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**Bhutan Livestock**

**Development Corporation Limited**

**ANNUAL REPORT**

**2020**

*“Inspiring the growth of livestock entrepreneurs”*



"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."

- *The 5th Druk Gyalpo*



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## Vision

- A responsive and responsible corporation for prosperous and sustainable livestock-based enterprise.

## Mission

- Adopt corporate and business principles to enhance livestock production efficiency;
- Advocate effective value chain management and support services; and
- Implement quality management standards with animal welfare as a priority.

The BLDCL's mandates, as per the Article of Incorporation of a public company under the Companies Act of Bhutan 2016 are to:

- Complement Department of Livestock in production of quality livestock and apiculture inputs to enhance livestock productivity in the country;
- Engage in the production and post-production activities (packaging, value-addition, marketing through sale outlets, warehousing and cold storage services) of livestock products through innovative and state-of-the-art technologies;
- Engage in animal feed production and marketing, both domestic and export and import of feed and other raw materials required for feed production;
- Act as an aggregator to initiate development of livestock farming as a business enterprise through engagement of farmers and youths through contract farming by providing technical support, mechanization and farm automations; and
- Contribute towards price stabilization of livestock inputs and products.

The company has the following new mandates after the review by three ministries i.e. the Ministry of Finance, the Ministry of Agriculture and Forest and finally by the Ministry of Foreign Affairs.

- Engage in production and supply of Broiler DOC inputs only
- Engage in production of livestock products
- Lead and promote in post-production, diversification and value addition of livestock products;
- Institute and strengthen warehousing and cold storage logistics and services;
- Engage closely with the livestock farmers and farmers' groups/cooperatives/youths in production; and promote and strengthen product mobilization, aggregation and marketing.
- Engage in Schools, Hospitals and other Institutional Feeding Programs;
- Undertake other activities as directed by the Government/Board.

The new mandates are however not incorporated in the Articles of Incorporation as of now. The Company is of the opinion that the new mandates shall prevail based on the Cabinet letter vide letter no. C-3/77/2020/746 dated November 9, 2020 which sates '*Transfer of Livestock Farms and Units by DoL, MoAF to BLDCL, MoF and delineation of Clear Roles and Responsibilities*'.

## Dr. Tashi Samdup

### Chairman



Dr. Tashi Samdup, the Director General of Bhutan Agriculture and Food Regulatory Authority (BAFRA), MoAF is the Chairman of BLDCL Board. He earned his PhD in Animal Production Systems and a Master's degree in Animal Science from Wageningen University, The Netherlands and did his Bachelor's degree in Veterinary Science & Animal Husbandry from Kerala Agricultural University, India. Throughout his career, he served in various capacities such as Veterinary Surgeon, Veterinary Parasitologist, Manager of the National Brown Swiss and Horse Farm, Officer in-charge of the National Jersey Breeding Centre, Chief Livestock Officer of Livestock Production Division, Department of Livestock (Directorate) and as a Director of Council for RNR Research of Bhutan (CoRRB).

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## Mr. Ugyen Penjore

### Director



Ugyen Penjore is the Director General of the Department of Agriculture and Marketing Cooperatives (DAMC) in the Ministry of Agriculture and Forests. He has a Master's degree in Post-Harvest technology from Cranfield University, United Kingdom. Prior to his present post, he served as the Director in the Department of Cottage & Small Industry, MoEA; Chief Horticulture Officer in the Department of Agriculture, Program Director of National Post-Harvest Centre and Research Officer/Assistant Research Officer in Department of Agriculture.



**Mr. Phub Dorji**

**Director**

Mr. Phub Dorji is the Chief Executive Officer of Bhutan Development Bank Ltd. (BDBL). He holds a Master's degree in Public Administration (MPA) and Edward S Mason Program in Public Policy and Management from Harvard Kennedy School, Harvard University, Massachusetts, USA. Prior to his current post, he served as the Coordinator for the Cottage, Small and Medium Industry (CSMI) development project, the Head of the Entrepreneurship Promotion Centre (EPC) under Ministry of Economic Affairs. He has also served as a Professional Changarp to His Majesty The King and worked as the Head of a think tank focusing on Bhutan's macro and socio economic studies.

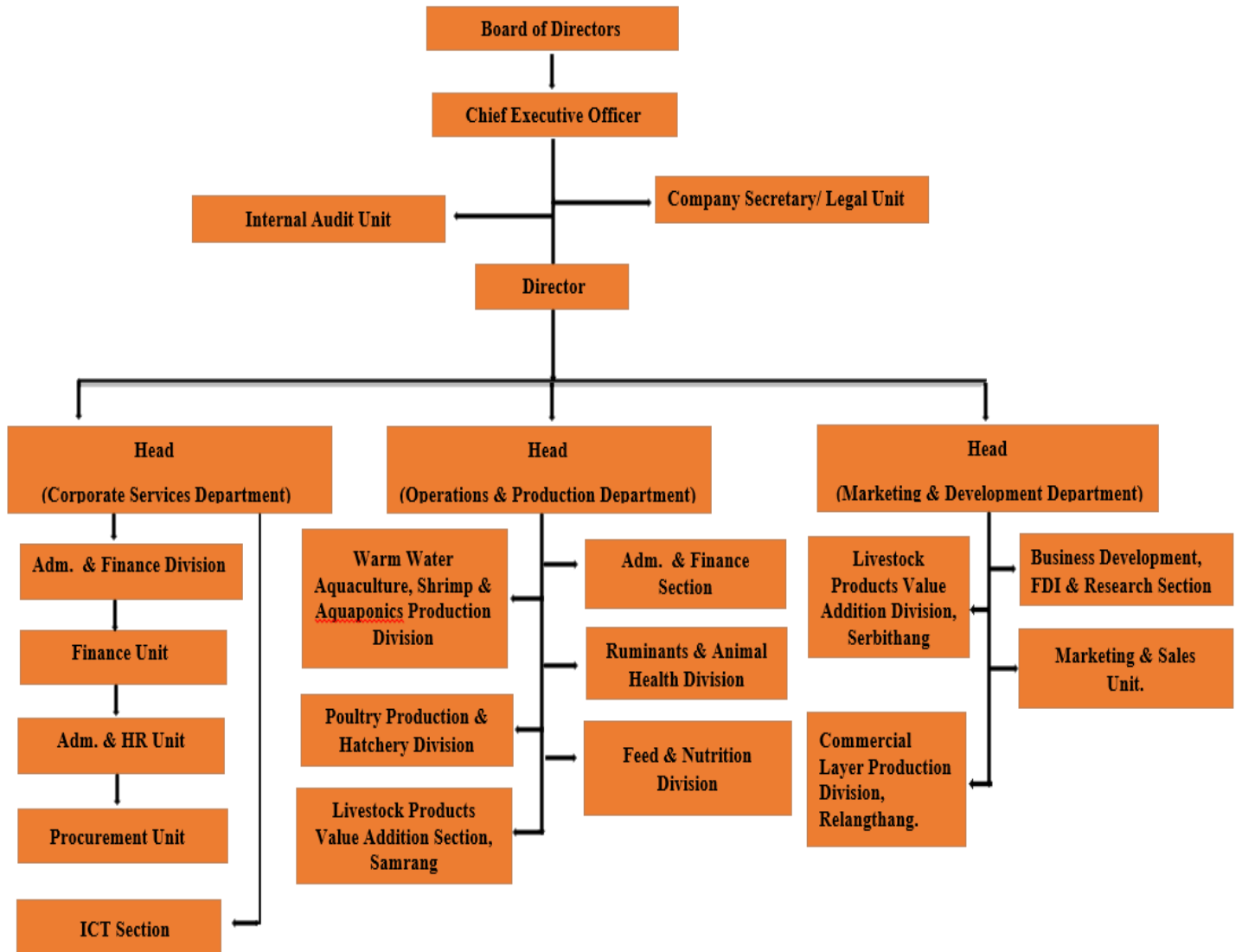


**Mr. Jigme Wangchuk**

**Member Secretary**

Mr. Jigme Wangchuk is the Chief Executive Officer at BLDCL. He began his career in the Department of Livestock under Ministry of Agriculture and Forests as a Livestock Extension Officer. He served in various capacities under DoL such as Dzongkhag Livestock Officer, Project Director, Program Director, and Chief Livestock Production Officer. He received his Master's degree in Agricultural Production Chain Management from Larenstein University, Deventer, The Netherlands and has Bachelor's degree in Animal Science from University of Reading, Berkshire, United Kingdom.

# ORGANIZATIONAL STRUCTURE OF BLDCL



<b>Corporate Head Office, Taba, Thimphu</b>		
1	Chief Executive Officer	Mr. Jigme Wangchuk
2	Director	Mr. Sithar Dorji
3	Dy. Chief Finance Officer	Mr. Suraj Ghalley
4	Head, HR/ADM & Procurement	Mr. Singay Dawa
<b>Farm Stores, Thimphu</b>		
1	Asst. Manager	Mr. Kinzang Tshering
<b>Livestock Value Addition Division, Serbithang Thimphu</b>		
1	Asst. General Manager	Mr. Dal Bdr. Mishra
<b>Operation and Production Department, Samrang Samdrup Jongkhar</b>		
1	Offtg. Head, Operation and Production Department	Mr. Tshewang Penjor
2	Asst. General Manager (Feed and Nutrition)	Mr. Dal Bdr.
3	Asst. General Manager (Poultry)	Mr. Dorji Khandu
4	Manager	Mr. Ganga Ram Kharel
<b>Commercial Layer Production Division, Relangthang, Sarpang</b>		
1	Asst. General Manager	Mr. Duptho Tshewang

It is my pleasure to present to you, on behalf of the board of directors and the management and staff of Bhutan Livestock Development Corporation Limited- the Annual Report for the financial year 2020.

I am pleased to report that despite an unusual year of COVID-19 pandemic, BLDCL has continued to work hard and has performed remarkably well this year, in aspects of both financial and non-financial performance.

To put on record, during the year BLDCL also shouldered a huge responsibility of aggregating and distributing livestock products during the two nationwide lock downs. BLDCL has also been an active stakeholder in Economic Contingency Plan (ECP) and Schools and Hospitals Feeding Program (SHFP) since its commencement.

**Following are some of the internal process, operational and financial highlights of 2020.**

## **1. Endorsed and Implemented SOPs**

Endorsed and implemented Standard Operating Procedures (SOP) for the operation and management of farms, plants and units which were drafted in 2019. In order to ensure quality of operation and management across all units and farms, the detailed SOPs provides a standard working tool of documented steps and process that can be used to ensure increase productivity and reduce the risk of errors.

As such, eight SOPs were endorsed; General livestock farm biosecurity, Operation and Management of dairy farm, Operation and Management of warm water aquaculture farm, Operation and Management of poultry layer and broiler farms, Operation and Management of goat farm, Pasture Development and Silage production, Operation and Management of livestock value addition plant and Operation and Management of Farm Stores Outlets.

## **2. Endorsed and Implemented Guidelines**

The Company was also able to endorse and implement four guidelines which were drafted in 2019. To ensure uniform application of operational and management procedure across company's offices, production farms, processing and value addition plant and sales unit, BLDCL developed and implemented guidelines such as Write-off Guidelines, Auction Guidelines, Operational Level Staffing Standard & Guideline and Guidelines to the Delegation of Financial Powers 2020.

The Guidelines were developed in close reference to Bhutanese Accounting Standards (BAS), Financial Management Manual 2016 and Property Management Manual 2016 of the Royal Government of Bhutan.

Implementation of these guidelines have helped draw clarity, transparency, responsibility and accountability while performing duties at various level.

### 3. Launch of Company's website

BLDCL formally launched its website on August 3<sup>rd</sup> 2020, coinciding with its 3<sup>rd</sup> foundation day. The launch was graced by the Chairperson of the Board. A short video clip about the company was also presented during the launch.

### 4. Human Resource

- i. **Total employees:** As of December 2020, BLDCL had a total number of 148 employees.
- ii. **Recruitment:** During the year 2020, BLDCL recruited total of 45 employees, out of which the majority were Farm Assistants and Food Handlers recruited in Operation and Production Department Samrang, Samdrupjongkhar, Commercial Layer Production Division Relangthang, Sarpang and at Livestock Product Value Addition Division, Serbithang.
- iii. **Resignation:** During the year total of 4 employees left the corporation.

### 5. Action Learning workshop on coaching skills

As outbreak of COVID-19 pandemic restricted conducting trainings or workshops both in and ex country, the management could not hold any training or workshop, except for one in the beginning of the year. A total of twenty four (24) staff from head office, Farm Stores and Livestock Product Value Addition Division (LPVAD) attended a two day (29<sup>th</sup> January- 30<sup>th</sup> January) action learning workshop on coaching skills from resource person Mrs. Sonam Choden, Vice Principal, Babesa Primary School, Thimphu.

### 6. Additional Stores/ Outlets

In addition to four existing outlets in Thimphu, the company opened one in Babesa and started fully operationalizing the outlet taken over in 2019 in Babesa. The company also signed a franchise agreement with a private entrepreneur in Gelephu to sell BLDC's value added livestock products.

### 7. Celebration of 3<sup>rd</sup> Foundation Day

The company celebrated its foundation day on August 3<sup>rd</sup> 2020. The celebration was first of its kind since three years of its commencement. The hon'ble Sanam Lyonpo, Minister of Agriculture and Forests (MoAF)

Graced the occasion along with presence of Board of Directors, few representative officers from the Ministry of Finance (MoF) and its portfolio ministry the Ministry of Agriculture and Forests (MoAF).

## **8. Activities under Economic Contingency Plan and Schools and Hospital Feeding Program (2019-2020)**

- i. BLDCCL held discussion in 6 dzongkhags (Sarpang, Samtse, Dagana, Tsirang, Chhukha and Samdrup Jongkhar on strengthening livestock productions.
- ii. Introduced cost-recovery mechanism to support feed and livestock inputs (piglets and DOCs) to interested farmers.
- iii. Signed MoU with Dzongkhag Livestock Sectors of Punakha, Samtse, Dagana, Tsirang and Sarpang to strengthen the domestic livestock production.
- iv. Attended school linking meeting coordinated by DAMC and signed agreement with 155 schools (6 eastern Dzongkhags, Trongsa, Haa, Dagana and Tsirang). Supply of livestock products to all schools were impeded due to closure of schools owing to COVID-19 pandemic.
- v. BLDCCL signed agreements with Sarpang Broiler and Piggery Cooperative, Gomtu Broiler Group, Samtse Broiler Group and individual farmers.
- vi. Supplied livestock products to; 7 schools in Haa, 3 schools in Tashigang, 4 schools in Mongar, 4 schools in Lhuntse, 5 schools in Pemagatshel, 14 schools in Samdrupjongkhar and 3 schools in Tsirang.
- vii. Supplied 4269 kg of beef, 4013 kg chicken, 527 kg of fish, 973 kg of pork, 7985 cups of yogurt, 221 cartons of eggs, 30 kg of butter and 35 kg cheese (datshi) based on supply order furnished by FCBL.

## **9. Financial Performance Highlights**

The Company has made a profit of Nu. 5.490 million PBT (Profit Before Tax) as compared to the loss of Nu. 70.748 million for the same period last year. The increase in the financial performance this year is mainly due to budget grant received from the government to initiate Schools and Hospitals Feeding Program & Economic Contingency Plan, which functioned as working capital for the company. The other reason entails to two subsequent nationwide lockdown in the country imposed by the Government due to COVID-19, whereby the company was entrusted to distribute and market the livestock products thus positively contributed to BLDC's financial performance.

# DIRECTORS' REPORT

The Revenue from sales has increased by 197% amounting to Nu. 125 million from Nu. 42 million last year. Other incomes like hiring out excavator, house rent deduction and collection of tender fees contributed 0.5% to the gross revenue.

The overall increase in expenditure is 98.65% compared to last year's (2019) audited accounts mainly because of salary revision as per the notification of Ministry of Finance (MoF) in December 2019. Additionally it is also due to increase in aggregation of livestock products from the farmers for marketing and the supports (livestock inputs and feeds) provided to farmers to enhance livestock production.

## 9.1 Revenue and Expenditure

The total gross revenue of BLDC in 2020 was Nu. 233.787 million out of which, operation revenue has increased by 197%. The overall expenditure of the company in 2020 is Nu. 228.297 million which is huge lift of 97.92% compared to that of 2019 (Nu. 115 million). BLDC's profit before tax in 2020 is Nu. 5.490 million which is equivalent to Nu. 1.16 in the earning per share.

The Table below illustrates the company's portfolio with its revenue share:

Sl. No.	Division/Unit	Revenue (Nu.)	Contribution to Revenue (%)
1	BLDC Outlets	95.457 million	76.19
2	OPD Samrang	24.611 million	19.64
3	CLPD Relangthang	0.380 million	0.30
4	LPVAD Serbithang	2.372 million	1.89
5	Other-Return from SHFP	2.468 million	1.97

## 10. Statutory Audit Report

The statutory audit for the year ended 31<sup>st</sup> December 2020 was carried out by B.M Chatrath & Co. LLP from Kolkata India. However, owing to the current situation of COVID-19 pandemic around the globe, statutory audit for 2020 was done virtually as per the Royal Audit Authority (RAA) advice. The firm audited the accounts from 25<sup>th</sup> February to 24<sup>th</sup> March 2021 keeping in line with the auditing standard prescribed by the Accounting and Auditing Standard Board of Bhutan and relevant provisions of the Companies Act of Bhutan 2016.

## Corporate Social Responsibility

As 2020 was an unusual and challenging year for every business sectors, the Company could not implement any activities as part of Corporate Social Responsibility (CSR). However, during the first nationwide lockdown, the management donated about 123 kg of cheese to the Desuung mess kitchen in various location in Thimphu. The management also donated 135 packets of frozen chicken to Jangsa Animal, dog shelter and 35.5 kg of chicken to another dog feeding center in Thimphu. The Company hopes to plan and carry out more such social activities in the coming years.

## Challenges and the Way Forward

Although the financial situation of BLDC started to get better towards the end of 2019 upon receiving government grants for the Schools and Hospitals Feeding Program (SHFP) and Economic Contingency Plan (ECP), the Company confronted yet numerous challenges in 2020 mainly resulting from COVID-19 and its consequences.

### 1<sup>st</sup> Nationwide lockdown

The first nationwide lockdown in Bhutan commenced from 11<sup>th</sup> August and was lifted on 3<sup>rd</sup> September 2020. The Department of Livestock, MoAF and Bhutan Livestock Development Corporation were tasked to source and deliver livestock products. The products were butter, cheese, eggs and meat from various Dzongkhags for consumers in urban centers. While arrangements were made for delivering these goods in Thimphu and Phuntsholing Thromdes, urban settlements/towns in other Dzongkhags were taken care by the Dzongkhag livestock sector staff.

Although enough products were supplied from all the Dzongkhags and same was tried to reach out to the consumers in Thimphu. BLDC suffered huge spoilage of chicken amounting to 14,810 kgs, 3902 cheese/ datshi balls and 32 cartons of eggs. The spoilage of chicken resulted owing to the fact that broiler farmers were not able to get ice, which prior to lockdown used to be imported and unable to gather enough people to process chicken quickly enough in absence of technology like de-feathering machines and blast freezers which could have helped cool the temperature of chicken carcasses at once. Condition of meat worsened upon reaching Thimphu for delivery due to lack of enough specialized vehicles (freezer vans) to transport meat and shortage of cold store facilities. Dairy product like cheese began to rot due to over stocking, with huge stocks received from the Dzongkhags, due to lack of enough cold store facilities and post-harvest

# DIRECTORS' REPORT

technology. However, the management tried to send as much cheese stock to the National Post-Harvest Center (NPHC) in Paro for drying, so that the company is able to minimize the loss.

The details of livestock products sourced from 17 different dzongkhags is tabulated below:

Dzongkhags/ Source	Cheese (Balls)	Butter (Kgs)	Beef (Kgs)	Chicken (Kgs)	Eggs (Cartons)	Honey (Nos.)	Paneer (Kgs.)	Tengma (Kgs.)	Pears (Kgs)	Chugo	Trout Fish (kg)
	Received	Received	Received	Received	Received	Received	Received	Received	Received	Received	Received
Bumthang	12691	1723								220	
Dagana	2568	122		3309.7	53						
Gasa	2123	134.81									
Haa	33901	1891			11						324
Lhuentse											
Monggar	4076	507						3489	1457		
Paro	10690	408									
Pemagatshel	5544	439									
S/ Jongkhar					709						
Samtse	12825	582		2541	554						
Sarpang	1056	15		10600	3937		7.5				
Thimphu		49	5680	1176							
Trashigang					192						
Trongsa	7520	449									
Tsirang	13260	177		9782.5	1485						
Wangdue Phodrang	26165	1551				184					
Zhemgang					50						
<b>Total</b>	<b>132419</b>	<b>8048</b>	<b>5680</b>	<b>27409</b>	<b>6991</b>	<b>184</b>	<b>8</b>	<b>3489</b>	<b>1457</b>	<b>220</b>	<b>324</b>
<b>Spoiled</b>	<b>3902</b>	<b>0</b>	<b>35</b>	<b>14810</b>	<b>32</b>	<b>0</b>	<b>4</b>	<b>7</b>	<b>424</b>	<b>0</b>	<b>0</b>

## 2<sup>nd</sup> Nationwide Lockdown

The Company was also involved in second nationwide lockdown which lasted for 41 days (20<sup>th</sup> December 2020 till 31<sup>st</sup> January 2021). Drawing lessons and experiences from the first lockdown, the management was able to function at much ease.

# DIRECTORS' REPORT

Although the company continued to struggle with absence and shortages of cold store facilities and post-harvest technology, the experience was not severe unlike the first lockdown as this time BLDCL was tasked to deliver livestock and dairy products to the shops identified by the Thimthrom in various zones and to replenish the stocks based on their demand. As there were community transmission of COVID-19, individual staff and vehicle was identified for each zone to deliver the products. BLDCL and DoL tried the best to meet the demands and requirements of the consumers as well as take in as many products as possible from the Dzongkhags until the lockdown was lifted and all business were allowed to operate.

BLDCL has taken these issue as a lesson to guide for way forward and in general to prepare for such unprecedented times in future. As such, BLDC as a commercial arm of DoL, felt dire need to set up ice plants in strategic locations, procure de-feathering machines, install blast freezers. There is also an urgent need for cold storage for meat at strategic locations and enough specialized vehicles for transportation of meat and dairy products. The management also felt it important to invest in trainings pertaining to post-harvest and other livestock technical trainings. It was also deemed important for the government to relax government procurement rules to allow direct purchase and installation of these facilities, as adhering to normal procedures during 'new normal' situation is time consuming and not be able to cater to the needs on time.

The details of products received from 10 Dzongkhags and sold are as tabulated below:

Dzongkhags / Source	Cheese (kgs)	Soft Cheese (kg)	Butter (Kgs)	Chicken (Kgs)	Eggs (Cartons)	Pork - Imported (kgs)	Beef- (Kgs)	Trout Fish (kgs)	Fish- Imported (kgs)	Yoghurt (Cups)	Pickle	Bottle curd (btl)
	Received	Received	Received	Received	Received	Received	Received	Received	Received	Received	Received	Received
Bumthang	2094.64	314	813									
Chhukha	5920.80		2505.5	1594	93	5073.3	4000		4960			
Dagana				2676.20	156.00							
Haa	5746.39		3493.50		50.00			3440.95				
Paro	844.00		375.00									
Samtse	2889.00		1521.81	19888.20								
Sarpang	1322.50		507.00	7739.80	7102.00							
Thimphu				1008.00		3398.70	11834.50		1548.50	736.00	527.00	171.00
Tsirang	530.36		100.00		2825.00						5100.00	
Wangdue Phodrang	879.50		257.00									
<b>Total</b>	<b>20227.19</b>	<b>314.00</b>	<b>9572.81</b>	<b>32906.20</b>	<b>10226.00</b>	<b>8472.00</b>	<b>15834.50</b>	<b>3440.95</b>	<b>6508.50</b>	<b>736.00</b>	<b>5627.00</b>	<b>171.00</b>

## ACKNOWLEDGMENT

I would like to congratulate the Chief Executive Officer and employees of Bhutan Livestock Development Corporation for successfully carrying out entrusted responsibilities beyond their mandates during the unprecedented times of nationwide lockdowns. Despite an unusual year, the achievements have been commendable both in terms of financial performance and implementation of activities. With all the lessons and experiences the Company are enriched with, I am hopeful that the Company is equipped to overcome any challenges and flourish further.

On behalf of the Board of Directors and the management of BLDCL, I would like to express my gratitude to the Royal Government of Bhutan, Ministry of Finance, Ministry of Agriculture and Forests, Ministry of Labor and Human Resource, Office of the Registrar, Royal Audit Authority, Statutory auditors and all other valued agencies for their continued support in guiding BLDCL through the year.

Tashi Delek!

(Dr. Tashi Samdup)

**Chairman, BLDCL Board**

# CORPORATE GOVERNANCE REPORT

BLDCL has been able to adopt and implement good corporate and management practices with the support and guidance extended by the Office of the Registrar, Ministry of Finance, Ministry of Agriculture and Forests and Ministry of Labor and Human Resource. The BLDCL Board constitutes of four Board Directors including the Chief Executive Officer of BLDCL. The Board provides strategic guidance to the management and review the Company's performance. The Board has met for four times in 2020.

## 1. Board of Directors

Sl.no.	Name	Address	Date of appointment	Term
1	Dr. Tashi Samdup	Director General, BAFRA, Ministry of Agriculture and Forests	December 2016	First
2	Mr. Ugyen Penjore	Director General, DAMC, Ministry of Agriculture and Forests	December 2016	First
3	Mr. Phub Dorji	Chief Executive Officer, BDBL	December 2016	First
4	Mr. Jigme Wangchuk	Chief Executive Officer, BLDCL	1 <sup>st</sup> August 2020	Second

# CORPORATE GOVERNANCE REPORT

## 2. Board Meetings

Four Board Meetings were held in 2020.

The details of the Board attendance are as follows:

Board Meeting No.	Date	Members Present	Leave of Absence
15	6 <sup>th</sup> April 2020	<ol style="list-style-type: none"> <li>1. Dr. Tashi Samdup</li> <li>2. Mr. Ugyen Penjore</li> <li>3. Mr. Phub Dorji</li> <li>4. Mr. Jigme Wangchuk</li> </ol>	None
16	11 <sup>th</sup> May 2020	<ol style="list-style-type: none"> <li>1. Dr. Tashi Samdup</li> <li>2. Mr. Ugyen Penjore</li> <li>3. Mr. Phub Dorji</li> <li>4. Mr. Jigme Wangchuk</li> </ol>	None
17	26 <sup>th</sup> June 2020	<ol style="list-style-type: none"> <li>1. Dr. Tashi Samdup</li> <li>2. Mr. Ugyen Penjore</li> <li>3. Mr. Phub Dorji</li> <li>4. Mr. Jigme Wangchuk</li> </ol>	None
18	18 <sup>th</sup> November 2020	<ol style="list-style-type: none"> <li>1. Dr. Tashi Samdup</li> <li>2. Mr. Ugyen Penjore</li> <li>3. Mr. Phub Dorji</li> <li>4. Mr. Jigme Wangchuk</li> </ol>	None



**Celebration of 3<sup>rd</sup> Foundation Day**



**Launch of company website**



**Discussion on SHFP with FCBL & DAMC**



**BLDC staff involved in distribution of livestock products during the two nationwide lockdowns**

# AUDITOR'S REPORT



འབྲུག་སྐོར་གོང་འཕེལ་ལས་འཛིན་ཚད།  
BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LTD  
Thimphu: Bhutan  
*"In pursuit of achieving livestock product self-sufficiency"*

**AUDITOR'S REPORT AND FINANCIAL STATEMENT**  
**FOR THE FINANCIAL YEAR 2020**  
**B M CHATRATH & CO LLP**  
**CHARTERED ACCOUNTANTS**  
**KOLKATA**

**BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED**

**Audit for the period covering 1<sup>st</sup> January, 2020 to 31<sup>st</sup> December, 2020**

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## **B M CHATRATH & CO LLP**

(FORMERLY B M CHATRATH & CO.)

CHARTERED ACCOUNTANTS

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### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF BHUTAN LIVESTOCK DEVELOPMENT**

#### **CORPORATION LIMITED**

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying standalone financial statements of **Bhutan Livestock Development Corporation Limited** ("the Company"), which comprise the statement of financial position as at December 31, 2020, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to the following matter in the notes to the financial statements:

- (i) Note No 31 (x) wherein the company has a proposal to write off certain fixed assets received from Department of Livestock (DoL), Ministry of Agriculture and Forests (MoAF), in the form of equity. However, due to pendency of approval for proposed write off, from Ministry of Finance (MoF), the ultimate equity share holder of the company, such write off cannot be materialized in the current financial year. Further, no depreciation was recognized on such assets in the financial year also.

Our opinion is not modified in respect of this matter.

#### **Other Matter**

Due to the outbreak of COVID-19 pandemic that caused worldwide lockdown and other travel



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## **B M CHATRATH & CO LLP**

(FORMERLY B M CHATRATH & CO.)  
CHARTERED ACCOUNTANTS  
LLPIN: AAJ-0682

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restrictions imposed by the Governments/ Local administration during the period of our audit, we could not travel to the Farmhouses/ Outlets/ Corporate Offices of the Company and carry out the audit processes physically. The audit respective offices were conducted based on necessary documents/ information made available to us by the company through Digital Medium. We were also unable to attend the physical verification of the inventory conducted by the management as at year end. However we put our reliance on management certification of inventory balances as on 31.12.2020.

Our opinion is not modified in respect of this matter.

### **Responsibilities of Management's and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- 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 the override of internal control.

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- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of Accounting estimates and related disclosures made by management
- 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 auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a Going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 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 (the Minimum Audit Examination and Reporting Requirements), we enclose in the Annexure-I a Statement on the matters specified therein to the extent applicable.

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

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

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b) In our Opinion proper Books of Account as required by law have been kept by the Company so far as it appears from our examination of the books.

c) The Statement of Financial Position, the statement of Comprehensive Income, the statement of changes in equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with Bhutanese Accounting Standards and are in agreement with the books of account.

d) In our opinion, the Company has complied with all relevant laws and regulatory requirements to the extent applicable.

The engagement partner on the audit resulting in this independent auditor's report is Priya Agarwal.



**For B M Chatrath & Co LLP**  
(Chartered Accountants)

Firm Registration No.301011E/ E300025

PRIYA  
AGARWAL

Digitally signed by  
PRIYA AGARWAL  
Date: 2021.06.17  
11:39:51 +05'30'

**Priya Agarwal**

(Partner)

Membership No. 303874

UDIN - 21303874AAAACB2577

Date: 17.06.2021

Place: Kolkata

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## Annexure - I

### **BHUTAN LIVE STOCK DEVELOPMENT CORPORATION LIMITED**

### **MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS**

#### **General:**

- a) The Company under audit adheres to the Corporate Governance Guidelines and Regulations as applicable to them.
- b) The governing board/authority generally pursue a prudent and sound financial management practice in managing the affairs of the company except the observations reported in our Management Audit Report.
- c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB) except mentioned in our Audit Report.
- 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 Company has fulfilled all its mandatory obligations -social or otherwise entrusted to it.
- g) As required by BAS-12, Deferred Tax Asset on carry forward of unused tax losses have not been recognized as there is no reasonable certainty that sufficient future taxable profit will be available against which the un used tax losses will be realized.

#### **In the case of a manufacturing, mining or processing company**

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets and but *no physical verification has been conducted for the year.*

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2. None of the fixed asset has been revalued during the year ended on 31st December, 2020.
3. Physical verification was conducted at reasonable intervals in respect of finished goods, stores, spares parts and raw materials.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stocks as compared to the book records.
6. We test checked and observed that the company has a reasonable system of recording receipts and issues of materials and stores and there was a reasonable system of recording of 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 was carried out at the end of accounting year by the Company in respect of all major items of inventories i.e. finished goods and raw materials.
8. *The Company has not determined the obsolete, damaged, slow moving and surplus goods/inventories. And hence no provisions were made for the year ending as on 31st December, 2020.*
9. No obsolete inventories were disposed off except for the disposal off Scrap/Spent Birds and proceeds from such disposals were accounted by the Head Office on the basis of cash deposit made by the respective units into the bank.
10. The Company has not written off any amount due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares during the period of our audit.
11. The valuation on of stock is in accordance with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB). And the basis of valuation of stocks is same as it was in the preceding year.
12. The rate of interest and other terms and conditions of secured loan taken by the

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company are prima facie not prejudicial to the interest of the company.

13. The clause 13 is not applicable to the Company as the Company has not given any loans to other parties during the period of our audit.
14. The loans/advances granted to officers/staff are in conformity with the provisions of the service rules and no excessive/frequent advances are granted and accumulation of large advance 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. The Company has a reasonable system of authorization at proper levels, and has an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of materials and labour to jobs.
17. There is a reasonable system of competitive biddings/quotations from the party in respect of purchase of goods and services including inventory, raw materials, plant and machinery equipment and other assets and for the sale of goods and services which is commensurate with the size of the company and the nature of its business.
18. (a) According to information and explanations given to us, there was no transaction 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.  
  
(b) According to information and explanations given to us, there was no transaction 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.
19. The expenses charged to the company accounts represent legitimate business expenses and no personal expenses are charged to the company.

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20. There were no unserviceable or damaged store, raw materials or finished goods has been determined, and hence no provision for loss has been made in the accounts.
21. *There is no 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. so that responsibility could be fixed and compensation sought from those responsible.*
22. The company is maintaining reasonable records for production of finished goods and by- products and there are adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company.
23. As informed to us, the different units of the company are maintaining reasonable records for sales and disposal of realizable by-products and scraps where applicable.
24. The company is generally regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authority The requirement for making provision for corporate tax is not required for the current year as the company had incurred loss.
25. There was no undisputed amount payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions as on the last day of the financial year concerned.
26. The company has a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size and nature of its business.
27. Remove.
28. The price fixation policy is reasonable by taking into account the cost of production and market conditions.
29. The Company has written credit sales policy but no credit rating of customers is required.
30. As informed to us, no sale was done through commission agent; hence the clause 30 is not applicable for the Company.

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31. According to information and explanations given to us, there is a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. No age-wise analysis of outstanding debtor balances is required as there is no unrecovered debtors outstanding balances lying for more than a year.
32. We observed that the management of liquid resources particularly cash/bank and short term deposits etc. are adequate and no excessive amount was 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. On the basis of examination of books and records on test check basis, the activities carried out by the Company in our opinion 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 taking approval from the Ministry.
35. The Company has established an effective budgetary control system.
36. The Company is not a manufacturing company. Therefore, clause 36 is not applicable.
37. The details of managerial remuneration have been disclosed in the Notes to the Accounts.
38. According to the information and explanations given to us, the directives of the Board have been complied with.
39. The officials of the Company have not transmitted any price sensitive information, which is not made publicly available to their relatives/ friends/associates, or close persons, which would directly or indirectly benefit themselves.
40. The Company is maintaining proper records for inter unit transactions/services.
41. According to the information and explanations given to us, proper agreements are executed and that the terms and conditions of leases are reasonable and beneficial to the Company.

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### **In the case of a Trading Company**

1. According to the information and explanations given to us, the sourcing of products for retailing has been done rightly from manufacturers and authorized dealer s at most advantageous terms and prices.
2. The Company has appropriate system to determine inventory levels to avoid stock-out and overstocking situations.

Other Clauses relating Finance and Investments Companies and Other Service Sector Companies are not relevant to the Company and have therefore not being commented upon.

### **Computerized Accounting Environment**

1. In our opinion and according to the information and explanations given to us, the organizational and system development controls and other internal controls are adequate to the size and nature of computer installations.
2. We have been informed and verified that adequate safeguard measures and backup facilities exist within the organization.
3. We have been informed that the Company has back up facilities and disaster recovery measures including keeping fi les maintained with third party NANO at ICT Park, Serbithang.
4. The operational controls are adequate to ensure correctness and validity of input data and output information.
5. We have been informed and verified that the measures adopted by the Company to prevent unauthorized access over the computer installation and files are adequate.
6. There was no change over to new system, so question of data migration to new system doesn't arises.



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### **Facts to be stated for unfavorable/qualified answers:**

1. *In relation to Clause 1 applicable to manufacturing, mining or processing company. No physical verification of Property, plant & equipment has been conducted for the year.*
2. *In relation to Clause 8 applicable to manufacturing, mining or processing company. The Company has not determined the obsolete, damaged, slow moving and surplus goods.*
3. *In relation to Clause 21 applicable to manufacturing, mining or processing company. There is no 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.*

### **Other requirements:**

#### **1. Going concern problems**

Based on the Company's financial statements for the year ended on 31st December, 2020 audited by us, the Company has booked profit in the current financial year as compared to the loss incurred in immediate past two years. On reviewing the Management's future plans and also discussing with them in relation with the same of the entity's ability to continue as going concern; the entity's continuity as going concern can be substantiated.

#### **2. Ratio Analysis**

Financial and Operational ratios in respect of the Company are given in the statement of Ratio Analysis.

#### **3. Compliance with the Companies Act of Bhutan 2016**

The Company has complied with the requirement of The Companies Act of Bhutan, 2016. Our Observations in detail have been furnished separately in "COMPLIANCE CHECKLIST".

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

Audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and reviews of the financial statements as produced to us by the management. In the course of audit, we have considered the compliance of provision of the said

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## BM CHATRATH & COLLP

(FORMERLY B M CHATRATH & CO.)  
CHARTERED ACCOUNTANTS  
LLPIN: AAJ-0682

REGD. OFFICE: CENTRE POINT, 4<sup>th</sup> Floor, Suite No.-440,  
21, Hemanta Basu Sarani, Kolkata-700001  
TEL: 2248-4575/4667/6810/6798, 2210-1385  
E-mail: bmccal@bmchatrath.in  
Web: www.bmchatrath.com

Companies Act and the Company's Article of Incorporation. According to the information and explanations given to us and in our opinion, there exists a mechanism to ensure the company's adherence to the applicable laws, rules and regulations, systems, procedures and practices as are applicable to the company operating in Bhutan.

**For B M Chatrath & Co LLP**  
(Chartered Accountants)

Firm Registration No. 301011E/E300025

PRIYA  
AGARWAL

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**Priya Agarwal**

(Partner)

Membership No. 303874

UDIN - 21303874AAAACB2577

Date: 17.06.2021

Place: Kolkata



Noida :- D-26, 2<sup>nd</sup> Floor, Sector -3, Noida – 201301 (Uttar Pradesh) India, Tel:- 0120-4593360, 0120-4593361

Delhi :- Flat No. 10, 45 Friends Colony East, New Delhi – 110065

Mumbai :- A/ 9, Sai Prasad, 2<sup>nd</sup> Floor, Rajshree Shahu Mahar aj Cross Road, (Telly Gulley Cross Road), Andheri East, Mumbai – 400069

Hyderabad :- H No. 8-2-618 /2/2, Flat No. – 1B, 1<sup>st</sup> Floor, R.K.Residency, Road No.11, Hyderabad-500033, Ph: 040-2683 2464

Jaipur :- B-269, Janta Colony, Jaipur – 302004 Tel. No. 0141-2601727

**Bhutan Livestock Development Corporation Limited**

**Statement of Financial Position as at 31 December, 2020**

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	357,336,509	369,490,763
Intangible assets	3	58,723	73,404
Capital Work in Progress	4	3,289,692	2,225,274
Biological Asset	5	24,586,572	18,872,889
Long-term loans & advances	6	592,597	420,946
<b>Total non-current assets</b>		<b>385,864,093</b>	<b>391,083,276</b>
<b>Current assets</b>			
Inventories	7	20,206,636	5,378,001
Trade & other receivables	8	34,137	971,632
Short-term loans & advances	9	17,350,296	639,961
Cash and cash equivalents	10	216,615,527	596,959
Other Current Assets	11	800,000	916,665
<b>Total current assets</b>		<b>255,006,596</b>	<b>8,503,218</b>
<b>Total Assets</b>		<b>640,870,689</b>	<b>399,586,494</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	12	473,900,711	473,845,974
Retained earnings		(121,303,960)	(126,743,900)
<b>Total equity</b>		<b>352,596,751</b>	<b>347,102,075</b>
<b>Non-current liabilities</b>			
Deferred Government Grants	13	238,224,601	11,874,395
Long term Employee Benefits	14	4,473,996	3,267,774
<b>Total non-current liabilities</b>		<b>242,698,597</b>	<b>15,142,169</b>
<b>Current liabilities</b>			
Trade & other payables	15	16,799,821	13,802,323
Short term Employee Benefits	16	8,000,497	2,333,341
Short term Borrowings	17	20,775,023	21,206,586
<b>Total current liabilities</b>		<b>45,575,341</b>	<b>37,342,250</b>
<b>Total Equity and Liabilities</b>		<b>640,870,689</b>	<b>399,586,494</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

As per our report of even date attached

For BM Chatrath & Co LLP

(Chartered Accountants)

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Priya Agarwal  
(Partner)

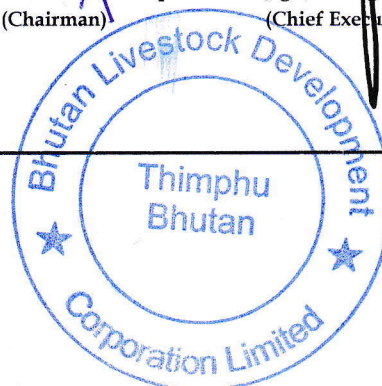
Membership No. 303874

Date: 21st May 2021

Place: Thimphu

Dr. Tashi Samdup  
(Chairman)

Jigme Wangchuk  
(Chief Executive Officer)



**Bhutan Livestock Development Corporation Limited**

**Statement of Comprehensive Income for the year ended December 31, 2020**

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Revenue</b>			
<b>Revenue from Operations</b>			
Sale of Product	18	125,566,719	42,267,550
<b>Other Income</b>			
Scrap sale/sale of Spent birds	19	288,130	979,810
Fair Value gain on Biological asset	5	5,713,682	-
Others	20	1,232,956	1,352,597
Government Grants & Budget	13	100,986,459	-
<b>Total Revenue</b>	A	<b>233,787,946</b>	<b>44,599,958</b>
<b>Expenditure</b>			
Employee benefits expense	21	48,614,680	26,933,592
Administration Expenses	22	13,795,237	10,326,835
Finance Charges	23	828,344	351,201
Marketing Expenses	24	94,430	62,240
Office Expenses	25	1,403,089	1,330,193
Maintenance & Operation	26	4,841,569	1,158,389
Animal Development Cost	27	42,727,579	28,276,979
Value Additional Cost	28	87,723,276	11,984,310
Depreciation and Amortisation Expenses	2 & 3	28,269,025	32,220,620
Fair Value loss on Biological asset	5	-	2,703,734
<b>Total Expenditure</b>	B	<b>228,297,229</b>	<b>115,348,092</b>
<b>Profit/(Loss) before tax</b>	C=(A-B)	<b>5,490,717</b>	<b>(70,748,135)</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Income Tax		-	-
<b>Profit/ (Loss) for the Period</b>		<b>5,490,717</b>	<b>(70,748,135)</b>
<b>Other comprehensive income/(loss)</b>			
Actuarial Gain/(Loss) on Post Employee Benefits	29	(50,777)	(766,423)
Tax on Other Comprehensive Income		-	-
<b>Total comprehensive Income/ (Loss) for the year</b>		<b>5,439,940</b>	<b>(71,514,558)</b>
<b>Earnings per Share</b>	30	1.16	(15.08)

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

As per our report of even date attached  
For BM Chatrath & Co LLP  
(Chartered Accountants)

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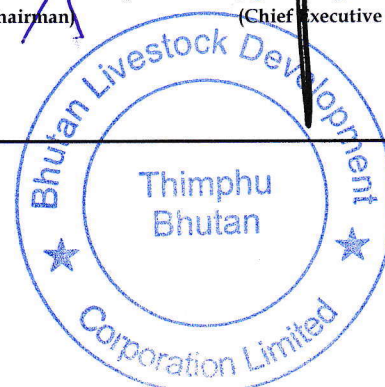


Priya Agarwal  
(Partner)  
Membership No. 303874

Dr. Tashi Samdup  
(Chairman)

Jigme Wangchuk  
(Chief Executive Officer)

Date: 21st May 2021  
Place: Thimphu



Bhutan Livestock Development Corporation Limited

Statement of Cash Flow for the year ended December 31, 2020

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

PARTICULARS	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Cash Flow from Operating Activities</b>		
Profit & (Loss) before tax	5,490,717	(70,748,135)
Add: Depreciation	28,269,025	32,220,620
Add: Fair Value Gain/(loss) of Biological asset	(5,713,682)	2,703,734
Add: Write off of Fixed Assets	464,292	-
Add: Finance Cost	828,344	351,201
<b>Operating Profit before working Capital Changes</b>	<b>29,338,696</b>	<b>(35,472,580)</b>
Changes in Working Capital		
(Increase)/ Decrease in Inventories, loans & advance and trade and other receivables	(30,656,462)	(3,429,660)
Increase/ (Decrease) in Trade & other payables and other liabilities	236,225,041	7,122,683
	205,568,580	3,693,023
<b>Net Cash Flow from Operating Activities</b> A	<b>234,907,275</b>	<b>(31,779,557)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, plant and equipment and Intangible Assets (net)	(16,564,382)	(6,247,758)
Increase in Capital Work in Progress	(1,064,418)	996,601
<b>Net Cash Flows from Investing Activities</b> B	<b>(17,628,799)</b>	<b>(5,251,158)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from equity shares (net)		15,000,000
Payment of short term borrowings	(431,564)	21,206,586
Finance cost paid	(828,344)	(351,201)
<b>Net Cash Flows from Financing Activities</b> C	<b>(1,259,908)</b>	<b>35,855,385</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b> A+B+C	<b>216,018,568</b>	<b>(1,175,329)</b>
<b>Add: Opening Cash &amp; Cash Equivalents</b>	<b>596,959</b>	<b>1,772,289</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>216,615,528</b>	<b>596,959</b>
<b>Note to Cash flow statement :</b>		
<b>Components of Cash &amp; Cash Equivalents are as under:</b>		
Cash & cash equivalents		
- Cash in Hand	3,451,338	64,981
- Cheques in Hand	54,770	-
- Balance with Banks	213,109,419	531,978
	<b>216,615,527</b>	<b>596,959</b>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes .

As per our report of even date attached  
For BM Chatrath & Co LLP  
(Chartered Accountants)

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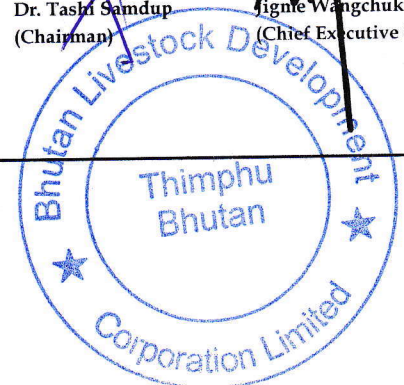


Priya Agarwal  
(Partner)  
Membership No. 303874

Date: 21st May 2021  
Place: Thimphu

Dr. Tashi Samdup  
(Chairman)

Signe Wangchuk  
(Chief Executive Officer)



**Bhutan Livestock Development Corporation Limited**  
**Statement of Changes in Equity as on December 31, 2020**

(All amounts are in Bhutanese Ngultrum ('Nu. ') unless stated otherwise)

Particulars	Share Capital			Stock Holders' Equity	Retained Earnings	Total
	No. of Shares (In Nos.)	Par Value Per Share				
Opening Balance as on 1st January 2020	4,738,460	100		473,845,974	(126,743,900)	347,102,075
Add: Shares issued during the year	547	100		54,737	-	54,737
Add: Profit/ (Loss) for the period from 01.01.2020 to 31.12.2020					5,490,717	5,490,717
Add: Other Comprehensive Income/Loss					(50,777)	(50,777)
<b>Closing Balance as on 31st December 2020</b>	<b>4,739,007</b>	<b>100</b>		<b>473,900,711</b>	<b>(121,303,960)</b>	<b>352,596,751</b>

Note: 1. Equity Injection receipt during the year was in kind, therefore, 547 nos of share is issued @ face value of Nu. 100 each

2. Equity share capital is subjected to changes after the approval of Ministry of Finance. For further details refer other notes

Particulars	Share Capital			Stock Holders' Equity	Retained Earnings	Total
	No. of Shares (In Nos.)	Par Value Per Share				
Opening Balance as on 1st January 2018	4,556,460	100		455,645,974	(55,229,341)	400,416,633
Add: Shares issued during the year	182,000	100		18,200,000	-	18,200,000
Add: Profit/ (Loss) for the period from 01.01.2019 to 31.12.2019					(70,748,135)	(70,748,135)
Add: Other Comprehensive Income/Loss					(766,423)	(766,423)
<b>Closing Balance as on 31st December 2019</b>	<b>4,738,460</b>	<b>100</b>		<b>473,845,974</b>	<b>(126,743,900)</b>	<b>347,102,075</b>

As per our report of even date attached

For **BM Chatrath & Co LLP**

(Chartered Accountants)

**PRIYA**

**AGARWAL**

**Priya Agarwal**

(Partner)

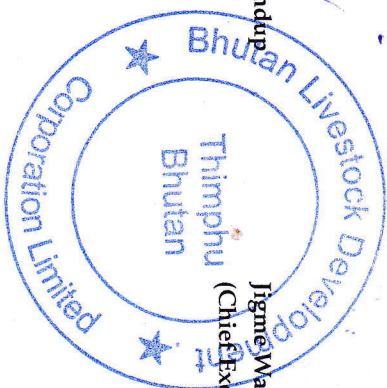
Membership No. 303874

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Date: 2021.06.17  
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**Dr. Tashi Samdup**  
(Chairman)

**Jigme Wangchuk**  
(Chief Executive Officer)



Date: 21st May 2021  
Place: Thimphu



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**  
*"Inspiring the growth of livestock entrepreneurs"*



## Notes forming part of the Financial Statements

### 1A. Background:

Bhutan Livestock Development Corporation Limited (the 'Company') was incorporated and registered under The Companies Act of Bhutan, 2016 on March 15, 2017 with limited liability of Nu. 1000 million of which 60% is owned by Ministry of Finance. The registered corporate head office is located at Taba, Thimphu with its production units at Samrang, Samdrup Jongkhar; Relangthang, Sarpang and Serbithang, Thimphu.

The main mandate of the company is to complement the developmental needs of the livestock sector in the country to enhance livestock production and achieve self-sufficiency in inputs and products through business principles and stratagem. Besides the production of livestock inputs, BLDCL will embark on value addition, internal marketing and export of products of the farmers and youth entrepreneurs through contract farming system.

### 1B. Adoption of Bhutanese Accounting Standard (BAS):

The Ministry of Finance (MoF), Royal Government of Bhutan embarked on the process of developing accounting standards to promote quality financial reporting system in the country, which is consistent with international practices. Pursuant to this, the Ministry of Economic Affairs (MoEA), Royal Government of Bhutan issued the Accounting Standard Rules for Companies in Bhutan, in 2012, notifying that companies in Bhutan shall implement Bhutanese Accounting Standards ('BAS') in three phases (I, II and III) with effect from January 1, 2013. As BAS has been aligned with the International Financial Reporting Standard (IFRS), all the financial statements adopted by the State Owned Enterprises and Listed Companies in Bhutan are prepared in compliance to BAS.

BLDCL has also adopted the BAS assimilating all relevant amendments and interpretations for its effective and efficient operations.

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**Website: <http://www.bhutanlivestock.bt>**



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**  
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## 1C. Significant Accounting Policies

### 1C.1 Basis of preparation

All the financial statements are prepared in accordance with the Bhutanese Accounting Standards (BAS), which is in compliance with the International Financial Reporting Standards (IFRS). It is issued by Auditing and Accounting Standard Board of Bhutan (AASBB) and all relevant provisions of the Companies Act of Bhutan, 2016 to the extent applicable to the Company are included on the accrual basis of accounting with the historical cost convention and growing concern basis except as stated otherwise in the financial statements.

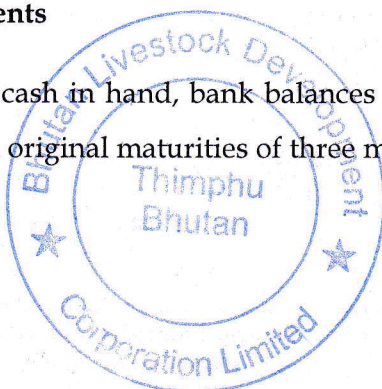
The preparation of financial statements, in conformity with BAS, requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenue and expenses during the reported period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed at each Statement of Financial Position date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

### 1C.2 Functional and presentation currency

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

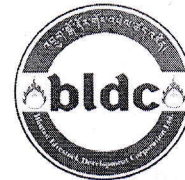
### 1C.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits and other short-term highly liquid investments with original maturities of three months or less.





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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**



**Thimphu: Bhutan**  
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#### 1C.4 Property, plant and equipment

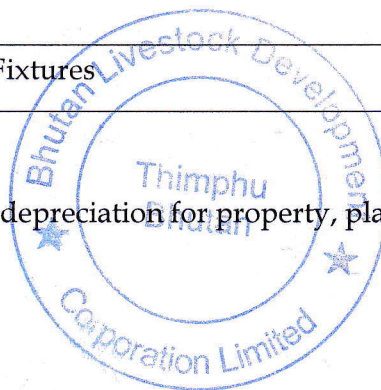
Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are

directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, 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. Repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets as per the evaluation performed by the Company as well as in reference to Ministry of Finance are as follows:

Buildings & Transformer	30 years
Semi-permanent buildings	10 years
Irrigation structures and facilities	7 years
Tools	2 years
Farm machinery and equipment	5 years
Computers & Office Equipment	5 years
Vehicles	15 years
Furniture and Fixtures	10 years

The cost and the accumulated depreciation for property, plant and equipment sold,





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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**



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scrapped, retired or otherwise disposed off are eliminated from the financial statements and the resulting gains and losses are included in the Statement of Comprehensive Income.

### 1C.5 Intangible assets

Intangible assets include computer software and licences with finite useful lives and are stated at cost of acquisition/implementation less accumulated amortisation. Amortisation is recognised on a straight line basis over the estimated useful life of 5 years as estimated by the Company. The useful life is reviewed at each Statement of Financial Position date and any change therein is treated as change in accounting estimates and dealt with prospectively.

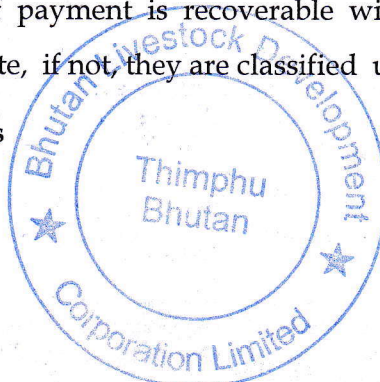
### 1C.6 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred all risks substantially and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### 1C.6.1 Trade and other receivables

Trade and other receivables are amounts due from customers and other parties in the ordinary course of business. Trade and other receivables are initially recognised at the sale/recoverable value and are assessed at each Statement of Financial Position date for uncollectability and necessary provision is made, if required. Trade and other receivables are classified under current assets if payment is recoverable within one year or less as at Statement of Financial Position date, if not, they are classified under non-current assets

#### 1C.6.2 Loans and advances



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**



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Loans and advances represent advances given to suppliers, contractors and others in the ordinary course of the business activities of the Company. Loan and advances are initially recognized at the value of cash advanced and are assessed at each Statement of Financial Position date for realisability and the provision is recognised when it is more likely that the Company will not be able to collect the same. Loans and advances are classified under current assets if payment is recoverable within one year or less as at Statement of Financial Position date, if not, they are classified under non-current assets.

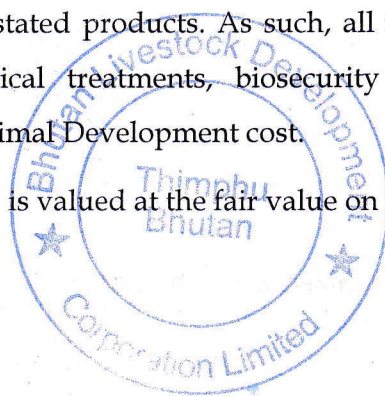
### 1C.6.3 Trade and other payables

Trade and other payables are obligations incurred by the Company towards purchase of live animal, animal feeds, fertilizers, chemicals and other goods and services that have been acquired / availed in the ordinary course of business. Trade payables are classified under current liabilities, if payment is due within 12 months as at Statement of Financial Position date, if not, they are classified under non-current liabilities.

### 1C.7 Biological Assets

BLDCL is a company engaged in integrated livestock farming. Its first and foremost mandate is production of quality inputs to be supplied to the farmers and livestock entrepreneurs in the country and act as an aggregator to market their products, with the end result of fully developed value chains. Secondly, some products will be produced by the company to complement their products in the market for consistency and price stabilization. This process requires the Company to procure parent stock animals periodically and maintain them in our respective farms for the above stated products. As such, all the costs involved for their daily maintenances like feeds, medical treatments, biosecurity aspects and unexpected costs pertaining to it are treated as Animal Development cost.

Currently, the 'Biological Assets' is valued at the fair value on existing animals based on the



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**Email: bldcl17@gmail.com**

**Website: <http://www.bhutanlivestock.bt>**



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**



*"Inspiring the growth of livestock entrepreneurs"*

animal species' present conditions/stages with the value worked out at cost less accumulated impairment losses, if any as on the reporting date.

The 'Biological Assets' is carried in the Statement of Financial Position to be amortized over the period of their production cycle on a systematic basis, through the valuation of actuarial gain or loss on the reporting date and accordingly will affect the statements.

### 1C.8 Inventories

Inventories consist of stores and spares held for farm operations and maintenance, construction material, agriculture products (products from live animals including live animals itself) and finished value added products and unsold goods in the farm stores.

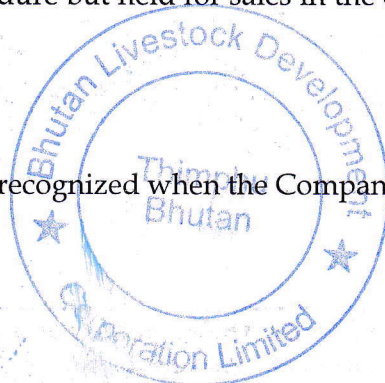
Inventories of stores and spares for farm operations and maintenance and construction material along with unsold goods at farm stores are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula and comprises cost of purchases and other incidental expenses incurred in its acquisition. Net realizable value is the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable value, a write down is recognized. The write down may be reversed in a subsequent period if the circumstances, which caused it no longer, exist.

The agriculture products are those harvested products from biological asset including live animals to be sold, valued at cost less accumulated impairment losses, if any, and the same is included in the 'Biological Assets'.

Inventories of Finished value added products are those finished items/goods which has completed the production procedure but held for sales in the ordinary course of business in the commencing financial period.

### 1C.9 Employee benefits

Employee benefits liabilities are recognized when the Company has a present obligation (legal





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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**



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or constructive) as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

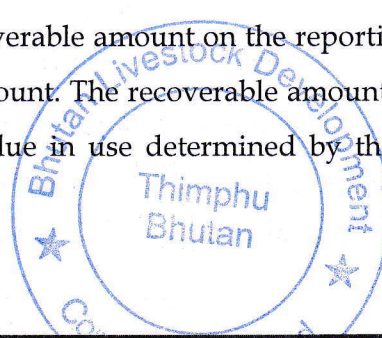
Liability towards Gratuity is considered as the defined benefit plan and is provided based on actuarial valuation as at the Statement of Financial Position date. The liability is discounted to present value applying the rate of the benchmark interest rate at the accounting date and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long-term basis. Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Earned Leave is en-cashable when employee accumulates more than 30 days but not more than 90 days of leave balance in succeeding year and as such considered as short term employee benefit and is recognized in the period during which services are rendered by the employees.

The benefits in the form of contribution to Provident Fund administered by National Provident and Pension Fund is considered a defined contribution plan and is charged to Statement of Comprehensive Income as and when they fall due.

#### 1C.10 Impairment of assets

The Company assesses at each Statement of Financial Position date whether there is any indication that property, plant, machinery, equipment and intangible assets may be impaired based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of asset/cash generating unit exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.



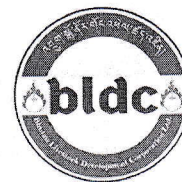
Post Box No. 2078, Namtog Lam, Khangkhulu, Thimphu: Bhutan, Tel: (+975) 2-365520, 2-365524

Email: [bldc17@gmail.com](mailto:bldc17@gmail.com)

Website: <http://www.bhutanlivestock.bt>



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**



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### 1C.11 Provisions and Contingent Liabilities

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

### 1C.12 Revenue

Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, to the extent that it is probable that the associated economic benefits will flow to the Company, and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

### 1C.13 Government Grants/ Assistance

Government Grants/ Assistance (Grant) are recognized at their fair value where there is a reasonable assurance that the Grant will be received and the Company will comply with the conditions attached to them.

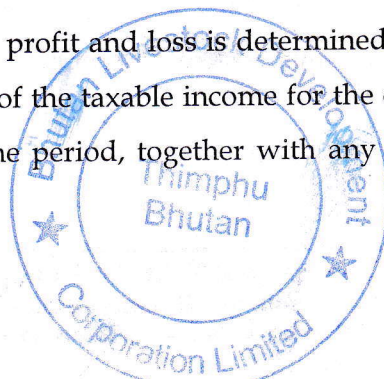
Grants relating to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the Grants are intended to compensate.

Grants relating to assets are presented as deferred income in the Balance Sheet and are recognized in profit or loss on a systematic basis over the useful life of the related assets.

### 1C.14 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes.

Current Tax in the statement of profit and loss is determined as the amount of income-tax payable/recoverable in respect of the taxable income for the current period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.





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**Bhutan Livestock Development Corporation Limited  
Corporate Head Office**

**Taba: Thimphu**

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respect of previous years.

Deferred Tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred Tax Assets are recognized subject to the consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity net of tax respectively.



Corporate Head Office: Tel: 97502365524, +97502365520 Fax: +97502365525, Operations & Production Department (OPD), Samrang, Samdrup Jongkhar: Tel: +975-17941758/17789339 Commercial Layer Farm (CLF), Relangthang, Sarpang: Tel: +975-17681996 Livestock Products Value Addition Centre (LPVAC), Serbithang, Thimphu: Tel: +97502350589 Farm Stores, Thimphu: Tel: +97502330147 Post Box: 2078 Post Code: 1 1001

**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)  
**Note 2: Property, Plant & Equipment**

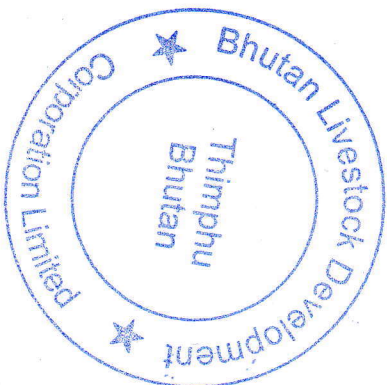
Particulars	Gross Block			Depreciation			Net Block			
	Gross Opening 01.01.19 Nu.	Additions/ Adjust. Nu. (Refer Note)	As at 31.12.2019 Nu.	Opening Dep Nu.	Dep for 2019 Nu.	As at 31.12.19 Nu.	Net Block As at 31.12.2019 Nu.	Gross Opening 01.01.20 Nu.	Additions/ Adjust. Nu. (Refer Note)	As at 31.12.2020 Nu.
Building	185,838,108	4,235,562	190,093,670	6,923,411	5,431,799	12,355,210	177,738,459	190,093,670	2,000,011	190,293,681
Transformer	10,364,623	-	10,364,623	386,135	299,355	685,489	9,679,133	10,364,623	1,194,772	11,559,395
Irrigation & Water Source	68,015,444	-	68,015,444	11,568,818	7,908,228	19,467,046	48,548,398	68,015,444	-	68,015,444
Road, Drain & Fencing	63,807,593	-	63,807,593	2,377,156	1,842,913	4,220,069	59,587,523	63,807,593	-	63,807,593
Trocks & Temporary	3,065,246	276,204	3,341,450	1,455,115	962,712	2,417,827	923,623	3,341,450	688,171	4,029,621
Farm Equipments	80,305,396	1,621,655	81,927,051	18,066,132	12,519,959	30,586,091	51,340,960	81,927,051	4,064,077	85,991,128
Computer & Office Equipment	2,828,509	1,132,607	3,961,116	536,800	536,571	1,073,372	2,887,744	3,961,116	510,732	4,471,848
Furniture & Fixtures	23,758,210	-	23,758,210	3,455,180	2,587,031	6,042,212	17,715,998	23,758,210	9,270,191	33,028,400
Total	1,327,132	730	1,327,862	140,237	118,701	258,937	1,068,924	1,327,862	172,136	1,499,997
Total	439,310,260	7,286,758	446,597,018	44,903,986	32,202,269	77,106,255	369,490,763	446,597,018	16,100,089	462,697,107

**Note 3: Intangible assets**

Particulars	Gross Block			Amortisation			Net Block		
	Opening 01.10.2019 Nu.	Additions/ Adjust. Nu. (Refer Note)	As at 31.12.2019 Nu.	Opening Amort Nu.	Amortize 2019 Nu.	As at 31.12.2019 Nu.	Opening 01.10.2020 Nu.	Additions/ Adjust. Nu. (Refer Note)	As at 31.12.2020 Nu.
Software Applications	109,000	-	109,000	17,247	18,351	35,597	109,000	-	109,000
Land User Right Certificate	1	-	1	-	-	1	1	-	1
Total	109,001	-	109,001	17,247	18,351	35,597	109,001	-	109,001

**Note 4: Capital Work in Progress**

Particulars	Gross Block		Gross Block	
	As at 31.12.2019 Nu.	Opening 01.01.2020 Nu.	Additions/ Adjust. Nu.	As at 31.12.2020 Nu.
Upgradation of Transformer	2,225,274	2,225,274.00	-	2,225,274
Internet Installation	-	-	2,158,400.00	2,158,400
CWIP- Cold storage	-	-	1,131,291.85	1,131,292
CWIP- Water Filtration	-	-	3,289,691.85	3,289,691.85
Total	2,225,274	2,225,274.00	3,289,691.85	3,289,691.85



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**Bhutan Livestock Development Corporation Limited**

(All amounts are in Bhutanese Ngultrum ('Nu.)) unless stated otherwise)

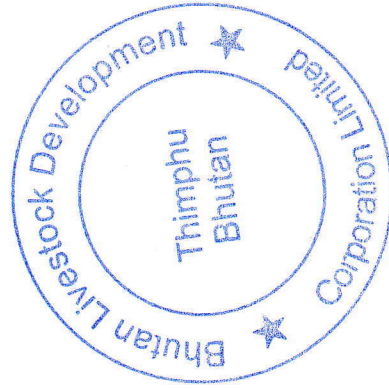
**Note 5: Biological Asset**

Particulars	Fair Value as on 31.12.2019	Gain/(Loss) for the year 2020	Closing Value as on 31st Dec 2020
Fish Fingerling	0	0	0
Goat	588,077	(32,676.17)	555,401
Jersey Cow	8,004,308	2,193,474.00	10,197,782
DOC	0	0	0
Layer Birds	6,883,134	3,276,003.32	10,159,137
Table Fish	3,397,371	276,881.19	3,674,252
<b>Total</b>	<b>18,872,889</b>	<b>5,713,682.34</b>	<b>24,586,571.83</b>

Note: Please refer note no. 7 to calculate the Biological asset as per the basis on Fair Value to restate the statement.

Dairy Cow & goat to provide quality livestock

However, all these animals qualify under BAS 41 Agriculture as such their value at Fair value as per BFRS 13 on the reporting date.



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## Bhutan livestock Development Corporation Limited

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

### Note 6: Long-term loans & advances

Particulars	As at December 31, 2020	As at December 31, 2019
Advance to Employees	171,851	75,799
Security Deposits	420,746	345,147
<b>Total</b>	<b>592,597</b>	<b>420,946</b>

### Note 7: Inventories

Particulars	As at December 31, 2020	As at December 31, 2019
Agriculture Products	13,244,062	1,786,647
Resalable Products	0	0
Value added Products	2,337,266	1,660,060
Stores & spares	4,625,308	1,931,293
<b>Total</b>	<b>20,206,636</b>	<b>5,378,001</b>

Refer note 3.9 for method used for valuation of inventories.

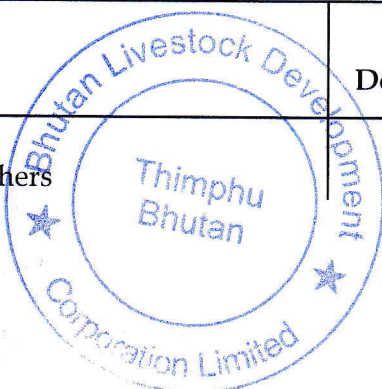
### Note 8: Trade & other receivables

Particulars	As at December 31, 2020	As at December 31, 2019
Trade Receivables	34,137	971,632
Others	0	0
<b>Total</b>	<b>34,137</b>	<b>971,632</b>

Refer note 6.3

### Note 9: Short-term loans & advances

Particulars	As at December 31, 2020	As at December 31, 2019
Advance to suppliers, contractors and others	17,073,213	279,840



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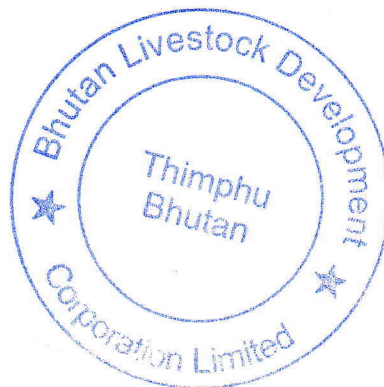
Advance to Office	277,083	174,626
Prepaid expenses	0	185,496
<b>Total</b>	<b>17,350,296</b>	<b>639,961</b>

**Note 10: Cash & cash equivalents**

Particulars	As at December 31, 2020	As at December 31, 2019
Cash in hand (As certified by the Management)	3,451,338	64,981
Cheque in hand	54,770	-
Balance with banks	213,109,419	531,978
<b>Total</b>	<b>216,615,527</b>	<b>596,959</b>

**Note 11: Other Current Assets**

Particulars	As at December 31, 2020	As at December 31, 2019
Fund Receivable from Government		
MoAF (DOL)	800,000	800,000
MoLHR	0	116,665
<b>Total</b>	<b>800,000</b>	<b>916,665</b>



**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**Note 12: Share Capital**

Particulars	As at	As at
	December 31, 2020	December 31, 2019
<b>Authorised shares</b>		
1000,000,000 equity shares of Nu. 100 each	1,000,000,000	1,000,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
4,739,007 equity shares of Nu. 100 each	473,900,711	473,845,974
(Previous year 4738459 equity shares of Nu. 100 each)		
<b>Total</b>	<b>473,900,711</b>	<b>473,845,974</b>

**12.1 Terms/rights attached to equity shares**

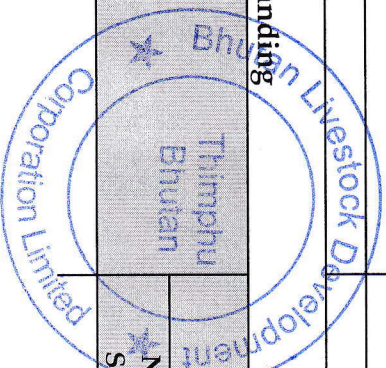
The Company has only one class of equity shares having a par value of Nu. 100 per share. All ordinary shares are ranked equally and each holder of

**12.2 Details of shareholders**

Name of the Shareholder	As at		As at	
	December 31, 2020	% held	December 31, 2019	% held
Ministry of Finance, Royal Government of Bhutan	4,739,007	100	4,738,460	100
<b>Total</b>	<b>4,739,007</b>	<b>100</b>	<b>4,738,460</b>	<b>100</b>

**12.3 Reconciliation of number of shares outstanding**

Particulars	As at		As at	
	December 31, 2020	Amount	December 31, 2019	Amount
At the beginning of the period	4,738,460	473,845,974	4,556,460	455,645,974

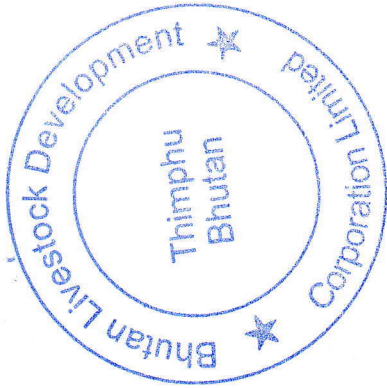


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Add: Issued during the period	547	54,737	182,000	18,200,000
At the end of the period	4,739,007	473,900,711	4,738,460	473,845,974

**12.4 Shares issued for consideration other than cash**

Shares amounting to Nu. 422,367,711 (Previous year - Nu. 422,312,974) have been issued for consideration other than cash.



## Bhutan Livestock Development Corporation Limited

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

### Note 13: Deferred Government Grants

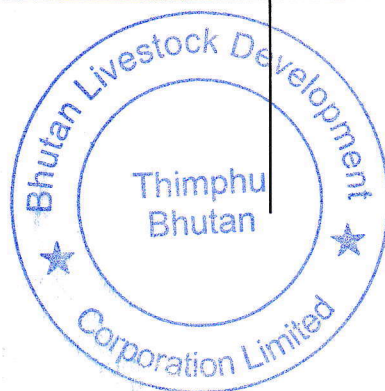
Particulars	As at December 31, 2020	As at December 31, 2019
At the beginning of the year	11,874,395	14,035,395
Add: Received during the year	4,820,000	16,039,000
Add: Budget Received from Government	322,516,665	
Less:		
-Transferred Government Grant	1,965,128	-
-Transferred Government Budget	99,021,332	-
-Equity	-	18,200,000
<b>Total</b>	<b>238,224,601</b>	<b>11,874,395</b>

### Note 14: Long term Employee Benefits

Particulars	As at December 31, 2020	As at December 31, 2019
Provision for:		
- Gratuity	1,909,440	1,240,844
- Leave encashment	2,536,695	2,026,930
- Carriage Charges	-15,701	-
- Transfer Grant	43,562	-
<b>Total</b>	<b>4,473,996</b>	<b>3,267,774</b>

### Note 15: Trade & other payables

Particulars	As at December 31, 2020	As at December 31, 2019
Trade payables	5,649,814	9,273,665
Statutory liabilities	390,365	543,290
Audit & Consultant fees payable	90,000	80,000
Employees' payables	313,922	3,206,578



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Accrued expenses	280,789	684,748
Miscellaneous payables	516	10,516
Payable security Deposit	3,526	3,526
Advance paid to Contract Farmers	10,070,889	-
<b>Total</b>	<b>16,799,821</b>	<b>13,802,323</b>

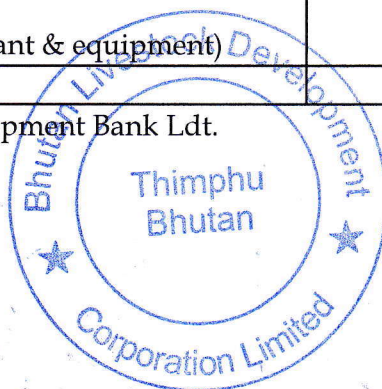
#### Note 16: Short Term Employee Benefits

Particulars	As at December 31, 2020	As at December 31, 2019
Provision for:		
- LTC	1,613,293	1,706,560
- Gratuity	91,053	31,063
- Leave encashment	326,330	238,446
- Carriage Charges	301,996	197,745
- Transfer Grant	207,330	159,527
- PBVI	5,460,495	-
<b>Total</b>	<b>8,000,497</b>	<b>2,333,341</b>

#### Note 17: Short term borrowings

Particulars	As at December 31, 2020	As at December 31, 2019
Working capital facilities from bank (Secured against certain Property, plant & equipment)	20,775,023	21,206,586
<b>Total</b>	<b>20,775,023</b>	<b>21,206,586</b>

Note: Loan lend from Bhutan Development Bank Ltd.



## Bhutan Livestock Development Corporation Limited

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

### 18. Sales of Product

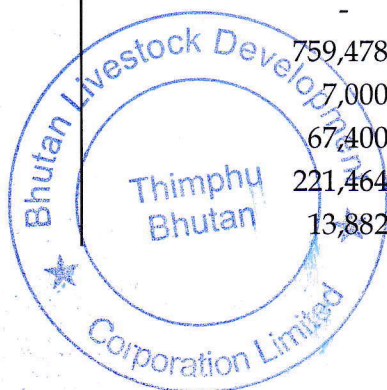
Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Sales from Farm Stores	55,152,771	21,735,128
Sales from OPD Samrang	24,611,635	15,455,692
Sales from Relangthnag	385,200	800,522
Sales for Changkhorolo	5,764,065	3,836,983
Sales for Babesa	3,590,173	-
Sales for CFM	355,338	-
Sales from LPVAD	2,372,897	195,853
Sales of Buck	13,930	131,694
Sales of Jersey/Heifer	-	49,128
Sales of Pullet	21,100	62,550
Return form SHFP	2,433,718	-
Marketing & Distribution	30,595,252	-
Haa Fishery	270,641	-
<b>Total</b>	<b>125,566,719</b>	<b>42,267,550</b>

### 19. Sales of Scrap/Spent animal

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Sales of Manure	32,300	-
Sales of Spent Birds	255,830	979,810
<b>Total</b>	<b>288,130</b>	<b>979,810</b>

### 20. Other Incomes

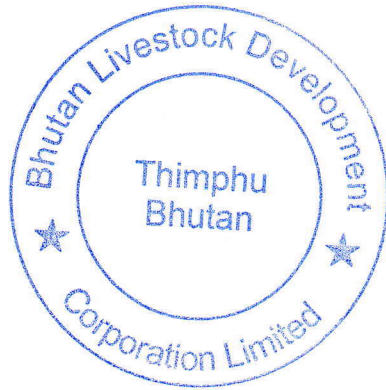
Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Hire of Mini Excavator	163,732	882,013
Discount given by BPC	-	470,585
House Rent Deduction	759,478	-
Tender Fees	7,000	-
Processing fees for Meat	67,400	-
Stale Cheque	221,464	-
Others	13,882	-



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Total	1,232,956	1,352,597
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- Note:
1. Movable properties are hired out for additional income
  2. Started to deduct House Rent from the staffs occupying the quarters at Farms
  3. Nomial Fees collected from contractoctors participiting in the tander to serve refreshment during tender opening
  4. Collecting of processing fees for using mince making michine at LPVAD



**Bhutan Livestock Development Corporation Limited**

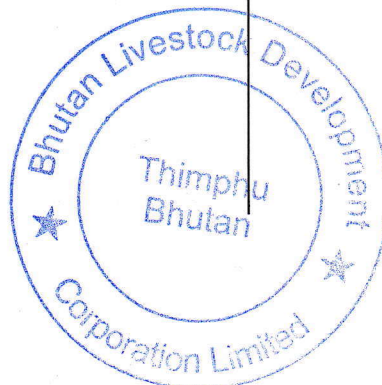
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**21. Employee Benefit Expenses**

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Arrear Payment	29,767	218,845
Cash Handeling Allowance	12,000	11,000
Communication Allowance	243,000	210,000
Contract Allowance 40%	403,126	318,500
Corporate Allowance 25%	-	3,256,215
Daily Wages	127,025	154,585
Difficult Area Allowance	1,540,000	1,488,000
House Rent Allowance 20%	5,369,474	420,005
Leave Travel Concession (LTC)	1,611,305	1,354,105
Local Conveyance Allowance	222,000	222,000
Performance Based Variable Incentive 25%	5,460,495	-
Production Endurance Allowance 20%	4,130,054	3,050,643
Provident Fund Contribution	3,117,681	1,693,454
Salary	22,846,965	11,073,664
Gratuity	825,875	606,419.00
Leave Encashment	2,447,919	2,445,955.00
Transfer grant	104,496	262,808.00
Carriang Charges	123,498	147,393.50
<b>Total</b>	<b>48,614,680</b>	<b>26,933,592</b>

**22. Administrative Expenses**

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
CFM Rental	99,071	-
Electricity Bill	1,282,006	2,449,358
Extension Kits	225,000	-
Farm Stores Rent	466,402	206,916
Fax Charges	920	1,050
Fees & Permit	760	-
Field Dress	171,676	225,440
Foundation Day	215,465	-
Insurance Premium on Fixed Asset	194,016	41,757
Internet/Broadband Charges	529,797	432,620
Land Tax	-	114,694
Loan Processing Fee	-	3,400
Maintenance of Farm Machinery	83,685	97,421



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Maintenance of Plant	259,610	157,307
Mess Expenses during COVID Duty	203,194	-
Babesa Rental*	316,500	-
Postal Charges	-	2,550
Printing & Press	65,390	7,259
Renewal of License	31,270	24,010
Renewal of Vehicle Blue Book	14,605	19,635
Rent for Babesa Store	30,000	-
Safety Kits	87,930	720
Semso	-	250
Services Charges	2,950	1,815
Sitting Fee for Board	102,500	144,950
Stationeries	382,645	150,590
Telephone Bill	36,426	32,091
Transportation/Hiring	5,451,973	2,806,196
Travel Ex-Country	-	54,808
Travel In Country	1,256,041	1,963,094
Uniform	1,410	-
Vehicle Emission Certificate	15,267	200
Vehicle Rental	-	53,000
Vehicle Running Expenses(PoL)	1,765,447	1,326,888
Water & Sewerage Bill	38,990	8,818
Miscellaneous Write off	464,292	-
<b>Total</b>	<b>13,795,237</b>	<b>10,326,835</b>

\* Note: 30% Babesa Outlet Rent was waived off due to COVID-19 for the month of August till October 2020 has been adjusted with the expenses

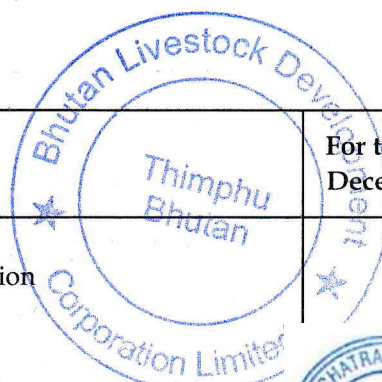
### 23. Finance Charges

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest on Bank Over Draft **	828,344	351,201
<b>Total</b>	<b>828,344</b>	<b>351,201</b>

\*\* Note: Due to COVID-19 the Government initiated the interest waive off for all the bank loan, as such the benefits has been adjusted with the expenses

### 24. Marketing Expenses

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Announcement/Publicity	74,300	57,575
News Paper & Media Information	-	4,665
Promotional Expenses	20,130	-



Total	94,430	62,240
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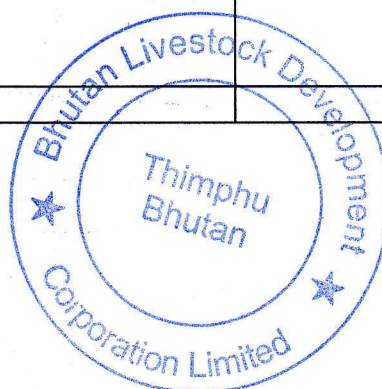
## 25. Office Expenses

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Audit Expenses	197,283	276,964
Auditor's Fee	70,000	80,000
Training in country	25,509	56,914
Bank Charges	12,473	2,784
Chadi/Remdrow Exp.	-	258,375
Consultancy Charges/Fee	20,000	30,000
Office Rent	550,000	480,000
Refreshment Expenses	293,232	130,217
Rest Room Supplies	81,205	10,769
Fines & Penalty	19,887	4,170
Donation	133,500	-
<b>Total</b>	<b>1,403,089</b>	<b>1,330,193</b>

## 26. Maintenance & Operation

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Farm Materials	68,805	20,710
Fertilizer	534,600	-
Spare parts	588,100	-
Maintenance of Cold Storage/Store	61,700	111,914
Maintenance of Electricity Line	72,848	72,814
Maintenance of Farm Structure	37,965	28,410
Maintenance of Fencing	43,475	30,280
Maintenance of Fishery Pond	-	9,400
Maintenance of Irrigation & Water Line	763,434	39,024
Maintenance of Office	-	7,700
Maintenance of OUTLET	26,030	-
Maintenance of Road & Drain	244,015	-
Maintenance of Tools & Equipment	322,997	68,421
Maintenance of Vehicle	612,091	248,061
Pasture Development	942,513	356,400
Refill Cylinder	27,810	96,824
Seedling & Sapling	126,000	-
Tyres & Tube	369,186	68,432
<b>Total</b>	<b>4,841,569</b>	<b>1,158,389</b>

## 27. Animal Development Cost



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Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Animal Health Care	7,040	53,637
Bio-Security	880	3,980
Brooding Exp.	188,524	5,100
Dairy Feed	3,796,014	1,795,657
Fishery Feed	1,990,023	948,340
Forzen Semen - Dairy	918,201	-
Poultry Feed	35,787,417	25,469,265
Sawdust	23,480	-
Supplimentary Feeds	16,000	-
Saw Dust	-	1,000
<b>Total</b>	<b>42,727,579</b>	<b>28,276,979</b>

#### 28. Value Additional Cost

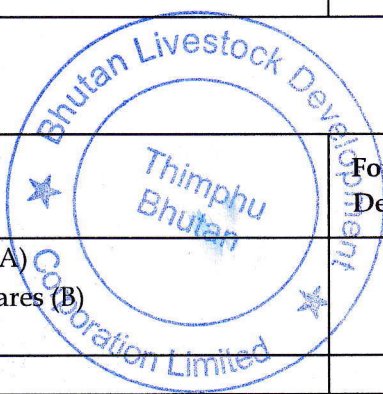
Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Agro Products	55,596,668	4,551,102
Casing	1,918,900	1,568,750
Ingredient for Value Additional	1,475,536	149,288
Product Packaging	5,450,364	1,149,740
Raw Meat & Fish	23,281,809	4,565,430
<b>Total</b>	<b>87,723,276</b>	<b>11,984,310</b>

#### 29. Actuarial Gain/(Loss) on Post Employee Benefits

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Gratuity	97,289	590,238.00
Transfer grant	(43,479)	78,544.00
Carriang Charges	(3,033)	97,641.00
<b>Total</b>	<b>50,777</b>	<b>766,423</b>

#### 30. Earnings Per Share

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit/(Loss) for the period (A)	5,490,717	(70,748,165)
Weighted Average No. of shares (B)	4,738,461	4,692,626
<b>Earnings Per Share (A/B)</b>	<b>1.16</b>	<b>(15.08)</b>



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## Bhutan Livestock Development Corporation Limited

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

### 33. OTHER NOTES TO ACCOUNTS

#### i) Salary Details of CEO :-

Sl. No.	Particulars	For the Period 01.01.2020 to 31.12.2020	For the period 01.01.2019 to 31.12.2019
(i)	Salary and Allowances	1,642,315	1,442,800
(ii)	Provident Fund	145,128	94,704
(iii)	Sitting Fees	20,000	30,000
	<b>Total</b>		<b>1,567,504</b>

ii) The Board of Director consists of 5 members, out of which one member has resigned in 2019 and is not reappointed. However, with prior approval of chair the two advisors were invited from the Ministry of Finance for the AGM to supplement on technical matter. In total, the meeting was held consecutively 4 times and an Annual General Meeting (AGM) which incurred Nu. 102,500=00 as sitting fees during the year.

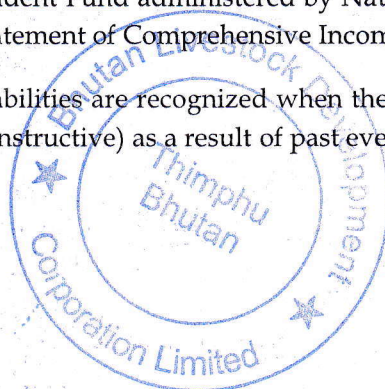
iii) Fund received from MoLHR for meeting the employee expenses under Direct Scheme and expenses incurred thereon is given hereunder:

Particulars	For the period 01.01.2020 to 31.12.2020	For the period 01.01.2019 to 31.12.2019	For the period 01.10.2017 to 31.12.2018
Opening balance	(116,665)	1,665,347	-
Add: Amount received	1,516,665	4,978,500	22,466,520
Less: Expenses incurred	1,400,000	6,760,512	20,801,173
Closing Balance	Nil	(116,665)	1,665,347

#### iv) Employee benefits (BAS-19)

Contribution to Provident Fund administered by National Pension and Provident Fund is charged to Statement of Comprehensive Income as and when they fall due.

Retirement benefit liabilities are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources



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embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Gratuity, Transfer Grant, carriage charges and Leave encashment are provided for based on actuarial valuation as at the Statement of Financial Position date. Retirement benefit liabilities are discounted to present value applying the pre-tax rate of return on Government bonds of similar tenure and currency. Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Further, the contribution towards the gratuity liability is invested in fixed deposits with the banks.

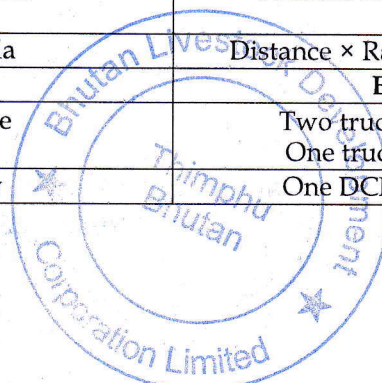
The expected cost of Performance Based Variable Incentive is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

The employees of the Company are covered under an insurance policy with death claim benefit in the event of death of the employee while in service and within the policy term. The policy has been underwritten through Single premium which will be refunded at the end of policy period/term with pre-decided/fixed policy bonus/benefit and after deduction of death claim paid within the policy term.

#### Key features of the plan

##### 1. Carriage charges

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	58   60 years*
<b>Retirement age for contract employees depend on their contract term</b>	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Distance × Rate per km as per RSTA
<b>Grade</b>	<b>Entitlement</b>
EX3 and above	Two trucks up to Nu. 55,000
M1 - M5	One truck up to Nu. 30,000
S1 and below	One DCM up to Nu. 20,000



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Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	One month's reference salary
Benefit floor	None
Benefit ceiling	None

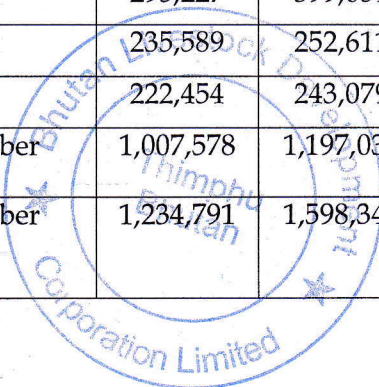
#### Bifurcation between current and non-current liability

	Carriage Charges		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Current liability	301,996	260,627	326,330	238,446
Non-current liability	(15,701)	(62,882)	2,536,695	2,026,930
Net liability	286,295	197,745	2,863,025	2,265,376

	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Current liability	91,053	31,063	207,330	177,061
Non-current liability	1,909,440	1,240,844	43,562	(17,534)
Net liability	2,000,493	1,271,907	250,892	159,527

#### Expected benefit payments in future years

	Carriage Charge (Nu.)	Earned Leave (Nu.)	Gratuity (Nu.)	Transfer Grant (Nu.)
December 31, 2021	323,136	349,173	97,427	221,843
December 31, 2022	269,904	289,498	16,725	189,707
December 31, 2023	295,227	399,659	444,266	245,174
December 31, 2024	235,589	252,611	335,146	167,658
December 31, 2025	222,454	243,079	782,628	161,326
December 2026 to December 2030	1,007,578	1,197,035	8,040,143	789,206
December 2031 to December 2040	1,234,791	1,598,343	18,777,842	1,064,670



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## 2. Earned Leave

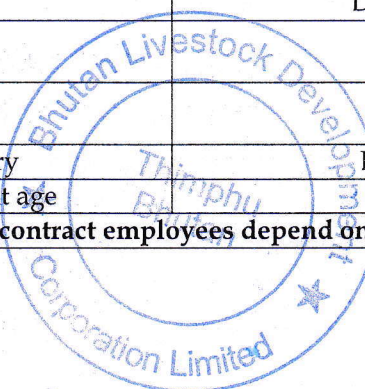
Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	58   60 years*
<b>Retirement age for contract employees depend on their contract term</b>	
Benefit payable on	Retirement/resignation/ death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	(Reference salary × leave balance) / 30
Benefit ceiling	90 days

## 3. Gratuity

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	58   60 years*
<b>Retirement age for contract employees depend on their contract term</b>	
Benefit payable on	Retirement/resignation/ death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	8 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary × service years
Benefit floor	None
Benefit ceiling	None

## 4. Transfer Grant

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	58   60 years*
<b>Retirement age for contract employees depend on their contract term</b>	



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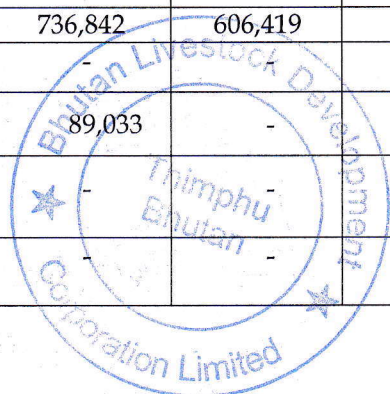
**Disclosures as required under BAS-19 "Employee Benefits" are as under: -**

**i) Change in present value of defined benefit obligation: (in Nu.)**

Particulars	Carriage Charge		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
DBO at the beginning of period	197,745	-	2,265,376	-
Add: Current service cost	112,315	100,104	597,649	2,265,376
Add: Past service cost	-	-	-	-
Add: Interest cost	11,183	-	29,057	-
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	(37,981)	-	(1,850,270)	-
Actuarial (gain) or losses due to experience adjustment	3,033	97,641	1,821,213	-
Actuarial (gain) or losses due to change in financial assumptions	-	-	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-	-	-
<b>DBO at the end of period</b>	<b>286,295</b>	<b>197,745</b>	<b>2,863,025</b>	<b>2,265,376</b>

Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
DBO at the beginning of period	1,271,907	-	159,527	-
Add: Current service cost	736,842	606,419	95,310	80,983
Add: Past service cost	-	-	-	-
Add: Interest cost	89,033	-	9,186	-
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	-	-	(56,610)	-

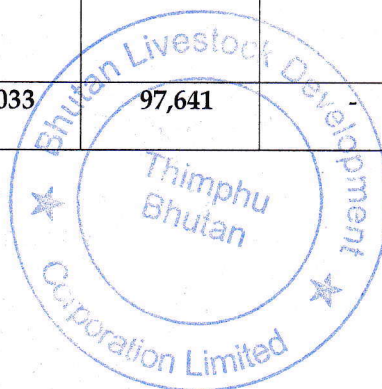
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Actuarial (gain) or losses due to experience adjustment	(97,289)	665,488	43,479	78,544
Actuarial (gain) or losses due to change in financial assumptions	-	-	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-	-	-
<b>DBO at the end of period</b>	<b>2,000,493</b>	<b>1,271,907</b>	<b>250,982</b>	<b>159,527</b>

ii) Expenses recognized in the Statement of Comprehensive Income: (in Nu.)

Particulars	Carriage Charge		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Actuarial (gain) or loss due to experience adjustments	3,033	97,641	1,821,213	-
Actuarial (gain) or loss due to changes in financial assumptions	-	-	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-	-	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
<b>Immediate recognition of gains/losses - Other long term employee benefits</b>	-	-	<b>1,821,213</b>	-
Expense recognized as other comprehensive income	-	-	-	-
<b>Expenses recognized as OCI</b>	<b>3,033</b>	<b>97,641</b>		-



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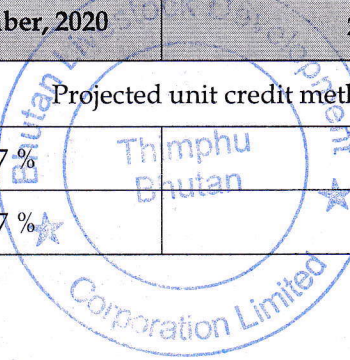
Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Actuarial (gain) or loss due to experience adjustments	(97,289)	665,488	43,479	78,544
Actuarial (gain) or loss due to changes in financial assumptions	-	-	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-	-	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
<b>Expenses recognized as OCI</b>	<b>(97,289)</b>	<b>665,488</b>	<b>43,479</b>	<b>78,544</b>

iii) Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Carriage Charges	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Method Used	Projected unit credit method	
Discount rate	7 %	7 %
Increase in cost of transportation	5 %	5 %
Mortality rate	100 % of IALM(2006-2008)	
Employee turnover rate	10 %	10 %

Particulars	Earned Leave, Gratuity & Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2019
Method Used	Projected unit credit method	
Discount rate	7 %	7 %
Salary growth rate	7 %	7 %



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Mortality rate	100 % of IALM(2006-2008)	
Employee turnover rate	10 %	10 %

v) **Fair value measurement (BFRS 13)**

**Financial instruments by category:**

Particulars	As at 31 <sup>st</sup> December, 2020		
	FVTPL	FVTOCI	Amortized cost
<b>Financial assets</b>			
Long-term loans and advances	-	-	592,597
Other receivables	-	-	800,000
Trade & other receivables	-	-	34,137
Cash and cash equivalents	-	-	216,615,527
Short-term loans and advances	-	-	17,350,296
<b>Total financial assets</b>			<b>235,392,557</b>
<b>Financial liabilities</b>			
<b>Borrowings</b>	-	-	20,775,023
<b>Other payables</b>	-	-	197,817,713
<b>Trade &amp; other payables</b>	-	-	16,799,821
<b>Total financial liabilities</b>			<b>235,392,557</b>

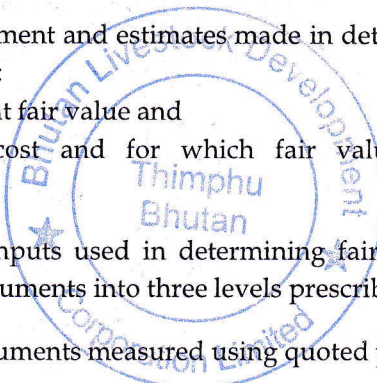
i. **Fair value hierarchy**

This section explains the judgement and estimates made in determining the fair value of financial instruments that are:

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

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

Level 1: Includes financial instruments measured using quoted prices.



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- Cash flow characteristics: The contractual term of the asset gives rise to cash flows that are solely payments of principal and interest.
- 3) Financial asset measured at fair value through profit and loss  
Fair value through profit and loss (FVTPL) 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.

**c) Impairment of financial assets**

The company assesses impairment of financial asset based on incurred loss model as per BFRS-9 provides that impairment of financial asset will be done as per provision of BAS-39. The company checks (at the end of each reporting period) whether there is any objective evidence that financial asset is impaired and in that case, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

**d) Derecognition of financial assets**

A financial asset is primarily derecognized (i.e. removed from the company's statement of financial position) when:

- a. The rights to receive cash flows from the asset have been expired/transferred
- b. 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 - if it has substantially transferred all risks and rewards of ownership of the financial asset then, the financial asset is derecognized. If it is not transferred substantially, the financial is not derecognized.

**II. Financial liabilities**

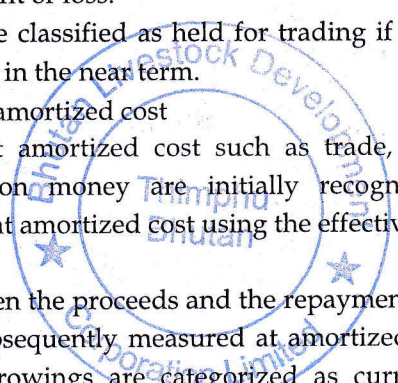
**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and in the case of borrowings and payables, net of directly attributable transaction costs.

**Measurement**

Measurement of financial liabilities depends on their classification as below:

1. Financial liabilities at fair value through profit or loss (FVTPL)  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon recognition and as at fair value through profit or loss.  
Financial liabilities are classified as held for trading if they are incurred for the purpose of recharging in the near term.
2. Financial liabilities at amortized cost  
Financial liabilities at amortized cost such as trade, other payables, security deposits and retention money are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate.
3. Borrowings  
Any difference between the proceeds and the repayment amount is recognized in profit or loss and subsequently measured at amortized cost using the effective interest method. Borrowings are categorized as current liabilities unless the company has the right to defer the settlement for at least 12 months after the



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Level 2: 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. This is the case for unlisted equity securities included in level 3.

**ii. Valuation techniques used to determine fair value**

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

The fair value for financial instruments (such as borrowings, retention money and security deposits) were calculated based on cash flows discounted using current borrowing rate. They are categorized as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

**iii. Significant estimates**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

**vi) Financial instruments (BFRS 7)**

**I. Financial assets**

**a) Initial recognition and measurement**

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

**b) Classification and subsequent measurement**

For measurement of financial assets of the company, it is categorized into 3 groups:

- 1) Financial asset measured amortized cost;
- 2) Financial asset measured at fair value through other comprehensive income (FVTOCI); and
- 3) Financial asset measured at fair value through profit and loss (FVTPL).

**1) Financial asset measured at amortized cost**

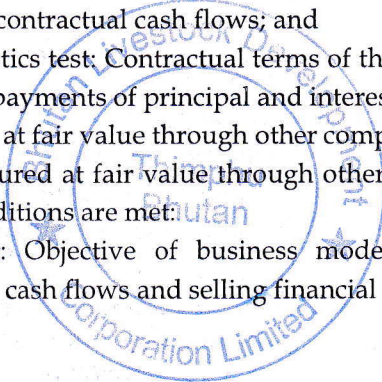
A financial asset is measured at amortized cost if the following conditions are met:

- Business model test: The asset is held within a business model whose objective is to collect contractual cash flows; and
- Cash flow characteristics test: Contractual terms of the asset gives rise to cash flows that are solely payments of principal and interest.

**2) Financial asset measured at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both the following conditions are met:

- Business model test: Objective of business model is achieved by both collecting contractual cash flows and selling financial assets; and



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reporting period.

4. Trade and other payables

Trade and other payables are classified under the current liabilities if payment is due within 12 months; if not, they are classified under non-current liability. Initially, they are recognized at fair value and subsequently measured at amortized using the cost effective interest method.

**Derecognition**

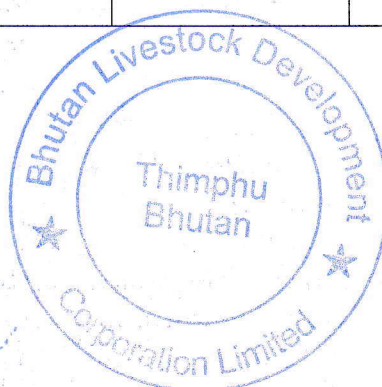
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of original liability and recognition of a new liability.

**vii) Related party transactions (BAS-24)**

The company is a State Owned Enterprise (SOE) under the Ministry of Finance (MoF). The Company considers that for the purpose of BAS 24 the Royal Government of Bhutan is in a position of control over it, and therefore regards the Royal Government of Bhutan and its controlled companies/corporations as related parties for the purpose of the disclosures required by BAS 24.

A summary of the Company's transactions with the Ministry of Finance and its related entities is included below:

Name of related party	Relationship	Name of transactions of related party	Amount outstanding as on 31 <sup>st</sup> December, 2020	Transactions during the year
			(Amount in Nu.)	(Amount in Nu.)
Ministry of Finance	Ultimate holding	a) Equity	-	-
		b) Grants received	-	-
Ministry of Agriculture and Forest	Portfolio ministry	a) Equity	54,736.77	54,736.77
		b) Grants received	4,820,000	321,000,000



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**viii) Revenue from Contracts with customers (BFRS15)**

BLDCL shall apply this Standard to a contract only if the counterparty to the contract is a customer. A customer is a party that has a contracted with BLDCL to obtain goods or services that are an output of its ordinary activities in exchange for consideration. BLDCL shall recognize revenue for performance obligations satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation but it would not be able to do so if it lacks reliable information. In some circumstances, if it is not be able to reasonably measure the outcome of performance obligations but expects to recover the costs incurred then the BLDCL shall recognize revenue only to the extent of the costs incurred until where it can reasonably measure the outcome of the performanceobligation.

BLDCL shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services and may include fixed amounts, variable amounts or both. For determining the transaction price, BLDCL shall assume that the goods and services will be transferred to the customer as promised and that the contract will not be cancelled, renewed or modified.

As such, BLDCL has following identified customer who is governed under such contract mode with the agreed assured fixed prices for the period. The customer takes control over the products after the delivery:

Sl no.	Name of the Customer	Revenue Identified during Year
1	Tashi Taj	169,530.00
2	Druk Air	329,750.00
3	Food Corporation of Bhutan Ltd.	2,433,718.00
	<b>Total</b>	<b>2,932,998.00</b>



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ix) **BAS41- Biological Asset:**

**Definition:** Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for:

- a. Sale, or
- b. Conversion into agricultural produce or
- c. Into additional biological assets

Bhutan Livestock Development Corporation Limited is an integrated livestock-based enterprise. The following are the farms currently under the company:

- a) Dairy Farm,
- b) Goat Farm,
- c) Poultry Farm and
- d) Fishery Farm.

Generally, the costs of the biological assets are often higher than the fair value less costs to sell, as the latter represents an exit price, and transaction expenses therefore create a loss. Initial gains on biological assets arise when new biological assets are generated – for example, when a calf is born. Changes in fair value less costs to sell biological assets represent the difference in value from period to period, normally on an aggregated basis. It is therefore sometimes difficult to distinguish from the initial gain due to procreation. The value typically increases due to growth, procreation and higher prices, but may decrease due to degeneration, sickness and lower prices. Initial gains or losses on agricultural produce represents the difference between the change in carrying value of the biological assets due to harvest and the fair value less costs to sell off the harvested agricultural produce. It reflects the last stage of the value creation of the biological process, and the harvested produce is transferred to inventory.

a) **Dairy Farm:**

It is located in Samrang, Samdrup Jongkhar. The breed is either pure or cross-bred Jersey with bloodline above 60%. It is an exotic breed widely available, adaptable and preferred by the farmers of Bhutan because of its milk production, small size and easy management.

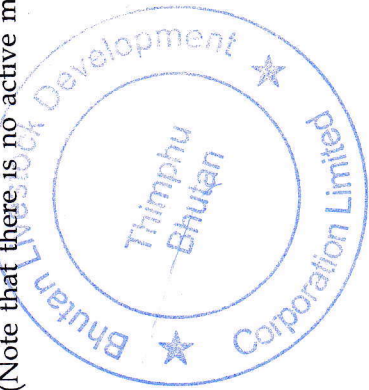
The main objective of the company is to produce high producing, good quality heifers to supply to the farmers of Bhutan. In order to do that, BLDCL uses pure imported jersey sex-sorted semen (imported from UK) to ultimately produce off springs with above 90% bloodline. This will trigger increased milk production in the country. However, the actual production of milk commences generally after 3 years of age.

Fair Value of Biological asset are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rear

Assumption considered for the fair value for Dairy Cow:

Categories of animals/Stages	Selling Price	Cost to sales- Auction charges & transportation	Fair value	Period for Biological transformation	No. of Days
Calves	8,434	3566	12,000	6 - 12 months old	180
Yearling Male/female	20,434	3566	24,000	12 -18 months old	360



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Breedable Heifers	44,434	3566	48,000	18-24 months old	540
Pregnant Heifers	56,434	3566	60,000	24 month onwards	720
Milch Cow	73,434	3566	77,000	35 months	1050
Dry cow	61,434	3566	65,000	Stage where no milking and pregnant	
Milch Cow Pregnant	67,434	3566	71,000	Stage where milking plus pregnant	
Dry cow Pregnant	67,434	3566	71,000	Stage where no milking but pregnant	
Culled Cows	26,434	3566	30,000	Final Stage of Animal before exit	

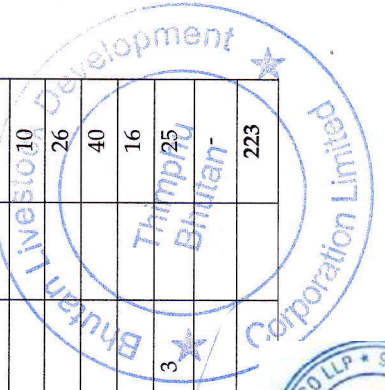
Fair value less cost to sales or FVLCTS

### Farm Data-Periodic Movements of Biological Transformation

Sl	Animal's Stage	2020															
		OSB		Purchase		Sales		Biological Transfer									
		1.1.2020	Death & loss	New Born	Acquisition	Death & loss	Sales	Yearling	Breeding Heifer	Pregnant Heifer	Milch cow	Milch Cow Pregnant	Dry cow	Dry cow Pregnant	Culled Cows	Dec. 2020	
1	Calves new born	34	(23)	67			(32)										46
2	Yearling Male/Female	-					29										29
3	Breedable Heifers	36	(3)	19				(21)									31
4	Pregnant Heifers	16								(6)							10
5	Milch Cow	24			1						1						26
6	Milch Cow Pregnant	21										19					40
7	Dry cow	9	(1)	1									7				16
8	Dry cow Pregnant	22															25
9	Culled Cows	-															3
	Total No. of Animals	162	(27)	67	21	-											223

Analysis Period Movements of Fair Values over Biological Transformation of cattle are as follows

2020 Operational



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	1.1.2020	31.12.2020	Gain/(Loss)
Acquisitions	-	-	-
Calves	2,86,756	3,87,964	1,01,208
Yearling Male/female	-	5,92,586	5,92,586
Breed able Heifers	15,99,624	13,77,454	(2,22,170)
Pregnant Heifers	9,02,944	5,64,340	(3,38,604)
Milch Cow	17,62,416	19,09,284	1,46,868
Milch Cow Pregnant	14,16,114	26,97,360	12,81,246
Dry cow	5,52,906	9,82,944	4,30,038
Dry cow Pregnant	14,83,548	16,85,850	2,02,302
Culled Cows	-	-	-
<b>FVLCTS</b>	<b>80,04,308</b>	<b>101,97,782</b>	<b>21,93,474</b>

**b) Goat Farm:**

This is the only government goat farm in the country to serve as a nucleus farm for genetic up-gradation of indigenous goat population in the field of dairy and meat production. There are 4 exotic breeds of goat at Samrang Goat Farm as under:

- Sirohi is a dual-purpose breed
- Beetal is a dual-purpose breed
- Jamnapari is also a dual-purpose breed
- Boer is a meat breed

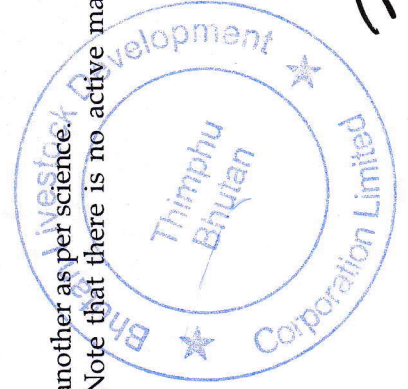
These breeds were imported from India. The main objective of a goat farm is to supply quality breeding bucks to goat rearing communities for genetic up-gradation of indigenous goat population for milk and meat production.

Fair Value of Biological asset are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rare

Assumption considered for the fair value for Goat:

Categories of animals/Stages	Selling Price	Cost to sales-Auction	Fair value	Period for Biological transformation
A Biological Asset				



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1 Kids	1,564	2,116	3,680	6 months
2 Bucks	9,409	2,116	11,525	7-9 months
3 Doeling	12,821	2,116	14,938	10-11 month
4 Does	15,534	2,116	17,650	12-13 month

### Farm Data-Periodic Movements of Biological Transformation

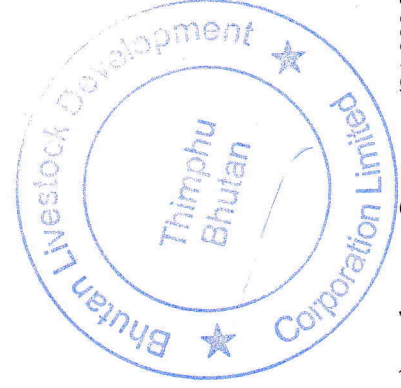
Sl	Animal's Stage	2020												
		OSB		Purchase		Biological Transfer				Dec-20				
		1.1.2020	Death & loss	New Born	Acquisition	Death & loss	Sales	KIDS	BUCKS		DOELING	DOES		
1	Kids	9	(5)	37			(1)	(13)						27
2	Bucks	-			1		(7)		8					2
3	Doeling	6	(1)							(4)				1
4	Does	32	(10)										9	31
	<b>Total No. of Animals</b>	<b>47</b>	<b>(16)</b>	<b>37</b>	<b>1</b>	<b>-</b>	<b>(8)</b>							<b>61</b>

Analysis Period Movements of Fair Values over Biological Transformation of cattle are as follows

	2020		Operational Gain/(Loss)
	1.1.2020	31.12.2020	
Acquisitions	-	-	-
Kids	14,073	42,219	28,146
Bucks	-	18,817	18,817
Doweling	76,927	12,821	(64,106)
Does	4,97,077	4,81,544	(15,534)
<b>FVLCTS</b>	<b>5,88,077</b>	<b>5,55,401</b>	<b>(32,676)</b>

#### c) Poultry Farm:

There are two Poultry Layer Farms under BLDCL. One is located at Relangthang, Sarpang (21,000 bird capacity) and one at Samrang (24,000 bird capacity). Poultry layer farming is for the purpose of table egg production. BLDCL uses three types of commercial layer breeds as of now namely Hy-line brown, Lohmann brown and BV380. Generally, the layer birds are stocked from the day one (DOC) till they cease from production as



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shown under:

Stages of bird growth and development	
Age in weeks	Term
Day 1	Day Old Chick
Day 1-6 weeks	Grower
7-17 weeks	Pullet
18-82 weeks	Layer
83 weeks onwards	Spent

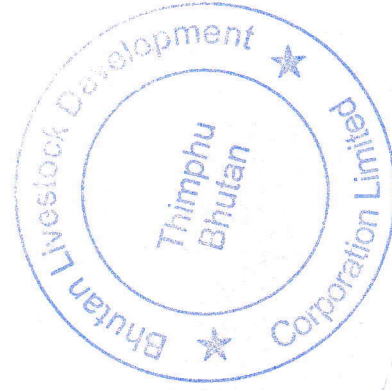
Most of the birds start laying eggs from 18 weeks of age till 82 weeks. In any poultry farming, timely vaccination is a prerequisite to keep birds free from almost all types of diseases thereby reducing mortality. However, Egg production depends on Good Management Practices (GMP) including a conducive shelter and environment. About 80% of the total production in animal farming is achieved through GMP.

Fair Value of Biological asset are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rear

Assumption considered for the fair value for Poultry Layer Birds:

Stage	Categories of animals/Stages	Selling Price per bird	Cast to sales	Fair value per bird	Period for Biological transformation
1	DoC	39	11	50	
2	Pullet	176	11	187	6 to 10 weeks old
3	Layer	479	11	490	19 weeks and above with a potential to lay 254 eggs @ COP 6.4
4	Spent	79	11	90	79 weeks onwards



**Farm Data-Periodic Movements of Biological Transformation  
Poultry layer birds for Relangthang**

Animal's Stage	Batch No.	2020						Age of report
		Acquisition/OB	Death & loss	Sales	Biological Transfer			
					DoC	Pullet	Layer	
DoC	12th	-	-	-	-	-	-	-

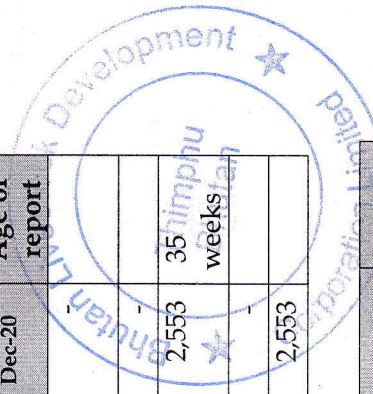
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Pullet	12th	3,388	-	-	3,388	-							
Layer	12th	-	(2,245)	(2,245)	-	3,388	(3,388)	3,388				1,143	67 weeks
		3,388	(2,245)	(2,245)	-							1,143	

Animal's Stage	Batch No.	2020										Age of report	
		Acquisition/OB	Death & loss	Sales	DoC	Biological Transfer		Spent	Dec-20				
DoC	13th	6,820	(247)		6,820	6,573						-	
Pullet	13th	-	(280)			6,573	6,293					-	
Layer	13th	-	(1,904)				6,293					4,389	50 weeks
Spent	13th	-	-	-	-							-	
		6,820	(2,431)	-								4,389	

Animal's Stage	Batch No.	2020										Age of report	
		Acquisition/OB	Death & loss	Sales	DoC	Biological Transfer		Spent	Dec-20				
DoC	14th	3,219	(22)		3,219	(3,197)						-	
Pullet	14th	-	(22)			3,197	(3,175)					-	
Layer	14th	-	(622)				3,175					2,553	35 weeks
Spent	14th	-	-	-	-							-	
		3,219	(666)	-								2,553	

Animal's Stage	Batch No.	2020							Age of report				
		Acquisition/OB	Death & loss	Sales	DoC	Biological Transfer		Spent					
DoC	8th	-										-	
Pullet	8th	-										-	
Layer	8th	2,654										(2,654)	



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Spent	8th	-	(278)	(2,376)			2,654	-
		2,654	(278)	(2,376)				-

Animal's Stage	Batch No.	2020							Age of report
		Acquisition/OB	Death & loss	Sales	DoC	Pullet	Layer	Spent	
DoC	9th	-							
Pullet	9th	-							
Layer	9th	1,911	(571)				(1,340)		
Spent	9th	-		(1,340)			1,340		
		1,911	(571)	(1,340)					

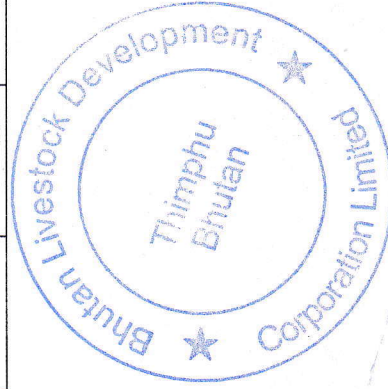
Animal's Stage	Batch No.	2020							Age of report
		Acquisition/OB	Death & loss	Sales	DoC	Pullet	Layer	Spent	
DoC	11th	-							
Pullet	11th	-							
Layer	11th	1,515	(1,122)				(393)		
Spent	11th	-					393	83 Weeks	
		1,515	(1,122)	-				393	

Analysis Period Movements of Fair Values over Biological Transformation of cattle

	2020		Operational Gain/(Loss)
	1.1.2020	31.12.2020	
Acquisition cost of DoC	3,01,170	-	(3,01,170)
Pullet	5,96,564.69	-	(5,96,565)
Layer	9,14,843.20	8,76,070.28	9,61,227
Spent	-	1,210.10	31,210
FVLCTS	8,12,578	39,07,280	94,702

Poultry layer birds for Poultry OPD Samrang

Animal's Stage	Batch No.	2020							Age of report	
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	DoC	Pullet	Layer		Spent
DoC	16th	2,821	(86)			2,821	(2,735)			
										-



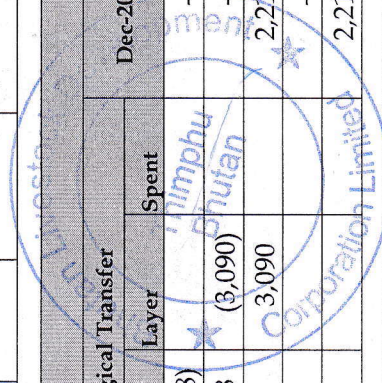
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Pullet	16th	-	(454)	15	2,735	2,296	30 weeks
Layer	8th	1,551	(258)		(1,293)	-	
Spent	8th	-	(1,293)		1,293	-	88 weeks
		4,372	(798)			2,296	

Animal's Stage	Batch No.	2020						Age of report
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer		
DoC	17th	4,887	(272)			DoC 4,887	Layer (4,615)	-
Pullet	17th	-	(2,095)		(15)		4,615	2,505
Layer	9th & 10th	2,442	(761)				(1,681)	-
Spent	9th & 10th	-	(3,128)	(1,681)			1,681	-
		7,329		(1,681)				2,505

Animal's Stage	Batch No.	2020						Age of report
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer		
DoC	11th & 12th							-
Pullet	11th & 12th		-					-
Layer	11th & 12th	3,040	(2,314)				(726)	-
Spent	11th & 12th	-					726	726
		3,040	(2,314)	-				726
								80 Weeks
								Became Empty

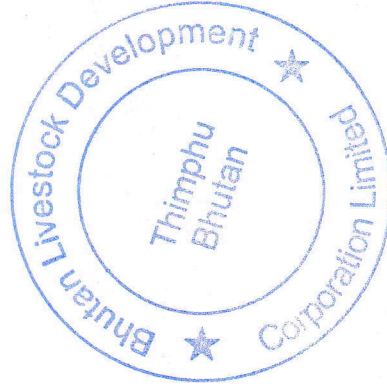
Animal's Stage	Batch No.	2020						Age of report
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer		
DoC	13th	3,288	(70)			DoC 3,288	Layer (3,218)	-
Pullet	13th	-	(128)				3,218	-
Layer	13th	-	(871)				(3,090)	-
Spent	13th	-					3,090	2,219
		3,288	(1,069)	-				-
								2,219
								53 Weeks
Animal's Stage	Batch No.	2020						Age of



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	Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer			Dec-20	report
					DoC	Pullet	Layer		
DoC	5,575	(217)			5,575	(5,358)			
Pullet		(80)	(306)	(2,000)	5,358	(2,972)			
Layer	-	(533)				2,972	2,439	51 Weeks	
Spent									
	5,575	(830)	(306)	(2,000)			2,439		

2020										
Animal's Stage	Batch No.	Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer			Dec-20	Age of report
						DoC	Pullet	Layer		
DoC	14B th	-				-				
Pullet	14B th	-	(44)		3,000		(2,956)			
Layer	14B th	-	(792)					2,956	2,164	51 Weeks
Spent	14B th	-	(836)		3,000					
									2,164	



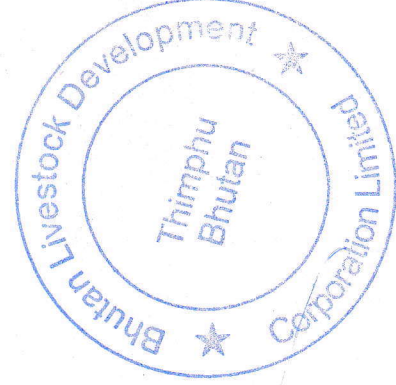
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Animal's Stage	Batch No.	2020										Age of report
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer				Dec-31		
						DoC	Pullet	Layer	Spent			
DoC	15A th	7,600	(408)			7,600	(7,192)				-	
Pullet	15A th	-	(66)	(102)	(4,000)		7,192	(3,024)			-	
Layer	15A th	-	(824)					3,024			2,200	50 Weeks
Spent	15A th	-									-	
		7,600	(1,298)	(102)	(4,000)						2,200	

Animal's Stage	Batch No.	2020										Age of report
		Acquisition/OB	Death & loss	Sales	Transfer (To)/From	Biological Transfer				Dec-20		
						DoC	Pullet	Layer	Spent			
DoC	15B th										-	
Pullet	15B th	-	(29)		3,000		(2,971)				-	
Layer	15B th	-	(836)					2,971			2,135	24 Weeks
Spent	15B th	-									-	
		-	(865)	-	3,000						2,135	

**Analysis Period Movements of Fair Values over Biological Transformation of cattle**

	2020		Operational Gain/(Loss)
	1.1.2020	31.12.2020	
OSB			
Acquisition cost of DoC	7,25,130	-	(7,25,130)
Pullet	-	8,45,368	8,45,368
Layer	33,71,725.70	53,48,833.16	19,77,107
Spent	-	57,655	57,655
<b>FVLCTS</b>	<b>40,96,856</b>	<b>62,51,857</b>	<b>21,55,001</b>



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d) Fishery Farm:

It is also called Warm Water Aquaculture. The different fish species are Common carp, Grass carp, Mrigal, Rohu and Katla. It takes about 6 to 9 monthsto produce a table fish size of 0.50 to 1.0kg.

Fair Value of Biological asset are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country forsuch business). As such, market of such product is very rear

Assumption considered for the fair value for Warm Water Table Fish:

Categories of animals/Stages	Selling Price	Cost to sales- Auction charges & transportation	Fair value	Weightage
Fingerling	0.5		0.5	Per fingerling
Table Fish	111.44	12.06	123.5	Per fish 650gm

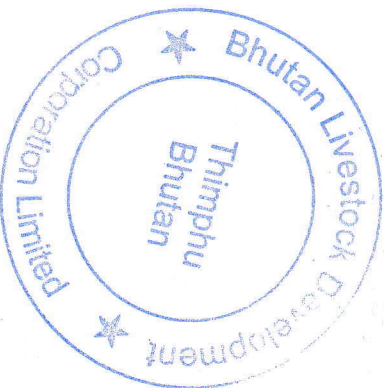
Fair value less cost to sales or FVLCTS

**Farm Data-Periodic Movements of Biological Transformation**

Sl	Animals Stage	Pond	Average weight (gm)	11.2020						Death & loss	Sales	Biological Transfer		Dec-20	
				Spec. Acquire								Fingerlin g	Adult Fish		
				CC	GC	SC	Rohu	Mrigal	Katla						
1	Fingerli ng Adult Fish	No.1	0.26	4,345	1,800	1,500	904	1,000	1,900	300	(1,111)	(360)	7,404	(6,293)	7,087
2	Adult Fish	No. 2	0.46	4,580	2,000	1,600	1,300	1,200	1,200	300	(1,140)	(350)	7,600	(6,460)	7,378
3	Fingerli ng Adult Fish	No.3	0.44	3,914	1,324	1,800	1,300	1,710	1,200	300	(1,145)	(355)	7,634	(6,489)	6,927
4	Fingerli ng Adult Fish	No. 4	0.35	4,502	1,700	1,500	1,300	1,484	1,200	300	(1,123)	(355)	7,484	(6,361)	7,249
5	Fingerli ng	No.5	-	-	2,000	1,800	1,300	1,500	1,500	300	(1,260)	-	8,400	(7,140)	-



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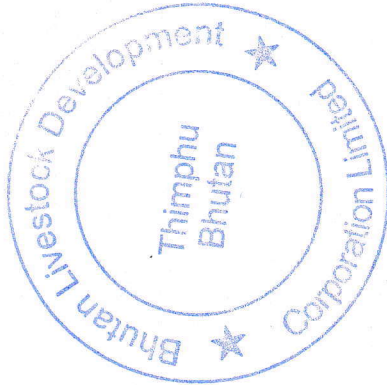
19	Fingertli ng Adult Fish	No.1 9	-	2,250	2,500	2,180	1,250	1,200	700	(1,512)	10,080	(8,568)	-
20	Fingertli ng Adult Fish	No.2 0	0.01	4,888	2,500	2,180	1,250	1,200	750	(4,037)	-	8,568	9,064
21	Fingertli ng Adult Fish	No.2 1	0.01	4,888	2,200	2,620	1,200	1,500	-	(4,049)	-	8,611	9,094
22	Fingertli ng Adult Fish	No.2 2		1,100	2,700	2,524	1,200	1,600	-	(1,369)	9,124	(7,755)	-
23	Fingertli ng Adult Fish	No.2 3		2,960	2,000	2,500	1,200	1,500	-	(1,524)	10,160	(8,636)	-
24	Fingertli ng Adult Fish	No.2 4		2,610	2,000	2,500	1,200	1,500	-	(2,591)	-	8,636	6,045
25	Fingertli ng Adult Fish	No.2 5		2,540	2,000	2,500	1,200	1,500	-	(1,472)	9,810	(8,339)	-
26	Fingertli ng Adult Fish	No.2 6		2,372	2,300	2,500	900	1,800	-	(2,502)	-	8,339	5,837
27	Fingertli ng Adult Fish	No.2 7		1,700	2,000	2,500	2,628	1,800	-	(1,461)	9,740	(8,279)	-
28	Fingertli ng Adult Fish	No.2 8		1,600	2,000	2,000	2,642	1,800	-	(2,484)	-	8,279	5,795
29	Fingertli ng Adult Fish	No.2 9		1,000	2,000	1,731	2,200	1,476	-	(1,481)	9,872	(8,391)	-
30	Fingertli ng Adult Fish	No.3 0		1,000	2,000	1,500	2,200	1,480	-	(2,517)	-	8,391	5,874
	Total No. of Animals		0.17	1,81,778	60,600	56,704	49,959	47,969	8,761	(6,920)	2,82,549	6,953	2,88,441

88



	2020		Operational Gain/(Loss)
	1.1.2020	31.12.2020	
OSB			
Fingerling	-	-	-
Adult Fish	33,97,371	36,74,252	2,76,881
<b>FV</b>	<b>33,97,371</b>	<b>36,74,252</b>	<b>2,76,881</b>

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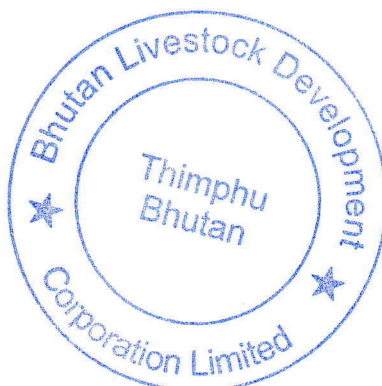


**Bhutan Livestock Development Corporation Limited**  
Notes forming part of the Financial Statements

**Statement of Ratio Analysis**

S. No.	Ratios	For the year ended December 31, 2020	For the year ended December 31, 2019	Remarks
1	Total Earnings per share (Nu per Share) (Loss for the period / No.of shares issued)	1.16	(15.08)	Reflecting Financial Loss for the period per Equity Share
2	Net Profit Ratio ( % ) (Net Profit / Turnover * 100)	2.35%	-158.63%	Reflecting Loss with respect to Turnover
3	Return on Assets ( % ) (Net Profit / Total Assets *100)	0.86%	-17.71%	Reflecting Loss with respect to Total Assets
4	Return on Equity ( % ) (Net Profit / Owner's Equity *100)	1.56%	-20.38%	Reflecting Financial Loss for the period on total Owner's Equity
5	Dividend Coverage Ratio (%) (Net Profit available to equity shareholders / Dividend paid to Equity shareholders)	Nil	Nil	Reflecting no Dividend was paid during the period
6	Dividend Payout Ratio ( % ) (Dividend per share / Earnings per share *100)	Nil	Nil	Reflecting no Dividend was paid during the period
7	Current Ratio ( Times) (Current assets / Current Liabilities)	5.60	0.23	Reflecting Current Assets with respect to Current Liabilities for the period

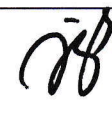
Note: Net profit has been considered as net profit after tax, excluding other comprehensive income

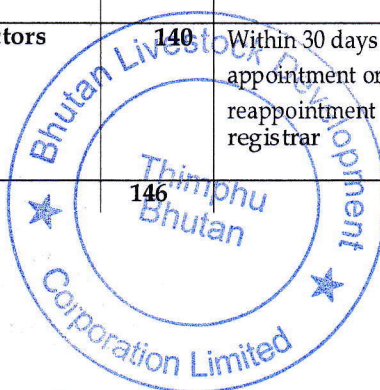


**ATTACHMENT - D**

**COMPLIANCE CALENDAR & COMPLIANCE CHECKLIST**

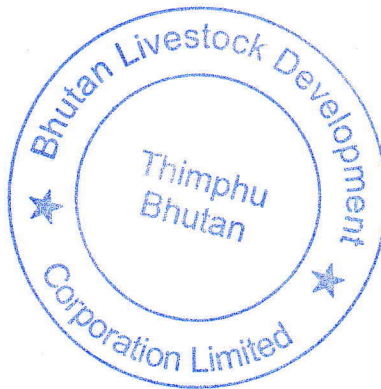
**COMPLIANCE CALENDAR**

Sl. No.	Activity	Section		Remarks
1	<b>Submission of Annual Return</b>	267		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31st May	As per Annual Return Form for a period relating to financial year ended on 31st December
b)	All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.		On or before 31st July	Should be duly authenticated by at least one director and the Chief Executive Officer
2	<b>Annual General Meeting</b>	177		
a)	Listed Companies		On or before 30th April	To be conducted once a year besides other meetings
b)	Unlisted Companies		On or before 30th June	Board Cum AGM
c)	Government Companies		Same timing	
3	<b>Notice Calling General Meetings</b>	185	21 days before the AGM	NA to PVT. LTD
4	<b>Payment of Dividend</b>	204	Within 30 days of declaration in AGM	
5	<b>Presentation of B/S, P&amp;L A/c and Cash Flow Statement at every AGM</b>	244		By Chair of Board
6	<b>Filing of Documents with Register</b>	267		
7	<b>Appointment of auditor GCC &amp; GC</b> Reappointment Removal  Resignation	251   260-262	Every AGM  Notify the Registrar within 15 days from passing the resolution  Convene the EGM within 14 days to discuss resignation.	Every year at AGM from panel of auditors-RAAAG of Bhutan. Not more than 3 years
8	<b>Consent to act as directors</b>	140	Within 30 days of appointment or reappointment with the registrar	
9	<b>Board Meetings</b>	146		Quorum: 



	1 <sup>st</sup> BM 2 <sup>nd</sup> BM  3 <sup>rd</sup> BM 4 <sup>th</sup> BM	& 149	3 months after last BM3 months after last BM  3 months after last BM3 months after last BM	2/3 of total directors or 2 directors whichever is higher.
10	<b>Appointment of CEO</b>	210	Every 5 years	At General Meeting
11	<b>Power of Regulatory Authority to accord approval</b>	412	Approval of Regulatory Authority	Prescribing forms, Payments of fees, generally for the purpose of this Act.
12	<b>Appointment of Company Secretary</b>	213	As per prescribed by MTI	Listed companies+ Companies with more than Nu.100,000,000 as paid up capital
13	<b>Statutory Record and Inspection</b>	228	All times	

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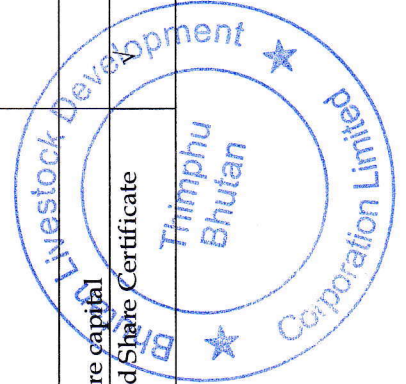
**COMPLIANCE CHECK LIST (Extracts from the Companies Act of Bhutan2016)**

*Instruction to auditors- Please check in appropriate column with TICK MARK based on your verification of compliance to Sections referred below from the Companies Act of Bhutan:*

**CHECK LIST FOR COMPLIANCE OF PROVISION OF THE COMPANIES ACT OF BHUTAN, 2016**

Date:

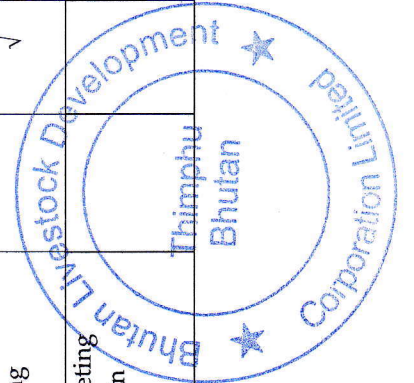
NAME OF COMPANY:	Bhutan Livestock Development Corporation Limited	COMPLIANCE CHECKLIST	YES	NO	NA	REMARKS
REGISTERED NO:	U20170315THI0561					
No.	INCORPORATION OF A COMPANY					
	SECURITIES					
1	28 Changes to Articles/ Approval			✓		
2	47 Change of name/ Approval			✓		
3	123 Increase or consolidation of share capital		✓			Transfer of single cabin Hilux fitted with breeze box Nu.54,736.777from Department of National Properties bearing vehicle no. BG-3A-0136
4	124 Reduction of share capital			✓		
5	82 License Copy and Share Certificate filing					License no. 4009368 valid upto.19.03.2021.



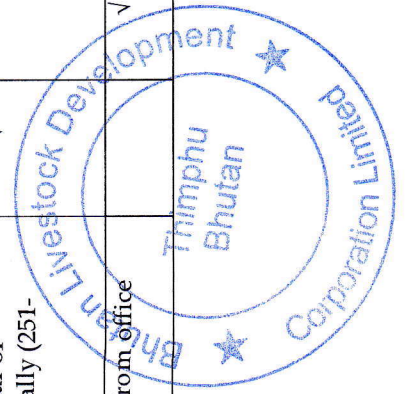
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6	107	Public offer of shares & Debentures- ROC Approval	✓			
7	217	MANAGEMENT & ADMINISTRATION Registered Office of Company	✓	✓		Namtog Lam, Khangkhulu, Thimphu, Post Box No - 2078
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓	✓		
9	241	Financial Year of Companies as of 31st Dec.	✓	✓		
	242	Extension upto 15 months - ROC approval	✓	✓		
	243	Extension upto 18 months - Authority's approval	✓	✓		
	245	Financial Statements to follow BAS	✓	✓		
10	267	Annual Return Submission On/ before 31st May for listed; others 31st July	✓	✓		Submitted on 23rd March 2020 for the financial year 2019
11	177	Annual General Meeting (Minutes)	✓	✓		AGM was held on 26th June 2020 and minutes have been documented.
12	180	Extraordinary General Meeting (Minutes)	✓	✓		
13	185	Notice for calling general meeting listed Co. - written as well as in media	✓	✓		

28

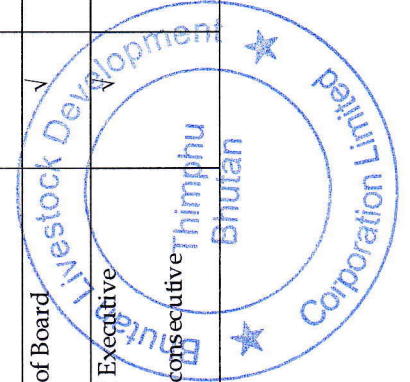


	187	Public Co/Private Co.- Written Notice	✓				
14	190	Chairman of meeting (CEO cannot chair)	✓				
15	192	Representation of corporations at meetings (appointed by Board Directors)			✓		
16	193	Ordinary and special resolutions				✓	
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	✓				
18	199	Declaration and payment of dividend(199-209)			✓		
19	232	Books of account to be kept by company (location & time period)					Location - At registered office situated at Namtog Lam, Khangkhulu, Thimphu, Post Box No - 2078 Time Period - From October 2017 onwards
20		Board's report (signed by Chairman)	✓				
21	252	Appointment and removal of Auditors re-appoint annually (251-259)	✓				
22	260	Resignation of Auditors from office (Annual Resignation)			✓		



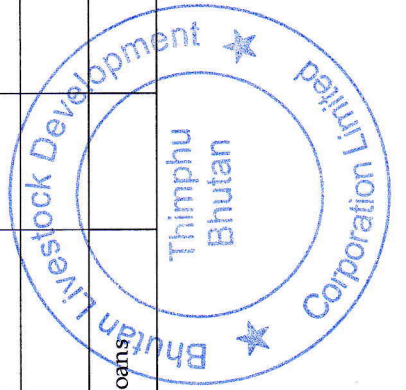
28

23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			
24	133	Number of directors (Minimum No.& retirement on rotation)	✓			At present, the Company has four directors.
25	139	Additional directors		✓		
26	140	Consent to act as directors	✓			
27	141	Certain persons not to be appointed as Directors	✓			
28	142	Resignation by a director		✓		
29	143	Removal of directors		✓		
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)				Four Board Meetings have been held in the financial Year 2020.
31	152	General powers of the board	✓			
32	156	Restriction on powers of Board	✓			
33	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	✓			Reappointment has been done for another term.



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34	414	Appointment of selling or buying agents (govt. Approval obtained or not)				✓	
35	157	No loans to directors (only for Public Co.)			✓		
36	53	Inter-corporate investments (investments to be disclosed) apply old rule				✓	
37	158	Contracts in which directors are interested			✓		
38	161	Companies to have secretaries		✓			
39		Standard of care required by directors (Reckless decision)			✓		
40	228	STATUTORY RECORD AND INSPECTION					
41	(a)	Statutory record and inspection					
42	(b)	Register of buy-back of shares				✓	
43	(c)	Register of transfers				✓	
	(d)	Register of charges				✓	
		Register of inter-corporate loans				✓	



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44	(e)	Register of inter-corporate investments				✓
45	(f)	Register of contracts in which directors are interested			✓	
46	(g)	Register of directors		✓		
47	(h)	Register of directors' shareholding			✓	

**OTHERS**

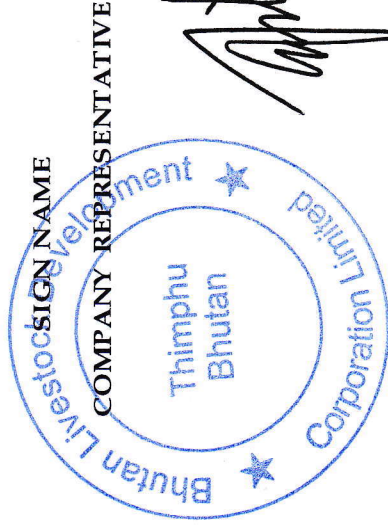
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PRIYA  
AGARWAL

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**SIGNATURE/SEAL**

CA Priya Agarwal  
(Partner)  
For B M Chatrath & Co LLP  
(Chartered Accountants)



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\*\*\*\*\*

# B M CHATRATH & CO LLP

(FORMERLY B M CHATRATH & CO.)  
CHARTERED ACCOUNTANTS  
LLPIN: AAJ-0682

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TEL: 2248-4575/4667/6810/6798, 22 10-1385  
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## BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED MANAGEMENT REPORT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2020

### **1. Non-conducting of Physical Verification (3.2.13)**

The company has not done physical verification of fixed assets for the year 2020.

During the year we have observed that there was a proposal for write off in fixed assets amounting to Nu. 10,384,240/- (WDV Nu. 7,868,948), as the useful life of the assets have been exhausted.

In this regard it is also to be mentioned that the company was formed by injection of equity of Nu. 455,645,974/- out of which Nu. 422,312,974/- was in the form of Property, Plant and Equipment by the Ministry of Agriculture and Forest (MoAF).

Hence, it is recommended to the Company to verify its fixed assets by appointing an external agency in order to assess the true value, conditions and also the operating efficiency of such assets.

#### **Management's Response**

*Fiscal year 2020 has been completely different due to the COVID-19 pandemic. The government implement various COVID protocols and restrictions in free movements including the closure of all the international borders to control the spread of virus in the country. More so, the government even initiated two subsequent nationwide lockdown in the country.*

*Consequently, most of BLDCL's farms being located at the southern belt of the country whereby the entire southern belt of the country was identified as the higher risky zone. Thus, the company could not initiate the physical verification of fixed assets and biological asset due to travel restrictions and strict protocols to adhere for travelling from lower COVID risky zones to higher COVID risky zone.*

#### **Further Comments of the Auditors**

*We suggest the management should conduct the -physical verification of fixed assets when the condition of the country improves. The outcome from such verification should be intimated to RAA.*



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Web: www.bmchatrath.com

## Accountability

Direct Accountability	Name: Suraj Ghalley, EID: 201801006, Designation: Dy. Chief Finance Officer, Citizen ID No. 11301000181
Supervisory Accountability	Name: Jigme Wangchuk EID: 201708001, Designation: Chief Executive Officer, Citizen ID No.: 11503000055

**For B M Chatrath & Co LLP**  
(Chartered Accountants)

Firm Registration No.301011E/E300025

**PRIYA  
AGARWAL**

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PRIYA AGARWAL  
Date: 2021.06.17  
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**Priya Agarwal**  
(Partner)



Date: 17.06.2021

Place: Kolkata

Membership No. 303874

UDIN -21303874AAAACB2577

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## BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LTD.

### Follow-up report on previous years' Management Reports

Accounting Year	Total No. of recommendation	No. of recommendations implemented	No. of recommendations partially implemented	Balance recommendations to be implemented
2018	11	10	0	1
2019	5	5	1	1

### Detailed Follow-up Report for the year ended December 31, 2020 relating to the previous periods 2018 & 2019

Point No	Observations in brief	Management's response – Current status	Status of Compliance (to be provided by auditors based on the review of the current status)
Management Audit Report of 2018 Point 1	<b>Internal Audit</b> The Internal Audit of the Company has not been carried out during the period October 2017 to December 2018.	- Initially, in 2019 BLDCL floated a vacancy for the position of an internal audit but no able and capable individual turned up for the post. In 2020, the company floated a position again and this time we recruited an internal auditor but the actual date of appointment was deferred until the 1 <sup>st</sup> of March, 2021 due to ensuing COVID-19 and two subsequent nationwide lockdowns in the country. Thus, BLDCL could not conduct internal auditing up until now. However, the Compliance & Outsource audit Division of the Royal Audit Authority (RAA) audited the company for three consecutive	<b>(Implemented)</b> <b>Auditor's comment in 2018:</b> Any material discrepancy if occurs during 1 <sup>st</sup> October 2017 to 31 <sup>st</sup> December 2018 will remain undetected. <b>Follow Up comment in 2019:</b> No Internal Audit has been conducted for the period 1 <sup>st</sup> January 2019 to 31 <sup>st</sup> December, 2019. <b>Follow Up comment in</b>

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		<p>financial years that is from 2017 till 31<sup>st</sup> December, 2019 under the following aspects:</p> <ol style="list-style-type: none"> <li>I. Contract Management</li> <li>II. Revenue Management</li> <li>III. Store Management</li> </ol> <p>- The company will conduct internal auditing quarterly if possible, if not semi-annually or annually at the least.</p>	<p><b>2020:</b></p> <p>An audit by RAA has been conducted covering the period from 2017 to 2019.</p>
<p>Management Audit Report Point 10 of 2018</p>	<p><b><u>Integrated System of Accounting</u></b></p> <p>The Company is engaged in development, processing and trading activity on livestock. In spite of following the integrated system of accounting, it has followed only the financial accounting.</p>	<p>- Currently, the company is reviewing user-friendly Enterprising Resource Planning (ERP) system to be installed at the processing, development and trading units. The management has proposed this scheme to the Board for endorsement and approval and principally this particular scheme was approved but due to the lack of the practicality aspect the Board has directed the management for further review about the software and appropriate rationality.</p> <p>- During the fiscal year 2020, this ERP system could not be implemented unfortunately but all the required information and data were recorded manually and the same has been already shared with the current statutory audit.</p>	<p><b>(Not Implemented)</b></p> <p><b>Auditor's comment:</b></p> <p>The correct data regarding consumption of material, conversion cost of raw product into finished.</p> <p><b>Follow Up comment in 2019:</b></p> <p>Though the system was implemented initially but stopped suddenly during the year.</p> <p><b>Follow Up comment in 2020:</b></p> <p>Not followed in current year.</p>
<p>Management Audit Report Point 1 of 2019</p>	<p><b><u>Lapses in Internal Control</u></b></p> <p>Due to absence of quantitative</p>	<p>- The practice of reconciliation on a monthly basis was already implemented and is being strictly followed by the farm store management for products</p>	<p><b>(Implemented)</b></p> <p><b>Auditor's comment</b></p> <p>Implemented in the</p>

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	<p>reconciliation following losses were not determined.</p> <ul style="list-style-type: none"> <li>➤ Losses arise during transit cannot be ascertained.</li> <li>➤ Any mishandling of inventories by the outlet staffs at the time of receipt cannot be detected.</li> <li>➤ Inclusion of damaged/obsolete inventories in closing inventories cannot be detected which may mislead the valuation of closing inventories.</li> <li>➤ Any mishandling of inventories by the outlet staff cannot be determined</li> </ul>	<p>such as outsourced products, livestock value added products and the products received from our own farms.</p> <p>- In this connection, all the losses that aroused due to transit, mishandling, damage or obsolete was periodically forwarded for official write-off to the management based on reconciliation report and physical evidence. The summary for the overall reconciliation report for fiscal year 2020 has been shared along with the closing inventory report of 2020 to the statutory audit.</p>	<p>financial year 2020</p> <p><b>Follow Up comment in 2019:</b></p> <p>As discussed with the management it should start the procedure of monthly reconciliation as stated above with immediate effect.</p>
<p>Management Audit Report Point 2 of 2019</p>	<p><b><u>Non Insurance (AIMS 5.9.16)</u></b>                  The main</p>	<p>- In this regard, the management has approached and discussed with the only two existing insurance companies</p>	<p><b>(Not Implemented)</b>  <b>Auditor's comment</b></p>

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	<p>operating assets of the company is livestock and they are certainly prone to contagious diseases; however the company has not taken any insurance to cover up the losses in the event of epidemic.</p>	<p>in Bhutan namely Royal Insurance Corporation of Bhutan Ltd. (RICBL) and Bhutan Insurance Limited (BIL). The two insurance companies do not have schemes to insure livestock animals as of now and such insurance schemes are also not in their priority list. However, BIDCL has learned that the Cabinet had directed the Ministry of Agriculture and Forests recently 9C-3/69/2020649 dated 6<sup>th</sup> August 2020) to pursue and discuss about crop and livestock insurance scheme thoroughly and comprehensively with the management of RICBL. If this happens, then it would be easier for BLDCL to insure the animals rather than pursuing unilaterally with the two companies.</p> <p>- Notwithstanding, BLDCL shall follow-up with the two insurance companies regularly and put it up in the Board to endorse as a policy directive to “insure BLDCL owned farm animals.”</p>	<p>Still persist in the financial year 2020</p> <p><b>Follow Up comment in 2019:</b></p> <p>The management is advised to take up the matter with concerned authorities in order to better protection of its assets.</p>
<p>Management Audit Report Point 3 of 2019</p>	<p><b><u>Non Maintenance of Scrap / Damage Register (AIMS 5.2.19)</u></b></p> <p>As informed by the management the outlet units did not maintain any register or records reflecting the damaged product and also the scrap sale register in</p>	<p>- The management has started to maintain the damaged registers at all Outlets, Units and Farms for better control purpose as advised by Statutory Auditor. In this regard, a sample copy of register has been already shared to the present Statutory Auditor for their kind reference and review.</p> <p>However, egg cartoons and egg trays are a supplementary product which goes along with the main product during the sales transactions.</p>	<p><b>(Implemented)</b></p> <p><b>Auditor’s comment</b></p> <p>Scrap register has been implemented.</p> <p><b>Follow Up comment in 2019:</b></p> <p>It is advised to the management to introduce the above mentioned registers in its outlets for better control purpose.</p>

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	respect of Egg Cartoon and Egg Tray. In the absence of non-maintaining of both the register any revenue attributable on such transactions can't be traceable.		
Management Audit Report Point 4 (i) of 2019	<p><b><u>Accounting Perspective (AIMS 4.3.22 &amp; 5.3.1)</u></b></p> <p>As per BAS 2, inventories of value-added products are to be valued at cost or Net realizable value whichever is lower. Cost includes cost of purchases, cost of conversion and other costs that are incurred in bringing the inventory to the present condition and location.</p>	<p>The Company has recognized the measurement of inventories shall be measured at the lower of cost and net realizable value in BAS and cost of inventories shall comprise all cost of purchase of conversion and other costs incurred in bringing the inventories to their present location and condition.</p> <p>The management would like to assure that agricultural products (locally outsourced pickles, fruit juice, cheese, butter, honey, etc.) and store and spare (includes animal feed, packaging materials like plastic, carton, tray, threads, stickers, etc.) are realized at their net realizable value (Cost of purchase cost). The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) and transportation, handling and other cost directly attributable to the acquisition of finished goods, materials and services as per BAS.</p> <p>However, value added products are processed meat products produced and supplied by the Bhutanese farmers. As such, the cost of production (cost of</p>	<p><b>(Implemented)</b></p> <p><b>Auditor's comment</b></p> <p>Implemented in the financial year 2020</p> <p><b>Follow Up comment in 2019:</b></p> <p>It is advisable to the management to do the valuation of the stock of inventories as per the requirements of BAS-2 i.e. in addition to the cost of purchases for value added products the costs relating to conversion and other costs that were incurred in bringing the inventory to the present condition and location should also be considered.</p>

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		purchase, cost of conversion and other costs) for cost of inventories of a service provider are carried out at periodic interval considering the economic situation of market to materialize the cost.	
Management Audit Report Point 4 (ii) of 2019	<p><b><u>Operation Perspective (AIMS 5.3.11 &amp; 3.1.16)</u></b></p> <p>We checked the profit margin set by the company for its different products and compare it with overall gross profit (excluding depreciation and indirect costs) earned by it during 2019, and have observed that the company earned a gross profit margin of 4.75% without considering indirect cost and depreciation (except of gross profit given below) and a net loss margin of 172.86% after considering all costs as compared to the net margin set by the</p>	<p>As such, the management could not define the costing formulation and changes due to frequent price changes at source leading to the failure in keeping proper records and track all the changes in the price module of raw materials and triggering to change in cost of production to analyze the selling price.</p> <p>The management has now developed its own '<b>cost of production model</b>' to keep track for the processed products henceforth to evaluate the inventory cost of processed products. However, the management is also exploring to hire expert financial analyst to come up with a good, dynamic pricing model.</p>	<p><b>(Partially Implemented)</b></p> <p><b>Auditor's comment</b></p> <p>Partially implemented in the financial year 2020</p> <p><b>Follow Up comment in 2019:</b></p> <p>It is advisable to the management to revise its price structure in order to curtail its losses. We further suggest</p> <p>(i) while setting out the price of the different product a reasonable basis to be identified for allocation of head office expenses to each of the product be sold.</p> <p>(ii) to prepare product wise statement of profit and loss for each of its major product variants to asses any income &amp; losses attributable to such products.</p>

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	company ranging between 2%-39%.		
Management Audit Report Point 5 of 2019	<p>During the year Company has received Nu. 16039000 from the Government.</p> <p>No document has been made available to us for verification as to why Nu. 15 million has been transferred to equity and Nu. 1.03 million has been kept under deferred government grant.</p> <p>Further, an amount of Nu. 3.2 million from previous year has been transferred to equity during the year for which no document has been made available to us for verification.</p> <p>No accounting treatment has been done for balance government grant of Nu. 11.87 million, which was shown as deferred</p>	<ul style="list-style-type: none"> <li>- The amount of Nu. 10.00 million was granted from Ministry of Finance (MoF) because of the management's repeated requests for additional equity injection as the company was going through very difficult times. The request was also made for Sovereign Guarantee for loan from any Financial Institution in case the government was unable to grant additional equity.</li> </ul> <p>The relevant documents are attached herewith pertaining to this issue. The company was also unable to get an additional equity beyond Nu. 10.00 million or a sovereign guarantee because the new SoEs (BLDCL, FMCL &amp; GBCL) were being repeatedly reviewed of its rationality and mandates since 2018.</p> <ul style="list-style-type: none"> <li>- Initially, the Department of Livestock (DoL), Ministry of Agriculture and Forests (MoAF) was supposed to implement the egg powdering project (construction and procurement). However, the Ministry had later recognized that BLDCL was an appropriate agency for such project which had a commercial angle. This decision was taken in MoAF's 91<sup>st</sup> RNR-GNHC committee meeting on 7 and 8 March 2018. As such, both the budget which was earmarked under DoL in the fiscal year 2018-2019 for the construction of egg powdering plant and procurement of egg powdering machines/equipment were transferred to BLDCL.</li> </ul>	<p><b>(Implemented)</b></p> <p><b>Auditor's comment</b></p> <p>Documents obtained in the financial year 2020</p> <p><b>Follow Up comment in 2019:</b></p> <p>It is advisable to the management to obtain proper documentation regarding funds received from government and as well as treatment of such fund.</p>

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	<p>government grant during previous year.</p>	<ul style="list-style-type: none"><li>- BLDCL had then implemented and executed the egg powdering project accordingly as per RGoB rules and regulations in vogue. Compliance report for the settlement of accounts for the works was also submitted to DoL for financial year closing. The company has also recognized net value of asset in the books of account accrued from additional equity injection.</li></ul> <p>As per the definition of BAS 20, grants relating to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the period during which they are to be acquire or held.</p> <ul style="list-style-type: none"><li>- The above asset (63KV diesel generator) was requested from DoL for OPD, Samrang, Samdrup Jongkhar to supplement the power fluctuations of the farm. Samdrupcholing Drungkhag of Samdrup Jongkhar consisting of 4 gewogs (Martshala, Pemathang, Phunsthothang and Samrang) experiences the worst power blackouts in the country during the summers leading to no electricity connections for weeks. The ripple ill-effect it has, especially to livestock farm like Samrang, is that all the biological assets like vaccines and products are spoiled with occurrences of high animal and bird mortalities due to heat stress. As such, the company had requested DoL to grant their generator which was not being optimally used. The Regional</li></ul>	
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		Livestock Development Centre, Kanglung formally handed over the generator to BLDCL and the same with its net value is recorded in the books of account as per the appropriate BAS. Lastly, with regard to the remaining deferred grant of Nu. 11.87 million. This shall be as per the provisions of BAS20 wherein the government grants shall be recognized in profit and loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intend to compensate.	
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**For B M Chatrath & Co LLP**  
(Chartered Accountants)

Firm Registration No.301011E/E300025

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**AGARWAL**  
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Date: 17.06.2021

Place: Kolkata



Membership No. 303874

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