

BHUTAN FERRO ALLOYS LIMITED

**FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED
30TH JUNE, 2023**

CONSISTING OF

**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE,
2023**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF
YEAR ENDED 30TH JUNE, 2023**

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED
30TH JUNE, 2023**

**AND
STATEMENT OF CHANGE IN EQUITY**

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2023

	Notes	As at 30.06.2023	As at 31.12.2022
		Nu	Nu
ASSETS			
Non Current Assets			
Tangible Assets- Property , Plant & Equipment	2	619,041,883.58	677,678,636.65
Intangible Assets	2	2,043,136.00	2,208,795.00
Capital Work-in Progress	2	5,310,117.00	4,247,491.02
Investment	3	40,000,000.00	40,000,000.00
Other Non-Current Assets	4	10,826,280.64	12,621,984.26
		677,221,417.22	736,756,906.93
Current Assets			
Inventories	5	843,994,483.15	725,241,330.51
Short Term Investment	6	97,531,081.57	329,153,023.82
Trade Receivables	7	235,417,864.37	218,286,277.78
Prepayments and Advances	8	54,805,742.37	22,447,799.60
Cash & Cash equivalents:	9	270,393,788.13	422,406,152.96
		1,502,142,959.59	1,717,534,584.67
Total Assets		2,179,364,376.81	2,454,291,491.60
EQUITY & LIABILITIES			
Equity			
Share capital	10	150,000,000.00	150,000,000.00
Reserves	11	469,073,523.70	493,321,249.70
Retained earnings	12	955,373,482.63	1,390,033,553.48
		1,574,447,006.33	2,033,354,803.18
Non-current Liabilities			
Loans and borrowings	13	18,584,991.67	30,991,267.95
Trade and Other Payables	14	11,720,130.27	9,561,813.42
Provisions for Employees	15	63,343,838.00	61,329,628.00
		93,648,959.94	101,882,709.37
Current Liabilities			
Loans and borrowings	13	214,925,759.03	30,071,660.08
Trade and Other Payables	14	270,971,389.00	218,287,934.04
Provisions for Employees	15	-	4,296,815.00
Income tax payable	16	25,371,262.51	66,397,569.93
		511,268,410.54	319,053,979.05
Total Liabilities		604,917,370.48	420,936,688.42
Total Equity and Liabilities		2,179,364,376.81	2,454,291,491.60
Significant Accounting Policies	1		

Notes 1 to 33 are an integral part of the financial statements.

BHUTAN FERRO ALLOYS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30TH JUNE, 2023

	Note	For The Half Year Ended 30.06.2023 Nu.	For The Year Ended 31.12.2022 Nu.
Continuing Operations			
Revenue	17	1,599,181,486.35	3,857,221,245.16
Other Income	18	37,855,486.37	65,542,662.81
Total		1,637,036,972.72	3,922,763,907.97
Expenses			
Changes in Inventories	19	(112,755,208.84)	(94,622,351.00)
Raw materials consumed	20	924,016,641.00	1,882,961,319.97
Stores and Spares Consumed	21	63,796,447.10	171,739,883.31
Power Consumed		450,549,965.58	684,494,724.00
Employee benefits expense	22	74,504,107.40	138,010,651.24
Finance Cost	23	5,047,947.07	5,876,012.94
Loss on sale of Shares		-	5,268,925.37
Depreciation		53,398,890.00	108,496,357.58
Other Expenses	24	58,024,944.55	115,628,029.82
Total		1,516,583,733.86	3,017,853,553.23
Profit before tax		120,453,238.86	904,910,354.74
Tax Expense			
Current Year	25	30,113,309.71	225,871,237.69
Tax For Earlier Year			9,918,791.74
Profit After Tax		90,339,929.15	669,120,325.31

Earnings per Share:

Basic & Diluted	6.02	44.61
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Significant Accounting Policies 1

Notes 1 to 33 are an integral part of these financial statements

BHUTAN FERRO ALLOYS LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30TH JUNE, 2023

	30.06.2023	31.12.2022
	Nu.	Nu.
Cash Flows From Operating Activities		
Profit for the year	90,339,929.15	669,120,325.31
Adjustments for -		
Depreciation on Property, Plant & Equipment	53,398,890.00	108,496,357.58
Finance Income	(25,958,658.85)	(38,698,754.82)
Finance Cost	5,047,947.07	5,876,012.94
Income tax expense	30,113,309.71	225,871,237.69
	152,941,417.08	970,665,178.70
(Increase)/ Decrease in Trade Receivables	(17,131,586.59)	(52,148,455.59)
(Increase)/Decrease in Inventories	(118,753,152.64)	(219,677,429.71)
(Increase)/Decrease in Short Term Investment	231,621,942.25	(165,955,178.38)
(Increase)/Decrease in Prepayments & Advances	(34,736,208.77)	3,971,007.61
Increase/(Decrease) in Trade & Other Payables	54,841,771.81	98,061,458.35
(Increase)/Decrease in Other Non- Current Assets	1,795,703.62	(2,282,988.62)
Increase/(Decrease) in Provisions For Employee benefits	(2,282,605.00)	(4,773,270.00)
Cash Generated from Operations	268,297,281.76	627,860,322.36
Income Taxes paid	(71,139,617.13)	(340,321,568.92)
Net Cash Flows from Operating Activities	197,157,664.63	287,538,753.44
Investing Activities		
Purchase of Property Plant & Equipment	(19,906,829.91)	(25,235,179.71)
Investment In Equity Shares(RICBL)	-	176,922,675.88
Dividend Received	24,835,404.00	31,044,255.00
Interest Received	3,501,520.85	6,268,608.82
Net cash used in Investing Activities	8,430,094.94	189,000,359.99
Financing Activities		
Repayments of Loans & Borrowings	172,447,822.67	(50,696,047.57)
Interest paid	(5,047,947.07)	(5,876,012.94)
Dividend paid	(525,000,000.00)	(450,000,000.00)
Net cash used in Financing Activities	(357,600,124.40)	(506,572,060.51)
Net Increase/(Decrease) in cash and cash equivalents	(152,012,364.83)	(30,032,947.08)
Cash & Cash equivalents at beginning of the year	422,406,152.96	452,439,100.04
Cash & Cash equivalents at end of the year	270,393,788.13	422,406,152.96
	(152,012,364.83)	(30,032,947.08)

BHUTAN FERRO ALLOYS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30TH JUNE, 2023

Particulars	Attributable to owners of the Company			
	Share Capital	Reserves	Retained Earnings	Total Equity
	Nu.	Nu.	Nu.	Nu.
As at 1 st January, 2023	150,000,000.00	493,321,249.70	1,390,033,553.48	2,033,354,803.18
Adjustment on revalued assets		(24,247,726.00)		(24,247,726.00)
Profit for the Year			90,339,929.15	90,339,929.15
Equity Dividend Paid			(525,000,000.00)	(525,000,000.00)
As at 30th June, 2023	150,000,000.00	469,073,523.70	955,373,482.63	1,574,447,006.33

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half Year Ended 30th June, 2023

1 Notes to the Financial Statements

1.1 Corporate Information:

Bhutan Ferro Alloys Limited (BFAL) had been incorporated as a joint venture Company of the Royal Government of Bhutan, Marubeni Corporation of Japan and Tashi Commercial Corporation. The Company is domiciled in Bhutan and has its registered office at TCC Complex Building, Phuentsholing, Bhutan. It is listed with the Royal Securities Exchange of Bhutan. The Company is engaged in manufacturing of Ferro Alloys & its products and manufacturing of Silicon based Alloys.

Significant Accounting Policies

1.2 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in Bhutan under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards of the Companies Act of Bhutan, 2016 as per the Accounting Standards notified in the Accounting Standards Rules for Companies in Bhutan 2012 and in BAS 2015.

The accounting principles that form the basis for preparing these financial statements for the half year ended 30th June, 2023, comply with all applicable Bhutanese Financial Reporting Standards published and legally binding as at the date of preparing the financial statements .

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in BAS . The Company has ascertained its operating cycle as 12 months for the purpose of current or non current classification of its assets and liabilities.

1.3 Accounting Assumptions & Estimates

The preparation of financial statements in conformity with Bhutan Financial Reporting Standards requires the use of certain assumptions and estimates. It also requires the Management to exercise its judgment in the process of applying the accounting principles.

1.4 Property, plant and equipment

Property, Plant and Equipment are stated at acquisition cost net of accumulated depreciation and impairment losses. Costs are inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation of the asset.

Subsequent costs are included in the asset's carrying amount as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company in future and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Comprehensive Income during the financial period in which they are incurred.

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half Year Ended 30th June, 2023

1 Notes to the Financial Statements

Gains and losses on disposals of fixed assets are determined by comparing the disposal proceeds with the carrying amount and are recognised in the financial result.

An asset is treated as impaired when the carrying cost exceeds the recoverable value. The impairment loss recognised in the prior accounting period is reversed if there has been a change in the management estimate of recoverable amount.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life at the rates specified in Annexure II to the Rules on the Income Tax Act of the Kingdom of Bhutan 2001.

1.5 Investment

Long term Investments are stated at cost unless there is any permanent diminution in value where provision for diminution is made on individual basis.

1.6 Inventories

Raw Material and Stores & Spares cost are determined using the weighted average cost of purchase and other costs incurred in bringing them to their existing location and condition.

Finished goods are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

By-Products are valued at lower of cost or net realisable value.

1.7 Foreign currency Transactions

Transactions in third country export sales in foreign currency are converted into local currency by using month end prevailing exchange rates.

Foreign currency monetary assets and liabilities are converted at the rate prevailing at the year end rate and the overall net gain or loss is accounted for in the Statement of Comprehensive Income

Exchange fluctuation reserve is maintained for foreign currency fluctuation gain or loss arising from re-instatement of loans taken for acquisition of fixed assets at the end of each financial year. Fluctuation gain or loss arising from settlement of that loan is accounted for in the Statement of comprehensive Income by adjusting the said exchange fluctuation reserve.

1.8 Revenue Recognition

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half Year Ended 30th June, 2023

1 Notes to the Financial Statements

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. If it is possible that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income is recognised on a time proportion basis using the effective interest rate prevailing at the date of Financial Statement .

Dividend income is recognised as and when the right to receive payment is established.

1.9 Employee benefits

Short-term employee benefits like salaries, bonus, paid annual leave, sick leave etc. are accrued in the year in which the associated services are rendered by employees of the company.

Contributions to Provident Fund are recognized in the Profit and Loss account on accrual basis.

Employee benefits comprising of Gratuity liability and liability for Leave encashment is provided on the basis of Actuarial Valuation. As per Service Rule the maximum amount of Gratuity to be provided for each employee is Nu. 1,500,000/-.

1.10 Income Tax Expenses

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted in accordance with taxation rules prevailing at the reporting date.

Deferred Tax resulting from " timing differences" between taxable income and accounting Income is accounted for by using the tax rates as on the date of Financial Statement. Deferred Tax Assets is recognised and carried forward only to the extent that there is virtual certainty about availability of future taxable income to realise such assets.

1.11 Provisions & Contingencies

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half Year Ended 30th June, 2023

1 Notes to the Financial Statements

Provision is made on a reliable estimate when it is probable that an out flow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made is termed as a contingent liability. Contingent assets are not considered in the Financial Statement.

BHUTAN FERRO ALLOYS LIMITED

2 Property, Plant and Equipment

	PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			NET BLOCK	NET BLOCK	
		As at	Additions	Sales/	As at	During the	Sales/	As at	As at	
		01.01.2023		Adjustment.	30.06.2023	01.01.2023	Year	Adjustment.	30.06.2023	31.12.2022
	(Nu.)	(Nu.)	(Nu.)	(Nu.)	(Nu.)	(Nu.)	(Nu.)	(Nu.)	(Nu.)	
(a)	Tangible Assets									
i	Freehold Land	3,759,023.10	-	-	3,759,023.10	-	-	-	3,759,023.10	3,759,023.10
ii	Building									
	Factory Buildings	366,246,453.44	6,880,986.37	-	373,127,439.81	250,401,293.22	5,579,663.00	-	255,980,956.22	117,146,483.59
	Residential Building	54,241,103.28	-	-	54,241,103.28	34,204,345.86	813,617.00	-	35,017,962.86	19,223,140.42
		420,487,556.72	6,880,986.37	-	427,368,543.09	284,605,639.08	6,393,280.00	-	290,998,919.08	136,369,624.01
iii	Road , Bridges & Other Facilities									
	Road & Bridges	59,496,579.90	-	-	59,496,579.90	30,340,671.28	892,449.00	-	31,233,120.28	28,263,459.62
	Semi Permanent Facilities	51,893,506.55	4,533,764.59	-	56,427,271.14	44,467,701.39	2,054,072.00	-	46,521,773.39	9,905,497.75
		111,390,086.45	4,533,764.59	-	115,923,851.04	74,808,372.67	2,946,521.00	-	77,754,893.67	38,168,957.37
iv	Plant and Machinery									
	Plant and Machinery	1,099,533,690.18	2,052,000.00	-	1,101,585,690.18	809,768,192.24	52,921,961.00	-	862,690,153.24	238,895,536.94
	Generator	2,814,854.24	-	-	2,814,854.24	2,189,929.00	69,684.00	-	2,259,613.00	555,241.24
	Electrical Installation	392,281,433.03	-	-	392,281,433.03	226,621,772.26	9,198,912.00	-	235,820,684.26	156,460,748.77
	Forklift	5,692,298.92	-	-	5,692,298.92	4,220,710.00	136,552.00	-	4,357,262.00	1,335,036.92
		1,500,322,276.37	2,052,000.00	-	1,502,374,276.37	1,042,800,603.50	62,327,109.00	-	1,105,127,712.50	397,246,563.87
v	Office Equipments	32,297,934.23	5,013,646.47	-	37,311,580.70	23,654,640.21	1,125,598.00	-	24,780,238.21	12,531,342.49
vi	Laboratory Equipments	2,158,269.53	-	-	2,158,269.53	2,086,342.53	6,786.00	-	2,093,128.53	65,141.00
vii	Furniture & Fixtures	3,997,329.98	363,806.50	-	4,361,136.48	3,015,950.98	133,196.00	-	3,149,146.98	1,211,989.50
viii	Earth Moving Machinery	28,710,839.66	-	-	28,710,839.66	16,092,184.42	1,421,153.00	-	17,513,337.42	11,197,502.24
vii	Vehicles	60,787,321.61	-	-	60,787,321.61	39,168,268.61	3,127,314.00	-	42,295,582.61	18,491,739.00
viii	Arms & Ammunitions	162,250.00	-	-	162,250.00	162,249.00	-	-	162,249.00	1.00
	Total (a)	2,164,072,887.65	18,844,203.93	-	2,182,917,091.58	1,486,394,251.00	77,480,957.00	-	1,563,875,208.00	619,041,883.58
(b)	Intangible Assets									
	Software / Licenses	11,650,667.00	-	-	11,650,667.00	9,441,872.00	165,659.00	-	9,607,531.00	2,043,136.00
	Total (b)	11,650,667.00	-	-	11,650,667.00	9,441,872.00	165,659.00	-	9,607,531.00	2,043,136.00
(c)	Capital Work-in-Progress		5,310,117.00		5,310,117.00				5,310,117.00	4,247,491.02
		2,175,723,554.65	24,154,320.93	-	2,199,877,875.58	1,495,836,123.00	77,646,616.00	-	1,573,482,739.00	626,395,136.58
	Previous Year	2,174,509,529.11	25,235,179.71	19,773,663.15	2,179,971,045.67	1,309,076,310.62	205,479,259.58	18,719,447.20	1,495,836,123.00	684,134,922.67

Notes to the Financial Statements (contd.)

	As at 30.06.2023	As at 31.12.2022
	Nu.	Nu.
3 Investment		
(Long Term at cost)		
Unquoted Fully paid up Equity Shares		
564,441 Equity Shares of Nu. 100 each in Tashi Infocom Limited (includes Bonus share of 164,441 nos.)	40,000,000.00	40,000,000.00
	40,000,000.00	40,000,000.00
4 Other Non-Current Assets		
Environment Restoration Deposit	6,963,753.64	6,907,753.64
Security Deposits	2,600,527.00	2,420,527.00
Capital Stores	1,262,000.00	3,293,703.62
	10,826,280.64	12,621,984.26
5 Inventories		
Raw materials	289,195,046.90	279,458,511.21
Stores & Spares	104,857,569.41	108,596,161.30
Finished Products -		
Ferro Silicon	449,413,866.84	337,065,308.00
Micro Silica	528,000.00	121,350.00
	843,994,483.15	725,241,330.51
6 Short Term Investment		
Fixed Deposit with T. Bank (i.e.against Gratuity Liability)	67,531,081.57	67,531,081.57
Other Fixed Deposit with T. Bank	30,000,000.00	261,621,942.25
	97,531,081.57	329,153,023.82
7 Trade Receivables		
(Unsecured, Considered Good)		
Current	235,417,864.37	218,286,277.78
	235,417,864.37	218,286,277.78
8 Prepayments and Advances		
Project Insurance	2,519,894.50	5,039,789.00
Stock Insurance	661,565.50	1,323,131.00
Other Prepaid Expenses	79,949.00	673,603.90
Interest Accrued on Fixed Deposits	1,117,501.00	3,495,767.00
Margin Money	8,278,000.00	
Advances to Contractors and Suppliers	35,332,475.16	4,709,249.55
Advances to Staff	6,816,357.21	7,206,259.15
	54,805,742.37	22,447,799.60

Notes to the Financial Statements (contd.)

	As at 30.06.2023	As at 31.12.2022
	Nu.	Nu.
9 Cash & Cash equivalents:		
Cash in hand	8,074.50	6,761.00
Bank balances with		
Bank of Bhutan- Overdraft Account	-	8,972,113.50
Bank of Bhutan in Indian Rupee Current Account	4,544,472.61	10,544,472.61
T. Bank Limited in Current Account	63,924,759.16	244,119,002.03
Bank of Bhutan in USD Account (CY: USD 2,455,472.84 PY :USD 1,924,876.38)	201,916,481.86	158,763,803.82
	270,393,788.13	422,406,152.96
10 Share Capital Account		
Share Capital- Authorised		
50,000,000 Shares of Nu.10/- each	500,000,000.00	500,000,000.00
Share Capital - Issued and Fully paid		
15,000,000 Shares of Nu.10/- each	150,000,000.00	150,000,000.00
11 Reserves		
a)General Reserve	340,741,745.00	340,741,745.00
b) Revaluation Reserve	152,579,504.70	250,616,622.65
Less: Depreciation on Revalued Assets	24,247,726.00	96,982,902.00
Less: Dercognition of Assets of Revalued Assets		1,054,215.95
	128,331,778.70	152,579,504.70
	469,073,523.70	493,321,249.70
12 Retained Earnings		
Balance at the beginning of the year	1,390,033,553.48	1,170,913,228.17
Add: Profit for the year transferred	90,339,929.15	669,120,325.31
Less: Dividend paid during the year	525,000,000.00	450,000,000.00
	955,373,482.63	1,390,033,553.48
13 Loans and Borrowings		
Non- Current:		
National Pension & Provident Fund	18,584,991.67	30,991,267.95
	18,584,991.67	30,991,267.95
Current:		
National Pension & Provident Fund	30,071,660.08	30,071,660.08
Bank of Bhutan- Overdraft Account	184,854,098.95	-
	214,925,759.03	30,071,660.08

Loan from National Pension & Provident Fund (NPPF) is secured by way of mortgage on existing land, factory building and plant & machinery at Pasakha. Overdraft facility obtained from Bank of Bhutan Limited is secured against hypothecation of stocks and book debts and extention of charge against all assets of the Company.

Notes to the Financial Statements (contd.)

	As at 30.06.2023	As at 31.12.2022
	Nu.	Nu.
14 Trade & Other Payables		
Non-Current		
Security Deposits	1,507,048.05	1,022,144.25
Retention Dues	3,249,328.58	1,631,915.53
Environment Restoration Fund	6,963,753.64	6,907,753.64
	11,720,130.27	9,561,813.42
Current Liabilities		
Trade & Other Payables		
Trade Payables	191,368,848.67	185,260,916.12
Security Deposits	-	218,700.00
Retention Dues	-	730,941.93
Other Liabilities	79,602,540.33	32,077,375.99
	270,971,389.00	218,287,934.04
15 Provisions For Employees		
Non current		
Gratuity	46,243,130.00	51,745,498.00
Leave Encashment	17,100,708.00	9,584,130.00
	63,343,838.00	61,329,628.00
Current		
Leave Encashment	-	4,296,815.00
	-	4,296,815.00
16 Income Tax Payable		
Provision for Taxation	30,113,309.71	225,871,237.69
Less: Advance Tax	-	151,614,527.66
Tax deducted at Source	4,742,047.20	7,859,140.00
	25,371,262.51	66,397,570.03

Notes to the Financial Statements (contd.)

	For the Half Year Ended 30.06.2023	For the Year Ended 31.12.2022
	Nu.	Nu.
17 Revenue		
Sale of Ferro-silicon	1,618,492,585.00	3,911,651,234.50
Less : Commission & Discount	34,604,758.65	74,890,712.84
	1,583,887,826.35	3,836,760,521.66
Sale of Micro-silica	15,293,660.00	20,460,723.50
	15,293,660.00	20,460,723.50
	1,599,181,486.35	3,857,221,245.16
18 Other Income		
Sales of Raw Material Fines	10,704,615.00	5,205,937.00
Sale of Slag	-	-
Scrap Sales	414,120.00	4,607,053.50
Miscellaneous Receipts	137,609.97	1,219,568.43
Dividend Received	24,835,404.00	31,044,255.00
Interest on Fixed Deposit (including interest on FD against Gratuity Liability)	1,123,254.85	7,654,499.82
Audit recovery Account	27,245.55	-
Rebate on Interest on Loan	-	902,218.25
Gain on Exchange Fluctuation		13,696,550.81
House Rent & Electric Bill Recovery	613,237.00	1,212,580.00
Liability Written off	-	-
	37,855,486.37	65,542,662.81
19 Changes in Inventories		
Closing Inventory: Finished Goods	449,941,866.84	337,186,658.00
Opening Inventory : Finished Goods	337,186,658.00	242,564,307.00
	(112,755,208.84)	(94,622,351.00)
20 Raw Materials Consumed		
Opening inventory	279,458,511.21	175,547,778.51
Add : Purchases	933,753,176.69	1,986,872,052.67
Less : Closing Inventory	289,195,046.90	279,458,511.21
	924,016,641.00	1,882,961,319.97
21 Stores & Spares Consumed:		
Opening inventory	111,889,864.92	88,998,180.29
Add : Purchases	66,536,193.65	207,904,081.46
	178,426,058.57	296,902,261.75
Less : Issued to Outside Party	5,307.00	69,529.53
Issue Of Computer Stationeries	1,109,782.09	1,228,219.86
Issue of Capital items	7,394,952.97	11,974,764.13
Closing Inventory	106,119,569.41	111,889,864.92
	114,629,611.47	125,162,378.44
	63,796,447.10	171,739,883.31

Notes to the Financial Statements (contd.)

	For the Half Year Ended 30.06.2023	For the Year Ended 31.12.2022
	Nu.	Nu.
22 Employee Benefits Expense		
Salaries and Allowances	48,101,882.90	93,386,698.06
Contribution to Provident Fund	3,864,521.50	6,908,390.18
Bonus	12,156,211.00	17,114,403.00
Hardship Incentive	-	-
Leave Encashment	3,138,743.00	2,631,730.00
Overtime	3,824,204.00	10,013,003.00
Wages	39,844.00	182,237.00
Gratuity	3,378,701.00	7,774,190.00
	74,504,107.40	138,010,651.24
23 Finance Cost		
Interest on Term Loan	2,629,553.76	5,456,884.39
Interest on Overdraft account	2,418,393.31	419,128.55
	5,047,947.07	5,876,012.94
24 Other Expenses		
(a) Manufacturing Expenses		
Mining Expenses	156,763.00	478,264.00
Royalty and Surface/ Lease Rent Account	1,726,509.42	2,034,189.65
Repairs and Maintenance:		
Repairs to Building	2,530,593.04	4,422,850.13
Repairs to Plant and Machinery	765,098.00	6,275,055.20
Repairs to Other Miscellaneous	3,015,510.60	4,178,081.68
Raw Material Handling	1,305,522.90	1,708,457.75
Labour Charges	5,724,326.28	10,756,468.06
Freight and Handling Charges	837,121.00	2,839,913.38
Finished Product Handling Charges	8,433,079.45	14,916,257.83
Allay Land Custom Development Fee	353,150.00	662,500.00
Bhutan Sales Tax	2,358,031.58	6,922,026.35
Customs Duty	240,678.75	4,572,347.22
Insurance	3,181,460.00	4,764,309.00
Lease Rent on Rawmaterial Yard	216,912.00	36,804.00
Stock Yard/Factory Shed Rent	286,941.60	543,448.67
	31,131,697.62	65,110,972.92

Notes to the Financial Statements (contd.)

(b) Administrative Expenses	For the Half Year	For the Year Ended
	Ended 30.06.2023	31.12.2022
	Nu.	Nu.
Electricity Charges	418,523.12	1,072,647.29
Workshop and Training Expenses	-	210,185.00
Rates and Taxes	360,026.01	613,755.00
Bus hire charges	1,016,400.00	1,755,200.00
Staff welfare expenses	8,841.00	158,800.00
Medical Expenses	7,600.00	1,201,726.99
Recruitment Expenses	804,179.00	556,885.00
Audit Fee	55,000.00	100,000.00
Audit Expenses	50,000.00	110,000.00
Board Meeting Expenses	514,408.00	980,903.75
Board Committee Meeting Expenses	114,276.00	197,592.00
Books and Periodicals	2,000.00	4,714.00
Computer Expenses	1,986,232.09	3,374,199.86
Professional and Consultancy Charges	846,000.00	1,628,500.00
Postage and Telecommunication	918,911.31	1,800,783.99
Printing and Stationery	28,904.00	9,730.00
Tours and Travels	2,750,191.39	9,597,936.10
Vehicle Running Expenses	943,696.46	1,937,652.15
Rent	1,193,988.63	2,215,782.17
General Expenses	495,104.70	680,069.13
Donation and Subscription	844,400.00	299,418.75
Raising Day Expenses	250,000.00	100,000.00
BCCI / ABI Membership / Listing Fees	330,000.00	430,000.00
Rent and Admn. expenses(Kolkata Office)	241,200.00	508,190.00
Advertisement Expenses	244,778.00	263,505.00
Entertainment Expenses	741,393.19	1,208,249.00
Bank Charges	228,867.28	218,660.83
Security Expenses	209,113.20	448,689.40
CSR Expenses	669,013.43	678,605.00
Flood Control Expenses	-	1,147,754.00
Corona Virus Control/Lockdown Expenses	-	2,821,042.00
Insurance(others)	918,628.90	805,499.10
	17,191,675.71	37,136,675.51

Notes to the Financial Statements (contd.)

	For the Half Year Ended 30.06.2023	For the Year Ended 31.12.2022
	Nu.	Nu.
(c) Selling Expenses		
Transit Insurance	833,056.00	991,613.00
Finished Product Transportation/Clg Charges	8,397,138.84	10,027,911.16
Selling & Distribution Expenses	171,398.00	2,360,857.23
Loss on Exchange Fluctuation	299,978.38	
	9,701,571.22	13,380,381.39
Total (a+b+c)	58,024,944.55	115,628,029.82
25 Tax Expenses		
Profit as per Statement of Comprehensive Income	120,453,238.86	904,910,354.74
Add: Leave Provisions disallowed	-	3,205,324.00
	120,453,238.86	908,115,678.74
Less: Allowable Expenses		
Leave Encashment paid	-	4,630,728.00
Taxable Income	120,453,238.86	903,484,950.74
Tax @ 25% on Taxable Income	30,113,309.71	225,871,237.69

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

26 Capital Expenditure

The committed amounts (net of advances) in a relation to contracts of capital nature at the Statement of Financial Position date is Nu.2,248,182.00(p.y Nu.2,055,531.48)

27 Investments

Investments in unquoted shares have been stated at cost.

28 The Company has provided depreciation on Property, Plant & Equipments on "Straight Line Method" at the rates prescribed in Annexure II to the "Rules on the Income Tax Act of the Kingdom of Bhutan, 2001" as stated below:

	Nature of Assets	Rate of Depn.	Estimated Useful life (in years)
i	Factory Building	3%	33
ii	Road, Bridge & other facilities	3%	33
iii	Furniture & Fixtures	15%	7
iv	Office Equipments	15%	7
v	Plant & Machinery	15%	7
vi	Residential Building	3%	33
vii	Generator	5%	20
viii	Electric Installations	5%	20
ix	Laboratory Equipments	15%	7
x	Earth Moving Machinery	15%	7
xi	Vehicle	15%	7
xii	Arms & Ammunitions	10%	10
xiii	Forklift	15%	7
xiv	Semi Permanent Facilities	20%	5
xv	Computer software and Licences	15%	7

29 Related Party Disclosures

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

(a) Nature of Relationship

Associate Entities:

- Tashi Commercial Corporation(TCC)
- Bhutan Oil Distributers (BOD)
- Bhutan Carbide & Chemicals Ltd (BCCL)
- Tashi Metal Private Limited (TMPL)(Formerly SKW-TMPL)
- Bhutan Silicon Metal Private Limied(BSMPL)
- Tai Industries Ltd.
- Tashi Air Pvt. Ltd.
- Tashi Tours and Travels(TT&T)
- Tashi Thundel Lherig Pvt. Ltd.(TTL)
- Tashi Infocomm Ltd
- Samdrubling Metal Pvt. Ltd. (SMPL)
- Samdrupling Clearing Agent(SCA) (formerly Kingyal Clearing & Forwarding Agent)
- Hotel Uma Paro
- Hotel Druk
- Pemako(formerly Hotel Taj Tashi)
- Royal Insurance Corporation of Bhutan Ltd.(RICBL)

Key Management person:

Managing Director

Dasho Topgyal Dorji

(b) Details of transaction

Nature of transactions	Name of party	Nature of relationship	Half Year-2023	Year-2022
			Nu.	Nu.
Sales of Ferrosilicon	SMPL	Associate Entity	11,885,800.00	80,683,900.00
	BCCL	--Do--	-	228,605,220.00
Purchase of Raw Material	BCCL	--Do--	793,100.00	1,716,380.00
	TTL	--Do--	29,042,595.64	72,422,258.10
Purchase of Store Items	TCC	--Do--		62,629.83
Lakhang & Other Expenses	TCC	--Do--	667,500.00	878,768.57
Other Income (Scrap sales)	SMPL	Associate Entity		840,727.30

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

Salary of & Telephone Bill of CSO,Hydra charges , Weighment Charges, etc.	BSMPL	--Do--	(31,980.00)	513,766.96
Salary & Allowances,Security Expenses, Maintenance of Road etc (Net)	BCCL	--Do--	3,362,637.84	7,293,818.38
Rent and Admn. expenses(Kolkata Office) & Gest House Expenses	Tai Ind.Ltd	--Do--	240,000.00	480,000.00
Repars & Maintenance of Vehicle	TCC(Tashi Engg. Works))	--Do--	32,653.60	463,735.60
Entertainment, Board Meeting Expense & Corona Virus Control/Lockdown Expenses	Hotel Druk	--Do--	511,993.89	1,721,126.35
Entertainment Expenses.	Hotel Uma Paro	--Do--	144,783.93	45,671.67
Entertainment Expenses	Pemako	--Do--	58,702.82	-
Insurance Premium (Project, Stock ,Vehicle, GPA etc.)	RICBL	--Do--	245,025.00	6,561,421.10
Rent paid	TCC	--Do--	1,672,632.74	3,109,812.06
Repairs & Maint/ Machine Hire Charges(Net)	TMPL	--Do--	-	9,811.25
Finished Product Handling & Other Exp etc	SMPL	--Do--	143,735.56	107,682.96
Telephone & Internet Services	Tashi Infocom Ltd	--Do--	870,760.08	1,610,689.64
Expenses on Tours & travels, & Telephone Expenses	Tashi Tours & Travels	--Do--	188,504.00	134,567.00
POL Supplies	BOD	--Do--	7,246,752.95	16,081,950.80
Clearing & Freight Charges of imported Raw material	SCA	--Do--	3,637,335.00	6,783,552.00
Clearing & Freight Charges for Export of Ferro Silicon	SCA	--Do--	8,478,649.20	9,919,412.16

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

Clearing & Freight Charges of imported Spares & capital items	SCA	--Do--	54,828.00	203,202.00
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(c) Closing Balances

Account	Name of party	30.06.2023	31.12.2022
		Nu.	Nu.
Receivables	SMPL	2,044,623.78	113,159.34
	BCCL	60,726.76	68,997,479.92
Trade Payables	Tashi Thundel Lherig Pvt. Ltd.(TTL)	923,807.03	15,599,982.77
	BCCL	303,820.00	203,160.00
	TCC shoping Complex	14,546.34	14,546.34
	BOD	116,652.20	422,871.60
Other Liabilities	Tashi Infocomm Ltd	41,907.58	182,838.25
	TCC (Rent)	326,973.28	389,885.75
	Samdrubling Clearing Agent(SCA)	2,708,417.20	4,293,306.16
	Tai Industries Ltd.	219,269.84	59,269.84
	Tashi Tours and Travels	2,830.00	-
	TCC(Tashi Engg. Works)	150,095.93	337,439.15
	TMPL	126,025.45	126,025.45
	SMPL	46,388.52	134,956.50
	BSMPL	(379,507.05)	(347,527.05)
	BCCL	2,736,058.25	140,000.00
	Hotel Druk	616,505.40	537,194.33

30	Remuneration to Key management persons	Half Year-2023	Year-2022
		Nu.	Nu.
	Managing Director		
	Salary, Allowances Perquisites & Bonus	3,986,292.00	6,844,826.00
	Contribution to Provident Fund	213,744.00	419,106.00
	Directors' sitting fees	30,000.00	60,000.00
		4,230,036.00	7,323,932.00
	Sitting Fees to Other Directors for Board Meetings	135,000.00	435,000.00
	Sitting Fees to Other Directors for Board Committee Meetings	37,500.00	105,000.00
	Retainership Fees to a Director	450,000.00	750,000.00
		4,852,536.00	8,613,932.00

31	Details of Earning Per Share and Payment of Dividend	Half Year-2023	Year-2022
	Number of Equity Shares of Nu. 10 each	15,000,000	15,000,000

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

Profit Available to Equity Shares (in Nu)	90,339,929.15	669,120,325.31
Earnings Per Share-Basic & Diluted(in Nu.)	6.02	44.61
Proposed final Dividend for the Year		350%

32 Additional information pursuant to the Companies Act of Bhutan,2016

	Half Year-2023		Year-2022	
	Qty.(MT)	Value (Nu)	Qty.(MT)	Value (Nu)
(a) Details of turnover				
Ferrosilicon	14464.580	1,583,887,826.35	32,055.830	3,836,760,521.66
Microsilica	2943.900	15,293,660.00	4,403.693	20,460,723.50
	17408.480	1,599,181,486.35	36459.523	3,857,221,245.16
(b) Details of Raw Materials Consumed				
Quartzite	32,223.370	60,776,972.20	58,833.844	83,045,798.73
Lime Stone	396.550	793,100.00	858.190	1,716,380.00
LAMC	9,982.500	328,557,997.99	22,207.205	813,839,124.85
Charcoal	15,603.530	376,954,076.11	32,078.300	693,677,306.61
Mill scale	5,218.860	50,650,048.24	10,489.984	101,744,581.46
Electrode Paste (Elkem)	495.400	59,898,040.08	1,024.912	106,287,604.27
Electrode Paste(India)	327.000	27,246,507.05	597.000	49,355,875.16
Tamping Paste	57.000	4,693,475.32	96.460	7,931,572.28
Bambo/Wood Chips	3,582.631	14,446,424.01	6,552.868	25,363,076.61
	67,886.841	924,016,641.00	132,738.763	1,882,961,319.97
(c) Raw Materials Purchased				
Quartzite	37,594.960	91,912,342.96	62,591.040	77,602,244.24
Lime Stone	396.550	793,100.00	858.190	1,716,380.00
LAMC	9,354.130	297,531,322.24	23,571.950	878,320,837.73
Charcoal	16,718.610	411,464,237.00	31,519.153	690,582,343.30
Mill scale	2,908.090	28,246,117.44	13,266.900	130,445,534.42
Electrode Paste (Elkem)	479.960	65,082,341.93	963.182	116,551,949.80
Electrode Paste(India)	299.650	25,021,300.00	630.080	53,625,000.00
Tamping Paste	29.980	2,475,000.00	149.680	12,387,000.00
Bambo/Wood Chips	2,750.950	11,227,415.12	6,602.090	25,640,763.18
	70,532.880	933,753,176.69	140152.265	1,986,872,052.67
(d) Closing Stock of Raw Materials				
Quartzite	19,467.814	48,867,131.60	14,096.224	17,731,760.84
LAMC	2,141.985	70,501,294.29	2,770.355	101,527,970.04
Charcoal	4,103.264	99,126,651.71	2,988.184	64,616,490.82

BHUTAN FERRO ALLOYS LIMITED

Financial Statements for the Half year 30th June, 2023

Notes to the Financial Statements (Contd.)

Mill scale	1,371.238	13,307,864.79	3,682.008	35,711,795.59
Electrode Paste (Elkem)	417.402	50,457,405.70	432.842	45,273,103.85
Electrode Paste(India)	55.230	4,601,929.29	82.580	6,827,136.34
Tamping Paste	28.200	2,322,044.40	55.220	4,540,519.72
Bambo/Wood Chips	2.660	10,725.12	834.341	3,229,734.01
	27,587.793	289,195,046.90	24941.754	279,458,511.21

	Half Year-2023		Year-2022	
	Qty.(MT)	Value (Nu)	Qty.(MT)	Value (Nu)
(e) Production of Finished Goods				
Ferrosilicon	16,830.775		31,704.396	
Micro Silica	3,079.450		4,444.143	
	19,910.225		36,148.539	
(f) Closing Stock of Finished Goods				
Ferrosilicon	6,464.010	449,413,866.84	4,097.815	337,065,308.00
Micro Silica	176.000	528,000.00	40.450	121,350.00
	6,640.010	449,941,866.84	4,138.265	337,186,658.00

33 Previous Year figures have been regrouped, rearranged, recast and reclassified where ever necessary to make them comparable to those of current year.
