

འབྲུག་མི་མེད་རྒྱུ་ལོར་གཞི་བཟུང་། DHI
Annual Report
2011



“The national wealth belongs to the people of Bhutan”



TABLE OF CONTENTS

Introduction	1
DHI Portfolio Companies	2
DHI Board of Directors	5
Directors Report – 2011	8
DHI and Gross National Happiness	8
Operational Performance.....	9
Financial Performance	12
DHI Investments	13
Corporate Governance.....	14
Other initiatives at DHI	14
Challenges	15
Performance summary of DHI Companies in 2011	15
Druk Green Power Corporation Limited	16
Bhutan Power Corporation Limited	18
Drukair Corporation Limited.....	19
Natural Resource Development Corporation Limited.....	20
Bhutan Telecom Limited	21
Bank of Bhutan Limited	22
DHI Infra Ltd.	23
Acknowledgement	24
AUDITORS' REPORT	26
ANNEXURE A AS REFERRED TO IN OUR REPORT OF EVEN DATE	28
Appendix A: Ratio Analysis.....	31
BALANCE SHEET AS AT 31st DECEMBER 2011	32
PROFIT AND LOSS ACCOUNT	33

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011	34
Schedules forming part of the Accounts	36
Schedule 1 : Share Capital	36
Schedule 2 : Reserves & Surplus	36
Schedule 3 : Fixed Assets.....	37
Schedule 4 : Investments (Long Term - At Cost).....	38
Schedule 5 : Cash and Bank Balances	39
Schedule 6 : Other Current Assets	39
Schedule 7 : Loans & Advances.....	39
Schedule 8 : Current Liabilities	40
Schedule 9 : Provisions.....	40
Schedule 10 : Income from Investments.....	40
Schedule 11 : Other Income	40
Schedule 12 : Employees' Remuneration and Benefits.....	41
Schedule 13 : Financial Expenses.....	41
Schedule 14 : Other Expenses	41
Schedule 15	42
Schedule 16	43



Statement by Lyonpo Om Pradhan, Chairman, DHI at the Fourth Annual General Meeting, May 25, 2012

On behalf of the government and the Bhutanese people, I extend a warm welcome to the representatives of the Ministry of Finance, the shareholder of DHI and to the Board Directors of DHI gathered here today. I take immense pride in stating that DHI has successfully completed four years in operation since its inception under a Royal Charter in November 2007. During this time DHI has been able to build a strong foundation towards fulfilling the goal of holding and managing the commercial investments of the Royal Government.

I thank each and every one of you for your valuable contributions. At the same time, I also remind you that we still have a long way to go towards achieving our sacred mandate. I am confident that with the shareholders', board's and management's dedication and steadfastness, DHI will continue to grow from strength to strength as envisioned by His Majesty the King.

Following these preliminary but important remarks, I would like to shed some light on the year that has gone by, in order to know where we stand and what needs to be done further.

DHI's consolidated net worth now stands at Nu. 64 billion compared to Nu. 60.41 billion in 2010. Though, that may give us reason for much satisfaction, please note that there has been a

decrease in income from 2010 by 2.43%. This is mainly because the dividend income from Druk Green Power Corporation (DGPC) decreased by 10.47%. DGPC's profit also decreased by 12.38% mainly on account of increased domestic consumption, decrease in generation and royalty revenue of Nu.137.76 million being directly paid to MoF. Here, I add that DGPC and the Bhutan Power Corporation (BPC) together form almost 84% of DHI's total dividend and their profitability is on the decline. This decline I would like to point out is not due to operational inefficiency or reduction in productivity – in fact these two companies could be benchmarked as being amongst the best in the region. The decline is due to factors out of their control: a) Increasing domestic consumption, which directly reduces DGPC's income, and b) Tariff regulations, which have impacted both DGPC and BPC. In order to ensure that the revenues to DHI and to the Government keep increasing in the future, we would like to seek the assistance of the Ministry of Finance in making policy recommendations to ensure that these two companies do not lose out financially due to revisions in tariffs. Otherwise it will be very difficult for DHI to continue providing increasing dividends to the shareholder.

I would also like to submit that with the accelerated economic development of the country one of the biggest challenges facing DHI and its companies is in the human resources (HR) area. We are challenged by of lack of qualified human resources in the market, difficulty in attracting good people, and a high attrition rate. So far we have managed to deal with these challenges but with the number of mega projects coming up, the HR issue is of great concern to us.

We would also like to mention that given the Royal Monetary Authority's intervention, no dividend was received from the Bhutan National Bank for the Financial Year 2011.

What comes as a welcome respite, however, is the fact that Drukair, since it began operations in the 1980s, has, for the first time declared a dividend. Its financial performance in 2011 has been quite remarkable with an increase by over 103% in its profits. The other two companies that have performed well in terms of profitability are Bank of Bhutan and Bhutan Telecom with over 61% and 28% increase respectively.

Within the year, DHI has successfully carried out the first training of board directors in corporate governance and also set up a consultancy unit. The Entrepreneurship Promotion Fund was initiated and the foundation meeting for the GNH Fund was organized. Besides, DHI incorporated the Koufuku International Private Ltd., in collaboration with Shi Nippon Biomedical Laboratories Ltd., to establish a dairy plant in Trashigang. Also, to help in conserving and preserving our environment, DHI assisted Greener Ways to set up a waste management and transfer station. Lastly, DHI met the dividend remittance target of Nu.1,500 million, which does not include dividends from Tala Hydropower to the Ministry of Finance. Including Tala Hydropower, the dividend amount for 2011 stands at Nu. 2,939.27 million and corporate income tax stands at Nu. 1292.39 million

I conclude by seeking your approval on today's agenda.

I now give the floor over to CEO Karma Yonten to present the Director's Report to this AGM.



Lyonpo Om Pradhan

Chairman

Druk Holding and Investments

Introduction

Druk Holding Investments (DHI) was established on 11 November, 2007 by His Majesty Jigme Khesar Namgyel Wangchuck “to hold and manage the existing and future investments of the Royal Government of Bhutan for the long term benefit of its shareholders, the people of Bhutan.”

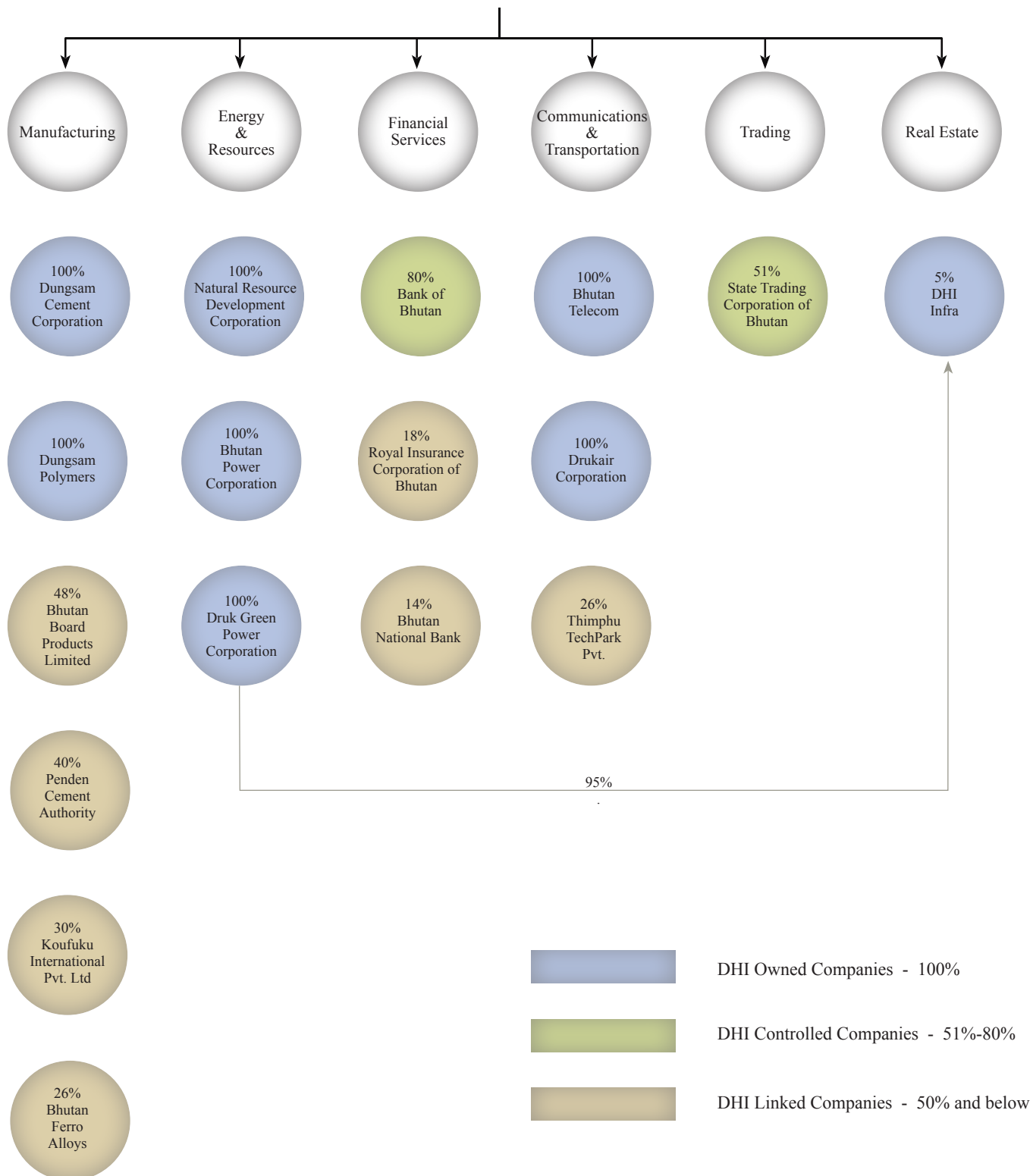
Vision

“To be a leading sovereign wealth management and creation organization that helps transform Bhutan into a globally competitive economy guided by the principles of GNH”.

Mission

- Accelerate socio-economic development
- Enhance national wealth
- Help build a dynamic economy for a vibrant economy
- Lead and stimulate private sector development
- Transform DHI companies into highly efficient and productive companies

DHI Portfolio Companies



DHI Portfolio Companies depicting DHI shareholding and Net Worth/Market Capitalization of the companies:

	DHI Share Holding (in %)	DPC Categories	2011 Revenue (in million)		Net Worth/Market Capitalization (in million)*	
			BTN	USD**	BTN	USD**
Energy & Resources						
Druk Green Power Corporation Ltd.	100	DOC	10,948.33	210.54	37,897.51	728.80
Bhutan Power Corporation Ltd.	100	DOC	3,545.15	68.18	13,695.86	263.38
Natural Resource Development Corporation Ltd.	100	DOC	346.13	210.54	493.73	9.49
Communications & Transportation						
Bhutan Telecom Ltd.	100	DOC	1,833.67	35.26	2,670.57	51.36
Drukair Corporation Ltd.	100	DOC	2,261.29	43.49	2,278.01	43.81
Thimphu Tech Park Pvt. Ltd. ****	26	DLC	0.00	0.00	63.27	1.22
Financial Services						
Bank of Bhutan Ltd.	80	DCC	1,757.70	33.80	2,826.80	54.36
Bhutan National Bank Ltd.	14	DLC	2,032.40	39.08	3,514.34	67.58
Royal Insurance Corporation of Bhutan Ltd.	18	DLC	486.94	9.36	1,200.00	23.08
Real Estate						
DHI Infra Ltd. ****	5	DOC	0.00	0.00	200.00	3.85
Trading						
State Trading Corporation of Bhutan Ltd.	51	DCC	2,335.20	44.91	114.00	2.19
Manufacturing						
Dungsam Cement Corporation Ltd***	100	DOC	0.00	0.00	3,073.95	59.11
Dungsam Polymers Ltd.	100	DOC	0.00	0.00	40.00	0.78
Penden Cement Authority Ltd	40	DLC	1,892.05	36.39	1,089.85	20.96
Bhutan Ferro Alloys Ltd.	26	DLC	1,858.59	35.74	765.27	14.72
Bhutan Board Products Ltd.	48	DLC	332.08	6.39	240.76	4.63
Koufuku International Private Ltd. ****	30	DLC	0.00	0.00	50.00	0.96

Accompanying Notes:

* Net worth is reflected for DHI Owned Companies and for BoBL and is based on book value.

Market Capitalization is reflected for DHI Linked Companies and 2011 refers to positions as at December 31, 2011

** 1USD = 52 BTN as of December 2011

***Company under construction.

****DHI Linked Companies which are not listed. For them, net worth has been reflected

Glossary

DPC – DHI Portfolio Companies means all companies in which DHI has shares.

DOC – DHI Owned Companies. These are companies that are fully owned by DHI.

DCC – DHI Controlled Companies. These are companies in which DHI owns more than fifty percent of the paid up equity share capital.

DLC – DHI Linked Companies. These are companies in which DHI owns fifty or less percent of the paid up equity share capital.



DHI Board of Directors 2011



The Chairman

Lyonpo Om Pradhan

Lyonpo Om Pradhan has served the Royal Government of Bhutan for 34 years as the Deputy Minister and the then Minister for Trade and Industries. He was also the Ambassador to India, Nepal and the Maldives and served as Bhutan's Permanent Representative at the United Nations in New York. In addition, he served at the United Nations Secretariat coordinating, monitoring and reporting on the implementation of the Programmes of Action for the Least Developed, Landlocked and Small Island Developing States. In 2007, His Majesty the King appointed him Chairman of Druk Holding and Investments.



The Directors

Mr. Lam Dorji - Secretary, Ministry of Finance

Mr. Lam Dorji joined as the Finance Secretary in 2008. Prior to this appointment, he was the Secretary of the Planning Commission (presently the GNH Commission) since 2003.

Mr. Dorji started his career in the Ministry of Finance, and headed the budget, accounts and aid coordination divisions for several years. In December 2007, DHI appointed him as the Chairman of the Bhutan Telecom Board of Directors.



Dasho Dr. Sonam Tenzin - Secretary, MoWHS

Dr. Sonam Tenzin did his MBBS from Bangalore Medical Institute, India in 1982 and later his MPH (Public Health) from Tulana School, USA in 1989. He was honoured with a Gold Medal from His Majesty the Fourth King for National Service in 1976. He started his career as District Medical Officer in 1985. With years of experience he became the Zonal Health Officer in 1992. He served Directorial posts in various Government Organizations, and as Secretary of the Ministry of Labour and Human Resources before being appointed the Secretary of the Ministry of Works and Human Settlement.



Dasho Penjore - Zimpon, His Majesty's Secretariat

Dasho Penjore holds MA in Economics from Northeastern University, Boston. His employment record includes Deputy Governor of Royal Monetary Authority of Bhutan, Fellow Research on His Majesty's People Project Research. He was appointed the Gyalpoi Zimpon (Royal Chamberlain) since January, 2007. He is a member of the working committee for designing and launching Bhutan's National Pension plan, member of inter-ministerial working committee for drafting Bhutan's first FDI policy, and member of the Working Group for Bhutan's WTO Accession. He is associated with Secretary General, Bhutan India Friendship Association (BIFA) and former Board Member of the India Bhutan Foundation.



Mr. Namgey Nidup - *CEO, Environmental Friendly Construction Pvt. Ltd.*

Mr. Namgey Nidup did his Masters in Public Administration & Financial Management and Post Graduate in International Financial Management in 1984 from the University of Southern California (USC), USA. He served as Program Co-ordinator in His Majesty's Secretariat. After serving in various government agencies as Head and Chief he moved in to the corporate sector as Managing Director of Bhutan Board Products Limited in 1999.



Mr. Ugyen Rinzin - *Chairman, Yangphel Pvt. Ltd.*

Mr. Ugyen Rinzin is the founder of Yangphel Company with its businesses spanning across sectors such as tourism, wood works, housing, supply and handicrafts. He currently holds Chairmanship of Yangphel Pvt. Ltd, Dragchu Beverages Pvt. Ltd and the Bhutan Insurance Company. He is also an ardent promoter of the National Sport; Archery and is the President of Bhutan Archery. As a Board member of Tarayana Foundation and National Council for Women & Children (NCWC), he continues to play a meaningful role in addressing social issues. In the past, he served as the Board member of Druk Air Corporation, the Royal Society for Protection of Nature (RSPN) and the Bhutan Chamber of Commerce & Industry (BCCI)



The CEO

Mr. Karma Yonten

Mr. Karma Yonten received his Electrical Engineering Degree as a Fulbright scholar from the University of Kansas, USA, and his MBA Degree from Hitotsubashi University, Japan. He started his career as a civil servant in the Department of Power/Energy in the then Ministry of Trade and Industry. He was the Chief Executive Officer of the Bhutan Electricity Authority when he resigned from the civil service. Prior to taking up his position as the Chief Executive Officer of DHI, he was a Consultant with Ongdi Consulting Services and a member of the Bhutan Electricity Authority, Bhutan National Bank and board director for Bhutan Telecom.

Directors Report – 2011

On behalf of the Board of Directors, I have the honour to present to the representatives of the Ministry of Finance, the shareholder, the performance of Druk Holding and Investments for the year 2011.

This report contains the audited financial statements for the year ended December 31, 2011, along with an overview of the operational and financial performances of the DHI and an insight into the performance of DHI owned companies.

A. DHI and Gross National Happiness

DHI is guided by the GNH framework in the overall governance of its companies and continuously seeks to promote various elements of GNH through its companies and activities.

In order to strengthen transparency and accountability, DHI has ensured that all its owned companies follow a system of Annual Compacts where the targets for the year are clearly defined. 10% of the salary of DOC employees is dependent on the achievement of the Annual Compact targets. In addition to this, each company has a Performance Based Incentive Scheme (PBIS) that incentivizes performance at various levels in the company. Companies are also required to ensure that there are no adverse audit reports during the year.

Bhutan Power Corporation has tirelessly pursued rural electrification and in 2011, the total number of rural households electrified is 21,820 out of the target of 40,257 households. Likewise, Bhutan Telecom also strives to widen mobile coverage in rural areas and has achieved coverage of 109 villages including remote Lunana. As of July 2011, all 205 geogs have GSM mobile coverage. The Bank of Bhutan operates in rural areas to increase access to finance, although some of the branches are not viable.

NRDCL in 2011 supplied 213,690.35 cft of rural timber and revenue foregone by NRDCL was Nu. 6.112 million. In addition, 28kms of road was constructed and 347kms maintained by NRDCL, which also benefits the communities around the area.

Drukair started domestic air services by flying to Bumthang and Trashigang to enhance connectivity and promote tourism in central and eastern Bhutan although



such services are not profitable. Drukair also provides airfares to nationals at concessional rates.

Druk Green Power Corporation supplies energy at highly subsidized rates compared to the export rates. It also supports the Wang watershed management program and has committed Nu. 22.75 million to finance the *“Rehabilitation of degraded areas along the Wangchu”* to be carried out by the Department of Forest.

Further DHI companies have made contributions to agencies that reflect the ethos of GNH, such as innovation in education, preservation of environment, knowledge sharing in the public interest and promotion of culture.

In 2011, DHI in collaboration with the Blue Economy and the GNH commission organized the First Ever GNH Fund Meeting, which was attended by 147 participants comprising of investors, financiers, inventors, entrepreneurs, scholars, government and journalists. The meeting discussed innovative businesses based on the basic principle of sustainability and of conserving the environment.

In its endeavour to promote private sector development, DHI introduced the BEGIN programme in order to help promising entrepreneurs with business skills through the Entrepreneurship Promotion Fund.

B. Operational Performance

The operational performances are clubbed under five main thrust areas based on the compact signed with the DHI Board. Brief outline of the achievements under each of the thrust areas are as follows;

Thrust Area 1: Performance Improvement

- Compacts for the year 2011 with MoF, Board and DOCs were negotiated and signed. Performances of DOCs were monitored through the half yearly and annual performance reports, half yearly and annual presentations to the Board and during their respective AGMs. Negotiations for Compacts 2012 with MoF, Board and DOCs started in November with most of the non-financial targets being finalized.



- Phase-I of the Contact Center has been completed and was launched by Chairman, DHI on December 28, 2011. The Contact Center has been developed jointly by 5 DHI companies namely BT, BoB, BPC, DCL & NRDC as part of a larger initiative to provide improved customer services and to redress customer grievances. Standard Operating Procedures for BT, BPC, NRDC, DCL & BoB have also been developed.
- Based on customer satisfaction survey 2010 for DOCs (ex. DGPC), three weak areas were identified for each company. The companies took various initiatives to improve the identified three weak areas.
- Orientation programs for new DHI Portfolio Companies' directors were conducted by DHI. The program provided an overview of the DHI mandates, ownership structure, communication channels, governance of DHI Portfolio Companies, performance management at DHI and strategy setting processes.
- Under WB-IDF's "*Strengthening Institutional Capacity of DHI to improve Corporate Governance of SOEs in Bhutan*" Project, DHI is aiming to train 55 Board Directors in three batches of training over 2011 and 2012. In the first batch, 19 Board Directors from DHI, six DHI Owned Companies and one DHI Controlled Company was trained and certified on a five-day "*Directorship Skills – Growth and Development of Board Leadership Workshop*" from November 15-19, 2011.
- A study was carried on "*Major operating expense heads and benchmarking per capita expenses in smaller DOCs.*" The study was done for NRDC, BTL, DCL & BoBL. The findings of the study were shared with the companies.
- A Consultancy Unit was established at DHI and manpower recruited for the unit. Since its establishment, the unit has completed the OD & HR integration of PCAL & DCCL and developed the Service Rules for DHI Infra.

Thrust Area 2: Resource Optimization

- A high-level study was done on the global credit rating system and the benefits of credit rating. A report with clear recommendations for credit rating for DHI was developed. The report further recommends the short-term and long-term actions that need to be undertaken in order to obtain an international credit rating for Bhutan. The report has been submitted to the MoF.
- Entrepreneurship Promotion Fund has been set up with an initial contribution of Nu. 15 million from DHI, to provide equity and equity like investments in start-up companies and established companies which have the potential to grow to significant size in terms of revenues, profits and/or employees.
- DHI organized a foundation meeting for the first ever GNH Fund in Thimphu from 20-25 June, 2011 in collaboration with Gross National Happiness Commission and Blue Economy. The meeting was attended by 75 international participants comprising of investors, financiers, inventors, entrepreneurs, scholars and journalists. 72 national participants from the Government, corporations, private sector, NGOs and the media also attended. The outcome of the meeting was the '*Thimphu Consensus*' in which participants pledged their support to Bhutan's development agenda.
- Given the impending implementation of International Financial Reporting Standard (IFRS) in Bhutan as Bhutan Accounting Standards by the Accounting and Auditing Standards Board of Bhutan (AASBB) and the growing urgency for the financial reports of DHI companies to be in compliance with a globally recognized and accepted accounting standards, DHI initiated a study to assess the implications of adoption of IFRS on DHI companies and to provide a detailed roadmap for implementation for DHI and its subsidiary companies.
- DHI holds 40% of the equity capital of PCAL and 100% of DCCL. Since both of these companies are in the same industry, producing the same products and

also targeting the same market, DHI in 2008 initiated discussions on the possibility of a merger of PCAL and DCCL. Studies indicated that the merger would enable the companies to provide higher returns to its shareholders by leveraging on economies of scale and reducing the procurement costs of raw materials, lowering selling and distribution costs, and from pooling of resources in terms of human resources, financial resources, and O&M resources. Further, given that the Bhutanese market for cement is quite small, the merger would provide the companies with the size and scale required to compete effectively with the large cement companies in Indian market. In view of the above, in 2011, DHI proposed for the merger of the two companies during their respective AGMs. The proposal was approved and merger agreement executed with the target merger date of January 2013.

Thrust Area 3: New Investments

- After repeated demarcation of land and resolving all problems, Request For Proposal for DHI corporate office design and drawings was floated in September 2011. The contract for the design of the DHI Corporate office has been awarded to Gandhara Designs on December 30, 2011. The design is to be completed by July, 2012.
- Five new pre-feasibility studies were completed during the year namely, scoping study on the potential for consultancy services to the environmental sector in Bhutan; to assemble solar panels in Bhutan; growing and exporting Bhutanese Tea; wellness Resort and establishing the IFC SME Fund
- DHI in collaboration with Shin Nippon Biomedical Laboratories Ltd (SNBL) a company based in Japan, incorporated 'Koufuku International Private Ltd' (KIPL) on December 22, 2011 to establish and operate a dairy plant in Chenary, Samkhar Gewog, Trashigang. DHI and SNBL have already signed a shareholder agreement. The project cost is estimated at Nu. 50 million and DHI holds 30% equity in the company. Other major stakeholders in this project

are the Dairy Farmers' Cooperatives and the Department of Livestock, MoAF. The purpose of the KIPL is to manufacture yogurts and other dairy and related products.

- A high level scan of ten identified potential business opportunities in eastern Bhutan was carried out and completed in October, 2011.

Thrust Area 4: Private Sector Development

- An entrepreneurship program called the Business Entrepreneurship Growth and Innovation Program (BEGIN) was framed as an initiative towards private sector development and to provide opportunities for smaller entrepreneurs to develop new ideas and businesses. The BEGIN Program addresses three principle elements of training, funding and mentorship to help start and sustain businesses with growth potentials.
- Six incubatee contracts have been signed between Bhutan Innovation and Technology Centre (BITC) and entrepreneurs. Three entrepreneurs have also been taken as BITC seed companies. DHI and BITC are already assisting some of the entrepreneurs in providing advisory services and developing business plans.
- DHI helped Greener Ways to set up a Waste Management & Transfer Station for Thimphu City through the following initiatives; secured a grant of USD 15,000 for purchasing equipment; facilitated the lease of 1 acre land on long term lease to Greener Ways for establishing transfer station. Lease terms and conditions currently being drafted; loan of Nu. 10 million being arranged from local financial institutions; assisted in developing the Business Plan and Financial Modelling.

Thrust Area 5: Revenue to the Government

- DHI met the dividend remittances of Nu. 1,500 million and 90% of profit after tax of DGPC-THPA in monthly tranches to MoF. Total amounting to Nu. 2,939.27 million.

C. Financial Performance

The financial performance of DHI is driven mainly by the dividends declared by the portfolio companies for the financial year.

The financial performance statements of DHI for the years 2011, 2010 are given below.

Table 1 Financial Performance of DHI in 2011 and 2010(in Million Nu.)

Particulars		2011	2010	% Variance
1	Total Income	4,359.97	4,468.69	-2.43
2	Total Expenditure	52.01	45.28	14.86
3	Profit Before Tax	4,307.96	4,423.41	-2.61
4	Tax	1,292.39	1,327.03	-2.61
5	Profit After Tax	3,015.57	3,096.38	-2.61
6	Dividend	2,939.27	2,989.37	-1.68
7	Transfer to General Reserve	76.30	107.01	-28.70

Income

The total income in 2011 was Nu. 4,359.96 million. The decrease is attributed to the decrease in the dividend income received from the portfolio companies by 2.63%. Dividend from DGPC decreased by 10.74%. Besides DGPC, there was also decrease in dividend from BFAL and NRDCL and from BNB, there were no dividends for 2011 as per the RMA directives.

Expenditure

The total expenditure for 2011 was Nu. 52.01 million compared to Nu. 45.28 million in 2010, which is an increase of 14.86%. This is mainly on account of increase in number of employees at DHI as 23 new employees were recruited in 2011. Other major expenses were on consultancy, advertisement and printing, corporate social responsibility, seminars etc.

Profits

The profit before tax (PBT) for 2011 was Nu. 4,307.96 million compared to Nu. 4,423.42 million in 2010. Profit after tax (PAT) was Nu. 3,015.57 million compared to Nu. 3,096.38 million in 2010. The decrease in PBT and PAT is the consequent effect of decrease in income.

Dividends

The dividend agreement with MoF comprises of two parts – a)dividend from DGPC's Tala Hydropower Plant at 90% of actual profits and b)dividends from other sources. For the year 2011, the total dividend amounts to Nu. 2,939.27 million. The dividend from Tala Hydro Plant is on a pass through arrangement to the Ministry of Finance. The 2011 dividend declared by Tala Hydro Plant was Nu. 2,056.10 million, out of which 30% is the tax component and the balance 70% the dividend component. Dividend paid to MoF besides THPA's dividend is Nu 1,500 million and the total amounts to Nu. 2,939.27 million.

A sum of Nu. 76.30 million was transferred from current year's profits into the reserves. DHI's total reserve as at the end of the financial year was Nu. 1,062.29 million.

It may be noted that dividends from DGPC and BPC alone constitute about 84% of the total dividend income of DHI. The profitability of these two companies have been adversely affected by the energy pricing policy introduced in

2010 and by the steady increase in domestic consumption. Both these companies have no control over these declining revenues and it is expected that unless the electricity pricing policy is reviewed the revenues of these two companies could be expected to continue decreasing. This is a big concern that DHI would like to bring to the notice of the shareholder.

The table below depicts the dividends declared by companies in 2011 and 2010:

Table 2: Dividends received from DHI Portfolio companies in 2011 and 2010 (In million Nu.)

Sl. No.	Company Name	Dividends Received in 2011	Dividends Received in 2010	% Increase/ Decrease	% of Total Dividends
1	DGPCL	3,435.64	3,848.97	-10.74%	77.97%
2	NRDCL	10.4	21.91	-52.53%	0.24%
3	BTL	216.1	168.27	28.42%	4.90%
4	BPCL	254.21	99.61	155.21%	5.77%
5	DCL	50	-	-	1.13%
6	BoBL	185.6	112	65.71%	5.08%
7	STCBL	6.12	5.1	20.00%	0.14%
8	PCAL	137.12	137.11	0.01%	3.11%
9	BNBL	0	13.85	-100.00%	0.55%
10	BFAL	25.09	32.81	-23.53%	0.57%
11	RICBL	13.26	11.05	20.00%	0.35%
12	BBPL	8.02	8.02	0.00%	0.18%
TOTAL		4,341.56	4,458.70	-2.63%	100.00%

D. DHI Investments

Dungsam Cement Corporation Ltd:

The overall project progress achieved as on 31st Decement 2011 is about 85%. The revised total project cost is Nu. 8,545.81 million. The project comprises of four major components namely, land and site development- 93% completed, building and civil structures- 83% completed, plant and machinery- 93% completed, and miscellaneous fixed assets- 64% completed. The project is expected to be completed by October 2012.

Dagachhu Hydro Power Project

The revised project cost is Nu. 10,918.59 million. All open excavation works has been completed. More than 44% of underground excavations have been completed. 56% of tunnelling works has been completed and more than 41% of concreting works at desilter and diversion were completed. The completion of the civil works has been delayed by 11 months due to adverse geology at most of the tunnel faces. The Project is expected to be completed by April 2014.

Dungsam Polymers Ltd.:

The overall project progress achieved as on 31st December 2011 is about 91%. The total cost of the project is Nu. 168.76 million and is scheduled to commission by mid March 2012.

SAP Project:

The SAP-ERP implementation in DHI and DGPC was carried out as Project eGreen. The project started on 15th May 2010 with Wipro Ltd, Bangalore as the SAP Implementation Partner and went live on 8th June 2011.

E. Corporate Governance

WB-IDF's "Strengthening Institutional Capacity of DHI to improve Corporate Governance of SOEs in Bhutan Project"

The project, effective since July 4 2011, is funded through an Institutional Development Fund (IDF) grant of USD 500,000. The Project's overall development objective is to improve corporate governance (CG) of State-Owned Enterprises. The three main components of the Project are:

- i. Enhancing DHI policies, developing CG norms, and improving performance monitoring for DHI companies.
- ii. Improving the capacity of DHI and its holdings through training board directors of DHI companies;
- iii. Raising awareness through seminars for the media and other stakeholders on the importance of CG.

Formation of Board Committees

A Board level Investment and Finance Committee and Board Committee for Performance Management has been instituted. This is expected to increase the due diligence process of considering investments/divestments and review/evaluation of performances and result in more efficient decision-making process with the delegation of power.

F. Other initiatives at DHI

CEO Round Table Meetings

CEO Roundtable Meetings (RTMs) continues to play an important role in exploiting synergies between different DHI companies. These have proved to be very useful in strengthening the good relationships between the DHI companies and are used to provide feedback on new policies and guidelines being developed. DHI coordinated and conducted two RTMs with the CEOs of DOCs in the months of February and June 2011.

DHI Group Fund Management

The DOCs and DHI have substantial cash reserves in liquid or semi-liquid form parked in short term deposits provided in low interest rates which are expected to be utilized in the near future for undertaking their financing needs. At the same time some DOC's borrow from the financial institutions at interests rates of about 10% to meet their financing needs. This spread between the deposit rates of some DOC's and the borrowing rates of the other DOC's present a need to optimize resources from a group level. Therefore initiatives have been taken to develop a Dividend and reserve policy and DHI-Group fund management mechanism of providing funds to the DOC's in need of finance by those DOC's having short-term excess liquidity.

Setting up a fund for SME development in Bhutan

Small and Medium Enterprises are often considered the backbone of any economy and are the main employment generators in a developing economy. Based on availability of Funds from the International Finance Corporation (IFC), DHI is working with an experienced fund manager in trying to secure the fund to be made available to the development of SME's in Bhutan.

Five Year Corporate Strategic Plan

A corporate strategic plan for the next five years was framed outlining DHI's vision, mission, objectives and strategies.

G. Challenges

DHI and its companies are faced with several challenges. One of the major challenges confronting DHI and all the DOCs are human resource issues ranging from lack of required skills to high attrition rate to simply shortage of manpower. For instance, DGPC could recruit only 61 employees against a target of 200. High attrition rate is mainly due to competition for manpower in other sectors. Our country with a small population and developing at a fast pace will naturally face labour problems.

Another daunting challenge is the low reserves at DHI vis-à-vis huge investments to be undertaken. 97% of DHI's income goes to MoF as dividend and only a small amount is retained at DHI. This has also been pointed out by the Auditors. It may be noted that at the end of 2011, the amount of funds available at DHI is about Nu. 476 million. This may not be sufficient to undertake the various investments being considered. On this account, DHI would like to request the shareholder to consider ways and means of helping increase the reserves at DHI. One such measure would be to resolve the double/multiple taxation that DHI pays when receiving dividends from its companies.

The biggest concern to DHI is the declining trend in revenues for the power sector companies: DGPC and BPC. Due to the changes made during the last electricity tariff review, DGPC has seen substantial decline in revenues as it has to pay the royalty income that it was retaining in the past to the MoF. In addition to this the increasing domestic consumption is reducing DGPC's revenues also. The combination of the electricity tariff review and the increasing domestic consumption is having a huge negative impact on DGPC's revenues. BPC has also seen substantial decrease due to capitalization of RE assets. DHI would like to seek the support of the shareholder in addressing these issues. Otherwise DHI and the shareholders revenues could be adversely affected in the future.

H. Performance summary of DHI Companies in 2011

The summary and highlights of the performance of DHI Owned Companies including Bank of Bhutan is depicted below:

Table 5: Financial performance of DHI Owned Companies including BoBL in 2011

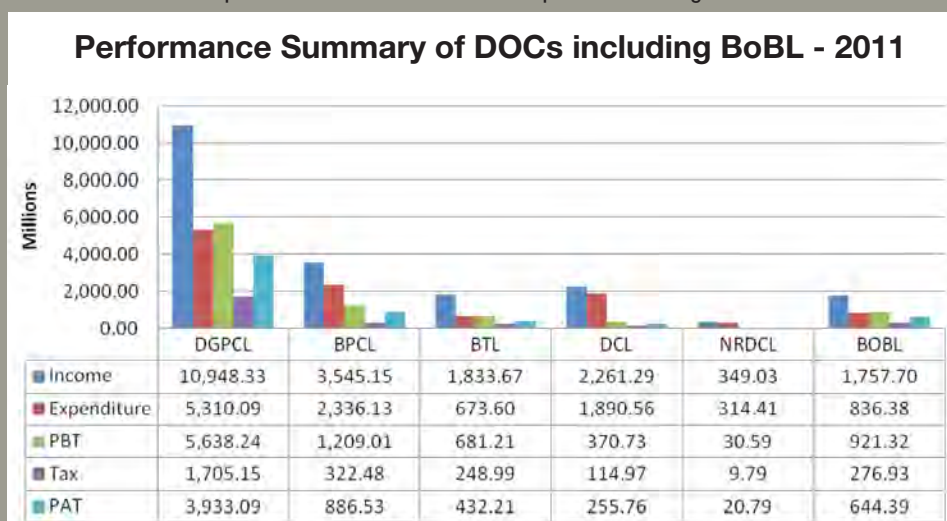
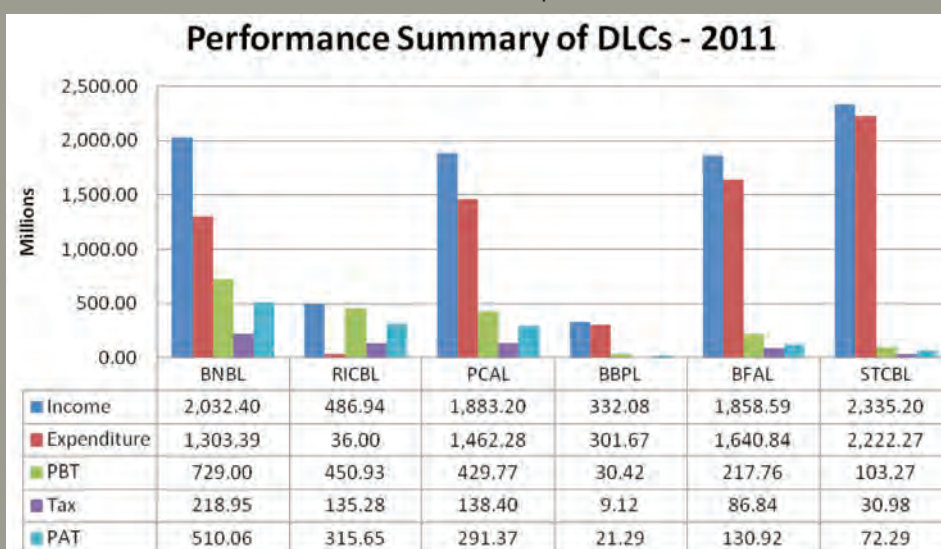


Table 6: Financial Performance of DHI Linked Companies in 2011



Druk Green Power Corporation Limited

I. Operational Performance

- Energy generation dropped to 7,046.58 GWh in 2011 compared to the 7,304.55 GWh in 2010. This slight decrease is attributed to the poor hydrology in 2011 and outages of machines at THP and CHP in the month of September.
- Detailed project report of Tsibjalumchhu diversion scheme to THP dam completed.
- Feasibility study of Nikachhu Hydropower Project completed.
- Pre-feasibility study of Aiechhu Hydropower Project completed.
- Feasibility study and due diligence of Hydropower Service Center in Gelephu completed.
- Center of Excellence on Project and Contract Management set up.

II. Financial Performance

- Revenue of Nu. 10,948.33 million in 2011 shows a decrease against the previous year income of Nu. 11,811.46 million. This is mainly on account of decrease in energy generation by 257.95 GWh in the current year. The decrease in the energy import by 91.40 GWh in the current year against the previous year energy import of 128.31 GWh has also accounted for the same.
- Profit After Tax (PAT) of Nu. 3,933.09 million in 2011 shows a negative variance of 12.38% against the previous year's PAT of Nu. 4,488.59 million. The fall in profit is mainly due to the following:
 - i. Decrease in generation by 257.95 GWh in the current year against the previous year generation of 7,304.52 GWh.
 - ii. Non recognition of Royalty Revenue of Nu. 135.76 million for the year 2011.
 - iii. Foreign exchange loss incurred on ADB loan in the current year.
 - iv. The fall in the income on investment by 30.62 million in the current year against the previous year.

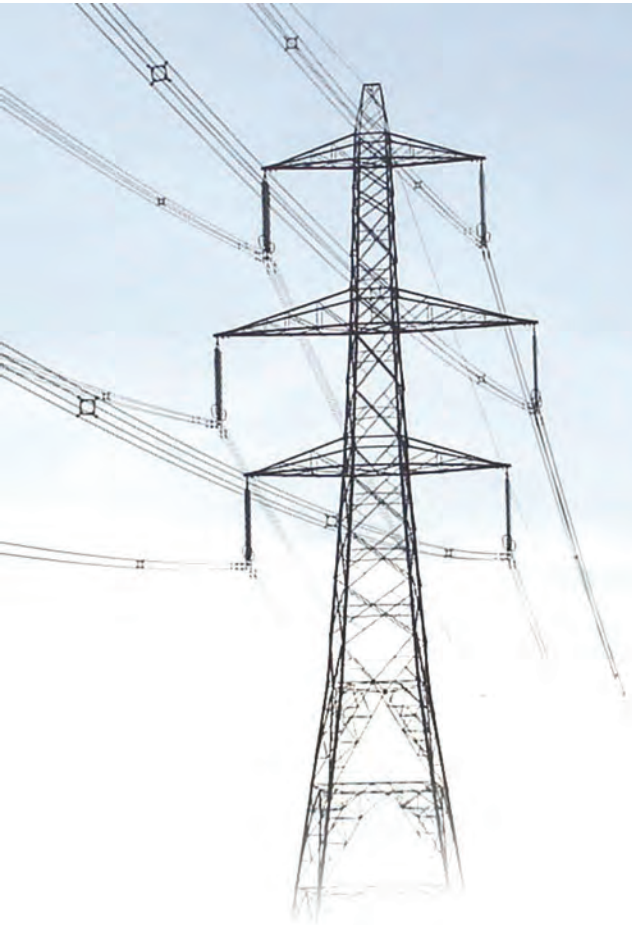
However, against the target PAT, it shows a positive variance of 3.61% mainly on account of decrease in the overall expenditure against the target.



III. Corporate Governance

- Performance Linked Incentive System and Employee Appraisal System in place since 2009.
- Practice of benchmarking Druk Green's operations to international standards is already fostering good corporate governance.
- SAP ERP implemented in all the power plants and the corporate office.
- As part of the continuing Corporate Social Responsibility activities, the rural electrification works for the Toktogom village (on left bank of Tala dam) and Phasuma village (on left bank of Tala power house) were completed during 2011.





Bhutan Power Corporation Limited

I. Operational Performance

- 7,553 rural households electrified 2011. By end of 2011, 21,820HHs were electrified out of the 10th plan target of 40,257HHs.
- Total customer base increased from 101,153 in 2010 to 116,354 in 2011.
- Energy wheeled increased to 5,273.10 GWh from 4,327.87 in 2010.
- Energy sales increased to 1,570.77 GWh from 1,152.00 GWh in 2010.
- Preliminary route survey for construction of 400 kV Mangdechhu-Jigmeling line completed
- Construction of 220 kV Dagana-Tsirang-Jigmeling-Lodrai double circuit transmission line completed.
- Live line replacement of the existing ground wire with OPGW on the 132 kV Eastern transmission grid and some sections of the 66 kV transmission lines in the Western grid completed.
- 776 km of ADSS cable installation completed.
- Center of excellence in procurement of goods and Performance Based Incentive System established

II. Financial Performance

- Revenue increased from Nu. 3,365.15 million in 2010 to Nu. 3,545.15 million in 2011, an increase by 5.32%.
- PAT of Nu. 886.53 million in 2011 shows a negative variance of 11.21% from the previous year's PAT of Nu. 998.43 million owing to the increase in expenditure for the following:
 - Operation and maintenance of the lines and substations.
 - Up-gradations and incorporation of newer technologies and equipments to enhance services and improve system reliability.

III. Customer Service

- Standard operating procedures (SOPs) for customer grievance redressal to enhance, among others, call center services has been developed.
- SAIFI (interruptions per customer per year) decreased to 2.43 compared to 2.5 in 2010.
- SAIDI (hours of interruption per customer per year) dropped to 2.44 from 4.62 in 2010.
- Achieved a customer satisfaction index of more than 98.5% .

IV. Corporate Governance

- Commissioned SAP/ERP system.
- Commissioned National Load Dispatch Centre for proper management of load and system performance.
- Performance Based Incentive System in place.
- Corporate Strategic Plan under revision for better guidance and direction of the future plans.

Drukair Corporation Limited**I. Operational Performance**

- Revenue passengers increased from 132,615 in 2010 to 166,264 in 2011.
- Passenger revenue increased by 33%.
- Cargo revenue increased by 67%.
- Domestic air services commenced.
- Frequency to New Delhi increased to 5 flights a week.
- Safety and reliability improved through safety bulletins and maintained on-time technical reliability of 98%.
- Signed fresh Air Service Agreement (ASA) with Singapore and reviewed ASA with Bangladesh.
- Integrated Internet Booking Engine with Hermes Ease Ticket.
- Implemented Interline Electronic Ticketing with Thai Airways providing seamless travel.
-

II. Financial Performance

- Revenue increased to Nu. 2,261.29 million from Nu. 1,704.36 million in 2010, an increase by 32.68%.
- Profit After Tax increased from Nu. 125.48 million in 2010 to Nu. 255.76 in 2011, an increase by 103.83%.

III. Customer Service

- Standard Operating Procedures for customer grievance redressal set up.
- First phase of call center services set up.

IV. Corporate governance

- Performance Based Incentive System in place.



Natural Resource Development Corporation Limited

I. Operational Performance

- Installed and operationalized 1 crushing plant at Tingzam. 5 units are under process at Gelephu, Zhemgang, Trashiyantse and Pema Gatshel. Installation expected to be completed in 2011.
- Produced 1,943,994.55 cft of timber and 1,971,564 cft disposed.
- Completed 53.6 Ha of scientific thinning in conifer forests in collaboration with DoFPS (MoAF).
- Produced 57,375 truckloads of sand and disposed 62,700 truckloads. The disposal is more than production because of the opening stock balance.
- Constructed 28.885 km of forest road and maintained approximately 347 km to facilitate the harvesting of timber, sand, stones, boulders, etc.

II. Financial Performance

- Revenue of Nu. 349.03 million in 2011 shows a negative variance of 10.27% from Nu. 388.99 million in 2010. This is attributed to the underachievement in production and supply of stone chips and stone owing to failure in establishment of crusher plants.
- Profit after tax (PAT) of Nu. 20.80 million in 2011 shows a negative variance of 71.52% from Nu. 73.03 million in 2010. This is due to the fall in production and supply of stone chips and stone.

III. Customer Service

- First phase of call center services set up.
- Developed standard operating procedures for customer grievance redressal.

IV. Corporate Governance

- Performance Based Incentive System in place.



Bhutan Telecom Limited

I. Operational Performance

- Sixteen Base Transceiver Stations (BTS) and six Frequency Shift Repeaters (FSR) have been installed and commissioned at various locations.
- 3G coverage for high speed data installed and commissioned at 5 new locations.
- Extended mobile services to 109 rural villages in 8 Dzongkhags.
- Upgraded 11 BT exchanges to the Next Generation Network with the capacity of 10Gbps.
- Feasibility study for Mobile Money (m-Money) services also called Mobile Commerce (m-Commerce) completed and went further in executing phase-I of the m-Wallet project looking at the requirement of m-Money services.
- Increased broadband coverage to 48 locations and extended Wi-Fi to 11 hotspots.
- Set up one additional STM-1 (155Mbps) from P/ling to Hongkong by using fiber from Bharti Airtel and commissioned on 29th August 2011. BT now has a total capacity of 465Mbps.
- Center of excellence on Information Technology set up.
- Second international gateway set up at Gelephug.
- As part of Corporate Social Responsibility, DrukNet reached ICT facilities (with free



laptops) to 3 remote schools and provided free Internet leased line access.

II. Financial Performance.

- Revenue of Nu. 1,833.67 million in 2011 shows a growth of 17.28% from Nu. 1,563.49 million in 2010. The growth in revenue is due to the following reasons:
 - Mobile network expansion in the rural regions which resulted in increase of subscribers and usage.
 - Increase in revenue from IN and VAS services and data card services of Mobile.
 - Broadband coverage expansion which resulted in increased subscribers and revenue.
- Profit After Tax (PAT) of Nu. 432.21 million in 2011 shows a growth of 28.43% from Nu. 336.54 million in 2010. PAT increased mainly on account of increase in revenue.

III. Customer Service

- Took the lead in setting up call center services.
- Standard operating procedures for customer grievance redressal developed.
- Introduced Online Bill Payment service for the users of Bhutan Telecom's fixed line, post paid Mobile and post paid Internet Broadband.

IV. Corporate Governance

- Performance Based Incentive System in place.



Bank of Bhutan Limited

I. Operational Performance

- Implementation of core banking solutions in all 27 branches completed.
- Established Internet Banking Facility.
- ATM network coverage increased to 34 machines from 15 machines in 2010.
- Deposits in 2011 dropped by 4.46% compared to 2010.
- Loans in 2011 increased by 40.50% compared to 2010.

II. Financial Performance

- Revenue of Nu. 1,757.70 million in 2011 shows a growth of 19.79% from Nu. 1,467.31 million in 2010. Increase in revenue was due to:
 - Increase in interest income from loans. There was significant increase in loan portfolio.
 - Decrease in interest cost on term deposits. Corporate term deposit was suspended owing to excess liquidity in the bank.
- Profit After Tax (PAT) of Nu. 644.39 million in 2011 shows a growth of 26.55% from Nu. 509.18 million in 2010. PAT increased on account of increase in revenue.



III. Customer Service

- Reduce waiting time for counter services to a maximum of 20 minutes.
- Reduce waiting time for loan processing in every branch.
- Call center services set up.
- Standard operating procedures for customer grievance redressal developed.
- Achieved customer satisfaction index of 3.67 in 2011 as against 2.96 in 2010.

IV. Corporate Governance

- Performance Based Incentive System in place.
- Conducted a complete system audit on the core banking system and the issues identified are being resolved.



DHI Infra Ltd.**I. Bhutan Education City Project:**

- Aggressive marketing and investor road shows were conducted. The RFP was floated in July 2011. Bid proposal submission date was extended to January 2012.
- Signed MOU with globally reputed institutions like the Columbia University and the Indian Institute of Management, Ahmedabad (IIM-A) in line with the vision of the Education City.
- General management program (GMP) for executives from India and Bhutan was conducted in July 2011 with the Indian Institute of Management, Ahmedabad (IIM-A).
- Over seventy students from Raffles Institutions, Singapore and Welhem Girls and Vasant Valley schools from India visited Bhutan for an exchange program with the Bhutanese schools in November 2011.
- The adoption of the Bhutan Education City Bill by the National Assembly was yet another milestone achievement for DHI-INFRA.

**II. Special Economic Zone**

- An understanding was reached between MoEA and DHI Infra on how to take SEZs forward by signing MoU on January 18, 2011 followed by series of stakeholder consultations in beginning from March 2011.



- Construction of power substation at Dhamdum SEZ was discussed among BPC, Department of Industry and DHI Infra on July 6, 2011.
- Motanga SEZ in Samdrup Jongkhar has been taken over by DHI Infra from MoEA. Land acquisition is almost complete for the Motanga and Jigmeling SEZ sites.

III. Amochhu Land Reclamation and Township Project

- Transaction advisor IL&FS-IDC identified through open, transparent and fair bidding on December 16, 2010.
- Stakeholders' consultations were held from February through July, 2011.
- Formation of Empowered Group was requested to the cabinet on June 14, 2011.
- Coordination of project with the Amochhu

Hydropower Project(ALP) was initiated

- Initiatives to explore the possibility of developing Kalaswer Hill commenced by discussing with IL&FS and PCC since November 24, 2011 and IL&FS has submitted a preliminary proposal thereof.
- Resolution of cross-border issues were initiated and EIA report transmitted by PCC to the West Bengal government on March 4, 2011 resulting in discussions between the District Magistrate of Jalpaiguri District and IL&FS

Acknowledgement

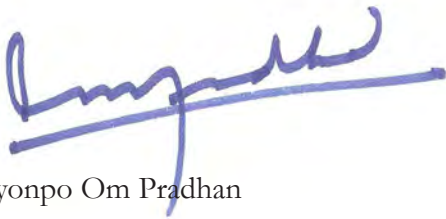
I wish to acknowledge the continuing guidance and support of the Board Directors as well as the assistance and co-operation of the management and employees of DHI, the subsidiaries and linked companies, at all levels.

In addition, I wish to express our appreciation to the Ministry of Finance in particular, and to other Government Ministries and Departments for their support and assistance. I would also like to thank the World Bank for their support in strengthening corporate governance in our companies.

In 2011, we achieved a performance score of 96%. This high achievement rate has been possible only because of the dedicated and relentless hard work put in by the management and staff of DHI. I wish to thank all the employees of DHI for contributing towards these commendable results.

In conclusion, I would like to state that, I am confident we will continue to grow to even greater heights and achieve even more. The journey to accelerate the transformation of the Bhutanese companies and economy has been set into motion and I look forward to the continued support and cooperation from the government, the shareholder, board, management and employees to ensure that we are able to achieve His Majesty's vision for DHI.

Thank you and Tashi Delek.



Lyonpo Om Pradhan

Chairman

Druk Holding and Investments

Auditor's Report

AUDITORS' REPORT

To
The Members of Druk Holding & Investments Ltd.
Thimphu,
Bhutan.

1. We have audited the attached Balance Sheet of **Druk Holding & Investments Limited** (the Company), as at 31st December 2011 and the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date which are in agreement with the books of account. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by section 75 of The Companies Act of the Kingdom of Bhutan, 2000 read with part II of Schedule XIV thereto (Minimum Audit Examination and Reporting requirements), we enclose in the Annexure A, a statement on the matters specified therein to the extent applicable.
4. Further, to our comments in the annexure as referred above, we report that:
 - a. Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures, as we considered appropriate for the purpose of our audit.
 - b. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - c. In our opinion, proper books of account as required by the law have been kept by the Company, so far as it appears from our examination of those books.
 - d. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account and have been compiled on the basis of generally accepted accounting principles.
5. We draw attention to the following:
The recognition of Dividend Income in the year 2011 is not in line with the Generally Accepted Accounting Principles on Recognition of Dividend Income.
6. In our opinion and to the best of our information and according to the explanations given to us, subject to para 5 of

above, the said accounts give the information required by The Companies Act of the Kingdom of Bhutan, 2000, in the manner so required and the said accounts give a true and fair view:

- i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st December 2011.
- ii. In the case of Profit & Loss account, of the profit of the Company for the year ended on that date; and
- iii. In the case of Cash Flow Statement, of the cash flows during the year ended on that date.

Place: Kolkata

Date: May, 2012

For **S. N. Mukherji & Co.**

Chartered Accountants.

Firm's Registration No-301079E



Sudip K. Mukherji

Partner

Membership No. 13321



ANNEXURE A AS REFERRED TO IN OUR REPORT OF EVEN DATE

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT (Part-II of schedule XIV to The Companies Act of the Kingdom of Bhutan, 2000)

1. The Company is maintaining records showing full particulars including quantitative details of fixed assets. Situation of fixed assets and descriptions thereof are maintained by Accounts department. As informed to us, no material discrepancies were noticed on the physical verification.
2. None of the fixed assets has been revalued during the year.
3. During the year the Company has not availed any loan from any companies, firms or other parties and/or from the companies under the same management.
4. The company has not granted any loans, secured or unsecured to other companies, firms or other parties, and/or to the companies under the same management except advance to staff.
- 5.
6. Loans and advances are not given by the Company to any party.
7. The advances granted to officers/staffs are in keeping with the provisions of service rule and no excessive and frequent advances are given.
8. In our opinion, the internal control procedures of the Company to ensure completeness, accuracy and reliability of accounting records, in carrying out the business in orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the systems and procedures are adequate.
9. As informed to us, there is a reasonable system of obtaining competitive bidding/quotations from the party in respect of purchase of fixed assets and services including, plant & machinery, equipments and other assets commensurate with the size of the Company and nature of its business. The company is not engaged in manufacturing or trading activities. Hence the question of purchasing goods or selling goods and services does not arise.
 - a. As informed to us, there is no transaction for purchase and sales of goods and services made in pursuance of contracts on agreements entered into with the directors or any other parties related to directors or with the Company or firms in which the directors are directly or indirectly interested.
 - b. As already stated in paragraph 9(a) above, we have not come across transactions, entered into by the company wherein the directors are directly or indirectly interested, that are prejudicial to the interest of other shareholders and the company.
10. According to the records, the Company has been regular in depositing rates and taxes, duties etc. and other statutory dues with the appropriate authorities during the year ended 31.12.2011. Provision for Corporate Income Tax is adequate and necessary adjustments have been made to compute the amount of tax required under The Rules on the Income Tax Act of the Kingdom of Bhutan, 2001.
11. There are no undisputed amounts payable in respect of rates, taxes, duties, provident funds and other statutory deductions payable at the last day of the financial year 31.12.2011.
12. According to the information and explanations given to us, no personal expenses have been debited to the Profit and Loss Account other than those payable under contractual obligations/service rules of the Company.
13. The Company has a reasonable system for follow-up with various parties for recovery/adjustment of outstanding amounts.
14. The management of liquid resources particularly cash / bank is reasonably adequate considering the nature and size of the business and fund is not lying idle in non-interest bearing account.

15. According to the information and explanations given to us and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful and intravires to the Articles of Incorporation of the Company.
16. According to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decision and investments in new projects.
17. The Company has established an effective budgetary control system.
18. The details of managerial remuneration have been indicated in the Notes to the Accounts (Note No.7, Schedule No.16).
19. According to the information and explanation given to us the directives of the Board have generally been complied with.
20. According to the information and explanations given to us, the officials of the Company have not transmitted any price sensitive information, which is not made publicly available to their relatives/ friends/associates, or close persons, which would directly or indirectly benefit themselves.

In Case of Finance and Investment Company:

1. Adequate documents and records are maintained for loans and advances made by the Company and adequate agreements have been drawn up timely for the same.
2. Proper records of the transactions and contracts have been maintained and timely entries have been made for the investments made.
3. The Company has not accepted any deposits.
4. Investments made by the Company have not undergone any permanent diminution in value.
5. The Company does not have any formal procedures to ensure adherence to all laws and regulations.
6. Provisioning for the non-performing assets including loans and advances is not applicable for the Company for the financial year 2011.
7. Recognition of interest income in respect of non-performing assets is not applicable for the Company for the financial year 2011.
8. The Company does not hold any assets hypothecated against loans and advances.
9. The Company has not sanctioned any loan for any project during the financial year 2011.
10. Taking over of assets for default of loans/advances is not applicable for the Company for the financial year 2011.
11. Rephasing /rescheduling of loans is not applicable for the Company for the financial year 2011.
12. Granting of additional loans to those who have defaulted payments of previous advances is not applicable for the Company for the financial year 2011.

Computerized Accounting environment

1. The Company has a Computerized accounting system and the internal control system seems to be adequate taking into account the size and nature of its computer installations.
2. Adequate safeguard measures and back up facilities exist.
3. The Company is having back up and disaster recovery measure including keeping files in different locations.
4. Operational controls are adequate to ensure correctness and validity of input data and output information.
5. There are adequate preventive measures to prevent unauthorized access over the computer installation and files.

GENERAL

1. Going Concern Problem

Based on the Company's financial statements for the year ended 31st December 2011 audited by us, the Company has earned sufficient profit during the year under audit and we have no reason to believe that the Company is not a going concern.

2. Ratio Analysis

Financial and operational ratio in respect of the Company is given in the statement of Ratio Analysis.

3. Compliance of Companies Act of Kingdom of Bhutan

The Company has complied with the Requirement of The Companies Act of the Kingdom of Bhutan, 2000. Our observations in detail have been furnished in 'COMPLIANCE CHECKLIST' – Annexure - B.

4. Adherence of Laws Rules & Regulations

Audit of the Corporation is governed by The Companies Act of the Kingdom of Bhutan, 2000 and the scope of audit is limited to examination and reviews of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provision of the said Companies Act and its Article of Incorporation. *The Company does not have a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices.* Under the circumstances we are unable to comment on the compliance of the same by the Company during the year under 2011.

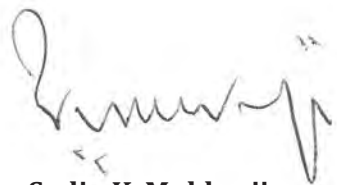
Place: Kolkata

Date : May, 2012.

For **S. N. Mukherji & Co.**

Chartered Accountants.

Firm's Registration No-301079E



Sudip K. Mukherji

Partner

Membership No. 13321



Appendix A: Ratio Analysis

Ratios	2011	2010
Earnings per share (Nu.) (Profit After Tax / No. of shares issued)	6.80	6.99
Net Profit (%) (Net Profit / Turnover * 100)	69.16	69.29
Return on Assets (%) (Net Profit / Total Assets * 100)	5.90	6.1
Return on Equity (%) (Net Profit / Owners Equity * 100)	6.64	6.83
Dividend Coverage Ratio (Net Profit available to equity shareholders / Dividend paid to Equity shareholders)	1.03	1.04
Dividend Payout Ratio (%) (Dividend per share / Earnings per share * 100)	97.47	96.54
Current Ratio (Current Assets / Current Liabilities)	1.10	1.13

BALANCE SHEET AS AT 31st DECEMBER 2011

[Figures in Ngultrums]

Particulars	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	44,328,114,200	44,325,150,600
Reserves and Surplus	2	1,062,291,502	985,989,622
Total		45,390,405,702	45,311,140,222
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		40,934,401	14,174,207
Less: Depreciation		6,673,139	3,962,662
Net Block		34,261,262	10,211,545
Investments	4	44,784,428,100	44,540,928,100
Current Assets, Loans and Advances			
Inventories		181,808	245,215
Cash and Bank Balances	5	476,027,646	638,087,830
Other Current Assets	6	1,482,496,265	1,366,481,098
Loans and Advances	7	4,356,500,434	4,472,223,312
		6,315,206,153	6,477,037,455
Less: Current Liabilities and Provisions			
Current Liabilities	8	1,509,799,197	1,399,116,397
Provisions	9	4,233,690,615	4,317,920,480
		5,743,489,812	5,717,036,877
Net Current Assets		571,716,340	760,000,577
Total		45,390,405,702	45,311,140,222

Significant Accounting Policies

15

Notes to the Accounts

16

This is the Balance Sheet referred to in our report of even date
Schedules referred to above form an integral part of the Accounts

Sudip.K. Mukherji

Partner

For and on behalf of S.N. Mukherji & Co.
Chartered Accountants

Lyonpo Om Pradhan

Chairman

Damber Singh Kharka
Director (CPD)

Karma Yonten
Chief Executive Officer

Lam Dorji
Director

Date:-
Place:-

PROFIT AND LOSS ACCOUNT

[Figures in Ngultrums]

For the year ended 31 st December 2011			
Particulars	Schedule	2011	2010
Income			
Income from Investments	10	4,340,909,439	4,458,684,369
Other Income	11	19,065,722	10,006,138
		4,359,975,161	4,468,690,507
Expenditure			
Employees' Remuneration and Benefits	12	28,499,271	24,506,949
Financial Expenses	13	-	7,180,274
Other Expenses	14	20,778,863	12,245,951
Depreciation		2,734,188	1,342,597
		52,012,321	45,275,770
Profit Before Tax		4,307,962,839	4,423,414,737
Provision for Tax		1,292,388,852	1,327,034,665
Profit After Tax		3,015,573,988	3,096,380,071
Appropriation			
Proposed Dividend		2,939,272,107	2,989,368,371
Transfer to General Reserve		76,301,881	107,011,701
Significant Accounting Policies	15		
Notes to the Accounts	16		

This is the Profit and Loss Account referred to in our report of even date

Schedules referred to above form an integral part of the Accounts


Sudip K. Mukherji

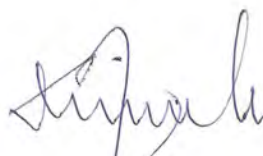
Partner

For and on behalf of S.N. Mukherji & Co.

Chartered Accountants


Lyonpo Om Pradhan

Chairman

Date:-
Place:-

Damber Singh Kharka
Director (CPD)

Karma Yonten
Chief Executive Officer

Lam Dorji
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011

Particulars	2011		[Figures in Ngultrum] 2010	
	Amount	Amount	Amount	Amount
Net profit before tax / Operating profit	4,307,962,839		4,423,414,737	
Add: Depreciation	2,734,188		1,342,597	
Interest payable			7,180,274	
Less: Interest receivable	(16,900,288)		(9,973,391)	
Less: Dividend	(4,340,909,439)		(4,458,684,369)	
(Increase)/Decrease in Inventories	63,408		(134,607)	
(Increase)/Decrease in Advances	(292,290)		496,501,961	
Increase/(Decrease) in Payables	26,452,935		57,833,182	
Net Cash Flow from Operating Activities		(20,888,646)		517,480,383
Return on Investments and Servicing of Finance				
Interest received	16,900,288		9,973,391	
Interest paid	-		(7,180,274)	
Dividends paid	(2,939,272,107)		(2,989,368,371)	
Dividends received	4,340,909,439		4,458,684,369	
	1,418,537,619		1,472,109,116	
Taxation	(1,292,388,852)		(1,327,034,665)	
Capital Expenditure:				
(Increase)/Decrease in Fixed Asset	(26,783,905)		(3,579,500)	
Net Cash inflow from Investing Activities		99,364,862		141,494,951
Net Cash Inflow / (outflow) before Financing		78,476,216		658,975,334
Financing				
Equity adjustments			-	
Purchase of Shares	(240,536,400)		(42,804,000)	
Liquidation of loan			(160,000,000)	
Cash Inflow / (outflow) from Financing		(240,536,400)		(202,804,000)
Increase / (Decrease) in Cash (Note 2)		(162,060,184)		456,171,334

Notes:

1. Net Cash Flow from Operating Activities has been arrived at under Indirect Method.
2. Increase / (Decrease) in cash as shown above may also be arrived as follows:

Opening Cash	638,087,830	181,916,496
Closing Cash	476,027,646	638,087,830
Increase / (Decrease) in Cash	(162,060,184)	456,171,334

This is the Cash Flow Statement referred to in our report of even date

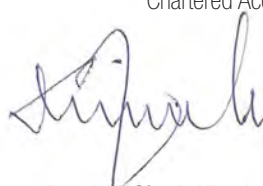

Sudip K. Mukherji

Partner

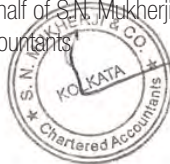
For and on behalf of S.N. Mukherji & Co.
Chartered Accountants

Lyonpo Om Pradhan

Chairman


Damber Singh Kharka

Director (CPD)



Karma Yonten

Chief Executive Officer


Lam Dorji

Director

Date:-
Place:-

Schedules forming part of the Accounts

Schedule 1: Share Capital

[Figures in Ngultrum]

Particulars	2011	2010
Authorised Share Capital		
5,000,000,000 equity shares of Nu 100/- each	500,000,000,000	500,000,000,000
Issued, Subscribed & Fully Paid-Up Share Capital		
442,682,486 equity shares of Nu 100/- each	44,328,114,200	44,325,150,600
(The above shares are allocated as fully paid up pursuant to a contract without payment being received in cash)		

Schedule 2 : Reserves & Surplus

Particulars	2011	2010
General Reserve		
As per last accounts	985,989,622	878,977,921
Transfer from Profit & Loss Account	76,301,881	107,011,701
	1,062,291,502	985,989,622

[Figures in Ngultrum]

Particulars	Dep. Rate	Gross Block				Depreciation				Net Block		
		Opening		Deletion/		Additions/		Deletion/		As at		
		Nu.	01.01.11	Adjust.	Nu.	31.12.11	Nu.	01.01.11	Adjust.	Nu.	31.12.11	Nu.
Furniture & Fixtures	15%	1,521,103	584,395	-	2,105,498	481,118	229,808	-	710,925	1,394,573	1,039,986	
Electrical Equipments	15%	184,892	103,780	-	288,672	94,890	22,471	-	117,360	171,312	90,003	
Data Processing Equipments	15%	3,166,342	16,248,059	(54,600)	19,359,801	888,646	1,432,795	(23,711)	2,297,729	17,062,072	2,277,696	
Office Equipments	15%	619,131	1,591,909	-	2,211,040	229,385	223,876	-	453,261	1,757,779	389,746	
Motor Vehicles	15%	5,836,777	-	-	5,836,777	2,095,109	786,479	-	2,881,588	2,955,188	3,741,668	
Computer Software	15%	62,000	404,400	-	466,400	17,223	9,019	-	26,243	440,157	44,777	
Miscellaneous Assets	15%	277,553	73,950	-	351,503	156,292	29,741	-	186,033	165,470	121,261	
Total Fixed Assets		11,667,798	19,006,493	(54,600)	30,619,691	3,962,663	2,734,188	(23,711)	6,673,139	23,946,552	7,705,137	
Capital W.I.P		2,506,408	7,808,302	-	10,314,710	-	-	-	-	10,314,710	2,506,408	
Gross Total		14,174,207	26,814,794	(54,600)	40,934,401	3,962,663	2,734,188	(23,711)	6,673,139	34,261,262	10,211,545	
Previous Year's Total		10,594,707	3,579,500		14,174,207	2,620,065	1,342,597		3,962,662	10,211,545		

Schedule 4 : Investments (Long Term - At Cost)

[Figures in Ngultrum]

Particulars	No. of shares	2011	No. of shares	2010
Quoted - Equity Shares fully paid up				
Bhutan Board Products Ltd.	668,334	66,833,400	668,334	66,833,400
Bhutan Ferro Alloys Ltd.	385,946	38,594,600	385,946	38,594,600
Bhutan National Bank Ltd.	971,904	242,976,000	485,952	24,297,600
Penden Cement Authority Ltd.	1,371,074	91,404,900	1,371,074	91,404,900
Royal Insurance Corporation of Bhutan Ltd.	441,950	17,678,000	441,950	17,678,000
SUBSIDIARIES				
Quoted - Equity Shares fully paid up				
State Trading Corporation of Bhutan Ltd.	306,000.0	10,200,000	204,000	10,200,000
Unquoted - Equity Shares fully paid up				
Bank of Bhutan Ltd.	3,200,000	240,000,000	320,000	240,000,000
Bhutan Telecom Ltd.*	854,082	854,082,000	854,082	854,082,000
Druk Green Power Corporation Ltd.*	30,508,291	30,508,291,000	30,508,291	30,508,291,000
Drukair Corporation Ltd.	22,252,111	2,225,211,100	22,252,111	2,225,211,100
Natural Resources Development Corporation Ltd.	300,000	30,000,000	300,000	30,000,000
Bhutan Power Corporation Ltd.*	7,315,673	7,315,673,000	7,315,673	7,315,673,000
Dungsam Cement Corporation Ltd.	30,739,479	3,073,947,900	30,709,843	3,070,984,300
Dungsam Polymers Ltd.	400,000	40,000,000	400,000	40,000,000
DHI Infra Limited	10,000	10,000,000		
JOINT VENTURE				
Unquoted - Equity Shares fully paid up				
Thimphu Techpark Private Ltd.	195,362	19,536,200	76,782	7,678,200
		44,784,428,100		44,540,928,100
Aggregate value of Quoted Investments		467,686,900		249,008,500
Aggregate value of Unquoted Investments		44,316,741,200		44,291,919,600
		44,784,428,100		44,540,928,100
Market Value of Quoted Investments		2,412,159,740		1,775,279,800

Notes :

1. All shares except as indicated by * are Nu 100 each fully paid up.
2. * represents shares of Nu 1,000 each fully paid up.
3. All investments which have been made other than for trading purpose.
4. Face value of equity shares of Bank of Bhutan Ltd. has been reduced from Nu.1000 each to Nu.100 each in 2011

Schedule 5 : Cash and Bank Balances**[Figures in Ngultrum]**

Particulars	2011	2010
Bank of Bhutan Ltd. - current accounts	8,578,155	13,867,878
Bhutan National Bank Ltd - current account	50,146,085	1,222,788
Bhutan National Bank Ltd - fixed deposits	417,303,406	622,950,000
Cash and cheques on hand	-	47,165
	476,027,646	638,087,830

Schedule 6 : Other Current Assets

Particulars	2011	2010
Sundry Debtors	1,209,549	
Advance remittance to Ministry of Finance	1,405,610,000	1,359,936,000
Accrued interest on fixed deposits	2,317,553	6,198,879
Tax deducted at source on fixed deposits/Dividend/Others	73,303,211	312,947
Library books	55,953	33,272
	1,482,496,265	1,366,481,098

Schedule 7 : Loans & Advances

Particulars	2011	2010
Advance to Subsidiary		-
Advance recoverable in cash or in kind or for value to be received		
Considered good:		
- Staff advances	87,438	79,300
- Advance to SBI Capital Market Ltd.	-	8,143,288
- Dividend Receivable	4,340,909,439	4,458,684,369
- Other Account Receivable	14,416,727	84,832
- Security deposits	30,125	30,000
- Advance to Suppliers	1,056,706	1,336,199
- Advance for ERP-SAP Connectivity	-	236,686
- ERP-SAP Implementation Expenses	-	35,751
- Project Under Construction	-	3,592,887
	4,356,500,434	4,472,223,312

Schedule 8 : Current Liabilities**[Figures in Ngultrum]**

Particulars	2011	2010
Sundry Creditors	4,414,230	2,856,091
Other Liabilities:		
- Government of India grant for DHI	17,985,077	17,985,077
- Advance received from Dungsam Cement Corporation Ltd.		11,825,163
- Advance dividend received	1,477,840,000	1,359,936,000
- Employee related liability	9,194,652	6,384,338
- Security deposit	365,239	129,728
	1,509,799,197	1,399,116,397

Schedule 9 : Provisions

Particulars	2011	2010
Provision for gratuity	2,029,656	1,517,444
Provision for corporate income tax	1,292,388,852	1,327,034,665
Provision for dividend payable	2,939,272,107	2,989,368,371
	4,233,690,615	4,317,920,480

Schedule 10 : Income from Investments

Particulars	2011	2010
Dividend income from subsidiaries	4,157,437,049	4,255,853,169
Dividend income from others	183,472,390	202,831,200
	4,340,909,439	4,458,684,369

Schedule 11 : Other Income

Particulars	2011	2010
Sale of tender documents	18,000	10,900
Interest income on fixed deposits - BNBL (Gratuity Fund)	11,593	18,065
Interest income on fixed deposits - BNBL	16,888,695	9,955,326
Miscellaneous income	2,147,435	15,278
Prior period adjustments	-	6,569
	19,065,722	10,006,138

Schedule 12 : Employees' Remuneration and Benefits

[Figures in Ngultrum]

Particulars	2011	2010
Salary, wages, bonus and other allowances	24,080,035	19,792,125
Contribution to provident and other funds	1,035,903	805,425
Gratuity expenses	784,150	610,171
Staff welfare	200,832	42,331
Training - human resource development	2,398,350	3,256,897
	28,499,270.64	24,506,949

Schedule 13 : Financial Expenses

Particulars	2011	2010
Interest expense on Druk Green Power Corporation Ltd. loan	-	7,180,274
		7,180,274

Schedule 14 : Other Expenses

Particulars	2011	2010
Advertisement, printing and marketing	2,323,882	1,503,044
Audit fees and expenses	282,235	317,800
Sitting fees	900,000	807,500
Professional & consultancy charges	4,965,502	1,478,784
Corporate Social Responsibility	894,186	395,000
Electricity and water charges	224,758	152,987
Entertainment	775,354	588,937
Travelling expenses	4,701,664	3,529,800
Insurance	48,257	56,064
Repairs & maintenance	190,954	157,068
Rent	1,568,000	882,000
Stationeries	695,002	257,994
Workshops and seminars	1,157,553	515,362
Postage, telephone, telex, etc	1,391,601	901,564
Bank charges	103,448	101,555
Miscellaneous expenses	556,467	600,491
	20,778,863	12,245,951

Schedule 15

Significant Accounting Policies

1. Accounting Conventions

The financial statements are prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles and provisions of the Companies Act of the Kingdom of Bhutan, 2000 excepting recognition of income from investments [refer para 4 (a)].

2. Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation. Cost includes taxes and incidental expenses related to acquisition and installation of assets.

Depreciation on fixed assets is provided on Straight Line Method (on pro rata basis from the date of purchase) at the rates specified in Annexure II of Rules on the Income Tax Act of the Kingdom of Bhutan, 2001. However, depreciation on items purchased up to Nu. 5,000/- is charged at the rate of 100% in the year of addition.

3. Investments

Investments which are long term in nature are stated at cost and provisions, where applicable, is made against permanent diminution in their value.

4. Revenue Recognition

a. Income from Investment:

Dividend Income is recognized as income for the year for which it is declared, provided that the dividends has been approved in the Annual General Meeting of the declaring company, and in the case of financial institutions after the dividends are approved by Royal Monetary Authority of Bhutan.

b. Other Income:

Other income is accounted on accrual basis.

5. Government Grant

Government grants related to revenue are recognized on a systematic basis as "Other Income" in the profit and loss account over the periods necessary to match them with the related costs against which they are received. The unutilized grant amount has been shown as a liability.

6. Foreign Currency Transactions

Foreign Exchange transactions are recorded at the exchange rates prevailing at the time of transaction.

7. Employee Benefits

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

Gratuity liability is provided for as per the Service Rules of the Company presuming that all the employees cease to work as at the end of the year.

Provision for leave encashment and leave allowance has been accounted for on accrual basis as per the Service Rules of the Company.

Schedule 16

Notes to the accounts

1. On 11th November 2007, His Majesty King Jigme Khesar Namgyel Wangchuck decreed the establishment of Druk Holding & Investments (DHI) through a Royal Charter. DHI was subsequently incorporated into a limited liability company under the Companies Act of the Kingdom of Bhutan 2000 on 16th November 2007. Shares held by the Ministry of Finance, Royal Government of Bhutan, in 14 companies, amounting to Nu. 15,998,982,400/- was transferred to Druk Holding and Investments Limited as its issued and subscribed capital divided into 159,989,824 equity shares of Nu. 100 each. In subsequent years various projects have been handed over to the company by the Royal Government of Bhutan and the relevant share capital has been issued to the Ministry of Finance.
2. The Company under current tax laws of the country has determined its taxation liability for the year 2011 as Nu. 1,292,388,852/- (previous year Nu. 1,327,034,665/-) and proposes dividend for the year amounting to Nu. 2,939,272,107/- (previous year Nu. 2,989,368,371/-). Both these amounts payable on account of taxation and dividend are included under 'Current Liabilities and Provisions'. The Company as per its understanding with the Ministry of Finance and guidelines laid down in the Articles of Incorporation of the Company has already remitted in advance an amount of Nu. 1,405,610,000/- (previous year Nu. 1,359,936,000/-).
3. Fixed deposit of Nu. 2 million has been pledged with Bhutan National Bank Ltd. for credit card facilities extended by the bank to the Chairman and Chief Executive Officer of the company.
4. DHI and Assetz Property Group had entered into a joint venture to form the company Thimphu Techpark Private Limited (TTPL) in the equity contribution ratio of 26% and 74% respectively.
The total cost of the project is Nu. 225,372,711/-, which will be funded as 33.84% equity of Nu. 76,274,711/- and 66.16% debt of Nu. 149,098,000/-.
DHI share of the equity contribution of 26% amounts to Nu. 19,831,425/-. Up to 2011 DHI has injected an equity contribution of Nu. 19,536,200/-(previous year Nu. 7,678,200/-).
5. DHI is in the process of constructing Corporate Office Building at Kawajangsa, Thimphu for which an amount of Nu. 2,205,349.19 have been paid to Department of Roads and Bhutan Power Corporation for road alignment and shifting of electric poles. During the year DHI has committed Nu. 4,810,000/- for architectural drawings.
6. The Royal Monetary Authority has approved 58% dividend for Bank of Bhutan Limited for the year 2011 and no dividend has been approved for Bhutan National Bank Limited. Dividend Income has been accounted accordingly.

7. Managerial Remuneration

- i. Remuneration paid /payable for the period 1.1.2011 to 31.12.2011 to the Chairman of the Company are as follows:

Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
Salary & Allowances	2,089,515	1,873,980
Other benefits	949,136	1,238,588
Provident fund	132,696	128,832
Gratuity	100,531	97,603
Sitting Fees	120,000	127,500
Total	3,391,878	3,466,503

- ii. Remuneration paid /payable for the period 1.1.2011 to 31.12.2011 the Chief Executive Officer of the Company are as follows:

Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
Salary & Allowances	1,727,327	1,629,540
Other benefits	825,334	957,174
Provident fund	115,392	112,032
Gratuity	87,418	84,872
Sitting Fees	105,000	127,500
Total	2,860,471	2,911,118

- iii. Sitting Fees paid/payable to other members of the Board of Directors Nu. 900,000/- (previous year Nu. 552,500/-)

8. Auditor's Remuneration :

Particulars	Current Year Amount (Nu.)	Previous Year Amount (Nu.)
Statutory Audit	150,000	180,000
Other Audit Expenses	132,235	137,800
Total	282,235	317,800

9. Previous year's figures have been rearranged and regrouped wherever necessary.

10. The current year's financial statements cover the period from 1st January 2011 to 31st December 2011.



Sudip K. Mukherji

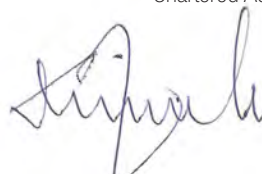
Partner

For and on behalf of S.N. Mukherji & Co.
Chartered Accountants



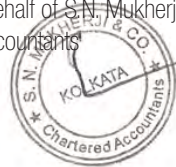
Lyonpo Om Pradhan

Chairman



Damber Singh Kharka

Director (CPD)



Karma Yonten

Chief Executive Officer



Lam Dorji

Director

Date:-
Place:-



Copyright © Druk Holding and Investments 2012
All rights reserved

No parts of this book may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission from DHI

Cover Design & Concept by KMedia and M&PR-DHI