



# Annual Report 2015



## Values of BPC

Integrity, mutual respect for each other, professionalism, accountability, care and “Tha Dhamtse”.





## **Our Vision**

“To be the best electric utility in the region committed to quality services, maximization of value, and sustainable socio-economic development”

## **Our Mission**

To Transmit, Distribute and Supply Electricity within the Country, wheel Electricity for Export, and Practice Good Corporate Governance.



Board of Directors	5
Management Team	7
Directors' Report	8
Company Profile	15
Auditor' Report	20
Exhibit to the Annexure	22
Financial Statement	28



# Board of Directors



## **Dasho Tshering Dorji, Chairman**

**Position:** Secretary,  
Ministry of Home and Culture Affairs

**Education:** Masters of Science in Management , Arthur D. Little School of Management, Massachusetts, USA.  
B.A Eng (Hons) from Kirori Mal College, University of Delhi, India

**Experience:** Ambassador to Bangladesh & Thailand.  
Chief of Protocol, Ministry of Foreign Affairs

**Meeting Attendance:** 5/5



## **Mr. Gem Tshering**

**Position:** Managing Director,  
Bhutan Power Corporation Ltd.

**Education:** B.Tech from Madras, India.  
Masters in Planning and Policy from AIIT, Thailand.

**Experience:** Energy Specialist, Department Of Energy, Ministry of Trade & Industry  
Chief Engineer, Head of Division, Planning & Coordination Division, DoE, Ministry of Trade and Industry  
Superintending Engineer, Projects Planning & Investigation Division, DoE, Ministry of Trade & Industry

**Meeting Attendance:** 5/5



## **Mr. Karma P Dorji, Member**

**Position:** Chief Engineer, DHPS  
Ministry of Economic Affairs

**Education:** M.sc in International Development Technology, State University of California (Hambolt University) Arcara, United States  
Electrical Engineering, PSG College of Technology, Coimbatore, Tamil Nadu

**Experience:** Executive Engineer, Planning & Coordination Div, DHPS, MoEA.

**Meeting Attendance:** 5/5


**Mr. Phento Tshering, Member**

**Position:** Chief Forestry Officer, Thimphu Division  
Ministry of Forest & Agriculture

**Education:** M.sc in Mountain Forest Ecology & Management,  
University of Natural Resources & Applied Life Sciences  
M.sc in Forestry & Administration, Indra Gandhi National  
Forest Academy, Dehradun

**Experience:** Divisional Forest Officer, Wangdue Territorial Forest  
Division

**Meeting Attendance:** 5/5


**Mr. Singye Dorji, Member**

**Position:** Chief Executive Officer  
Wood Craft Center

**Education:** Bachelors Degree in Commerce, Sherubtse College

**Experience:** Executive Director, Lhaki Group of Companies  
Managing Director, Bhutan Board Products Limited.

**Meeting Attendance:** 5/5


**Mr. Sonam Lhundup, Member**

**Position:** General Counsel, DHI

**Education:** Master of Law Degree (LL.M) from the George  
Washington University Law School, Washington DC,  
USA.  
Bachelor of Law (LL.B) from the University of Mumbai,  
India

**Experience:** Senior Legal Officer with the MoA and as member of the  
Land Act Review Committee as its Member Secretary.  
Legal Officer at the Policy and Planning Division  
of the Ministry of Agriculture

**Meeting Attendance:** 4/5

# Management Team



From Top, Lft

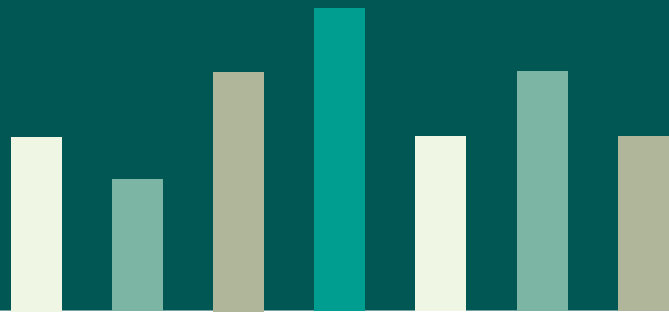
Mr. Ujjwal Deep Dahal, GM, BPSO, Mr. Sandeep Rai, Offtg. GM, DCSD, Mr. Drukchu Dorji, GM, PSD, Mr. Gorab Dorji, GM, EDCD, Mr. Namgay Wangchuk, GM, ICD, Mr. Shamsheer Pradhan, Offtg. Head/GM, TS

Bottom, From Left

Mr. Tashi Penjor, Company Secretary, Mr. Nim Dorji, Offtg. Head/GM, HRAS, Mr. Gem Tshering, MD, Mr. Sonam Tobjey, Director, FAS, Mr. Thinley Gyeltshen, GM, TD, Mr. Pradeep M. Pradhan, AD, Corporate Services, Mr. Dechen Choling, GM, RED



# Directors' Report



## Directors' Report on the Performance of Bhutan Power Corporation Limited for the year 2015

### Introduction

On behalf of the Board of Directors of Bhutan Power Corporation Limited, I have the privilege to present this report on the performance of the Company for the period covering 1st January 2015 to 31st December 2015 to Druk Holding and Investments Ltd. (DHI), the sole shareholder, and to the other relevant stakeholders.

### System Performance

The demand for electricity consumption for domestic purpose has been growing steadily over the years keeping in pace with the growth in the economic activities of the country. The peak demand has reached 336.52 MW as compared to 333.14 MW in the previous year. During the year, 8,483 customers were added and BPC today serves more than 168,279 customers. The addition has been mostly through service connection of the rural homes in the country side brought about by extensive Rural Electrification coverage made by the Company.

To meet the domestic consumption demand of power, 2142.167 Million Units (MU) of energy was purchased from Druk Green Power Corporation Limited (DGPC) during the year as compared to 2064.300 Million Units during the previous year. Of the total purchases, royalty energy accounted for 1093.953 MU for the year as compared to 1059.200 MU in the previous

year. The internal generation from embedded mini and micro hydels owned by the company was 14.676 MU during the year.

The total sale for the year was 2057.141 MU as compared to 1,977.182 MU in the previous year reflecting a growth of about 4.04% over the year. The energy wheeled by BPC for export to India for DGPC increased to 5541.759 MU from 5,044.327 MU in 2014.

On the System Performance, I am happy to report that BPC has been maintaining its system losses at limits comparable within the region. Of the total energy of 7,703.296 MU received by the system during the year, 7,598.900 MU was the total utilization of energy. This translates the global energy loss for the year to 1.35% as compared to 1.13% in 2014. The domestic T&D loss for the period is 4.83% and for the previous year the loss was 3.87%. The company has been able to maintain its losses within permissible limits due to timely preventive, planned maintenance and up-gradation of the network system.

The load flow within the system is coordinated and monitored by the Bhutan Power System Operator (BPSO). The Center monitors the power systems operation online for carrying out effective dispatching of load and coordination with generating plants of DGPC and the Indian Eastern Region Load Dispatch Center at Kolkatta.

## Financial Reports

I am happy to report that since the year 2013, the Company has adopted the Bhutanese Accounting Standards (BAS) which are based on International Financial Reporting Standards. BPC is currently in the first phase of implementation of BAS with 18 standards. With the adoption of BAS, there is improved financial reporting and the company's financial statements are consistent with international standards and practices.

## Auditors' Report

The Auditors have issued an unqualified audit report for the year with no adverse comments. They have, however, disclosed as a statement of fact that in 2013 BPC has given an interest free advance of Nu.400 million to the shareholder DHI and Nu.900 million inter corporate loan to M/s. Dungsam Cement Corporation Ltd during the year. The company has also implemented all the previous years' recommendations made by the Auditors.

## Financial Performance

The total assets of the company stand at Nu. 25,185.46 million as compared to Nu. 24,651.64 million as on December 31, 2014. The net worth of the company today is Nu.19,035.58 million as compared to Nu. 18,466.62 million on December 31, 2014. Gross assets amounting to Nu. 1,500.34 million have been added during the year.

## Borrowings

The funds generated from the operating activities were adequate to meet the investment activities of the company and other operating obligations of the year. The Company has not borrowed additional funds during the year to

finance its capital investments. The company has, however, continued to take soft loans from the existing financing arrangement provided for financing the rural electrification works. These soft borrowings are made available to BPC through the Royal Government of Bhutan by the Asian Development Bank (ADB), the Japan International Cooperation Agency (JICA) and the Austrian Federal Government (ADA). During the year, BPC has drawn Nu.84.15 million from JICA and Nu.77.46 million from ADB, totaling Nu.161.61 million. For the previous year, the total borrowings were Nu. 6,185.02 million. The principal repayment of Nu.196.76 million has been made during the year for the existing borrowings. The total net borrowing for the year is Nu. 6,149.88 million for the year against Nu.6,185.02 million in the previous year.

## Government Grants

The Royal Government of Bhutan still continues to support BPC in many of its programs. One such program is the construction of 300x2 kW Pilot Wind Power Project at Rubessa, Wangdue Phodrang funded as grant by ADB through the Royal Government of Bhutan. The Company received capital grant of Nu. 8.21 million during the year.

## Construction Contract Works

Apart from constructing network expansion works within the country, BPC also executes associated transmission system (ATS) works for Punatshangchhu Hydro Electric Project Authority I & II (PHPA-1 and II), Mangdechu Hydro Electric Project Authority (MHPA) and Inter Connecting (GIS) Substation Jigmeling for evacuation of power from these generating plants which are under construction. For these works, the company has received Nu. 1,075.30 million, Nu. 964.60 million, Nu. 1,244.46 million

and Nu 0.300 million respectively from the Hydropower Authorities during the year.

### Capital Investments

During the year, the company spent Nu. 883.68 million as compared to Nu. 1,668.54 million in the previous year in capital works for network expansion and for augmenting and improving the ageing grid network. This investment represents 64 % of the Profit after tax of the current year before dividend.

On financing these capital works, BPC has been able to meet its capital commitments for system up-gradation works from its own operating activities while the work for Rural Electrification Project has been financed through soft borrowings scheme and grant from the Royal Government of Bhutan.

For the construction contract works of building associated transmission system (ATS) for Punatsangchhu Hydroelectric Projects I and II, Mangdechu Hydroelectric Project Authority and the ICT GIS Substation at Jigmeling, the Corporation spent Nu. 4,210.852 million during the year.

### Operating Results

The revenue of the Company has been growing steadily over the years. The gross revenue earned for the year is Nu. 9,769.65 million compared to Nu. 7,273.88 million in the previous year. The growth in the gross revenue is 34% as compared to 13.6% in the previous year. The revenue from sale of electricity grew by 14% from Nu. 4,032.66 million in 2014 to Nu. 4,588.08 million in 2015. The revenue from wheeling of power increased to Nu. 632.27 million from Nu. 575.05 million in 2014 representing a 10% growth. Other revenue earned for the period is Nu. 267.24 million as compared to Nu. 246.66 million in 2014, an increase in the earnings by about 8%.

The average tariff for the year is Nu. 2.27 per kWh as compared to Nu. 1.966 per kWh in 2014.

The revenue from construction contracts earned increased significantly from Nu. 2,419.50 million in 2014 to Nu. 4,282.06 million during the year, an increase in the earning by 77%. The increase is attributed to the good works progress made during the year.



*Stringing of Transmission Line*



The total expense incurred for the year including purchase of power, finance costs and depreciation expenses is Nu. 7,798.03 million as compared to Nu. 5,680.79 million in the previous year. The increase on the expenditure has mainly been on account of increase in construction contract expenditure.

The Company made a net profit after tax of Nu. 1,380.74 million for the year as compared to Nu. 1,002.97 million in 2014. Current tax assessed for the year amounts to Nu.519.784 million. From the profits earned for the year, the Board of the company proposes and recommends a dividend of 95% which works out to Nu.155.82 per share, amounting to a total dividend payout of Nu. 1,281.655 million. In addition, the Board also recommends transfer of Nu. 5.74 million to Asset Replacement Reserve.

### Power System Expansion Programs

I would like to report on the status of the major ongoing works of the power system expansion works and the new initiatives taken during the year since these works are critical for building a reliable electrical power network system.

I am very happy to report that the construction of 220 kV Substation at Dhamdhum, Samtse has been completed, commissioned and capitalized in the year. The construction of hollow block quarters to house the project staff due to housing crisis in Tingtibi, which was awarded to Dungkar Construction at a contract value of Nu. 21.741 million in December 2014 was completed within the contract period of 8 months.

### Some of the capital works in progress in the year were:

- a) Construction of two numbers 400kV D/C transmission lines taken up by BPC as a deposit work for PHPA I for the evacuation of power from Punatsangchhu-I Hydro Electric Project to India is progressing with physical progress of 79.42% for package A and 72% for package B as on December 2015. The revised schedule of completion is June 2016.
- b) Construction of two numbers 400kV D/C transmission lines taken up by BPC as a deposit work for MHPA for the evacuation of power from Mangdechhu Hydro Electric Project made progress of 64% as of December 2015 with 235 tower foundation casted and 10Km of stringing works completed. The work will have to be completed by January 22, 2017.
- c) The contract for construction of 400kV D/C Transmission line from pothead yard Punatsangchhu II in Wangdue to Jigmeling, Sarpang, taken up by BPC as a deposit work for PHPA II, was awarded to M/s KEC International Ltd., India on January 16, 2014 at a contract value of Nu. 1809.112 million. The work is progressing quite well and the physical progress as on December 2015 is 41.43 %. The work will have to be completed by July 15, 2017.
- d) The construction of the 66 kV Transmission Line from Thimphu to Gasa, which was awarded to Joint Venture of Bhutan Engineering Company Pvt. Ltd. and Bhutan Engineering Power Co. Pvt. Ltd. on November 6, 2014 at contract value of Nu. 341.738 million has achieved progress of 25% as on December 2015. The work will have to be completed on November 5, 2017.
- e) The construction of O&M Infrastructure at Samtse, which was awarded to Loden Construction on September 30, 2014 at contract value of Nu. 34.276, is

43% completed as on December 2015. The work will have to be completed by September 29, 2016.

### Rural Electrification (RE)

BPC was entrusted with the mandate to provide electricity for all by 2013 in the 10th Five Year Plan (FYP) with a total of 40,257 households to be electrified through on-grid supply scheme. BPC tried all its efforts to meet the mandate, and at the end of the 10th FYP, BPC achieved 94% coverage. The spillover works were carried forward and as of December 2015, BPC has electrified total of 43,273 households achieving the mandates of 10th FYP. The achievement is due to the increase of households which were left out or where new constructions came up in the targeted areas.

BPC is still struggling to reach grid electricity to some difficult and remote areas such as Laya in Gasa, Bardo in Zhemgang, Doban/Jigmecholing in Sarpang and Dorona in Dagana which are targeted to be completed within early 2016.

Last mile RE connectivity was full of challenges. One of the major challenges faced was the inaccessibility of work sites wherein the transportation of materials has been the single most challenge. This was coupled with harsh climatic conditions and difficult geographical terrain, scattered work sites resulting in severe working conditions, thereby making it difficult to get laborers and also retain the existing workers to work at the site. In some cases, BPC lacked support from the community, which further delayed the progress of RE works.

In spite of all challenges, I am proud and happy to report that BPC has made significant progress and today about 99% of Bhutanese homes all over the country have access to grid electricity supply. However, maintaining the

reliability of supply of the extended grid network at affordable price will be a challenge.

### System Improvement Works

System improvement is a continuous activity in BPC. It is necessary in order to improve the supply reliability and meet the increasing power demand. Also, such system improvement works help improve safety and reduce energy loss.

In the distribution system, besides replacement of old conductors, up-gradation of transformers, replacement of overloaded conductors and transformers, conversion of bare conductors to LV ABC, Department of Customer Services Department has carried out Construction of 33/11 kV substation at Samdrup Jongkhar, Construction of 33/11 kV substation at Khalangzi Power House, Mongar, Construction of 2x5 MVA substation at RBA Lungtenphug, Thimphu, Construction of 2x3 MVA substation

*Mangdechhu Transmission Line*



at Sipsu and Up-gradation of 2x2.5 MVA to 2x 5 MVA at RICBL, Thimphu.

In the transmission system, Transmission Department has carried out up-gradation of 66kV Paro substation with 2x20MVA, 66/33kV power transformer, re-alignment of 220kV Rurichhu-Tsirang transmission line (rt 42-rt43) at Dogorthang for PHPA-II dumping yard, re-alignment of 132kV Dewathang-Rangia line for Industrial estate, changed current transformer at 220kV substation, Semtokha, carried out retrofitting of relays at Haa substation, Shifting of 8MVA transformer from Paro to Watsa and started works on the upgradation of Singyegaon substation to GIS substation.

### Corporate Governance

During the fiscal year, to enhance good governance and to provide strategic guidance to the company, the board held 14 meetings. The Annual General Meeting was held on 16th April, 2015. Besides regular board meetings, 2 Board Audit Committee meetings and 2 Board Tender Committee meetings were also held to decide and finalize on the procurement of goods, services and works.

In all the meetings, the quorum as required was duly maintained and all the Directors of the Board declared no conflict of interest in each of these meetings.

### Risk Management Framework

The 48th Board Meeting of Druk Holding and Investments Limited (DHI) approved the implementation of Risk Management Framework in DHI and DHI owned Companies. The framework, which constitutes a part of its Corporate Governance Code, is aimed at driving performance enhancement and optimal resource utilization in various companies it owns.

BPC, which is governed by the DHI ownership Policy was directed to start the implementation of the Risk Management Framework by 2014 vide Letter No. DHI/CEO/DOC/2013 – 1039 dated December 4, 2013. Accordingly, the Risk Management Division (RMD) was instituted in August 2014, with Risk Officer as the Head of the Division.

Since Risk Management has multi-disciplinary and cross-cutting functions, BPC had further assigned Departmental Risk Focal Persons, comprising a senior and experienced employee each from the 8 Departments.

In 2015, BPC Risk Team came together to identify company-wide risk factors, and the first company specific Risk Register was compiled. The Risk Register helps in contextualizing every risk item and in objective analysis thereof, in terms of financial loss, reputational damage, severity of impact, probability of occurrence, evaluation of existing control mechanisms, additional control requirements, risk owners, etc.

This Risk Register was submitted to DHI, which will be coming out with a Group-wide Risk Management Policy.

### Human Resources Management Initiatives

The main highlight of 2015 was the appointment of Mr. Gem Tshering, former Director, Transmission Wing as the new Managing Director of BPC on 1 July, 2015.

HRAS has organized short term and long term training achieving training mandays of close to 17,500, and recruited 23 new employees in 2015. HRAS has spent considerable time in implementing the re-designation and staff benchmarking exercise as per the HR Master Plan 2014-2020.

To commemorate the celebration of the 60th Birth Anniversary of our beloved Fourth Druk



Gyalpo, hundreds of volunteers from BPC helped in the construction of biking/walking trail around Thimphu city. BPC also organized a blood donation campaign in December 2015.

### Monitoring of Performance

The performance of both financial and non-financial aspects of the company is managed and monitored through signing of the compact with DHI and through the Performance Based Incentive System (PBIS) which is the management tool of monitoring performance at all levels.

### Challenges

Some of the issues that have posed a challenge in our drive to expand the network system and to provide uninterrupted and reliable power supply to its customers are:

1. Right of way and clearance issue for new power infrastructures and their constructions.
2. Shifting and relocating of the existing lines at all voltage levels.
3. Disruption in the supply in the vast grid network of power system due to force majeure conditions (wind, storm, thunder, lightening, snow, rain and sometimes man made)

### Acknowledgement

The Board of Directors and the Management team would like to extend sincere gratitude by acknowledging the timely assistance provided by the Ministry of Economic Affairs, the Ministry of Finance and the Department of Hydropower Power Systems, Department of Renewal Energy, Bhutan Electricity Authority in terms of policy guidance. We would also like to duly

acknowledge the support and cooperation rendered by all those agencies that have been closely associated with BPC directly or indirectly. We are also thankful to the ADB, JICA and ADA for providing funding and technical support towards Rural Electrification works.

We would also like to place on record our sincere gratitude to the Chairman and other officers of Druk Holding & Investments for their continued guidance and support during the year.

The Board and Management would also like to extend its deep appreciation to Dasho Bharat Tamang, who, as the Managing Director from January 2008 to June 2015 had put in a lot of hard work and taken numerous personal initiatives to make BPC an exemplary company in many respects.

Finally, the Board would like to thank the employees of the Corporation and the Management Team for having maintained their high level of professionalism, dedication in their works and for delivering good and consistent results. I am confident that with the able leadership of the management and with continued team efforts, BPC will continue to fulfill its core mandates. Towards this end, the Board would like to assure the employees of BPC our firm support in their pursuit in realizing the goals and missions.

Tashi Delek!

For and on behalf of the BPC Board

(Tshering Dorji)  
Chairman

# Company Profile

Bhutan Power Corporation Limited (BPC) was formed as an offshoot of the erstwhile Department of Power, the then Ministry of Trade and Industry and was launched as Public Utility Company on 1st July 2002 with an objective that the corporatization of the utility functions would lead to greater efficiency and better delivery of electricity supply services in the power sector. Later the Ownership was transferred to Druk Holding and Investment Limited (DHI), the commercial arm of the Royal Government of Bhutan, established in 2007 upon issuance of Royal Charter in 2007 “to hold and manage the existing and future investments of the Royal Government for the long term benefit of the people of Bhutan”

## Our Vision

The Best power utility in the region committed to quality services, maximization of value and sustainable socio-economic development in pursuit of GNH.

## Our Mission

To transmit, distribute and supply electricity within the country, wheel electricity for export and practice Good Corporate Governance.

## Our Culture & Value

Integrity, mutual respect for each other, professionalism, accountability, care and “Tha Dhamtse”.

## Destination Statement

To make BPC into a 45 billion company by 2020

## Our business

BPC builds, owns, operates and maintains the entire electrical transmission and distribution network in the country including 19 mini and micro hydropower plants. Besides sale of electricity to customers within the country, BPC is responsible for “Wheeling” of power over its transmission lines from the large hydropower plants owned by the Druk Green Power Corporation Limited (DGPC) for export



Civil Award recipients

to India. BPC was entrusted with a mandate to provide electricity for all by 2013 in the 10th Five Year Plan (FYP) with a total of 40,257 households to be electrified through on-grid supply scheme. BPC tried all its efforts to meet the mandate, and at the end of the 10th FYP, BPC achieved 94% coverage. The spillover works were carried forward and in 2014 BPC electrified 3198 households through various RE programs and as of December 2015, BPC has electrified total of 40,852 households achieving the mandates of 10th FYP. The achievement is due to the increase of households which were left out or where new constructions came up in the targeted areas.

BPC is also entrusted for power grid expansion to provide growing electricity demand of industries, commercial, institutional and residential customers all over the country. BPC is also licensed to build ICT Connectivity infrastructures such as OPGW and ADSS over power lines to provide not only electricity supply services but to facilitate bulk communication of digital data, information and voice in the country. BPC is thus a provider of the “wire” services for both electricity supply as well as ICT. BPC was also given two new licenses by Bhutan Electricity Authority (BEA) i.e., License to construct and operate 500kW Rubesa Wind Power Plant and License for System Operation of Power System in the Kingdom of Bhutan.

With the Royal Government’s vision of developing 10,000 MW of hydropower capacity by 2020, BPC has also been mandated to construct the Associated Transmission System (ATS) including 400kV lines and Inter-connecting power pooling substations required for evacuation of power from these mega hydropower plants up to the Bhutan-India border.

## Corporate Strategic Plan Using Balanced Scorecard System

The revision of Corporate Strategic Plan 2007 was carried out to keep abreast with the changing environment in relation to development activities, changes in policies, increased customer expectations and technological changes. BPC is also experiencing drastic change in social obligation and political mandates to work towards the socio economic development of the country and to improve the living standards of the people by providing reliable electricity supply. In order to overcome those challenges and to assist in planning, execution and implementation of BPC functions more efficiently, BPC has developed new corporate strategy plan using the Balanced Scorecard System which is one of the widely used international best practices in managing the organization. The new strategic plan was prepared with expert inputs from the Institute, Balanced Scorecard Australia along with the visioning and directions from the past BPC Board of Directors and the Management. So in the next five years, BPC will be guided by the new Corporate Strategic Plan 2015 in the operation and functions of the organization.

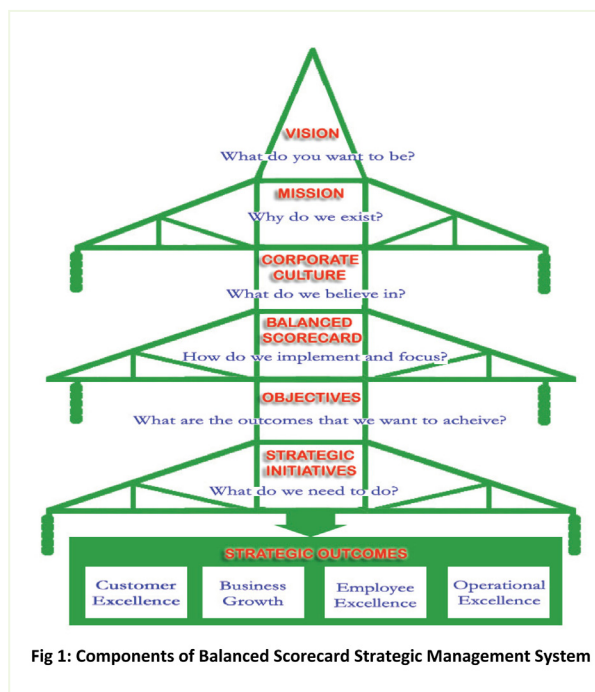
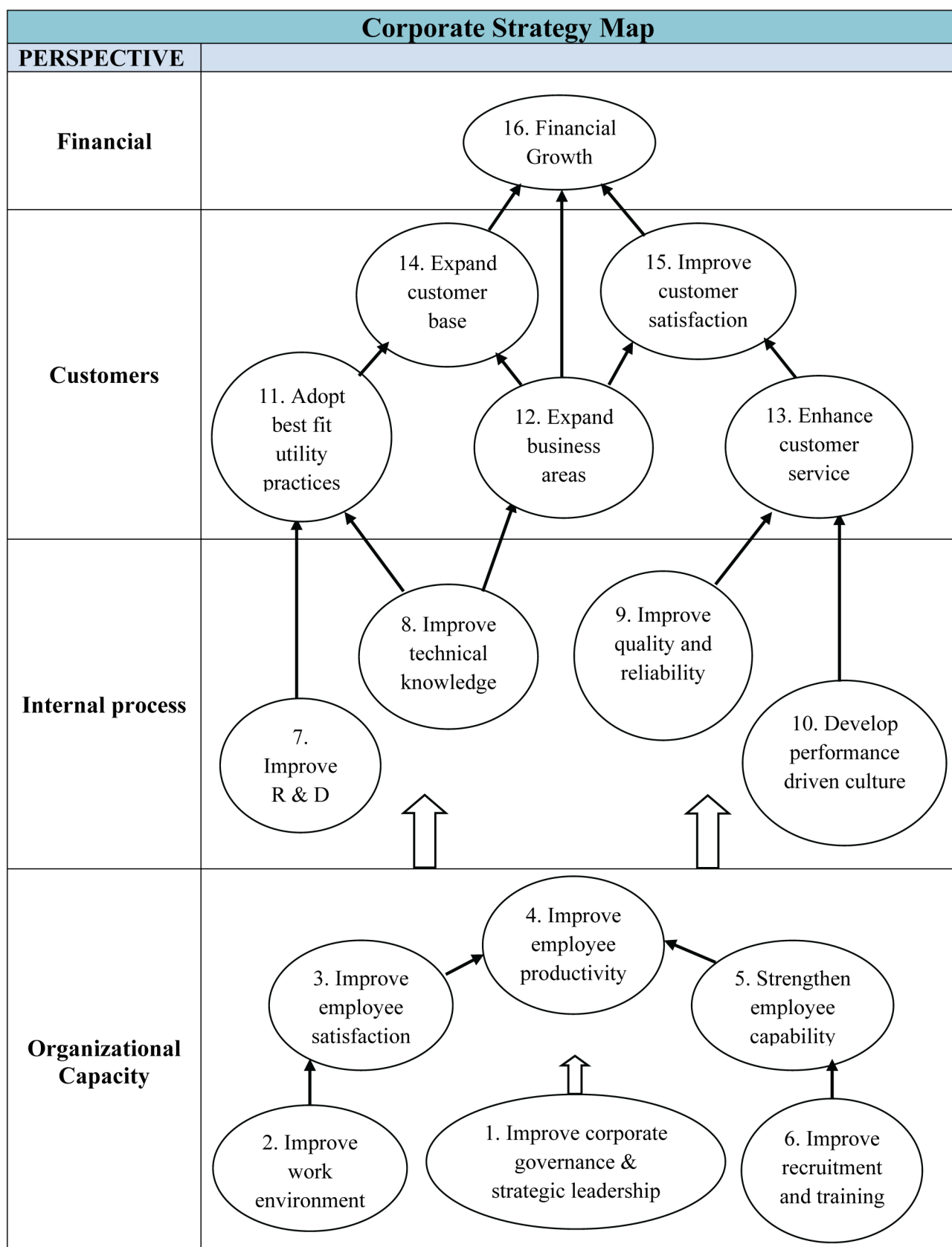


Fig 1: Components of Balanced Scorecard Strategic Management System





## Our Network

The BPC Grid network covers the whole country. The oldest system was established since mid Sixties and in Seventies with the commissioning of the mini hydel generation plants in each district headquarter. Most of

the old assets are now being replaced. While our present network system is fairly new, maintaining the vast gridded network of assets remains a challenge especially those in the periphery of the country.

The overview of the company's network system is detailed below:

	Transmission system (66kV up to 400kV)	Distribution system (400/230kV up to 33kV)	Total
Overhead lines	1096.655 km	13,682.86 km	14,779.515 km
Underground lines	6.02 km	474.21 km	480.23 km
Transmission Towers	3295 Towers	-	3925 Towers
Transformer capacities	1035.5 MVA	548.505 MVA	1,584.005 MVA
Number of Transformers (including 33 kV)	83 Numbers	4501 Numbers	4,584 numbers
Generation Capacity (Diesel)			8238 KVA
Generation Capacity (small hydro)			7920 KW
Total Generation Capacity			15,334 KW
Total Energy purchased (2015)			2142.166 GWh
Total Energy sold (2015)			2057.140 GWh
Total Energy Wheeled( 2015)			5541.759 GWh
Total Energy Generated (2015)			14.675 GWh
Peak Domestic Demand			336.52 MW
Customer Connections			
Residential			167,441
LV Bulk			770
MV			52
HV			16
<b>Losses</b>			
Global Loss			1.35%
Distribution Loss			8.98%
Transmission Loss			0.71%



Customer Service

### Customer Service

Customer care and delivery of services is in the forefront of our initiatives. The customer care is managed by multi-task employees through our service centers located near the customer premises. Customer complaints are handled

through a centralized Contact Center located in Thimphu. Our customer satisfaction index was 3.98 on scale of 5 based on third party survey result. As compared to the 2014 CSI which is 3.79, the CSI for 2015 has gone up by 0.19.

### New Connections

8,483 customers were added to the network system during the year 2015.

### Safety

The Board had approved the 'Budget 2015' with the Theme "Ensuring Safety and Security at Work at all times" Therefore, to achieve this mandate, the Distribution & Customer Services Department (DCSD) and the Transmission Department (TD) had jointly conducted Training of Trainers (ToT) on Safety Management System in Central Maintenance & Training Division, Begana, for 43 supervisory level employees with the help of Consultants from the Provincial Electricity Authority (PEA), Thailand. The ToTs were trained on the Safety Management System, the topics covered were viz. Morning Safety drill, safety talk, tool box meeting, job safety analysis, Use of safety

## MORNING SAFETY TALK BY GROUP LEADER IN PRESENCE OF CHIEF MANAGER.







tools, use of PPE, and importance of grounding and safety signs. They were also made aware of the Acts, safety regulation and codes.

Thereafter, the trainer trained the other field employees at various locations across the country. The total number of employees trained stood at 1141, of which 718 employees were of DCSD and 423 employees were of TD.

During the year, the Safety Inspection and Compliance Division (SICD) under the MD's Office had carried out internal safety audits/inspections in the field to observe that the employees comply with the Statutory requirements such as adoption of work permit system, isolation, testing, earthing and hazards identification and mitigation through morning safety drill/safety talk, tool box meeting and job safety analysis. It was observed that although it takes time and it's hard to bring out employees' behavioral change and their mind-set towards safe work culture within a short period of time, however, with vigorous training on safety had gained momentum in transforming the employees' behavior. As such, after the training, there are signs of improvement in the approach to safe work culture. The SICD had also issued safety observations with advice for improvement to the audited divisions and created safety awareness to the employees during the field visits.

Prevention of workplace accident is a top priority in BPC, thus, to minimize accident related to GO switch miss-operation and HT fuse replacements, the SICD had conducted awareness cum hands-on-training on the use of Hot-stick for replacement of HT DO fuse of transformer in all the regions after successful piloting of the practice under the R&D initiative. All O&M in-charges and one lineman from each ESD were trained to operate the Hot-stick on LIVE-line.

The practice once adopted in the ESDs will bring in efficiency in operation and maintenance, increase customer satisfaction and ensure safety of linemen. As it is done on LIVE-line and

does not require shut-down and the lineman is fully protected.

Distribution & Customer Services Department DCSD mission is to provide reliable and efficient power supply to our customer. In order to achieve our target, DCSD constantly endeavor to find new ways and means to be efficient and effective. Some of the initiatives undertaken and completed by DCSD in 2015 are as follows:

#### **Utility Customer E-Services (UCES):**

It's a portal, where the customer can interact with BPC. Through UCES system, BPC's customers can view their monthly electricity bills and payment history, send enquiries or even give feedbacks.

#### **Distribution transformer metering in ESD, Paro on pilot basis:**

The objective of this pilot project is to segregate the sectional losses and establish correct reliability indices, monitor distribution transformer loading through actual data capture. Most importantly, this would help in conducting energy audit. If the project is successful, after carrying out detail analysis, DCSD wants to rollout to other ESDs in future. Awarded the work for re-habilitation of Chumey Mini-Hydel:

DCSD had awarded the work for re-habilitation of Chumey Mini Hydel to Erhard Automation, Austria. The re-habitation work is scheduled to be completed within 24 month. With the re-habilitation of Chumey Mini-Hydel, BPC can provide backup power supply to our customer during emergency and can generate additional revenue for BPC.

#### **B-Wallet:**

For the convenience of our valued customer, DCSD introduced B-Wallet system for BPC's bill payment. A total of more than 3,297 customers have made payment through B-Wallet system.

The impact of DCSD's initiate seems to be having impact with our valued customers,

as can be reflected through yearly Customer Satisfaction Index (CSI) survey of 2015. DCSD achieved 3.98 on a scale of 5 when compared to 2014 CSI index of 3.79

Yet, DCSD will not be complacent with the CSI survey result of 2015. It has many challenges and difficulties ahead. DCSD now intends to focus how to provide reliable power supply especially in remote rural areas, where access to lines and customers are very far and difficult.

#### **Metering, Billing & Collection (MBC)**

Metering, Billing and Collection is one of the core functions of DCSD who caters the demands of 168,279 customers (as of December 2015). All the customers are metered and monthly meter reading and billing is conducted by DCSD. There are several categories of customers based on the voltage level they are connected to.

The monthly meter reading is taken by the multitask via smart meter readers/Spot billing machines and the bills are presented to the customers on site itself. The HV and MV customers contribute to the major sales of electricity while sales to LV customers are insignificant.

#### **Customer Care**

Customer care is one of the top most priorities of DCSD and every employee is trained to take care of the customer's needs by providing and delivering professional, helpful, high quality service and assistance before, during, and after the customer's requirements are met.

DCSD operates and maintains toll free contact center 1250 which can be accessed by all the customers to lodge their complaints. The contact center agents are available 24x7 that receives the complaints from all parts of the country. Once the complaint is lodged, sms to the multitask center staffs are sent who then attends to the complaint.

#### **Meter Testing**

Bhutan Power Corporation Ltd. procures





around 10,000 meters (combination of single and three phase meters) annually to meter new customers and for replacement of old existing meters. In the absence of meter testing bench in BPC, all new meters are tested at the supplier's premises, which is time consuming and an added cost to BPC. Therefore, BPC has procured '10 position fully automatic meter test bench with accuracy class of 0.02', and installed it at Phuentsholing on 5th September 2015.

This meter-testing bench has been procured by BPC at a cost of Nu. 7.8 Million and is seen as a very important equipment. The importance of this equipment is not just for BPC but it is equally important for BPC's valuable customers. This meter-testing bench shall now facilitate conducting all kinds of routine, acceptance and certification tests for all kinds of meters in BPC. The accuracy of the reference meter is of class 0.02 and therefore all kinds of meter testing shall be of high precision and accuracy. Doing this, BPC shall ensure that all the meters that shall be installed in the customer premises are

very accurate so that the meter records precise consumption of the customers. BPC shall maintain excellent standards for every meter connected to the customer premises.

This meter-testing bench shall now test each and every meter prior to dispatch. This is an effort of BPC to ensure that its valuable customers are assured of precise billing from the meters. BPC is of the view that this small step would further strengthen the existing association of BPC and its valuable customers. BPC as a socially responsible organization is mandated to safeguard the customers from unhealthy situation of wrong billing. BPC is very confident that this meter-testing bench will go in a long way to help BPC gain confidence of the customers, which would ultimately protect the distinguished image BPC has built over the past 13 years.



*Erection-2 Line realignment  
at semtokha*





### Transmission Construction Department, Transmission Wing

Transmission Construction Department (TCD) under Transmission Services (TS) is mandated for implementation of major power transmission and associated O&M infrastructure development works in line with the Transmission expansion network plan. TCD is also taking up the construction of transmission lines and pooling substations as a deposit work for Hydro Electric Projects for which 10% of the executed value of the project is charged as deposit work charges.

### For the current financial year (2016) the targets of the Department are as follow:

- ✦ Construction of 132kV power infrastructures (132 kV transmission line and substation) to reach construction power supply to KHEL.
- ✦ Sign and award of contract to DHI Infra and handing over of site by January 2016 for 66kV Jemina-Changedaphu transmission line.
- ✦ Construct of 2 No. O&M infrastructure at Yurmo substation.
- ✦ Award the contract for G+2 building at Tingibi.
- ✦ Retaining wall, chain link fencing and water supply at 132kV Yurmoo Substation.
- ✦ Award the works for O&M infra at Tsirang.
- ✦ Complete PLCC communication works for Malbase-Signaigaon-Dhamdum line.
- ✦ Completion of O&M infrastructure and associated works at Dhamdum, Samtse.
- ✦ Float and award the works for construction of approach road and boundary wall for 66/33kV Sipsoo substation.
- ✦ Construction of 132/33kV substation at Motonga and bay extension at Nganglam and Kanglung.
- ✦ Award and complete the works for construction of 6 blocks semi-permanent quarter at Gayzor.
- ✦ Take up the CWIP with quality and safety with aim to complete the same in time.

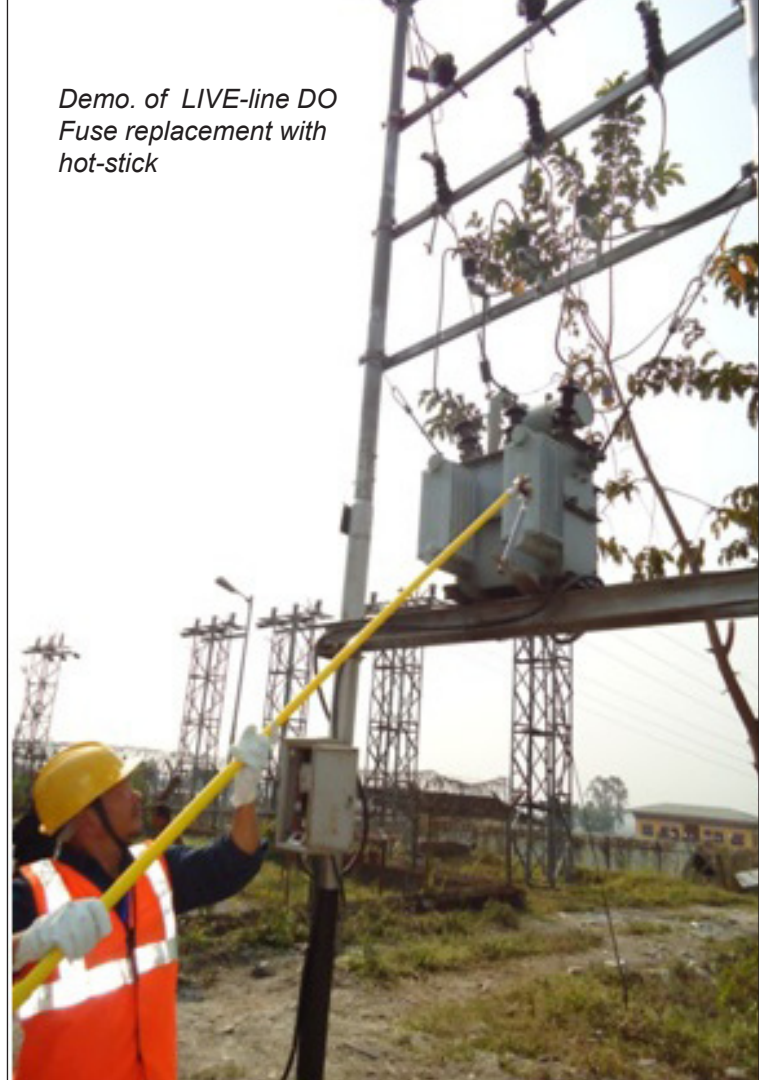
The process of carrying out EIA studies along the detail survey for obtaining Environment Clearance has become a challenge and is delaying receipt of Environment Clearances and the initiation of ground activities for construction of the power infrastructure is getting delayed. The in-house expertise for carrying out the detail survey is felt very much required. Till then, possibility of carrying out the detail survey and EIA study / EC before the award of the works is being studied.

### Engineering Design and Contracts Department

Engineering Design and Contracts Department (EDCD) has the mandate of providing technical backstopping and consultancy services functions in survey, design, review and conduct of EIA studies of transmission and distribution projects in BPC. During the year, including IT and Civil Works Division functions, EDCD carried out the following major works:

- ☛ Completed review of all the drawings and designs for the ongoing transmission and distribution projects in timely manner.
- ☛ Specifically designed and completed the technical specifications, layout and scheme designs and drawings for the new substation namely; (a) 220/33 kV Dagapela substation, (b) 132/33 kV Motanga substation, (c) 66/33 kV Sipsoo substation and (d) 66/33/11 kV Pangbesa substation.
- ☛ Conducted Environmental Impact Studies (EIA) for new transmission line projects and obtained Environmental Clearance for 132 kV Motanga – Phunthsothang transmission line. Renewed and obtained (new) Environmental Clearances for all the distribution projects being taken up by BPC.
- ☛ Carried out and completed the transmission line route alignment survey works, as part of BPC's deposit work for outside agencies namely; (a) Druk Green Power Corporation Limited (DGPC) and

*Demo. of LIVE-line DO Fuse replacement with hot-stick*



(b) Kholongchu Hydro Energy Limited (KHEL).

- ☛ Implemented successfully the Access Control and CCTV surveillance systems at Head Office, BPC. Also implemented online storage systems for all users in BPC for convenient and effective management of files.
- ☛ Completed design, drawings and tendering works till award of the infrastructure works especially buildings for user departments.
- ☛ Designed, constructed and completed day care center for BPC head office.

EDCD has achieved a major milestone during the year by conducting and completing for the first time the detail survey of the transmission line for 66 kV Jimena – Changedaphu transmission line (10 km). Although a small work, it signifies a major step in embarking



towards developing in-house capacity in detail survey of transmission lines in near future.

### Our people

We recognize asset as key to our performance achievements and delivery outputs. We work hard towards attracting and retaining quality people and provide them with an opportunity for professional career development through trainings and higher studies. BPC encourages employees' innovation efforts and initiatives and improvements in practices and processes for delivery of quality services. We have also mutual respect for each other.

As part of corporate policy, Organization Climate Survey was conducted with an objective of finding out the actual organization climate of the employees, assess their satisfaction and determine their engagement level.

### Employee Statistics

Technical	1571
Non-technical	677
Total	2248
Composition of work force	
Male	1830
Female	418
Recruited during the year	26
Separated during the year	57

### Financial Performance for the year

- Annual turnover for 2015 is Nu 9,769.65 million as compared to Nu 7,273.88 million in 2014, representing an overall growth by about 34%% from the previous year.
- The revenue earned from electricity sale is Nu 4,588.08 million as compared to Nu

Assembling of tower





4,032.66 million in 2014, translating to a growth of 14%.

- ☛ The revenue earned from wheeling is Nu 632.27 million as compared to Nu 575.05 million in 2014.
- ☛ The gross revenue from Construction Contract is Nu 4,282.06 million as compared to Nu 2,419.40 million in 2014.
- ☛ Other revenue earned is Nu 267.24 million as compared to Nu 246.66 million in 2014.
- ☛ The average tariff for the year is Nu 2.217 per kWh as compared to Nu 1.966 per kWh in 2014.
- ☛ Total expense for the year is Nu 7,798.03 million including purchase of power; construction expense; finance Costs and depreciation as compared to Nu 5,680.79 million in 2014.
- ☛ Profit after tax earned for the year is Nu.1, 380.74 million.
- ☛ The net asset of the Company stands at Nu 25,185.46 million as compared to Nu 24,657.64 million in 2014.
- ☛ The net worth of the company is Nu 19,035.58 million and for the previous year it was Nu 18,466.62 million.
- ☛ Cash flow for the year is positive by Nu 656.01million.
- ☛ Capital investment for the year is Nu 883.68 million.
- ☛ Amount spent for construction contracts is Nu 4,246.70 million.
- ☛ Property, Plant and Equipment at cost is Nu 24,497.05 million of which Nu 1,819.06 million is in Capital Work in Progress. For the previous year the value was Nu 23,895.94 million.
- ☛ Gross asset added during the year is Nu 1,500.34 million.

6. CT installation being continued till late evening  
(1) Semtokha CT Replacement







- ☛ The total Share Holders Equity is Nu 13,717.57 million of which Nu 8,225.12 million is Paid up capital. For the previous year it was Nu 13,035.62 million of which the paid up capital was Nu 8,190.19 million.

- ☛ The total net debt outstanding for the year is Nu 6,149.88 million as compared to Nu 6,185.02 million in 2014.
- ☛ Earnings per share  
Basic EPS(Nu.) Nu.168.38  
Diluted EPS(Nu.)Nu.168.38



# Year in REVIEW



January  
-Blood Donation Campaign



February  
-Transfer of  
Regional Manager  
-Implementation of Stickology  
Program in Samtse



May  
-O&M Workshop  
-Safety Awareness, Dagana  
-Hosting of Conical Flag in Trashigang



August  
-Contract signing of GIS Substation  
DCSD Progress Review Meeting  
-BPC, Phuentsholing win football  
tournament



July  
-Volunteers build Multi-purpose Trail at Kuenselphodrang.  
-Celebration of 13 BPC Day





March  
-Lightning summit in Samtse  
-Introduction of safety talks and safety drills.



April  
-Contract award of 132 kV Motanga, Phuentsholing Transmission Line  
-Award of Meritorious promotion



October  
-Horenso Training for Senior Employees  
-BPC Volunteers construct Biking Trail



November  
-Inauguration of Lunchuzekha water pump  
-Lighting of Monuments



September  
-Inauguration of New Meter Testing  
-Signing of MOU with Kolongchhu  
-BPC wins Khuru tournament  
Construction of Day Care Center



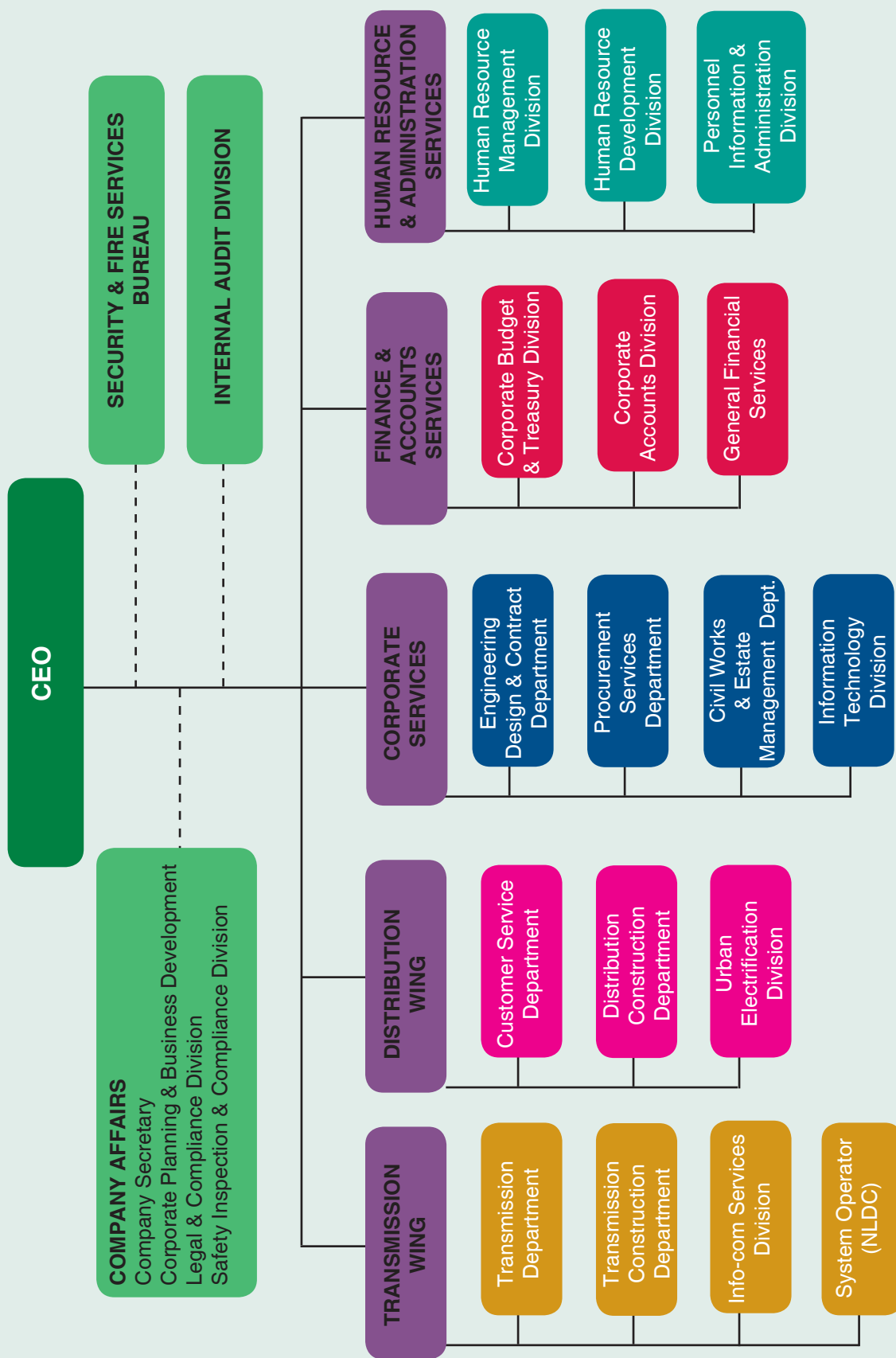
December  
-Inauguration of B-Wallet with BT & BNB  
-Distribution Transformer (DT)  
-Metering Inaugurated  
BPC- EGAT sign MOU



June  
-Khadar Ceremony of New MD



## Organization Chart of BPC





# Auditors' Report

**RAY & RAY**  
CHARTERED ACCOUNTANTS

Webel Bhavan, Ground Floor,  
Block - EP & GP, Sector V,  
Bidhan Nagar, Salt Lake, Kolkata - 700 091  
Telephones : +91-33-4064 8107 / 8108 / 8109  
E-mail : raynray@airtelmail.in

## AUDITORS' REPORT

### TO THE MEMBERS OF BHUTAN POWER CORPORATION LIMITED

1. We have audited the accompanying financial statements of '**Bhutan Power Corporation Limited**' (the 'Company'), which comprise the Statement of Financial Position as at December 31, 2015, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory notes and information. 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 of 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 the 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 Schedule XIV in terms of Section 75 of The Companies Act of The Kingdom of Bhutan, 2000, we enclose in the Annexure hereto statement on the 'Minimum Audit Examination and Reporting Requirements' as specified in part-II of the said Schedule to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraphs 3 above we report that:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



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# RAY & RAY

CHARTERED ACCOUNTANTS

- (c) the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of account.
5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of 'The Companies Act of The Kingdom of Bhutan, 2000' and the 'Bhutanese Accounting Standards' to the extent applicable in the manner so required and give a true and fair view:
- i. in the case of the Statement of Financial Position, of the state of affairs of the Company as at December 31, 2015;
  - ii. in the case of the Statement of Comprehensive Income, of the Profit of the Company for the year ended on that date;
  - iii. in the case of the Statement of Changes in Equity, of the movement in equity for the year ended on that date; and
  - iv. in the case of the Statement of Cash Flows, of the cash flows for the year ended on that date.

Place: KOLKATA  
Date: 15 MAR 2016

For RAY & RAY  
Chartered Accountants  
Firm Registration no. 301072E

  
(SUKANTA NAG)  
Partner  
Membership No. 052403



# Exhibit to the Annexure

**RAY & RAY**  
CHARTERED ACCOUNTANTS

**ANNEXURE TO AUDITORS' REPORT**  
**(Referred to in paragraph 3 of our Report of even date)**

1. The Company has maintained proper records of the fixed assets in the fixed assets register maintained in ERP to show full particulars including quantitative details and situation of the fixed assets. In the fixed assets register the unit/division wise location is mentioned. As explained to us, the fixed assets have been physically verified by the management during the year in a phased/periodical manner which in our opinion is reasonable having regard to the size of Company and nature of its assets. However, the process of physical verification needs to be strengthened by retaining the working sheets/supporting papers in support of physical verification so carried out. Further, in some cases, the impact of discrepancies noticed in the physical verification has not been disclosed in the accounts. However, considering the nature of the discrepancies as explained to us, there will be no material impact on the accounts.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the physical verification of stores and spares and ISU material etc. were conducted during the year. As the Company is engaged in transmission and distribution of electricity, there is no stock of raw material and finished goods and as such the question of physical verification of raw materials and finished goods does not arise.
4. In our opinion and according to information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. In case of some units/divisions, discrepancies noted on physical verification of the stock, as informed, were adjusted in the accounts. However, considering the nature of the discrepancies as explained to us, there will be no material impact on the accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stock is fair and proper and in accordance with the normally accepted accounting principles and as per the accounting policy of the Company.
7. The Company has taken secured loan from National Pension and Provident Fund and unsecured loans from the Royal Government of Bhutan. The rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from any companies under the same management.
8. The Company, as on 12<sup>th</sup> August, 2013, had given an interest free Advance of Nu.400 million to its Holding Company (DHL) which is shown as 'Advance to Holding Company' in the Statement of Financial Position. Such advance was given for a period upto 15<sup>th</sup> April, 2017. An Agreement encompassing the terms & conditions of the advance was entered into on a later date (i.e., on 1<sup>st</sup> June, 2015), as per the Resolution passed in the 12<sup>th</sup> Annual General Meeting held on 16<sup>th</sup> April, 2015. As per the aforesaid Agreement, the loan shall be repayable on 15<sup>th</sup> April, 2017 or else, the company shall be issued shares of M/s Dungsam Cement Corporation Ltd. to adjust such advance. Despite the fact that this advance being interest free, we are unable to give our opinion about the prudence behind the aforesaid transaction particularly when the Agreement was executed as per the Resolution passed in the Annual General Meeting.





9. The Company has granted an Inter-corporate loan of Nu.900 million to M/s Dungsam Cement Corporation Ltd. comprising Nu.600 million for a period of one year at an interest rate of 7.5% per annum and Nu.300 million for a period of one month at an interest rate of 2.5% per annum. The company has recovered the entire loan amount of Nu.900 million during the year under audit. As per the Inter-Corporate Loan Policy of DHI, the company extends Inter-corporate loan at 50 basis points over the bank's highest fixed deposit interest rate for the corresponding tenure. Other than the aforesaid loans, the company has not granted any loan to any other party except the loans and advances given to its employees or suppliers/other parties in the normal course of business for which the recovery/adjustments are being made generally as per the agreement/contract/purchase orders, except where otherwise stated in the Financial Statements.
10. The loans and advances granted by the Company to its officers/staff are as per the provisions of service rules or as per the business requirement. No instance of excessive / frequent advances or accumulation of large advance against particular individual has been noted during our test verification.
11. In our opinion and according to the information and explanations given to us, there are adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules/regulations and systems & procedures.
12. In our opinion and according to the information and explanations given to us there is adequate system of competitive biddings, commensurate with the size of the Company and nature of its business, for the purchase of goods and services including stores, plant and machinery, equipment and other assets. Further, the comments on the system of sale of goods and services are not applicable as the Company is engaged in the transmission, distribution, sale and purchase of electricity which are regulated by the Bhutan Electricity Authority.
13. As per the information and explanations given to us and based on the declarations received from the Directors, there is no transaction for purchases and sale of goods and services made in pursuance of contracts or arrangements entered into with the Director/s or any other party related to the Director/s or with companies or firms in which the Director/s are directly or indirectly interested. However, as the Directors of the Company are all Government nominees, there are some transactions with other Government Companies/Agencies, which were generally found to be as per the directives, sanctions, rules and regulations of the Government.
14. In our opinion and according to the information and explanations given to us, the unserviceable or damaged stores or other items wherever identified have been properly dealt with and accounted for in the accounts.
15. As the Company is engaged in transmission and distribution of electricity, there is no raw material and finished goods and as such this clause is not applicable. However, there are transmission/energy losses in the transmission of the electricity for which the Company has laid down control measures and responsibilities.
16. As the Company is engaged in transmission and distribution of electricity, there is no question of maintenance of records for production of finished goods, bye-products.



However, reasonable records of energy received and energy distributed are maintained by the Company to control transmission and distribution of electricity.

17. In our opinion and according to the information and explanations given to us adequate records are being maintained by the Company in respect of generation and sale/disposal of scrap and unserviceable items. Further, as informed, there are procedures of reporting of the scraps and unserviceable items identified/disclosed at the units to the Management for approval of sale/disposal and are auctioned/dealt with in accordance with the sanctions and laid down procedures.
18. Based on test verification of the records and as per the information and explanations given to us, in our opinion, the Company is generally regular in depositing its provident fund, salary tax, health tax, contract tax, Bhutan sales tax and other applicable statutory dues with the appropriate authorities. Further, the corporation tax was found to be adequately computed and deposited timely in accordance with the current applicable Taxation laws.
19. Based on test verification of the records and as per the information and explanations given to us, there was no undisputed amount payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions at the year end other than Income Tax deducted at source of Nu.8,444,669 which was accrued based on provisional bills. As explained by the management, the same shall be paid on receipt of invoices/bills from the concerned parties.
20. According to the information and explanations given to us, and on the basis of our test verification of the accounts and other records etc. to the best of our knowledge, no personal expenses have been debited to the Statement of Comprehensive Income other than those payable under contractual obligations / service rules.
21. In our opinion and according to the information and explanations given to us the Company has reasonable system of recording receipts, issues and consumption of stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.
22. As the Company is engaged in transmission and distribution of electricity, there is no question of quantitative reconciliation of the raw materials and finished goods, however, quantitative reconciliation is carried out at the end of the accounting year in respect of electricity.
23. Based on our verification and according to the information and explanations given to us the material losses and discrepancies noted during physical verification of stock wherever written-off/adjusted were as per the approval of the appropriate authorities.
24. There is a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size of the Company and nature of its business.
25. There is a reasonable system of authorization at proper levels, and adequate system of internal control commensurate with the size of the Company and nature of its business, on issue of stores and allocation of material and labour to the respective jobs.
26. The Company is engaged in distribution and sale of electricity, prices for which are regulated by the Bhutan Electricity Authority.
27. The Company is engaged in transmission and distribution of electricity and the due dates





- of bills raised on the customers are fixed based on the category of the customers and the region. In our opinion, the credit allowed to the customers is reasonable.
28. As there is no sale through commission agents, this clause is not applicable to the Company.
  29. In our opinion, the system for follow-up with debtors and other parties for recovery of outstanding amounts are reasonable. Age-wise analysis of outstanding amounts is carried out by the management as and when required for information and follow-up action.
  30. The Company generally has surplus cash/bank balances and based on future requirements, funds are invested in Fixed Deposit with Banks and in Bonds of Government Companies/Corporations.
  31. According to the information and explanations given to us, and on the basis of test examination of books and records, in our opinion and to the best of our knowledge, the activities carried out by the Company are lawful and intra vires to the Articles of Incorporation of the Company.
  32. On the basis of our verification and according to the information and explanations given to us, the Company has system and procedures for obtaining the approval of the Board/delegated authority for all capital investment decisions and investments in new projects/ventures are made after considering the technical and economic feasibility of such projects as per the stipulated procedures.
  33. The Company has an adequate and effective budgetary control mechanism.
  34. As the Company is engaged in transmission and distribution of electricity and not in manufacturing activities, the clause pertaining to standard costing, variance analysis, etc. is not applicable.
  35. In our opinion and according to the information and explanations given to us, other than the remunerations and sitting fees to the Managing Director and sitting fees to other Directors, no other payments in the nature of remuneration and commission has been paid to the Managing Director and Directors. The remuneration and sitting fees paid to the Managing Director are disclosed in Note 34 of the Financial Statement.
  36. As per the information and explanations given to us and based on our review of the transactions, the directives of the Board have been found to be complied with by the Company.
  37. The Company is engaged in distribution and sale of electricity, the prices for which are fixed/regulated by the Bhutan Electricity Authority, set up by the Royal Government of Bhutan. On the basis of information received from the management, and on the basis of our review of the records and documents, price sensitive information, to the best of our knowledge, have not been transmitted by any officer of the Company, in an unauthorized manner to any other person with intent to benefit themselves.
  38. As regards Computerised Accounting Environment, as per the information and the explanations provided by the company:
    - a) The organisational and system development controls and other internal controls were generally found to be adequate in relation to the size and the nature of



computer installations.

- b) Adequate safeguard measures and backup facilities exist in the organisation.
- c) Adequate backup facilities and disaster recovery measures including keeping the files in different and remote locations are in place.
- d) The operational controls were generally found to be adequate to ensure correctness and validity of input data and output information.
- e) Adequate measures are in place to control unauthorised access over computer installations and files.

39. General :

- a) Based on the net asset position reflected by the Statement of Financial Position as at December 31, 2015 and audited by us in accordance with the generally accepted auditing standards and on the basis of such other tests as we considered necessary in this regard, we have no reason to believe that the Company is not a going concern on the Statement of Financial Position date.
- b) According to the information and explanations given to us and based on the Compliance Checklist compiled by the Company, the Company has complied with the provisions of The Companies Act of the Kingdom of Bhutan, 2000.
- c) The audit of the Company is governed by The Companies Act, 2000 of the Kingdom of Bhutan and scope of work is limited to the examination and review of the Financial Statements as provided to us by the management. In the course of audit, we have considered the compliance of the provisions of the said Companies Act and its Articles of Incorporation. It is not possible for us to comment as regards adherence to all Laws, Rules and Regulations, System, Procedures and Practices by the Company, as comprehensive Compliance Reporting and Recording System of the Company in this regard is currently not in place. However, any non-compliance or departure from accepted practice and approved systems / procedures having effect on financial statements that came to our notice during the course of our audit is properly impacted / disclosed in the accounts.
- d) Financial and Operational Resume of the Company has been given in enclosed Exhibit-I.

**For RAY & RAY**  
**Chartered Accountants**  
**Firm Regn. No. 301072E**

  
(SUKANTA NAG)

**Partner**

**Membership No. 052403**

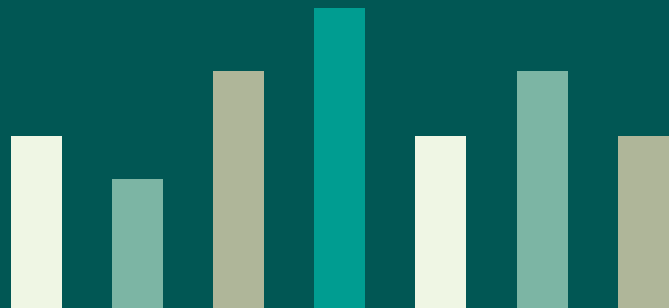
**Place: KOLKATA**

**Dated: 15 MAR 2016**





# Financial Statement



## Statement of Financial Position

	As at		
	Note	December 31, 2015	December 31, 2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	18,437,820,812	18,401,306,634
Intangible assets	6	56,559,502	96,108,373
Trade & other receivables	8	199,330	199,330
Long-term loans and advances	9	420,069,277	8,653,518
Other non-current assets	10	491,063,498	437,507,988
Total non-current assets		19,405,712,419	18,943,775,843
Current assets			
Inventories	11	425,349,163	243,455,212
Investments	7	-	300,000,000
Amounts due from customers for contract work	12	485,810,049	523,302,674
Trade & other receivables	13	105,495,521	130,711,090
Cash and cash equivalents	14	3,035,926,578	2,379,916,062
Short-term loans and advances	15	38,066,217	781,554,958
Other current assets	16	1,689,099,472	1,348,922,857
Total current assets		5,779,747,000	5,707,862,853
Total Assets		25,185,459,419	24,651,638,696
EQUITY AND LIABILITIES			
Shareholder's Equity			
Share Capital	17	8,225,118,000	8,190,191,000
Retained earnings		4,497,478,996	3,932,673,019
Investment Reserve		1,016,601,916	916,304,916
Asset Replacement Reserve		87,673,037	74,117,037
Actuarial Gain / (loss),		(109,300,713)	(77,670,430)
Total equity		13,717,571,236	13,035,615,542



	As at		
	Note	December 31, 2015	December 31, 2014
Liabilities			
Non-current liabilities			
Borrowings	18	5,953,118,042	5,988,262,858
Deferred grants	19	898,683,522	918,352,779
Deferred Customer’s Contribution	20	3,092,428	3,204,880
Employee benefit liabilities	21	382,524,097	307,685,539
Deferred Income Tax liabilities (net)	22	551,463,686	480,369,787
Other non-current liabilities	23	681,339,770	896,481,543
Total Non-current liabilities		8,470,221,545	8,594,357,386
Current liabilities			
Borrowings	18	196,757,453	196,757,453
Deferred grants	19	24,891,343	20,972,254
Deferred Customer Contribution	20	112,452	112,452
Amounts due to customers for contract work	12	930,279,750	1,707,403,863
Trade & other payables	24	411,674,304	357,086,401
Employee benefit liabilities	21	202,815,969	172,554,806
Income tax payable (net of advance)	25	336,611,845	233,181,272
Other current liabilities	26	894,523,522	333,597,267
Total current liabilities		2,997,666,638	3,021,665,768
Total liabilities		11,467,888,183	11,616,023,154
Total equity and liabilities		25,185,459,419	24,651,638,696

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

Director (Finance)

Director

Managing Director Chairman



As per our report of even date attached

**For RAY & RAY**  
Chartered Accountants  
Firm Registration No 301072 E

(Sukanta Nag)  
Partner

Membership No 052403

Place: Kolkata  
Dated: 15 MAR 2016





## Statement of Comprehensive Income

	For the year ended		
	Note	December 31, 2015	December 31, 2014
<b>Revenue</b>			
Income from sale of electricity		4,588,080,855	4,032,661,485
Income from construction contracts	27	4,282,061,608	2,419,503,773
Wheeling charges		632,268,364	575,053,223
Other income	28	267,237,517	246,660,388
<b>Total Revenue</b>		<b>9,769,648,344</b>	<b>7,273,878,869</b>
<b>Expenditure</b>			
Purchase of electricity		1,550,124,223	1,493,389,240
Construction material consumed and sub-contracting charges		3,892,900,878	2,197,708,575
Operation and maintenance expenses	29	311,798,776	267,902,009
Employee benefit expenses	30	876,916,718	689,582,338
Finance costs	31	124,257,613	128,572,118
Loss/(gain) on foreign currency fluctuation (net)		43,028	2,523,716
Depreciation and amortization expenses		861,450,835	813,619,900
Other expenses	32	180,537,675	87,494,411
<b>Total Expenditure</b>		<b>7,798,029,746</b>	<b>5,680,792,307</b>



## Statement of Comprehensive Income (contd.)

	Note	For the year ended	
		December 31, 2015	December 31, 2014
<b>Profit before income tax</b>		<b>1,971,618,598</b>	<b>1,593,086,562</b>
Tax expenses	25		
- Current tax		519,783,722	415,284,847
- Deferred tax		71,093,899	174,827,633
<b>Net Profit for the year</b>		<b>1,380,740,977</b>	<b>1,002,974,082</b>
Earnings per share ('EPS')	33		
Basic EPS (Nu.)		168.38	122.46
Diluted EPS (Nu.)		168.38	121.94
Profit for the year		1,380,740,977	1,002,974,082
Other comprehensive income (loss)			
Actuarial gains/ (loss)		(31,630,283)	19,024,136
<b>Total comprehensive income for the year</b>		<b>1,349,110,694</b>	<b>1,021,998,218</b>

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

  
Director (Finance)

  
Director

  
Managing Director

Chairman



Place: Kolkata

Dated: **15 MAR 2016**

As per our report of even date attached

**For RAY & RAY**  
Chartered Accountants  
Firm Registration No 301072 E



(Sukanta Nag)

Partner

Membership No 052403





## Statement of Changes in Equity for the year ended December 31, 2015

	Equity Share capital	Retained earnings	Investment Reserve	Asset Replacement Reserve	Actuarial gains/(losses)	Total Equity
	Refer Note 17					
Balance as at January 1, 2015	8,190,191,000	3,932,673,019	916,304,916	74,117,037	(77,670,430)	13,035,615,542
Net profit for the year		1,380,740,977				1,380,740,977
Other comprehensive income:						-
Actuarial gains (losses)					(31,630,283)	(31,630,283)
Transfer to Investment Reserve		(100,297,000)	100,297,000			
Transfer to Asset Replacement Reserve		(13,556,000)		13,556,000		
Transaction with the owners						
Issue of share capital	34,927,000					34,927,000
Payment of Dividends for the year 2014		(702,082,000)				(702,082,000)
<b>Balance as at December 31, 2015</b>	<b>8,225,118,000</b>	<b>4,497,478,996</b>	<b>1,016,601,916</b>	<b>87,673,037</b>	<b>(109,300,713)</b>	<b>13,717,571,236</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Statements of Changes in Equity for the year ended December 31, 2014

	Equity Share capital	Retained earnings	Investment Reserve	Asset Replacement Reserve	Actuarial gains/(losses)	Total Equity
	Refer Note 17					
Balance as at January 1, 2014	8,190,191,000	3,705,358,937	405,764,916	69,077,037	(96,694,566)	12,273,697,324
Net profit for the year		1,002,974,082				1,002,974,082
Other comprehensive income:						
Actuarial gains/ (losses)					19,024,136	19,024,136
Transfer to Investment Reserve		(510,540,000)	510,540,000			-
Transaction with the owners		(5,040,000)		5,040,000		-
Issue of share capital						
Payment of Dividends for the year 2012		(260,080,000)				(260,080,000)
<b>Balance as at December 31, 2014</b>	<b>8,190,191,000</b>	<b>3,932,673,019</b>	<b>916,304,916</b>	<b>74,117,037</b>	<b>(77,670,430)</b>	<b>13,035,615,542</b>

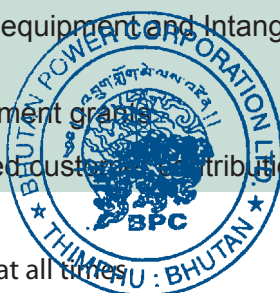
The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.





## Statement of Cash Flows

	For the year ended	
	December 31, 2015	December 31, 2014
<b>Cash flows from / (used in) operating activities</b>		
Profit before income tax	1,971,618,598	1,593,086,562
<b>Adjustments for:</b>		
Depreciation and amortization	861,450,835	813,619,900
Net loss / (gain) on sale of property, plant and equipment	-1,502,701	8,763,180
Interest expenses	124,257,613	128,572,118
Interest income	-128,593,192	-103,563,977
Provision for doubtful debts	9,807,021	-1,178,989
Provision for obsolescence of Inventory	-9,399,991	-983,375
Liabilities/provisions no longer required, written back	-22,586	-1,435,894
Amortization of Government grants	-23,959,455	-21,306,399
Amortization of deferred customer contribution	-112,452	-56,226
<b>Operating profit before working capital changes</b>	<b>2,803,543,690</b>	<b>2,415,516,900</b>
Decrease / (Increase) in Inventories	-172,493,961	50,603,067
Decrease / (Increase) in amount due from customer contract works	37,492,626	-5,765,577
Decrease / (Increase) in Trade and other receivables	291,995,073	203,683,099
Increase / (Decrease) in Amounts due to customers for contract work	-777,124,114	353,218,316
Increase / (Decrease) in Trade and other payables	473,919,215	-312,185,152
<b>Net cash generated from operating activities before income tax</b>	<b>2,657,332,529</b>	<b>2,705,070,653</b>
Income tax paid, net of refunds received	-416,353,149	-314,728,892
<b>Net cash generated from operating activities</b>	<b>2,240,979,380</b>	<b>2,390,341,761</b>
<b>Cash flows from / (used in) investing activities</b>		
Purchase of property, plant and equipment and Intangible assets	-883,680,609	-1,668,539,090
Receipt/(repayments) of government grants	8,209,286	171,074,065
Receipt/(repayments) of Deferred customer contribution		3,373,558



	For the year ended	
	December 31, 2015	December 31, 2014
Proceeds from sale of property, plant and equipment	26,767,169	1,257,864
Inter-Corporate deposit to Holding Company	-	600,000,000
Redemption of Investment	300,000,000	
Redemption of bank term deposits (net)	-350,807,725	-332,644,394
Interest received	141,155,252	197,230,078
<b>Net cash generated from investing activities</b>	<b>-758,356,627</b>	<b>-1,028,247,919</b>
<b>Cash flows from / (used in) financing activities</b>		
Proceeds from Borrowings	161,612,637	320,137,771
Issue of share Capital	34,927,000	-
Repayment of Borrowings	-196,757,453	-196,757,453
Interest paid	-124,312,421	-130,764,047
Payment of dividend on ordinary shares	-702,082,000	-260,080,000
<b>Net cash used in financing activities</b>	<b>-826,612,237</b>	<b>-267,463,729</b>
<b>Net increase in cash and cash equivalents</b>	<b>656,010,516</b>	<b>1,094,630,113</b>
Cash and cash equivalents at beginning of the year	2,379,916,062	1,285,285,949
<b>Cash and cash equivalents at end of the year</b>	<b>3,035,926,578</b>	<b>2,379,916,062</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

  
Director (Finance)

  
Director

  
Managing Director Chairman



As per our report of even date attached

**For RAY & RAY**  
Chartered Accountants  
Firm Registration No 301072 E

  
(Sukanta Nag)  
Partner  
Membership No 052403

Place: Kolkata  
Dated: **15 MAR 2016**



Ensuring Safety and Security at all times



## Notes to Financial Statements

### 1. General information

Bhutan Power Corporation Limited ('Company') is a wholly owned subsidiary of Druk Holding & Investments (DHI), A Royal Government of Bhutan undertaking. The Company has been incorporated and registered under The Companies Act of the Kingdom of Bhutan, 2000 with limited liability. The registered office of the Company is located at Thimphu, Bhutan.

The Company is engaged in supply of electricity to the residents of the Kingdom of Bhutan and wheeling of electricity from the large Hydropower Plants in Bhutan for export to India. The Company also carries out business of construction of electricity project/ distribution network system.

The Company owns, operates and maintains the entire electricity transmission and distribution network in the Kingdom of Bhutan including 19 Mini and Micro Hydropower Plants. Apart from construction of distribution network system, the Company is also mandated to construct the associated Transmission Lines and Substations required for evacuation of power from Hydropower Plants to the Bhutan-

India border.

The financial statements of the Company for the year ended December 31, 2015 were authorized for issue in accordance with the resolution of the Board of Directors dated 14<sup>th</sup> March 2016.

### 2. Bhutanese Accounting Standards (BAS)

The Ministry of Finance embarked on the process of developing Accounting Standards to promote high quality financial reporting which are consistent with international practices. Pursuant to this development, the Ministry of Economic Affairs of Royal Government of Bhutan has issued the Accounting Standard Rules for Companies in Bhutan, 2012, notifying the Bhutan Accounting Standards ('BAS') to be implemented by the Companies in Bhutan in three phases (I, II and III) with effect from January 1, 2013. Consequently, the Company has followed the BAS notified for implementation with effect from January 1, 2013 (Phase-I), in preparing the financial statements from the year 2013 onwards to the extent as applicable to the Company as under.

No.	BAS	
1	BAS 1	Presentation of financial statements
2	BAS 2	Inventories
3	BAS 7	Cash flow statements
4	BAS 8	Accounting policies, changes in accounting estimates and errors
5	BAS 10	Events after the balance sheet date
6	BAS 11	Construction contracts
7	BAS 12	Income taxes
8	BAS 16	Property, plant and equipment
9	BAS 18	Revenue
10	BAS 20	Accounting for Govt. Grants and Disclosure of Govt. Assistance
11	BAS 21	The effects of changes in foreign exchange rates
12	BAS 23	Borrowing costs
13	BAS 24	Related party disclosures
14	BAS 33	Earnings per share
15	BAS 37	Provisions, contingent liabilities and contingent assets



- 2.1 The Company has not early adopted those paragraphs of BAS which are having linkages to BAS which are to be implemented under Phase II (with effect from January 01, 2016) and Phase III (with effect from January 01, 2018). These paragraphs would be applied when the respective BAS will be adopted. However, in cases where such paragraphs have been early adopted, the same have been disclosed in the respective note/accounting policy.

### 3. Summary of Significant Accounting Policies

#### 3.1 Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance and to comply with the BAS, the Generally Accepted Accounting Principles and the relevant provisions of The Companies Act of the Kingdom of Bhutan, 2000 including the Accounting Standard Rules for Companies in Bhutan, 2012.

The said financial statements have been prepared on accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements. The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. In areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.



#### 3.2 Capital Management

The Company manages its funds / capital so as to ensure that funds are available to meet future commitments, working capital requirements and also the dividend and tax expectations of its holding Company Druk Holding & Investments and Royal Government of Bhutan. Capital expenditure is mostly met from operating cash flows and fixed term borrowing are made only for major capital projects and such borrowings are repaid when the project is completed and is generating positive cash flows.

#### 3.3 Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates referred to as the "functional currency". The functional currency and presentation currency of the Company is Bhutanese Ngultrum.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

#### 3.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.



Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its net purchase price after deducting for any trade discount and rebates, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The cost of self-constructed assets includes the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (Refer note 3.18 below for accounting policy of borrowing cost). The cost of self-constructed assets not put to use and advances paid towards the acquisition of property, plant and equipment outstanding at each Statement of Financial Position date, are disclosed as Capital work-in-progress.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

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

Spare parts and servicing equipments are normally treated as inventory and

expensed as consumed. However, major spare parts and stand-by equipments are treated as property, plant and equipment when they are expected to be used for more than one year. Also, where the spares parts or servicing equipment can only be used in connection with an item of property, plant and equipment they are accounted for as property, plant and equipment.

Depreciation on property, plant and equipment is computed using the straight line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life whereas leasehold land is depreciated on a straight line method over the primary term of the lease.

The Company has, based on evaluation performed by the technical Department, established the estimated range of useful lives of assets for depreciating its property, plant and equipment as follows:

Buildings	30 years
Generation Civil works	30 years
Transmission assets	30 years
Distribution assets	30 years
Computer equipment	5 years
Vehicles	6.67 years
Furniture and Fixtures	10 years
Office equipment	5 years

Significant parts of property, plant and equipment which are required to be replaced at intervals and have specific useful lives are recognized and depreciated separately.

The useful life, residual value and depreciation method are reviewed, and adjusted appropriately, at least at each Statement of Financial Position date to ensure that the method and period of depreciation are consistent with the





expected pattern of economic benefits. Change in the estimated useful life, residual value and / or depreciation method, if any, is depreciated prospectively over the asset's remaining revised useful life.

The cost and the accumulated depreciation for property, plant and equipment sold, scrapped, retired or otherwise disposed off are eliminated from the financial statements and the resulting gains and losses are included in the Statement of Comprehensive Income.

### 3.5 Intangible assets

Intangible assets include computer software and are carried at cost of acquisition/implementation less accumulated amortisation. Amortisation is recognized on a straight line basis over the estimated useful life as estimated by the management.

### 3.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of the asset/cash generating unit exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

### 3.7 Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable

income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

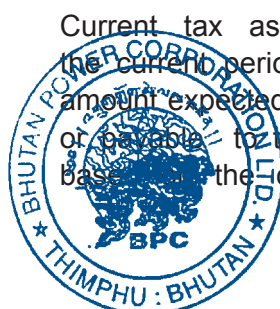
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on net basis. Management evaluates positions taken in computation of income in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

The income tax liabilities are recognized when, despite the Company's belief that its income tax return positions are supportable, the Company believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities. Benefits from tax positions are measured at the single best estimate of the most likely outcome.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes available which causes the Company to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made.

Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax charge for the year in which the assessment is completed.

### 3.8 Investments

Investments primarily meant to be held over long term period (i.e. for more than 12 months from date of acquisition) are valued at cost. Provision is made when in the opinion of the management there is a decline, other than temporary, in the carrying value of such investments.

Current investments are stated at the lower of cost or quoted/fair value.

### 3.9 Construction Contracts

Construction contract is a contract specifically negotiated for the construction of an asset or of a group of assets, which are interrelated or interdependent in terms of design, technology, function, purpose or use. According to its characteristics, a construction contract can either be accounted for separately i.e., segmented into several components which are accounted for separately or combined with another construction contract in progress to form a single construction contract for accounting purposes.

The Company executes cost plus markup/fee construction contracts. The 'recoverable costs incurred on the contract plus an addition for the fixed markup / fee agreed with the customer under the contractual terms' as at the date of Statement of Financial Position is treated as Work in Progress - 'Construction Contracts'.

Progress billing and advances are deducted from the value of the Work in Progress - 'Construction Contracts' for the specific contract and recorded as 'Amounts Due from Customers for Contract Work' and in case progress billing and advances exceed this value, the same are recorded under liabilities as 'Amounts Due to Customers for Contract Work'.

For the revenue recognition policy on construction contracts, refer note 3.21.

Amounts expected to be recovered or settled within 12 months from the reporting date are classified as current assets/liabilities. If not, they are presented under non-current assets/liabilities.



### 3.10 Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business of transmission and supply of electricity. Trade receivables also include progress billing under construction contracts. Trade receivables are initially recognized at the sale/recoverable value and are assessed at each Statement of Financial Position date for collectability. The Company estimates the portion of its trade receivables that are uncollectable based on ageing, conduct of the customer and business/historical experience and provision for doubtful trade receivables is accordingly provided for. Trade receivables are classified as current assets, if collection is expected within twelve months as at the Statement of Financial Position date, if not, they are classified under non-current assets.

### 3.11 Loans and advances

Loans and advances represent advances given to suppliers and contractors in the ordinary course of the business activities of the Company. Advances also include inter corporate deposits placed by the Company for earning interest income. Loan and advances are initially recognized at the value of cash advanced and are assessed at each Statement of Financial Position date for recoverability and the provision is recognized when it is more likely that the Company will not be able to collect the same. Loans and advances are classified under current assets if payment is recoverable within one year or less as at Statement of Financial Position date, if not, they are classified under non-current assets.

### 3.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits, and short-term highly liquid investments

with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and which are subject to an insignificant risk of changes in value.

### 3.13 Inventories

Inventory consists of stores and spares held for operation and maintenance and use in construction of an asset.

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula and comprises cost of purchases and other incidental expenses incurred in acquiring inventories and bringing them to their existing location and condition.

### 3.14 Investment and Asset Replacement Reserve

The nature and purpose of these reserves are as follows:

#### i. Investment Reserve:

The reserve created during the earlier year/s under the 'Group Investment Reserve (GIR) Scheme' as per the DHI Ownership Policy to retain earnings in the DHI owned Companies (DoCs) to finance Projects of strategic importance. The stated objectives of Investment Reserve are as under:

- To build funds for investments.
- To build funds to meet national exigencies.
- To optimize on the limited pool of capital available in the group and maximize returns to the Government and the State.
- To facilitate transfer of capital among the Companies in the group and within the legal framework in Bhutan.





- To enable the DoCs to optimize its capital structure and improve returns.
- To provide predictability in flow of funds from DoCs to DHI and to MoF.

## ii. **Asset Replacement Reserve:**

This Reserve is created to mitigate the risk of assets of the Company against any damages due to natural calamities.

### 3.15 Borrowings

Borrowings are stated at principal outstanding and interest accrued and due on such borrowings based on the applicable interest rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

### 3.16 Grants

Grants from Government and Non-Government sources are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants relating to expense items are recognized as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. The unallocated portion of such grant is presented as part of Deferred Grants in the Statement of Financial Position.

Grants related to non-current assets are treated as Deferred Income in the Statement of Financial Position and are recognized to the Statement of Comprehensive Income on a systematic basis over the useful life of the related assets.

Grant received as compensation for expenses/losses already incurred or with no future related costs is recognized as income in the year it is received or becomes receivable.

BAS 20-Accounting for Government Grant and disclosure of Government Assistance has been implemented by the Company retrospectively for the grants existed as on the transition date except its Para 10A regarding recognition of the benefit of government loan at below market rate of interest as a government grant, as the same is applicable from January 1, 2018 and the Company has not decided for the early implementation of the same.

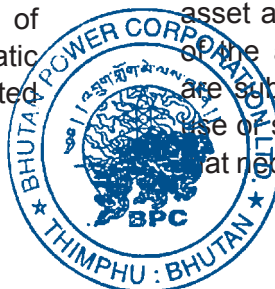
### 3.17 Customer's Contribution for network construction / expansion

Contribution received from customers towards the construction / extension of distribution network / assets at the customer's site is treated as Deferred Customer's Contribution in the Statement of Financial Position and is recognized to the Statement of Comprehensive Income on a systematic basis over the useful life of the related distribution network / assets and the distribution network / assets are capitalised under Property, plant and equipment.

### 3.18 Borrowing Costs

Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds.

General and specific borrowing costs (net of investment income on temporary investment of those borrowings) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the costs of the asset, until such time the assets are substantially ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period



of time to get ready for its intended use or sale, which is two years or more as decided by the Company keeping in view the nature of assets and past trend of time taken for their completion.

All other borrowing costs are charged as expense to Statement of Comprehensive Income in the period they occur.

### 3.19 Trade and other payables

Trade and other payables are obligations incurred by the Company towards purchase of electricity and other goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Statement of Financial Position date, if not, they are classified under non-current liabilities.

### 3.20 Employee benefit liabilities

Contribution to Provident Fund administered by National Pension and Provident Fund is charged to Statement of Comprehensive Income as and when they fall due.

Retirement benefit liabilities are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Gratuity and Leave encashment are provided for based on actuarial valuation as at the Statement of Financial Position date. Retirement benefit liabilities are discounted to present value applying the rate of return on Government bonds of similar tenure and currency.

Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

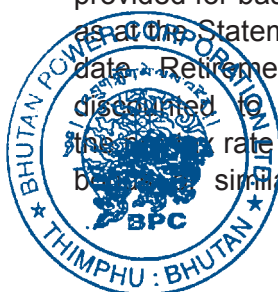
Further, the contribution towards the gratuity liability is invested in fixed deposits with the banks.

The expected cost of Performance Based Incentive and Variable Allowances is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

The employees of the Company are covered under an insurance policy with death claim benefit in the event of death of the employee while in service and within the policy term. The policy has been underwritten through Single premium which will be refunded at the end of policy period/term with pre-decided/fixed policy bonus / benefit and after deduction of death claim paid within the policy term. The Single premium paid has been considered as 'Deposit against Employees Insurance Policy' and the death claims paid/payable are accounted for as expense and are reduced from the same during the year of incurrence / intimation of death claim and the policy bonus / benefit is accounted for as income and added to the same on prorata basis over the Policy period/ term by credit to 'Other Income'.

### 3.21 Revenue Recognition

Revenue is recognized to the extent that it is probable that the associated economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.



The following specific recognition criteria must also be met before revenue is recognized:

**(a) Electricity Business:**

Revenue attributable to sale of electricity is accounted for as per the tariff rates approved by the Bhutan Electricity Authority on the basis of billing to consumers under the billing cycle followed by the Company. Revenue is recognized as electricity is delivered and consumed by customers. Accordingly, Revenue also includes an estimate of unbilled revenue. Unbilled revenue represents an estimate of electricity consumed by customers since the date of each customer's last billed meter reading that has not been billed at the reporting date.

Wheeling charges (transmission charges) are accounted on the basis of periodic billing to the power generating companies at the tariff rates approved by Bhutan Electricity Authority.

**(b) Construction Business:**

The Company executes cost plus construction contracts for construction of electrical infrastructure. In the case of a cost plus contract, the outcome can be estimated reliably when it is probable that the economic benefits associated with the contract will flow to the Company and the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably. Accordingly revenue from a cost plus contract is recognized with reference to the recoverable costs incurred during the year plus the fixed mark up under the contractual terms.

**(c) Interest income**

Interest income is accrued on a time proportion basis, with reference to the principal outstanding and at the effective interest rate applicable.

**(d) Liquidated damages and penalties**

Liquidated damages and penalties occur when contractors/suppliers fail to meet the key performance indicators set out in their contract with the Company. Income resulting from claims for liquidated damages and penalties are recognized as other income when all performance obligations are met (including when a contractual entitlement exists), it can be reliably measured and it is probable that the economic benefits will flow to the Company.

**(e) Other items of revenue**

Other items of revenue which arise from the provision of services incidental to the core activities of the business are recognized when the services are provided and it is probable that economic benefits associated with the transaction will flow to the Company and amount can be measured reliably.

### 3.22 Earnings per share ('EPS')

The Company presents the basic and diluted EPS data for its ordinary shares. Basic EPS is computed by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is computed by adjusting the net profit for the year attributable to the ordinary shareholders and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

### 3.23 Dividends

Dividends (including interim dividends) to ordinary shareholders is recognized as a liability and deducted from shareholders' equity in the period in which the dividends are declared by the Board of directors and approved by the ordinary shareholders.





### 3.24 Critical accounting estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the year in which they become known.

Actual results may differ from management's estimates if these results differ from historical experience or other assumptions do not turn out to be substantially accurate, even if such assumptions were reasonable when made.

The said estimates are based on the facts and events, that existed as at the date of statement of financial position, or that occurred after that date but provide additional evidence about conditions existing as at the statement of financial position date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

### 4. Critical accounting estimates and assumptions

#### a) Useful lives of electricity generation, transmission and distribution assets

The costs of electricity generation, transmission and distribution assets are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these assets to be within 30 years. Changes in the estimated level of usage, technological

developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

#### b) Retirement benefit obligations

The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### c) Provision for doubtful debts

As at each Statement of Financial Position date, the Company assesses recoverability of trade receivables. Provision for doubtful debts is recognized based on the historical experience of collectability of debts. The Company estimates the portion of its outstanding receivables that cannot be collected based on aging schedules at an increasing percentage of each aging category. Actual doubtful debts could differ from these estimates.

#### d) Unbilled revenue

The unbilled revenue is calculated using average of last three months consumption for the Low voltage consumer and the actual consumption for the Medium and High Voltage consumer.

Actual electricity usage could differ from those estimates.



## 5. Property, plant and equipment

Particulars	Freehold Land	Building and Civil Structures	Generation equipment's	Network system	Others	Capital Advances and Construction work in progress	Total
<b><u>Balance as at January 1, 2015</u></b>							
<b>Cost</b>	<b>68,775,377</b>	<b>1,989,757,828</b>	<b>720,995,999</b>	<b>17,401,477,425</b>	<b>1,063,898,193</b>	<b>2,435,716,329</b>	<b>23,680,621,151</b>
Accumulated depreciation	-	-400,551,972	-469,711,665	-3,806,428,537	-602,622,343	-	-5,279,314,517
<b>Book Value</b>	<b>68,775,377</b>	<b>1,589,205,856</b>	<b>251,284,334</b>	<b>13,595,048,888</b>	<b>461,275,850</b>	<b>2,435,716,329</b>	<b>18,401,306,634</b>
<b><u>Changes in book value during the year</u></b>							
Additions	701,285	287,356,883	42,692,031	1,044,679,102	123,656,683	-616,660,293	882,425,692
Disposals and sales	-186,633	-9,470,327	-3	-33,695,763	-22,640,583		-65,993,309
Depreciation on disposals		322,972		18,579,887	21,826,130		40,728,989
Depreciation		-69,363,437	-26,735,007	-589,726,108	-134,822,642		-820,647,194
<b>Total changes in book value</b>	<b>514,652</b>	<b>208,846,091</b>	<b>15,957,021</b>	<b>439,837,118</b>	<b>-11,980,412</b>	<b>-616,660,293</b>	<b>36,514,178</b>
<b><u>Balance as at December 31, 2015</u></b>							
<b>Cost</b>	<b>69,290,029</b>	<b>2,267,644,384</b>	<b>763,688,027</b>	<b>18,412,460,764</b>	<b>1,164,914,293</b>	<b>1,819,056,036</b>	<b>24,497,053,534</b>
Accumulated depreciation		-469,592,438	-496,446,672	-4,377,574,757	-715,618,855		-6,059,232,722
<b>Book value</b>	<b>69,290,029</b>	<b>1,798,051,946</b>	<b>267,241,355</b>	<b>14,034,886,007</b>	<b>449,295,438</b>	<b>1,819,056,036</b>	<b>18,437,820,812</b>
<b><u>Balance as at January 1, 2014</u></b>							
<b>Cost</b>	<b>68,675,374</b>	<b>1,591,761,140</b>	<b>1,114,985,910</b>	<b>14,562,265,961</b>	<b>944,131,592</b>	<b>4,189,385,372</b>	<b>22,071,205,348</b>
Accumulated depreciation	-	-335,187,691	-1,114,985,910	-3,275,821,336	-487,974,278	-	-4,527,669,018



**Property, plant and equipment (Contd.)**

Particulars	Freehold Land	Building and Civil Structures	Generation equipment's	Network system	Others	Capital Advances and Construction work in progress	Total
<b>Book Value</b>	<b>68,675,374</b>	<b>1,256,573,449</b>	<b>286,300,198</b>	<b>11,286,444,625</b>	<b>456,157,314</b>	<b>4,189,385,372</b>	<b>17,543,536,330</b>
<u>Changes in book value during the year</u>							
Additions	100,003	401,131,496	6,010,090	2,851,658,396	137,402,814	-1,753,669,043	<b>1,642,633,755</b>
Disposals and sales		-3,134,807		-12,446,932	-17,636,212		<b>-33,217,952</b>
Depreciation on disposals		1,570,097		6,824,533	14,802,278		<b>23,196,907</b>
Depreciation		-66,934,378	-41,025,953	-537,431,733	-129,450,342		<b>-774,842,406</b>
<b>Total changes in book value</b>	<b>100,003</b>	<b>332,632,408</b>	<b>-35,015,863</b>	<b>2,308,604,264</b>	<b>5,118,538</b>	<b>-1,753,669,043</b>	<b>857,770,304</b>
<u>Balance as at December 31, 2014</u>							
<b>Cost</b>	<b>68,775,377</b>	<b>1,989,757,829</b>	<b>720,996,000</b>	<b>17,401,477,425</b>	<b>1,063,898,194</b>	<b>2,435,716,329</b>	<b>23,680,621,151</b>
Accumulated depreciation	-	-400,551,972	-469,711,665	-3,806,428,537	-602,622,343	-	<b>-5,279,314,517</b>
<b>Book value</b>	<b>68,775,377</b>	<b>1,589,205,857</b>	<b>251,284,335</b>	<b>13,595,048,888</b>	<b>461,275,851</b>	<b>2,435,716,329</b>	<b>18,401,306,634</b>





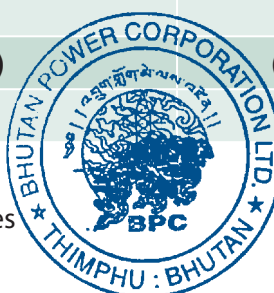
- 5.1 Capital work-in-progress as at December 31, 2015 and December 31, 2014 comprise the following:

Particulars	As at	As at
	December 31, 2015	December 31, 2014
Generation equipments	2,643,636	24,027,370
Transmission lines	123,821,678	497,677,964
Distribution Assets	1,273,590,931	1,643,498,748
Optical fibers	-	306,936
Buildings	74,122,650	134,349,115
Other Civil Structures	20,570,634	17,826,986
Others	117,456,635	18,311,896
Advance for works	206,849,871	99,717,315
<b>Total</b>	<b>1,819,056,035</b>	<b>2,435,716,330</b>

- 5.2 No Borrowing cost has been capitalized during the year on the qualifying asset. For the previous year ended December 31, 2014, an amount of Nu. 2,389,037 have been capitalized on qualifying assets at a nominal interest rate as defined in the respective Loan agreement.
- 5.3 Gross carrying value includes Fixed Assets transferred from erstwhile Department of Power, Royal Government of Bhutan at a written down value of Nu 1,760.89 million against issue of Share Capital to DHI.
- 5.4 Property, plant and equipment are pledged as securities for borrowings.[Refer note 18.1]
- 5.5 The Company has early adopted Para 43 of BAS 16 'Property, plant and equipment' which is effective from annual period commencing from January 01, 2016. The early adoption does not have material impact on the financial statements of the Company.

## 6. Intangible assets

Computer Software	As at	As at
	December 31, 2015	December 31, 2014
<b>Opening gross carrying value (i)</b>	214,883,344	188,978,009
Additions	1,254,918	25,905,335
Disposals	(299,133)	-
<b>Closing gross carrying value(ii)</b>	<b>215,839,129</b>	<b>214,883,344</b>
<b>Opening accumulated amortization (iii)</b>	(118,774,971)	(79,997,477)
Depreciation on disposal	298,985	
Addition	(40,803,641)	(38,777,494)
<b>Closing accumulated amortization (iv)</b>	<b>(159,279,627)</b>	<b>(118,774,971)</b>
<b>Net carrying value (ii-iv)</b>	<b>56,559,502</b>	<b>96,108,373</b>



Computer Software	As at	As at
	December 31, 2015	December 31, 2014
<b>1. Investments</b>		
Long Term - Other Investments - Unquoted:		
300,000 RICBL Bonds Series II at Nu. 1,000/- per bond	-	300,000,000
<b>Total</b>	-	<b>300,000,000</b>

#### 7. Investments analyzed as follows:

	As at December 31, 2015	As at December 31, 2014
Current portion		-
Non-current portion	-	300,000,000
<b>Total</b>	-	<b>300,000,000</b>

#### 8. Trade & other receivables]]

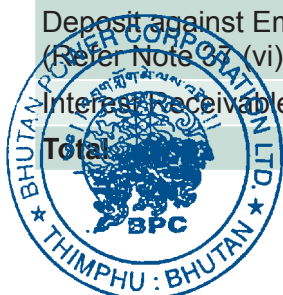
	As at December 31, 2015	As at December 31, 2014
Security Deposit for Land Lease	199,330	199,330
<b>Total</b>	<b>199,330</b>	<b>199,330</b>

#### 9. Long-term loans & advances

	As at December 31, 2015	As at December 31, 2014
Advance to Holding Company	400,000,000	-
Advance to contractors	-	
Advance to others	5,226,200	-
Prepaid Expenses	8,024,718	8,321,930
Advances to employees		
- Bike Loan	5,856,734	138,189
- Welfare Loan	176,777	193,399
- Advance-M/Phone Loan	784,848	-
<b>Total</b>	<b>420,069,277</b>	<b>8,653,518</b>

#### 10. Other non-current assets

	As at December 31, 2015	As at December 31, 2014
Deposit against Employee Insurance Policy (Refer Note 14 (vi))	433,586,764	424,136,478
Interest Receivable on Policy	57,476,734	13,371,510
<b>Total</b>	<b>491,063,498</b>	<b>437,507,988</b>



## 11. Inventories

	As at December 31, 2015	As at December 31, 2014
Stores and spare parts	379,834,091	205,102,477
Stock- ISU	45,452,379	48,031,199
Stock –Uniform	645,953	1,357,157
Stock-Infocom Spares	1,052,370	
Less: Provision for obsolete inventory	(1,635,630)	(11,035,621)
<b>Total</b>	<b>425,349,163</b>	<b>243,455,212</b>

## 12. Amounts due from/to customers for contract work

	As at December 31, 2015	As at December 31, 2014
<u>Amounts due from customers for contract work</u>		
Work in progress -Construction Contracts	10,900,618,715	5,866,468,689
Less: Progress billing and advances received	10,414,808,666	5,343,166,015
<b>Total</b>	<b>485,810,049</b>	<b>523,302,674</b>
<u>Amounts due to customers for contract work</u>		
Work in progress -Construction Contracts	1,510,314,422	2,037,086,706
Less: Progress billing and Advances received	2,440,594,172	3,744,490,569
<b>Total</b>	<b>(930,279,750)</b>	<b>(1,707,403,863)</b>
<u>Recognized and included in financial statements as:</u>		
Amounts due from customers for construction contracts		
- Current portion	485,810,049	523,302,674
		-
Amounts due to customers for construction contracts		
- For Low value contract	97,362,301	77,664,318
- For High Value contract	832,917,449	1,629,739,545
<b>Total</b>	<b>(930,279,750)</b>	<b>(1,707,403,863)</b>





**13. Trade & other receivables**

	As at December 31, 2015	As at December 31, 2014
Receivables against transmission and supply of electricity	123,284,570	138,693,118
Less: Provision for doubtful debts	(17,789,049)	(7,982,028)
<b>Total</b>	<b>105,495,521</b>	<b>130,711,090</b>

**14. Cash and cash equivalents**

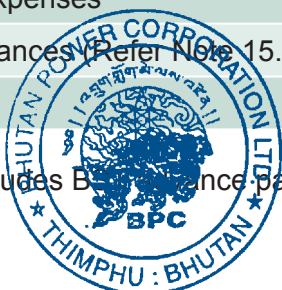
	As at December 31, 2015	As at December 31, 2014
Cash in hand	2,859,720	2,305,369
Bank balances in current accounts	3,021,309,990	2,367,458,994
Balance with bank towards Staff Welfare Fund	11,756,868	10,151,699
<b>Total</b>	<b>3,035,926,578</b>	<b>2,379,916,062</b>

14.1 There is no restriction in usage of cash and cash equivalents.

**15. Short-term loans and advances**

	As at December 31, 2015	As at December 31, 2014
Advance to Holding Company	-	400,000,000
Advances to suppliers	10,715,918	24,820,233
Advances to contractors	-	325,780,073
BST Receivable	313,000	313,000
Advances to employees		
- Travel and salary advance	108,159	25,250
- Expenses	1,012,787	257,994
- Bike Loan	3,640,272	1,556,849
- Welfare Loan	573,114	606,362
-Advance-M/phone loan	613,104	
Prepaid expenses	11,951,791	9,642,754
Other advances (Refer Note 15.1)	9,138,072	18,552,443
<b>Total</b>	<b>38,066,217</b>	<b>781,554,958</b>

15.1 Includes BST advance paid to contractors & other miscellaneous advances.



**16. Other current assets**

	As at December 31, 2015	As at December 31, 2014
Interest accrued:		
- on fixed deposits	5,112,410	6,673,344
- on RICBL Bonds	-	9,692,054
- on Fixed Deposits for Investment Reserve	7,364,384	17,526,076
- on Fixed Deposit for Gratuity Liability	13,898,910	5,046,289
Fixed deposits having original tenure of more than three months		
- with Bank for Gratuity liability (Refer Note 37 (i))	343,000,945	98,182,053
- other fixed deposits	333,324,042	827,335,209
- Fixed Deposit for Investment Reserve	600,000,000	-
Accrued Unbilled Debtor	385,233,752	367,850,647
Other receivables	1,165,029	16,617,185
<b>Total</b>	<b>1,689,099,472</b>	<b>1,348,922,857</b>

**17. Share Capital**

	As at December 31, 2015	As at December 31, 2014
<b>Authorized:</b>		
15,000,000 Equity Shares of Nu. 1,000/- each	15,000,000,000	15,000,000,000
<b>Total</b>	<b>15,000,000,000</b>	<b>15,000,000,000</b>
<b>Issued, Subscribed and fully Paid up:</b>		
8,225,118 Equity Shares of Nu. 1,000/- each	8,225,118,000	8,190,191,000
<b>Total</b>	<b>8,225,118,000</b>	<b>8,190,191,000</b>

17.1 All ordinary shares are ranked equally. Fully paid shares carry one vote per share and carry the right to dividends. There are no restrictions on the transfer of shares in the Company or on voting rights between holders of shares. Entire share capital is held by the holding Company M/s Druk Holding & Investments (A Royal Government of Bhutan Undertaking)

17.2 4,910,755 equity shares (Previous year 4,875,828) have been allotted for consideration other than cash and 3,314,363 equity shares (Previous year: 3,314,363) have been allotted pursuant to conversion of grant of Royal Government of Bhutan

17.3 Reconciliation of Equity shares Outstanding



	As at December 31, 2015	As at December 31, 2014
At the beginning of the year		
- Number of shares	8,190,191	8,190,191
- Amount (in Nu.)	8,190,191,000	8,190,191,000
Add: issued during the year		
- Number of shares	34,927	-
- Amount (in Nu.)	34,927,000	-
Less: Redeemed during the year		
- Number of shares	-	-
- Amount (in Nu.)	-	-
At the end of the year		
- Number of shares	8,225,118	8,190,191
- Amount (in Nu.)	8,225,118,000	8,190,191,000

## 18. Borrowings

	As at December 31, 2015	As at December 31, 2014
i) Secured borrowings:		
Term loan from 'National Pension and Provident Fund' (Refer Note 18.1)		
- for Transmission Lines Project	377,347,500	419,275,000
ii) Unsecured borrowings:		
Term loans from 'Royal Government of Bhutan' (Refer Note 18.2)		
- for Rural Electrification Projects	5,442,612,781	5,325,858,359
- for Tala Hydroelectric Project	329,915,214	439,886,952
	<b>6,149,875,495</b>	<b>6,185,020,311</b>
<b>Borrowings analyzed as follows</b>		
Current portion	196,757,453	196,757,453
Non-current portion	5,953,118,042	5,988,262,858
<b>Total</b>	<b>6,149,875,495</b>	<b>6,185,020,311</b>





## Nature of Security:

18.1 Term loan of Nu 377,347,500 from National pension and provident fund has been obtained for setting up of the project "220 kV Double Circuit Transmission Lines from Dagapela-Tsirang-Gelephu to Lodrai and is secured by first mortgage charge on project assets and carry fixed rate of interest of 9% per annum and is repayable within 12 years in 24 half yearly equal installments with last installment due on September 01, 2024.

### 18.2 Other Term Loans:

- i) Rural electrification Loan I (RE-I) of Nu.166,081,366 has been obtained from the Royal Government of Bhutan for Rural Electrification Works and is repayable within 30 years at an interest rate of 6% in 60 semi-annually equal installments with last installment due on August 15, 2035.
- ii) Rural electrification Loan II (RE-II) of Nu. 293,213,404 has been obtained from the Royal Government of Bhutan for Rural Electrification Works and is repayable within 24 years at an interest rate of 6% in 48 semi-annually equal installments with last installment due on February 15, 2032.
- iii) Rural electrification Loan III (RE-III) of Nu 364,566,173 has been obtained from the Royal Government of Bhutan for Rural Electrification Works and is repayable within 24 years at an interest rate of 6% in 48 semi-annually equal installments with last installment due on March 15, 2036.
- iv) Loan for Tala Transmission Lines of Nu. 329,915,214 has been obtained from the Royal Government of Bhutan and is repayable within 12 years at an interest rate of 9% in semi-annually equal installments with last installment due on December 15, 2018.
- v) Rural electrification loan - RE IV and V, JICA Loan I and II and the ADA loan of Nu.4,618,751,838 has been obtained from the Royal Government of Bhutan is still effective and not closed. The rate of interest and the loan tenure shall be determined by the Royal Government of Bhutan.

18.3 Refer Note 37 (vii) for transaction wise detail under each borrowing.

## 19. Deferred grants

Grants are received from the Royal Government of Bhutan as counterpart financing to the Rural Electrification Loan to carry out the rural electrification works for the civil component and establishment expenses. The material costs are financed through the loan. There are no conditions and contingencies attached to this grant.

	As at December 31, 2015	As at December 31, 2014
<b>As at January 1</b>	939,325,033	789,557,367
Received during the year	8,209,287	171,074,065
Less: Transferred to the Statement of Comprehensive Income	(23,959,455)	(21,306,399)
<b>As at December 31</b>	<b>923,574,865</b>	<b>939,325,033</b>



**Deferred grant analyzed as follows:**

	As at December 31, 2015	As at December 31, 2014
Current portion	24,891,343	20,972,254
Non-current portion	898,683,522	918,352,779
<b>Total</b>	<b>923,574,865</b>	<b>939,325,033</b>

**20. Deferred Customer's Contribution**

	As at December 31, 2015	As at December 31, 2014
<b>As at January 1</b>	<b>3,317,332</b>	<b>-</b>
Received during the year	-	3,373,558
Less : Transferred to the Statement of Comprehensive Income	(112,452)	(56,226)
<b>As at December 31</b>	<b>3,204,880</b>	<b>3,317,332</b>
<b>Deferred Customer's Contribution analyzed as follows:</b>		
Current portion	112,452	112,452
Non-current portion	3,092,428	3,204,880
<b>Total</b>	<b>3,204,880</b>	<b>3,317,332</b>

**21. Employee Benefit Liabilities**

	As at December 31, 2015	As at December 31, 2014
<b>Provision for:</b>		
- Gratuity (Refer Note 37(i))	405,785,435	341,518,127
- Leave encashment	36,006,408	33,580,410
- Performance Based Incentive Scheme	75,645,862	65,725,377
- Performance Based Variable Allowance	67,902,361	39,416,431
<b>Total</b>	<b>585,340,066</b>	<b>480,240,345</b>
<b>Employee benefit liabilities analyzed as follows:</b>		
Current portion	202,815,969	172,554,806
Non-current portion	382,524,097	307,685,539
<b>Total</b>	<b>585,340,066</b>	<b>480,240,345</b>



## 22. Deferred Income Tax liabilities (net)

The analysis of deferred income tax assets and deferred income tax liabilities and the gross movement on the deferred income tax liability (net) is as under:

Particulars	For the year ended	
	December 31, 2015	December 31, 2014
Opening Balance	480,369,787	305,542,154
Charged to the Statement of Comprehensive Income (Refer Note 22.1)	71,093,899	174,827,633
<b>Closing Balance</b>	<b>551,463,686</b>	<b>480,369,787</b>

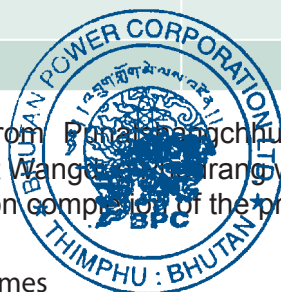
Note 22.1 The movement in deferred income tax assets and liabilities during the year ended December 31, 2015 and December 31, 2014 are as under:

Deferred income tax liabilities	As at January 1, 2015	Adjustment to Statement of Comprehensive Income	As at December 31, 2015
Property, plant and equipment	502,441,976	74,807,345	577,249,321
<b>Total</b>	<b>502,441,976</b>	<b>74,807,345</b>	<b>577,249,321</b>
<b>Deferred income tax assets</b>			
Provision for doubtful debts	2,394,608	2,942,106	5,336,715
Training	16,366,893	3,591,337	19,958,231
Provision for obsolete inventories	3,310,686	(2,819,997)	490,689
<b>Total</b>	<b>22,072,188</b>	<b>3,713,446</b>	<b>25,785,634</b>

## 23. Other non-current liabilities

	As at December 31, 2015	As at December 31, 2014
Security Deposits		
- Energy meter	194,447,557	177,825,971
- Others (Refer Note 23.1)	16,759,951	16,759,951
Performance security	85,185	1,869,100
Retention money	469,897,953	699,859,161
Payables to employees	149,124	167,360
	<b>681,339,770</b>	<b>896,481,543</b>

23.1 Include the deposit received from Phelakhangchu-I Hydroelectric Project Authority as compensation for BPCL assets at Wangchuckling which will be adjustable after the assets being transferred to the PHPA-I on completion of the project.





**24. Trade & other payables**

	As at December 31, 2015	As at December 31, 2014
Trade payables:		
- electricity	223,675,778	157,820,542
- suppliers & contractors	178,597,763	199,150,861
- services	8,356,719	114,998
Other payables	1,044,044	-
<b>Total</b>	<b>411,674,304</b>	<b>357,086,401</b>

**25. Income tax payable (net of advances)**

	As at December 31, 2015	As at December 31, 2014
Provision for corporate tax	519,783,722	415,284,847
Less: Advance income tax and tax deducted at source	(183,171,877)	(182,103,575)
<b>Total</b>	<b>336,611,845</b>	<b>233,181,272</b>

	As at December 31, 2015	As at December 31, 2014
<b>Current income tax</b>		
Current tax on profits for the year	519,783,722	415,284,847
<b>Total Current income tax</b>	<b>519,783,722</b>	<b>415,284,847</b>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	71,093,899	70,356,723
On reassessment in ERP	-	104,470,910
<b>Total Deferred income tax</b>	<b>71,093,899</b>	<b>174,827,633</b>
<b>Income tax expense</b>	<b>590,877,621</b>	<b>590,112,480</b>

Reconciliation between the provisions for income tax to the amount computed by applying the statutory income tax rate to the income before provision for income tax is summarized below:



	As at December 31, 2015	As at December 31, 2014
<b>Profit before tax</b>	<b>1,971,618,598</b>	<b>1,593,086,562</b>
<b>Tax calculated at domestic tax rates</b>	<b>591,485,579</b>	<b>477,925,969</b>
<b>Income tax effect due to:</b>		
- Other non-deductible expenses		
-Medical expenses	211,265	215,185
-Donations	549,600	219,120
-Fines and Penalties	1,073,445	322,224
- Others		
- Depreciation on disposal	12,308,393	6,959,072
- Reversal on disposal of asset	(14,750,661)	-
- Deferred tax on reassessment in ERP	-	104,470,910
<b>Income tax charge</b>	<b>590,877,621</b>	<b>590,112,480</b>

The applicable corporate income tax rate was same, i.e. 30% for the current year and earlier year ended on December 31, 2015 and December 31, 2014.

## 26. Other current liabilities

	As at December 31, 2015	As at December 31, 2014
Security deposits:		
- Energy meter	2,719,018	1,436,874
- Capacity reserve charges	9,607,950	1,850,350
- Performance security	4,880,832	3,130,240
Retention money	820,119,816	229,638,968
Liabilities against asset taken over	-	34,927,119
Interest accrued but not due on borrowings	32,071,672	32,126,479
Statutory liabilities	8,444,669	520,228
Welfare Grant Fund	11,716,868	10,111,699
Payables to employees	517,898	1,905,376
Accrued Expenses	1,791,400	15,638,014
Other liabilities	2,653,399	2,311,920
<b>Total</b>	<b>894,523,522</b>	<b>333,597,267</b>



**27. Income from construction contracts**

	December 31, 2015	December 31, 2014
Value of contracts performed and service charges	4,281,806,936	2,418,281,225
Estimation charges for works	254,672	1,222,548
<b>Total</b>	<b>4,282,061,608</b>	<b>2,419,503,773</b>

**28. Other Income**

	December 31, 2015	December 31, 2014
Interest income on:		
- Fixed deposits	21,906,171	20,356,045
-Policy Benefit Accrued on Employee Insurance Policy ( Refer Note 37 (vi))	45,430,224	13,846,510
-Fixed Deposit for Investment Reserve	25,979,651	17,526,076
- Fixed Deposit for Gratuity Liability	15,725,365	13,301,504
- RICBL bonds	10,407,945	19,728,363
- Advance to Holding Company	-	18,805,479
- Inter-Corporate Loan	9,143,835	-
Penalties and liquidated damages	8,583,015	37,410,732
Revenue Grant	-	674,873
Amortization of deferred grants (Refer Note 19)	23,959,455	21,306,399
Amortization of deferred customer's contribution ( Refer Note 20)	112,452	56,226
Liabilities no longer required written back	22,587	1,435,894
Write-back of Provision on Obsolescence of Material	9,399,991	983,375
Scrap Sales	4,634,690	8,193,040
Tender form sales	2,214,300	1,963,569
Hire and lease charges	1,546,939	721,883
Other miscellaneous income	88,170,897	70,350,420
<b>Total</b>	<b>267,237,517</b>	<b>246,660,388</b>





**29. Operation and maintenance expenses**

	December 31, 2015	December 31, 2014
Repairs and maintenance:		
- Material/Stores	76,477,552	95,722,242
- Services	105,027,304	79,747,834
- Meter Equipment	1,170,447	69,109
- Vehicle running expenses (POL)	24,286,630	23,939,096
- Consumables	10,862,999	7,389,074
- Others	93,973,844	61,034,654
	<b>311,798,776</b>	<b>267,902,009</b>

**30. Employee benefits expenses**

	December 31, 2015	December 31, 2014
Salaries, wages, bonus and allowances	676,875,343	534,625,279
Contribution to provident and pension fund	40,987,790	37,049,557
Contribution for gratuity and leave encashment	84,569,041	60,447,393
Workmen and staff welfare expenses	74,484,544	57,460,109
	<b>876,916,718</b>	<b>689,582,338</b>

**31. Finance cost**

	December 31, 2015	December 31, 2014
Interest on long term borrowings from:		
Royal Government of Bhutan for:		
- Rural electrification Projects	52,587,466	55,593,247
- Tala Hydro Electric Project	35,945,361	35,945,361
National Pension and Provident fund for:		
- Transmission Lines Project	35,599,384	39,310,486
Other finance charges	125,402	112,061
<b>Total</b>	<b>124,257,613</b>	<b>130,961,155</b>
Less: Amounts capitalized on qualifying assets	-	2,389,037
<b>Total</b>	<b>124,257,613</b>	<b>128,572,118</b>

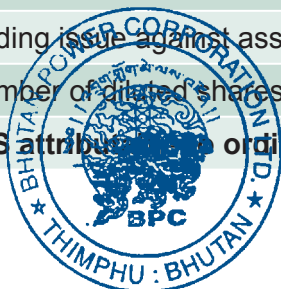


**32. Other expenses**

	December 31, 2015	December 31, 2014
Travelling expenses	39,217,968	18,236,468
Rent charges	5,511,521	5,356,658
Rates and taxes	1,021,907	1,146,081
Printing and stationary	16,854,897	11,725,366
License and registration fees	11,888,813	9,892,796
Audit fees and expenses	940,985	1,108,816
Office expenses	8,281,034	7,175,074
Consultancy fees	200,000	2,287,715
Entertainment expenses	5,641,879	4,372,863
Publicity and Advertisement expenses	2,410,579	1,610,237
Insurance charges	2,697,309	2,200,515
Donations and Contributions	1,857,000	805,400
Vehicle Hire charges	474,395	-
Bad debt/Provision for doubtful debts	9,807,021	(1,178,989)
Loss on disposal of property, plant and equipment	25,264,468	8,846,636
Board meeting expenses and sitting fees	1,347,642	1,105,298
Management Fee for holding Company	14,298,844	-
Miscellaneous expenses	32,821,413	12,803,477
<b>Total</b>	<b>180,537,675</b>	<b>87,494,411</b>

**33. Earnings per share ('EPS')**

Basic EPS attributable to Ordinary shares	December 31, 2015	December 31, 2014
<b>Net Profit attributable to the owners of the Company</b>	1,380,740,977	1,002,974,078
Issued and outstanding ordinary shares at the beginning of the year	8,190,191	8,190,191
Effect of ordinary shares issued during the year	10,187	-
<b>Weighted average number of ordinary shares</b>	8,200,378	8,190,191
<b>Basic EPS attributable to ordinary Shares</b>	<b>168.38</b>	<b>122.46</b>
Shares pending issue against assets taken over	-	34,927
Average number of diluted shares	8,200,378	8,225,118
<b>Diluted EPS attributable to ordinary Shares</b>	<b>168.38</b>	<b>121.94</b>



### 34. party transactions

The Company is a wholly owned subsidiary of Druk Holding & Investments (a Royal Government of Bhutan undertaking). The Company has no subsidiary Company. The Company considers that for the purpose of BAS 24 the Royal Government of Bhutan is in a position of control over it, and therefore regards the Royal Government of Bhutan and its controlled companies/corporations as related parties for the purpose of the disclosures required by BAS 24.

A summary of the Company's transactions with the Royal Government of Bhutan and its related entities is included below:

Name of Related Party	Relationship	Nature of transaction with related party	Amount outstanding as on December 31, 2015 (Amount in Nu.)	Transactions during the year (Amount in Nu.)
Royal Government of Bhutan	Ultimate holding	a) Borrowings for rural electrification project	Cr. 5,442,612,781	Disbursement(Cr.) 161,612,637 Repayment (Dr.) 44,858,215
		b) Borrowings for Tala hydroelectric project	Cr. 329,915,214	Repayment (Dr.) 109,971,738
		c) Grants received for rural electrification	Cr. 923,574,864	Received (Cr.) 8,209,286
		d) Interest Paid/payable on Borrowings	Cr. 18,645,226	Cr. 88,532,827
Druk Holding & Investments	Holding Company	a) Issue of Share Capital	Cr. 8,225,118,000	34,927,000
		(b) Additional issue		
		b) Payment of dividend		702,082,000
		c) Inter-corporate deposit given	Dr. 400,000,000	268,002
		d) Sale of electricity		
		f) Interest received on Inter-corporate deposit		9,143,835





Name of Related Party	Relationship	Nature of transaction with related party	Amount outstanding as on December 31, 2015 (Amount in Nu.)	Transactions during the year (Amount in Nu.)
Druk Green Power Corporation Limited	Fellow Subsidiary	(a) Purchase of electricity for transmission and distribution	Cr. 215,912,047	1,541,527,860
		(b) Wheeling charges	Dr. 13,424,084	593,492,270
Dagachhu Hydro Power Corporation	Fellow Subsidiary	Wheeling charges	Dr. 1,803,666	38,776,093.61
Druk Air Corporation Limited	Fellow Subsidiary	Air Travel Service		15,348,946
Royal Insurance Corporation of Bhutan Ltd	Government undertaking	a) Insurance Premium paid b) Deposit against Employees Insurance Policy	Dr. 491,063,498	9,450,286
		c) Redemption of Bonds		300,000,000
		d) Interest income earned on bonds		10,407,945
		e) Benefits accrued on Insurance Policy		45,430,224
		f) Death Benefit Claims under Employees Insurance Policy		1,325,000

### Key management personnel ('KMP')

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director whether executive or otherwise.

Key management personnel of the company for the purpose of disclosure of compensation include the Managing Director as required by the Companies Act of the Kingdom of Bhutan 2000.



**Summary of compensation paid to the KMP, Dasho Bharat Tamang, the former Managing Director.**

	For the year ended	
	December 31, 2015	December 31, 2014
Basic Salary and contract allowance	860,531	1,432,224
Performance based variable allowances	297,545	347,625
Performance based incentive scheme	169,400	165,624
Sitting fees	89,000	113,000
Contribution to provident fund	63,105	105,024
<b>Total</b>	<b>1,479,581</b>	<b>2,163,497</b>

**Summary of compensation paid to the KMP, Mr. Gem Tshering, present Managing Director.**

	For the year ended	
	December 31, 2015	December 31, 2014
Basic Salary and contract allowance	768,000	-
Performance based variable allowances	120,000	-
Performance based incentive scheme	79,200	-
Sitting fees	88,000	-
Contribution to provident fund	52,800	-
<b>Total</b>	<b>1,108,000</b>	<b>-</b>

As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP are not ascertainable separately and as such could not be included above.

**Note:**

- Reimbursement of expenses incurred by related parties for and behalf of the Company and vice-versa, and the related outstanding amounts have not been included in the above disclosures.
- The disclosures given above have been reckoned on the basis of information available with the Company and relied upon by the Auditors.

**35. Capital Commitments**

The Company has contractual commitments of Nu 8,577,329,815 and Nu 8,129,728,401 as at December 31, 2015 and December 31, 2014 respectively, pertaining to capital expenditures relating to acquisition of Property, plant and equipment.



### 36. Contingent liabilities

As on the reporting date, there is a pending litigation filed against the Company in the Courts of Law in the Country. The probable amount of the claims from the case to the company is to the tune of Nu 68 million and is contingent on the judgment.

### 37. Other Notes to Accounts

#### i. Gratuity:

The liability towards Gratuity is funded through fixed deposits with the banks. As on December 31, 2015 there is balance of Nu. 343,000,945 in the fixed deposits (including interest of Nu 6,088,233.20 accrued thereon) earmarked towards gratuity liability of Nu.405,785,435 as on December 31, 2015, showing shortfall of Nu 62,784,490 which shall be made good in the coming year/s by further investing in the fixed deposits. However, the liability has been fully provided in the accounts and during the year a provision of Nu 64,267,308 (Previous year: Nu. 10,576,437) has been made in the accounts.

ii. As per last domestic tariff revision from July 1, 2015, the revised weighted average tariff is Nu. 2.217 /unit as compared to Nu. 1.996/unit prior to the revision.

iii. As per the technical assessment of the slow and non-moving material identified based on ageing and usage level of the inventory generated from ERP (SAP) System and also based on identification/segregation of obsolete stock at the time of physical verification, the adequate provision has been made in the accounts towards obsolete material.

iv. In the opinion of the management, the value of assets other than fixed assets and investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Statement of Financial Position.

v. The letters have been sent to most of the parties for confirmation of the balances under trade and other receivables, loans and advances and trade and other payables, however, due to non-receipt of the response from few parties, the balances are subject to confirmation / reconciliation in some cases. The impact, if any, subsequent to the confirmation/reconciliation will be taken in the year of confirmation/reconciliation.

vi. During the year, the Company has taken a single premium insurance policy with Royal Insurance Corporation of Bhutan Limited (RICB), for coverage of its employees with death claim benefit in the event of death while in service and within the policy term of five years. The policy has been underwritten through Single premium, which will be refunded at the end of policy period/term with pre-decided/fixed policy bonus / benefit of Nu. 226,828,522 and after deduction of death claims paid within the policy term. The Single premium of Nu. 424,136,478 paid during the year have been considered as 'Deposit against Employees Insurance Policy' under 'Other Non-Current Assets' in the Statement of Financial Position. The death claim benefits of Nu. 1,325,000 paid/payable during the year have been reduced from the same and accounted for as 'Employee Benefit Expense' and the policy bonus / benefit of Nu. 45,430,224 (Previous year Nu 13,840,000) accrued under the policy have been added in the same on prorated basis by credit to 'Other Income'.





vii. The detail of Loans Funds for the year is as under:

(Amount in Nu.)

Particulars	outstanding as on 01.01.2015	Disburse- ment during the year	Repayment during the year	Loan Outstanding as on 31.12.2015	Interest Paid/ provided for during the year
<b>From Royal Government of Bhutan (Unsecured)</b>					
<b>A. For Rural Electrification works</b>					
ADB-RE I	174,385,435	-	8,304,068	166,081,366	10,147,571
ADB-RE II	311,539,241	-	18,325,838	293,213,404	17,995,973
ADB-RE III	382,794,482	-	18,228,309	364,566,173	22,369,173
ADB-RE IV	1,138,451,374	-	-	1,138,451,374	-
ADB-RE V	515,563,578	77,462,625	-	593,026,203	-
ADA	312,903,654	-	-	312,903,654	1,986,364
JICA-I	1,725,520,182	8,669,568	-	1,734,189,750	88,385
JICA-II	764,700,413	75,480,444	-	840,180,857	-
	<b>5,325,858,359</b>	<b>161,612,637</b>	<b>44,858,215</b>	<b>5,442,612,781</b>	<b>52,587,466</b>
<b>B. For Tala Transmission Lines</b>					
THP	304,952,617	-	76,238,154	228,714,463	35,945,361
THP- IDC	134,934,335	-	33,733,584	101,200,751	-
	<b>439,886,952</b>	<b>-</b>	<b>109,971,738</b>	<b>329,915,214</b>	<b>35,945,361</b>
<b>From National Pension and Provident Fund (Secured)</b>					
NPPF	419,275,000	-	41,927,500	377,347,500	35,599,384
	<b>419,275,000</b>	<b>-</b>	<b>41,927,500</b>	<b>377,347,500</b>	<b>35,599,384</b>
<b>Total</b>	<b>6,185,020,311</b>	<b>161,612,637</b>	<b>196,757,453</b>	<b>6,149,875,495</b>	<b>124,132,211</b>

viii. Quantitative detail of purchase, generation and sales of power for the year is as under.

	2015		2014	
	Units ( kWh)	Amount in Nu (m)	Units ( kWh)	Amount in Nu (m)
Purchase	2,100.9782	1,550.12	2,100.9782	1,550.12
Hydel	14.6759		14.6759	
DG	0.0022		0.0022	
Sale	2,057.1410	4,560.32	2,057.1410	4,560.32



38. The previous years figures have been regrouped and/or rearranged, wherever required.

39. Subsequent events

- i. The Board of Directors has proposed a final dividend of Nu 155.82 per share for the financial year ended December 31, 2015. The total dividend of Nu. 1,281,655,159 and is subject to approval of the members in the General Meeting to be held to adopt the financial statements for the year ended December 31, 2015. These financial statements do not reflect this dividend payable.
- ii. In line with the Asset replacement policy of the Company, the Board of Directors has proposed an amount of Nu 5,736,194 to be transferred to Insurance Reserve for the financial year ended December 31, 2015, which is calculated at 0.4% on the gross asset additions during the year. This is subject to approval of the members in the General Meeting to be held to adopt the financial statements for the year ended December 31, 2015. These financial statements do not reflect this transfer.

Signatures to 'Notes 1 to 39' of the Financial Statements  
For and on behalf of the Board of Directors

  
Director (Finance)

  
Director

  
Managing Director Chairman



As per our report of even date attached

**For RAY & RAY**  
Chartered Accountants  
Firm Registration No 301072 E



(Sukanta Nag)  
Partner

Membership No 052403

Place: Kolkata

Dated: \_\_\_\_\_

15 MAR 2016



# Exhibit to the Annexure

## RATIO ANALYSIS

Particulars	2015	2014	
NP ratio	0.202	0.219	This is essentially PBT margin, given the formula being considered. It is, by and large, range bound, although is very low.
Fixed Assets Turnover Ratio (Sales/ Average Net Block)	0.597	0.493	Improved, though low.
Debtors Turnover Ratio (Energy Sales/ Average Debtors)	39.641	31.527	Appears comfortable.
Current Ratio (Current Assets/Current Liabilities)	1.928	1.889	These are more than adequate. We think there is a need to evaluate the necessity of holding large cash balance which has been highlighted by us in the Management Report.
Quick Ratio (Current Asset-Inventory/ Current Liabilities)	1.786	1.808	
Interest Coverage Ratio ( Profit before interest & tax/Interest)	16.867	13.391	Quite comfortable & improved.
Debt Service Coverage Ratio ( PAT+Dep+Interest/(Interest + Principal Repayment)	7.372	5.979	Quite comfortable & improved.
Gearing Ratio ( Debt /Gross Value of Fixed Asset)	26.86%	28.82%	Comfortable, despite a marginal decline.
Gearing on net Fixed asset	36.9%	38.5%	Comfortable, despite a marginal decline.
Debt Equity Ratio ( Debt/average Equity)	45.97%	48.88%	Comfortable.
Return on Capital Employed ( PBIT/ (Capital+Reserve+long term liability)	10.55%	8.96%	Though improved, these are on the lower side due to low profitability. However return on assets has more relevance in case banks & finance companies.
Return on asset (Profit after tax)/ average net total assets	8.44%	6.79%	
Return on equity ( return available / Average Equity)	10.32%	7.93%	

