 2015 at a floating interest rate. The said loan is secured by hypothecation of property (vehicles, plant and machinery and tools) to BOB by way of first charge as security.

(b) The Company has borrowed working capital loan from T Bank Ltd. with a fund-based limit of Nu. 100 million at a fixed interest rate of 11% per annum. The said loan is secured by mortgage of company's property as collateral.

(c) The company issued 2,000 units (FV of Nu. 100,000 per unit) of commercial paper from a bank amounting to Nu. 200 million on 12 September, 2024 for 180 days at a discount rate of 5.50%. The said issue was secured against trade receivables and stock-in-trade and in year 2025 commercial paper was raised on the same interest rate for 180 days on 24th November 2025 that will be matured on 22nd May 2026.

(d) The Company has obtained an overdraft facility from Bhutan Development Bank Limited on 28th March 2025 at a fixed interest rate of 11% per annum. The facility is secured against the FRO buildings

(e) During January 2025, the Company availed an ICL facility of Nu. 100 million from DHI at an interest rate of 2% for 90 days, and in October 2025 availed an ICL facility of Nu. 100 million from TTPL at an interest rate of 3.5% for 31 days. Both facilities were fully repaid within the financial year.

Note 18 : Trade and other payables

Particulars	31-Dec-25	31-Dec-24
Trade payables	270,019,597.53	203,763,972.82
Liability for purchase		-
Liability for expenses	43,381,363.97	23,336,440.20
Liabilities of un-withdrawn cheques	6,624.27	6,624.27
Earnest money deposits	183,011.82	163,011.82
Security deposit	2,747,812.61	2,785,554.62
Retention money	355,048.21	3,091,023.62
Unclaimed dividend*	-	1,254,719.63
Payable to employees for provident fund	(1,266,673.19)	595,798.15
Payable to employees	18,986,395.00	-
Total	**334,413,180.22**	**234,997,145.13**

Notes: * Unclaimed dividends represent amounts outstanding due to unavailable shareholder contact details. Upon notification from Royal Securities Exchange of Bhutan Limited, the liability was transferred and the balance remitted as state funds

Note 19 : Other current liabilities

Particulars	31-Dec-25	31-Dec-24
Advance from customers	113,086,005.03	103,349,099.96
Deferred revenue	4,210,362.00	2,589,303.00
Bhutan Sales Tax	10,263,706.73	14,475,958.91
Others	3,318,832.65	2,578,894.77
Total	**130,878,906.41**	**122,993,256.64**

Note 20 : Employee benefits obligation – current

Particulars	31-Dec-25	31-Dec-24
Gratuity	6,280,932.00	5,259,554.00
Leave encashment	-	-
Travel allowance	596,887.00	376,508.00
Transport charge	4,200,275.00	3,991,682.00
Transfer grant	4,833,584.00	4,373,195.43
Total	**15,911,678.00**	**14,000,939.43**

Note 21 : Current tax liabilities

Particulars	31-Dec-25	31-Dec-24
Provision for tax	20,216,127.34	3,711,328.75
Less: Advance tax		-
Total	**20,216,127.34**	**3,711,328.75**

Note 22 : Revenue from operations

Particulars	31-Dec-25	31-Dec-24
Trading:		
Sale of products*	8,973,223,329.15	5,592,139,545.59
Sale of services*	52,261,608.62	34,263,887.18
Total	**9,025,484,937.77**	**5,626,403,432.77**

Note: *These represents revenue from customers and revenue recognized at a point in time.

Note 23 : Other income

Particulars	31-Dec-25	31-Dec-24
BST refund	31,791,626.89	37,076,897.03
Interest income from financial assets at amortized cost*	45,847.35	8,766,803.37
Discount Received	3,239,261.13	
Gain on exchange fluctuation (net)	456,228.45	42,202.89
Gains/ (losses) on sale of property, plant and equipment	(23,639,684.43)	4,977,673.28
Commission and auction		-
Provision no longer required	130,000.00	15,608,193.13
Total	**12,023,279.39**	**66,471,769.70**

Note 24 : Changes in inventories of stock-in-trade

Particulars	31-Dec-25	31-Dec-24
Opening balance		
Traded goods	488,758,089.05	363,770,368.99
Goods-in-transit		-
Total opening balance	**488,758,089.05**	**363,770,368.99**
Closing balance		
Traded goods	416,876,415.29	488,099,994.62
Goods-in-transit		-
Total closing balance	**416,876,415.29**	**488,099,994.62**
Total	**71,881,673.76**	**(124,329,625.63)**

Note 25 : Employee benefit expenses

Particulars	31-Dec-25	31-Dec-24
Pay and allowances	132,213,478.77	124,642,677.40
Provident fund contribution	8,773,342.77	8,271,505.25
Gratuity	15,924,333.88	5,000,000.00
Travel allowance	1,303,700.71	1,254,405.88
Transport charge	948,291.20	1,642,495.84
Transfer grant	1,861,267.57	3,302,082.98
Bonus and variable pay	19,000,000.00	-
Medical expenses	39,238.00	39,522.00
Staff training and development expenses	5,935,183.81	2,755,561.90
Uniform expenses	1,875,662.98	1,435,757.68
Welfare expenses	4,595,156.08	3,314,901.83
Others	-	-
Total	**192,469,655.77**	**151,658,910.76**

Note 26 : Finance costs

Particulars	31-Dec-25	31-Dec-25
Interest expense from financial instruments at amortized cost	60,790,525.68	50,400,062.57
Total	**60,790,525.68**	**50,400,062.57**

Note 27 : Other expenses

Particulars	31-Dec-25	31-Dec-24
Administrative Expenses		
Communication, internet and telephone charges	2,213,236.04	2,276,522.70
Fees and taxes	4,234,006.39	15,893,095.42
Printing and stationery including postage	1,590,468.35	2,378,228.56
General insurance	1,539,453.75	2,163,833.79
Electricity expenses	1,685,121.24	1,857,022.36
Lease rent	5,499.96	2,703,192.71
Others (Royalty, transportation, labour charges)	3,742,808.86	4,263,469.62
Repairs and Maintenance		-
Repairs & maintenance of buildings and civil structures	1,907,378.07	933,712.51
Repairs & maintenance of furniture, fixtures and equipment's	1,252,559.48	720,368.02
Running & maintenance of vehicle	9,320,202.68	6,654,103.00
Running & maintenance of other	-	-
Travelling and Conveyance		-
Travelling expenses including foreign travels	13,853,770.70	11,046,521.81
Others		
Marketing & sales promotions	3,437,618.34	1,079,094.58
Board meeting expenses and sitting fees	1,069,748.80	1,233,115.00
Office meeting expenses	529,781.00	518,103.02
Other Operating expenses	3,373,906.60	2,720,847.63
Bank charges - others	515,543.45	565,295.16
Consultancy charges	2,487,109.86	2,930,731.76
Advance written off	9,185,416.24	33,879.83

Product and Shrinkage loss	47,183,796.20	53,000,000.00
Provision for obsolescence and shortages	9,872,013.69	-
CSR Project	-	-
Stock Vehicle maintenance	529,350.03	1,197,767.60
Auditor's Remuneration		
Audit Fee	346,000.00	138,500.00
Out of pocket expenses	519,817.00	182,030.00
TOTAL	**120,394,606.73**	**114,489,435.08**

Note 28(a): Tax expense

Particulars	31-Dec-25	31-Dec-24
(a) Income tax expenses recognized in P&L		
Current tax		
Current tax on profit for the year	83,135,347.76	6,333,942.55
Current tax adjustment for earlier years	14,716,135.17	-
Total current tax expenses	**97,851,482.93**	**6,333,942.55**
Deferred tax		
Decrease/(increase) in deferred tax assets	-4,188,357.50	(1,961,935.00)
(Decrease)/increase in deferred tax liabilities	8,261,697.19	9,457,690.00
Total deferred tax expenses	4,073,339.69	7,495,755.00
Income tax expenses recognized in P&L	**101,924,822.62**	**13,829,697.55**

Note 28 (b): Numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the tax rate

Particulars	31-Dec-25	31-Dec-24
Tax expenses		
- Current tax	97,851,482.93	6,333,942.55
- Deferred tax	4,073,340.13	7,495,755.00
Total tax expense	**101,924,823.06**	**13,829,697.55**
Profit (Loss) before tax	243,775,909.76	17,841,962.83
Income tax expense/(income) calculated at 30%	73,132,772.93	5,352,588.85
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	24,718,710.00	981,353.70
Others	4,073,340.13	7,495,755.00
Reconciled with tax expense as above	**101,924,823.06**	**13,829,697.55**

Note 29: Earnings per share

Particulars	31-Dec-25	31-Dec-24
Profit attributable to equity shareholders of the Company **(A)**	141,851,087	4,012,265
Weighted average number of equity shares **(B)**	27,002,400	22,500,200
Basic and diluted earnings per share **(A/B)**	5.25	0.18

Note 30: Leases

Operating lease: Company as lessee

Certain office premises, buildings, land etc. are obtained on leases. The lease term is for 1-30 years with renewal clauses. There is no escalation clause in majority of lease agreements except in few such arrangements. There are restrictions imposed by lease arrangements which restrict sublease/ mortgage of lease property. There are no subleases or contingent rents.

Particulars	Land	Building	Total
Balance at 1 January 2024	12,608,682.31	42,160,361.50	54,769,043.81
Additions	-	23,948,272.42	23,948,272.42
Less: Depreciation for the year	-	9,139,242.38	9,139,242.38
As at 31 December 2024	**12,608,682.31**	**56,969,391.54**	**69,578,074.11**
Balance at 1 January 2025	12,608,682.31	56,969,391.54	69,578,074.11
Adjustments/Disposals	3,598,927.92		3,598,927.92
Less: Depreciation for the year	9,994,171.66		9,994,171.66
As at 31 December 2025	**26,201,781.89**	**56,969,391.54**	**63,182,830.37**

Note 31: Movement in deferred tax assets/ (liabilities)

Particulars	Property, plant and equipment	Deferred revenue	Adjustments in inventory	Employee benefits	Lease rentals	Total
At 1 January 2024	11,261,123	(1,232,130)	(5,071,907)	3,726,195	-	13,602,062
Charged/(credited):						
- to profit or loss	(3,430,977)	521,661	227,091	1,213,183	(1,107,935)	(7,495,754)
- to other comprehensive income				1,707,957		1,707,957
At 31 December 2024	**7,830,146**	**(710,469)**	**(4,844,816)**	**6,647,335**	**(1,107,935)**	**7,814,265**
Charged/(credited):						
- to profit or loss	(8,976,397)	356,633	99,647	4,188,358	258,419	(4,073,340)
- to other comprehensive income				848,052		848,052
At 31 December 2025	**(1,146,251)**	**(353,836)**	**(4,745,169)**	**11,683,745**	**(849,516)**	**4,588,978.08**

Note 32: Related party disclosures

The Druk Holding and Investment (DHI) Company is the holding company (i.e. Parent Company) holding 50.98% equity shares of the company.

Fellow subsidiaries

Name of the company
Bhutan Power Corporation Limited
Druk Green Power Corporation Limited
Bhutan Telecom Limited
Druk Air Corporation Limited
Natural Resource Development Corporation Limited
Bank of Bhutan Limited

Dungsam Cement Corporation Limited
Dungsum Polymers Limited
Druk Holding & Investments Ltd.
Dagachu Hydro power Corporation Limited
Bhutan Board Product Limited
Bhutan Hydropower Services Limited
Thimphu Tech Park Limited
Penden Cement Authority Limited
Tangsibji Hydro Energy Limited
Construction Development Corporation Limited
State Mining Corporation Limited
Crawfish Himalayan Limited
Kholongchu Hydro Energy Limited
Druk Hydro Energy Limited
Koufuku International Limited

(a) Key Management Personnel Compensation

According to BAS -24, Key Management Personnel (KMP) is those having the authority and responsibility for planning, directing and controlling the activities of the entity.

Details of compensations paid to key management personnel (Chief Executive Officer):

Particulars	31 December 2025	31 December 2024
Short-term employee benefits	2,786,820.00	2,586,118.15
Other long term and Post-employment benefits *	170,040.00	160,556.00
Others	140,000.00	96,000.00
Total	**3,096,860.00**	**2,842,674.15**

*The amount specified is in relation to provident fund contribution. Other benefits are determined on the basis of actuarial valuation for the Company as a whole and hence segregation is not available

(b) Transactions with related parties

(i) Transactions with directors for FY 2025 & 2024

Name of Company	31 December 2025	31 December 2024
RSA Pvt. Ltd*	10,979,305.95	6,737,485.94

** Mr. Singye N Dorji is the owner and Joint MD of RSA Pvt. Ltd*

(ii) Transaction with the DHI, holding company during the financial year 2025 & 2024

Description	31 December 2025	31 December 2024
DHI	**Nu.**	**Nu.**
Sale of vehicle services, spare parts and tyres	728,948.57	2,094,350.77
Trading revenue	1,725,161.62	2,997,338.00
Sale of vehicles		-
Corporate guarantee fees	251,997.00	1,005,429.99
Interest on borrowing	663,006.20	506,147.54
Payable (training fees)	361,145.23	127,135.50
Brand management fees	1,020,246.07	753,869.93

(iii) Goods and Services availed from fellow subsidiaries during the financial year 2025 & 2024

Fellow subsidiaries	Particulars	31 December 2025		31 December 2024	
		Value of Goods & Services	Value of Goods & Services	Value of Goods & Services	Outstanding Amount at year end
Bhutan Telecom Limited	Communication, internet and telephone charges	1,454,610.70	-	1,338,290.25	-
Bhutan Power Corporation Limited	Electricity charges	2,506,335.27	-	1,281,492.40	-
Bank of Bhutan Limited	Bank charges and fees other financial services	7,551,390.52	-	687,025.24	-
Bank of Bhutan Limited	Interest charge on loans	15,931,393.45	-	11,597,948.8 1	-
Bhutan Telecom Limited			-	-	-
Druk Air Limited	Flight ticket and other services purchase	1,894,598.00	-	1,498,981.00	-
Thimphu Tech Park Limited	ICT related		-	229,875.00	-
Thimphu Tech Park Limited	Interest Charge on inter-corporation loan	412,328.77			

(iv) Liabilities booked for the DHI guarantee fee:

Guarantee amount (Nu.)	31 December 2025	31 December 2024
40 million		251,560.06
T-Bank Collateral Guarantor	71,145.22	
Total	**71,145.22**	**251,560.06**

(v) Goods and services availed by fellow subsidiaries during financial year 2025 & 2024:

Fellow Subsidiary	Type of Goods and Services	31-Dec-2025		31-Dec-2024	
		Value of Goods & Services	Outstanding Amount at year end	Value of Goods & Services	Outstanding Amount at year end
Bhutan Board Product Ltd.	Running & Maintenance of Vehicles	-	-	106,404.03	125,620.08
Bank of Bhutan Ltd.	Furniture; fixtures; computers and office equipment	-		-	
	Running & Maintenance of Vehicles	863,813.86	-	786,774.17	
	Vehicle	15,353,827.00		21,157,172.63	
Bhutan Power Corporation Ltd.	Running & Maintenance of Vehicles	11,209,864.84		-	
	Running & Maintenance of Vehicles	5,044,503.36		1,573,539.76	
	Vehicle			18,021,787.32	
Contruction Development Corporation Ltd.	Running & Maintenance of Vehicles	12,798,692.64	3,196,354.85	-	370,959.33
	Furniture; fixtures; computers and office equipment	-		-	

Druk Air Corporation Ltd.	Running & Maintenance of Vehicles	-		30,494.96	
Dungsam Cement Corporation Ltd.	Vehicle			1,400,842.00	28,651.98
	Running & Maintenance of Vehicles	172,613.00		250,191.98	
Druk Green Power Corporation	Vehicle			23,613,268.92	
	Running & Maintenance of Vehicles	11,447,057.71	301,814.16	-	3,002,572.60
	Furniture; fixtures; computers and office equipment	8,493,134.57		616,600.00	
Dagachu Hydro Power Corporation	Running & Maintenance of Vehicles			1,462,015.28	
	Furniture; fixtures; computers and office equipment	873,559.73			
Druk Holding & Investment	Running & Maintainance of Vehicles			2,094,350.77	
	Furniture; fixtures; computers and office equipment	728,948.57		2,997,338.00	53,812.78
	Vehicle	1,725,161.62		-	
Dungsam Polymers Ltd.	Running & Maintainance of Vehicles	1,113,025.20	480,874.08	241,463.11	241,463.11
	Furniture; fixtures; computers and office equipment	397,945.00			
Koufuku International Limited	Running & Maintenance of Vehicles	145,046.00	397,945.00	112,340.00	

Natural Resources Development Corporation Ltd.	Vehicle			0.00	
	Running & Maintenance of Vehicles			294,150.00	
	Furniture; fixtures; computers and office equipment	320,385.30	16,464.00	1,422,440.00	415,769.62
Penden Cement Authority Ltd.	Running & Maintenance of Vehicles	325,738.00	-	118,033.41	
State Mining Corporation Ltd.	Vehicle	11,715,290.80		-	
	Running & Maintenance of Vehicles	2,890,827.78		87,957,142.85	
	Furniture; fixtures; computers and office equipment		1,114,630.28		1,262,337.11
Tansibji Hydro Energy Ltd.	Furniture; fixtures; computers and office equipment	130,110.00			
	Running & Maintenance of Vehicles	1,853,439.30	-	179,256.00	
Thimphu Tech Park Ltd.	Vehicle	7,106,782.61			
	Running & Maintenance of Vehicles	211,382.56	-	238,051.13	3,277,157.24
	Vehicle	2,039,200.00			
Bhutan Hydropower Service Ltd.	Running & Maintenance of Vehicles	5,883,560.18		323,961.15	140,590.00
Menjong Sorig Pharmaceuticals Corporation Ltd.	Running & Maintenance of Vehicles	-			
	Furniture; fixtures; computers	-			

	and office equipment				
Crawfish Himilayan Limited	Furniture; fixtures; computers and office equipment	67,500.00		573,656.90	
	Running & Maintenance of Vehicles	10,177.00		167,550.32	
Khorlochu Hydro Energy Limited	Furniture; fixtures; computers and office equipment	203,435.00			
	Running & Maintenance of Vehicles	114,599.82		1,150,295.52	342,028.00
Druk Hydro Energy Limited	Furniture; fixtures; computers and office equipment	551,686.00			
	Running & Maintenance of Vehicles	949,425.64		1,110,390.23	159,968.00
Note: Running & maintenance of vehicles includes Apollo tyres, JK tyres, spares, services					

Terms and conditions of the transactions:

a. No amount has been written back/written off during the year in respect of dues to/ from related party.

b. All transactions were made on normal commercial terms and conditions and at market rates.

c. Outstanding balances are unsecured and are repayable in cash.

Note 33: Segment reporting

Description of Segments:

State Trading Corporation of Bhutan Limited has identified the following divisions: Toyota, Tata, Eicher, Home store, Explosive and others segment. It is identified taking into account the nature of the products, deferring risks and returns, organizational structure and internal business reporting. Following are the segments of the Company-

(i) Toyota - This division deals with sales of vehicles, spare parts and servicing of Toyota vehicles.

(ii) Tata - This division deals with sales of vehicles, spare parts and servicing of Tata vehicles.

(iii) Eicher - This division deals with sales of Eicher vehicles, spare parts, two wheelers and Apollo tyres.

(iv) Home store & Others - This division deals with household items, agriculture machineries, Bitumen, Kent filter, Hyundai, Ace etc.

(v) SMLI - This division deals with sales of vehicles, spare parts and servicing of SMLI vehicles.

(vi) Petroleum - This division deals with sales of MS and HSD.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to group as a whole and are not allocable to a segment on a reasonable basis, have been disclosed as "Unallocable"

b) Segment assets and liabilities represent assets and liabilities of the respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated for a segment on a reasonable basis, have been disclosed as "Un-allocable".

c) The company does not have any single customer from whom it receives more than 10% of the revenue.

d) Information about operating segment:

Particulars	Toyota	Tata	Eicher	SMLI	Petroleum	Home-store & Others	Unallocable	Total
Segment Revenue								
External revenue from operations	1,830,089,309.91	538,916,404.09	328,620,182.93	79,171,136.46	6,026,395,649.34	257,323,143.06	-	9,060,515,825.79
	437,592,457.81	346,644,622.98	200,902,286.68	15,043,277.70	4,452,732,191.35	239,960,365.95	-	5,692,875,202.47
Total revenue	1,830,089,309.91	538,916,404.09	328,620,182.93	79,171,136.46	6,026,395,649.34	257,323,143.06	-	9,060,515,825.79
	437,592,457.81	346,644,622.98	200,902,286.68	15,043,277.70	4,452,732,191.35	239,960,365.95	-	5,692,875,202.47
Segment results before interest, depreciation and tax	1,574,396,449.52	500,850,540.84	273,560,883.69	69,584,877.46	5,902,544,903.03	275,603,991.99	98,497,597.20	8,695,039,243.73
	53,525,377	11,479,715	14,375,173	-1,493,421	48,842,308	5,716,098	-37,064,110	95,381,140.67
Reconciliation to profit/ (loss) for the year:								
Finance income								-23,007,608.63
								8,766,803.37
Finance cost (Note a)								-60,790,525.68
								-50,400,062.57
Depreciation and amortization expenses								-37,902,537.99
								-35,905,919.09
Profit/(loss) before tax								243,775,909.76
								17,841,962.38
Tax expense/ (income)								101,924,823.06
								13,829,697.55
Net profit/ (loss) for the year								141,851,086.70
								4,012,264.83
Other information								
Segment Assets - As at 31 December 2025	304,181,030	242,579,635	208,546,123	18,604,612	344,068,736	113,432,896	-	1,231,413,033
Segment Assets - As at 31 December 2024	306,393,156	201,806,479	221,745,950	41,736,398	386,517,286	205,691,814	373,225,995	1,737,117,077
Segment Liabilities - As at 31 December 2025	117,683,454	126,329,336	3,812,679	2,148,832	73,314,097	40,070,390	-	363,358,787
Segment Liabilities - As at 31 December 2024	60,088,586	25,684,410	32,393,800	17,504,453	58,247,492	160,865,396	751,171,462	1,105,955,599

Note 34: Capital management

(a) Risk management

The Company is a subsidiary of Druk Holding & Investments Limited (DHI). The amount mentioned under total equity in balance sheet is considered as Capital.
The company's objectives when managing capital are to:

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

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet strategic and day-to-day needs. The Company manages its structure and makes adjustments in light of changes in economic conditions. The funding requirements are primarily met through the equity given by the shareholders.

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid

Particulars	31 December 2025	31 December 2024
(i) Equity shares		
Final dividend for the year ended 31 December 2020 - nil (1 January 2019 - Nu. 2.1 per fully paid equity share) per fully paid share	-	-
(ii) Dividends not recognized at the end of the reporting period	-	

Note 35: Fair value measurements:

Financial instruments by category

Particulars	31 December 2025	31 December 2024
	Amortized cost	Amortized cost
Financial assets		
Investments	7,041,447.92	20,484,628.31
Trade receivables	183,701,245.41	304,331,504.23
Deposits and other receivables	49,334,191.49	35,118,553.60
Cash & cash equivalent	295,803,948.54	109,605,755.19
Total financial assets	**535,880,833.36**	**469,540,441.33**
Financial liabilities		
Long term borrowings	151,255,323.42	94,883,109.42
Current maturities of long term borrowings	47,946,514.02	31,859,288.39
Short term borrowings	389,313,077.60	546,552,764.88
Deferred rent	-	-

Trade payables			270,019,597.53	203,763,972.82
Deposits			2,930,824.43	2,948,566.44
Other payables			61,462,758.26	28,284,605.87
Total financial liabilities			**922,928,095.26**	**908,292,307.82**

(i) Fair value hierarchy

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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

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

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
• the fair value of the financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortized cost

Particulars	31-Dec-25		31-Dec-24	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade receivables (Refer note (a))	183,701,245.41	183,701,245.41	304,331,504.23	304,331,504.23
Land	37,403,883.00	76,114,283.70	37,403,883.00	150,676,566.29
Financial liabilities				
Long term borrowings from Bank of Bhutan (Refer note (b))	36,602,727.80	36,602,727.80	56,211,451.01	46,525,839.46
Long term borrowings from NPPF	30,334,874.59	30,334,874.59	36,602,285.96	36,981,009.48
Long term borrowings from TBank	4,234,848.14	4,234,848.14	16,192,633.59	11,376,260.48

a) Trade receivables from customers on deferred instalment payment basis are charged approximately the market rate of interest and hence the fair value approximates their carrying values.

b) Long term borrowings from Bank of Bhutan are at floating rate of interest and hence the fair value approximates their carrying values.

c) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

d) The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

Note 36: Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure arising	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, and other financial assets.	Ageing analysis	Diversification of customer base.
Liquidity risk	Trade payables and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasts & sensitivity analysis	Availability of committed LC facilities and diversification of liability
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from various financial institutions

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade and other receivables.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company regularly monitors its outstanding customer receivables. The Company has a detailed review mechanism of overdue customer receivables at various levels within organization to ensure proper attention and focus for realization.

The Company has two categories of trade receivables –

a) Customer to whom the vehicles are sold on deferred settlement terms.

b) Other than (a) above - All the sales are made on normal credit period of 30 days to 60 days.

The requirement for loss allowance is analyzed at each reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 35: Fair value measurement. The Company does not hold collateral as security.

(ii) Reconciliation of loss allowance provision – Trade receivables

Loss allowance on January 1, 2025	**52,423,547**
Changes in loss allowance	-
Loss allowance on December 31, 2025	**52,423,547**

iii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Companies' Board of Directors on an annual basis. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. For banks and financial institutions, only high rated banks/institutions are accepted.

Financial assets are considered to be of good quality and there is no significant credit risk.

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Contractual maturities of financial liabilities:

Particulars	Less than 1 year	More than 1 year	Total
31 December 2025			
Long term borrowings and interest*	47,946,514	103,308,809	151,255,323
Short term borrowings	389,313,078		389,313,078
Trade payables	270,019,598		270,019,598
Deposits	2,930,824		2,930,824
Other payables	61,462,758		61,462,758

Total non-derivative liabilities	**771,672,772**	**103,308,809**	**874,981,581**
31 December 2024			
Long term borrowings and interest*	31,859,288	63,023,821	94,883,109
Short term borrowings	546,552,765	-	546,552,765
Trade payables	203,763,973	-	203,763,973
Deposits	2,948,566	-	2,948,566
Other payables	28,284,606	-	28,284,606
Total non-derivative liabilities	**813,409,198**	**63,023,821**	**876,433,019**

(B) Market risk

(i) Foreign currency risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The company is exposed to foreign currency risk as it maintains a foreign currency bank account and has a foreign exchange receivable.

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

Particulars	31 December 2025	31 December 2024
	USD	USD
Financial assets	20,652.00	-

Particulars	31 December 2025	31 December 2024
	BDT	BDT
Financial assets	-	2,305,890

The receivable/ payable from/to India is in foreign currency (Indian Rupee) which does not have foreign exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR).

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Change in currency exchange rate	Impact on profit before tax	
		31 December 2025	31 December 2024
USD sensitivity			
Appreciation in Nu.*	5%	92,490	-
Depreciation in Nu.*	-5%	(92,490)	-
BDT sensitivity			

Appreciation in Nu.*	5%	-	82,551
Depreciation in Nu.*	-5%	-	(82,551)

** Holding all other variables constant*

As value of Nu. is constantly equal to the INR, company is not exposed to any foreign currency risk relating to amount receivables/ payable in INR.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

(a) Interest rate risk exposure

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31 December 2025	31 December 2024
Variable rate borrowings	30,334,875	94,883,109

(b) Sensitivity

Profit before tax is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax	
	31 December 2025	31 December 2024
Interest rate – increase by 0.5%	(151,674)	(474,416)
Interest rate – decrease by 0.5%	151,674	474,416

** Holding all other variables constant*

(ii) Price risk

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

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

Note 37: Disclosure for employees benefit - defined benefit scheme (Gratuity)

A. Change in defined benefit obligation (DBO)	31 December 2025	31 December 2024

DBO at end of prior period	36,084,696.63	32,786,256.63
Current service cost	4,833,328.00	4,921,677.00
Interest cost on the DBO	2,413,870.00	2,148,891.00
Past service cost - plan amendments	-3,201,672.00	-4,175,623.00
Actuarial (gain)/loss - experience	-2,697,032.00	7,031,263.00
Actuarial (gain)/loss - financial assumptions		-6,627,768.00
DBO at end of current period	**37,433,190.63**	**36,084,696.63**

B. Statement of Profit & Loss	31 December 2025	31 December 2024
Current service cost	4,833,328.00	4,921,677.00
Net interest on net defined benefit liability / (asset)	2,413,870.00	2,148,891.00
Cost recognized in P&L	**7,247,198.00**	**7,070,568.00**

C. Other Comprehensive Income (OCI)	31 December 2025	31 December 2024
Actuarial (gain)/loss due to liability experience	-2,697,032.00	7,031,263.00
Actuarial (gain)/loss due to liability assumption changes		- 6,627,768.00
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**-2,697,032.00**	**403,495.00**

D. Reconciliation of Net Balance Sheet Position	31 December 2025	31 December 2024
Net defined benefit asset/ (liability) at end of prior period	36,084,696.63	32,786,256.63
Current service cost	7,247,198.00	7,070,568.00
Net interest on net defined benefit liability/ (asset)		
Amount recognized in OCI	-2,697,032.00	403,495.00
Benefit paid directly by the company	-3,201,672.00	-4,175,623.00
Net defined benefit asset/ (liability) at end of current period	**37,433,190.63**	**36,084,696.63**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2025	31 December 2024
Up to 1 year	6,720,597.00	5,259,554.00
Between more than 1 to 3 years	13,966,304.00	14,812,894.00
Between more than 3 to 5 years	18,531,835.00	18,985,858.00
Between more than 5 to 10 years	32,601,138.00	31,917,103.00

(i) Expected employer contributions for the period ending 31 December 2026 Nu.7,584,056

(ii) Weighted average duration of defined benefit obligation 11.90 (31 Dec 2024: 11.63)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2025	31 December 2024
Discount rate	7%	7.00%
Effect on DBO due to 0.5% increase	35,949,456.00	34,663,904.00

Effect on DBO due to 0.5% decrease	39,029,893.00	37,615,283.00

B. Salary escalation rate	31 December 2025	31 December 2024
Salary escalation rate	8%	8.00%
Effect on DBO due to 0.5% increase	40,685,312.00	39,203,911.00
Effect on DBO due to 0.5% decrease	34,568,623.00	33,342,944.00

C. Mortality rate	31 December 2025	31 December 2024
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2025	31 December 2024
Employee turnover rate	7%	7.00%
Effect on DBO due to 1% increase	37,116,059.00	35,783,982.00
Effect on DBO due to 1% decrease	37,787,677.00	36,422,152.00

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

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

Liquidity risk:

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

Demographic risk:

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

Asset liability mismatching or market risk:

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

Investment risk:

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

Note 37: Disclosure for employees benefit - defined benefit scheme (Travel allowance)

A. Change in defined benefit obligation (DBO)	31 December 2025	31 December 2024
DBO at end of prior period	4,748,275.27	1,664,648.27
Current service cost	854,655.00	1,802,991.00
Interest cost on the DBO	320,980.00	101,916.00
Actuarial (gain)/loss - experience	-167,751.00	2,775,505.00
Actuarial (gain)/loss - financial assumptions		-1,179,367.00
Benefits paid	-325,689.00	-417,418.00
DBO at end of current period	**5,430,470.27**	**4,748,275.27**

B. Statement of Profit & Loss	31 December 2025	31 December 2024
Current service cost	854,655.00	1,802,991.00
Net interest on net defined benefit liability / (asset)	320,980.00	101,916.00
Cost recognized in P&L	**1,175,635.00**	**1,904,907.00**

C. Other Comprehensive Income (OCI)	31 December 2025	31 December 2024
Actuarial (gain)/loss due to liability experience	-167,751.00	2,775,505.00
Actuarial (gain)/loss due to liability assumption changes		-1,179,367.00
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(167,751.00)**	**1,596,138.00**
D. Reconciliation of Net Balance Sheet Position	**31 December 2025**	**31 December 2024**
Net defined benefit asset/ (liability) at end of prior period	4,748,275.00	1,664,648.27
Amount recognized in OCI	-167,751.00	1,596,138.00
Amount recognized in profit & loss	1,175,635.00	1,904,907.00
Benefit paid directly by the company	-325,689.00	-417418
Net defined benefit asset/ (liability) at end of current period	**5,430,470.00**	**4,748,275.27**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2025	31 December 2024
Up to 1 year	638,669.00	376,508.00
Between more than 1 to 3 years	1,721,631.00	1,138,229.00
Between more than 3 to 5 years	2,411,422.00	1,796,135.00
Between more than 5 to 10 years	4,278,578.00	3,573,241.00

(i) Expected employer contributions for the period ending 31 December 2026 is Nu.652,359.00
(ii) Weighted average duration of defined benefit obligation 11.05 (31 Dec 2024: 11.63)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2025	31 December 2024
Discount rate	7.00%	7.50%
Effect on DBO due to 0.5% increase	5,175,005.00	4,503,820.00
Effect on DBO due to 0.5% decrease	5,708,646.00	5,015,064.00

B. Salary escalation rate	31 December 2025	31 December 2024
Salary escalation rate	8.00%	8.00%
Effect on DBO due to 0.5% increase	6,000,535.00	5,295,606.00
Effect on DBO due to 0.5% decrease	4,939,940.00	4,279,404.00

C. Mortality rate	31 December 2025	31 December 2024
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2025	31 December 2024
Employee turnover rate	7%	7.00%
Effect on DBO due to 1% increase	5,389,951.00	4,712,607.00
Effect on DBO due to 1% decrease	5,477,778.00	4,790,778.00

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:
The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

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

Liquidity risk:

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

Demographic risk:

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

Asset liability mismatching or market risk:

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

Investment risk:

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

Note 37: Disclosure for employees benefit - defined benefit scheme (Transport Charge)

A. Change in defined benefit obligation (DBO)	31 December 2025	31 December 2024
DBO at end of prior period	4,470,265.34	1,283,497.34
Current service cost	587,817.00	1,491,412.00
Interest cost on the DBO	300,028.00	71,182.00
Actuarial (gain)/loss – experience	-158,513.00	1,965,868.00
Actuarial (gain)/loss - financial assumptions		191,517.00
Benefits paid	-368,300.00	-533,211.00
DBO at end of current period	**4,831,297.34**	**4,470,265.34**

B. Statement of Profit & Loss	31 December 2025	31 December 2024
Current service cost	587,817.00	1,491,412.00
Net interest on net defined benefit liability / (asset)	300,028.00	71,182.00
Cost recognized in P&L	**887,845.00**	**1,562,594.00**

C. Other Comprehensive Income (OCI)	31 December 2025	31 December 2024
Actuarial (gain)/loss due to liability experience	-158,513.00	1,965,868.00
Actuarial (gain)/loss due to liability assumption changes		191,517.00
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(158,513.00)**	**2,157,385.00**

D. Reconciliation of Net Balance Sheet Position	31 December 2025	31 December 2024
Net defined benefit asset/ (liability) at end of prior period	4,470,265.00	1,283,497.33
Amount recognized in OCI	-158,513.00	2,157,385.00

Amount recognized in profit & loss	887,845.00	1,562,594.00
Benefit paid directly by the company	-368,300.00	-533,211.00
Net defined benefit asset/ (liability) at end of current period	**4,831,297.00**	**4,470,265.33**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2025	31 December 2024
Up to 1 year	675,194.00	478,583.00
Between more than 1 to 3 years	1,620,832.00	1,336,653.00
Between more than 3 to 5 years	2,383,729.00	2,075,799.00
Between more than 5 to 10 years	4,316,395.00	3,931,303.00

(i) Expected employer contributions for the period ending 31 December 2026 Nu.575,060

(ii) Weighted average duration of defined benefit obligation 9.32 (31 Dec 2024: 9.59)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2025	31 December 2024
Discount rate	7.00%	7.00%
Effect on DBO due to 0.5% increase	4,633,409.00	4,278,749.00
Effect on DBO due to 0.5% decrease	5,044,714.00	4,677,051.00

B. Carrier charges	31 December 2025	31 December 2024
Carrier charges	5.00%	5.00%
Effect on DBO due to 0.5% increase	5,279,811.00	4,905,110.00
Effect on DBO due to 0.5% decrease	4,439,398.00	4,091,213.00

C. Mortality rate	31 December 2025	31 December 2024
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2025	31 December 2024
Employee turnover rate	7.00%	7.00%
Effect on DBO due to 1% increase	4,902,231.00	4,542,036.00
Effect on DBO due to 1% decrease	4,751,412.00	4,389,732.00

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

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

Liquidity risk:

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

Demographic risk:

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

Asset liability mismatching or market risk:

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

Investment risk:

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

Note 37: Disclosure for employees benefit - defined benefit scheme (Transfer grant)

A. Change in defined benefit obligation (DBO)	31 December 2025	31 December 2024
DBO at end of prior period	4,727,888.58	1,664,648.58
Current service cost	1,430,637.00	1,802,991.00
Interest cost on the DBO	322,667.00	103,254.00
Actuarial (gain)/loss - experience	-831,488.00	2,715,161.00
Actuarial (gain)/loss - financial assumptions		-1,178,992.00
Benefits paid	-236,730.00	-379,174.00
DBO at end of current period	**5,412,974.58**	**4,727,888.58**

B. Statement of Profit & Loss	31 December 2025	31 December 2024
Current service cost	1,430,637.00	1,802,991.00
Net interest on net defined benefit liability / (asset)	322,667.00	103,254.00
Cost recognized in P&L	**1,753,304.00**	**1,906,245.00**

C. Other Comprehensive Income (OCI)	31 December 2025	31 December 2024
Actuarial (gain)/loss due to liability experience	-831,488.00	2,715,161.00

Actuarial (gain)/loss due to liability assumption changes		-1,178,992.00
Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(831,488.00)**	**1,536,169.00**

D. Reconciliation of Net Balance Sheet Position	31 December 2025	31 December 2024
Net defined benefit asset/ (liability) at end of prior period	4,727,888.00	1,664,648.58
Amount recognized in OCI	-831,488.00	1,536,169.00
Amount recognized in profit & loss	1,753,304.00	1,906,245.00
Benefit paid directly by the company	-236,730.00	-379,174.00
Net defined benefit asset/ (liability) at end of current period	**5,412,974.00**	**4,727,888.58**

E. Expected benefit payments (undiscounted) for the year ending	31 December 2025	31 December 2024
Up to 1 year	619,948.00	354,693.00
Between more than 1 to 3 years	1,702,910.00	1,116,414.00
Between more than 3 to 5 years	2,392,701.00	1,774,320.00
Between more than 5 to 10 years	4,259,857.00	3,551,426.00

(i) Expected employer contributions for the period ending 31 December 2026 Nu.1,077,550

(ii) Weighted average duration of defined benefit obligation 11.09 (31 Dec 2024: 11.69)

(iii) Significant estimates: actuarial assumptions and sensitivity

A. Discount rate	31 December 2025	31 December 2024
Discount rate	7.00%	7.00%
Effect on DBO due to 0.5% increase	5,157,591.00	4,483,527.00
Effect on DBO due to 0.5% decrease	5,691,068.00	4,994,580.00

B. Salary escalation rate	31 December 2025	31 December 2024
Salary escalation rate	8.00%	8.00%
Effect on DBO due to 0.5% increase	5,982,877.00	5,275,029.00
Effect on DBO due to 0.5% decrease	4,922,606.00	4,259,205.00
C. Mortality rate	**31 December 2025**	**31 December 2024**
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)

D. Employee turnover rate	31 December 2025	31 December 2024
Employee turnover rate	7.00%	7.00%
Effect on DBO due to 1% increase	5,369,956.00	4,689,307.00
Effect on DBO due to 1% decrease	5,462,782.00	4,773,303.00

Risk exposure

Through its defined benefit plan the Company is exposed to a number of risks, the most significant of which are detailed below:
Interest rate risk:

The plan is exposed to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefits and will thus result in an increase in the value of the liability.

Salary growth risk:

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

Liquidity risk:

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

Demographic risk:

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

Asset liability mismatching or market risk:

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

Investment risk:

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

Note 38: Contingent liability

The company has no outstanding legal claims filed against the company.

Note 39: Court cases filed against company's debtors.

Sl.No.	Clients	Amount (Nu.)	Year	Status
1	M/s Empire Construction	2,460,040.68	2018	Enforcement of Judgment before the Punakha Court.
2	Samten Wangdi c/o Karma Gyeltshen	1, 716,633.80	2019	Enforcement of Judgment before the Phuentsholing Court
3	Phajo Nidup (Tata)	3,336,456.03	2018	Enforcement of Judgment before the Thimphu Court
4	Phajo Nidup (Toyota))	1,433,323.00	2019	Enforcement of Judgment before the Thimphu Court

5	Sangay Lhendup	1,121,343.00	2021	Currently, imprisoned for term of 3 years w.e.f. 31/10/2023 to 15/10/2026 . Enforcement of judgment before the High Court, represented by Office of Attorney General (OAG)
6	Chogay Dorji	653,533.08	2016	On 25 December 2025, the Commercial Bench II passed an Order of Adjudication, declaring Mr. Chogay Dorji bankrupt under Section 4(2) of the Bankruptcy Act of Bhutan, 1999 after a thorough investigation of his assets, properties, and shareholdings Consequent to the adjudication of bankruptcy, STCBL is legally barred from enforcing or recovering the outstanding amount from the Respondent until he is discharged from bankruptcy, which is expected after a statutory period of six (6) months, subject to court orders.
7	Pema Tobgay	2,650,350.82	2018	Appeal case on going in High Court.
8	Sonam Jamtsho	3,282,943.25	2018	Appeal case on going in Chukha Court.
9	Migma Auto Workshop	1,807,160.00	2020	Judgment Enforcement in Phuentsholing Court.
10	Phuntsho T. Wangyel	6,826,249.78 and 12% interest	2019	Judgment Enforcement and arrest warrant issued by Court on 29.01.2026
11	Ugyen Wangchuk (Deyjung Const.) (dipp)	3,031,289.80	2019	Judgment Enforcement in Thimphu Court.
12	Lobzang Tshering	1,588,486.65	2019	Judgment Enforcement in Thimphu Court.
13	Sonam Jamtsho (apollo tyres)	793,712.19	2019	Judgment Enforcement before the Court, Thimphu and arrest warrant has been issued by Court on 29.01.2026
14	Phajo Nidup (Apollo Tyres and tata spareparts)	(1,770,000.00 +196,761.70) =1,966,761.7	2017	Judgment Enforcement in Thimphu Court.
15	M/s KRC Transport	595,565.08	2019	Judgment Enforcement before the Court, Phuentsholing and arrest warrant has been issued by Court on 15.07.2025
16	Mr. Sonam Jamtsho C/o Atsara Spare Parts (JK tyres and HP lubricants)	1,484,441.52	2019	Judgment Enforcement before the Court, Thimphu and arrest warrant has been issued by Court on 29.01.2026

Note 40: General

The previous year's figures are regrouped and reclassified as in required

- During 2025 to honour the directives of National Land Commission, Royal, kingdom of Bhutan the company handed over the land and Building of P/Ling RO situated at Plot No: PGT-842 , Thram 1276 , to the Phuentsholing Thromde. The land at which the Regional Office is situated was classified as Leasehold Land from its earlier status as Freehold land. The Company received a compensation of Nu. 70.699 million in 23rd March 2023 against Building handed over. The Government gave no compensation for Land. The compensation received was carried over the years as Liability in the Financial Statements till 2025. vide decision taken in the 28th Annual

General Meeting held on 25th March 2025. The official handing over of the Land & Building took place in 2025 vide decision taken in the 28th Annual General Meeting held on 25th March 2025. The decision was unanimously accepted by the Board of Directors of the company. Loss of Nu. 18,761,163.97 was recognized in the Financial Statements of 2025.

- During the review of the closing inventory as at 31 December 2025 of State Trading Corporation of Bhutan Limited, a shortage of stock amounting to Nu. 3,117,393.34 relating to items such as Apollo Tyres, Tubes and Flaps under Eicher Department was observed. Further, dead / non-moving stock valued at Nu. 1,501,350.08 has been identified in the inventory. The Management has accounted for the same in the Annual Accounts by providing the same for the year 2025, and the aggregate amount of Nu. 4,618,743.42 has been charged to the Profit and Loss Account.
- A difference of Nu. 717,411.68 has been observed in the transit loss recorded by State Trading Corporation of Bhutan Limited as compared to the amount approved by Hindustan Petroleum Corporation Limited (HPCL).

  The variance has arisen due to the difference in the methodology adopted for valuation of transit loss, wherein STCBL has applied the weighted average rate, while HPCL has determined the value based on the actual rate of each inventory consignment raised during the year.

- **Closure of Bhutan Outlet**

  During the financial year, the Board resolved to close the Bhutan Outlet located in Dhaka due to continued operational losses and lack of commercial viability. A task team was subsequently appointed to execute the closure process.

  Prior to the commencement of closure activities, the team carried out a comprehensive verification of the inventory, fixed assets, cash balances, and bank balances of the outlet. A detailed closure plan was prepared and submitted to Management, and the execution of the closure was approved accordingly.

  The team visited the Dhaka outlet on 27th August 2025 to initiate the approved procedures All inventory was verified and segregated into expired and saleable categories, and management approval was obtained for discounted disposal of saleable goods and for disposal of fixed assets not recoverable at book value.

  Inventory with expiry dates in 2027, purchased from Mekong Sorig and CSI Market, was transported back to Bhutan, where CSI stock was sold through STCBL and Mekong Sorig products were handed over to Menjong Sorig for sale, with proceeds to be collected upon completion of sales. The remaining saleable inventory was sold to Menjong and recorded as a Transfer Receipt, resulting in a nil inventory balance.

  Certain fixed assets were disposed of, while others remain in the warehouse pending disposal. All cash and bank transactions were updated, the Bank Reconciliation Statement (BRS) was fully reconciled, and the cash-in-hand balance was confirmed as zero. All closure-related activities were completed by 31 December 2025.

- **Statement of changes in equity:**

a. The Company had reported Nu. 40.14 million as inventory in the books of accounts for the year 2024, which was subsequently identified as not physically available. Upon approval of the Board, the necessary adjustment was recorded in the 2025 books of accounts under the Statement of Changes in Equity

b. During the income tax assessment for the years 2021 to 2023, an additional tax liability of Nu. 14.72 million was determined, which has been adjusted in the financial period

c. The Company reported product and shrinkage losses amounting to Nu. 72 million for the year 2024, of which Nu. 52 million was recorded in the books of accounts. The remaining Nu. 20 million was finalized following the audit meeting, and with Board approval, the corresponding invoicing was executed in the subsequent year. The adjustment has been recognized in the current financial period.

d. During the disposal of the Regional Office building, one quarter of depreciation amounting Nu 0.25 million relating to prior periods had not been recorded. As the fixed asset has now been disposed, the omitted depreciation has been adjusted through the Statement of Changes in Equity (SOCIE) to offset the gain or loss arising from the conversion of the asset from owner-occupied property to Land Use Certificate (LUC)

- Stock and system records of petrol and HSD to delays in updating AGS data, as the readings can only be captured after the fuel has settled.

- The variance in transit loss valuation is due to different valuation methodologies adopted by the Company and HPCL, and the adjustment has been recorded in the books of account for the year ended 31 December 2025.

- The Company received a response from the National Board of Revenue (NBR) on 1 November 2025 regarding its request for a tax refund. Based on the NBR's classification of the product under HS Code 2202.99.00, the refund claim submitted by the Company is not considered admissible.

- During the year, a variance was identified between the Toyota vehicle inventory balance as per the Inventory Register and the Balance Sheet due to reconciliation differences. The records have since been reviewed and corrected, and the inventory balance has been reconciled based on the verified closing stock.

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

RATIO ANALYSIS

RATIO ANALYSIS

Ratio	2025	2024	Remarks
Current Ratio	1.46	1.12	Current assets have increased proportionately in 2025 compared to 2024, due to increase in recover of trade receivables and increase in sales
Acid Test Ratio	1.04	0.64	The acid test ratio has increased significantly, due to the recoverable of the Trade receivables
Fixed Asset Turnover	16.78	9.68	Fixed asset turnover has increased, due to increase in revenue for the year
Inventory Turn Over Ratio	20.71	13.26	The inventory turnover ratio has risen, indicating faster movement of inventory. This is due to increased sales volume and cost of goods sold accordingly
Trade Receivable Turnover days	9.42	22.02	There was increase in revenue as compared to previous year led to decrease in trade receivable turnover ratio
Return on Investment	19.79	0.64	Due to increase in net profit, the return on investment has increased
Net Profit	1.57	0.07	Due to increase in sales, the net profit ratio has increased
Earning per Share	5.25	0.18	Due to increase in profit, the earning per share has increased

For Ghosh & Associates
Chartered Accountants
Firm's Registration no. 322016E

CA, P.P. Ghosh, Partner
Membership No. 055752
UDIN: 26055752LDUIFC2139

GHOSH & ASSOCIATES Chartered Accountants KOLKATA

Place: Thimphu, Bhutan
Date: - 23.04.2026

STATE TRADING CORPORATION OF BHUTAN LIMITED
AN ISO 9001:2015 QMS, QUALITY CERTIFICATED COMPANY

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