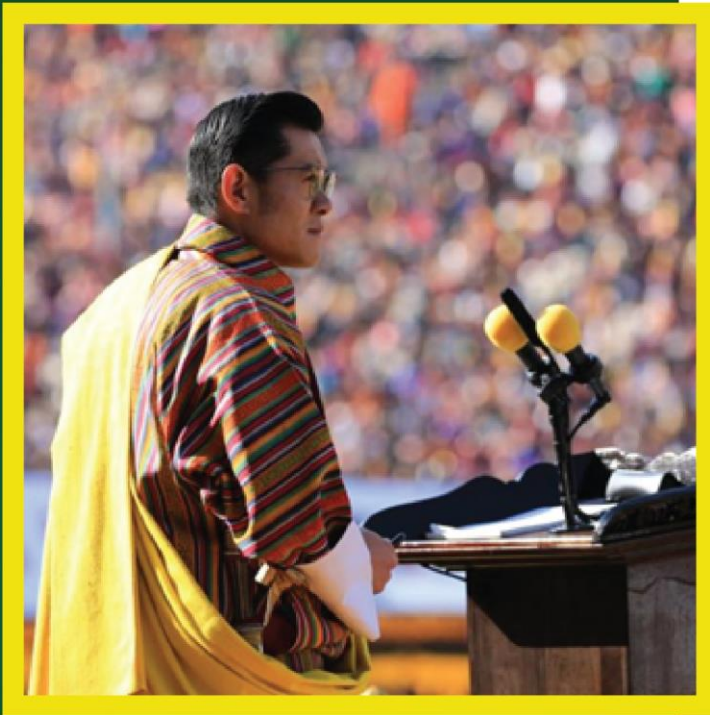




# 2022 ANNUAL REPORT



*“In this globalised and modern world there can only be one answer - a strong dynamic economy. We need resources, we need national wealth - and this can only come from the economy.”*

*However, His Majesty said, we must build not just a strong economy but a strong economy suited to Bhutan's needs.*

**~ His Majesty The King  
Speech on Convocation 2007 (Kanglung)**



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## THE LOGO'S SYMBOLISM

The uniquely designed logo of the Food Corporation of Bhutan Limited (FCBL) perfectly resembles its socially driven mandates and responsibilities aimed at serving the King, Country and People.

At the centre of the logo is the priceless gem (འོ་ར་བུ). It symbolises FCBL as a precious gem of the country. Similar to the gem, which is believed to possess natural power to fulfill one's needs and aspirations, it signifies FCBL's unique strength and ability to fulfill the requirements of food security for the nation at all time. The dark yellow colour of the logo symbolises the visionary royal foresight of His Majesty the Fourth Druk Gyalpo that has given birth to this prestigious company. The dark yellow also represents the value and importance of the company as precious gold.

The nine dots symbolises Dru-Na-Gu (Nine cereals). Since times immemorial, Bhutanese villagers, especially those residing in favorable temperate zone grew the nine food crops called the Dru-Na-Gu (Nine Cereals), which are rice (Bja or rey), maize (Gayza), wheat (Ka), barley (Nah), buckwheat (Bjo or Jarey), millets (Memja or Cham), pulses (Sem), oil seeds (Peka), and amaranths (Zimtse). In olden days, people who could cultivate nine crops were considered wealthy with all essential food items.

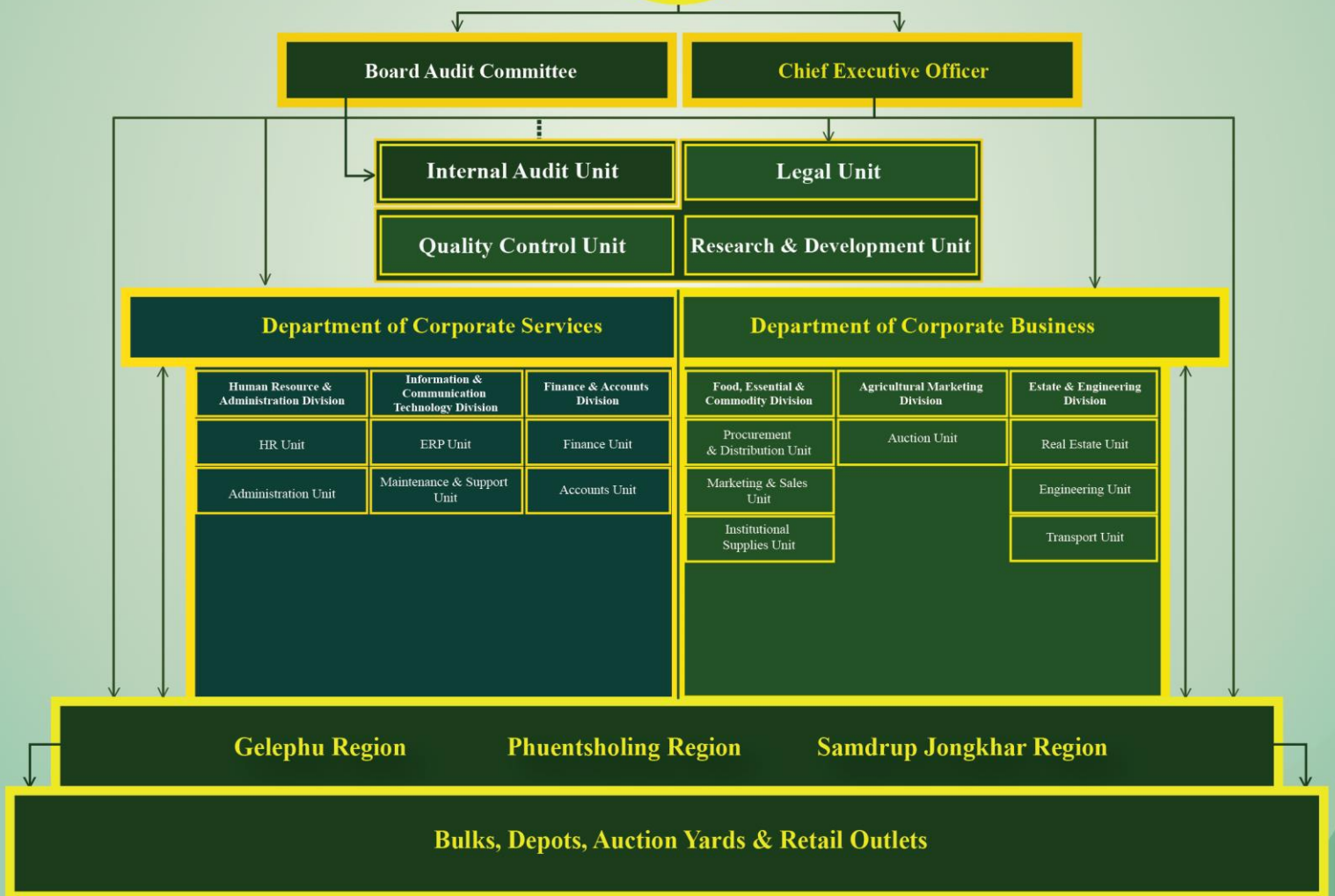
The Dzongkha letters on the top represent the superiority of Bhutan's national language and unique cultural identity. The green background broadly symbolises green crops that fill the food basket. It also indicates FCBL's hope and fresh ideas aimed at bringing continued growth and development that can eventually blossom into financially secure economically stable and socially fulfilling company.

Overall, the logo is an expression of FCBL as a precious gem of the country; a leading national agency that ensures availability, accessibility and affordability of essential food items for people from all sections of the society.



# ORGANIZATIONAL STRUCTURE

*...that resembles the majestic Buddhist stupa (Chorten)*



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## BOARD DIRECTORS



Board Chairperson  
Dasho Karma Galey  
Director General  
Ministry of Education, Department of School  
Education



Board Director  
Ms Kinley Tshering  
Director  
Department of Agriculture, Ministry of  
Agriculture & Forests



Board Director  
Mr Sonam Tshering Dorji  
Chief Trade Negotiations Division Department  
of Trade, Ministry of Economic Affairs



Member Secretary  
Mr Naiten Wangchuk  
Chief Executive Officer  
Food Corporation of Bhutan Limited

## MESSAGE FROM CHAIRPERSON

It is my privilege to present FCBL's Annual Report for the year 2022 and highlight some key achievements. While our mandate to maintain National Food Security Reserve (NFSR) and affordable essentials remain unchanged, we have gradually ventured into processing and value addition.

In 2022, FCBL imported 18,571.10 metric tonnes (MT) of food grain items and 25,911.10 MT of fast-moving commodity goods (FMCG). The significant volume of food demand and imports indicate immense opportunities for investment in agriculture production and processing. Remarkably, dairy products were among the top-selling FMCG items in 2022, presenting an opportunity to enhance the existing dairy industry.

The auction facilitation process was affected by the pandemic, making many farmers and traders opt for direct cross-border trading without involving FCBL. However, with the reopening of border gates on September 23, 2022, the turnover increased. We anticipate operations to resume as usual in the upcoming season. In 2022, FCBL exported a total of 17,184.19 MT of agricultural produce to India. Our auction system encourages growers to engage in commercial-scale farming, thereby enhancing their livelihoods. In collaboration with RSEBL, we are planning to venture into full-scale online auctioning in the near future.

Maintaining the National Food Security Reserve is a crucial part of FCBL's mandate, given Bhutan's increased vulnerability to both man-made and natural calamities. As per the mandate, FCBL is required to maintain 8,613 MT of rice, 333 MT of pulses and 825 MT of oil. These reserves are projected to sustain 50% of the population for three months in the event of a disaster. However, considering concerns over storage and damage, the management has decided to procure and maintain 50% of the mandated reserve quantity. Nevertheless, if the situation deteriorates, instant purchase will be made to meet the actual requirements and maintain NFSR accordingly.

Striking a balance between social service obligations and commercial performance has always been a challenge for FCBL. In spite of this challenge, we have successfully delivered most of our social services to schools and remote areas. Through the school feeding programme, we provided a total of nine non-perishable items to 500 schools, benefitting 84,415 students across the country. However, the operation of farm shops incurred a loss of Nu 18.50 million in 2022, leading to their complete closure from the end of July 2022.

As FCBL strives for accelerated sales and services, we express our gratitude for the continued support of relevant stakeholders which enabled us to deliver effective services to our clients. We extend our wishes for good health and prosperity to all.

Tashi Delek!



(Karma Galay)  
Chairman



## EXECUTIVE SUMMARY

Food Corporation of Bhutan Limited was established on August 16, 1974, under a Royal Charter to centrally procure and distribute essential food items across the country. It was later incorporated as a State-owned Enterprise under the Companies Act of the Kingdom of Bhutan on July 8, 1992, with the following mandate: maintain national food reserves at all times; trade in essential food and fast-moving commodity goods; facilitate the export of agriculture produce; and support school feeding programme in all the *dzongkhags*.

Currently, the company operates through one central warehouse, four regional warehouses, 23 district warehouses, and four retail shops. The agricultural marketing services are facilitated by four strategically located regional auction yards.

In 2022, the company was managed by 342 employees comprising 226 regular staff, 12 contract staff, 91 under General Service Personnel, 12 under contract terms. The number of employees reduced by 30% from the previous year mainly because of the closure of farm shops, which led to the retrenchment of employees under Annual Renewal Contract (ARC).

In 2022, the company handled 19,147.43 MT of food grain items, which generated a revenue of Nu 947 million. It is a slight decrease of 9% and 5% both by volume and value, respectively. On the other hand, FMCGs increased by volume and value of 27% and 18%, respectively, compared to 2021, which was 17,909.06 MT and generated a revenue of Nu 970 million. A total of 17,184.19 MT of agricultural produce was exported to India through FCBL, down almost three times from the pre-pandemic season. Potatoes constituted 81% and vegetables constituted 11% of the total export. Other commodities like fruits, ginger and areca nut accounted for the remaining 8%.

Under the school feeding programme, the company delivered non-perishable items while discontinuing the supply of perishable items like it did in the previous year. Nine non-perishable items were delivered to 500 schools, which fed 84,415 students across the country and generated a total of Nu 19.21 million as service charges from the RGoB.

Although rural communities benefitted from the farm shops operated by FCBL, their operation led to a loss of Nu 18.50 million in 2022. Because of continuous loss caused by the operation of farm shops since its inception, all farm shops were closed down from the end of July 2022.

# COMPANY AT A GLANCE



## VISION

Ensuring Food Security for the Nation at all times.



## MISSION

Ensuring availability, affordability and accessibility of quality food for all by providing reliable and sustainable marketing platform and distribution chain for farm produce and essential commodities across the country.



# BACKGROUND AND CURRENT STATUS

# BACKGROUND

Food Corporation of Bhutan Limited was established on August 16, 1974, and later on July 8, 1992, it was registered as the first State-owned Enterprise under the Companies Act of the Kingdom of Bhutan.

# CURRENT STATUS

The company's Corporate Head Office is in Phuentsholing. It has four regional offices located in Thimphu, Phuentsholing, Gelephu, and Samdrup Jongkhar. It operates through four regional warehouses, 23 district warehouses, four retail stores, and 65 operational farm shops to distribute food and essential items across the country.

The primary mandates of the company are:

- ❖ Maintain National Food Security Reserve for the nation at all times.
- ❖ Stabilise the price of commodities through the operation of fair price wholesale and retail outlets.
- ❖ Provide a reliable platform for farmers to trade their agricultural produce.
- ❖ Facilitate smooth functioning of the school feeding programme.

The agricultural marketing service business saw a sharp drop post-pandemic while food and essential commodities business focused on revenue generation though 50% of the actual mandated NFSR was maintained for three months. Similarly, school the feeding programme and other services continued. However, farm shops were closed by the end of July 2022.

The company deals in diversified products while meeting customers' demand. This year, it dealt with 86 food grain items and 387 fast-moving commodity goods across the country.

The import trend of food grain items for the last five years shows a decrease in quantity and value by 6% and 10%, respectively, in 2022 compared to 2021 as shown in Figure 3.

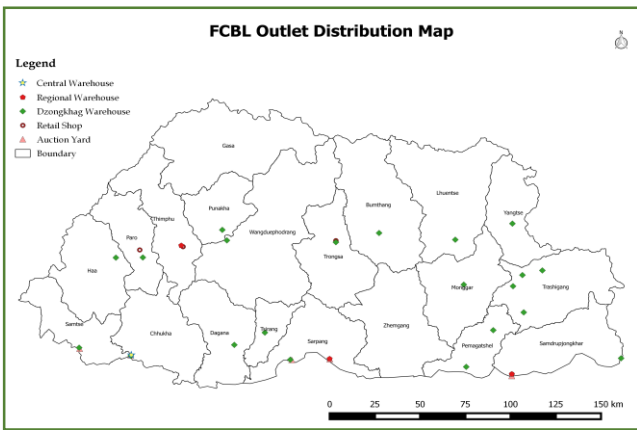


Figure 1. Map showing Bulk Stores, Depots, Retails & Auction yards

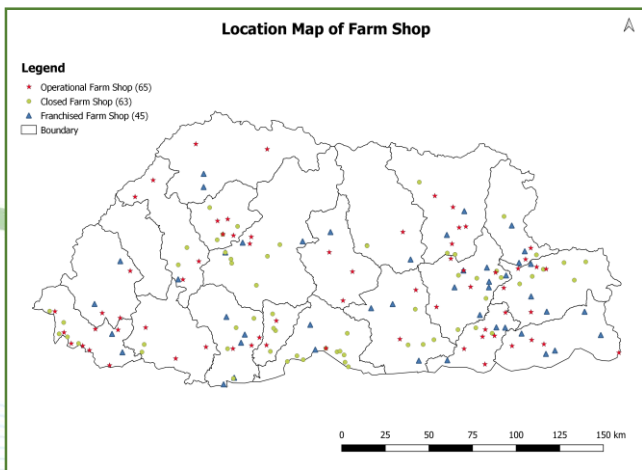


Figure 2. Map showing farm shops

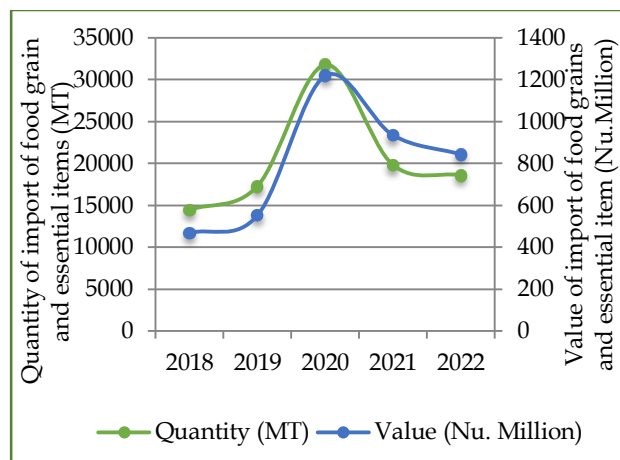


Figure 3. Import of food grain and essential items in volume and value (2018-2022).

The volume of imports of FMCG has increased by 16% and the value increased by 10% during the year as compared to the previous year as shown in Figure 4. In 2022, 25,911.10 MT<sup>1</sup> of FMCG worth Nu 862 million was imported.

After a steady increase in the export of potato in 2018 and 2019, there was a sharp drop from 2020 onwards with the Covid-19 pandemic hitting the export business hard. However, in 2022, a total of 11,736 MT of potato was exported, generating a revenue of Nu 194 million, which is a huge increase of 91% on average by both value and volume compared to 2021 (Figure 5).

The export value and volume of vegetables during the year increased though its trend fluctuated from year to year with a drop in 2021. Vegetable export increased in volume and value by 53% and 139%, respectively, in 2022 compared to 2021 (Figure 6). A total of 1422.03 MT of vegetables worth Nu 40.07 million was exported.

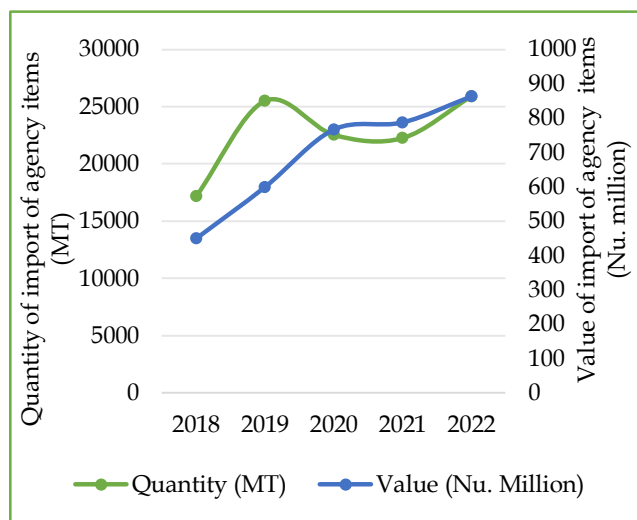


Figure 4. Import of agency items in volume and value (2018-2022)

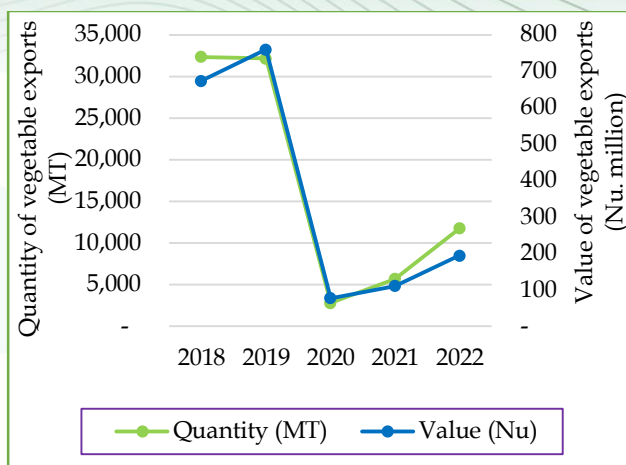


Figure 5. Export trend of potato

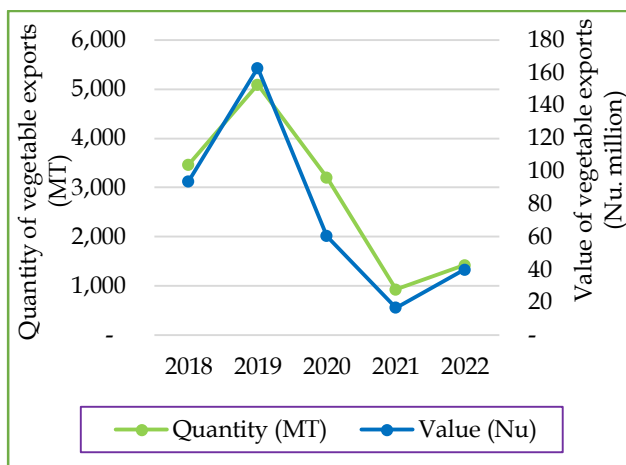


Figure 6. Export trend of vegetables

Assorted produce like spices, areca nut, oranges and other fruits were also exported. In 2022, a total of 4026.16 MT of assorted produce worth Nu 156.61 million was exported apart from potato and other vegetables which show a decrease in volume by 7% and an increase of value by 46% compared to the previous year.

<sup>1</sup> For uniformity, agency items quantity was converted to MT.

# FOOD GRAINS AND ESSENTIAL COMMODITIES



# SALES OF FOOD GRAINS AND ESSENTIAL ITEMS

Following the mandate to reserve NFSR and simultaneous normal business post-Covid-19 pandemic, a total of 1,9147.43 MT<sup>2</sup> of food and essential items were sold through various sales outlets, excluding farm shops, generating revenue of Nu 947 million. The overall quantity sold and revenue generation decreased by 9% and 5%, respectively, compared to the previous year.

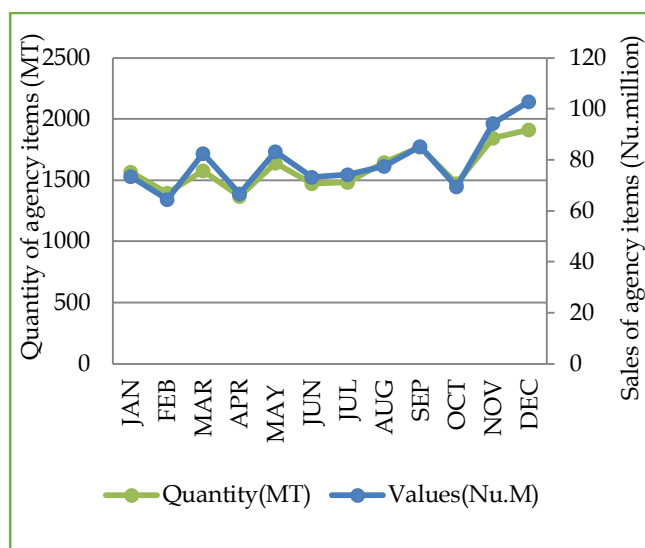


Figure 7. Monthly sales and revenue trends of food and essential commodities

December and February months recorded the highest and the lowest revenue generation, amounting to Nu 102.79 million and Nu 64.36 million, respectively. The revenue generation, on average, was Nu 75.88 million. Likewise, the quantity of goods sold followed a similar trend with a maximum quantity sold in December (1,911.21 MT) and a minimum in February (1,396.19 MT) as shown in Figure 7.

Among 86 items, the 20-kg Zheychem Chogjur was sold the most, generating revenue of Nu 109.24 million, followed by Rice 551 New (Nu 65.45 million) and Sugar s 30 50 kg (Nu 48.79 million). Unlike the previous year, the sale and value of Rice 551 increased after institutions like schools and colleges started functioning post-pandemic, making the item one of the top two food and essential commodities sold. Given below are the details of the top ten items:

Table 1: Top ten food and essential items

Item list	Revenue (Nu.Million)
Zheychem Chogjur 20 kg	109.24
Rice 551 New	65.45
Sugar s 30 50 kg	48.79
Dalda Ruchi pch 1 ltr*16	40.04
Zheychem Gongma 25 kg	39.35
Rice SK Gold jpc 25 kg	38.60
Zheychem Chogjur 20 kg (SJ)	25.03
Rice Tibar Saahi Dinner 25 kg	24.97
Rice SK Gold jpc 25 kg (SJ)	22.14
Rice 551 New (SJ)	20.44

In 2022, Thimphu Bulk Store earned the highest revenue of Nu 195.96 million followed by Phuentsholing Bulk earning Nu 98.66 million and Paro Depot earning Nu 75.81 million (Figure 8). The overall revenue from food and essential commodities decreased by 5% from the previous year.

<sup>2</sup> Excludes sales of agency items by farm shops

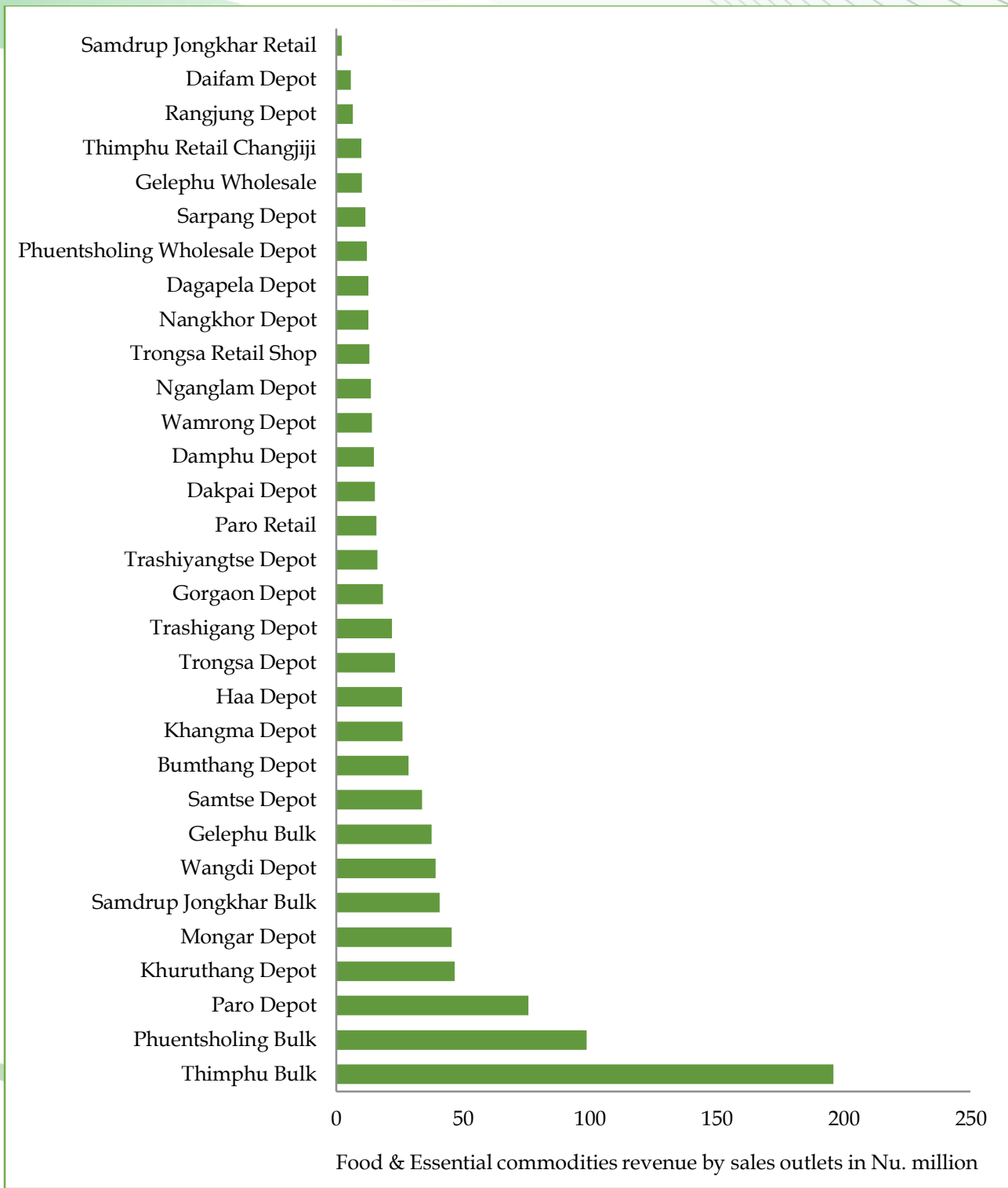


Figure 8. Location-wise sales revenue of food and essential commodities



# FAST-MOVING CONSUMER GOODS



## SALES OF FMCG

FCBL handled 18 different categories of fast-moving consumer goods comprising 387 standard items in 2022 (Table 2).

Table 2: Product categories of FMCG

Product category	Types of items
Baby care	1
Biscuits	51
Beverages	40
Confectionaries	37
Dairy products	28
Detergent	23
Dish wash	17
Disinfectants	11
Edible oil	8
Instant noodles	25
Personal care	9
Repellent incense	12
Salt	1
Shoe polish	2
Snacks	15
Soup	2
Tea products	18
Toiletries	87
<b>Total</b>	<b>387</b>

The overall sale of FMCG in terms of volume and value has increased by 27% and 18%, respectively, compared to the previous year with 17,909.06 MT<sup>3</sup> generating Nu 970 million. The monthly sales trend indicates the highest revenue generation in December with Nu 88 million and the lowest in January with Nu 68 million. The volume of transactions followed the same trend. The trend of sales by quantity and values are shown in Figure 9. Dairy products and instant noodles categories fall under top 10 sold FMCGs as shown in Table 3.

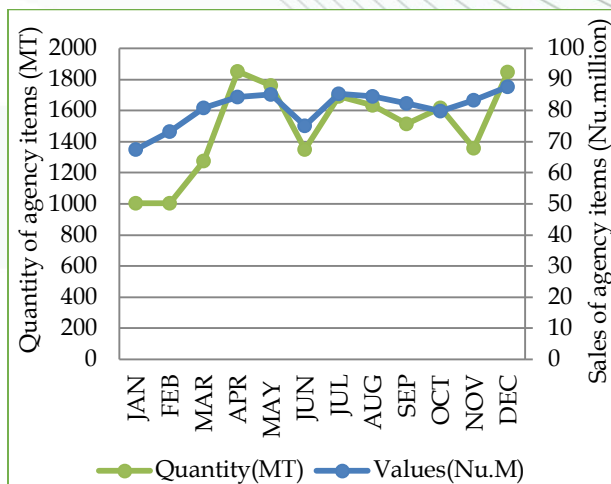


Figure 9. Monthly sales & revenue trend of FMCG

Table 3: Top 10 FMCG

Item list	Revenue (Nu.Million)
Keventer Double Toned Milk 1 ltr*12	88.27
Amul Taaza Toned 1 ltr*12	83.55
Britannia Cheese Block 1 kg*12	60.45
Everyday Dairy Whitener 1 kg*12	58.32
Everyday Dairy Whitener Plain 800 gm*20	47.90
Maggi Noodles Masala 60 gm*96	40.04
Britannia Cheese Slice 200 gm*30	21.91
Amul Butter CB 500 gm*30	21.31
Amul T Special Pouch 1 kg*12	19.34
Amul Taaza Toned 200 ml*30	16.55

Among the 31<sup>4</sup> sales outlets, Thimphu Bulk Store generated the highest sales revenue of Nu 132 million, followed by Paro and Wangdue Depots earning Nu 74 million and Nu 66 million, respectively (Figure 10).

<sup>3</sup> Excludes sales of agency items by farm shops

<sup>4</sup> Excluding farm shops

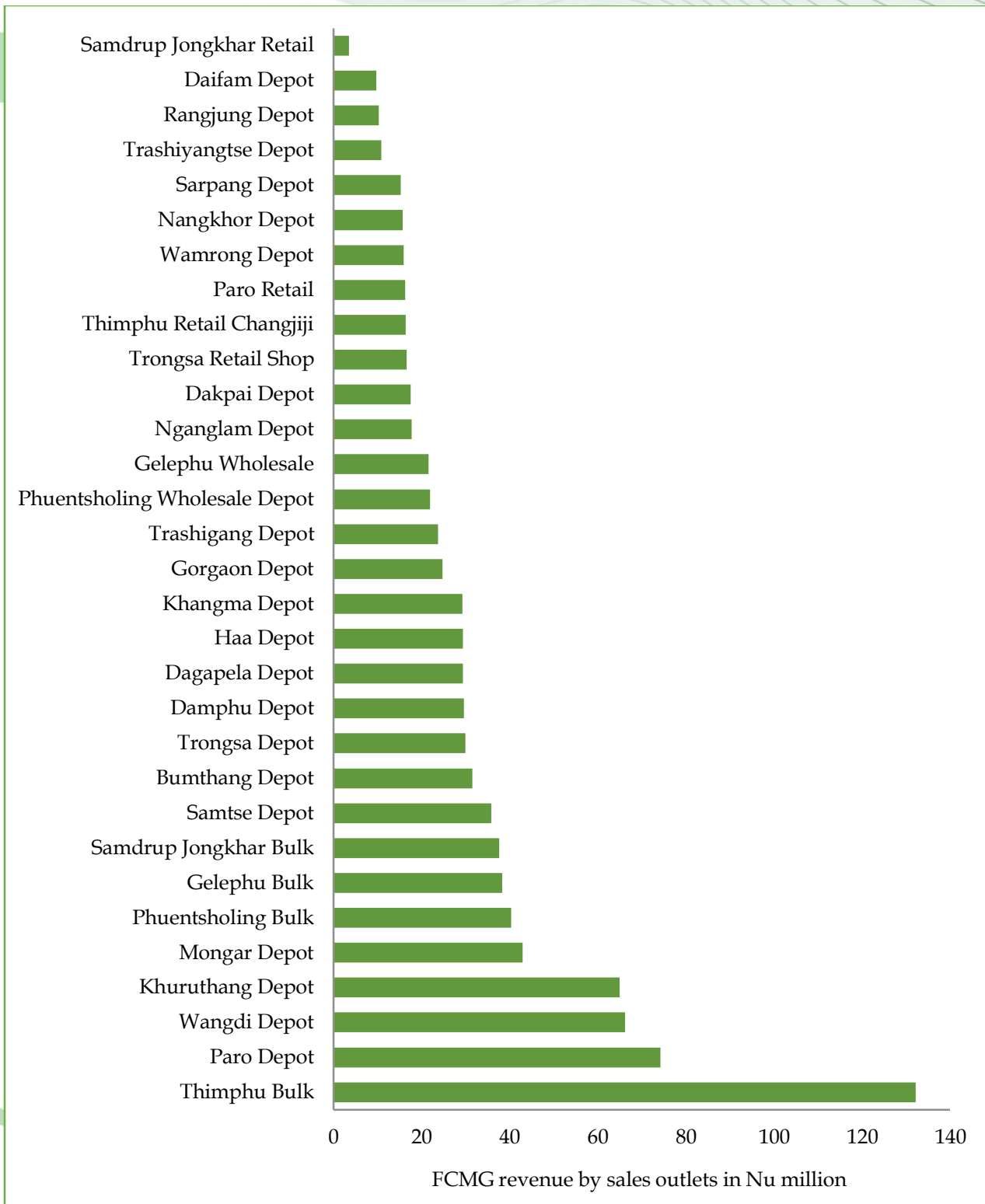


Figure 10. Location-wise sales revenue of fast-moving consumer goods



# **AGRICULTURAL MARKETING & SERVICES**

## AUCTION AND RNR SALES

In 2022, 17,184.19 MT of RNR produce were traded<sup>5</sup>, generating revenue of Nu 391 million as shown in Table 4. Conversely, only 12,708.95 MT of RNR produce were auctioned for export, generating Nu 242.29 million, which was less by almost three times compared to the pre-pandemic season. Potatoes comprised 81% and vegetables 11% of the total export through FCBL. Other commodities like fruits, ginger, and areca nut accounted for the remaining 8% of the export.

Table 4. Quantity and value of RNR produce traded in 2022

Items	Quantity (MT)	Value (Nu millions)
Potato	11,736.00	193.99
Vegetables	1,422.03	40.07
Citrus	246.46	6.80
Pulses	0.00	0.00
Spices	3,636.09	143.35
Areca nut	137.96	6.22
Other fruits	5.65	0.23
<b>Total Value</b>	<b>17,184.19</b>	<b>391</b>

Usually, the operation of the RNR business, both online and on the conventional platform, is done on substantial rate. However, the trade was disrupted after the pandemic. Although the auction period starts from the middle of May and goes on until December, in 2022, the auction services lasted for only seven months. The major export of potato and vegetables during that period was in the month of October and November (Figures 11 & 12). A total of 10,330.47 MT and 1,422.03 MT of potato and vegetables were auctioned, respectively.

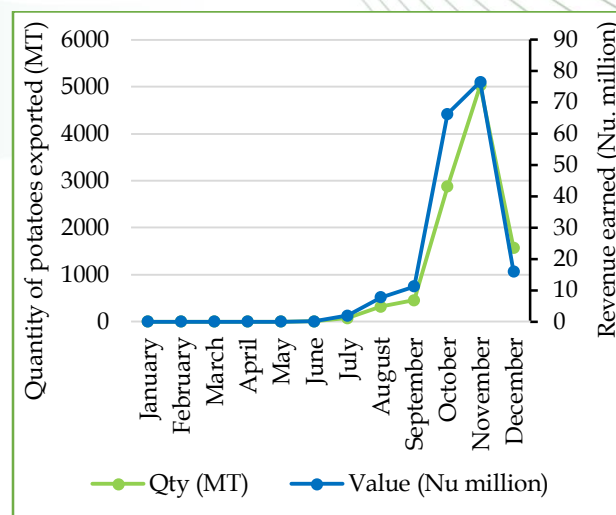


Figure 11. Monthly potato auction trend (2022)

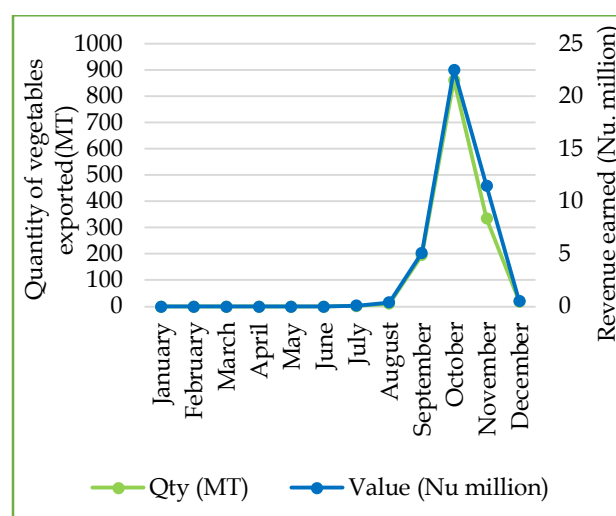


Figure 12. Monthly sales trend of vegetables (2022)

Unlike the vegetables and potato business, which is seasonal, the spices<sup>6</sup> and areca nut business is conducted throughout the year. In 2022, the total revenue from spices was Nu 9.21 million with maximum turnover in January. Areca nut earned revenue of Nu 6.22 million with maximum earnings in April (Figures 13 & 14).

<sup>5</sup> Auction & buyback

<sup>6</sup> Spices include ginger and garlic

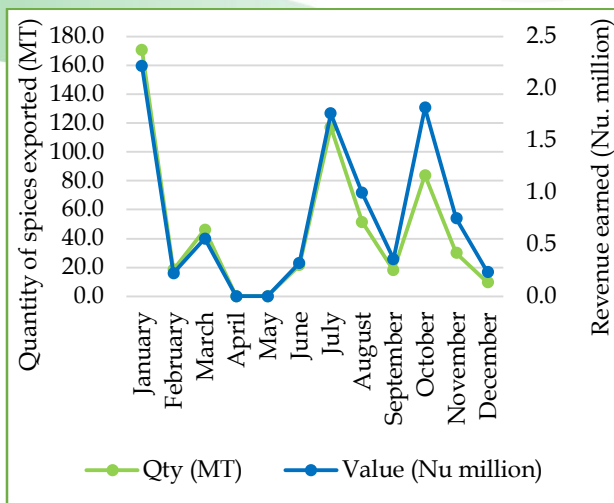


Figure 13. Monthly sales trend of spices (2022)

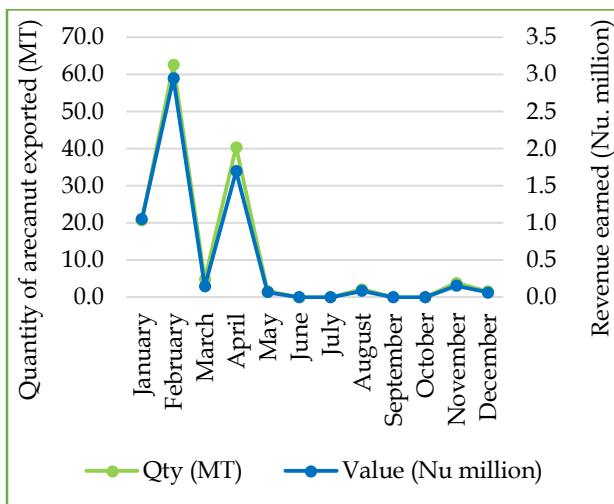


Figure 14. Monthly sales trend of areca nuts (2022)

The export of fruits and pulses is seasonal. Among fruits, 98% of export was citrus (mandarin), followed by apple, which accounts for 2%. In 2022, the export of citrus was 246.46 MT, generating Nu 6.8 million while only 5.65 MT of apple worth Nu 0.23 million was traded.

Apart from auction services, other crops like cardamom, maize, quinoa, and rajma are directly purchased and sold. In 2022, quinoa and rajma were sold as shown in Table 5:

Table 5. Direct purchase and sale

Item	Quantity (MT)	Value (Nu M)
Rajma	58.83	5.01
Quinoa	8.13	1.18
<b>Total</b>	<b>66.95</b>	<b>6.19</b>

A quinoa processing plant was set up in December 2021 with a processing capacity of 500 kgs per hour. Processed quinoa comes in three varieties, namely Sacaca, Ivory and Marangani with the MRP ranging from Nu 220 to Nu 250 per kg. The total sale for 2022 is detailed in Table 5.



## BUY BACK FROM SOURCE

FCBL procured potatoes and ginger this year through the buyback scheme. The initiative was mainly aimed at facilitating growers to market their harvest. In the year, the total volume and value of potato buyback were 1,405.53 MT and Nu 14.24 million, respectively, apart from conventional auction services. Similarly, ginger was categorised on grade-wise procurement at source and exported. A total of 3,069.70 MT worth Nu 134.14 ginger was traded in 2022.

# FARM SHOP OPERATION

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## FARM SHOP OPERATION

Farm shop operation is reported separately as it is recognised as a major hurdle in attaining the targeted profitability of the company, thus requiring in-depth analysis. Its operation has proven uneconomical and, over the past three years, FCBL has incurred a loss of Nu 70.05 million as shown in Table 6. Operation expenses are significantly high compared to the revenue generated by farm shops.

Table 6: Financial loss from farm shops

Particular	2020 (Nu M)	2021 (Nu M)	2022 (Nu M)
Sales Revenue	238.54	152.20	64.02
Purchases (BST & other procurement expenses)	228.04	145.40	61.14
Employees & other administrative expenses	38.96	33.89	21.38
<b>Profit/Loss</b>	<b>-28.46</b>	<b>-27.09</b>	<b>-18.50</b>

Detailed performance by the type of goods and services rendered to the public by farm shops are given below:

### SALES OF FOOD AND ESSENTIAL ITEMS BY FARM SHOPS

Until July 2022, farm shops sold 685.27 MT of food and essential commodities and generated revenue of Nu 36.21 million. Revenue earnings from the aforementioned activity recorded the highest during the month of March amounting to Nu 8.6 million and the lowest in July amounting to Nu 0.001 million (Figure 15).

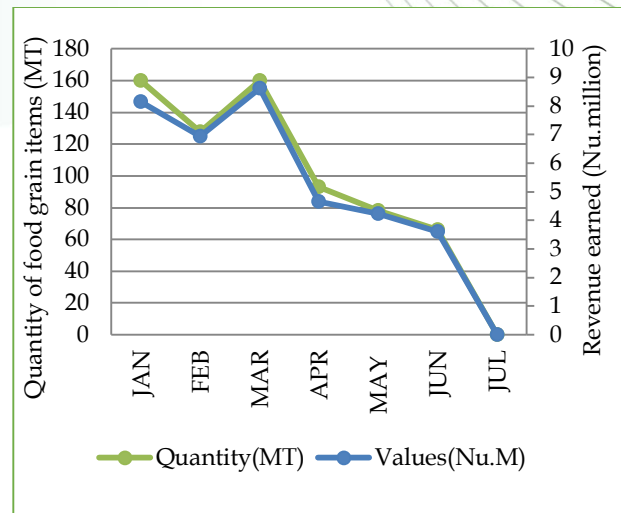


Figure 15. Monthly sales trend of food and essential items by farm shops

### SALES OF FMCG BY FARM SHOPS

Similarly, in 2022, farm shops sold 252.11 MT of FMCG, generating revenue of Nu 20.14 million. The FMCG sales followed a similar trend with food and essentials, with March recording the highest sales during the period (Figure 16).

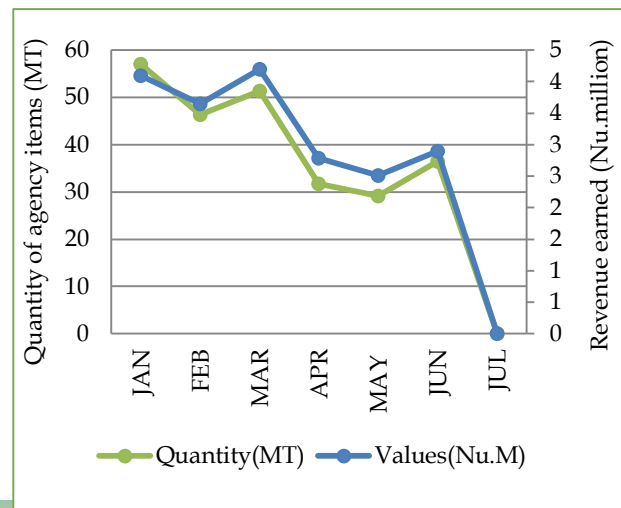


Figure 16. Monthly sales trend of agency items by farm shops



## RENEWABLE NATURAL RESOURCES (RNR) INPUT

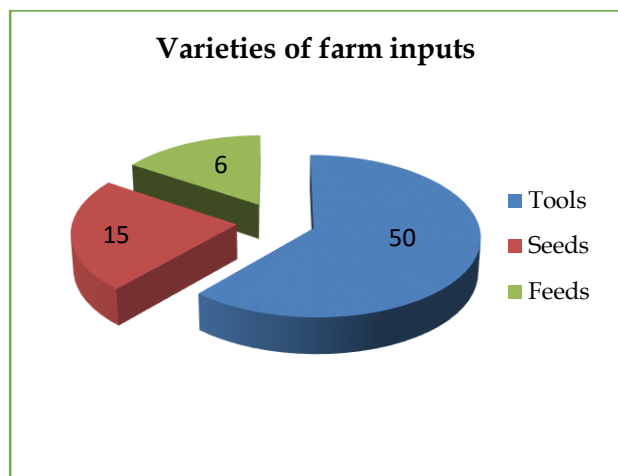


Figure 17. Varieties of farm input.

The farm inputs include farm tools, seeds, and animal feeds. A total of 50 varieties of tools, 15 varieties of seeds, and six varieties of feeds were distributed to farmers through farm shops. The varieties are shown in Figure 17. Unlike the previous years, there was no demand for fertilizer, hence it was not purchased.

In 2022, a total of Nu 16.43 million was generated as revenue through the sale of farm inputs, which is a significant drop of 52%, compared to 2021. From the total revenue, the highest sales were from feeds (poultry, pig & cattle feeds) with earning of Nu 15.96 million followed by farm tools earning Nu 0.29 million (Table 7). The revenue from tools, seeds and feeds decreased by 35%, 29%, and 53%, respectively, compared to the previous year.

Table 7: Revenue from farm input services (2022)

Farm Inputs	Quantity (No.)	Amount (Nu M)
Tools (pieces)	848	0.29
Seeds (packets)	7,194	0.19
Feeds (bags: 50 kg)	8,505	15.96
<b>Total</b>	<b>16,547</b>	<b>16.43</b>



Photo: WFP/Photo library

# SCHOOL FEEDING & OTHER SERVICES

## SCHOOL FEEDING PROGRAMME

The Royal Government of Bhutan (RGoB) took over the entire school-feeding programme as World Food Programme (WFP) phased out in 2018. In 2022, only non-perishable items were delivered to schools. A total of nine non-perishable items were delivered to 500 schools, which benefited 84,415 students. The details of non-perishable items are shown in Table 8.

Table 8. The quantity of non-perishable items supplied

Item	Quantity (MT)
Fortified rice	5,284
Pulses	774
Fortified oil	611
Chick peas	91
Sugar	70
Salt	70
Dairy whitener	71
Tea leaf	14
Processed cheese	16
<b>Total</b>	<b>7,002</b>

The delivery of perishable items that kick-started in 2020 in collaboration with Farm Machinery Corporation Limited (FMCL) and Bhutan Livestock Development Corporation Limited (BLDCL) was discontinued during the year. It was recommended in the review meeting held on July 19, 2021. Schools were expected to place the order for perishable items directly to BLDC without having to route through FCBL to ease the distribution process.

The delivery of rations and other services to schools earned the service charges income of Nu 19.21 million from RGoB, which was a drop of 16% compared to 2021. The details of service charges are given in Table 9.

Table 9. Service charges from RGoB

Quarter	Amount (Nu million)
1st quarter	3.60
2nd quarter	6.57
3 <sup>rd</sup> quarter	4.09
4th quarter	4.94
<b>Total</b>	<b>19.21</b>

## RENTAL & TRANSPORT SERVICES

Currently, the company owns eight heavy vehicles and 14 medium vehicles. Additionally, private annual contract transporters are deployed to render the services. Likewise, there are 14 light vehicles and six two wheelers. Backload services are essential for greater cost savings. However, no backload charges were earned in 2022.

FCBL owns 69 residential units that are rented to company employees. A total of 56 units of stores, 37 units of cold storage facility, and four auction yards FCBL owns are used for storage and remaining ones are rented out. The revenue from rent was Nu 11.29 million.

## INVESTMENT

In 2022, Food Reserve Warehouse of 2,000 MT capacity in Samdrup Jongkhar was completed and inaugurated. An Integrated Cold Storage (ICS) facility each in Wangdue Phodrang and Sarpang was completed in November and December 2022, respectively. Equipped with a temperature monitoring system and cooling fans inside every chamber, the ICS facilities can store up to 300 MT of agricultural and livestock products. Moreover, Nu 9.80 million worth of rice fortification machine was installed in Phuentsholing.



## HUMAN RESOURCE

In 2022, there was a decrease in the number of employees by 30% from 2021. The company was managed by 342 employees, out of which 102 were women and 240, male. The location-wise strength of staff is shown in Figure 18 for more details.

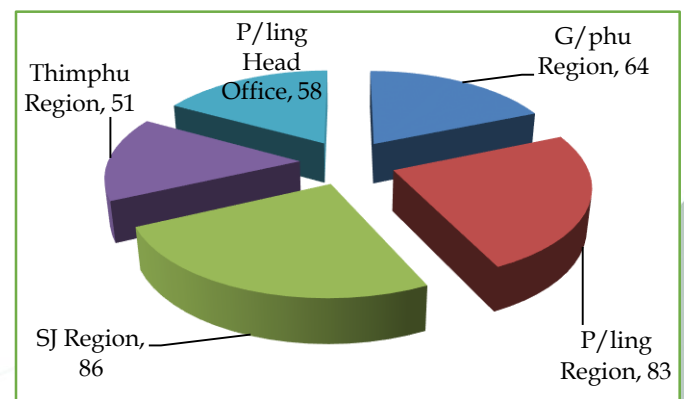


Figure 18. Region-wise number of employees

# FINANCIAL STATEMENT



# FINANCIAL STATEMENT

## PROFIT & LOSS ACCOUNT TREND

The profit and loss trend over five years depicts loss although the company made profit until 2016. The highest loss was Nu 112 million in 2020. In 2022, the financial loss was Nu 69.89, which increased by 69% compared to 2021 (Figure 19) because of the following reasons:

1. Buyback subsidy amounting to Nu 25.42 million not received from the government.
2. FS loss - Nu 18.5 million in 2022.
3. Provision for doubtful debtors - Nu 13 million.
4. Discount on FG - Nu 4.22 million.
5. Damaged write-off - Nu 1.2 million

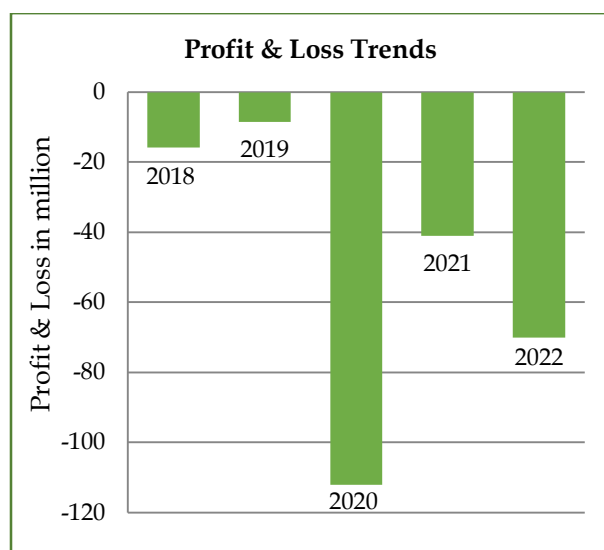


Figure 19. Profit and loss trend

## REVENUE

The sales revenue has shown a reduction of 6.38% in 2022 as compared to the previous year. In addition, income from service charge and other activities is in the positive side with an increase of 10.86% and 2.49% respectively

Table 10: Major revenue sources

Major Revenue Sources	2021 Nu Mil.	2022 Nu Mil.	Variation (%)
Sales Revenue	2,366.16	2,215.13	-6.38%
Service Charge	30.88	34.23	10.86%
Other Income	142.62	146.17	2.49%

## CASH FLOW TREND

Noting the cash flow trend (Figure 20), there is a drop in cash flow by 21% in 2022 compared to 2021.

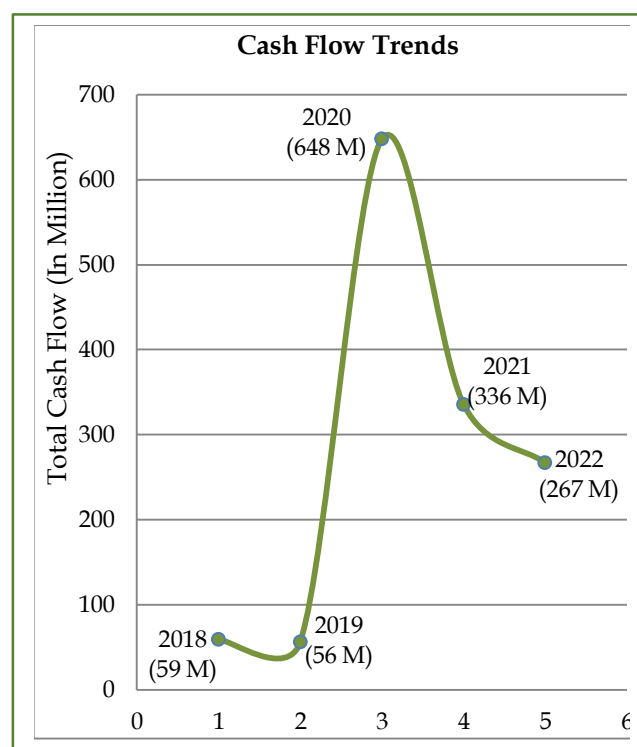


Figure 20. Cash flow trend

## RATIO ANALYSIS TREND

### FINANCIAL HEALTH

The ratio analysis trend of financial health of the company for five consecutive years is represented in the graph below (Figure 21).

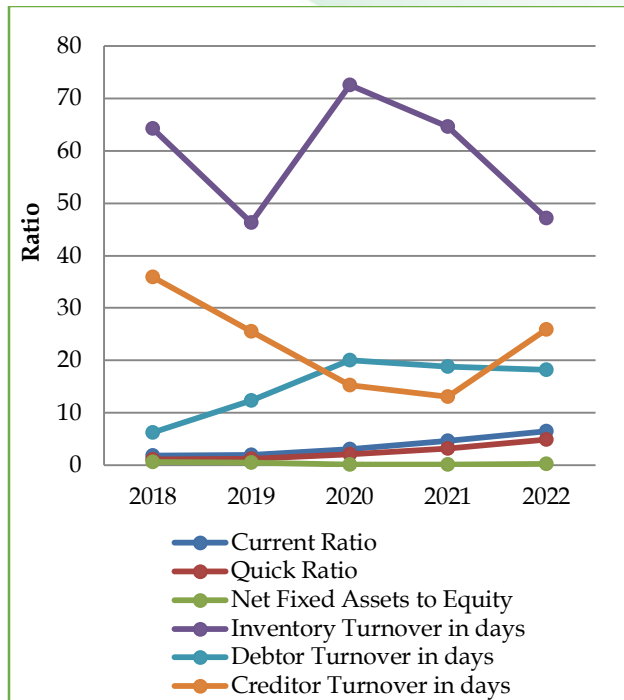


Figure 21. Ratio trend - Financial Health

**Current Ratio** has improved as the decline in current liabilities was proportionately greater than the decrease in current assets.

**Quick Ratio** increased due to the decrease in Current Liabilities.

**Net fixed Asset to Equity Ratio** increased due to increase in the value of Property, Plant & Equipment and decrease in the value of Shareholders' Equity for losses incurred during the year.

**Inventory Turnover in Days** declined due to the decrease in inventory and **Debtor Turn over in**

**Days** decreased due to the increase in sales turnover.

**Creditor Turn over in Days** increased due to the increase in Trade Payables.

### BUSINESS PROFITABILITY

**Return on Investment/Equity (%)** is negative as a result of increased losses compared to the previous year, leading to a decrease in the ratio.

**Net profit margin (%)** is negative as a result of increased losses compared to the previous year, leading to a decrease in the ratio.

**Gross Profit Turnover Ratio** decreased due to the decrease in turnover. The ratio was positive from 2018 to 2019, but it saw a sharp drop in 2020. This year, GPT ratio has declined by 26% compared to the 2022 (Figure 22).

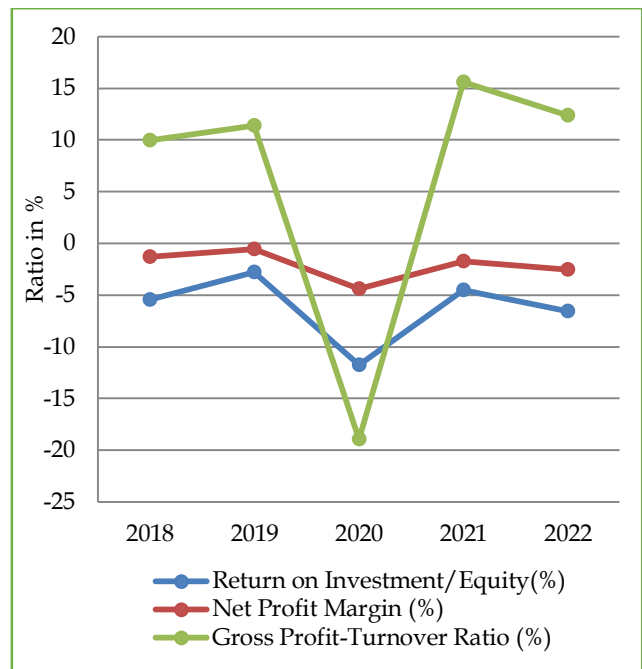


Figure 22. Ratio Trend - Business Profitability

## EXPENDITURE

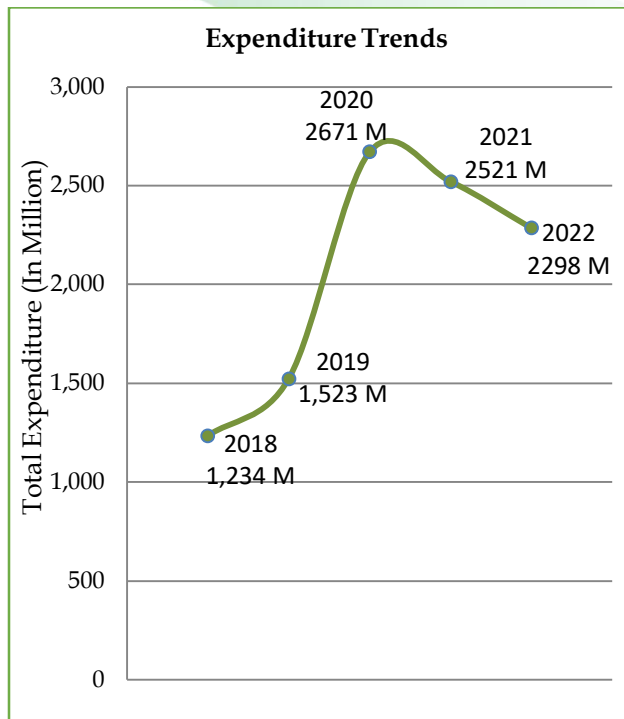


Figure 23. Expenditure trends

The company's expenditure has increased by 75.40% in 2020, which was higher than that of 2019. However, there was drop in expenditure from 2021. It further decreased by 9% in 2022 as shown in the graph (Figure 23).

The audited financial statements are provided in Tables 11 & 12.

## AUDIT REPORT

The company was audited by Dechok & Associates Pvt. Ltd in 2022, a chartered accountancy firm. The auditors did not make any adverse observation on FCBL accounts, except for some suggestions and recommendations for improvement.



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
DECEMBER 31, 2022**

(Amount in Nu.)

Particulars	Note No	December 31, 2022	December 31, 2021
<b>Income</b>			
Revenue from Operations	19	2,215,129,878	2,366,159,931
Other Income	20	146,168,068	142,617,253
Increase/(Decrease) of Stock in Trade	21	(133,022,423)	(29,523,365)
<b>Total Income</b>		<b>2,228,275,523</b>	<b>2,479,253,820</b>
<b>Expenses</b>			
Direct Material Expenses	22	1,969,440,046	2,199,907,134
Selling and Distribution Expenses	23	74,815,674	89,832,864
Financing Cost	24	2,929,704	2,977,327
Employee Benefit Expenses	25	161,349,392	182,718,502
Other Expenses	26	64,483,867	22,416,243
Depreciation & Amortisation Expenses	2	25,147,650	22,721,995
<b>Total Expenses</b>		<b>2,298,166,332</b>	<b>2,520,574,064</b>
<b>Comprehensive Income before Taxes</b>		<b>(69,890,809)</b>	<b>(41,320,244)</b>
<b>Tax Expenses:</b>			
Current		-	-
Deferred		-	-
<b>Comprehensive Income after Taxes</b>		<b>(69,890,809)</b>	<b>(41,320,244)</b>
<b>Earning Per Share (Basic &amp; Diluted)</b>		<b>(4,659)</b>	<b>(2,755)</b>

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

Dechok & Associates Pvt. Ltd

On behalf of FCBL Board

  
(Yeshi Jamtsho)  
Managing Partner  
Membership No. 20417  
  
Date :  
Place: Phuentsholing, Bhutan

(Dasho Karma Galay)  
Chairman

(Madam Kinlay Tshering)  
Board Director

(Mr. Dorji Tashi)  
Chief Executive Officer



## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

(Amount in Nu.)

PARTICULARS	Note No.	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	2	189,447,331	160,484,094
Capital Work in Progress		92,051,800	62,144,451
Financial Assets	3	381,584	381,584
Deferred Tax Assets	4	630,738	630,738
Loans and Advances	5	4,796,676	9,292,832
<b>Total</b>		<b>287,308,130</b>	<b>232,933,700</b>
<b>Current Assets</b>			
Inventories	6	285,921,340	419,138,717
Trade and Other Receivables	7	96,998,707	122,269,802
Cash and Cash Equivalent	8	469,037,408	546,489,040
Loans and Advances	9	302,734,590	177,870,309
Tax Deducted at Source	10	18,718,711	12,404,409
<b>Total</b>		<b>1,173,410,755</b>	<b>1,278,172,278</b>
<b>TOTAL ASSETS</b>		<b>1,460,718,885</b>	<b>1,511,105,978</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred Capital Grant	13	378,315,546	261,483,115
Provisions	14	58,302,857	64,607,424
<b>Total</b>		<b>436,618,403</b>	<b>326,090,539</b>
<b>Current Liabilities</b>			
Borrowings	15	57,480	152,908,230
Other Liabilities	16	29,350,025	24,611,777
Trade and Other Payables	17	139,493,493	78,723,005
Provisions	18	13,560,781	17,242,915
<b>Total</b>		<b>182,461,779</b>	<b>273,485,927</b>
<b>TOTAL LIABILITIES</b>		<b>619,080,182</b>	<b>599,576,466</b>
<b>EQUITY</b>			
Share Capital	11	15,000,000	15,000,000
Reserves and Surplus	12	785,755,206	785,755,206
Retained Earnings		40,883,498	110,774,306
<b>TOTAL EQUITY</b>		<b>841,638,703</b>	<b>911,529,512</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>1,460,718,885</b>	<b>1,511,105,978</b>

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

Dechok &amp; Associates Pvt. Ltd

(Yoshi Jamtsho)  
Managing Partner  
Membership No. 2641177

Date :

Place: Phuentsholing, Bhutan



On behalf of FCBL Board

(Dasho Karma Galey)  
Chairman

(Madam Kinlay Tshering)  
Board Director

(Mr. Dorji Tashi)  
Chief Executive Officer



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Amount in Nu.)

Particular	December 31, 2022	December 31, 2021
<b>Operating Activities</b>		
Comprehensive Income before tax	(69,890,809)	(41,320,244)
Depreciation Charges	25,143,832	22,721,995
Provision for Gratuity	(6,304,567)	4,925,157
Provision for Leave Salary	(3,682,134)	2,013,150
Interest On Short-Term Borrowing	166,361	-
Sale of Fixed Assets	(4,490,499)	(388,700)
Interest on Fixed Deposit	(6,323,338)	(4,846,059)
<b>Operating Profit before changes in Working Capital</b>	<b>(65,381,154)</b>	<b>(16,894,701)</b>
(Increase)/Decrease in Inventories	133,217,378	28,940,811
(Increase)/Decrease in Trade & Other Receivables	25,271,095	1,232,252
(Increase)/Decrease in Loans & Advances	(120,368,124)	(98,474,429)
Increase/(Decrease) in Non-Current Liabilities	116,832,431	177,839,785
Increase/(Decrease) in Current Liabilities	(87,342,014)	(174,836,004)
<b>Net Cash Flow from Operating Activities before Tax</b>	<b>2,229,611</b>	<b>(82,192,285)</b>
Tax deducted at source	(6,314,302)	(2,336,577)
<b>Net Cash Flows from Operating Activities (A)</b>	<b>(4,084,690)</b>	<b>(84,528,862)</b>
<b>Investing Activities</b>		
Purchase of Property, Plant & Equipment	(84,014,418)	(79,756,629)
proceed from Fixed Deposit	8,633,195	(153,337,342)
Sale of Fixed Assets	4,490,499	388,700
Interest on Fixed Deposit	6,323,338	4,846,059
Dividend Received	-	-
<b>Net Cash Flows from Investing Activities (B)</b>	<b>(64,567,385)</b>	<b>(227,859,213)</b>
<b>Financing Activities</b>		
Receipt of Grant	-	758,419,695
Interest on Short-Term Borrowing	(166,361)	(969,403)
<b>Net Cash Flows from Financing Activities (C)</b>	<b>(166,361)</b>	<b>757,450,292</b>
<b>Net Cash Flows During the Year(A+B+C)</b>	<b>(68,818,437)</b>	<b>445,062,217</b>
<b>Opening Balance</b>	<b>335,696,555</b>	<b>648,084,629</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>266,878,118</b>	<b>335,696,555</b>
<b>Break up of closing Cash &amp; Cash Equivalents</b>		
Cash on Hand	3,399,067	8,889,825
Cash at Bank	263,479,052	326,806,730
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>266,878,118</b>	<b>335,696,555</b>

This is the statement of cash flows referred to in our report of even date.



**Reconciliation Cash & Cash Equivalents as per Statement of Financial Position**

Particular	December 31, 2022	December 31, 2021
Cash & Cash Equivalent as per Statement of Cash Flows	266,878,118	335,696,555
Add: Fixed Deposit with Banks having Maturity period more than 3 months but less of 12 Months	12,010,083	43,096,988
Add: Fixed Deposit with Banks having Maturity period more of 12 Months	190,149,207	167,695,497
<b>Cash &amp; Cash Equivalent as per Statement of Financial Position</b>	<b>469,037,408</b>	<b>546,489,040</b>

Dechok & Associates Pvt. Ltd

  
 (Yeshi Jamtsho)  
 Managing Partner  
 Membership No. 264377



Date :  
 Place: Phuentsholing Bhutan

On behalf of FCBL Board

  
 (Dasho Karma Galay)  
 Chairman

  
 (Madam Kinlay Tshering)  
 Board Director

  
 (Mr. Dorji Tashi)  
 Chief Executive Officer



## Ratio Analysis 2022

Particulars	2022	2021	Remarks
<b><i>Ratios for assessing financial health</i></b>			
Current Ratio	6.43	4.67	The current ratio has improved as the decline in current liabilities was proportionately greater than the decrease in current assets.
Quick Ratio	4.86	3.14	The Ratio increased due to in decrease Current Liabilities.
Net Fixed Assets to Equity	0.23	0.18	The ratio increased due to increase in value of Property, Plant & Equipment and decrease in value of Shareholders Equity for losses incurred during the year.
Inventory Turnover in days:	47.11	64.66	The ratio declined due to decrease in inventory
Debtor Turnover in days	15.98	18.86	The ratio decreased due to increase in sales turnover
Creditor Turnover in days	25.85	13.06	The ratio increased due to increase in Trade Payables.
<b><i>Ratios for assessing profitability</i></b>			
Return on Investment/Equity(%)	(8.30)	(4.53)	The negative ratio is a result of increased losses as compared to the previous year, leading to a decrease in the ratio.
Net Profit Margin (%)	(3.16)	(1.75)	The negative ratio is a result of increased losses as compared to the previous year, leading to a decrease in the ratio.
Gross Profit-Turnover Ratio (%)	12.39	15.59	The ratio decreased due to decrease in turnover.





# PERFORMANCE AGAINST THE APC TARGET

## PERFORMANCE ACHIEVEMENT AGAINST APC TARGETS FOR 2022

In 2021, the Annual Performance Targets were assessed based on weighting in two major components: 50% in financial performance and 50% in non-financial targets, of which 35% weighting is given for core activities and 15% for organisational management/corporate governance. In 2022, the final annual performance compact score was 72.17%

Under financial performance, 43% out of 59% of the targets was achieved with four key performance indicators.

While core activities comprised major performance like maintaining the National Food Security Reserve (NFSR), developing NFSR infrastructure, supplying essentials to schools under the school feeding programme, exporting RNR produce, and the construction of pack house and ICS (Table 15).

Out of 35%, only 21% under core activities was achieved. The remaining 15% given for organisational and corporate governance scored 8% of the target achievement. The overall evaluation score of the non-financial compact was 30.27% of 50%.

 HQ, Phuentsholing  
Food Corporation of Bhutan Limited

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