



BOARD OF DIRECTORS REPORT

2022

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VISION

To offer high quality postal products and allied services and enhance the wellbeing of all Bhutanese citizens by touching their lives.



MISSION

Perform at par with the best in the region

Provide reliable and efficient postal and allied services to the customers

Be relevant and keep up with customers' changing needs

Become Financially and environmentally sustainable

Be the transformation agent/ catalyst for the country's socio-economic development

Our Domestic Footprint



Message from chairman

Dear valued stakeholders,

As we present our annual report for the fiscal year 2022, we are pleased to inform you that our company has weathered the challenges posed by the COVID-19 pandemic and emerged stronger and more resilient than ever before.

The pandemic presented significant challenges for our company, and we had to adapt to a rapidly changing business environment. We implemented measures to ensure the safety of our employees and customers, and our operations continued with minimal disruptions. We also extended support to our communities, by providing a medical delivery services and transport facilities to the COVID task force team during the lockdowns.

Despite the challenges, I am happy to report that we had control over our expenses, but unfortunately, our company's revenue decreased compared to the previous year. We took several measures to maintain our profitability during these challenging times. However, our PAT for 2022 declined, which is a matter of concern for us. We are conducting a thorough analysis of our financials to identify the areas where we can improve our performance.

As we move forward, we remain committed to our vision of becoming a leader in our industry and creating value for our stakeholders. We are confident that with our talented team, strong strategy, and unwavering commitment to excellence, we will continue to achieve success in the coming years.

We would like to express our sincere gratitude to our employees, customers, shareholders, and other stakeholders who have supported us throughout this challenging year. We value your continued trust and confidence in our company, and we look forward to your continued support in the future.

Sincerely,

Dasho Phuntsho Tobgay
Chairman of the Board of Directors.

BOARD OF DIRECTORS



Dasho Phuntsho Tobgay
Chairman

Date of appointment
13th March 2020
Month of Completion
13th March 2023

Qualification
Master of Arts in
Economics and
Social Studies

Work Experience (on Board & off- Board)

Planning Officer
MoHCA for 3 years,
Militia Officer
MoHCA for 1 year,
Under Secretary for
3 years,
Deputy Director
DRC for 5 years,
Joint Director
DRC for 6 years,
Director
MoIC for 5 years,
Director General
4 years
Secretary
MoIC (since
September 2019)



Ms. Rinchen Lhazom
Board of Director

Date of appointment
13th March 2020
Month of Completion
13th March 2023

Qualification
Master of
Environment
Management &
Development

Work Experience (on Board & off- Board)

Planning Officer
MoC for 5 years,
Mission intern
PBB, Geneva for six
months;
Economic Counsellor
Royal Bhutanese
Embassy, New
Delhi for 3 Years
Trade Officer
DoT for 11 years
Chief Trade Officer
for 2 years as Offtg.
Chief Trade Officer
ITPFD, DoT



Mr. Dilli Ram Dhungyel
Board of Director

Date of appointment
13th March 2020
Month of Completion
13th March 2023

Qualification
Master of Science
in Information
Technology

Work Experience (on Board & off- Board)

Assistant Programmer
NGN Technologies
Private Limited

Manager
System Integration
and Technical Support Division.



Mr. Karma Nidup
Board of Director

Date of appointment:
13th March 2020
Month of Completion
13th March 2023

Qualification
Master of Arts in
Economics

Work Experience (on Board & off- Board)

Development Officer
General Deptt,
RICBL
Asst. Manager
RICBL
GM
Meto Transport
Service,
Phuentsholing
CEO
Meto Transport
Service, Thimphu



Mr. Karma Nidup
Member
Secretary/CEO
Bhutan Post

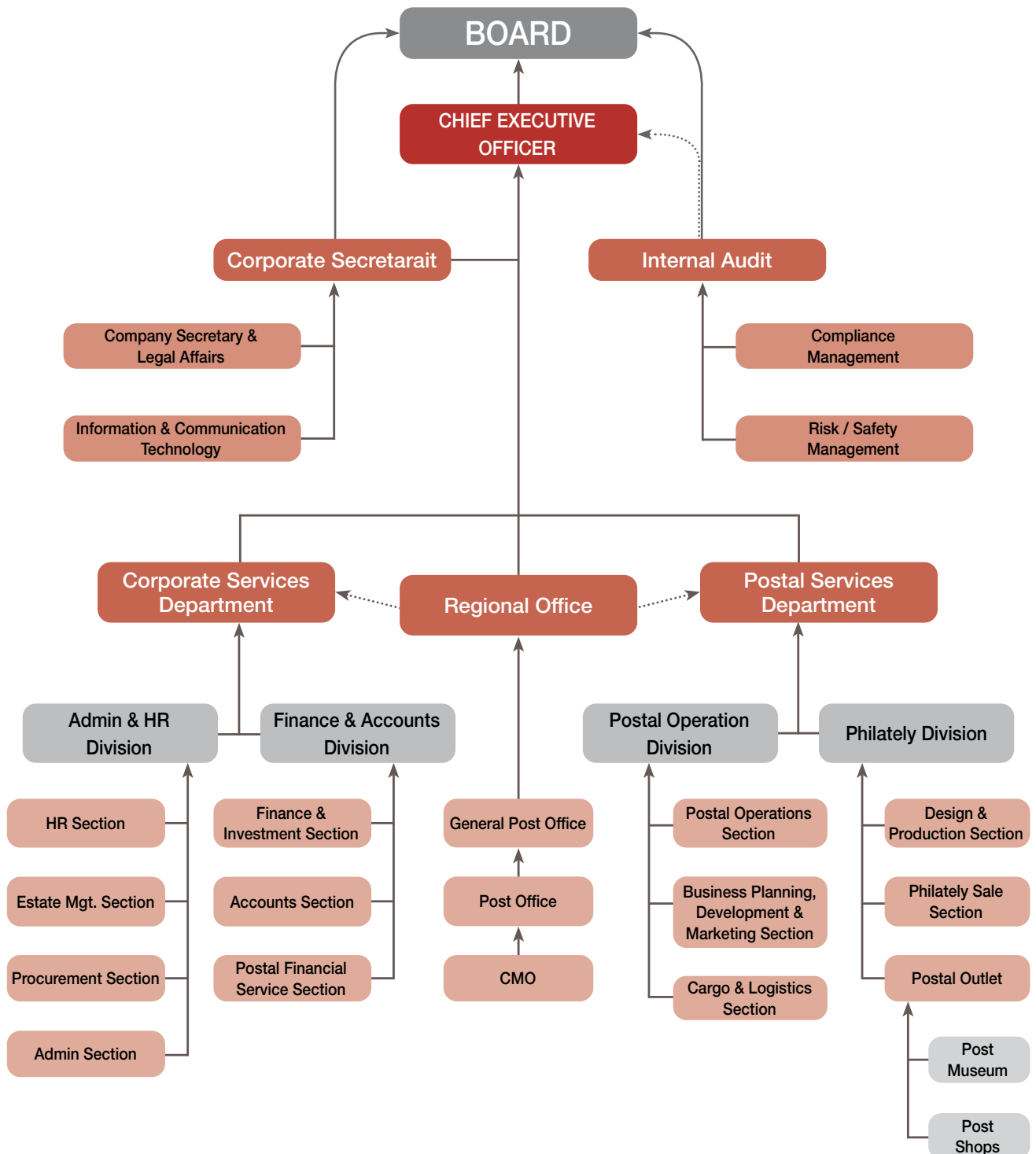
Date of appointment:
1st June 2020
Month of Completion
1st June 2023

Qualification
Master of Science in
Wildlife Management
and Control

Work Experience (on Board & off- Board)

Officer in Charge
RPPC, Bajo,
Wangduephodrang.
Sector Head
RNR - RC, Bajo
RNR Coordinator
Wangdue Dzongkhag
Chief Plant
Protection Officer,
NPPC
National Program Coordinator
BPDP
MD
DSC, Paro
Program Director
National Seed Center.
CEO
FCBL
CEO
Bhutan Post.

ORGANIZATION CHART



BHUTAN POST MANAGEMENT TEAM

Chief Executive Officer	Mr. Karma Nidup
General Manager, Operations Service Department	Mr. Jigme Tenzin
General Manager, Corporate Secretariat	Late Ms. Tshering Chhokie
Head, Corporate Service Department	Mr. Tshewang Rinzin
Head, Business Development and Marketing	Ms. Kezang Norden Dekar
Head, Internal Audit Unit	Mr. Sonam Penjor
Head, Information and Communication Technology Division	Mr. Jamyang Phuntsho
Head, Finance Division	Ms. Rinchen Zangmo
Head, Philately Division	Ms. Jigme Choden
Regional Manager, Western Region	Mr. Thinley Wangchuk
Acting Regional Manager, Southern Region	Mr. Dawa
Regional Manager, Central Region	Ms. Sarmila Chhetri
Regional Manager, Eastern Region	Ms. Pema Deki

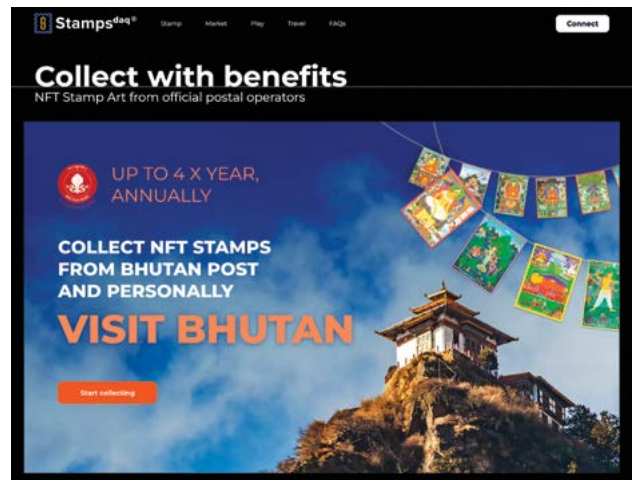


KEY ACHIEVEMENTS IN 2022

NFT Stamps:

With the endorsement from the Board of Directors during 113th Board meeting held on 16th June 2022; the official contract was signed on 22nd August 2022 with Stampsdaq. STAMPSDAQ is an associate member of .POST group and WADP (World Association for Development of Philately) of UPU which has a decentralized application deployed on the public Polygon Blockchain. In technical terms, STAMPSDAQ is a decentralized application deployed on the public **Polygon Blockchain**. In business terms, STAMPSDAQ is a **marketplace** with enhanced trading features and, more importantly, contest and game module. We launched our 1st NFT stamp on 12 Deeds of Buddha on 20th September 2022. Then by 11th November 2022, 2nd NFT on World Cup History was launched coinciding with the World Cup 2022. The total revenue generated from the sale of two NFT stamps amounted to **Nu.0.13 million** in 2022.

The NFT stamps need no investment apart from frequent correspondence with Stampsdaq and giving approval for the stamps design and information



sharing. In return, Bhutan Post is liable for royalties depending on the sale of NFT Stamps from Stampsdaq.

In 2023, Bhutan Post is planning to launch 4 NFT stamps providing unique value and experience to the collectors.

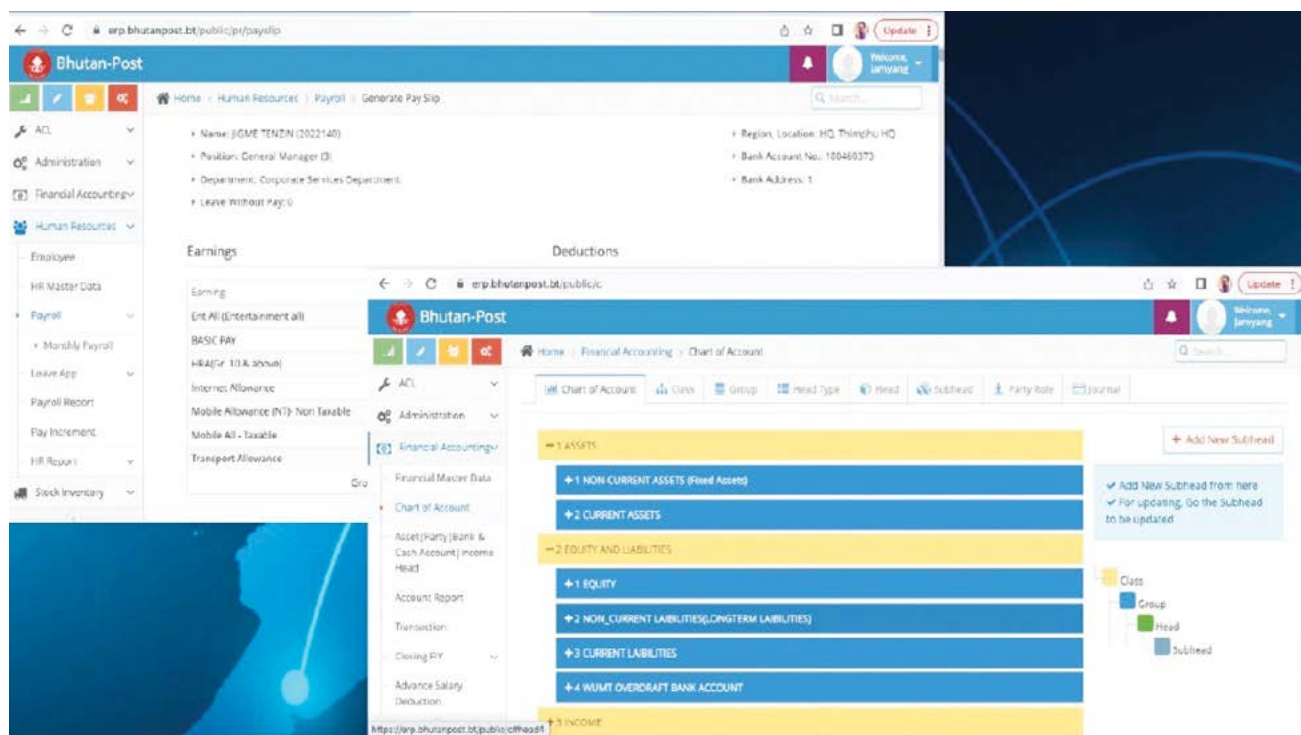
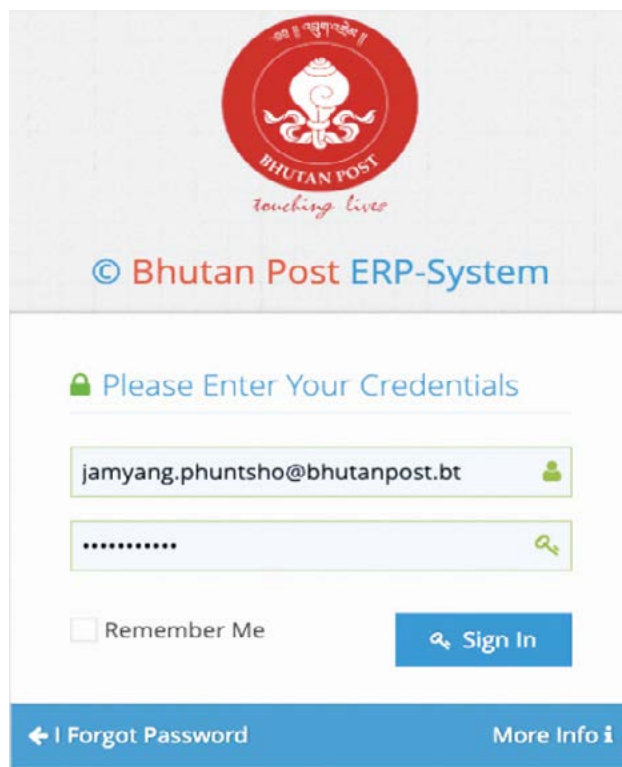
ERP development:

We are pleased to report on the progress of the Enterprise Resource Planning (ERP) system development and implementation project at Bhutan Post.

The development of the ERP system is in full swing, and M/S Athang, the company awarded the task, is overseeing the project. The software is designed to unify operations and streamline business processes across the organization. We anticipate that upon completion, this software will bring significant benefits to the company.

The ERP system will automate and integrate business elements, thereby increasing work efficiency and achieving simplification in operations. Moreover, centralized data sharing will enable proper planning, better management, and help build a sustainable and scalable business.

We expect the project to be completed by June, after which Bhutan Post will begin implementing the system. We believe that this implementation will bring greater efficiency, better management, and a more sustainable and scalable business.

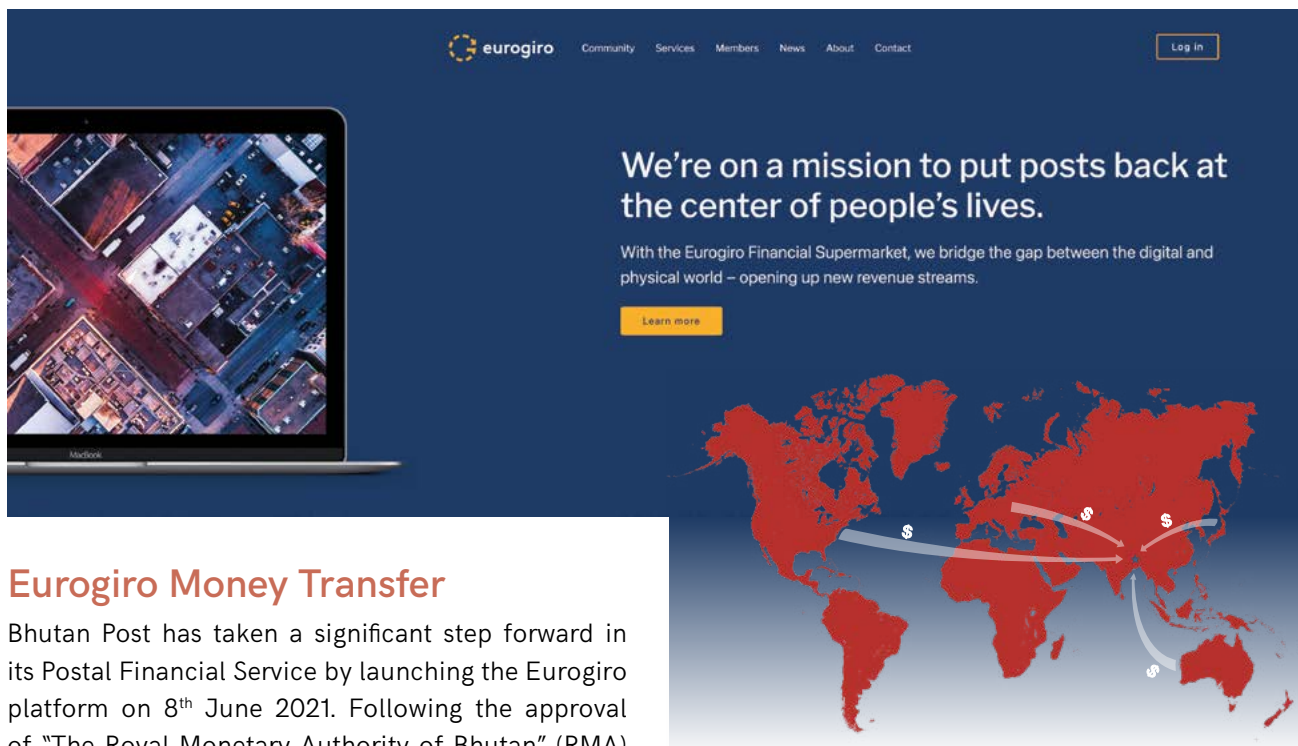




Award/Certification achieved:

During the APPU Business Forum's conclusion on September 2nd, 2022, the APPU Regional Award Ceremony took place, and Bhutan Post was recognized with two awards. Bhutan Post was bestowed with the Best Award for our outstanding initiatives in providing support to our staff and the 2nd Runner-up Award for our achievements in the

Best Individual "Heroes" category. Out of the 32 APPU members, 12 submitted nominations for the awards, and only 9 emerged as winners in different categories for 2022. Bhutan Post's recognition in two categories underscores their exceptional performance and dedication to excellence

A screenshot of the Eurogiro website. The header features the Eurogiro logo and navigation links: Community, Services, Members, News, About, Contact, and a Log in button. The main content area has a dark blue background. On the left, a laptop displays a city street view. To the right, the text reads: "We're on a mission to put posts back at the center of people's lives." followed by "With the Eurogiro Financial Supermarket, we bridge the gap between the digital and physical world – opening up new revenue streams." and a "Learn more" button. Below this, a world map is shown with red landmasses and white arrows indicating global money transfer routes, with dollar signs (\$) placed along the paths.

Eurogiro Money Transfer

Bhutan Post has taken a significant step forward in its Postal Financial Service by launching the Eurogiro platform on 8th June 2021. Following the approval of "The Royal Monetary Authority of Bhutan" (RMA) vide letter No. RMA/DFERM/8/2020/886 dated 18th September 2020, the service was launched as a financial remittance, allowing customers to receive money transfers from all over the world. This service is now available from all Post Offices. The business started operating at full capacity from 2022, enabling Bhutan Post to lead the way in Postal Financial Service

Eurogiro was founded in 1993 by twelve European postal organizations, as a postal payment co-operative and today more than 50 esteemed organizations are actively using the platform. It is an international payment infrastructure that connects postal organizations and financial institutions across the globe via a single payment ecosystem. By connecting to Eurogiro's Financial Supermarket, its partners can

send and receive cross-border payments, reaching rural and hard to reach end-users via the trusted and regulated global post networks.

Eurogiro's Financial Supermarket connects financial service providers with postal organizations and from today, the post offices in Bhutan will now be able to receive cross-border payments from all over the world.

"By connecting to Eurogiro's Financial Supermarket platform, Bhutan Post has a strong commitment to our customers to provide a wide range of excellent financial services with cheaper, faster and more secure money transfer services to the Bhutanese living outside country".



NON- FINANCIAL PERFORMANCE FOR 2022

OPERATIONAL HIGHLIGHTS

It would be great if reopening were as simple as unlocking the doors and saying, "Welcome back!". However, during the past two years of the COVID-19 pandemic and as it continues to try to recover, Bhutan Post has faced significant difficulties including expanding the parcel capacity and repairing the broken international postal networks. Even though the border is open and regular business is conducted, the post is still dealing with significant capacity, volume, and cross-border operations challenges currently.

The pandemic has provided ongoing learning opportunities, prompting the government to develop a strategic plan that includes a review of how organizations including SoE have to set up for the new normal and resume business as usual.

The format of financial reporting has changed starting 2022, and as a result, some details have been moved to other income heads, changing the FY2021 figure as well.

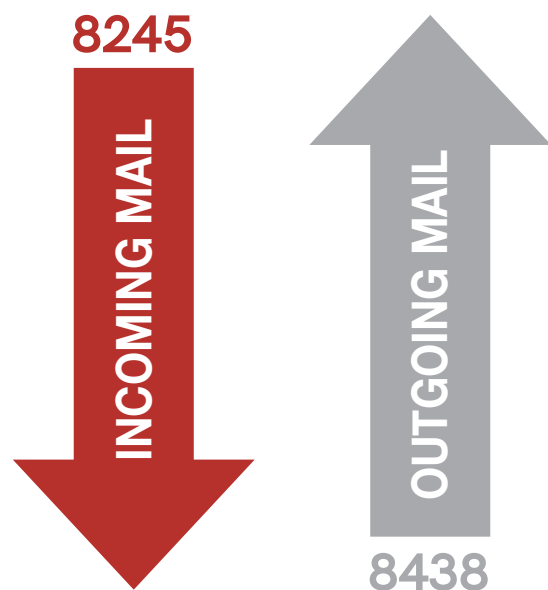
International Mail Volume:

a) Registered Mail

In 2022, the volume of incoming registered mail was **8,245**, which represents a decline of **23,005** or **73.6%** compared to the previous year. However, the volume of outgoing registered mail was **8438**, which saw an increase of **7,881** or **1414%** compared to the previous year.

The revenue generated from the incoming registered mail in 2022 was **Nu.4.93 million**, a decrease of **67.56%** compared to the **Nu.15.2** million revenue generated in FYI 2021. On the other hand, the expenses incurred for outgoing registered mail in 2022 were **Nu.0.42** million, which is a significant increase of **162.5%** compared to the **Nu.0.16** million expenses incurred in FYI 2021.

Mail Type	Incoming Volume 2021	Incoming Volume 2022	Change	Outgoing Volume 2021	Outgoing Volume 2022	Change
Registered Mail	31,250	8,245	-73.6%	567	8,438	14.14%
Parcels	3,306	2,339	-29.2%	10	7	-30%
EMS	19,797	14,637	-26.1%	11,573	8,773	-24.2%



b) Parcels

In 2022, both incoming and outgoing parcels saw a decrease in volume. The outgoing parcel volume declined from **10** in 2021 to **7** in 2022, while the incoming parcel volume decreased from **3,306** in 2021 to **2,339** in 2022, representing a decline of **29.2%**.

Regarding revenue, the incoming parcel revenue generated in 2022 was **Nu.2.13 million** a significant decrease compared to the **Nu.3.02 million** revenue generated in 2021.

c) EMS (Express Mail Service)

In 2022, the domestic express mail services generated revenue of **Nu.5.77 million**, showing a decrease of **Nu.4.16 million** or **41.9%** compared to the revenue of **Nu.9.93 million** in 2021. The international EMS services also saw a decline in revenue, with **Nu.71.44 million** generated in 2022, a decrease of **Nu.11.48 million** or **13.9%** compared to the revenue of **Nu.82.92 million** in 2021. Additionally, both incoming and outgoing EMS volumes decreased in 2022, with a **28.7%** decrease for incoming EMS and a **24.2%** decrease for outgoing EMS compared to the previous year.

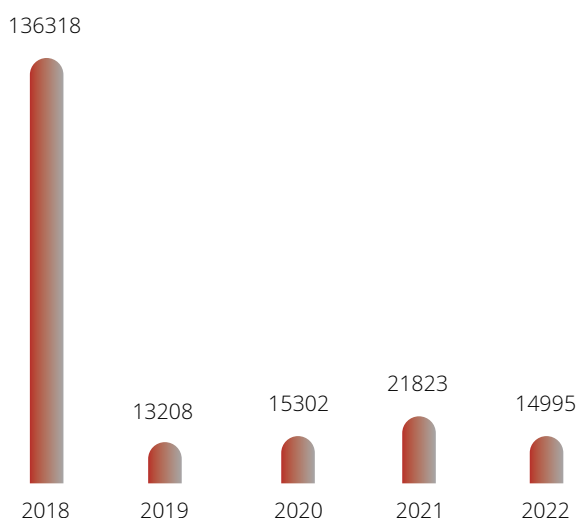
Transport, Cargo & Logistics:

The revenue from transport, cargo and logistics for the year 2022 was **Nu.9.67 million** against **Nu.7.10 million** in 2021. There was an increase by **Nu.2.57 million** or **36.2%** when compared to 2021.

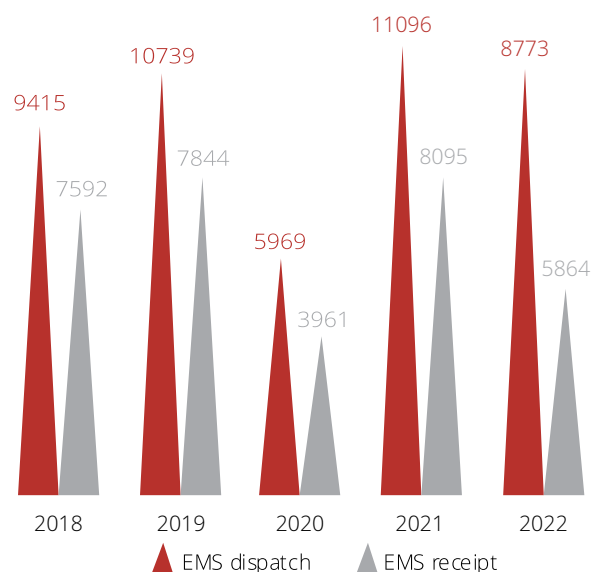


Philately:

The revenue from Philately for the year 2022 was **Nu.3.99 million** against **Nu.1.84 million** in 2021. Compared to the revenue in 2021, the revenue in 2022 has increased by **Nu.2.14 million** or **116%**.



Domestic EMS
In Volumes



International EMS
In Volumes

Estate Management & Investment

In 2022, revenue from Estate Management & Investment was **Nu.24.21 million** against **Nu.23.61 million** in 2021. Compared with the revenue in 2021 that is increased by **Nu.0.60 million** or **2.55%**.

Western Union Money Transfer (WUMT)

Bhutan Post has been collaborating with the Western Union since 2002 for transfer of money between Bhutan and other countries (inbound remittances). The revenue for 2022 was **Nu.15.06 million** Against **Nu.17.84 million** in 2021 which is a decrease of **Nu.2.78 million** or **15.5%** over the past year.

EuroGiro Money Transfer

The revenue generated in FYI 2022 was **Nu.0.48 million**, which marks an increase of **Nu.0.43 million** or **771%** over the prior year's revenue of **Nu.0.06 million** in 2021

FedEx and TNT

Bhutan Post signed a Joint Operating Agreement with TNT on 22 January 2017 for providing TNT service to customers in Bhutan. The service is expected to provide our customer with more options for importing

and exporting urgent documents and non-document items.

The revenue in 2022 was **Nu.5.61 million** for FedEx and TNT combined against **Nu.3.95 million** in 2021, which is an increase of **Nu.1.66 million** or **42%**.

Human Resource

As of December 2022, there were a total of 213 employees in Bhutan Post. Of these 77 were females and 136 were males. There were 196 regular employees at the headquarters and post offices,

- Regular employees : 196
- Contract Employees : 17

Recruitment: During the year 2022, Bhutan Post recruited 8 new employees.

Transfers: A total of 22 staff members at various levels were transferred within the Bhutan Post. From Western Region - 2, Southern Region - 4, Central Region - 8 & Eastern Region -8 which included, Postmasters, Postal Assistant and Postmen.

Separation and Resignation: During the year, a total of 16 employees left the corporation.



FINANCIAL PERFORMANCE FOR 2022

Review on the Financial Performance

As we witness a staggering period in our history, the nation has been severely impacted by the pandemic, with the economy suffering for the past two years. The closure of the border and all scheduled flights stalled with most airline closed affected both outbound and inbound mail cargo, directly affecting our revenue generation. The aftereffect of the pandemic is still visible in revenue generation, with total revenue declining by **18%** compared to FY 2021's revenue.

a) Revenue

The Corporation earned gross revenue of **Nu.184.12 million** in 2022. In 2021 the gross revenue was **Nu.223.72 million**. Compared to 2021, the revenue in 2022 declined by **18%** (Nu.39.60M).

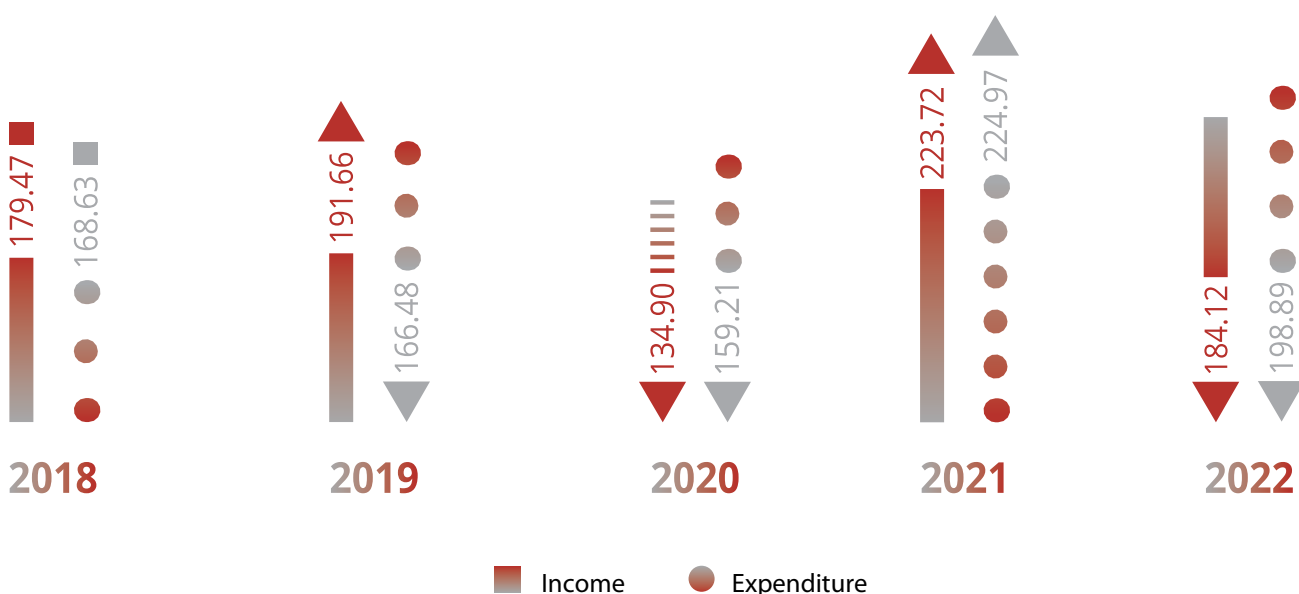
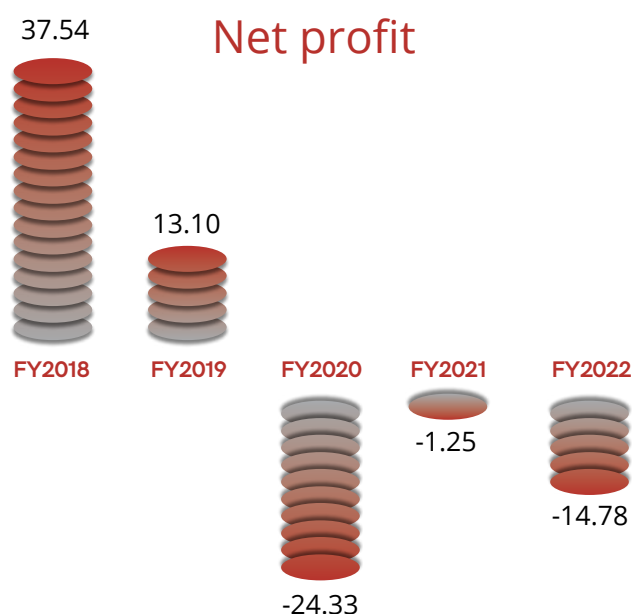
b) Expenditure

The Corporation incurred a total expenditure of **Nu.198.89 million** in 2022. The total expenditure for the financial year 2021 was **Nu.224.97million**. Compared to 2021, the expenditure for 2022 declined by **11.6%** (Nu.26.08M)

c) Net Profit/Loss

In 2022 the company suffered a net loss of **Nu.14.78 million** whereas in 2021 the net loss of **Nu.1.25 million** was generated. Compared with 2021, the net loss for 2022 was recorded at **Nu.13.53 million**.

Financial Year	Gross Revenue (Nu. million)	Total Expenditure (Nu. million)	Net Profit/Loss (Nu. million)
2021	223.72	224.97	-1.25
2022	184.12	198.89	-14.78



CORPORATE GOVERNANCE

Corporate governance essentially involves the interests of different company stakeholders, including the public, the government, customers, management, and shareholders. It entails conducting business in a way that is accountable to the shareholders and transparent to all stakeholders. The guidelines and framework have been developed for all SoEs in order to comply with the proper government's guidance in providing accurate and timely disclosure of the pertinent information.

Bhutan Postal Corporation Limited is committed to adhering to the 2019 Corporate Governance Guidelines and to conducting business ethically based on the following principles:

- a) Full compliance with the Company Act of 2006, the Corporate Governance Guidelines of 2019, and the laws of the Kingdom of Bhutan.
- b) Financial and non-financial report disclosure to shareholders
- c) Transparency in the Board's operation and practice
- d) Fulfilling and achieving the company's mission, vision, and purpose
- e) Upholding an ethical culture both within and outside of the organization.

The Company understands the importance of having a strong corporate governance framework for safeguarding the interests of its shareholders and achieving strong corporate performance underpinned by sustainable benefits for the economy, environment,

and society. The Company's Board of Directors and management share a dedication to upholding the highest standards of corporate governance, encouraging effective stewardship in its operations, and overseeing such practices.

Board Matters:

The Bhutan Post Board is responsible for overseeing the governance of the Bhutan Post, with its roles and responsibilities derived from various sources, such as the Corporate Governance Guideline 2019, Companies Act 2006, and the organization's internal rules and regulations.

As the Ministry of Finance (MoF) is the sole shareholder of the Bhutan Postal Corporation Ltd, Board members are appointed by the MoF for a three-year term. The Board conducts an annual self-evaluation to assess our performance, including our adherence to the requirements set out in our Charter and the CG Guidelines. However, due to the COVID-19 pandemic and government reform efforts, our 2021/22 annual performance review and Committee self-assessments were delayed.

To improve the organization's Human Resource management and Procurement functions, the Board established two new Committees in the fiscal year 2022: the Board Award Committee and the Board HR Committee. These Committees aim to enhance the performance and efficiency of the organization's procurement and human resource management activities.

Directors Attendance for FY 2022

Board Of Directors	Board Meeting	Board Audit Committee	Board Tender Committee	Board HR Committee
Mr. Phuntsho Tobgay	2	-	-	-
Mr Dilli Ram Dhungyel	4	3	1	-
Mr Karma Nidup	3	-	1	1
Ms. RinchenLhazom	3	-	-	-
Mr. Karma Nidup	4	-	1	-

Board/Committee meeting held in FY 2022

Month of FY 2022	Board Meetings	Other Committee Meetings	AGM
March	112 th Board meeting	Board Audit Meeting	
June	113 th Board meeting	Board Audit Meeting	17 th AGM
September		Board Audit meeting	1 st Board T/Award Committee
October	114 th Board meeting and 1 st Extraordinary Board meeting		

Directors attendance in Board meetings

Board Members	112 th Meeting	113 th Meeting	114 th Meeting	Extraordinary Meeting	Total Meetings	Number of Meetings Attended
Dasho Phuntsho Tobgay, Chairman	Absent	Absent	Present	Present	4	2/4
Ms. Rinchen Lhazom, Director	Present	Present	Present	Absent	4	3/4
Mr. Karma Nidup, Director	Absent	Present	Present	Present	4	3/4
Mr. Dilli Ram Dhungyel, Director	Present	Present	Present	Present	4	4/4
Phuntsho Wangdi, Director	Present	Absent	Absent	Absent	4	1/4
Mr. Karma Nidup, Member Secretary	Present	Present	Present	Present	4	4/4

Members of Board Committee

Board Stamps Advisory Committee	Board Audit Committee	Board Tender Committee	Board HR Committee
One Board Member (Chairperson)	Two Board Member (One Chairperson)	Two Board Member (One Chairperson)	One Board Member (Chairperson)
Director, DOC, MOHCA	Head of Internal Audit Unit	CEO, Bhutan Post	HOD, Postal Service Department
Chief, Public Diplomacy Division	One Staff from IAU	HOD, Corporate Service Department	HOD, Corporate Service Department
Royal Office of Media			2 staff from HR Division
CEO, Vast			
CEO, Bhutan Post			
Head, Philately, Bhutan Post			

Corporate Social Responsibility section

Bhutan Postal Corporation Ltd takes its corporate social responsibility very seriously and is committed to creating a positive impact on society and the environment even with limited resources it has. One of the ways in which the company has demonstrated this commitment is by making significant improvements to its facilities in order to better serve its customers with minimal damage to the environment.

With the support from the UPU QSF Project titled "Procurement of vehicles for strengthening the mail conveyance capabilities," Bhutan Post procured 2 containerised mail trucks and 5 motorbikes. The mail trucks are used for secured and regular mail transportation from Paro to Thimphu and Thimphu to Post Offices in the East and vice versa. The bikes are used for mail delivery from Post Offices to the Gewogs. The total budget approved for the project is USD 51,301.40. Both the mail trucks and bikes are compliant to Bharat Stage or Euro 6 emission standard prescribed by National Environment Commission which became mandatory effective January 2022. Bhutan Post is mindful of the damage its activities may cause to environment and will strive to keep it to the minimum possible by complying to the emission standard in force.

To make it more convenient for customers, Bhutan Post has set up different delivery and booking counters at Thimphu GPO. This has made it easier for customers to access postal services and has helped to improve overall customer satisfaction.

In addition to this, Bhutan Post has also made efforts to improve its facilities in order to provide a better experience for customers. This includes the construction of additional toilets on the premises, which has helped to improve hygiene and sanitation standards for both employees and customers.

By taking these steps, Bhutan Post has demonstrated its commitment to corporate social responsibility and has shown that it is dedicated to creating a positive impact on the communities it serves with minimal impact on the environment.



Conclusion

In conclusion, the Board of Directors of Bhutan Postal Corporation Ltd is pleased to report that the company has continued to sustain over the past year. Despite the challenging global economic climate and ongoing pandemic, the company has managed to maintain its position as a leading provider of postal and logistics services in Bhutan. Our commitment to innovation, efficiency, and customer service has enabled us to adapt to changing market conditions and meet the evolving needs of our clients.

We are proud to have launched several new initiatives and services over the past year, including the introduction of NFT stamps and digital payments,

which have helped to drive revenue growth. We are also committed to investing in our workforce and have continued to provide training and development opportunities for our employees to ensure that they have the skills and knowledge required to deliver exceptional service to our customers.

As we move forward, we remain focused on delivering sustainable growth and creating long-term value for our stakeholders. We are confident that the measures we have put in place will enable us to continue to deliver strong financial and operational performance, and we look forward to the future with optimism and enthusiasm.

Acknowledgement

On behalf of the Board of Directors, I would like to express our sincerest gratitude to all our valued customers, partners, and stakeholders for their unwavering support during the fiscal year 2022. Despite the challenges brought about by the COVID-19 pandemic, we remained steadfast in our commitment to providing essential postal services to the people of Bhutan.

We would also like to acknowledge the dedication and hard work of CEO and the employees, who have demonstrated exceptional resilience and adaptability

in the face of unprecedented challenges. Their unwavering commitment to serving our customers has been the backbone of our success, and we are incredibly proud of their contributions.

As we look to the future, we are optimistic about the transformation task and the Plan Deck for FYI 2023 introduced by the government. We remain committed to our goal of delivering high-quality postal services to our customers, and we are confident that our transformation efforts will result in continued growth and success for Bhutan Post.

Tashi Delek

Dasho Phuntsho Tobgay

Chairman

Board of Directors

Bhutan Post