



# STATE ENTERPRISES ANNUAL REPORT 2018

MINISTRY OF FINANCE

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The portfolio of State Enterprises consists of 38 companies of which 17 are wholly owned through direct shareholdings and 2 as significant majority shareholding by Ministry of Finance and 19 companies held indirectly through Druk Holding and Investments limited.

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དངུལ་རྩིས་སློན་པོ།  
FINANCE MINISTER

དངུལ་རྩིས་ལྷན་ཁག།  
ROYAL GOVERNMENT OF BHUTAN  
MINISTRY OF FINANCE  
TASHICHO DZONG  
THIMPHU



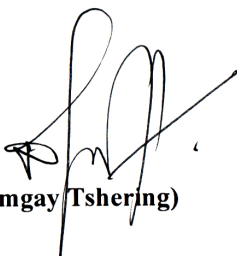
## FOREWORD

The Ministry of Finance on behalf of the Royal Government of Bhutan exercises the ownership of State Enterprises in the interest of the general public. As enshrined in the Public Finance Act, the Ministry of Finance is mandated to manage investments in the State enterprises in order to ensure long-term value generation. Therefore, sustainability is the cornerstone of investment management and governance of the State Enterprises.

Currently, the portfolio of State Enterprises comprises of 38 companies. 17 companies are wholly owned through direct shareholdings and 2 as significant majority shareholding by Ministry of Finance and 19 are held through Druk Holding and Investments (DHI).

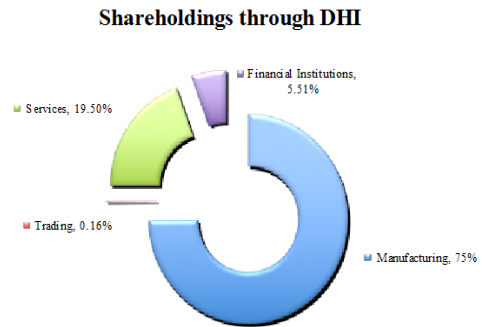
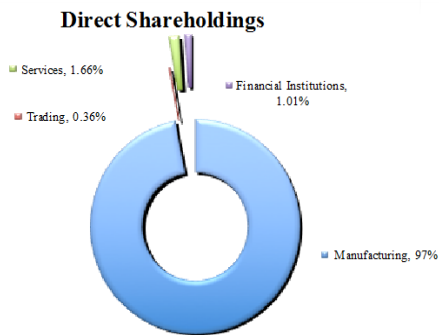
In 2017, State Enterprises including DHI generated gross revenue of Nu. 54,611 million, which is 30% of GDP and posted total profits before tax of Nu. 17,752 million. The combined asset value grew by 7% from Nu. 243,599 million in 2016 to Nu. 260,733 million recording 143% of GDP. Similarly, the shareholder's fund grew by 3% from Nu. 97,967 million in 2016 to Nu. 101,219 million in 2017 which is more than 55% of GDP. In terms of employment generation, State Enterprises are currently one of the largest providers of employment employing more than 12,892 employees.

I am fully confident that the State Enterprises will continue to grow and contribute towards socio-economic development of the country. I am pleased to present the first Annual Report of State Enterprises 2018 which highlights the overall performance of State Enterprises.

  
(Namgay Tshering)

# SUMMARY

## Portfolio value per Sector, %



## Value of the state's company portfolio



Dividends, Nu.mn

4,059

Gross Revenue Generation

30% of GDP

Number of Employees

12,892

## Gender distribution

Board of Director,  
% of women

9%

Management,  
% of women

29%

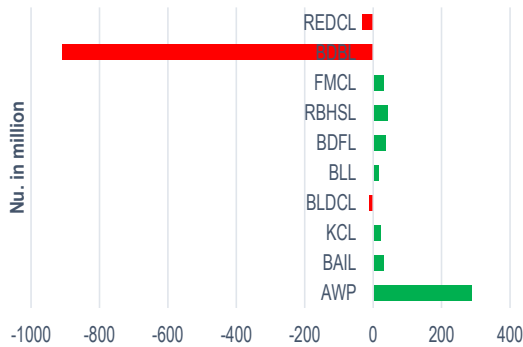
Employees,  
% of women

30%

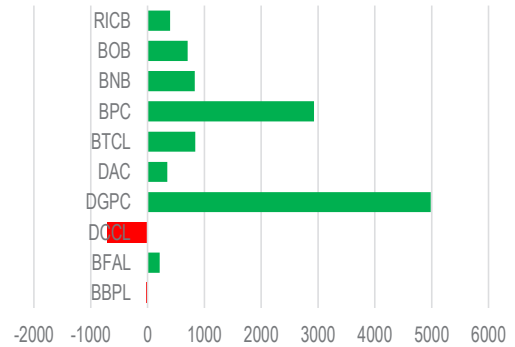
Total, Directors

241

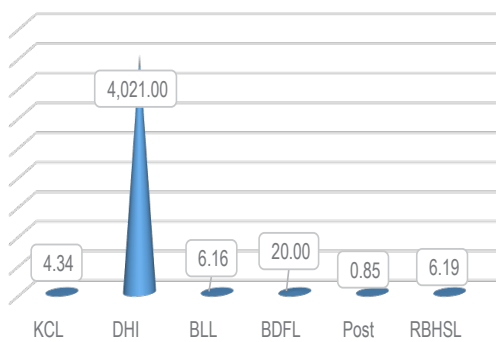
Profit/loss after tax, 2017  
Companies with largest effect on earnings  
excluding DHI



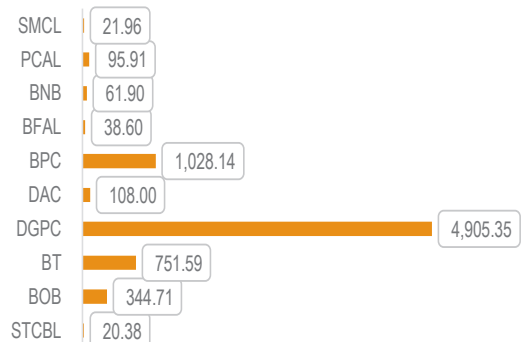
Profit/loss after tax, 2017  
DHI Companies with largest effects on earnings



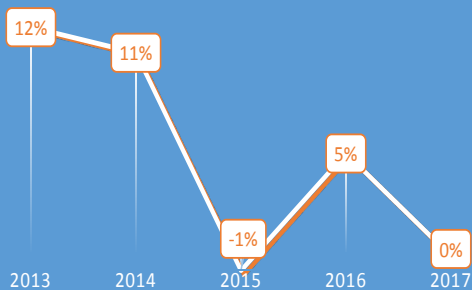
Direct Shareholding  
Dividend contribution, Nu.m



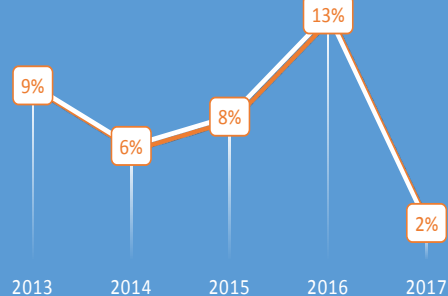
Dividend contribution from DHI  
companies, Nu.m



% CHANGE IN DIVIDEND  
TRANSFER



% CHANGE IN CIT  
CONTRIBUTION



PART

1

COMPANY PERFORMANCE OVERVIEW



## Introduction

State Enterprises (SEs) in Bhutan constitute a vital component of the economy and play a strategic role in providing infrastructure and public services. SEs operate in the key strategic sectors of the economy. State Enterprises have been the engine of growth and play a strategic role in the socio-economic progress of the country. They have been the major source of revenue to the Government, employment generation and wealth creation. SOEs have been contributing about 38% of the total domestic revenue and about 6% of GDP in 2017. In terms of employment generation, SOEs are currently one of the largest providers of employment employing more than 12,892 employees.

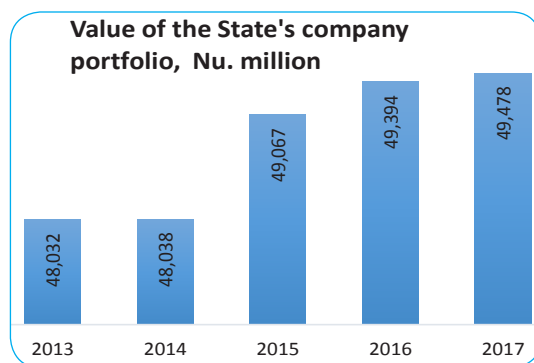
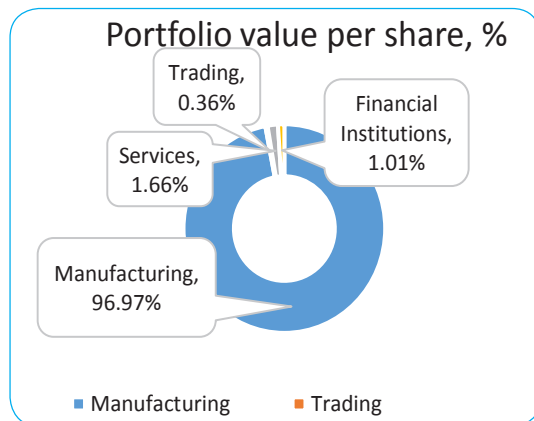
The Ministry of Finance (MoF) is mandated by the Public Finance Act 2007 (amendment thereof) to manage Government investments in State Enterprises (SEs) and oversee the ownership interests in SEs and monitor their performances.

## Portfolio overview

The State portfolio consists of 38 companies, of which 19 are held directly by MoF and 19 through Druk Holding Investments (DHI). The total paid-up capital of SEs with direct shareholding under MoF was Nu. 49,478 million and the total value of paid-up capital of DHI portfolio companies was Nu. 58,946 million.

The total value of Government shareholding in SEs grew by Nu. 93.03 million from Nu. 49,394 million in 2016 to Nu. 49,478 million in 2017 mainly on account of transfer of

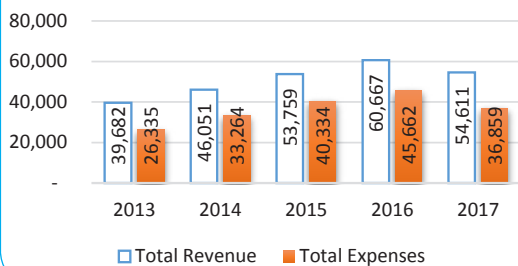
shares in Credit Information Bureau Limited (CIBL) and Financial Institutions Training Institute Limited (FITIL) from RMA to the Ministry of Finance. However, there were no changes in the shareholdings through DHI.



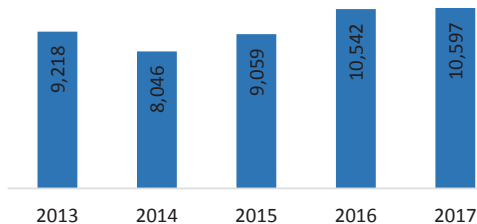
## Performance in 2017

In 2017, SEs generated gross revenue of Nu. 54,611 million i.e. 30% of GDP and posted total profits before tax of Nu. 17,752 million. Manufacturing sector including hydro power continue to be significant contributors to the economy generating revenue of around Nu. 8,900 million which accounts to 31% of the total domestic revenue in 2017. Similarly, the shareholder's fund grew by 3% from Nu. 97,967 million in 2016 to Nu. 101,219 million in 2017 which is more than 55% of GDP.

### Revenue and expenditure, excluding DHI Nu. million



### Profit after tax, excluding DHI Nu. million



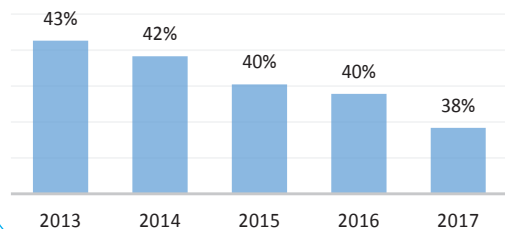
However, gross revenue declined by Nu. 6,056 million in 2017 from Nu. 60,667 in 2016 to Nu. 54,611 million mainly due to lower earnings by Druk Green Power Corporation Ltd. (DGPC) and Bhutan Power Corporation (BPC) because of poor hydrology during the year. In 2017, BDBL posted net loss of Nu. 909 million mainly due to impairment loss of Nu. 1,259 million on account of issues associated with system migration to new computerized accounting system. This is however expected to resolve and return to positive once the system corrections are complete which is currently under progress. Dungsam Cement Corporation Ltd. (DCCL) posted reduced net loss of Nu. 514 million in 2017 compared to Nu. 539 million of 2016.

## Dividends and Taxes

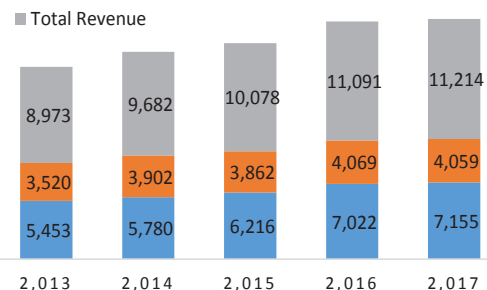
Contributions from SEs constitute a major source of revenue for the Government. In 2017, SEs contributed 38% of the total

domestic revenue which was Nu. 11,214 million in the form of dividend and taxes (Dividend Nu. 4,059 million and Taxes Nu. 7,155 million). This was 4% increase from 2016 mainly due to increase in tax payment. However, there was 0.4% decrease in dividend transfer from DHI on account of fall in revenue of DGPC and BPC.

### Revenue contribution to national revenue, %



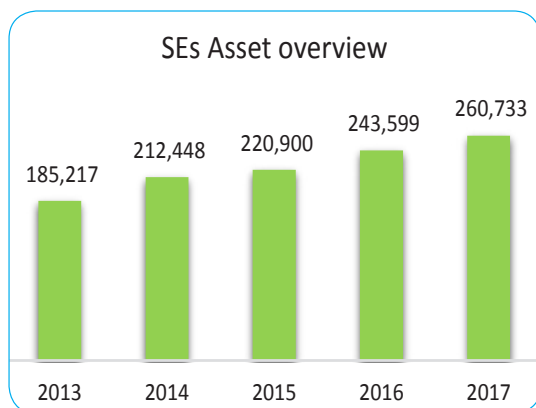
### Corporate Income Tax (CIT) Dividend Transfer



Dividend transfers from SEs include Nu. 4,021 million from DHI and Nu. 37.54 million from Bhutan Duty Free Limited, RBHSL, Bhutan Lottery Ltd. Kuensel Corporation and Bhutan Postal Corporation. During the year, Bhutan Duty Free Limited within the 2nd year of its establishment, contributed Nu. 20 million (*i.e. more than 17% return on Paid-up capital*) which was one of the highest among the SEs. Similarly, Bhutan Lottery Limited contributed Nu. 6.16 million (*13% return on Paid-up capital*) and Royal Bhutan Helicopter Service Ltd within three years of its establishment contributed Nu. 6.19 million as dividend to the Government.

## Asset and investment growth of SEs

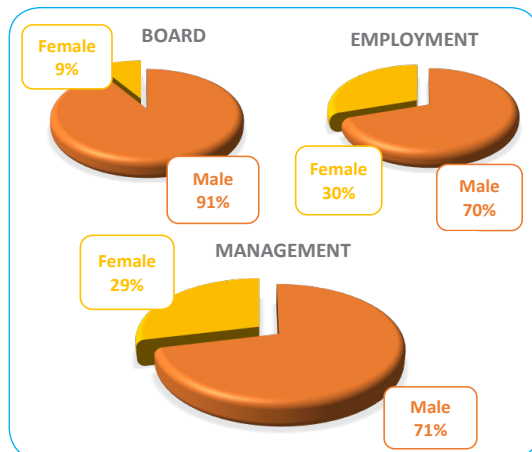
The combined asset value of SE grew by 7% from Nu. 243,599 million in 2016 to Nu. 260,733 million recording 143% of GDP. The growth was mainly due to incorporation of newly established SEs like Farm Machinery Corporation Limited (FMCL), share transfer of CIBL and FITIL and additional investments in Bhutan Agro Industries Ltd. (BAIL), REDCL, Bhutan Ferro Alloys Ltd.(BFAL) and Construction Development Corporation Ltd. (CDCL).



## Employment generation

Employment generation has been the central policy objectives of the Government, and SEs have been instrumental in creating jobs. By the end of 2017, SEs provided employment to more than 12,892 people (*i.e. 4% of total employment*). SEs also act as the pioneer in the promotion of gender equality with high proportion of women employees including in decision making position. Out of total employment, 30% consist of women. There is more than 9% and 29% of members represented by women in the SE Boards and management respectively.

## Gender representation, %



## SEs' Long-term debt

The overall borrowings of SEs and linked companies declined by 12% from Nu. 28,437 million in 2016 to Nu. 25,087 million in 2017. The decline was attributed mainly due to the reduction in long term borrowings of DGPC by Nu. 1,683 million for Tala repayment. In terms of exposure, 82.59% of the total SE debts amounting to Nu. 20,721 million pertains to the Government based on the shareholding pattern.

Of the total SE debts, 22.04% pertains to RICB (*Nu. 5,529 million*) followed by BPC with 21.77% (*Nu. 5,462 million*), 20% DCCL (*Nu. 5,122 million*), and DGPC with 14% (*Nu. 3,615 million*).

## Socio-economic development

SEs' contribution in the economy and its impact on the socio-economic development of the country are commendable. SEs constitute major part of our economy operating in the key strategic sectors including hydropower. The combined asset

value of SE has now reached Nu. 260,733 million which is 143% of GDP and more than 68% of the domestic revenue comes from SEs mainly from hydropower sector.

Therefore, volatility in the performance of SEs and especially in the hydropower sector will have direct impact on the Government revenue. During the year, due to poor hydrology, revenue earnings of DGPC and BPC dropped by more than 9% due to which tax contribution to the Government also decreased by 9.25% and dividend contribution to DHI by Nu. 452.52 million.

Besides being the major source of revenue, SEs are instrumental in delivering essential services like rural electricity, promoting financial inclusion, priority lending to youths for education and skills development, universal postal services, public transport in Thromdes, etc. Bhutan Telecom and Tashi InfoCom combined have achieved more than 99% mobile coverage and BPC through rural electrification has electrified over 99% of rural households. Bhutan Development Bank Limited (BDBL) now operates 201 Community Centers (CCs) providing essential services like G2C and Gewog Banking Services (GBS).

More than 95% of the country now has access to banking and financial services with 195 gewog banks established by BDBL. Similarly, to ensure access to essential food items in remote communities, 158 farms shops were established by FCBL across the country. Royal Bhutan Helicopter Services Limited (RBHSL) since its establishment played an important role in connecting remote communities and providing emergency services. Till date, RBHSL has conducted 276 medical evacuations and 10

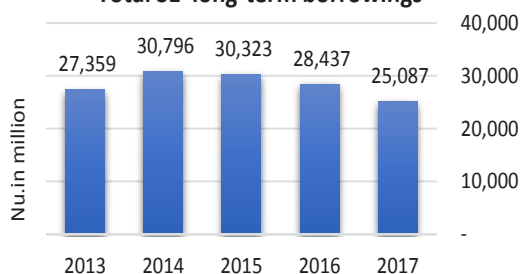
disaster relief operations such as fighting forest fires.

As of 31st December 2017, BDBL and REDCL combined have financed more than 1,284 SME projects across the country amounting to Nu. 723 million which has helped create employment opportunity for more than 2,206 youths representing 17% of total SE employment.

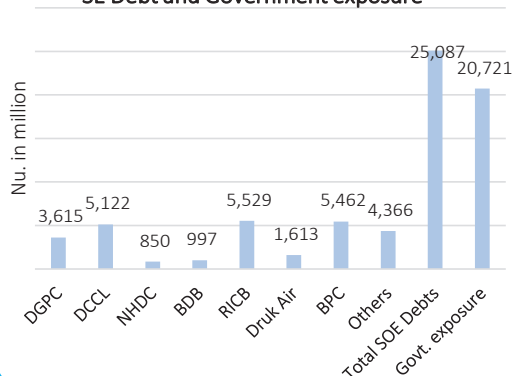
During the year, financial institutions lowered their minimum lending rates and introduced priority lending which has contributed towards credit growth from Nu. 86,600 million in June 2016 to Nu. 95,060 million in June 2017.

SEs however continue to face challenges in-terms of limited resources, capacity and market.

**Total SE long-term borrowings**



**SE Debt and Government exposure**



## Subsidies to the SEs

The Royal Government provided subsidies to SEs amounting to Nu. 2,434 million in FY 2017-2018. Of the total subsidy, Nu. 198 million was in terms of interest subsidy to Drukair Corporation Ltd. (for purchase of aircraft A319), NHDCL and BAIL. BBSC alone received Nu. 133 million as an operational subsidy and capital grant from the Government in 2017. To promote regional connectivity and balanced development, Drukair restarted domestic flights to Gelephu and Yongphula with effect from November 2017 for which the Royal Government provided Nu. 17.7 million (2017-2018) as subsidy to make the domestic air operation viable.

## Summary of subsidies provided to SEs

State Enterprises (SEs)	Nu. Million
Bhutan Broadcasting Service Corporation (BBSC)	133.00
Bhutan Postal Corporation Ltd. - City Bus Service	43.00
Drukair Corporation - Interest Subsidy for 3rd Aircraft	147.00
RICBL - Rural House Insurance	16.00
RICBL - Rural Life Insurance	53.00
NHDCL - Maintenance of Government quarters in Dzongkhags	25.00
NHDCL - Development housing complex in Phuntsholing	42.00
FCB - Interest subsidy for OD facility	8.00
BPC - Domestic power tariff	1,928.00
BAIL - Establishment of integrated agro-processing plant at Lingmathang, Mongar	9.00
FMCL - hiring of Power Tillers	30.00
<b>Total Subsidy</b>	<b>2,434.00</b>

The Royal Government has also provided sovereign guarantees to SEs to enable them to obtain funds at cheaper rates for financing in priority sectors like rural credits, construction of affordable housing, establishment of agro-based industry, etc. as detailed below:

Name of the beneficiary	Date of issue	Issued to	Guaranteed Amount (million Nu.)	Validity	Balance Amount (million Nu.)
Bhutan Development Bank Ltd.	02/04/2008	NPPF	400.00	10 years	100.000
National Housing Development Corporation Ltd.	11/09/2017	NPPF	890.00	20 years	612.688
Bhutan Agro Industries Ltd.	05/06/2017	BDBL	166.00	20 years	10.500
<b>Total</b>			<b>1,456.00</b>		<b>723.188</b>

## Corporate Governance

As part of SEs' continuing effort to strengthen and promote good corporate governance and management, annual performance compact was implemented and performance management systems were introduced in the SEs.

During the year, overall, as per the audited reports, no material risks were reported that

would have significant implications on the operation and going concern of the SEs and companies with Government shareholdings.

In case of BDBL, irregularities and misappropriations were observed because of which the bank has incurred losses due to huge provisioning for bad debts amounting to (Nu. 436.164 million). The case has been referred to the Royal Court of Justice and is currently under trial.

# PART 2

## COMPANY PROFILE

The portfolio of State Enterprises consists of 38 companies of which 17 are wholly owned through direct shareholdings and 2 as significant majority shareholding by Ministry of Finance and 19 companies held indirectly through Druk Holding and Investments limited.

## **I. Holding**

1. Druk Holding and Investment Limited
- 

## **II. Manufacturing**

2. Army Welfare Project Ltd.
  3. Bhutan Agro Industries Ltd.
  4. National Housing Development Corp. Ltd.
  5. Kuensel Corporation Ltd.
  6. Bhutan Livestock Development Corp. Ltd.
- 

## **III. Trading**

7. Menjongsorig Pharmaceutical Corp. Ltd.
  8. Food Corporation of Bhutan
  9. Bhutan Lottery Ltd.
  10. Bhutan Duty Free Ltd.
- 

## **IV. Services**

11. Bhutan Postal Services Ltd.
  12. Bhutan Broadcasting Services Ltd.
  13. Royal Bhutan Helicopter Services Ltd.
  14. Farm Machinery Corporation Ltd.
  15. Green Bhutan Corporation Ltd.
- 

## **V. Financial Services**

16. Bhutan Development Bank Ltd.
  17. Rural Enterprise Development Corp.
- 

## **VI. Others**

18. National Pension and Provident Fund.
19. Financial Institutions Training Institute Ltd.
20. Credit Information Bureau.

# I. HOLDING COMPANY



## 1. Druk Holding and Investments Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Motithang, Thimphu.  
 Type/Line of Business: Services.  
 Business Structure: Holding Company.  
 Date of establishment: 11-11-2007  
 Product: Adult Alcoholic Beverages.

### Company mandates

- DHI's primary mandates are to strengthen Corporate Governance (CG), enhance performance of the Government Linked Companies (GLCs) by making them responsible and accountable for their performance, raise funds for investments and maximize return on investments.
- DHI is also mandated to play a catalytic role in the development of our private sector.

### Directors and auditors for 2017

**Chair:** Dasho Sangay Khando

### Chief Executive Officer:

Dasho Karma Y. Raydi

### Board:

1. Mr. Nim Dorji, Secretary – MoF,
2. Mr. Pema Chewang, Secretary – NLCS,

3. Mr. Tenzin Dendup, Former Secretary – MoAF,

4. Mr. Karma Tsetop Rinchhen, CEO – A Middle Path to Bhutan, and

5. Mr. Ugyen Rinzin, Chairmanship – Yangphel Pvt. Ltd., Dragchu Beverages Pvt. Ltd., and the Bhutan Insurance Company.

### Auditors:

ASA Associates LLP, Chartered Accountants, Chennai, India.

### Auditor's Fees & Expenses:

Nu.1.071 million.

### Financial and operational highlights

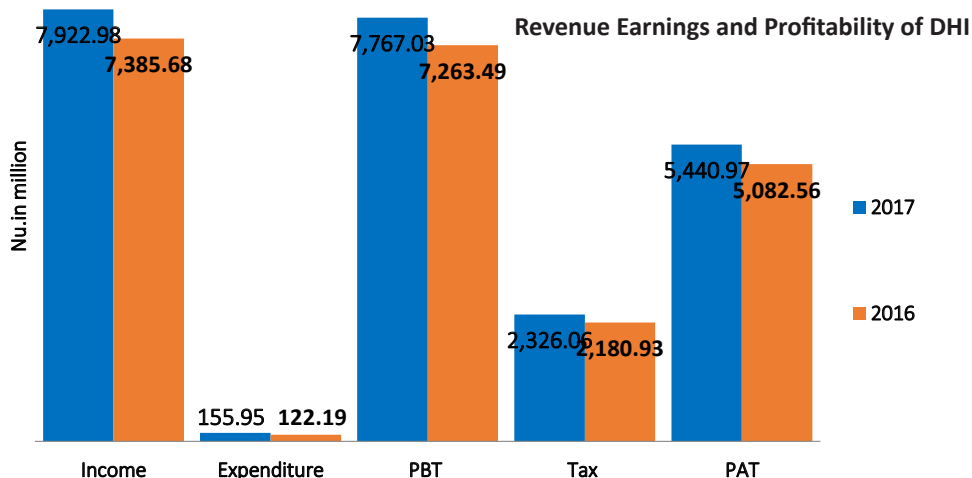
Druk Holding and Investments (DHI) is fully-owned Government holding company with Ministry of Finance as its sole shareholder. The DHI portfolio consist of 19 companies operating in energy, manufacturing, trading, services and financial sectors. The Royal Charter mandates DHI to hold, manage and enhance national wealth through prudent investments. It is also mandated to enhance the performance of its portfolio companies by cultivating a performance-driven and customer-oriented culture.



Particulars	2017	2016
Income statement, Nu. m		
Revenue	7,922.98	7,385.68
Operating profit	7,922.21	7,384.97
Profit before tax	7,767.03	7,263.49
Net profit	5,440.97	5,082.56
Balance sheet, Nu. m		
Total assets	56,724.52	54,518.50
Non-current assets	51,206.66	54,518.50
Equity	54,832.30	52,294.01
Operating capital	4,276.02	3,249.24
Key indicators		
Operating margin, %	99.99%	99.99%
Return on equity, %	9.92%	9.72%
Return on operating capital, %	127.24%	156.42%
Equity/assets ratio, %	96.66%	95.92%
Dividend, Nu. m	4,021.00	4,038.23
Reporting in compliance with BAS	Yes	Yes

Total Government shareholding in DHI is Nu. 45,087.59 million which is 91% of the total shareholding in SEs. In 2017, DHI's total assets grew by 4.05%, an increase of about Nu. 2,206.02 million attributed mainly on account of increase in investments by 3.12% or Nu.1,543.82 million. Increase in investment includes DGPC's shares worth Nu.832.82 million injected by Gol in Kholongchhu Hydro Energy Limited (KHEL) to DHI, injection of equity into SMCL (Nu.108M), CDCL (Nu.169.79M) and TTPL (Nu.34.52M) and increase in market capitalization of RICBL stock by Nu.419.84 million.

The Net Worth also grew to over Nu. 54,832.3 million in 2017 from Nu. 52,294.01 million in 2016, an increase of 4.85%. The increase in net worth was mainly on account of increase in 'Paid-up share capital' (to Nu.45,946.20 million from Nu.45,087.59 million in FY 2016) due to allotment of DGPC's KHEL share and transfer of ownership of lands of DOCs to DHI worth Nu. 25.79 million. There was also a gain of Nu.279.61 million in equity investments classified as Fair Value through Other Comprehensive Income (FVOIC).



Total income for 2017 registered a growth of about 7.27% from Nu. 7,385.68 million in 2016 to Nu.7,922.98 million. The growth was mainly on account of increase in dividend income from subsidiaries, higher brand management fees and growth in interest income by Nu. 51.94 million from inter-company loans. Total expenditure in 2017 also grew from Nu. 122.19 million to Nu. 155.95 million. During the year, PAT increased by 7.05% from 5082.56 million to Nu. 5,440.97 million in 2017.

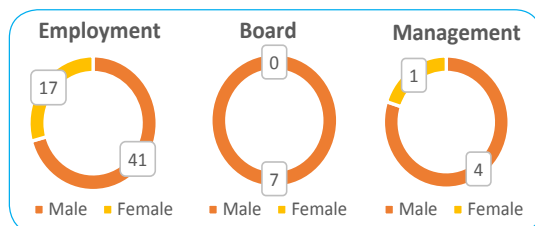
### Dividends and Taxes

The total revenue from DHI in the form of tax and dividend contributed to the government amounted to Nu. 6,347 million which was Nu. 130 million increase as compared to Nu. 6,217 million in 2016.

### Tax and dividend contribution from DHI

Particulars	2015	2016	2017	Change
CIT	1,856	2,179	2,326	6.75%
Dividend	3,782	4,038	4,021	(0.43%)
% to Revenue	22%	22%	21%	

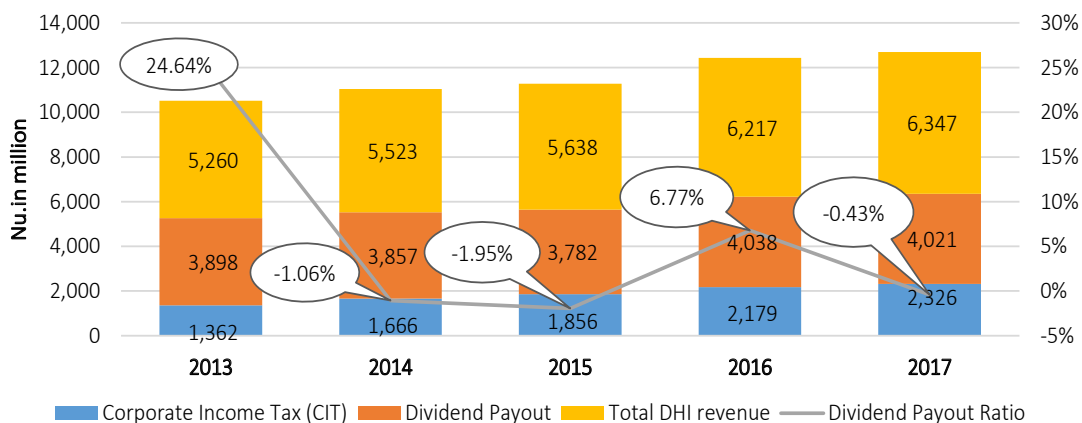
### Gender distribution, Nos.



During the financial year 2017, DHI remitted a dividend of Nu. 4,021 million to the Government which was Nu. 17 million or 0.43% less than dividend payout in 2016. The decrease was mainly due to lower earnings by Druk Green Power Corporation Ltd. (DGPC) and Bhutan Power Corporation Ltd.(BPC) because of the poor hydrology during the year.

However, DHI's tax contribution for FY 2017 increased by 6.65% to Nu. 2,326 million in 2017 from Nu. 2,179 million in 2016.

### Tax and Dividend Payout of DHI



## Significant events in 2017

- Injected Nu 55 million in State Mining Corporation Limited;
- Injected Nu 53 million in State Mining Corporation Limited;
- Increased DHI shareholding in Koufuku International Limited to 80%;
- Injected Nu 169.79 million in Construction Development Corporation Limited;
- Secured financing for Phuntsholing Township Development Project (PTDP): DHI \$10 million & ADB \$53 million;
- Developed an IT system to manage the lands transferred to DHI and formally launched the system on November 11, 2017; and
- Launched Bhutan Future Fund with a principle transfer of Nu 300 million.
- Six board meetings were held in 2017 and the gap between two meetings did not exceed three months in accordance with the Companies Act of Bhutan 2016;
- A total of twenty-two Board Committees for Performance Management (BCPM) meetings were held in 2017 to negotiate, finalize and review compacts of DHI Owned Companies (DOCs); and
- Four Nomination and Governance Committees (NGC) were formed in 2017 in relation to the recruitment of CEOs for BTL, DCCL, NRDCL and WCCL.

## Corporate Social Responsibility (CSR)

- DHI provided financial support amounting to Nu. 9.29 million as CSR and charitable contributions; and
- Contributed Nu. 4.1 million to offer KuSung-Thuk mendrel to His Holiness the Je Khenpo during oral transmission of Kanjyur at Kuensel Phodrang.

## Corporate Governance

- Carried out capacity development and re-orientation programs for the board directors and senior executives to help them keep abreast of the current CG best practices, performance systems and finance;
- Conducted corporate governance assessments of four DOCs, viz. DGPC, DCL, CDCL and NRDCL;

## Way forward

DHI plans to come up with a road map that will define DHI's strategic direction for the next 10 years. The road map will outline detailed strategic objectives and initiatives that will help DHI achieve the shared common vision.



## II. MANUFACTURING



### 2. Army Welfare Project Limited

#### Basic Corporate data

State Ownership: 100%  
 Location/Address: Phuntsholing, Chhukha.  
 Type/Line of Business: Manufacturing.  
 Business Structure: Company.  
 Date of incorporation: 18-11-1993  
 Product: Adult Alcoholic Beverages.

#### Company mandates

The main business is the production and sale of Adult Alcoholic Beverages, Production and Distillation of Grain Based Extra Natural Alcohol.

#### Directors and auditors for 2017

##### Chair:

Lieutenant General Batoo Tshering

##### Chief Executive Officer:

Mr. Rinchen Yoezer

##### Board:

1. Col. Chimi Dorji, Chief of Police – RBP,
2. Mr. Sonam P Wangdi, Secretary – NEC,
3. Mr. Yonten Namgyel, Director – DRC, MoF,
4. Col. Rinzin Dorji – RBA, and
5. Major. Sonam Wangdi, PS to His Majesty the King.

**Auditors:** G CHOUDHURY & ASSOCIATES  
 Chartered Accounts, Siliguri, India.

**Auditor's Fees:** Nu.0.110 million.

#### Financial and operational highlights

Despite increase in the total income by Nu. 45.32 million, the profit before tax for the year ended 31.12.2017 amounted to Nu. 413.88 million as compared to Nu. 410.78 million reported for the previous year showing an increase of Nu.3.09 million (i.e. 75%). This was achieved mainly due to decrease in the total expenditure by Nu. 48.42 million for the year ended 31.12.2017.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	1,546.35	1,591.68
Operating profit	413.88	410.78
Profit before tax	413.88	410.78
Net profit	289.68	274.33
Balance sheet, Nu. m		
Total assets	2,239.92	2,056.99
Total liabilities	984.26	912.92
Non-current assets	931.84	907.35
Equity	1,255.66	1,144.08
Operating capital	837.00	759.91
Key indicators		
Operating margin, %	26.76%	25.81%
Return on equity, %	23.07%	23.98%
Return on operating capital, %	34.61%	36.10%
Equity/assets ratio, %	56.06%	55.62%
Debt/equity ratio, %	78.39%	79.80%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

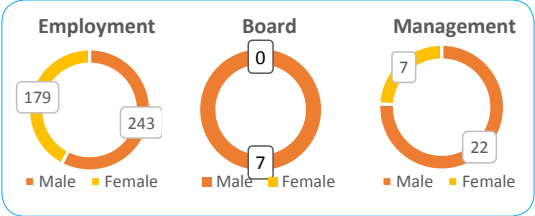
Significant events in 2017

The main achievement of the corporation is its sales turnover. The company has generated sales revenue of Nu.1,487.01 millions in the year ending 31 December 2017.

Corporate Governance

During the year, company has successfully completed implementing Corporate Strategy 2015-2017.

Gender distribution, Nos.



Way forward

The company aims to carry out the following:

- AWPL has outlined market entry strategy for the distribution of the products to the target markets in India.
- AWPL is investing on capacity building of Human Resource.





### 3. Bhutan Agro Industries Limited

#### Basic Corporate data

State Ownership: 100%  
 Location/Address: Wangchutaba, Thimphu.  
 Type/Line of Business: Food Processing.  
 Business Structure: Company.  
 Date of incorporation: 01-09-1994  
 Product: Mineral Water, Squash, Drinks, Pickle and Jam.

#### Company mandates

- Manufacture quality agro processed products using locally available agricultural and horticultural produces.
- Ensure ready market to agricultural produce of Bhutanese farmers thereby enhancing their livelihood.

#### Directors and auditors for 2017

**Chair:** Mr. Karma Yonten

**Chief Executive Officer:** Mr. Gyem Dorji

#### Board:

1. Mr. Tashi, Zimpon Wom, Queens Project Office (QPO),
2. Ms. Kinley Tshering, Director, DoA, MoAF,
3. Mr. Phub Dorji, CEO, BDBL

**Auditors:** B.K SHARMA & ASSOCIATES  
 Chartered Accounts, Kolkata, India.

**Auditor's Fees:** Nu.0.259 million.

#### Financial and operational highlights

The Bhutan Agro Industries Limited has made a profit before tax of Nu. 42.81 million for the year ended 31 December 2017 as compared to Nu. 47.11 million reported in the previous year, indicating a decrease by Nu. 4.29 million. The profit had decreased mainly on account of increase in total expenditure by Nu. 9.96 million.

However, there is an increase in the equity by Nu. 52.79 million on account of inclusion of profit for the year Nu. 29.99 million and revaluation reserve of Nu. 22.79 million.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	197.58	191.00
Operating profit	42.81	46.19
Profit before tax	42.81	47.11
Net profit	29.99	33.16
Balance sheet, Nu. m		
Total assets	317.45	206.89
Total liabilities	84.83	27.06
Non-current assets	199.88	145.63
Equity	232.62	179.83
Operating capital	43.50	34.20
Key indicators		
Operating margin, %	21.67%	24.19%
Return on equity, %	12.89%	18.44%
Return on operating capital, %	68.95%	96.95%
Equity/assets ratio, %	73.28%	86.92%
Debt/equity ratio, %	36.47%	15.05%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

Significant events in 2017

- The first bottle water in the Bhutan and ever since its inception, it is popularly known for its purity and freshness in the market.
- BAIL recognized as one of the first food industry certified by HACCP followed by upgradation to ISO 22000:2005 food safety management system.

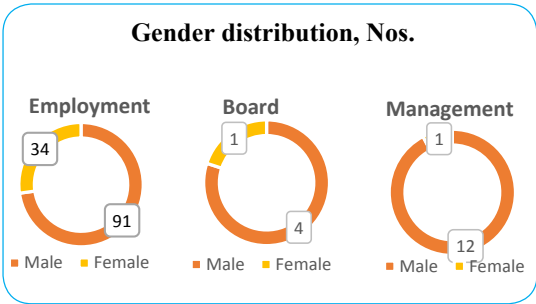
Corporate Social Responsibility (CRS)

- Manufacture quality agro processed products using locally available agricultural and horticultural produces;
- Ensure ready market to agricultural produce of Bhutanese farmers thereby enhancing their livelihood; and

- Be socially driven but sustainable social enterprise.

Way forward

The company is going to open the manufacturing unit at Lingmithang, Mongar from 2019. It will immensely benefit farmers and people of Eastern Bhutan in terms of selling their horticulture products and buy the agro manufacturing products.





## 4. National Housing Development Corporation Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Doebum Lam, Thimphu.  
 Type/Line of Business: Real Estate.  
 Business Structure: Company.  
 Date of incorporation: 07-09-2010  
 Product: Social Housing

### Company mandates

Management of Government Residential Accommodation across the Country. Promote/provide safe, efficient & affordable housing. Promote home ownership & create transparent and well-functioning housing market.

### Directors and auditors for 2017

**Chair:** Mr. Pema Chewang

**Chief Executive Officer:** Mr. Thinley Dorji

#### Board:

1. Mr. Loday Tsheten, Director, DNB, MoF,
2. Mr. Karma Sonam, Director, DoHS, MoWHS,
3. Mr. Tashi Tobgay, Director, DCRC, MoHCA,
4. Mr. Dungtu Dukpa, CEO, NPPF, and
5. Mr. Pema Rinchen, HOPE

**Auditors:** DE CHAKRABORTY & SEN  
 Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.320 million.

### Financial and operational highlights

The profit and loss account show that the profit before tax of the company for the year ended 31 December 2017 has increased from Nu.25.603 million in 2016 to Nu.26.109 million showing an increase by 1.98%. The profit has increase due to increase in the total income by Nu.27.015 million. In particular other income increased by Nu.21.160 million, which included Government grant of Nu.40.00 million for House Maintenance against Nu.15.00 million for the year 2016.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	160.93	133.90
Operating profit	30.66	25.60
Profit before tax	26.11	25.60
Net profit	14.20	12.90
Balance sheet, Nu. m		
Total assets	3,772.77	3,117.11
Total liabilities	952.57	328.06
Non-current assets	3,627.93	2,812.51
Equity	2,820.21	2,789.05
Operating capital	134.18	276.16
Key indicators		
Operating margin, %	35.67%	31.97%
Return on equity, %	0.50%	0.46%
Return on operating capital	10.58%	4.67%
Equity/assets ratio, %	74.75%	89.48%
Debt/equity ratio, %	33.78%	11.76%
Dividend, Nu. m	-	-
Reporting with BAS	Yes	Yes



Significant events in 2017

During the year, company has the following key achievements:

- Construction of Community Lhakhang at Changjiji,
- Installation of CCTV in Changjiji Housing Colony,
- Construction of two storied Office cum lam’s residence & construction of 6 buildings (48 units) affordable residential housing units at Phuentsholing.

Corporate Social Responsibility (CSR)

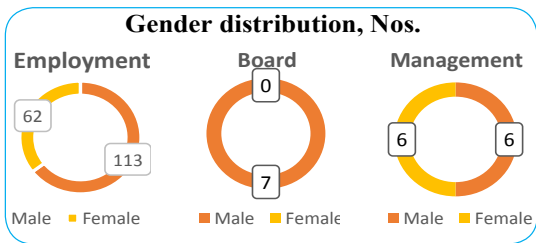
- Initiated various campaigns on disasters, cleanliness, fire hazards, youth and crime issues in housing colonies.
- Sponsored programs on community vitality and social cohesiveness in the housing colonies.

Corporate Governance

- Set up Internal Audit Unit,
- Instituted two more Board level sub committees i.e. Board Level audit Committee and Human Resource Committee in addition to technical advisory Committee (TAC) and
- Started reviewing service rules 2012.

Way forward

- The company plans to initiate and start home ownership program and further increase the stock of affordable rental housing units to address the ever growing housing shortages.





## 5. Kuensel Corporation Limited

### Basic Corporate data

State Ownership: 51%  
 Location/Address: Changzamtog, Thimphu.  
 Type/Line of Business: News and Printing.  
 Business Structure: Company.  
 Date of incorporation: 16-08-1995  
 Product: Newspaper.

### Company mandates

Garner news and disseminate to the public.

### Directors and auditors for 2017

**Chair:** Mr. Sonam Tobgay

**Chief Executive Officer:** Mr. Bacho Phub Dorji

#### Board:

1. Mr. Lobzang Dorji, Director, Cabinet Secretariat,
2. Mr. Karma Loday, Collector, DRC, MoF,
3. Ms. Choki Tshomo, MD, Kuzoo,
4. Ms. Kuenzang Lham Sangey, Private Representative, and
5. Mr. Phub Dorji, Chief Finance, NPPF

**Auditors:** GHOSH & ASSOCIATES  
 Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.378 million.

### Financial and operational highlights

The profit before tax for the year ended 31 December 2017 amounted to Nu.30.261 million as compared to Nu.37.313 million reported for the previous year showing a decrease of Nu.7.052 million. The decrease in the profit was mainly due to decrease in the total income by Nu.16.996 million. However, the company has declared a dividend of Nu.4.59 million for the year as compared to Nu.4.34 million in the previous year, which is an increase of 5.76%.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	213.99	230.98
Operating profit	30.53	37.37
Profit before tax	30.26	37.31
Net profit	19.78	25.36
Balance sheet, Nu. m		
Total assets	317.45	206.89
Total liabilities	92.46	93.92
Non-current assets	190.49	182.34
Equity	207.22	196.91
Operating capital	39.04	37.33
Key indicators		
Operating margin, %	14.27%	16.18%
Return on equity, %	9.54%	12.88%
Return on operating capital, %	50.66%	67.93%
Equity/assets ratio, %	65.28%	95.17%
Debt/equity ratio, %	44.62%	47.70%
Dividend, Nu. m	4.59	4.34
Reporting in compliance with BAS	Yes	Yes

Corporate Governance

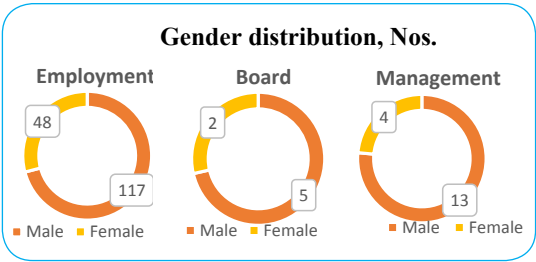
During the year, company has established Board Audit Committee.

Corporate Social Responsibility (CSR)

In 2017, the company provided support to:

- Ability Bhutan Society,
- Lhak-Sam,
- Bhutan Kidney Foundation, and
- Bhutan Media Foundation.

The company also carried out cleaning campaign at Jungzhina stream.





## 6. Bhutan Livestock Corporation Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Taba, Thimphu.  
 Type/Line of Business: Production & Manufacturing.  
 Business Structure: Company.  
 Date of incorporation: 15-03-2017  
 Product: Livestock inputs and products.

### Company mandates

- Complement Department of Livestock in production of quality livestock inputs to enhance livestock productivity in the country;
- Engage in the production and post-production activities of livestock products through innovative and state-of-the-art technologies;
- Develop livestock farming as a business enterprise through engagement of farmers and youths; and
- Contribute towards price stabilization of livestock inputs and products.

### Directors and auditors for 2017

**Chair:** Dr. Tashi Samdrup

**Chief Executive Officer:** Mr. Jigme Wangchuk

### Board:

1. Mr. Ugyen Penjore, DG – DAMC, MoAF,
2. Mr. Phub Dorji, CEO – BDBL, and
3. Mr. Dorji Dhapa, CFO, DPA, MoF.

### Financial and operational highlights

The company is registered on 15th March 2017 and therefore, their accounts has not been audited. However, as of date the government has injected Nu.33.33 million as equity.

### Significant events in 2017

During the year, company has the following key achievements:

- Approval of company's internal service rules and regulations;
- Livestock value added products in the market; Stocking of various animals in the farms;
- Commencement of revenue generation from the inputs and products;
- Initiation of contract farming system with the farmers' groups and cooperatives.

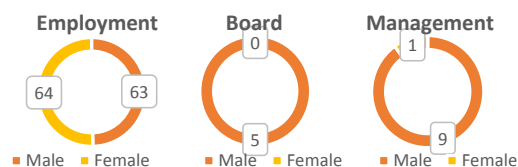
### Corporate Governance

- Sustainable Corporate Strategy (2019-2023) in place;
- Formulation of performance guides for every farm and production units;
- Preparation of biosecurity guidelines and SoPs of the individual cost centres.

### Way forward

- Implementation of Sustainable Corporate Strategy 2019-2023;
- Conduction of Financial Analysis for individual farm and production units.

#### Gender distribution, Nos.



### III. TRADING

#### 7. Menjong Sorig Pharmaceutical Corporation Limited



##### Basic Corporate data

State Ownership: 100%  
Location/Address: Kawang Jangsa, Thimphu.  
Type/Line of Business: Manufacturing.  
Business Structure: Company.  
Date of incorporation: 03-10-2017  
Product: Medicine and health supplement products.

##### Company mandates

- Engage in production and supply of Sowa Rigpa traditional medicines as our core business;
- Sustain and develop business growth and Intellectual Property and preserve Traditional Knowledge;
- Collection and procurement of medicinal raw materials;
- Conduct scientific research and standardization of medicinal ingredients and products;
- Strengthen quality control system;
- Produce and market health promoting herbal products to generate funds for financial sustainability.

##### Directors and auditors for 2017

**Chair:** Mr. Kuenga Tshering

**Chief Executive Officer:** Mr. Thukten Choeda

##### Board:

1. Mr. Tshering Dorji, Director – DPA, MoF,

2. Mr. Passang Wangchen Norbu, CFO – DoPFS, MoAF, and

3. Drungtsho Karma Gayley, MS - NTMH, MoH.

##### Financial and operational highlights

The company is registered on 3rd October 2017 and therefore, their accounts has not been audited. However, as of date the government has injected Nu.50 million as equity.

##### Significant events in 2017

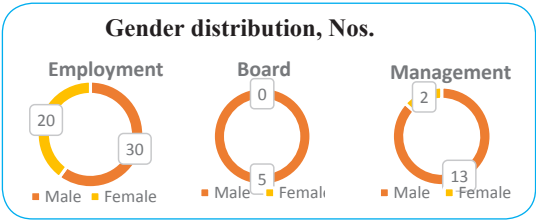
The corporatization of erstwhile Menjong Sorig Pharmaceutical (MSP).

##### Corporate Governance

- Implementation of GMP (Good Manufacturing Practice) and
- Standard Operating Procedure (SOPs) for individual products in place.

##### Way forward

- Expansion / relocation of current production unit and
- Development and production of more health supplement product.





## 8. Food Corporation of Bhutan Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Phuntsholing.  
 Type/Line of Business: Wholesale distributor & exporter.  
 Business Structure: Company.  
 Date of incorporation: 08-07-1992  
 Product: Farm produces, food essentials.

### Company mandates

Ensuring Food Security for the Nation at all times.

### Directors and auditors for 2017

**Chair:** Mr. Rinzin Dorji

**Chief Executive Officer:**

Mr. Naiten Wangchuk

### Board:

1. Mr. Karma Tshering, Director General, DSE, MoE,
2. Mr. Norbu Dendup, CPO - DMEA, MoF,
3. Mr. Leigden Dzed, Sr. Dietician, DoPH, MoH,

**Auditors:** GUPTA & Co.

Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.356 million.

### Financial and operational highlights

During the year, the Food Corporation of Bhutan Limited has incurred loss of Nu.28.60 million (before Tax) compared to the modest profit of Nu. 4.67 million in

2016. The loss was due to decrease in sales revenue by Nu.48.69 million in 2017. The decreased in sales revenue is mainly due to discontinuation of credit to the customers and fund shortages leading to decrease in purchases which ultimately affected the sales revenue.

However, the employee cost increased by Nu.8.09 million due to increase in number of employees owing to opening of 148 farm shops as on 31st December 2017.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	1,104.40	1,153.09
Operating profit	(28.60)	4.67
Profit before tax	(28.6)	4.67
Net profit	(27.41)	2.21
Balance sheet, Nu. m		
Total assets	596.80	610.19
Total liabilities	291.01	276.69
Non-current assets	189.41	175.28
Equity	305.80	333.50
Operating capital	240.08	264.65
Key indicators		
Operating margin, %	(2.59%)	0.41%
Return on equity, %	(8.96%)	0.66%
Return on operating capital, %	(11.42%)	0.84%
Equity/assets ratio, %	51.24%	54.66%
Debt/equity ratio, %	95.16%	82.96%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

Significant events in 2017

- Opened 173 Farm Shops across different parts of Bhutan;
- Introduced E-Auctioning and potato grading machines;
- Initiated distribution of Fortified rice with necessary vitamin contents; and
- Launched new Enterprise Resource Planning (ERP) online system.

Corporate Governance

- Establishment of Board Level HR Committee;
- Institution of Board Audit Committee;
- Formation of Human Resource Committee,
- Procurement Committee;
- Disposal Committee; and
- Creation of Disciplinary Committee.

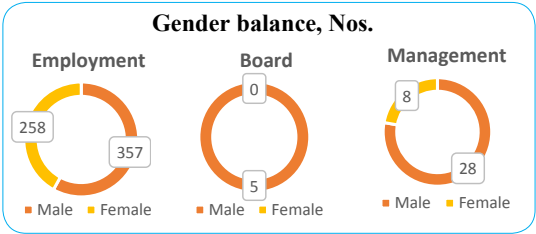
Corporate Social Responsibility (CSR)

- provided essential food and commodities at fair price and make it available across the country at all times;

- Preserved National Food Security Reserve (NFSR & SAARC);
- Helped farmers in auctioning their farm produces; and
- Operated farm shops in a far-flung community even at an expense of FCBL to benefit the people.

Way forward

- Increase NFSR stock position significantly;
- Construct additional warehouse facilities in strategic regions across Bhutan;
- Explore business diversification opportunities;
- Install potato grading machines at source (in places such as Bumthang, Chapcha and Phobjekha);
- Franchise farm shops to empower emerging entrepreneurs; and
- Explore into vegetable post-harvest management and value addition processes.





## 9. Bhutan Lottery Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Phuntsholing.  
 Type/Line of Business: Lottery business.  
 Business Structure: Company.  
 Date of incorporation: 15-10-2015  
 Product: Paper lottery & Scratch card games.

### Company mandates

To provide quality entertainment options through promotion of innovative games with wide range of attractive prizes while generating revenue in an ethical manner.

### Directors and auditors for 2017

**Chair:** Mr. Nim Dorji

### Chief Executive Officer:

Mr. Phenphay R Dukpa

### Board:

1. Mr. Kesang Wangdi, Secretary, MFA,
2. Mr. Tashi Penjor, Director, BLO, MoHCA, and
3. Mr. Sonam Tenzin, Director, DOT, MoEA.

### Auditors: DASS GUPTA & ASSOCIATES

Chartered Accounts, New Delhi, India.

**Auditor's Fees & Expenses:** Nu.0.356 million

### Financial and Operational Highlights

Bhutan Lottery Limited has reported profit before tax of Nu.20.953 million for the year ended 31 December 2017 as against loss of Nu.0.776 million for the previous year

indicating an increase by Nu.21.729 million. Substantial in the increase in the profit was mainly on account of increase in revenue from the operations by Nu.79.580 million.

For the year ended 31 December 2017, the company has contributed Nu.6.16 million to the Government exchequer in the form of dividend. It is one of the highest contributors among the SEs under Ministry of Finance, representing 16% of total dividend contributed by MoF SEs.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	105.54	25.12
Operating profit	20.95	(0.78)
Profit before tax	20.95	(0.78)
Net profit	14.64	(0.75)
Balance sheet, Nu. m		
Total assets	82.28	51.53
Total liabilities	12.42	93.92
Non-current assets	190.49	6.28
Equity	69.86	45.25
Operating capital	60.67	39.14
Key indicators		
Operating margin, %	19.85%	(3.09%)
Return on equity, %	20.96%	(1.66%)
Return on operating capital, %	24.13%	(1.92%)
Equity/assets ratio, %	84.91%	87.81%
Debt/equity ratio, %	17.77%	207.56%
Dividend, Nu. m	6.16	-
Reporting in compliance with BAS	Yes	Yes



**Significant events in 2017**

- Generate Revenue;
- Create employment; and
- opportunities Changing lives of people.

**Corporate Governance**

- Implementation of Company’s services rule and
- Development of Lottery Act (under draft).

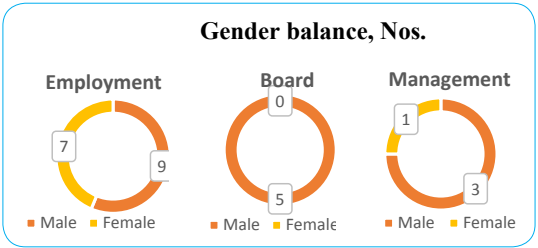
**Corporate Social Responsibility (CSR)**

- Buy back every 100 used lottery tickets and scratch card games @ Nu.25/-;
- The same is given to Youth Development Fund for recycling free of cost; and

- Helping both Private and public newspapers through work opportunities.

**Way forward**

- Going online for different types of games;
- Penetrating into Indian market for generating INR; and
- Bringing up of different lottery products.





## 10. Bhutan Duty Free Limited

### Basic Corporate data

State Ownership: 100%

Location/Address: Thimphu.

Type/Line of Business: Retail trade.

Business Structure: Company.

Date of incorporation: 02-10-2015

Product: Alcoholic and non-alcoholic beverages, Cosmetics, Chocolates, Household Goods, electronics and electrical goods, jewelries, watches, packaged food and confectionery.

### Company mandates

a) The main objects to be pursued by the company on its incorporation are:

- To operate Duty Free Shops in the country including the Airports;
- To import and sell quality electronics and electrical goods, household goods, cosmetics, jewelries, watches, packaged food, confectionery, alcoholic and non-alcoholic beverages etc.; and
- Establish and operate duty free shops in different parts of the country including Airports to cater to the tourists/visitors;

b) The objectives incidental or ancillary to the attainment of the above objects are:

- Make available range of quality imported and local goods free of duty to privileged persons/agencies identified by the Government;
- Make available range of quality imported goods to hotels, restaurants, agencies and individuals on payment of applicable custom duty and sales tax;

- Act as agent/dealer for goods manufactured by foreign manufacturers for domestic/regional sale and re-export;
- Establish and operate bonded warehouses in collaboration with the Department of Revenue and Customs in different parts of the country;
- Own land and properties; and
- Transport of goods to different locations.

c) The other objectives for which the company is established are:

- Function as a commercially viable and socially responsible agency and
- Provide value for money to the consumers.

### Directors and auditors for 2017

**Chair:** Mr. Nim Dorji

**Chief Executive Officer:**

Mr. Kapil Mani Sharma

### Board:

1. Mr. Karma Wangchuk, Director, DoAT, MoIC,
2. Mr. Chimme Tshering, Director, NSB, and
3. Mr. Sonam Tenzin, Director, DOT, MoEA.

**Auditors:** SUDIP GHOSH & ASSOCIATES  
Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.165 million

## Financial and Operating Highlights

The profit before tax of the Bhutan Duty Free Limited for the year ended 31 December 2017 had increased from Nu.16.661 million in 2016 to Nu.45.359 million showing an increase of Nu.28.698 million. The profit had increased mainly due to increase in the total income by Nu.91.057 million. For the year ended 31 December 2017, the company has contributed Nu.20 million to the Government exchequer in the form of dividend. It is the highest contributors among the SEs under Ministry of Finance, representing 53% of total dividend contributed by MoF SEs.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	160.39	69.33
Operating profit	45.36	16.66
Profit before tax	45.36	16.66
Net profit	31.76	11.66
Balance sheet, Nu. m		
Total assets	171.54	137.45
Total liabilities	16.57	93.92
Non-current assets	190.49	10.24
Equity	154.97	127.21
Operating capital	145.03	121.04
Key indicators		
Operating margin, %	28.28%	24.03%
Return on equity, %	20.50%	9.17%
Return on operating capital, %	21.90%	9.64%
Equity/assets ratio, %	90.34%	92.55%
Debt/equity ratio, %	10.69%	73.83%
Dividend, Nu. m	20.00	4.00
Reporting in compliance with BAS	Yes	Yes

## Significant events in 2017

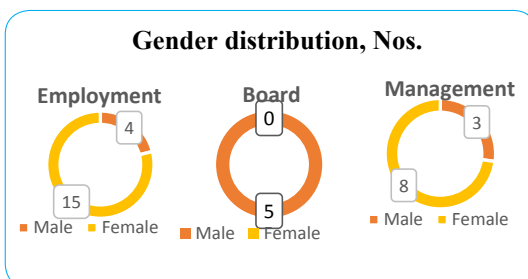
- Computerisation of Duty-Free Operating System;
- Branding of Duty-Free Shop, Paro, Arrival terminal;
- Renovation & Branding of Duty-Free Shop, Thimphu;
- Establishment of Duty-Free Shop branch Phuentsholing; and
- Contribution in the form of tax and dividend to the Royal Govt. of Bhutan:
  - o 2016: Tax of Nu.5.115 million and Dividend of Nu. 4 million.
  - o 2017: Tax of Nu.13.608million and Dividend of Nu. 20 million.

## Corporate Governance

- Institutionalization of Board Level Human Resource Committee (HRC).

## Way forward

- Branding of Duty-Free Shop, Departure Terminal Paro;
- Establishment of Duty Free, Gelephu; and
- Addition of more goods both in alcoholic and non-alcoholic segment.





## IV. SERVICES

### 11. Bhutan Postal Corporation Limited

#### Basic Corporate data

State Ownership: 100%  
 Location/Address: Thimphu.  
 Type/Line of Business: Postal Service.  
 Business Structure: Company.  
 Date of incorporation: 25-10-1996  
 Product: Postal and transport.

#### Company mandates

- The principal function of Bhutan Post is to provide postal services within Bhutan and between Bhutan and places outside Bhutan;
- To carry out any business or activity relating to postal services; and
- To carry out any business or activity which is incidental to those mentioned in sub-sections (1) and (2) above as per the Bhutan Postal Corporation Act of 1999.

#### Directors and auditors for 2017

**Chair:** Dasho Karma W. Penjor

**Chief Executive Officer:** Mr. Karma Wangdi

#### Board:

1. Mr. Chimme Tshering, Director – NSB,
2. Mr. Passang Dorji, Executive Secretary – Thimphu Thromde, and
3. Mr. Norbu Dendup, CPO – DMEA, MoF,

**Auditors:** MOOKHERJEE BISWAS & PATHAK, Chartered Accountants, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.236 million.

#### Financial and Operational Highlights

The Bhutan Postal Corporation Limited had reported profit before tax of Nu.17.169 million for the year ended 31 December 2017 as compared to Nu.10.431 million reported for the previous year, indicating an increase by Nu.6.738 million (64.60%). The increase in profit was mainly attributed by the increase in other income by Nu.7.078 million and decrease in the total expenditure by Nu.1.933 million for the year.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	157.07	152.26
Operating profit	18.55	10.59
Profit before tax	16.92	11.08
Net profit	10.56	7.11
Balance sheet, Nu. m		
Total assets	324.35	375.33
Total liabilities	159.88	220.85
Non-current assets	137.33	142.44
Equity	164.47	154.47
Operating capital	79.88	33.65
Key indicators		
Operating margin, %	11.81%	6.96%
Return on equity, %	6.42%	4.60%
Return on operating capital, %	13.22%	21.13%
Equity/assets ratio, %	50.71%	41.16%
Debt/equity ratio, %	97.21%	142.97%
Dividend, Nu. m	0.85	0.71
Reporting in compliance with BAS	Yes	Yes

Significant events in 2017

- Construction of residential building at Phuntsholing;
- Design and drawing of B+G+4 storey office and commercial building at Gelephu;
- Formulation of Corporate Plan 2018-2022;
- Special stamps on Traditional Musical Instruments of Bhutan;
- Launch of domestic track and trace;
- Bikes to gewogs to improve the last mile delivery to Gewogs;
- Expansion of International EMS service to 17 destinations;
- Improvement of EMS Ranking in Asia Pacific Region and the World;
- Joined UPU Clearing House to make the account settlement among the postal operators efficient and hassle free; and
- Received special grant of stamps and postal related artefacts from His Majesty the King.

Corporate Governance

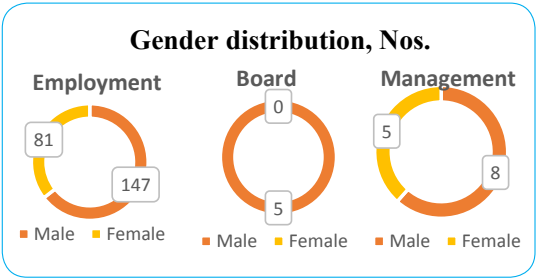
- Formulation of 5-year Corporate Plan 2018-2022.

Corporate Social Responsibility (CSR)

- Bhutan Post planted 1,000 blue pine saplings on the hill above Lungtenphug and continue to take care of the saplings by watering them from time to time and
- A place has been allotted for electric car charging station within Thimphu GPO parking area which otherwise would have fetched parking fee revenue.

Way forward

Bhutan Post plans to implement 5-year Corporate Plan (2018-2022). The plan identifies four thrust areas viz. Postal, E-commerce, Real Estate and Logistics (PERL). It also contains a separate section on City Bus Service.





## 12. Bhutan Broadcasting Services Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Thimphu.  
 Type/Line of Business: Broadcasting.  
 Business Structure: Company.  
 Date of incorporation: 15-08-1996  
 Product: Audio visual productions.

### Company mandates

- Public Service Broadcaster.

### Directors and auditors for 2017

**Chair:** Dasho Kinzang Wangdi,

**Chief Executive Officer:**

Mr. Tshering Wangchuk

### Board:

1. Ms. Rinchen Dema, CPO – SAARC & Regional Organizations, MFA,
2. Mr. Gem Tshering, MD – BPC,
3. Mr. Tashi Penjor, Director – DLO, MoHCA, and
4. Ms. Dorji Wangmo, CPO – MoWHS.

**Auditors:** B.K SHARMA & ASSOCIATES, Chartered Accountants, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.259 million.

### Financial and Operational Highlights

The company has reported a net operating loss of Nu.3.452 million for the year ending 31 December 2017 as compared to Nu.0.847 million reported in the previous year

2016. The loss was mainly incurred due to decrease in the total income by Nu.4.798 million and increase in the employee cost and the operating cost by Nu.8.202 million and Nu.5.483 million respectively which are partially offset by reduction of Nu.12.183 million in the depreciation and amortization cost.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	293.62	298.42
Operating profit	(3.45)	(0.85)
Profit before tax	(3.45)	(0.85)
Net profit	(2.67)	(0.93)
Balance sheet, Nu. m		
Total assets	638.23	636.32
Total liabilities	99.26	93.67
Non-current assets	497.53	525.09
Equity	528.97	542.65
Operating capital	41.45	17.56
Key indicators		
Operating margin, %	(1.18%)	(0.28%)
Return on equity, %	(0.50%)	(0.17%)
Return on operating capital, %	(6.44%)	(5.27%)
Equity/assets ratio, %	82.88%	85.28%
Debt/equity ratio, %	18.76%	17.26%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

Significant events in 2017

- Upgradation of BBS automation server/ lighting and equipment;
- Coverage of all the important national events;
- Increase in the revenue by over 3 million;
- 3600 radio programs produced in four languages; and
- More than 3600 News reports filed and broadcasted;

Corporate Governance

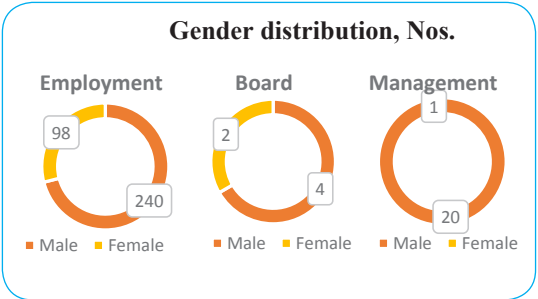
- The corporation is governed by the Board of Directors, the management.
- All policies are approved by the Board and the day to day running of the organisation is based on the service rule 2015 of the organisation.

Corporate Social Responsibility (CSR)

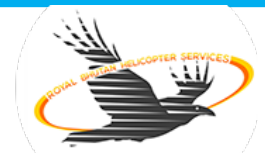
- Nu.2. 6 million has been given as CSR in the form of announcements and video clips.

Way forward

- Improvement of News and current affairs;
- Improvement in the coverage of BBS TV and Radio reception;
- Improvement in the content of BBS 2; and
- Upgradation of BBS equipment.



### 13. Royal Bhutan Helicopter Services Limited



#### Basic Corporate data

State Ownership: 100%  
 Location/Address: Paro International Airport.  
 Type/Line of Business: Helicopter Services.  
 Business Structure: Company.  
 Date of incorporation: 09-07-2015  
 Product: Emergency and commercial helicopter charters.

#### Company mandates

- To provide helicopter services during emergencies such as; Medical evacuation, Firefighting, Search & Rescue and Causality Evacuation and to provide connectivity.

#### Directors and auditors for 2017

**Chair:** Mr. Kesang Wangdi

**Chief Executive Officer:** Mr. Chewang Gyeltshen

#### Board:

- Dr. Ugyen Dophu, Secretary – MoH,
- Aum Chimmy Pem, Director – TCB,
- Mr. Karma Wangchuk, Director – DoAT, MoIC,
- Mr. Karma Tsering, Director – DDM, MoHCA, and
- Mr. Norbu Dendup, CPO, ICGD – DMEA, MoF.

**Auditors:** S R I & ASSOCIATES,  
 Chartered Accountants, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.183 million.

#### Financial and Operational Highlights

The Royal Bhutan Helicopter Services Limited has reported profit before tax of Nu.61.399 million for the year ended 31 December 2017 as compared to Nu.46.321 million for the previous year 2016. This indicates that there is an increase of Nu.15.078 million. The increase in the profit was due to the increase in the total income by Nu.27.517 million. The total net comprehensive income amounted to Nu.41.277 million for the year 2017 as against Nu.30.996 million for the year ended 31 December 2016.

For the year ended 31 December 2017, the company has contributed a dividend of Nu.6.19 million to the Government exchequer. It is the second highest contributor among the SEs under Ministry of Finance, representing 16.5% of total dividend contributed by MoF SEs.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	162.64	135.12
Operating profit	88.92	64.53
Profit before tax	88.92	64.53
Net profit	41.28	31.00
Balance sheet, Nu. m		
Total assets	754.67	670.53
Total liabilities	76.29	40.47
Non-current assets	627.99	576.79
Equity	678.39	630.06
Operating capital	114.05	74.81
Key indicators		
Operating margin, %	54.68%	47.75%



Return on equity, %	6.08%	4.92%
Return on operating capital, %	36.19%	41.43%
Equity/assets ratio, %	89.89%	93.96%
Debt/equity ratio, %	11.25%	6.42%
Dividend, Nu. m	6.19	-
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

- Completed 159 Helicopter Emergency Medical Services (HEMS) Missions;
- Completed 5 Firefighting missions at Thimpu & Paro Dzongkhags;
- Generated a Total Revenue of Nu. 163 Million and net profit of Nu. 41 Million; and
- Dividend Transfer of Nu. 6.1 Million to MOF.

### Corporate Governance

- Annual Report & Board Report for FY2016 published;
- Conduction of Board & AGM;
- Conducted Board HR Committee meetings;
- Carried out Annual Performance Compact for FY 2016 Evaluation and Implementation of Annual Performance Compact for FY 2017; and

- Performance review of Chairman, Board Directors and CEO.

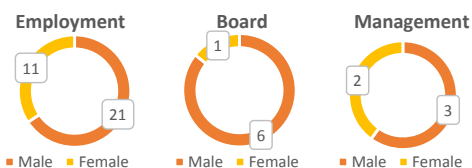
### Corporate Social Responsibility (CSR)

- Facilitated educating school children on helicopter operations as part of their study tour (CST).
- Extended 2 months On-the Job Training (OJT) program to Engineering students of Jigme Namgyal Engineering College.

### Way forward

- Develop Helicopter charter fee pricing strategy;
- Develop financial sustainability;
- Develop helicopter operational safety;
- Introduction of more charter services;
- Human resources development; and
- Building of helicopter landing and refueling infrastructures.

Gender distribution, Nos.





## 14. Farm Machinery Corporation Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Bondey, Paro.  
 Type/Line of Business: Sales & hiring services and manufacturing & retail.  
 Business Structure: Company.  
 Date of incorporation: 29-03-2016  
 Product: Farm produce and farm machineries.

### Company mandates

- To provide farm mechanization goods and services to the Bhutanese farming community at an affordable price.

### Directors and auditors for 2017

**Chair:** Ms. Kinlay Tshering

**Chief Executive Officer:** Mr. Karma Thinley

### Board:

- Mr. Tandin Tshering, DG – DSCI, MoEA,
- Ms. Kuenzang L Sangay, CPO – GNHC, and
- Ms. Deki Wangmo, CBO – DNB, MoF.

**Auditors:** N C MITRA & Co.,  
 Chartered Accountants, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.173 million.

### Financial and Operational Highlights

The profit before tax of Farm Machinery Corporation Limited for the year ended 31 December 2017 amounted to Nu.6.546 million as compared to a loss of Nu.11.195 million reported for the previous year showing an improved financial performance for the year, which was mainly attributed due to increase in the total income by Nu.325.411 million.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	332.20	6.79
Operating profit	6.55	(11.20)
Profit before tax	6.55	(11.20)
Net profit	6.55	(11.20)
Balance sheet, Nu. m		
Total assets	240.12	28.89
Total liabilities	36.93	4.77
Non-current assets	62.45	10.03
Equity	203.19	24.13
Operating capital	140.74	14.10
Key indicators		
Operating margin, %	1.97%	(164.96%)
Return on equity, %	3.22%	(46.40%)
Return on operating capital, %	4.65%	(79.39%)
Equity/assets ratio, %	84.62%	83.51%
Debt/equity ratio, %	18.18%	19.75%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	No	No

Significant events in 2017

- Developed Strategy Plan;
- Development of Standard Operating Procedures (SOPs) for various services;
- Handing-taking of office equipment, furniture and machineries signed between Agriculture Machinery Centre (AMC) and Farm Machinery Corporation Limited (FMCL);
- A month-long training to 25 gewog power tiller operators successfully completed;
- Set up of new Petroleum Oil and Lubricant (POL) stations in various gewog centres; and
- Reviving of fallow land.

Corporate Governance

- Developed strategy plan;
- Developed SOP on:
  - o Central and Gewog Hiring Services;
  - o Production Unit;
  - o Sales of Spare parts and machinery;

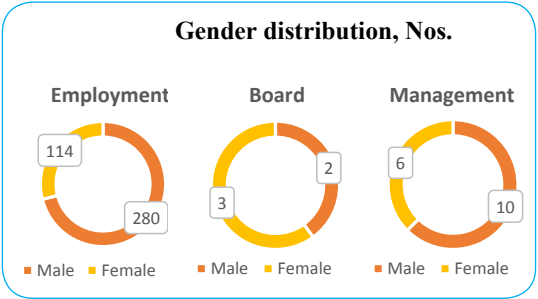
- o Physical Verification of stock;
- o Human Resource Strategy;
- o Financial Manual; and
- o Pricing Policy.

Corporate Social Responsibility (CSR)

- The machines purchased from the center are installed & tested for free by the center; and
- Hiring of farm machines to farmers at subsidized rate.

Way forward

- Ensure the sustainability of the Company; and
- Endeavour to transform farming activities through mechanization into vibrant and sustainable economic venture.





## 15. Green Bhutan Corporation Limited

### Basic Corporate data

State Ownership: 100%

Location/Address: Semtokha, Thimphu.

Type/Line of Business: Develop & supply quality sapling & seeds of tree species, Ornamental plants, medicinal plants & Flowers for landscape development.

Business Structure: Company.

Date of incorporation: 23-08-2016

Product: Quality sapling & seeds, ornamental plants, medicinal plants & Flowers for landscaping.

### Company mandates

- Undertake landscape development & greening activities across the country;
- Develop recreational areas in urban & other strategic places;
- Production & supply of flowers & ornamental plants to beautify the surroundings; and
- Provide consultancy service on green & environmental sectors.

### Directors and auditors for 2017

**Chair:** Mr. Phento Tshering

**Chief Executive Officer:** Mr. Damber S Rai

### Board:

1. Dr. Tashi Yangzome Dorji, Program Director – National Biodiversity Centre,
2. Mr. Sonam Tenzin, CPO – DMEA, MoF, and
3. Ms. Kezang Deki, CIO – DoI, MoEA.

**Auditor:** Yeshi Jamtsho, Sr. Auditor  
ACCA, IMSL, Bhutan.

**Auditor's Fees:** Nu.0.050 million.

### Financial and Operational Highlights

The Green Bhutan Corporation Limited has reported profit before tax of Nu.1.71 million for the year ended 31 December 2017 as compared to loss of Nu.0.37 million for the previous year 2016. This indicates that there is an increase of Nu.1.34 million. The increase in the profit was due to the increase in the total income by Nu.45.71 million. The total net comprehensive income amounted to Nu.0.936 million for the year 2017 as against loss of Nu.0.371 million for the year ended 31 December 2016.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	45.71	-
Operating profit	1.71	(0.37)
Profit before tax	1.71	(0.37)
Net profit	1.31	(0.37)
Balance sheet, Nu. m		
Total assets	57.16	0.77
Total liabilities	14.37	0.76
Non-current assets	12.05	0.77
Equity	41.86	0.38
Operating capital	30.74	(0.76)

Key indicators		
Operating margin, %	3.74%	0.00%
Return on equity, %	3.12%	(97.01%)
Return on operating capital, %	4.25%	49.14%
Equity/assets ratio, %	73.22%	49.90%
Debt/equity ratio, %	34.34%	197.41%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

- Memorandum of Understanding (MoU) signed between Department of Forest and Park Services (DoFPS) and GBCL to establish nurseries, carryout plantation of medicinal and ornamental plants at Lamperi for duration of 10 years;
- Creation of 780 Hectares of plantation;
- Executed landscape works Royal Textile Academy, Financial Institutions Training Institute (FITI), YDF Chimt Khang, Old age retired Wangsissana and Samdrup Jongkhar Thromde.

### Corporate Governance

- Developed Internal Services Rules & Regulation 2017 (SRR-2017);
- Developed Long-term Business Plan (Draft);
- Developed HRM and HRD Master Plan;

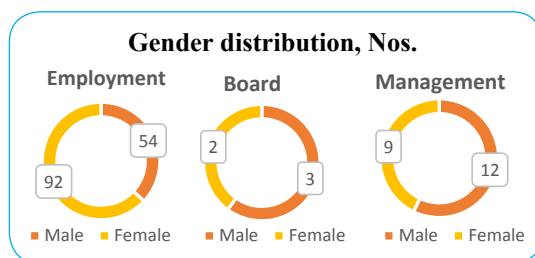
- Developed Standard Operating Procedure (SoP); and
- Initiated Annual Performance (Compact) signing with the Board and further signed the compact with employees cascading the annual performance of the company to the lowest level of position.

### Corporate Social Responsibility (CSR)

- Participated in the 14th National Job Fair organized by Ministry of Labour and Human Resources (MoLHR) at Changlingmethang.
- Participated in the nationwide cleaning campaign to mark the 11th year of enthronement of His Majesty The King.

### Way forward

- Season balance of the water by watershed plantation;
- Increase or maintain forests cover at present level (71%);
- Improve the function of forest; and
- Reduce human wildlife conflict through plantation of fruit & fodder trees.



## V. FINANCIAL SERVICES



### 16. Bhutan Development Bank Limited

#### Basic Corporate data

State Ownership: 96%  
 Location/Address: Chubachu, Thimphu.  
 Type/Line of Business: Financial Services.  
 Business Structure: Company.  
 Date of incorporation: 30-05-2011  
 Product: Banking and credit services.

#### Company mandates

To provide Financial services to the Industrial, Agricultural, Commercial Enterprise Development in the country by mobilizing resources from internally and outside and to remain strong, dependable, customers focused bank that contributes towards the achievement of GNH.

#### Directors and auditors for 2017

**Chair:** Mr. Lekzang Dorji

**Chief Executive Officer:** Mr. Phub Dorji

#### Board:

1. Mr. Nima Wangdi, Frm. Secretary – MoH,
2. Mr. Ugyen Penjore, DG – DoAF, MoAF,
3. Mr. Phub Tshering, Frm. Secretary General – BCCI,
4. Mr. Pema Wangdi, CEO – REDCL, and
5. Mr. Dhak Tshering, Director – DoS, MoWHS.

**Auditor:** GIANENDER & ASSOCIATES  
 Chartered Accountants, New Delhi, India.

**Auditor's Fees:** Nu. 0.099 million.

#### Financial and Operational Highlights

The Bank sustained a loss of Nu.879.756 million before tax for the year 2017 as compared to profit of Nu.325.233 million in the previous year representing a decrease of 370.50%. The huge loss sustained was mainly due to increase in the total operating expenditure by Nu.976.065 million particularly with respect to increase in the provision for impairment (charges)/ reversal for loans and other losses which amounted to Nu.1,259.111 million for 2017 as compared to Nu.392.427 million for the year 2016 with resultant increase in the provision by Nu.866.684 million.

The increase in the provision for impairment/ reversal for loans have happened due to system migration from Ascend Banking Solution (ABS) to Core Banking Solution (CBS).

Particulars	2017	2016
Income statement, Nu. m		
Revenue	2,193.42	2,203.71
Operating profit	845.58	1,074.51
Profit before tax	(879.76)	325.23
Net profit	(908.65)	297.60
Balance sheet, Nu. m		
Total assets	24,148.23	22,649.24
Total liabilities	21,712.89	19,304.42
Non-current assets	190.49	182.34
Equity	2,435.34	3,344.82
Operating capital	2,574.31	2,530.26
Key indicators		
Operating margin, %	38.55%	48.76%

Return on equity, %	(37.31%)	8.90%
Return on operating capital, %	(35.30%)	11.76%
Equity/assets ratio, %	10.08%	14.77%
Debt/equity ratio, %	891.58%	577.14%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

- The Bank migrated its CBS from ABS to Finacle;
- The Bank also migrated its ATM Switching System managed by Smart Choice Technologies (SCT) Nepal to in-house hosted Switching System;
- With the new Switch, the bank also procured and installed 5 new ATMs;
- Opened a new Branch Office at Nobding under Wangduephodrang Dzongkhag;
- 6 GBS were upgraded to GFO;
- Carried out the Urban Land Valuation;
- Development of HR ISR, Procurement manual, Write Off manual, GFO operation Guidelines were successfully completed; and
- Bank could operationalize the OD exercise and Risk manual.

### Corporate Governance

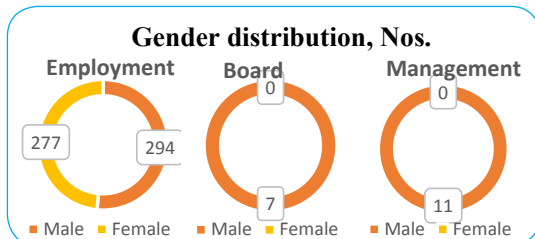
- The bank follows new Corporate Governance Rules and Regulations circulated by the Royal Monetary Authority; and
- As of now, the bank has only two Sub-committees as the oversight bodies of the Full Board:
  - o Board Audit Committee and
  - o Board Risk & Governance Committee.

### Corporate Social Responsibility (CSR)

- Bank is continuously supporting and contributing to Lhakhangs and Chortens Renovation, providing services to the Rural People through Community Centers (CCs);
- Contributed labour/manpower in construction of Bike Trail Trek;
- Contributed labour/manpower in the construction of Nunnery Centre at Debsi, Thimphu.

### Way forward

- To expand financial services to Community Centers (CCs) would be upgraded to GFOs;
- Expansion of GGLS for the people who do not have collateral;
- The bank will implement the PSL and Cheque Truncation System (CTS) to improve banking services;
- Bank will continue providing Overseas Education and Study Development (OESD);
- Bank commits to remain a dominant player in providing financial services to the farmers who comprises close to 56% of Bhutan's working population with focus on rural prosperity through prompt, efficient and effective financial services.





## 17. Rural Enterprise Development Corporation Limited

### Basic Corporate data

State Ownership: 100%  
 Location/Address: Chubachu, Thimphu.  
 Type/Line of Business: Micro Loan Institution.  
 Business Structure: Company.  
 Date of incorporation: 26-04-2016  
 Product: Micro Loan services.

### Company mandates

To provide micro financing to the non-formal rural activities.

### Directors and auditors for 2017

**Chair:** Mr. Lekzang Dorji

**Chief Executive Officer:** Mr. Pema Wangdi

### Board:

1. Ms. Kinley Tshering, Director– DoA, MoAF,
2. Mr. Naiten Wangchuk, CLO – DoL, MoAF, and
3. Mr. Jambay Yeshe, CIO – DCSI, MoEA.

**Auditor:** MUKESH RAJ & Co.

Chartered Accounts, New Delhi, India.

**Auditor's Fees & Expenses:** Nu.0.185 million

### Financial and Operational Highlights

The corporation has made a loss of Nu.31.899 million for the year ended 31 December 2017 as compared to Nu.4.807 million reported in the previous year, indicating an increase in loss by Nu.27.092 million. The loss had increased due to increase in the total

expenditure by Nu.29.119 million mainly on account of substantial increase in the employee benefit expenses from Nu.3.124 million for the previous year to Nu.18.455 million in 2017.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	4.26	2.24
Operating profit	(31.90)	(4.81)
Profit before tax	(31.90)	(4.81)
Net profit	(31.90)	(4.81)
Balance sheet, Nu. m		
Total assets	235.76	146.39
Total liabilities	5.35	2.08
Non-current assets	7.02	2.06
Equity	230.41	144.31
Operating capital	223.89	142.40
Key indicators		
Operating margin, %	(748.19%)	(214.95%)
Return on equity, %	(13.84%)	(3.33%)
Return on operating capital, %	(14.25%)	(3.38%)
Equity/assets ratio, %	97.73%	98.58%
Debt/equity ratio, %	2.32%	1.44%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes



Significant events in 2017

- Approved 962 Projects;
- Fund disbursed amounting to Nu.105.50 million;
- Employment generated was 962;
- NPL reduced from 27.7 % to 18.7%; and
- Sensitized on REDCL fund to all the 20 Dzongkhags.

Corporate Governance

- Inter Service Rules in place;
- REDCL Fund Manual in place;
- Fund Write-off Policy in place;
- Procurement Manual in place;
- REDCL IT Policy in place; and
- REDCL Media Guidelines in place.

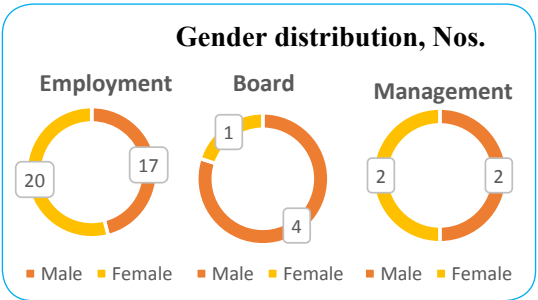
Corporate Social Responsibility (CSR)

- Associated with RMA in Financial Inclusion Program & Global Money Week;
- Partnered with Loden Foundation in Celebrating Global Entrepreneurship Week;

- Provided ToT on Business Proposal Writing to Graduates in partnership with IT Park;
- Collaborate with IT Park on Pitching Business ideas by the aspiring Entrepreneurs;

Way forward

- To get upgraded to fully functional Cottage & Small Industries (CSI) bank;
- To install and implement MFI core-banking solutions;
- Strive to reduce non-performing loan (NPL); and
- To become the member of Regional Micro-Entrepreneurs Network.





## VI. OTHERS

### 18. Financial Institutions Training Institute

#### Basic Corporate data

State Ownership: 30.77%

Location/Address: Changeney, Thimphu.

Type/Line of Business: Tertiary Education.

Business Structure: Public Limited Company.

Date of incorporation: 17-08-2015

Product: Training, Research and Consultancy.

4. Mr. Pema Wangdi, CEO – REDCL; and

5. Mr. Sonam Yeshey, Director, NPPF.

**Auditor:** B.K SHROFF & Co. Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.098 million.

#### Company mandates

- Act as center of excellence for the financial sector's human resource training in the country;
- Impart, promote and develop professionally qualified and competent bankers and financial service personnel; and
- Coordinate and facilitate workshops/ seminar/ conference, and sensitization programs related to financial and insurance sector and banking regulations with other international training institutes and agencies.

#### Financial and Operational Highlights

Despite increase in the overall income by Nu.1.880 million, the company has reported a net loss before tax of Nu.2.135 million for the year 2017 as compared to a profit of Nu.1.377 million reported in the year 2016. The loss was mainly due to increase in the total expenditure by Nu.5.393 million particularly the employee cost and the operation expenses which increased by Nu.1.553 million and Nu.1.665 million respectively. The major portion of income constituted interest from fixed deposit of Nu.3.067 million and income from training and workshop Nu.4.718 million.

#### Directors and auditors for 2017

**Chair:** Mr. Dasho Penjore

**Chief Executive Officer:** Mr. Kuenga Jurmi

#### Board:

1. Mr. Phub Dorji, CEO – BDBL;
2. Mr. D.K Gupta, CEO – Druk PNB;
3. Mr. Kencho Yeshey, Independent Director;

Particulars	2017	2016
Income statement, Nu. m		
Revenue	9.21	7.33
Operating profit	(2.14)	1.38
Profit before tax	(2.14)	1.38
Net profit	(2.59)	1.38
Balance sheet, Nu. m		
Total assets	168.00	103.06
Total liabilities	26.68	43.38

Non-current assets	121.66	44.24
Equity	141.33	103.92
Operating capital	20.15	99.73
<b>Key indicators</b>		
Operating margin, %	(23.18%)	18.78%
Return on equity, %	(1.84%)	1.33%
Return on operating capital, %	(12.87%)	1.38%
Equity/assets ratio, %	84.12%	100.83%
Debt/equity ratio, %	18.88%	41.74%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

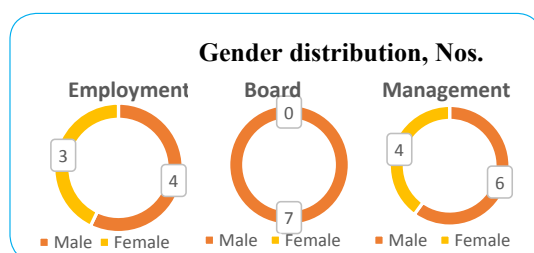
- Completion of design and development of the following flagship programs:
  - Post Graduate Diploma in Banking (PGDB);
  - JA-FITI (Continuing Professional Development Program); and
  - Five (5) Certification Programs (Risk, Credit, Banking Operation, Insurance and Pension).

### Corporate Governance

- Certificate of Incorporation (Aug. 2015);
- Corporate Governance Code (Jan. 2016);
- FITI Service Rules & Regulations (2015);
- Procurement Rules & Regulations (July 2015);
- Financial Manual (March 2016);
- Business Operation License (April 2016);
- Certificate of Registration (Training Provider-March 2018)

### Way forward

- Recruit and form Core Faculty Group;
- Setup Research & Consultancy Division; and
- Rollout FITI Flagship Programs by July 2019.





## 19. Credit Information Bureau

### Basic Corporate data

State Ownership: 44%  
 Location/Address: Thimphu.  
 Type/Line of Business: Credit reporting.  
 Business Structure: Public Limited Company.  
 Date of incorporation: 31-03-2015  
 Product: Credit reports.

### Company mandates

To facilitate access to credit by people from all walks of life through proper credit information sharing amongst the FIs.

### Directors and auditors for 2017

**Chair:** Mr. Dasho Penjore

**CEO:** Mr. Nawang Gyetse

### Board:

1. Mr. Pema Tshering, CEO- Tashi Bank Limited;
2. Mr. Phub Dorji, CEO – BDBL;
3. Mr. Tshering Gyeltshen, CEO – BIL;
4. Mr. D.K Gupta, CEO – Druk PNB; and
5. Mr. Tshering Dhendup, Head, FIU – RMA.

**Auditor:** KGRS & Co. Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.193 million.

### Financial and Operational Highlights

Despite increase in the overall income by Nu.8.905 million, the profit before tax for the year was Nu.6.893 million indicating a decrease by Nu.1.237 million as compared

to previous year's profit of Nu.8.130 million. This is mainly attributed by the increase in the total expenditure by Nu.10.141 million.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	28.74	19.83
Operating profit	6.89	8.13
Profit before tax	6.89	8.13
Net profit	4.56	5.69
Balance sheet, Nu. m		
Total assets	81.29	49.05
Total liabilities	36.01	8.33
Non-current assets	67.64	38.56
Equity	45.28	40.72
Operating capital	0.46	3.81
Key indicators		
Operating margin, %	23.99%	40.99%
Return on equity, %	10.07%	13.97%
Return on operating capital, %	981.16%	149.39%
Equity/assets ratio, %	55.70%	83.02%
Debt/equity ratio, %	79.53%	20.46%
Dividend, Nu. m	-	-
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

The CIB had successfully upgraded new software, Silver blade 2.0 with the technical assistance from Asian Development Bank (ADB).

### Corporate Governance

- CIB had drafted dividend declaration and the IT policy which was approved by the CIB Board.

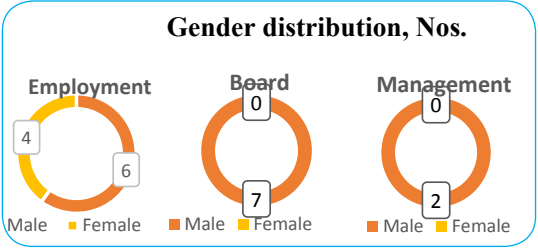
- Further CIB had established Audit committee.

**Corporate Social Responsibility (CSR)**

The members, borrowers and the public at large are supplied with timely and correct information at all times.

**Way forward**

The CIB will set up credit scoring and the mobile apps in future.





## 20. National Pension and Provident Fund

### Basic Corporate data

State Ownership: Fully State owned  
 Location/Address: Chubachu, Thimphu.  
 Type/Line of Business: Financial Institution.  
 Business Structure: Autonomous Body as per Executive Order-2000.  
 Date of incorporation: 30-03-2000  
 Product: Pension & Provident Fund, Retail credits to Members and Corporate Loans.

### Company mandates

- To manage the pension and provident fund of the civil, Armed Forces and SEs.
- Also deals with retail loans and corporate loans.

### Directors and auditors for 2017

**Chair:** Dasho Kinzang Wangdi

**Chief Executive Officer:** Mr. Dungtu Drukpa

### Board:

1. Mr. Pema R Rinchen, Director – HOPE Project, HMS,
2. Mr. Lam Dorji, Frm. Finance Secretary,
3. Mr. Phuntsho Wangdi, Secretary - MoWHS,
4. Mr. Yonten Namgyel, Director – DRC, MoF, and
5. Col. Kinzang Wangdee – Royal Bhutan Army.

**Auditor:** KRA & Co. Chartered Accounts, Kolkata, India.

**Auditor's Fees & Expenses:** Nu.0.353 million.

### Financial and Operational Highlights

NPPF achieved 13.23% gross revenue growth from Nu. 1,877.21 million in the previous year to Nu. 2,125.58 million. The profit before tax also increased to Nu.1,998.05 million in the year from Nu.1,874.27 million, indicating an increase by 6.60% from the previous year.

Particulars	2017	2016
Income statement, Nu. m		
Revenue	2,125.58	1,877.22
Operating profit	1,998.05	1,874.27
Profit before tax	1,998.05	1,874.27
Net profit	1,998.05	1,874.27
Balance sheet, Nu. m		
Total assets	27,431.58	23,862.20
Total liabilities	26,965.10	23,421.50
Non-current assets	22,271.83	18,671.59
Operating capital	5,441.19	5,113.65
Key indicators		
Operating margin, %	94.00%	99.84%
Return on operating capital	36.72%	36.65%
Reporting in compliance with BAS	Yes	Yes

### Significant events in 2017

- Adopted the Corporate Strategic Plan;
- Adopted revised Performance Management System;
- Completed assessment of current ICT application and infrastructure for upgrading into integrated solution to transform NPPF business as social security provider;

- Revised eligibility condition for Member Loan Scheme as collateral free but providing loan care insurance protection to repay loan outstanding by RICB in the event of demise, disability and termination of members;
- Implemented revised interest rates under the RMA's MLR policy; and
- NPPF, in collaboration with GNHC, RMA, MoF, RCSC and other relevant stakeholders finalized the National Pension and Provident Fund Policy.
- Participated in the Retirement Planning Initiative and Induction Program organized by RCSC and RMA's Financial Literacy
- Program in creating awareness of the products and services;
- Instituted Lotedh Scheme to provide benefit in the event of demise of a pensioner; and
- Instituted Social Club to coordinate and participate in social works as volunteers in national and local activities.

### Corporate Governance

- There are four Board committees namely
  - o Board Audit Committee;
  - o Board Human Resource Committee;
  - o Board Tender and Procurement Committee; and
  - o Risk Management Committee.
- Almost all the divisions in NPPF have their SoPs;
- Investment policy in place;
- Subjected to Internal Audits, RAA Audits and Statutory Audits and Onsite Inspection by RMA.

### Way forward

- To streamline and institutionalize retirement benefits and contribute towards alleviating old age poverty;
- To expand membership base in order to cater to a larger section of the society;
- With the growing fund size and stable cash flow, it is an opportunity to explore alternative investment avenues, one of them is investment abroad; and
- To submit the Pension Reform proposal to the government.

### Corporate Social Responsibility (CSR)

- Actively pursued awareness campaign on the retirement schemes, loan products and services by visiting the Dzongkhags and individual organizations;







**Ministry of Finance, Tashichhodzong**

**P.O Box: 117**

**PABX: +975-2-322223 / 322514 / 322271 / 327763 / 322285**

**Fax: +975-2-323154**

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