



Thimphu TechPark
dhi Company
BHUTAN'S FIRST IT PARK

2020

ANNUAL REPORT





Thimphu TechPark Ltd.
Post Box 633, Babesa, Thimphu
Phone: +975-2-350052
Email: enquiries@thimphutechpark.bt
Website: www.thimphutechpark.bt



Annual Report 2020

THE YEAR IN REVIEW

2020 has been described as the year that stopped the world. COVID-19 brought the whole world to its knees showing how vulnerable the human civilization is to such global pandemics. As all aspects of people's lives were affected by the unfolding pandemic, it goes without saying that the businesses all over the world took a major brunt of the impact. Therefore, our company too was not totally spared though our financial performance was not affected much.

2020 was the first full year for TTPL since the consolidation of some major IT services of DHI Group under TTPL and the formation of the IT services department. The timing of the pandemic could have dealt a major set-back for the newly transformed TTPL had it not been for some major good tidings that came our way in the form of two major software projects of Digital Drukylul Flagship Program of the 12th Five Year Plan – Bhutan Integrated Taxation System (BITS) and Electronic Patient Information System (ePIS). The contract for BITS was signed with the Government for Nu. 610,886,016.77 on 16th June 2020 while the Government gave us full legal assurance to start work on ePIS vide letter MoH/ePIS/07/2020/13182 dated 26th May, 2020 pending the signing of contract.

So, despite the pandemic, the company grew from 36 employees at the end of 2019 to 75 employees by the end of 2020. Along with the expansion, the company's turnover grew. So, we have achieved over 300% growth in revenue and over 1498% growth in Profit Before Tax in 2020 as compared to the previous year. The Company's revenue for the year was Nu. 158,855,673 as compared to Nu. 38,182,237 in 2019, and Profit Before Tax (PBT) was Nu. 51,742,411 as compared to Nu. 3,237,541 in 2019.

In its own humble way, TTPL was also honoured to provide IT services to the Government pro bono to help the Ministry of Health combat the spread of COVID. TTPL developed the widely used contact tracing app Druktrace and the app called 'Stay Home' to monitor people in quarantine, besides providing other IT related advice and support.

While ePIS and BITS were major contracts the company received in 2020, we continued with our normal support tasks for our SAP ERP and ERPNext clients, and also undertook some important software projects for DHI Group as well as other clients as listed below.

Unit	Projects	Customer
Analytics and Software Development	DHI Dashboard (PMD Report)	DHI
	DHI Investment Dashboard	DHI
	DGPC MIS Report	DHI
	DHI Compact Automation	DHI
ERPNext	ERP Implementation at TTPL	Inhouse
	ERPNext Implementation at BoB- (Contract Signed and Work initiated)	BoB
	ERP Implementation at Gyalsung	Gyalsung Infra
	EME billing integration	SMCL
	ERP Implementation at Gelephu Thromde	Gelephu Thromde
	ERPNext Annual Maintenance Support	SMCL, WCCL, NHDCL, CDCL, NRDCCL
	Druk Trace	MoH
SAP	SAP Implementation at Drukair (Contract Signed and Work initiated)	Drukair
	DHI and BPC SAP Hardware Study`	DHI (Includes DPL and DCCL), BPC
	Billing Customization and Digital Kidu Integration	BPC
	SAP Annual Maintenance Support	DHI, BPC, DGPC, DHPC, THYE, BHSL, BA, KHEL, PHPA 1, PHPA 2, MHPA, DCCL, DPL and BT
Infra	Email Implementation at WCCL	WCCL
	Email Implementation at DCCL	WCCL
	Email Implementation at KIL	WCCL
Software Development and ERPNext	Customer Service Automation (Phase 1)	NRDCCL
	Customer Service Automation (Phase 2)	NRDCCL
	Stay Home App	MoH

On the conventional Tech Park services front, TTPL continued to host and support 10 Foreign Direct Investment companies in Bhutan and liaise with the Department of IT and Telecom, Ministry of Information and Communications and other Government agencies. Additionally, the company also continued to be a major player in the start-up eco-system of Bhutan by housing more than 10 incubatees in the incubation centre and training hundreds of youth to take up self-employment as a preferred career option through entrepreneurship development programs provided in collaboration with the Ministry of Labour and Human Resources.

I feel grateful that a lot of right things have happened at the right time for TTPL since the day we launched our operations on 7th May 2012. In the last nine years that I have been leading this company, I cannot but feel lucky to have been blessed with a lot of support and goodwill from a lot of organisations and important people that helped us overcome the challenges and come thus far.

Every year, the company achieved growth and progress, though it was gradual at times. Even at the worst of our times before 2015, we were able to run this company as a financially sustainable operation. The first major transformation came about with DHI assuming full ownership of the company on **29th October 2014**. Thereafter, the growth picked up steam, and by February 2016, we achieved the target of employing 600 Bhutanese youths. We have been maintaining this employment figure since then. The biggest growth came in 2020 with the expansion and the diversification into IT services.

All this happened in line with the DHI Roadmap adopted at the end of 2018 which mandated TTPL to become an IT services provider with a vision to become the Centre of Excellence for Information Technology, catering to companies within DHI Group as well as other clients in Bhutan first and then exporting IT services in the future. So, the company created its IT Services Department in September 2019, and major test of the department happened in 2020, which we feel we have passed quite well.

For 2021, our main focus will be on consolidating our IT services and building a clear roadmap for the way ahead as company with a vision to become a global player in the future. We are grateful to all the agencies of the Government, DHI, fellow DHI companies, our Board, our valuable clients, and our own employees for the continued support and hardwork, and on our part, my colleagues and I pledge our dedication to live up to the expectation of our Board and the shareholder, and contributing our bit towards His Majesty's vision of Bhutan's future.



Dr. Tshering Cigay Dorji
Chief Executive Officer

THE YEAR

IN PICTURE



MARCH

Developing Druk Trace App



JULY

BITS Contract Signing



AUGUST

SAP ECC-ERP Project Kick-off and Contract Signing with DrukAir



SEPTEMBER

Signing of BITS inception report



OCTOBER

5th Batch BEC



DECEMBER

6th Batch BEC at Haa

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1. COMPANY PROFILE

1.1 Background of the company

Initiated as a Public-Private Partnership (PPP) Project concept in 2006 to increase productive employment in Bhutan through the promotion of enterprise development in the IT/ITES sector, enhanced IT skills, and improved access to finance, Thimphu TechPark started in 2008 under the umbrella of the Private Sector Development Project (PSDP) supported by the World Bank. The objectives of the PSD Project consisted of the three components – IT Park Infrastructure (Thimphu TechPark), Skills Development Program (it trained 1,300 youths in IT & ITES Sector), and Strengthening the Financial Sector through IT Investments (it established inter-Bank Electronic Fund Transfer Clearing System (EFTCS)).

The Royal Government of Bhutan (RGoB) received a grant from the International Development Association (IDA) towards the cost of the PSD Project in 2008. The Department of IT & Telecom, Ministry of Information and Communications called for bids to Design, Build, Finance, Own, Operate, and Transfer (DBFOOT) the IT Park in Babesa, Thimphu under the PPP model.

Druk Holding and Investments (DHI), Bhutan, and Assetz Property Group (APG), Singapore, signed a joint venture agreement and submitted a Joint Venture bid to (DBFOOT) the IT Park. Their bid was accepted by the Government and subsequently, DHI and APG were awarded the contract vide letter No. DIT/35(12)/2009-10/07 dated 17th July 2009. DHI and APG then incorporated Thimphu TechPark Pvt. Ltd (TTPL) under the Companies Act of the Kingdom of Bhutan 2000 on 24th August 2009 to undertake the IT Park Project as a developer, and the Shareholders Agreement was signed on 29th August 2009 with DHI holding 26% and APG holding 74% of TTPL. In the Public-Private Partnership, TTPL became the private partner and the Department of IT & Telecom became the public partner representing the Government. Some of the contributions from the Government as the public partner were as follows: 5-acre land on lease at the fixed lease rate of Nu. 1 per sqft, Tax holiday for TTPL for 15 years, tax holiday for tenant companies, customs duty, and sales tax exemptions for import/purchase of items forming direct input for the setting up of the office, the provision of ancillary facilities such as road access, water supply, power supply, and fiberoptic connections for the IT Park, and financing the establishment of Bhutan Innovation & Technology Centre (consisting of Bhutan's first Business Incubation Centre and a Data Centre) within the IT Park.

The responsibility of TTPL, the private partner, was to Design, Build, Finance, Own, Operate, and Transfer (DBFOOT) the IT Park. Hence, the whole cost of design and construction of the IT Park was borne by TTPL.

The ground-breaking ceremony for the IT Park was held on 18th May 2010, and IT Park was inaugurated on 1st November 2011 by Her Majesty the Queen Mother Ashi Tshering Yangdon Wangchuck coinciding with the Coronation Day of His Majesty the King. The construction was fully completed on 30th April 2012 and the operations formally started on 7th May 2012.

DHI assumed full ownership of TTPL and changed its name to Thimphu TechPark Limited retaining the same acronym 'TTPL' after APG decided to exit from the partnership and sold its shares to DHI on 29th October 2014. Since then, TTPL has become one of the fully owned companies of DHI.

TTPL's focus, since the start of operations in 2012, has been on two core services: attracting and facilitating FDI companies to lease commercial space at the IT Park and managing Bhutan Innovation and Technology Centre which contains Bhutan's first incubation center and a Tier2 Data Centre.

However, in line with the DHI Roadmap 2019 – 2030, the company has taken steps from 2019 onwards to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company has since then been focusing on becoming the Centre of Excellence for Software Engineering, and consolidating the Group's IT services and resources (including the data centres), and replacing all legacy systems and applications with up-to-date applications. It provides IT and IT-enabled services (system development) to all local agencies and also functions as IT Manager to the Group, government agencies, and other independent agencies.

1.2 Vision, Mission and Values



VISION

To be a vibrant Technology Park and the Centre of Excellence for Information Technology Services.



MISSION

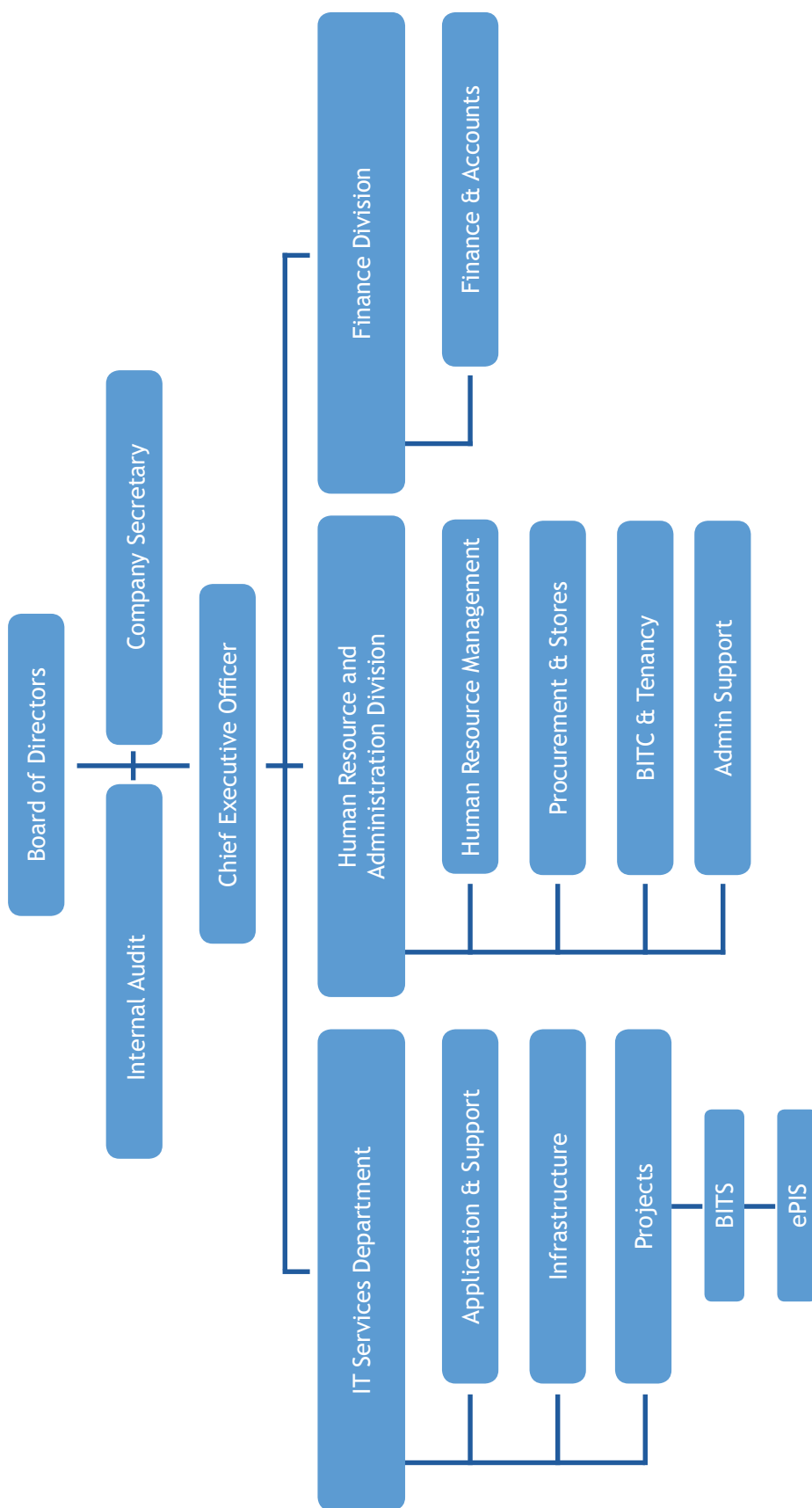
1. To provide world class services in Information Technology
2. To attract reputed IT/ITES companies from both within Bhutan and around the world to work in a stimulating environment which provides opportunities for technology-based collaboration, learning and innovation.
3. To promote Research, Innovation, and development in Technologies.
4. To maximize the efficient utilization of resources and increase return on investment for all stakeholders.



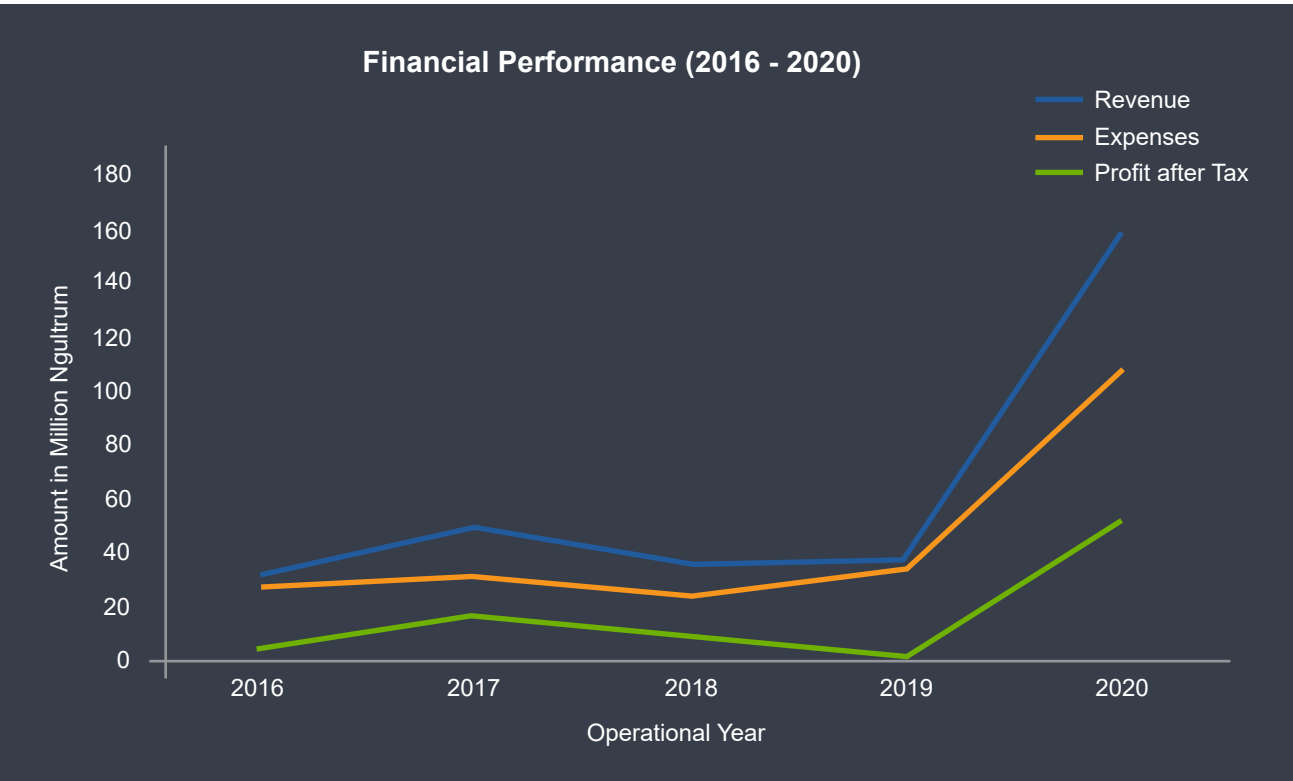
The company, in discharging its duties and providing services to all its stakeholders, will uphold the following core values:

1. Be ethical and sincere in everything we do.
2. Ensure customer satisfaction by delivering prompt and professional service.
3. Build teams of competent professionals by fostering personal development and professional growth.
4. Continuously innovate and improve our internal processes as well as our services and products through a relentless pursuit of excellence.
5. Deliver excellent results through a culture of ownership, accountability and responsibility.

1.3 Organizational Chart



1.4 Financial Performance



2. Board Directors



Karma Yonten, Chairman (Since March 2020)

Karma Yonten has been the Head of the Office of Performance Management under His Majesty's Secretariat since 2015. He served as the founding CEO of Druk Holding and Investments (DHI) from 2007-2014. In the past he served as CEO of Bhutan Electricity Authority, the regulator for the electricity sector, and as Project Manager for the construction of the Basochu Hydropower project. For a short while, he worked as a consultant in the private sector.

He currently serves on the Boards of The Royal Academy, The Royal Institute of Law, and is the Chairman of the Bank of Bhutan and Bhutan Agro Industries Limited. He received a Fulbright Scholarship and graduated with an Electrical Engineering degree from the University of Kansas, USA. He received his MBA from Hitotsubashi University, Japan.



Karma Pemba, Director (Since March 2020)

Karma Pemba is the Director of the National Council of Bhutan. Prior to that, he served as the Director of Cabinet Secretariat, Chief Transport Officer, Road Safety and Transport Authority, Ministry of Information & Communications and also served in various other capacities in the Government.



Kuenga Jurmi, Director (Since March 2020)

Mr. Kuenga Jurmi is the Chief Executive Officer of Financial Institutions Training Institute. For last 21 years demonstrated ability in a broad range of skills and competence involving in maintaining banking related software application (CBS), experiences in implementing operational procedures in IT dependent environment, people management with focus on HR policies and systems including recruitment and performance appraisal coupled with experiences as facilitator and coordinator of workshops and seminars, development of training courses to postgraduate students, in-service civil personnel, local community leaders and representatives. He has Master of Information Technology (MIT) from University of Canberra (UC), Canberra, Australia and Bachelor of Arts (Economics Honors.) – Sherubtse College affiliated to University of Delhi, India.



Sonam Choiden, Director (Since March 2020)

Dr. Sonam Choiden is the President of Gedu College of Business Studies, Royal University of Bhutan. She is skilled in Research, Sustainable Development, Stata, Program Evaluation. She has a Doctor of Philosophy (Ph.D.) in Economics of Happiness and GNH from QUT Business School, Queensland University of Technology, Australia.



Tenzin Namgay, Director (Since March 2020)

Tenzin Namgay started his career as a survey engineer with the National Land Commission, Bhutan in 2004. He worked as the Director, Department of Land Administration & Management from 2017-2019. Currently, he serves as the Director, Department of Survey & Mapping, NLC.

He has Bachelors Degree with Honours in Surveying & Geoinformatics from University of South Australia, Adelaide, Masters in Geographic Information System from Curtin University, Perth and Masters in Public Management from Lee Kuan Yew School of Public Policy, Singapore and Harvard Kennedy School of Government, US. Prior to TTPL, he served as a Board Director in NRDCL and WCCL.



Ujjwal D. Dahal, Director (Since July 2019)

Ujjwal Dahal is the Director of Innotech Department, Druk Holding & Investment Ltd. He is a Fulbright fellow from Massachusetts Institute of Technology(MIT), Cambridge in Technology Policy and Management. He started his professional career in 2002 with Bhutan Power Corporation Ltd., which is a public electrical utility in Bhutan. He has Masters of Science (Electrical Engineering) degree from University of New Brunswick, Canada and Bachelor of Engineering from PSG College of Technology, India and is a certified Project Management Professional (PMP) from PMI, USA. His experience, expertise and interests are in the areas of energy policy & markets; project management; energy system planning & design; strategic technology planning; smart cities; and data driven system designs.



Tshering Cigay Dorji, Chief Executive Officer/Board Director (Since Nov. 2014)

Dr. Tshering Cigay Dorji has been leading the operation and management of Thimphu TechPark since it opened for business in 2012, first as the Chief Operating Officer till 2014, and then as the CEO. With his deep passion for technology and youth entrepreneurship, he has been instrumental in making the IT Park a vibrant place where hundreds of youth work. Since 2019, he has played the crucial role of transforming Thimphu TechPark Ltd. into an IT company besides managing the Technology Park, and now leads a team of over 60 IT professionals undertaking various software projects in Bhutan. He has Ph.D in computer engineering (NLP and text mining) from the University of Tokushima, Japan, and Master of Management from the University of Canberra.



Pema Lhamo, Company Secretary & Legal Officer

Pema Lhamo obtained B.A LLB from Bangalore University (Karnataka), India and Post Graduate Diploma in National Law from Royal Institute of Management. Before she joined Thimphu TechPark Ltd., she worked as Company Secretary/Legal Officer at the State Mining Corporation Limited. She joined Thimphu TechPark Limited in November, 2019.

3. Management Team



Tshering Cigay Dorji, PhD. Chief Executive Officer



Dr. Tshering Cigay Dorji has been leading the operation and management of Thimphu TechPark since it opened for business in 2012, first as the Chief Operating Officer till 2014, and then as the CEO. With his deep passion for technology and youth entrepreneurship, he has been instrumental in making the IT Park a vibrant place where hundreds of youth work. Since 2019, he has played the crucial role of transforming Thimphu TechPark Ltd. into an IT company besides managing the Technology Park, and now leads a team of over 60 IT professionals undertaking various software projects in Bhutan. He has Ph.D in computer engineering (NLP and text mining) from the University of Tokushima, Japan, and Master of Management from the University of Canberra.

Namgay Phuntsho, Director, IT Services Department

Mr. Namgay Phuntsho has more than 17 years of experience in the field of IT and management of financial institutions. He holds Masters of Professional Accounting and Masters of Business Administration degrees from Australia. He is currently serving as the Director of IT Services Department.





Yadap Suberi, Head, Application & Support Services Division, IT Services Department

Mr. Yadap joined TTPL in October 2019 as Head of Application and Support Services division under the IT Services Department. He has a Master's Degree in Information Technology from Murdoch University, Australia (2015) and Bachelor of Technology in Information Technology from Jaypee University of Information Technology, India. His experience and interest are in the area of Enterprise Information Systems, IT service management, IT strategy, research, conducting business study and project management.

Kinley Tshering, Chief Project Manager, ePIS Project

Mr. Kinley Tshering joined Thimphu TechPark Ltd (TTPL) from January, 2020. Prior to joining TTPL, he worked at Druk Holding & Investments Ltd (DHI) and Bhutan Telecom Ltd (BTL), where he led development of in-house Enterprise Resource Planning (ERP) projects for State Mining Corporation Ltd (SMCL), Construction Development Corporation Ltd (CDCL), and Natural Resource Development Corporation Ltd (NRDCL); and eProcurement System. He has a Bachelor's degree in Information Technology from Rochester Institute of Technology, NY.



Choden, Head, Human Resource & Administration Division

Choden joined TTPL in January 2012 and is currently working as the Head of Human Resource and Admin Division. She graduated with a Bachelor of Computer Applications from AVS College of Arts & Science, Tamilnadu, India, in 2009. She has diverse experience in marketing, human resources, procurement, training, and operations management.

Phurpa Wangchuk, Chief Project Officer, BITS Project

Mr. Phurpa Wangchuk joined Thimphu TechPark from August, 2020 as Chief Project Officer for Bhutan Integrated Taxation System. He worked in different agencies as civil servant for more than 15 years. He graduated from Sherubtse College and completed Master in IT from QUT, Australia in 2014.



Karma Tshewang, Dy. Manager, Finance & Accounts Division

Karma Tshewang joined TTPL in 2014 as the Finance Officer. He graduated with a Bachelor of Business Administration (BBA) majoring in Finance from Gaeddu College of Business Studies (GCBS), Royal University of Bhutan (RUB) in 2013. He completed the training "International Financial Reporting Standard (IFRS) Training" from Ernst & Young, Colombo, Sri Lanka in 2015.

4. Director's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report to the Druk Holding & Investments Limited the annual performance of Thimphu TechPark Limited for the period 1st January to 31st December 2020. The report contains the operational performance along with the achievements and financial results.

Operational Performance

The company's focus in 2020 continued to be its transformation into an IT Services company that started in 2019 in line with DHI Roadmap 2030. We had 17 employees in the beginning of 2019, but with the addition of the new IT Services Department, it had grown to 36 employees by the end of 2019. This had further grown to 75 employees by the end of 2020.

The two major multi-million-dollar projects that the company is working on are Bhutan Integrated Tax System (BITS) for the Department of Revenue and Customs, Ministry of Finance, and the Electronic Patient Information System (ePIS) for the Ministry of Health. These projects have been awarded to TTPL with the objective of building domestic capacity in IT. TTPL is undertaking these projects in partnership with experienced international companies, but a lot of focus is being given for knowledge transfer to the TTPL Team so that we can not only maintain the systems on our own once they are delivered, but also explore exporting similar software development services.

In addition, the company has undertaken many smaller IT projects – notable among them are: Customer Service Automation and Mobile app development for NRDCL, ERPNext implementation for Gyalsung Infra, Development of Contact Tracing app (Druktrace) and Quarantine management app for National Covid Response, BPC Billing Customization on SAP, DHI Dashboard for Performance Reporting from DoCs, DHI Investment Abroad Dashboard, DHI Compact Automation. Some ongoing projects that started in 2020 are ERPNext Implementation at BoB, SAP Implementation for Drukair, DGPC Warehouse Project, DGPC and DGPC MIS Report.

The company also provides maintenance services for SAP ERP and ERPNext to several clients within Bhutan under the Annual Maintenance Contracts.

Besides IT Services mentioned above, the company continues to manage and operate the IT Park and the incubation centre, and offer trainings in the field of entrepreneurship and IT. As part of its mandate to manage and operate Bhutan Innovation & Technology Centre on behalf of the Department of IT & Telecom, it has continued its efforts to promote innovation and entrepreneurship in the country by conducting various events and activities.

There is no doubt that the impact of COVID-19 situation has affected the company's operations negatively in many ways, especially our two big projects – BITS and ePIS, but the Board and the employees of TTPL have worked hard to ensure that the impact is not major as our financial performance for the year shows.

Financial Performance

The company has achieved over 300% growth in revenue and over 1498% growth in Profit before Tax in 2020 as compared to the previous year. The Company's revenue for the year was Nu. 158,855,673 as compared to Nu. 38,182,237 in 2019, and Profit Before Tax (PBT) was Nu. 51,742,411 as compared to Nu. 3,237,541 in 2019. Since most of the company's income fall under tax holiday, the Profit After Tax was Nu. 51,460,004 which is just slightly lower than PBT.

The company had Cash & cash equivalents of Nu. 173,837,940 as of 31st December 2020, while the total Long-Term Borrowings (Loans outstanding payable after one year) was Nu. 37,934,549, consisting of Nu. 5,081,606 liable to Bank of Bhutan Limited, and Nu. 32,852,943 liable to National Pension & Provident Fund. The Current Maturities of Long-Term Debt (Loan principal amounts payable within one year, i.e., 2021) is Nu. 4,712,921.

Given that the company is in an expansion mode in the IT services sector, it would require funds to meet the expenses for expansion. Therefore, the company may not be in a position to declare any dividend. However, the Annual General Meeting may deliberate and decide.

Corporate Governance

Guided by the Corporate Governance Code and Ownership Policy of DHI, the overall leadership and strategic direction of the Company is provided by the Board of Directors led by the Chairman. The Board meets regularly to discuss important issues affecting the Company, provide guidance to the management and make important decisions on behalf of the Company. Currently, the Board consists of seven Directors including the CEO.

In the year 2020, the Board has conducted nine Board Meetings. The total remuneration paid to CEO for the year including all benefits and sitting fees was Nu. 2,582,808.51 and the total Board Directors' sitting fees was Nu. 456,000 and DSA paid to Directors was Nu. 22,250.00.

Compliance

The company tries its best to ensure that it is compliant with all the laws and regulations of the country to the best of its knowledge. We have adopted a legal compliance framework which has been prepared using the DHI Legal Compliance Framework 2013. The framework can be used as a guide to ensure that the regulatory and internal policy requirements are adhered to by the company in decision-making, policy formulation, and business transactions.

Corporate Social Responsibility

The Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandates. So far, the Company has been able to create direct employment opportunities for over 600 youths at the IT Park excluding the self-employment opportunities created through entrepreneurship trainings and incubation centre. The Company actively engages in supporting entrepreneurship development in the country as part of its activities

for Bhutan Innovation and Technology Centre. In addition, the Company also provides donations and CSR contributions towards social causes. In 2020, a budget of Nu. 350,000 was set aside for CSR and Donations, though only Nu. 78,300 was utilized from this budget due to the COVID situation.

Challenges

Notwithstanding the challenges posed by the global COVID-19 pandemic, the company faces the challenge of attracting skilled IT professionals because the pool of such professionals is very limited in Bhutan. For the Tech Park business, attracting foreign companies to Bhutan is challenging and takes a long time to get a company to make the decision to move part of their operations to Bhutan. In addition, the reliability of Internet connectivity also poses some challenges. However, there is a silver lining given the renewed focus given by the Government to the IT sector following His Majesty's address to the nation in the 112th National Day celebration and the subsequent COVID-19 pandemic.

Outlook for 2021

The Company's focus in 2021 will be on coming up with a concrete Corporate Strategic Plan for the company to become the Centre of Excellence for IT, especially Software Engineering, while continuing to expand and start to build capabilities in Cyber Security and Infrastructure Services too. At the same time, the company will focus on ensuring that the Bhutan Integrated Taxation System (BITS) and the Electronic Patient Information System (ePIS) projects go smoothly and build the required local capacity as part of these projects.

Acknowledgement

The Company would like to acknowledge with thanks the invaluable support and guidance received from Druk Holding and Investments, DHI Owned Companies, the Board Directors, the tenant companies, the management and employees, the Department of IT & Telecom, the Ministry of Information and Communications, the Ministry of Finance, the Ministry of Health and the Royal Government of Bhutan.

For and on behalf of the Board



Mr. Karma Yonten
Chairman, TTPL

5 .Corporate Governance Report

TTPL aims to achieve high standards of corporate governance and ensures compliance with the provisions of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy developed by the Druk Holding and Investments Ltd., and other statutory requirements for the Financial Year 2020

5.1 Board of Directors

The Board of Directors play an active role in the operations and decisions made by TTPL through contributions of their professional opinions and active participation in discussion. The Board acts as a governing body for the company. TTPL Board constitutes of seven members, including the Chief Executive Officer. All the members of the Board are identified and appointed by DHI with subsequent endorsement in the general meetings. The DHI organize and conducts orientation programme for the new board members to prepare them on the roles and responsibilities of the board.

Sl. No	Board Directors	Address	Date of Appointment	Status	Term	Board on other DHI Companies
1	Mr. Karma Yonten	Head, Office of Performance Management, His Majesty's Secretariat	9 March 2020 Continue (term not completed)	Independent Director	1 st term	Bank of Bhutan
2	Mr. Karma Pemba	Director, National Council of Bhutan		Independent Director	1 st term	None
3	Dr. Sonam Choiden	President, Gedu College of Business Studies		Independent Director	1 st term	None
4	Mr. Tenzin Namgay	Director, National Land Commission		Independent Director	1 st term	None
5	Mr. Kuenga Jurmi	CEO, Financial Institutions Training Institute Ltd.		Independent Director	1 st term	None
6	Mr. Ujjwal Deep Dahal	Director, Druk Holding & Investments	29 July 2019 (Reappointed)	Non-Independent Director	2 nd term	None
7	Dr. Tshering C. Dorji	Thimphu TechPark Ltd.	November 2014	Non-Independent Executive		None

5.2 Board Meetings

A total of nine Board Meetings were conducted in the year 2020. The quorum requirements and the gaps between the meetings were maintained in accordance with "The Companies Act of Bhutan 2016" and DHI Corporate Governance Code. The details of the Board Meetings are shown in the table below:

Meeting No.	Board Directors	Attendance
58th Board Meeting Date: 14 January 2020	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Ujjwal Deep Dahal	Present
	Karpo Tshering	Present
	Tshering Cigay Dorji	Present
59th Board Meeting Date: 31 January 2020	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Apologies
	Ujjwal Deep Dahal	Present
	Karpo Tshering	Present
	Tshering Cigay Dorji	Present
60th Board Meeting Date: 13 February 2020	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Ujjwal Deep Dahal	Present
	Karpo Tshering	Present
	Tshering Cigay Dorji	Present
61st Board Meeting Date: 17 February 2020	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Apologies
	Ujjwal Deep Dahal	Present
	Karpo Tshering	Present
	Tshering Cigay Dorji	Present
62nd Board Meeting Date: 20 February 2020	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Ujjwal Deep Dahal	Present
	Karpo Tshering	Present
	Tshering Cigay Dorji	Present
63rd Board Meeting Date: 13 March 2020	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Mr. Kuenga Jurmi	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Present
	Mr. Ujjwal Deep Dahal	Present
	Dr. Tshering Cigay Dorji	Present

64th Board Meeting Date: 17 April 2020	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Mr. Kuenga Jurmi	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Present
	Mr. Ujjwal Deep Dahal	Present
	Dr. Tshering Cigay Dorji	Present
65th Board Meeting Date: 16 July 2020	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Mr. Kuenga Jurmi	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Apologies
	Mr. Ujjwal Deep Dahal	Present
	Dr. Tshering Cigay Dorji	Present
66th Board Meeting Date: 16 October 2020	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Apologies
	Mr. Kuenga Jurmi	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Apologies
	Mr. Ujjwal Deep Dahal	Present
	Dr. Tshering Cigay Dorji	Present

5.3 Board Committees

1. Board Audit Committee (BAC)
2. Board Tender Committee (BTC)
3. Board HR Committee (BHRC)

Board Audit Committee

The Board Audit Committee was established to oversee the system of internal controls and ensure that the company is compliant with the laws and regulations. The BAC is the cornerstone for effective corporate governance.

The Board Audit Committee constitute three members. A total of two Board Audit Committee Meetings were conducted in 2020.

Details of the BAC held in 2020 are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
7 th Board Audit Committee Date: 14 February 2020	Karma Tshewang	Chairman	Present
	Karpo Tshering	Member	Present
	Ujjwal Deep Dahal	Member	Present
8 th Board Audit Committee Date: 1 October 2020	Dr. Sonam Choiden	Chairman	Present
	Mr. Kuenga Jurmi	Member	Present
	Mr. Tenzin Namgay	Member	Present

Board Tender Committee (BTC)

The Board Tender Committee is a standing committee of TTPL Board of Directors whose primary function is to assess the proposals related to any form of tenders and its related issues recommended by the Management for approval or recommendation to the TTPL Board.

The Board Audit Committee consists of three members. A total of eight Board Audit Committee Meetings were conducted in 2020.

Details of the BTC held in 2020 are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
1 st Board Tender Committee Date: 12 June 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
2 nd Board Tender Committee Date: 1 September 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
3 rd Board Tender Committee Date: 14 September 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
4 th Board Tender Committee Date: 6 November 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
5 th Board Tender Committee Date: 24 November 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
6 th Board Tender Committee Date: 3 December 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present

7 th Board Tender Committee Date: 10 December 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
8 th Board Tender Committee Date: 22 December 2020	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present

Board HR Committee (BHRC)

Board HR Committee was established to make decisions on HR related issues which are beyond the authority of the management.

The Board Audit Committee consists of three members. A total of two Board HR Committee Meetings were conducted in 2020.

Details of the BHRC held in 2020 are as follows:

Name of Director	Category	No. of BHRC Attended
Karma Yonten	Chairman	2
Kuenga Jurmi	Member	2
Tshering Cigay Dorji	Member	2

Date	Meeting No.	Members Attended	Leave of Absence
29 th June 2020	7 th Board HRC	1. Karma Yonten 2. Kuenga Jurmi 3. Tshering Cigay Dorji	None
3 rd July 2020	8 th Board HRC	1. Karma Yonten 2. Kuenga Jurmi 3. Tshering Cigay Dorji	None

5.4 Board Remuneration

The Board Remuneration and CEO's remuneration paid during the financial year 2020 are given in the following table:

a. Summary of compensation paid to the KMP (Chief Executive Officer):	
	<i>For the year ended December, 31</i>
Particulars	2020
Salary & Allowances	1,781,934.00
Sitting Fees	136,000.00

Provident Fund Contribution	152,737.20
Training (incl. workshop, seminar, etc) Expenditures during the year (eg. <i>Inception Fees, Travel, food/Room & etc</i>)	8,050.00
Other Benefits (LTC, Leave, PBVA & Bonus)	504,087.31
Total Amount [in Nu.]	2,582,808.51

b. Summary of compensation paid to Board of Directors (Exclusive of CEO)	
	<i>For the year ended December, 31</i>
Particulars	2020
Directors' Sitting Fees (Board & Sub-Board)	456,000.00
Directors' Training (incl. workshop, seminars, etc) Expenditures during the year (eg. <i>Inception Fees, Travel, food/Room & etc</i>)	-
Directors' DSA	22,250.00
Total Amount [in Nu.]	478,250.00

5.5 Annual General Meeting

The 11th Annual General Meeting (AGM) was held on 24th March 2021 at DHI Board Room at 10.00 hours.

Key highlights of the meeting;

- The AGM decided to retire all the board directors and re-appointed them as per the companies Act of Bhutan.
- Declared divided of Nu. 22 .309 million.

5.6 Risk Management System

Thimphu TechPark uses a comprehensive and systematic approach to identify and manage risks in line with the guidelines shared by DHI.

The Risk Management System is used as a strategic attempt to strengthen Corporate Governance and build institutional capacity. It is being done so by identifying and prioritizing the risk through:

- Assessment of the impact and probability,
- Seeking mitigation measures,
- Assessing the effort and resources required for the measures,
- Taking a conscious decision to either accept the impact of the risk or in deploying effort and resources to reduce or eliminate the risk, and
- Assigning the responsibility of the identified actions to relevant persons.

5.7 Corporate Social Responsibility

In 2020, the company continued its strong mandate of creating youth employment opportunities. Besides creating direct employment opportunities, about 160 youths were trained to be self-employed by engaging in entrepreneurship development programs. TTPL also provided financial support to activities initiated by external agencies, CSOs/NGOs, institutions, and individuals amounting to a total contribution of Nu.78,300 under the Donation scheme.



5.8 Policies and Practices of CEO and Board Evaluation

The company follows the ownership policy and corporate governance code of DHI for CEO and Board Evaluation.

AUDITED FINAL ACCOUNTS

TITLE SHEET	
1. Title	: Financial Audit Report of Thimphu TechPark Limited, Thimphu, Bhutan.
2. Engagement Letter No.	: RAA (SA-13)/COAD/2020/2171
3: Head of the Agency	: Dr. Tshering Cigay Dorji, Designation: Chief Executive Officer, CID# 11501001350
4. Drawing and Disbursing Officer	: Dr. Tshering Cigay Dorji, Designation: Chief Executive Officer, CID# 11501001350
5. Finance Personnel	: Mr. Karma Tshewang, Designation: Dy. Manager, Finance, CID# 10904000129
6. Period Audited	: 1 st January 2020 to 31 st December 2020
7. Audit Procedure	: Virtual Audit
8. Schedule of Audit	: Planning: 15 th January 2021 to 25 th January 2021 Conduct: 27 th January 2021 to 24 th February 2021
9. Unique Document Identification Number	: 21303333AAAABY6184 for Auditor
10. Composition of Audit Team	: <u>Team Leader or Supervising Officer:</u> Mr. Sarabjit Singh Hora, FCA, Partner <u>Auditor Focal Person:</u> Mr. Sarabjit Singh Hora, FCA, Partner <u>Team Member:</u> Mr. Sarabjit Singh Hora, FCA, Partner Mr. Pankaj Agarwal, Auditor Ms. Priyanka Mishra, Compliance Auditor Ms. Jaspreet Kaur, Auditor Mr. Sonam Dorji, Senior Auditor, Jigme Audit and Financials Pvt. Ltd., for Physical Verification of Fixed Assets. Mr. Tshechu, Managing Partner, Tshechu & Associates, for Physical Verification of Fixed Assets.
11. Date of Audit Exit Meeting	: 4 th March, 2021

Glossary of Abbreviations & Acronyms

AAG	:	Assistant Auditor General
UDIN	:	Unique Document Identification Number
TTPL	:	Thimphu TechPark Limited
AASBB	:	Accounting & Auditing Standard Board of Bhutan
BAS	:	Bhutanese Accounting Standard
BFRS	:	Bhutanese Financial Reporting Standard
PBVA	:	Performance Based Variable Allowance
DHI	:	Druk Holding & Investments
HR	:	Human Resources
DG	:	Diesel Generator
PF	:	Provident Fund
IT	:	Information Technology
MOLHR	:	Ministry of Labour and Human Resources
RGOB	:	Royal Government of Bhutan
DITT	:	Department of Information & Technology
KMP	:	Key Management Personnel
AGM	:	Annual General Meeting

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**INDEPENDENT
AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

To
The Shareholders of Thimphu TechPark Limited
Thimphu
Bhutan

Report on the Audit of Financial Statement of Thimphu TechPark Limited Opinion

We have audited the financial statements of Thimphu TechPark Limited (the Company) which comprise the Statement of Financial Position as at December 31 2020, and the Statement of Comprehensive Income and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the company as at December 31 2020, and its financial performance and cash flows for the year then ended in accordance with Bhutanese Accounting standards (BAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following:

As more specifically explained in the financial statement, the company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investment and trade receivables. Based on current indications of future economic conditions, the company expects to recover the carrying amount of these assets. The company continues to evaluate them as highly probable. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact

of the COVID-19 which may be different from that estimated as at the date of approval of the financial results. The Company continues to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

Other Matters

Further to the continuous spreading of COVID – 19 across the nation, Bhutan government had announced lockdown twice, firstly in August, 2020 and again in December, 2020 which is further being continued in order to curtail the spread of Novel Coronavirus. This has resulted in restrictions on physical visit to the client's location and the need for carrying out alternative audit procedures as per the Standards on Auditing.

As a result of the above, the entire audit was carried out based on remote access of data as provided by the management. This has been carried out based on the advisory on "Specific Consideration while conducting Distance Audit/ Remoter Audit/ Online Audit under current COVID -19 situation" issued by the Institute. We have been represented by the management that the data provided for our audit purpose is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

Responsibilities of Management and those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirement

As required by the section 266 of the Companies Act of Bhutan, 2016 (**Minimum Audit Examination and Reporting Requirements**) we enclose in Annexure Ia statement on the matters specified therein to the extent applicable.

As required by section 265 of the Act, we report that:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c. The Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of changes in Equity and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.
- d. In our opinion, the company has complied with other legal and regulatory requirements.

The engagement partner on the audit resulting in this independent auditor's report is CA Sarabjit Singh Hora.

**FOR AND ON BEHALF OF,
G.S. HORA & ASSOCIATES**
Chartered Accountants
FRN: 316030E

Place: Siliguri; India
Date: March 5th, 2021



(Sarabjit Singh Hora: FCA)
Partner
(M.No:303333)

UDIN: 21303333AAAABY6184

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

THIMPHU TECHPARK LIMITED
THIMPHU ♦ BHUTAN
2020

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT
ANNEXURE 1

General

Due to the nation wide spread of the Novel Coronavirus and as per the appointment letter issued by the Royal Audit Authority, the audit for the year ended December, 2020 has been conducted on virtual mode which is based upon the documents/explanation as provided by the management email/ cloud server. Therefore, reliance have been placed on such documents/ explanations offered by the management and there is a limitation in the scope of audit with respect to the physical verification, vouching and access to manual records, registers and documents.

- a) According to the information and explanations given to us by the management, Corporate Governance guidelines and regulations as issued by Druk Holding & Investments Ltd (DHI) is adhered by the company.
- b) According to the information and explanations given to us by the management, the governing body pursues a prudent and sound financial management practice in managing the affairs of the company.
- c) In our opinion, financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- d) In our opinion, proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- e) In our opinion, adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) According to the information and explanations given to us by the management, the Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandate.
- g) According to the information and explanations given to us by the management, the company is under Tax Holiday and for taxable income, tax has been computed by the management.

In the case of Service Industry

1. As per the appointment letter issued by Royal Audit Authority, verification of Fixed Assets have been made by the local auditors, i.e. Tshechu & Associates, Thimphu and Jigmi Audit & Financials. We do not find any discrepancy in the report of Tshechu & Associates and Jigmi Audit Financials.

2. Fixed Assets held as Investment Properties have been revalued during the year under audit. Actuarial Valuation has been done by the company for valuation of the Investment Properties. Revaluation gain arising from such revaluation has been shown in other comprehensive income of the income statement.
3. The Company has availed loan from Bank of Bhutan Ltd. and National Pension and Provident Fund, Bhutan. The Terms and Conditions of the loan are prima facie not prejudicial to the interest of the Company. The Company has not taken any loan, secured or unsecured from Companies, firms and other parties under the same management.
4. In our opinion and as per information and explanations given to us and on the basis of examination of the books of accounts, the company has not granted any loan which is ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.
5. No loans and advances other than advances against salary in the regular course of business had been given by the Company. The advances granted to Officers/ Staffs are in keeping view with the policy of the Company and no excessive and frequent advances are given.
6. According to the information and explanations given to us, the Company has established an adequate system of internal control to ensure completeness, accuracy and reliability of accounting records, and 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 system and procedures. However, there is a limitation in scope to verify the system of internal audit as the audit has been conducted on remote access basis.
7. As per information and explanations given to us, there is a reasonable system of obtaining competitive biddings/spot quotations/agreed rate contracts from the parties in respect of purchase of fixed assets and services that commensurate with the size of the Company and nature of its business. The company is not engaged in manufacturing or trading activities or sale of services, hence the question of purchasing or selling goods or services relating to such activities does not arise. However, there is a limitation in scope to verify the system of internal audit as the audit has been conducted on remote access basis.
8. (a) As per information given to us by the management, there are transactions with the Company or firms in which the directors are directly or indirectly interested and covered in the 'Notes to the Financial Statements'.

(b) Based on the information and explanations given to us during the course of audit and based on our examination of books and records, in our opinion the transactions entered into by the Company wherein the directors are directly or indirectly interested are not prejudicial to the interest of the other shareholders and the Company.



9. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the account other than those payable under the contractual obligation/in accordance with generally accepted practice.
10. The Company has been regular in depositing TDS, PF and other applicable statutory dues with the appropriate authorities. As informed to us, the company is under a Tax Holiday and further as per information and explanations given to us, we believe that the provision for taxation as computed by the management on taxable income seems to be adequate.
11. In our opinion, the system of follow up with debtors and other parties for recovery of outstanding dues is reasonable. Age-wise analysis of outstanding amounts is carried out by the Company for management information and follow-up action.
12. In our opinion the management of cash and bank balance is generally adequate. Loan amounts are withdrawn by the company after assessing the requirement of fund from time to time.
13. According to the information and explanations given to us and on the basis of examination of books and records on test check and remote access basis, the activities carried out by the Company are in our opinion lawful and intra-vires to the Articles of Incorporation of the Company.
14. In our opinion, and according to the information and explanations given to us, the Company has a system of approval of the Board for all capital expenditure.
15. In our opinion, the Company has established an effective budgetary control system.
16. The details of remuneration, sitting fee paid to CEO & Board of Directors respectively are disclosed under Note No. 28 of the Notes to the Financial Statements.
17. According to the information and explanation given to us, the directives of the Board have been generally complied with.
18. Based upon the information and explanations provided to us, the Company has maintained proper records related to inter unit transactions/ services and arrangements for services made with other agencies engaged in similar activities.

The clauses 3,4,5,6,7,8,9,10,11,20,21,22,23,26,27,28,29,30,36,39,41 relating to the Minimum Audit Examination and Reporting Requirements are not applicable to the company. In addition to the above, all the clauses for Trading, Manufacturing and Other Service Sector Companies are not applicable to the company.



Computerized Accounting Environment

19. With respect to the information and explanations provided to us by the management, we are informed that the number of computer installations employed by the company to manage its affairs is minimal and that the controls with respect to them are generally adequate. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
20. As per information provided to us, back up facilities are maintained through Hard-drives or through Flash drives. However, there is a limitation in scope to verify the system of internal audit as the audit has been conducted on remote access basis.
21. As per information provided to us, the back-up facilities are additionally kept in Microsoft Cloud Service platform to serve the requirement of storing them at separate location. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
22. The operational controls are found reasonable to ensure the correctness and validity of input data and output information. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
23. As explained to us, the measures taken by the Company to prevent unauthorized access over the computer installation and files are generally reasonable. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
24. As explained to us, there has been no data migration during the year. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.

General

1) Going Concern Problem

Based on the Company's financial statements for the year ended December 31 2020 audited by us, the Company has earned sufficient profit during the year under audit and we have reason to believe that the Company is healthy and therefore a going concern.

2) Ratio Analysis

Based on the Company's financial statements, we have computed the relevant ratios which is reflected under the Financial & Operational Resume forming part of the Annual Report.

3) Compliance of Companies Act Bhutan

According to the information and explanations given to us and based on the records produced to us for verification, we are of the opinion that the Company has complied with all the provisions of the Companies Act of Bhutan, 2016 excepting some minor issues as detailed in the Compliance Check List.



4) Adherence of Laws Rules & Regulations:

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. The Company has followed the Corporate Governance which is accordance with the provisions of Corporate Governance Code and Ownership as developed by the Druk Holding and Investments Ltd to the extent applicable to the company.

Place: Siliguri; India
Date: March 5th, 2021



FOR AND ON BEHALF OF
G.S. HORA & ASSOCIATES
Chartered Accountants
FIRM REG. NO. 316030E

(Sarabjit Singh Hora: FCA)
PARTNER
M. NO. 303333

FINANCIAL STATEMENTS

1. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2020

Particulars	Note	As at 31-DEC-2020	As at 31-DEC-2019 (Restated)	As at 31-DEC-2018 (Restated)
ASSETS				
NON-CURRENT ASSETS				
Investment Property	3	338,642,685	338,856,592	298,054,779
Capital Work-in-Progress	4	-	-	46,764,942
Property, Plants & Equipments	8	69,434,505	49,875,473	10,887,933
Intangible Assets	8	3,049	10,837	18,625
Total Non Current Assets		408,080,239	388,742,902	355,726,279
CURRENT ASSETS				
Financial Assets				
Trade & Other Receivables	5	64,282,114	9,218,169	2,542,748
Cash and Cash Equivalents	6	173,837,940	8,478,890	7,251,619
Other Current Assets	7	7,596,052	205,949	14,604,665
Total Current Assets		245,716,106	17,903,008	24,399,032
TOTAL ASSETS		653,796,344	406,645,910	380,125,311
EQUITY AND LIABILITIES				
Equity				
Share Capital		223,090,900	223,090,900	222,904,500
Retained Earnings		46,068,381	(3,191,623)	3,172,703
Other Reserves		40,031,101	28,853,440	27,557,748
TOTAL EQUITY		309,190,383	248,752,717	253,634,951
LIABILITIES				
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	9	37,934,549	41,282,268	15,151,086
Other Non-Current Liabilities	10	94,758,201	96,378,656	97,336,649
Long Term Employee Benefits	11	1,744,234	3,491,102	960,425
Deferred Tax Liabilities	12	145,755	149,475	109,407
Total Non-Current Liabilities		134,582,740	141,301,502	113,557,568
CURRENT LIABILITIES				
Trade & Other Payables	13	34,153,431	1,404,339	1,031,033
Other Current Financial Liabilities	14	5,971,861	5,777,309	5,213,338
Other Current Liabilities	15	169,611,802	4,218,447	1,917,738

Thimphu TechPark Limited

Provision for Income Tax	16	286,128	5,191,596	4,770,683
Total Current Liabilities		210,023,222	16,591,691	12,932,792
TOTAL EQUITY & LIABILITIES		653,796,344	406,645,910	380,125,311

* The Accompanying notes form an integral part of the standalone financial statements

In terms of our separate report attached herewith

FOR AND ON BEHALF OF

For Thimphu TechPark Limited

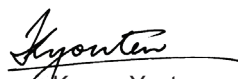
G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 316030E



(Sarabjit Singh Hora: FCA)

Partner

Membership No. 303333

Karma Yonten
Chairman




Tshering Cigay Dorji
Chief Executive Officer

Place: Thimphu; Bhutan/Siliguri; India

Date: March 22nd, 2021/March 5th, 2021

UDIN: 21303333AAAABY6184

2. STATEMENT OF COMPREHENSIVE INCOME AND NON-COMPREHENSIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	Year Ended 31-DEC-2020	Year Ended 31-DEC-2019
COMPREHENSIVE INCOME			
Revenue from Operations	17	151,811,057	37,224,241
Finance Income	18	5,747,794	70,611
Other Income	19	1,296,823	409,780
Total Income		158,855,673	37,704,632
EXPENSES			
Employee Related Costs	20	44,389,103	13,222,066
General Administration Expenses	21	55,179,888	16,315,441
Depreciation & Amortization	8	4,133,017	2,443,614
Finance Cost	22	3,411,254	2,716,855
Total Expenses		107,113,262	34,697,977
Profit on Operations before Tax		51,742,411	3,006,655
Income Tax Expenses (Current)	25	(286,128)	(420,913)
Deferred Tax	25	3,721	(40,068)
Profit on Operations after Tax		51,460,004	2,545,674
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to Profit & Loss</i>			
Actuarial Gain/(Loss) on Post-Employment Benefits	24	2,679,831	(2,736,617)
Fair Value Changes on Investment Property, Net	23	8,497,830	4,032,309
Income Tax relating to items that will not be Re-classified			
Other Comprehensive Income for the period, net of tax		11,177,661	1,295,692
PROFIT/(LOSS) FOR THE YEAR		62,637,665	3,841,366
Basic and Diluted Earnings per Share	26	28.08	4.41

* The Accompanying notes form an integral part of the standalone financial statements

In terms of our separate report attached herewith



Thimphu TechPark Limited

FOR AND ON BEHALF OF

G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 316030E



(Sarabjit Singh Hora: FCA)
Partner
Membership No. 303333



For Thimphu TechPark Limited



Karma Yonten
Chairman



Tshering Cigay Dorji
Chief Executive Officer



Place: Thimphu; Bhutan/Siliguri; India

Date: March 22nd, 2021/March 5th, 2021

UDIN: 21303333AAAABY6184

3. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	For the year ended 31 DECEMBER, 2020	For the year ended 31 DECEMBER, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	51,742,411	3,006,655
<u>Adjustments for:</u>		
Depreciation and Amortization	4,133,017	2,443,614
Interest income	(5,747,794)	(70,611)
Interest expenses	3,411,254	1,796,477
Operating profit / (loss) before working capital changes	53,538,889	8,096,513
<u>Changes in working capital:</u>		
Adjustments for (increase)/decrease in operating assets:		

Trade receivables	(55,063,944)		(6,675,422)	
Other current assets	(7,390,103)		14,398,716	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Long Term Employee Benefit	932,963		(205,940)	
Other current liabilities	165,393,355		2,300,709	
Other Non-Current Liabilities	(1,620,455)		(957,993)	
Trade payables	32,749,092	135,000,908	373,306	9,233,377
Cash generated from operations		188,539,796		17,329,890
Net income tax (paid) / refunds		(5,191,596)		-
Net cash flow from / (used in) operating activities (A)		183,348,200		17,329,890
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property Plant and Equipments	(23,684,260)		(41,423,367)	
Capital expenditure on Investment Property	8,711,737		(36,769,503)	
Capital expenditure on Capital Work-in-Progress	-		46,764,942	
Interest received				
- Others	5,747,794		70,611	
Net cash flow from / (used in) investing activities (B)		(9,224,729)		(31,357,317)
C. Cash flow from financing activities				
Repayment of long-term borrowings	(3,153,167)		26,695,153	
Increase in Share Capital	-		186,400	
Dividend declared	(2,200,000)		(8,910,000)	
Finance cost	(3,411,254)		(2,716,855)	
Net cash flow from / (used in) financing activities (C)		(8,764,421)		15,254,698
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		165,359,050		1,227,271
Cash and cash equivalents at the beginning of the year		8,478,890		7,251,619
Cash & cash equivalents at the end of the year		173,837,940		8,478,890
Cash & cash equivalents at the end of the month (Refer Note 6)				
* Comprises:				



Thimphu TechPark Limited

(a) Cash on hand		27,388		6,061
(b) Balances with banks				
(i) Current accounts		53,810,552		8,472,829
(ii) Deposit accounts		120,000,000		-
		173,837,940		8,478,890

In terms of our separate report attached herewith

FOR AND ON BEHALF OF

G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 316030E



(Sarabjit Singh Hora: FCA)

Partner

Membership No. 303333



Place: Thimphu; Bhutan/Siliguri; India

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Karma Yonten

Chairman



Tshering Cigay Dorji

Chief Executive Officer



4. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 DECEMBER 2020

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	Equity Share Capital	Retained Earnings	Other Reserves	Total Equity attributable to holders
Balance as of January 1, 2020	223,090,900	(3,191,623)	28,853,440	248,752,717
Changes in equity for the year ended December 31, 2020				-
Dividend paid		(2,200,000)		(2,200,000)
Actuarial Gain/(Loss) on Post-Employment Benefits			2,679,831	2,679,831
Fair Value Changes in Investment Property			8,497,830	8,497,830
Increase in Share Capital on account of issue of equity shares	-	-	-	-
Profit for the period	-	51,460,004	-	51,460,004
Balance as of December 31, 2020	223,090,900	46,068,381	40,031,101	309,190,383
Balance as of January 1, 2019	222,904,500	3,172,703	27,557,748	253,634,951
Changes in equity for the year ended December 31, 2019				-
Actuarial Gain/(Loss) on Post-Employment Benefits			(2,736,617)	(2,736,617)
Fair Value Changes in Investment Property			4,032,309	4,032,309
Dividend paid		(8,910,000)		(8,910,000)
Increase in Share Capital on account of issue of equity shares	186,400	-	-	186,400
Profit for the period	-	2,545,674	-	2,545,674
Balance as of December 31, 2019	223,090,900	(3,191,623)	28,853,440	248,752,717

Details of Shareholders	As at 31 Dec. 2020	As at 31 Dec. 2019
	% of Holding	% of Holding
Druk Holding & Investments Limited	100%	100%

Reconciliation of Number of Shares				
Particulars	As at 31 December, 2020		As at 31 December, 2019	
	No of Shares	Amount	No of Shares	Amount
Druk Holding & Investments Limited	2,230,909	223,090,900	2,230,909	223,090,900
Total	2,230,909	223,090,900	2,230,909	223,090,900

Nature of Reserves

1. Retained Earnings comprise profit from previous year. Out of these profits, dividend paid for previous year in the current year is adjusted along with other adjustments. The balance amount after these adjustment and the current year's profits are then transferred to the Retained Earnings.
2. Other Comprehensive Income (OCI) represents the gain or loss that have not been realized on the fair valuation of Investment other than investment and on Actuarial Valuation of gratuity and leave.

FOR AND ON BEHALF OF

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ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

NOTES FORMING PART TO THE FINANCIAL STATEMENTS

NOTE 1: GENERAL CORPORATE INFORMATION OR REPORTING ENTITY

Thimphu TechPark Ltd. is a 100% DHI Owned Company. It was initially incorporated on 24 August 2009 as a joint venture between Asset Property Group (APG) of Singapore owning 74% and DHI owning 26%, to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) Bhutan's first IT Park. The IT Park started its commercial operations on 7th May 2012. In October 2014, DHI assumed full ownership of TTPL after APG decided to exit from the partnership and transferred its shares to DHI.

TTPL is established to provide opportunities for innovation and development, and promote the growth of IT industry in Bhutan. Currently, the Park hosts a data centre, domestic companies dealing with IT and international IT/ITES companies (Scan Cafe from the USA, ZOOP from Canada, SELISE from Switzerland, MultiRational from Australia, Southtech from Bangladesh and Data Scientists from Australia etc.) employing more than 600 people. TTPL has also an incubation centre for entrepreneurs with furnished workstation. TTPL also provides with incubation facilities to foreign companies to run a pilot operation to test the opportunities offered by Bhutan.

From 2019 onwards, in line with the DHI Roadmap 2019 – 2030, the company has taken steps to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company will focus on becoming the Centre of Excellence for IT, and will consolidate the Group's IT services and resources (including the data centers), and replace all legacy systems and applications with up-to-date applications. The Company provides IT and IT enabled services (system development) to DHI Companies as well as government agencies, and other independent agencies.

The company is incorporated under the companies Act of Kingdom of Bhutan as a non-listed public limited company. Druk Holding & Investments Limited purchased the shares of Asset Property Group on 29 October 2014 and became the 100% owner of the Company. New shares were subsequently issued to Bhutan Telecom Limited 49% and DHI 51%. The additional equity was injected by DHI in the year 2017 and the shareholding became DHI 59% and BTL 41%. Further in 2018, the shares held by BTL were transferred to DHI and all shares in the company are now held by DHI.

All significant operations take place within Bhutan. The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Wangchutaba, Babesa, Thimphu, Bhutan.

These financial statements cover TTPL relates to the year ended 31 December 2020.



NOTE 2: GENERAL CORPORATE INFORMATION OR REPORTING ENTITY

A. Basis of Preparation

The financial statements of the Thimphu TechPark Limited (a Company) have been prepared in accordance with Bhutanese Accounting Standards (BAS) issued by Accounting and Auditing Standard Board of Bhutan (AASBB) and the relevant provisions of The Companies Act of Kingdom of Bhutan 2016 including the Accounting Standard Rules for Companies in Bhutan, 2012. The said financial statements have been prepared on the 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 is in conformity with BAS that 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 of DHI Group's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- **Income:** Revenue is determined on the basis of the percentage of completion of contracts and the likely outcome of the contract.
 - *Rental charges for the tenants, escalated with the terms of the TTPL as per its contract and negotiation.*
 - *Income on training is recognized as and when it is conducted throughout the year.*
 - *Information Technology Service relates to service contracts entered into by TTPL with various companies for providing them service relating to the field of Information Technology.*
- **Fixed assets:** Fixed assets are depreciated over the estimated useful life, except Investment Property. Critical judgments are expected for period of use, condition of the asset, technological advances, regulation, and residual values.
- **Investment Properties:** The rental property (Building) is valued at Fair Value. Investment property is measured at fair value and movements in the fair value are included in reported income. The valuation of investment property involves assumptions on changes in costs and useful life of the asset; and
- **Actuarial valuation of employee benefits:** Expected uptake of the gratuities and the discount rate used in the valuation.

The functional currency and presentation is in the Bhutanese Ngultrum.

B. Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in accordance with Bhutanese Accounting Standards and in compliance with the relevant provisions of The Companies Act of Bhutan 2016.

C. Segment Reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

D. Consolidated Financial Statements

The financial statements of a DHI group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity as per BFRS -10.

The financial statements of the Group companies are consolidated on a line-by-line basis. Significant intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the DHI Group.

E. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost.

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 income statement during the financial period in which they are incurred.



Depreciation on plant and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Assets Class	Useful Life
Plant & machinery, Motor Vehicle and other equipment	05 – 20 years
Furniture and fixtures	07 - 10 years
Computers, Accessories and office equipment	03 - 07 years
Building & Civil Structure – Permanent	30 - 40 years

The residual value of Plant & Machinery and Motor Vehicle has been assessed as 5%. Other assets are assessed to have no residual value. The assets' useful lives and residual values are reviewed by the company, and adjusted if appropriate, at the end of each reporting period.

When parts of an item of Property, plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other Income' or 'Other expenses' as the case may be, in the Statement of Comprehensive Income. TTPL currently has no disposals of any Fixed Assets.

The depreciation figures on Building under PPE have been changed with an elimination of 5% residual value considered and accordingly the depreciation figures for the year 2019 have been restated from Nu. 444,575.00 to Nu. 467,974.00

F. Intangible Assets

Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

G. Investment Property

An Investment Property is a property held to earn rental or for capital appreciation or both, rather than use in the production or supply of goods and services, or for administrative purpose, or sale in the ordinary course of business. An investment property shall be initially measured at its cost

Thimphu TechPark Limited

and the transaction cost shall be included in the initial measurement. The investment properties are accounted in accordance with the cost model (Depreciated Replacement Method).

Gain or Loss arising from the change in fair value of the investment property shall be recognized in profit or loss for the period in which it arises.

The business of the company is to provide premises on rent. However, as per the DHI road map, the company has taken steps to evolve as an IT services provider. Anyhow, the holding of land and buildings is anticipated to give rise to capital appreciation, which is an integral part of the expected gain on the investment. Accordingly, land was on lease with Thimphu Thromde and buildings have been valued under the terms of BAS 40 Investment Properties.

Due to lack of readily available information for calculating market prices and capitalization rates of rents received, the building is specifically designed as an IT Park, so there is no comparable building in Bhutan. Accordingly, it has been valued at Fair Value.

Revaluation on Building Block I (Old Building) and Day Care Center too has been done alike previous financial years. The Building Block II has used for the purpose of TTPL's office spaces and for leasing out to prospective tenants. Based upon the intent and usage of the premises by TTPL, the cost of the property has been segregated into Investment Property (IP) for the area from which rental income is proposed to be earned and under Property, Plant & Equipment (PPE) for the area which shall be occupied by the management for its own office. As per BAS, part of IP has been revalued alike other two buildings and depreciated the PPE Part.

For the year 2020, the Building Block I have been restated for previous years as per the RAA observation due to discrepancies on computation of depreciation and useful life of the building. Accordingly, the figures for Gain/Loss on Investment on fair value and Investment Property has been changed as table below;

Particulars	Amount (in Nu.)			
	For the year 2019		For the year 2018	
	Audited F.S.	Restated	Audited F.S.	Restated
Investment Property	307,431,120	299,410,021	299,646,543	294,639,034
Gain/(Loss) Fair Value Changes on Investment Property, Net	7,045,900	4,032,309	9,729,478	7,156,581

During the year 2020, the value of the Building Block II under Investment Property has reduced from previous year due to the conversion of rented spaces (IP) to office spaces (PPE), as the details mentioned below in table;



Date	Particular	Amount (in Nu.)
1/Apr/20	Conversion of space from IP to PPE on conversion of rented spaces	7,759,924.04
1/May/20	to Office Spaces (<i>Increased PPE by & Decreased IP by</i>)	2,299,236.75
Total Amounts		10,059,160.79

The IP & PPE figure has been calculated based on the charges of per square feet. For the valuation of Investment Property, the afore-mentioned amount has been accounted along with an additional work done during the year.

Revaluation is done by M/s. Construction Development Corporation Limited as on 31st December, 2020.

H. Other Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's Current Assets comprise 'Trade & Other Receivables', 'Cash and Cash Equivalents' and 'Other Current Assets' in the balance sheet.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized only when:

- The rights to receive cash flows from the asset have been transferred, or
- The company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.
- When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

I. Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade & other payables and borrowings.

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Thimphu TechPark Limited

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

J. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company currently has no transaction came out for the offsetting of financial instruments.

K. Trade and Other Receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

L. Trade and Other Payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

M. Cash and Bank or Cash and Cash Equivalents

In the Statement of Cash Flows, Cash and cash equivalents include cash in hand, bank balances and deposits, other 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.



N. Current and Deferred Income Tax

The company has been granted an initial tax holiday by the Department of Revenue and Customs for a period of 15 years from June 20 2013 to June 20 2028 vide letter No. **RRCO/TH/Tax/Tax Holiday/Incentives/18/2018/124** dated July 13 2018 from June 2018 to June 20 2023 and same may be extended till June 2028. However, in the year 2019, the Regional Revenue & Customs Office, Ministry of Finance, Bhutan conducted tax assessment on the company and demanded taxes to the tune of Nu 3.88 million vide Demand Notice No. RRCOTH-TAX/CIT/87/2019/767 dated January 02 2019. Since, the department has confirmed the demand and subsequently also rejected the appeal filed by TTPL on several occasions, the company has preferred to make provision of tax of Nu 3.88 million for the Financial Years ending March 31, 2014 to 2017 by restating the Financial Statement for the year 2018 and reducing the same with the opening balance of the Retained Earnings as on January 01 2018. TTPL has also restated the financial statements for the year 2018 to make provision for taxation for the said year.

During the year, on advice from TTPL Board, the tax authority has re-assessed the income of the company and a tune of Nu. 2.71 million has been paid to income tax authority for the Financial year 2014 to 2017. The amount assessed earlier was reduced by Nu. 1.17 million.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

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.

Thimphu TechPark Limited

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 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.

O. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

P. Employee Benefits

a. Retirement Benefits

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.

Under Defined Contribution Scheme: Employees belong to a Defined Contribution Benefit Plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the separate entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under Defined Benefit Scheme: The Company makes retirement payments based on the final salary and years of service.

The gratuity is accrued on the basis of actuarial valuation. Changes in service and interest cost are charged to Profit or loss under Statement of Comprehensive Income. All actuarial gains and losses arising from the defined benefit plan are recognized in Other Comprehensive Income.

b. Other Benefits

Other benefits such as Leave Travel Concession and Performance Based Variable Allowances are accrued only at year end without actuarial valuation except Leave Encashment which is provided for on the basis of actuarial valuation.

Q. Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

R. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes. The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the company.

Services Contract: The Company recognizes the revenue when the entity satisfies a performance obligation identified in the contract by transferring promised services (i.e an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow. An asset is assumed to be transferred to customer when (or as) the customer obtains control of the asset. Incremental cost incurred by the company for obtaining a contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a

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systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

Bilateral contracts between two entities in the same line of business for non-monetary exchange of services facilitate to its customers or potential customers are not accounted for as revenue as per BFRS 15. Any balance against such exchange contract not settled during the same financial year are accounted for as payable/receivable and included under other current assets/liabilities in statement of financial position.

The revenue recognizes, if one of the following criteria as enunciated in **BFRS 15 – Revenue from Contract with Customer** is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- The entity's performance creates or enhances an asset (for example: Work-in-Progress) that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Earnings on contracts are determined using the percentage-of-completion method. Earnings are not recognized until the outcome can be reliably estimated. The Company uses its professional judgment to assess both the physical completion and the forecast financial result of the contract. Provision is made for estimated future losses on the entire contract from the date it is first recognized that a contract loss may be incurred.

During the year 2020, TTPL has signed and executed few major IT Projects with i) M/s. Druk Air Corporation for SAP system implementation, ii) M/s. Bank of Bhutan for Implementation of ERPNext system, iii) M/s. Department of Revenue and Custom office for development of Bhutan Integrated Tax System and iv) M/s. Druk Green Power Corporation for Implementation of MIS report. The brief details of the revenue recognition for projects executed are given below in tabular form;



Name of Clients	Milestone/ Particulars	% Tied up with Mile-stone	Payment Breakdown	% of Completion	Apportion an advance to respective milestone	Revenue Re-alised from Milestone	Revenue Realised from an Advance & Milestone
Drukair Corporation Limited	1. Signing of Contract (an Advance)	20%	2,500,000.00	100%	-	-	-
	2. BBP and Realization	30%	3,750,000.00	87.50%	820,312.50	3,281,250.00	4,101,562.50
	3. Go – Live	30%	3,750,000.00	50%	468,750.00	1,875,000.00	2,343,750.00
Bank of Bhutan Limited	1. An Advance Project	10%	650,000.00	100%	-	-	-
	2. Completion of Current State Business Process Document and Final State Business Process Document	20%	1,300,000.00	100%	144,444.44	1,300,000.00	1,444,444.44
Department of Revenue & Custom	1. An advance for whole release	30%	183,265,805.03	100%	-	-	-
	2. Inception Report	15%	18,326,580.50	100%	7,854,248.79	18,326,580.50	26,180,829.29
	3. Resgistration system and start of testing	40%	48,870,881.34	80%	16,755,730.75	39,096,705.07	55,852,435.82
Druk Green Power Corporation	Advance	10%	215,000.00		-	-	-
	BBP and Realization	40%	860,000.00	100%	95,555.56	860,000.00	955,555.56
	After Project Signoff	50%	1,075,000.00	100%	119,444.44	1,075,000.00	1,194,444.44

Rental Discount: In the year 2020, due to COVID 19 pandemic, the Royal Government of Bhutan announced national lock down for 2 times. The first national lock down was announced in August 2020 and the second national lock down was announced in December 2020. On request from tenants to waive off or to provide rebate on rental fees as their production output have been affected by National Lockdown on 15th September 2020, the Board had ratified and approved the rental discount notice during the 66th Board Meeting.

Interest Waiver: With announcement of global pandemic due to COVID 19, the Royal Monetary Authority of Bhutan advised the financial Institutions for the deferment and waiver of Interest on loan availed. As TPPL has availed loan from National Pension and Provident Fund and Bank of Bhutan, TPPL was also one of the beneficiaries who received the deferment and waiver of Interest for Loan. The details of benefit received from Interest waiver as given below is accounted as Government Grant as per BAS 20 and recognized in the statement of Profit & Loss under “Finance Income” and as well as in “expenses” under respective Loan Interest expenses Ledger.



Thimphu TechPark Limited

Month	NPPF		BOB		Total Benefits
	50%	100%	50%	100%	
April	-	183,285.25	-	90,016.70	273,301.95
May	-	189,394.75	-	92,193.07	281,587.82
June	-	183,285.25	-	89,219.10	272,504.35
July	-	189,394.75	-	92,193.07	281,587.82
August	-	189,394.75	-	88,868.80	278,263.55
September	-	183,285.25	-	83,488.20	266,773.45
October	94,697.38	-	42,543.47	-	137,240.85
November	91,642.63	-	40,623.18	-	132,265.80
December	94,697.38	-	37,518.84	-	132,216.21
Total	281,037.38	1,118,040.00	120,685.48	535,978.94	2,055,741.80

S. Expenditure Recognition

For the year 2020, out of four major projects signed and executed, the expenses on consultancy was incurred on two projects i.e M/s. Yogik Technologies for SAP Implementation at Druk Air Corporation and M/s. IU Network LLC for BITS Project. The brief details of the expenses for projects executed are given below in tabular form;

Name of Clients	Milestone/ Particulars	% Tied up with Milestone	Payment Breakdown	% of Completion	Appor-tion an advance to respective milestone	Expensse Realised from Milestone	Expenses Realised from an Advance & Milestone
M/s. Yogik Technologies	1. Signing of Contract (an Advance)	20%	1,000,000.00	100%	-	-	-
	2. BBP and Realization	30%	1,500,000.00	87.50%	328,125.00	1,312,500.00	1,640,625.00
	3. Go - Live	30%	1,500,000.00	50%	187,500.00	750,000.00	937,500.00
M/s. IU Net-work LLC	Project-Kick off	10%	11,153,864.23	100%	-	11,153,864.23	11,153,864.23
	Acceptance of BRS Document and Inception Report	5%	5,546,070.43	100%	-	5,546,070.43	5,546,070.43
	Acceptance of Taxpayer Registration	15%	16,631,436.78	80%	-	13,305,149.42	13,305,149.42



T. Interest Income

Interest Income is recognized when the right to receive payment is confirmed. Interest income is one of total, the operating revenue of the Company. The Company recognized the Interest Income from bank on the Short-term Fixed Deposit on accrual basis. Accordingly, the principle enunciated under **BFRS 15 – Revenue from Contract with Customers** is not applicable to the company.

U. Lease Payment

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income and Other Comprehensive Income on a straight-line basis over the life of the lease term. TTPL currently has no financial leases.

V. Foreign Currency Transactions

The functional and presentation currency represent or items included in the Financial Statements of the Company as on 31st December 2020 are measured using the currency of the primary economic environment in which the Company operates ('functional currency').

The Financial Statements of the Company are presented in Bhutanese Currency (Nu.), which is also the functional and presentation currency of the Company. The transactions and balances with the foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange Gain/(Loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in "Statement of Comprehensive Income". All other foreign exchange Gain/(Loss) are presented in the Statement of Profit and Loss on a net basis within other income/(expense).

W. Restatement of Final Accounts

Restatement of an Accounts is done or necessary when it is determined that a previous Financial Statements contained a "Material" inaccuracy, which results from Accounting mistakes, misrepresentation, or simple clerical errors etc. It is an act of revising one or more of a company's previous financial statement to correct an error. The company has done restatement for previous years Financial Statement on following aspects;

i. Overstatement of Income: As per the RAA observation, TTPL has overstated the Income on rental from Tenants, M/s. Scan cafe Pvt. Ltd. by Nu. 187,425/- for the Financial year 2018. While adjusting the security deposit on vacating some portion of office spaces, instead of adjusting and

deducting from Debtors account, it was directly booked as Income Account. Therefore, the financial statement for the year 2018 has been rectified and restated during the year 2020.

ii. Valuation of Employees' Defined Obligation Benefits: The treatment of Gratuity obligation and fund assets for previous financial statement was overlooked with the entry of only expenses and provision in the books of accounts. However, it was realized that entries pertaining to fund deposit with insurance company was wrongly entered and the entries for benefits disbursed to resigned employees and interest from Gratuity fund deposit with insurance company was missed out as per Actuarial Report. Nonetheless, in consultant with DHI, it was found that there was an error in Actuarial Report for previous years. Accordingly, the Reports have been altered and accounting entries are corrected in the books of accounts for the previous years.

iii. Prior Period Adjustment Items: Prior period adjustments are adjustments made for prior periods in current period. Since, some figures might not always be accurate, they have to be adjusted often to make sure all the other principles stay intact. An entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery, by restatement of financial statements. Hence the prior period Income and expenses have been adjusted in the respective year for:

- A sum of Nu. 1,028,763.83 has been provisioned as employees' bonus for the financial year 2019. Due to uncertainty of the company's objective and employee's strength, the actual payout of Bonus for 2019 was not the same as provisioned amount. Rather in 2020, the actual Bonus payout for 2019 was Nu. 956,619.19, in resulting to difference amount of Nu. 72,144.64. However, during the year 2020, the actual payout of Nu. 956,619.19 was restated as provisioned amount for the financial year 2019.
- For the period covering 1st July 2019 to 30th September 2019, amounting to Nu. 548,216.67 was accounted as receivable from M/s. Druk Green Power Corporation Limited (DGPC) for SAP AMC support fees as per existing Service Level Agreement (SLA) in line to other DHI Owned Companies on 2nd December 2019. During the transfer of SAP team from DGPC to TTPL as per DHI road map 2019 to 2030, the revised Contract Agreement for SLA between TTPL and DGPC was not finalized. Later when the revised Contract Agreement was finalized, SLA commencement was from 1st October 2019. Therefore, in line with the revised SLA, the receivable against DGPC for the period covering 1st July to 30th September 2019 was restated accordingly.
- M/s. WIPRO Pvt. Ltd. was the SAP AMC consultant for TTPL. TTPL had to pay a yearly Consultant fee. Accordingly, in the year 2020, a sum of Nu. 597,276/- was booked as expenses payable to M/s. WIPRO as Consultant fee for the year 2019. Since the expenses was for 2019, it was restated as a expenses payable in 2019.



X. Earnings Per Share

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.

Y. Comparative Information

Where necessary certain comparative information has been rearranged, regrouped and reclassified in order to provide a more appropriate basis for comparison.

NOTE 3: INVESTMENT PROPERTY

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
BUILDING - Block I: IP	307,799,275	299,410,021	294,639,034
BUILDING - Block II: IP	27,818,233	36,182,304	-
BUILDING - Day Care ECCD: IP	3,025,176	3,264,266	3,415,745
Total	338,642,684	338,856,592	298,054,779

NOTE 4: CAPITAL WORK-IN-PROGRESS

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Construction of New Building	-	-	46,764,942
Total	-	-	46,764,942

NOTE 5: TRADE & OTHER RECEIVABLES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Current			
Unsecured, Considered Good	64,282,114	9,218,169	2,542,748
Total	64,282,114	9,218,169	2,542,748



NOTE 6: CASH & CASH EQUIVALENTS

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Balances with Banks			
<i>In Current Accounts</i>			
Bank of Bhutan Ltd (A/c No 100925841)	29,710,131	5,266,935	7,060,979
Bank of Bhutan Ltd (A/c No 202454401)	950	-	-
Bhutan National Bank (A/c No 032525001)	23,379,259	1,572,287	83,802
Druk PNB Bank Ltd (A/c No 004440)	720,211	1,633,607	89,130
<i>In Deposit Accounts</i>			
Bank of Bhutan Ltd.			
Account No# 202635715	50,000,000	-	-
Account No# 202635737	30,000,000	-	-
Bhutan National Bank			
Account No# 7100032525006	20,000,000	-	-
Account No# 7100032525007	20,000,000	-	-
Cash in Hand	27,388	6,061	17,708
Total	173,837,940	8,478,890	7,251,619

NOTE 7: OTHER CURRENT ASSETS

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Prepaid Expenses	704,944	178,879	182,368
Interest Accrued on FDA	2,845,370	-	6,158
An Advance to Contractor: CDCL	-	-	14,356,639
Salary Advance	-	25,179	59,500
Tax Deducted at Source [TDS]	4,045,739	1,891	-
Total	7,596,052	205,949	14,604,665



NOTE 8: PROPERTY PLANT & EQUIPMENTS AND DEPRECIATION/AMORTIZATION

2020	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Addition	Deletions	Closing	Opening	Addition	Deletions	Closing	
Building - Block: II	37,132,697	13,729,759	-	50,862,456	467,974	1,130,671	-	1,598,645	49,263,811
Plant & Machinery	14,391,054	-	-	14,391,054	7,910,006	1,078,637	-	8,988,643	5,402,411
Furniture & Fixture	2,631,049	682,179	-	3,313,228	248,787	299,924	-	548,711	2,764,517
Office Equipments	1,208,325	2,150,756	-	3,359,081	358,200	427,190	-	785,390	2,573,691
Computer & Accessories	2,996,958	2,991,774	-	5,988,731	993,098	892,805	-	1,885,903	4,102,828
Motor Vehicles	2,179,365	3,925,278	-	6,104,643	820,805	284,473	-	1,105,278	4,999,365
Store Room	147,800	-	-	147,800	12,904	9,853	-	22,757	125,043
Waste House/Room	-	204,514	-	204,514	-	1,676	-	1,676	202,838
Intangible Asset: Software	197,903	-	-	197,903	187,066	7,788	-	194,854	3,049
Totals	60,885,151	23,684,260	-	84,569,411	10,998,839	4,133,017	-	15,131,856	69,437,554

2019	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Addition	Deletions	Closing	Opening	Addition	Deletions	Closing	
Building - Block: II	-	37,132,697	-	37,132,697	-	467,974	-	467,974	36,664,723
Plant & Machinery	14,391,054	-	-	14,391,054	6,831,369	1,078,637	-	7,910,006	6,481,047
Furniture & Fixture	579,635	2,051,414	-	2,631,049	98,946	149,841	-	248,787	2,382,261
Office Equipments	474,916	733,409	-	1,208,325	177,790	180,409	-	358,200	850,125
Computer & Accessories	1,491,111	1,505,847	-	2,996,958	651,027	342,071	-	993,098	2,003,859
Motor Vehicles	2,179,365	-	-	2,179,365	613,765	207,040	-	820,805	1,358,560
Store Room	147,800	-	-	147,800	3,050	9,853	-	12,904	134,896
Intangible Asset: Software	197,903	-	-	197,903	179,277	7,789	-	187,066	10,837
Totals	19,461,784	41,423,367	-	60,885,151	8,555,225	2,443,614	-	10,998,839	49,886,310



Depreciation of Property, Plant and Equipment: Under BAS, the company has recognized depreciation on property, plant and equipment. It has been provided based on rates provided in the Income tax act of the Bhutan. However, under BFRS depreciation has been provided on the basis of the useful life of the asset as per the requirement of BAS 16.

Physical verification of all assets was carried out in 2020 and where practical, assets were physically verified. The damaged assets were written-off from the books of the Company and the final assets in working condition were reconciled with the book of accounts as on 31 December 2020.

NOTE 9: OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Long Term Borrowings:			
Bank of Bhutan Limited	5,081,606	9,266,327	14,148,898
National Pension & Provident Fund	32,852,943	32,015,941	1,002,188
Total	37,934,549	41,282,268	15,151,086

NOTE 10: OTHER NON-CURRENT LIABILITIES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Lease Security Deposit	92,444,451	93,600,006	94,755,561
Security Deposit	2,313,750	2,778,650	2,581,088
Total	94,758,201	96,378,656	97,336,649

NOTE 11: LONG-TERM EMPLOYEE BENEFITS

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Gratuity Provision [Non-Current Obligation]	7,365,873	4,182,606	1,277,335
Defined Benefits Plan Assets (Gratuity)	(5,621,638)	(691,504)	(316,910)
Total	1,744,234	3,491,102	960,425



NOTE 12: DEFERRED TAX LIABILITIES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Opening Deferred Tax Liability	149,475	109,407	-
Deferred Tax Expenses During the Year	(3,721)	40,068	109,407
Closing Deferred Tax Liability	145,755	149,475	109,407

NOTE 13: TRADE & OTHER PAYABLES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Current			
Unsecured, Considered Good	34,153,431	1,404,339	1,031,033
Total	34,153,431	1,404,339	1,031,033

NOTE 14: OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Lease Security Deposit (Current)	1,155,555	1,155,555	1,155,555
Current Maturities of Long-Term Debt	4,712,921	4,481,427	4,057,783
Corporate Loan Guarantee	103,385	140,327	-
Total	5,971,861	5,777,309	5,213,338

NOTE 15: OTHER CURRENT LIABILITIES

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Provisions for:			
<i>Employee Benefit</i>	8,653,030	4,091,058	1,917,738
Retention Monies	467,009	127,389	-
An Advance from Client	160,491,763	-	-
Total	169,611,802	4,218,447	1,917,738



NOTE 16: PROVISION FOR INCOME TAX

Particulars	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2018
Income Tax For:			
Financial Year 2014	-	913,624	913,624
Financial Year 2015	-	56,532	56,532
Financial Year 2016	-	833,694	833,694
Financial Year 2017	-	2,073,583	2,073,583
Financial Year 2018	-	893,250	893,250
Financial Year 2019	-	420,913	-
Financial Year 2020	286,128	-	-
Total	286,127.95	5,191,596.00	4,770,683.00

NOTE 17: REVENUE FROM OPERATIONS

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Commercial Space	14,043,557	15,265,550
BITC Space	2,117,155	2,201,050
Information Technology Service	127,807,116	9,261,421
Power Charges from Tenants *1	3,176,997	2,982,474
Training & Event Program *2	3,510,677	6,358,191
Lease Rental income *3	1,155,555	1,155,555
Total	151,811,057	37,224,241

*1 **Power Charges from Tenants:** Bhutan Power Corporation Limited provides Thimphu TechPark with the power (electricity) and in turn the host institute TTPL distributes the power to its' tenants. The payment method we follow is that TTPL pays the bill to the BPC as the expenses and TTPL raise the invoice to its tenants which is booked as the income from the electricity from tenants.

*2 **Training & Events Program:** Thimphu TechPark conducts trainings, workshops, competitions and seminars as a part of the mandate of Bhutan Innovation and Technology Centre. BITC partners with various stakeholders to conduct the trainings as well as we do the paid trainings bringing in the resource persons from the outside.

During the year, we have got the funding from MOLHR to conduct Entrepreneurship Development Program and we did intensive Basic Entrepreneurship Course for our youth in and around the country.



BITC believes that we make another source of revenue through conducting trainings and other programs.

***³Lease Rental income:** The Royal Government of Bhutan through Department of Information and Technology (DITT), Ministry of Information and Communication have awarded a contract to company to design, Build, Finance, Own, Operate and Transfer (DBFOOT), an Information Technology Park consisting of 50,000 SFT on acres of land at Babesa, Thimphu. The 5 acres of Land is provided by DITT is on lease for an initial period of 30 years and shall be renewed automatically for two consecutive times for a period of 30 years each.

In terms of the contract awarded by DITT, out of 50,000 SFT of IT Park, 10,000 SFT of the IT Park will be leased by the company to DITT for an initial period of 30 years with an automatic renewal for the same tenure up to a maximum of 90 years including initial lease period. The said premises are leased to the Department of Information and Technology for the purpose of establishing an incubation facility, a shared technology center and a data center. Accordingly, the company handed over the aforesaid premises of 10,000 Sq.ft, to the Department of Information and Technology (DITT) in October 2011. The aggregate fixed lease amount of USD 2 million (Equivalent to Nu 104,000,000) toward lease of the 10,000 SFT of space has been received from Department of Information and Technology (DITT) for the above-mentioned total lease period of 90 years and the same has been disclosed as Lease Security Deposit under Non-Current & Current Liabilities. During the year the company has recognized an amount of 11.55 lakhs as rental income on the basis of straight-line apportionment of advance lease rental.

NOTE 18: FINANCE INCOME

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Interest on Deposits	5,747,794	70,611
Total	5,747,794	70,611

NOTE 19: OTHER INCOME

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Prior Period Income	-	43,974
Gain/(Loss) on Forex Account*	59,465	-
Late Rental & Other Fees	46,564	237,283
Others	1,190,793	128,523
Total	1,296,823	409,780



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*As per BAS 21, Exchange difference arising on the settlement of monetary items or on translating monetary item at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in statement of profit & loss in which they arise.

IU Network an international partner whose settlement is required to be done in US dollar. The total amount payable to it at the end of the financial year was US dollar 406,470.96. The TT Rates as on 31 December 2020 was Nu. 73.68. The total amount payable is Nu. 29,948,780.33. The initial amount recognize for the expenses was booked as Nu. 30,008,245.53. Hence, the exchange difference of Nu. 59,465.20 result in Gain.

NOTE 20: EMPLOYEE RELATED COSTS

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Personnel Cost _ Internship Fees	114,887	30,000
Personnel Cost_ Salary	30,997,748	8,087,417
Personnel Cost_ PF (<i>Employer's Contribution</i>)	3,036,034	709,246
Personnel Cost_ Employees' Benefits		
a. Employees; Bonus	-	956,619
b. PBVA	3,141,914	1,040,465
c. Leave Encashment	2,968,435	812,459
d. Leave Travel Concession	757,758	307,790
e. Annual Salary Indexation	522,003	-
f. Gratuity Expenses	2,495,546	955,621
g. Grants Expenses	126,496	115,083
h. Carriage Charges	101,785	96,702
i. Travel Allowance	126,497	110,664
Total	44,389,103	13,222,066

NOTE 21: GENERAL ADMINISTRATION EXPENSES

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
A. Administration Expenses		
Audit Fees	83,250	63,250
Audit Expenses	124,229	126,936
Board Director/CS Training Expenses	-	376,539



Brand & Management Expenses	82,317	141,639
Consultancy Expenses	134,000	282,308
Corporate Social Responsibility	-	241,083
Donations	78,300	100,909
Fees & Subscription	48,180	31,470
Hospitality & Entertainment Expenses	137,011	188,931
House Keeping Expenses	56,364	103,694
Land Leased	217,800	217,800
Membership Fees	-	49,292
Training & Event Expenses	2,337,467	4,713,069
B. Board Meeting & Related Expenses		
Board Audit Committee Sitting Fees	24,000	-
Board HR Committee Sitting Fees	42,000	74,000
Board Tender Committee Sitting Fees	112,000	12,000
AGM/EGM/Compact & Others Meeting Exp.	14,785	-
AGM/EGM/Compact & Others Sitting Fees.	56,000	12,000
Board Committee Meeting Expenses	15,180	1,380
Board Meeting Expenses	150,725	48,571
Board Sitting Fees	430,000	434,000
C. General Insurance		
Building Insurance	264,326	147,840
Car Insurance	39,314	38,792
D. HR Development Expenses		
HR Training & Development Expenses	376,489	786,680
Employees' Entry & Exit Exp.	59,497	-
Employees' Medical Benefits	8,000	-
Group (Staffs) Personal Accident Insurance	54,883	-
Staffs' Tea Allowance	97,462	85,945
Office Annual Rimdro	80,000	70,000
Office Annual Retreat (Team Building)	110,180	88,592
Staff Uniforms	113,840	76,520
HRD Adv. Interview, selection & Recruitment	67,411	-
Management & Staffs Meeting Expenses	62,417	-
E. IT Services Exp. [Information Technology]		



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ERPNext Unit Expenses	1,546,659	-
SAP Unit Expenses	7,360,055	597,276
Projects Expenses	33,027,136	-
Other IT Services Expenses	1,310,652	-
F. Utility Expenses		
Electricity Charges to BPC	4,089,126	3,619,991
Email & Web Hosting	145,126	58,539
Internet Leased Line Expenses	387,800	-
Internet, Telephone & Fax Charges	119,668	248,704
Water Bill	-	6,850
G. Office Expenses		
Gifts & Present	24,050	44,100
Delegates, Events & Ceremony Expenses	119,690	-
Miscellaneous/Unforeseen/Office Expenses	124,316	238,948
Office Utensil Procure Exp.	18,000	-
Postage, Office Supplies, Printing & Stationeries	153,372	127,855
Tenants/Incubatees' Meet-Up Expenses	1,845	-
TTPL: Unforeseen COVID - 19 Prevention Exp	270,133	-
H. Travelling & Conveyance Expenses		
Travel Expenses_ Local	64,100	156,706
I. Operation & Maintenance Expenses		
Repair & Maintenance (Civil Structure)	453,287	1,450,927
Repair & Maintenance (Computers & IT)	110,830	26,675
Running & Maintenance (DG)	39,900	107,312
Running & Maintenance (Vehicle)	310,218	284,415
J. Marketing & Promotion		
Advertisement (Domestic)	26,500	111,621
Advertisement (Target for International Investor)	-	282,558
Advertisement (International Marketing)	-	413,300
K. Prior Period Adjustment		
Prior Period Expenses	-	26,424
Total	55,179,888	16,315,441



NOTE 22: FINANCE COST

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Interest on Borrowings: a) BOBL	1,067,876	1,360,233
b) NPPF	2,236,080	1,213,753
Bank charges	3,913	2,542
Corporate Guarantee Fee	103,385	140,327
Total	3,411,254	2,716,855

NOTE 23: FAIR VALUE CHANGES ON INVESTMENT PROPERTY, NET

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Gain/(Loss) on change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	8,497,830	4,032,309
Total	8,497,830	4,032,309

NOTE 24: ACTUARIAL GAIN/(LOSS) ON POST-EMPLOYMENT BENEFITS

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Actuarial Gain/(Loss) on Post-Employment Benefits held under Employees benefits (As per Valuation Report)	2,679,831	(2,736,617)
Total	2,679,831	(2,736,617)

NOTE 25: INCOME TAX EXPENSES

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Current Income Tax Expenses	286,128	420,913
Deferred Tax Expenses/(Income)	(3,721)	40,068

COMPUTATION OF CURRENT INCOME TAX & DEFERRED TAX

a. Income Tax	For the Year Ended December 31	
Particular	2020	2019
Profit/(Loss) as per the SCI for the year ending 31.12.2020	941,358	(376,732)
Adjustments/Add Disallowed Expenses		
a) Depreciation as per books or Company Acts	65,522	407,322
b) Disallowed Expenses	-	1,913,335

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Total Disallowed Expenses	65,522	2,320,657
<i>Less: Depreciation under Tax laws (as Income-tax Act)</i>	<i>(53,120)</i>	<i>(540,881)</i>
Taxable Revised Profit/(Loss)	953,760	1,403,044
CIT @ 30%	286,128	420,913
b. Deferred Tax		
Depreciation as per books	65,522	407,322
Depreciation under Tax laws (as Income-tax Act)	53,120	540,881
Difference (Dep. As per book - Tax Law)	(12,402)	133,559
c. Deferred Tax Liability		
Opening	149,475	109,407
During the year	(3,721)	40,068
Closing	145,755	149,475

NOTE 26: EARNING PER SHARE

Particulars	For The year ended of 31 Dec 2020	For The year ended of 31 Dec 2019
Realized Earning for the year	61,550,865	3,841,366
Weighted Average No. of Equity Shares	2,230,909	2,229,822
Basic EPS from continuing operation for the Year	27.59	4.41
Diluted EPS from continuing operation for the Year	27.59	4.41

NOTE 27: EMPLOYEES' FUTURE BENEFITS

Disclosure as per BAS 19, 'Employees Benefit' for defined benefit scheme

A. Defined Contribution Plan – Provident Fund

Qualifying employees are members of a defined contribution plan operated by the National Pension and Provident Fund. The Company matches employee contributions to the fund. The only obligation on the Company is to make the contribution monthly.

The total cost of contributions for the year ended 31 December 2020 was Nu. 3,036,033.93 (2019 Nu. 709,246)



Actuarial Valuation Reports – Defined Benefit Plans

Valuation in respect of Employees' Gratuity, Annual Leave Liability, Transfer Grant, Travel Allowance and Carriage Charges for the year 2020 has been carried out by independent actuary, M/s. Druk Infinity Consulting (Consultant), Bhutan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured.

Rationale for actuarial assumptions and professional opinion

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "*actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits*". Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of TTPL and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

a. Discount rate

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

Neither of the recommended benchmarks for discount rate is available in the market. Therefore, in consultation with TTPL, a discount rate of 8.5% has been used consistent with discount rate used by other entities and in line with interest rate on savings in current market which stands at 8% for terms exceeding five years.

b. Salary growth rate

As per para 84 of BAS 19, "*estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.*" A salary growth rate of 10% has been assumed for this valuation.



c. Increase in cost of transportation

As per paras 75 – 80 and para 88 of BAS 19, “actuarial assumptions reflect future benefit changes that are set out in the formal terms of a plan (or a constructive obligation that goes beyond those terms) at the end of the reporting period.” The increase in cost of Carriage charge in the future has been made consistent with the inflation expectation for Bhutan in the near future as forecasted by the International Monetary Fund (IMF).

d. Mortality rate

In valuing benefits of small schemes, it is general practice to use mortality rates of larger population. As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2006-08.

e. Employee turnover rate

The employee turnover rate used in the valuation was prescribed by TTPL based on their past experience and future expectation.

f. Gratuity

Qualifying employees are members of a defined contribution plan operated by the National Pension and Provident Fund. The Company matches employee contributions to the fund. The only obligation on the company is to make the contribution monthly. Qualifying employees are members of a defined benefit plan sponsored by the Company. A separate fund is maintained to cover the future liability for payments.

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

- 1. Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
- 2. Salary growth risk:** As the Gratuity benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher than expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.



3. **Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Gratuity benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Investment risk:** As the Gratuity scheme is funded, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such a situation, the ultimate cost of the plan will be affected.
7. **Asset-liability mismatch risk:** This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.
8. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honour the Gratuity payments in the short-run due to liquidity constraints.
9. The key valuation results as at 31st December 2020 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2020	31-Dec-2019
Present value of defined benefit obligation	7,365,873	4,182,606
Fair value of plan assets	5,621,638	691,504
Net defined benefit asset/(liability)	(1,744,235)	(3,491,102)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2020	31-Dec-2019
(a) Statement of profit or loss	2,047,291	902,845
(b) Other comprehensive income	(2,584,338)	2,588,257

Basis of valuation

Key features of the plan

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil

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Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary service years
Benefit floor	None
Benefit ceiling	None

Membership data

		% Change	31-Dec-2020	31-Dec-2019
Members considered for valuation		1.06	74	36
Average age (years)		-4.62%	32.19	33.75
Monthly salary (Nu.)	Average	11.63%	31,148	27,902
	Total	1.29	2,304,949	1,004,479
Past service (years)	Average	-18.39%	3.45	4.22
	Total	67.76%	255	152

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2020	31-Dec-2019
Discount rate	8.50%	8.50%
Increase in cost of transportation	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2020	31-Dec-2019
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%



B. Leave Encashment Liability

As per the Service Rule of the company, annual leave exceeding the minimum allowable days not availed at the end of a calendar year shall be carried forward and credited to the annual leave account. Employees shall be allowed to accrue up-to a maximum forty (40) days of annual leave which can be en-cashed during separation at the rate of proportionate Total Fixed Monthly Remuneration (TFMR at the time of separation) per day times the total leave accumulated.

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

1. **Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
2. **Salary growth risk:** As the Earned leave benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher than expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
3. **Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Earned leave benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honour the Earned leave payments in the short-run due to liquidity constraints.
7. The key valuation results as at 31st December 2020 are summarized in the following tables.



STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2020	31-Dec-2019
Present value of defined benefit obligation	2,926,991	1,067,769
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(2,926,991)	(1,067,769)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2020	31-Dec-2019
(a) Statement of profit or loss	2,968,435	751,188
(b) Other comprehensive income	-	-

Basis of valuation

Key features of the plan

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56, 58 and 60 years*
• Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	(Reference salary leave balance) / 30
Benefit ceiling	90 days

Membership data

	% Change	31-Dec-2020	31-Dec-2019
Members considered for valuation	1.06	74	36
Average age (years)	-4.62%	32.19	33.75



Monthly salary (Nu.)	Average	11.63%	31,148	27,902
	Total	1.29	2,304,949	1,004,479
Past service (years)	Average	6.80%	30.20	28.28
	Total	1.20	2,235	1,018

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2020	31-Dec-2019
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2020	31-Dec-2019
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%

C. Travel Allowance Liability

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

- 1. Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
- 2. Salary growth risk:** As the Travel benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
- 3. Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.



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4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Travel benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Investment risk:** As the Travel Allowance is funded, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such a situation, the ultimate cost of the plan will be affected.
7. **Asset-liability mismatch risk:** This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.
8. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honour the Travel Allowance payments in the short-run due to liquidity constraints.
9. The key valuation results as at 31st December 2020 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2020	31-Dec-2019
Present value of defined benefit obligation	381,773	263,445
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(381,773)	(263,445)

EXPENSES RECOGNIZED IN

Nu	31-Dec-2020	31-Dec-2019
(a) Statement of profit or loss	126,497	110,664
(b) Other comprehensive income	(8,169)	118,714

Basis of valuation

Key features of the plan

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%



Reference salary	Last basic pay
Normal retirement age	56, 58 and 60 years*
• Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	10 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary service years
Benefit floor	None
Benefit ceiling	None

Membership data

		% Change	31-Dec-2020	31-Dec-2019
Members considered for valuation		1.06	74	36
Average age (years)		-4.62%	32.19	33.75
Monthly salary (Nu.)	Average	11.63%	31,148	27,902
	Total	1.29	2,304,949	1,004,479
Past service (years)	Average	-18.39%	3.45	4.22
	Total	67.76%	255	152

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2020	31-Dec-2019
Discount rate	8.50%	8.50%
Increase in cost of transportation	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2020	31-Dec-2019
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%



D. Transfer Grants Liability

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

Discount rate risk: The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Salary growth risk: As the Transfer Grant benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher than expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employer turnover risk: Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk: In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk: The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Transfer Grant benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Liquidity risk: Finally, there is a risk that TTPL may not be able to honour the Transfer Grant payments in the short-run due to liquidity constraints.

The key valuation results as at 31st December 2020 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2020	31-Dec-2019
Present value of defined benefit obligation	381,773	263,445
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(381,773)	(263,445)



EXPENSES RECOGNIZED IN

Nu.	31-Dec-2020	31-Dec-2019
(a) Statement of profit or loss	126,497	110,664
(b) Other comprehensive income	(8,169)	118,714

Basis of valuation

Key features of the plan

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
• Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	One month's reference salary
Benefit floor	None
Benefit ceiling	None

Membership data

	% Change	31-Dec-2020	31-Dec-2019
Members considered for valuation	1.06	74	36
Average age (years)	-4.62%	32.19	33.75
Monthly salary (Nu.)	Average	31,148	27,902
	Total	2,304,949	1,004,479
Past service (years)	Average	3.45	4.22
	Total	255	152



Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2020	31-Dec-2019
Discount rate	8.50%	8.50%
Increase in cost of transportation	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2020	31-Dec-2019
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%

E. Employees' Carriage Charges Liability

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

Discount rate risk: The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

Salary growth risk: As the Carriage charge benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher than expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

Employer turnover risk: Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

Demographic risk: In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

Regulatory risk: The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Carriage charge benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

Liquidity risk: Finally, there is a risk that TTPL may not be able to honour the Carriage charge payments in the short-run due to liquidity constraints.

The key valuation results as at 31st December 2020 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2020	31-Dec-2019
Present value of defined benefit obligation	299,360	176,524
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(299,360)	(176,524)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2020	31-Dec-2019
(a) Statement of profit or loss	101,785	96,702
(b) Other comprehensive income	21,051	1,497

Basis of valuation

Key features of the plan

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
• Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Distance Rate per km as per RSTA
Grade	Entitlement
M3 and above	Two truck up to Nu. 55,000
6 – M2	One truck up to Nu. 30,000
Rest	One DCM up to Nu. 20,000

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Membership data

		% Change	31-Dec-2020	31-Dec-2019
Members considered for valuation		1.06	74	36
Average age (years)		-4.62%	32.19	33.75
Monthly salary (Nu.)	Average	11.63%	31,148	27,902
Total	1.29	2,304,949	1,004,479	
Past service (years)	Average	-18.34%	3.45	4.22
Total	67.85%	255	152	

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2020	31-Dec-2019
Discount rate	8.50%	8.50%
Increase in cost of transportation	5.00%	5.00%

Demographic assumptions

Parameter	31-Dec-2020	31-Dec-2019
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%

NOTE 28: DISCLOSURE

1. Auditor's Remuneration

For the year ended December, 31

Particulars	2020	2019
Statutory Audit Fees	63,250.00	63,250.00
Statutory Local Audit Fees	20,000.00	-
Other Audit Expenses	124,229.00	126,936.00
Total Amount [in Nu.]	207,479.00	190,186.00



2. 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 Chief Executive Officer as required by the Companies Act of the Kingdom of Bhutan 2016.

a. Summary of compensation paid to the KMP (Chief Executive Officer):

For the year ended December, 31

Particulars	2020	2019
Salary & Allowances	1,781,934.00	1,525,861.47
Sitting Fees	136,000.00	120,000.00
Provident Fund Contribution	152,737.20	112,268.00
Training (incl. workshop, seminar, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	8,050.00	318,245.09
Other Benefits (LTC, Leave, PBVA & Bonus)	504,087.31	431,095.24
Total Amount [in Nu.]	2,582,808.51	2,507,469.80

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 included above.

b. Summary of compensation paid to Board of Directors (Exclusive of CEO)

For the year ended December, 31

Particulars	2020	2019
Directors' Sitting Fees (Board & Sub-Board)	456,000.00	
Directors' Training (incl. workshop, seminars, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	-	376,539.00
Directors' DSA	22,250.00	
Total Amount [in Nu.]	478,250.00	376,539.00



c. List of Directors

Name of Board Director	Date of Joining	Date of Resign	Status	Expenditure	
				2020	2019
Mr. Karma Yonten (New Chairman)	9th March 2020		Active Member	44,000.00	
Mr. Ujjwal Deep Dahal	29th July, 2019		Active Member	116,000.00	376,539.00
Mr. Jigme Thinlye Namgyal (Ex-Chairman)	4th March, 2016	9th March 2020	Resigned	48,000.00	
Mr.Karma Tshewang	4th March, 2017	9th March 2020	Resigned	32,000.00	
Mr. Karpo Tshering	4th March, 2019	9th March 2020	Resigned	56,000.00	
Mr. Karma Pemba	9th March 2020		Active Member	64,000.00	
Mr. Kuenga Jurmi	9th March 2020		Active Member	44,000.00	
Mr. Tenzin Namgay	9th March 2020		Active Member	16,000.00	
Mrs. Sonam Choiden	9th March 2020		Active Member	58,250.00	
Dr. Tshering Cigay Dorji (CEO)	1st November, 2014		Active Member		
Totals				478,250.00	376,539.00

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



3. Transaction with Group Companies (Related Party Disclosure)

S/#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Gross Transaction Amount [in Nu.]	Rebate Allowed/ Income	Receivable/ (Payable) in Nu
1	Bhutan Board Products Limited (BBPL)	Fellow Subsidiary	a. Purchase Furniture, fixtures, computers and office equipment a. Balance (as per Books CD Acc. 100925841) as of 31.12.2020 b. Balance (as per Books CD Acc. 202454401) as of 31.12.2020 c. Short-term bank deposits (FDA Acc. 202635715)	26,075.60 29,710,131.27 950.00 50,000,000.00	- - - -	- - - -
2	Bank of Bhutan Limited (BOBL)	Fellow Subsidiary	d. Short-term bank deposits (FDA Acc. 202635737) e. Borrowings - current & noncurrent f. Project Advance received. g. Service Revenue (Project Implementation: ERPNext) h. Interest on loans paid i. Bank Charges and fees a. Electricity Charges payment b. Service Revenue (SAP AMC Cost)	30,000,000.00 9,794,527.26 650,000.00 1,444,444.44 411,211.83 3,848.36 4,089,125.99 4,865,965.55	- - 144,444.44 - - - - (212,750.00)	- - - 1,950,000.00 - - - 1,058,128.45
3	Bhutan Power Corporation Limited (BPCL)	Fellow Subsidiary	a. Communication, internet and telephone charges b. Service Revenue (SAP AMC Cost) c. Rental Income d. Inter Group Miscellaneous Expenses e. Purchase Furniture, fixtures, computers and office equipment (Laptops)	429,347.88 2,773,194.64 101,855.53 816,450.00 184,320.94	- (152,378.34) - - -	(28,587.32) 8,549.00 (579,150.00)
4	Bhutan Telecom Limited (BTL)	Fellow Subsidiary				



5	Construction Development Corporation Limited (CDCL)	Fellow Subsidiary	a. Service Revenue (ERPNext AMC Cost)	1,200,000.00	600,000.00
			c. Inter Group Consultancy Fees	25,000.00	(25,000.00)
6	Dagachhu Hydro Power Corporation Limited (DHPC)	Fellow Subsidiary	a. Service Revenue (SAP AMC Cost)	588,605.71	(12,626.25)
7	Dungsum Cement Corporation Limited (DCCL)	Fellow Subsidiary	a. Service Revenue (SAP AMC Cost)	1,388,743.80	(51,198.75)
8	Dungsum Polymer Limited (DPL)	Fellow Subsidiary	a. Service Revenue (SAP AMC Cost)	285,895.19	(7,338.33)
			a. Project Advance received.	215,000.00	95,555.56
9	Druk Green Power Corporation Limited (DGPC)	Fellow Subsidiary	b. Service Revenue (Project Implementation: MIS)	955,555.56	860,000.00
			d. Service Revenue (SAP AMC Cost)	2,244,175.62	1,695,958.95
10	Druk Air Corporation Limited (DACL)	Fellow Subsidiary	a. Service Revenue (SAP Project Implementation)	6,445,312.50	5,156,250.00
			b. Service Revenue (Microsoft Power BI)	17,711.06	17,711.06
			c. Project Advance received.	25,00,000.00	1,289,062.50
			a. Equity Shares held by DHI	223,090,900.00	
			b. Inter group Corporate Guarantee Fees	103,384.78	(103,384.78)
11	Druk Holding & Investments. (DHI)	Holding Company	c. Inter group Brand management Fees	82,317.42	
			d. Service Revenue (SAP AMC Cost and others)	4,378,547.72	(12,765.00)
			e. Rental Income	1,266,806.45	127,200.28
12	Koufuku International Limited (KIL)	Fellow Subsidiary	a. Service Revenue (Microsoft Power BI)	48,846.60	48,846.60
13	Natural Resources Development Corporation Limited (NRDCL)	Fellow Subsidiary	a. Service Revenue (My Resource Apps Project)	175,000.00	
			b. Service Revenue (ERPNext AMC Cost)	1,200,000.00	
			b. Service Revenue (My Resource Apps AMC Cost)	997,500.00	175,000.00



14	State Mining Corporation Limited (SMCL)	Fellow Subsidiary	a. Service Revenue (ERPNext AMC Cost) b. Service Revenue (System enhancement for EME)	1,200,000.00 500,000.00	500,000.00
15	State Trading Corporation of Bhutan Limited (STCBL)	Fellow Subsidiary	a. Furniture, fixtures, computers and office equipment (Laptop) b. Running & Maintenance Of Vehicle-Intergroup c. Purchase of vehicles	335,910.00 37,931.48 3,925,278.00	
16	Tangsibji Hydro Energy Limited	Fellow Subsidiary	a. Service Revenue (SAP AMC Cost)	383,081.59	(4,856.25)
17	Wood Craft Center Limited (WCCL)	Fellow Subsidiary	a. Service Revenue (ERPNext AMC Cost) b. Service Revenue (Microsoft Power BI)	1,200,000.00 32,420.76	96,843.92 600,000.00

The Company has allowed rebate to those clients for the SAP AMC fees due to non-achievement of Service Level Agreement (SLA) from Service Provider which is in the contract agreement.

The disclosures given above have been recon the basis of information available with the Companies and relied upon by the Auditors.

NOTE 29: EVENTS AFTER THE REPORTING PERIOD

The dividend relating to 2019 was declared at the 10th Annual General Meeting (AGM) held on **9th March 2020**. Shareholders approved the dividend aggregating to Nu. **2.20 Million** (1% of paid-up-capital).

No adjustments have been made for dividend payable to financials as this event has happened post reporting date. At the reporting date there were no evidences existed for dividend declaration.

Signatures to all above Notes of the Financial Statements for and on behalf of the Board of Directors



RATIO ANALYSIS

THIMPHU TECHPARK LIMITED
2020
FINANCIAL & OPERATIONAL RESUME
STATEMENT OF RATIO ANALYSIS

Financial and Operational ratio in respect of company is given in
the statement of Ratio Analysis.

Ratio	Basis	2020	2019
Current Ratio	Current Assets Current Liabilities	1.17	1.08
Quick Ratio	Quick Assets Quick Liabilities	1.22	2.42
Debtors Turnover Ratio	Sales Sundry Debtors	2.36	4.04
Total Expenses to Total Income Ratio	Total Expenses*100 Total Income	67.43	92.03
Net profit/(Loss) to Total income	Net Profit/(loss) *100 Total Income	32.39	6.75



COMPLIANCE CALENDER AND CHECKLIST

COMPLIANCE CALENDAR & COMPLIANCE CHECKLIST
COMPLIANCE CALENDAR OF THIMPHU TECH PARK LIMITED FOR THE FY 2020.

Sl.No.	Activity	Section		Remarks
1	Submission of Annual Return	267	On or before 31 st May	Not Applicable
a)	Companies listed with Royal Securities Exchange of Bhutan Limited			
b)	All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash-flow statement v) Auditor's report vi) Directors' report.		On or before 31 st July	Annual Return for the year 2019 filed via email on 10 th June, 2020. However, no acknowledgement of receipt could be produced before us for verification.
2	Annual General Meeting Listed Companies	177	On or before 30 th April	The Annual General Meeting was held on 09 th March, 2020.
a)	Unlisted Companies		On or before 30 th June	
b)	Government Companies			
c)				
3	Notice Calling General Meetings	185	21 days before the AGM	Notice calling AGM was received. However, notice has not been sent 21 days before and consent of shareholder for calling AGM on shorter notice was granted.
4	Payment of Dividend	204	Within 30 days of declaration in AGM	Dividend was declared in Annual General Meeting held on 09 th March, 2020. However, Dividend was paid on 25.06.2020 i.e. not within 30 days from declaration in AGM.
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		Audited Account along with Auditors Report for the Financial Year 2019 were placed in the Annual General Meeting held on 09 th March, 2020.
6	Filing of Documents with Register	267		Please refer Clause 1(b) above.



7	Appointment of auditor	251	Every AGM	Auditors have been re-appointed by RAA directly for the year ended 31 st December, 2020.
	GCC& GC	260-	Notify the Registrar within 15 days from passing the resolution	Auditors have been re-appointed by RAA.
	Reap- pointment	262	Convene the EGM within 14 days to discuss resignation.	Not Applicable
	Removal Resignation			
8	Consent to act as directors	140	Within 30 days of Appointment or re-appointment with the registrar	Mr. Karma Yonten, Mr. Tenzin Namgay, Mr. Karma Pemba, Mr. Kuenga Jurmi and Dr. Sonam Choiden were appointed as directors during the year. Three Directors namely Mr. Jigme Thinlye Namgyal, Mr. Karma Tshewang and Mr. Karpo Tshering have completed their tenure and resigned from the Board. Mr. Ujjwal D. Dahal would continue to serve as the director of the company.
9	Board Meetings 1 st BM 2 nd BM 3 rd BM 4 th BM	146 & 149	3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	A total of nine (09) Board Meetings were held during the year under audit. The quorum was duly maintained.
10	Appointment of CEO	210	Every 5 years	The Company has reappointed CEO with effect from 1 st December, 2019 and the same was ratified in meeting of AGM held on 09.03.2020.
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Not Applicable
12	Appointment of Company Secretary	213	As per prescribed by MTI	The Company Secretary was appointed on 07 th November, 2019.
13	Statutory Record and Inspection	228	All times	As informed to us by the management, the Statutory Records are available for inspection at all times. However, due to lockdown in Bhutan and conduct of audit on remote basis we could not inspect any of the registers.



THIMPHU TECHPARK LTD.
2020
COMPLIANCE CHECKLIST

**CHECKLIST FOR COMPLIANCE OF PROVISIONS OF
THE COMPANIES ACT OF BHUTAN, 2016**

NAME OF COMPANY:		THIMPHU TECHPARK LTD.				
REGISTERED NO:		U20121219TH10390				
			COMPLIANCE CHECKLIST			
		INCORPORATION OF A COMPANY &				
SL	Section	SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles Approval	✓			Articles of Association have been amended vide Resolution at EGM held on 07th February, 2020 and has been intimated to Registrar on 04.03.2020.
2	47	Changes of name		✓		Resolution for change of name change was passed at EGM on 07th February, 2020 and later on in AGM held during the year the decision to change the name was reversed.
3	123	Increase or consolidation of share capital		✓		
4.	124	Reduction of share Capital			✓	
5.	82	License Copy and Share Certificate filing	✓			Share Certificates is available with management, However, due to limited scope of audit, because COVID 19, we were unable to verified.
6.	107	Public Offer of Shares & Debentures – ROC Approval			✓	

P-VII MANAGEMENT & ADMINISTRATION

7.	217	Registered Office of Company (Postal Address & Contact No)				
8	221	Publication of name by company (Letter Head, Seals and Sign Board)				Due to lockdown in Bhutan and conduct of audit on remote basis, there is limitation in scope of verification of the same. Hence, we are unable to comment upon it.



9	241	Financial Year of Companies as of 31 st December				
	242	Extension up-to 15 months- ROC Approval			✓	
	243	Extension up-to 18 months- ROC Approval			✓	
	245	Financial Statements to follow BAS	✓			Already complied with BAS.
10	267	Annual return On or before 31 st May for listed; others 31 st July				Annual Return for the year 2019 filed via email on 10 th June, 2020. However, no acknowledgement of receipt by Registrar could be produced before us.
11	177	Annual General Meeting (Minutes)				10 th Annual General Meeting was held on 09 th March 2020.
12	180	Extraordinary General Meeting (Minutes)	✓			EGM held on 07 th February, 2020.
13	185	Notice for calling General Meeting –	✓			Notice calling AGM was received. However, notice has not been sent 21 days before and consent of shareholder for calling AGM on shorter notice was taken.
	187	Listed - written as well as in media Public Co / Private Co – Written Notice			✓	
14	190	Chairman of meeting (CEO cannot Chair)	✓			
15	192	Representation of corporate at meetings (Appointed by Board of Directors)	✓			DHI, is the only shareholder of the company and it has been represented by Dasho Karma Yezer Raydi, CEO of DHI through his proxy Mr. Sonam Lhundrup, General Counsel of DHI.
16	193	Ordinary and special resolutions (Minutes)				We have been shared with the copy of minutes of the EGM held on 07 th February, 2020 virtually for our verification. However, we are unable to comment whether the same is properly maintained as per the provisions of Section 195 of the Act.



17	195	Minutes of Annual General Meeting and Board Meetings (Maintained ss 195-198)	✓			We have been shared with the copy of minutes virtually for our verification. However, due to lockdown in Bhutan and conduct of audit on remote basis we are unable to comment whether the same is properly maintained as per Act.
18	199	Declaration and payment of dividend (199-209)	✓			Dividend has been beyond 30 days.
19	232	Books of account to be kept by company (location & time period)				Extracts/ Documents of books of accounts have been shared with us virtually.
20		Board's report (signed by Chairman)				Board's Report has been signed by the Chairman. However, as per the provisions of the Act, it has to signed by one Director and CEO of the company.
21	252	Appointment and removal of Auditors Reappoint annually (251-259)				Auditors have been appointed by Royal Audit Authority.
22	260	Resignation of auditors from office			✓	
23	266	Auditing Standard (audit using Auditing Standards issued by AASBB)	✓			
24	133	Number of Directors (Minimum No and Retirement on Rotation)	✓			
25	139	Additional Directors			✓	
26	140	Consent to act as directors	✓			
27	141	Certain persons not to be appointed as directors			✓	
28	142	Resignation by a director	✓			
29	143	Removal of directors				
30	146	Board Meetings (4 meetings for public companies and 2 for private companies)	✓			9 board meetings
31	152	General powers of the board	✓			
32	156	Restriction of powers of Board	✓			
33	210	Appointment of Chief Executive Officer		✓		



34	414	Appointment of Selling or Buying Agents (Govt. Approval obtained or Not)			✓	
35	157	No loans to directors (only for public company)				
36	53	Inter Corporate Investments (Investments to be disclosed) apply old rule				
37	158	Contracts in which directors are interested				
38		Companies to have secretaries	✓			
39	161	Standards of care required by directors (Reckless decisions)	✓			Due to lockdown in Bhutan and conduct of audit on remote basis, there is limitation in scope of verification of the same. Hence, we are unable to comment upon it. However, we have not come across any such decisions to the extent of our test verification.

CHECKLIST FOR COMPLIANCE OF PROVISIONS OF THE COMPANIES ACT OF BHUTAN, 2016

P-IX STATUTORY RECORD AND INSPECTIONS

40	228	Statutory record and inspection				
41		a. Register of buy-back of shares			✓	
42		b. Register of transfers	✓			It is available with the Company. However, due to lockdown in Bhutan and conduct of audit on remote basis, there is limitation in scope of verification of the same.
43		c. Register of charges			✓	
		d. Register of inter-corporate loans			✓	
44		e. Register of Inter-corporate investments			✓	
45		f. Register of contracts in which directors are interested.			✓	
46		g. Register of directors	✓			It is available with the Company. However, due to lockdown in Bhutan and conduct of audit on remote basis, there is limitation in scope of verification of the same.
47		h. Register of directors' shareholding			✓	
		OTHERS				



48	148	Notice of Board Meeting	✓			Notice of calling Board Meetings held during the year were given through mail and a screenshot of mail has been shared with us.
	85	Register of shareholders	✓			It is available with the Company. However, due to lockdown in Bhutan and conduct of audit on remote basis, there is limitation in scope of verification of the same.

Place: Siliguri.
Date: March 5th, 2021.



MANAGEMENT REPORT

1. Non-obtaining of Performance Guarantee (2.1.2)

The company has entered into the contract with IU Network, Armenia to undertake consultancy service. As per the term of contract, the company (IU Network) is required to provide performance guarantee to enable the other provisions of the agreement to be enforced. Such performance guarantee could not be produced before us for the verification.

Management's Response:

*The said contract pertains to Bhutan Integrated Tax System (BITS). The BITS project was nearly awarded to we do IT-Solutions GmbH of Austria for **USD 8.175 Million** vide LOI dated 12 August 2019 to procure their ready-made Commercial Off-the-Shelf (COTS) tax administration product and customize for Bhutan, before the Government decided to give it to DHI. However, the Government then decided to give it to DHI (vide Letter No. D-01/1398, dated 15th November 2019 from the Officiating Cabinet Secretary) with the main objective of building local capacity to provide continued maintenance support services for the system locally, and to be able to build similar systems for other clients.*

The Ministry of Finance, vide Letter No. MoF/GST/07/2019/184 dated 27th November, 2019, informed DHI of its decision to award the project, who in turn asked TTPL (vide Letter No. DHI/InnoTech/2020/05 dated 7th January, 2020) to work on a way-forward for undertaking the project with the main objective of building local capacity.

TTPL then held many rounds of discussions with the GST Project Office along with representatives from DHI and DITT, to reach a common understanding on the way forward for the project. It was then concluded that purchasing a ready-made COTS product would not be helpful in building local capacity. Therefore, it was decided that TTPL would look for a competent international partner with relevant experience to co-develop the system based on their framework so that the TTPL team would get complete understanding of the source code of the system.

TTPL then selected IUNetworks LLC of Armenia by following the normal procurement procedures, to co-develop the system from scratch using their in-house framework which is called HATIS, and TTPL and DRC finally agreed that TTPL-IUNetworks would undertake the project.

Meanwhile, the global outbreak of COVID-19 pandemic started and this delayed the contract signing between TTPL and IUNetworks which could finally happen only on 17th June 2020. The signing was done online. As per the signed contract agreement, IUNetworks were supposed to deposit 10% of the contract amount (USD 418,180.00) as Performance Security to TTPL. However, due to the global pandemic, IUNetworks were not able to submit the same on time.



Subsequently, we began processing for a team from IUnetworks to come to Bhutan and a three members team finally arrived on 27th July 2020. However, their quarantine ended only on 18th August, which happened to be in the middle of the first lockdown in Bhutan. We kept following up for the performance security amidst the COVID situation and they kept telling us not to worry because they would not invoice for the works done until the value of works exceeds the value of the performance security.

Then they also submitted a letter bearing Ref No. IIU_GEN-2020.10.016 dated 9th October 2020 stating that they would NOT “invoice TTPL for any volume of work done until performance guarantee is finally agreed and provided or price for volume of works implemented is not higher than the amount of performance guarantee”. This was thought to be not so unreasonable given that we would have ‘cash’ in hand rather than a bank guarantee. So, this proposal was submitted to the 67th TTPL Board Meeting held on 16th October 2020. However, the Board decided to insist on the Performance Security itself.

We then informed IUnetworks about the decision of the Board and asked them to furnish the performance security as soon as possible. They finally sent us a scanned copy of the performance security in the form of a Bank Guarantee for USD 418,180.00, bearing the No. O.AB.100.12CIB. PIED.0.596.21 dated 19th January 2020, issued by AMERIABANK, CJSC, 2, V. Sargsyan Str., Yerevan 0010, Republic of Armenia.

As per the ITC clause 28.8 of the Request for Proposal preceding the contract states, “...TTPL reserves the right to verify independently the genuineness of the performance security from the issuing bank or a correspondent bank of such issuing bank in the Kingdom of Bhutan.” Therefore, while we are trying to have the performance security verified or preferably counter-guaranteed by a bank in Bhutan, we have withheld all payments due to them so far. Therefore, since the purpose of the performance security will be served in this manner, we would like to request that this issue be considered as resolved.

Auditors’ further comments:

With respect to the reply by the management, we would like to draw the attention to the 67th Board Meeting held on 16th October, 2020 wherein the board has decided to insist on the Performance Security itself.

Since, the project has already been commenced and provision for payment has been made in the books of accounts, the board may ratify the new position of commencement of work without receipt of performance guarantee by the company. Accordingly, upon ratification of such position by the board, the observation made may be considered as resolved.



Accountability (fixing of Direct and Supervisory)

Direct

Name: Mr. Phurpa Wangchuk, Chief Project Officer

Citizen ID No.: 10906000331

Supervisory

Name: Dr. Tshering Cigay Dorji, Chief Executive Officer

Citizen ID No.: 11501001350

AUDIT FINDINGS OF RECOMMENDATORY IN NATURE

2. Other Mismanagement of Funds

As per Sec 165 of Companies Act of Bhutan, 2016, All companies shall maintain Corporate Social Responsibility Fund, which shall be administered by the respective company Board in the line with the regulations issued by the Authority. However, there is no such CSR fund maintained by the company.

Management's Response:

Although no separate CSR Fund is maintained by the company, the company sets aside certain budget for CSR and Donation every year as is the usual practice adopted by many corporations in Bhutan. For instance, the company had provided Nu. 341,992 in donations and contributions towards social causes in the year 2019 from such a budget. In 2020, a budget of Nu. 350,000 was set aside for CSR and Donations, though only Nu. 78,300 was utilized from this budget due to the COVID situation. Moreover, as far as we know, this requirement is not strictly enforced in Bhutan yet because of the development of the corporate sector is still at an evolving stage in Bhutan.

Therefore, we would like to request the observation to be considered as resolved.

Auditors' further comments:

It is recommended that such fund be maintained by the company in order to keep compliance with the provisions of The Companies Act of Bhutan, 2016.

Place: Siliguri; India
Date: March 5th, 2021

M. No. 303333



FOR AND ON BEHALF OF
G.S. HORA & ASSOCIATES
Chartered Accountants
FIRM REG. NO. 316030E


(Sarajjit Singh Hora: FCA)
Partner

PRIOR YEAR AUDIT FOLLOW UP REPORT

Summary of Follow-up Report for Statutory Audit for the year 2019 and prior years

Accounting Year	Total No. of recommendation provided/ pending for implementation	No. of recommendation implemented	Balance recommendations to be implemented
2019	4	4	Nil
2018	Nil	Nil	Nil
2017	4	4	Nil
2016	3	3	Nil

Detailed Follow-up Report for the year ended 31st December, 2019

Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	Irregular declaration and payment of Dividend: (AIMS Category No. 5.12.27) Nu 8.91 million was declared as dividend for the year 2018 in the AGM held on March 07 2019 computed at the rate of 4% of the Profit After Tax (PAT) of Nu. 10.95 million.	The issue has been put up in AGM and ratified. The copy of minutes extract has been shared to auditor and dully resolved. No management's current response on it.	Resolved
2	Other violation of Acts, Directives and Policies: (AIMS Category No. 4.5.21) <u>Irregular Appointment of CEO</u> During the year 2019, CEO of the company has been reappointed without holding any General Meeting which is not in accordance with section 210 of The Companies Act of Bhutan, 2016.	As per the Auditor's further recommendation, an observation has been ratified during the AGM. The copy of minutes extract has been shared to Auditor and dully resolved. Therefore, no management's current response.	Resolved
3	Improper maintenance of Fixed Asset Register: (AIMS Category No. 5.3.15) It is informed that Fixed Asset register is not maintained by the company. Further, no working sheets have been maintained regarding physical verification of Fixed Assets.	It was dully maintained and intimate to Auditor. Accordingly, the issue has been resolved and no management's current response on it.	Resolved
4	Other violation of Acts, Directives and Policies: (AIMS Category No. 4.5.21) <u>Irregular Issue of Shares during the Financial Year 2019</u> It is informed that during the Financial Year 2019, the company has issued 1864 shares which is not in consonance with Clause 15.1 read with Clause 10.1 of Article of Incorporation (AOI) of the Company and thus not in accordance with section 28 of The Companies Act of Bhutan, 2016.	As per the Auditor's further recommendation, an observation has been ratified during the EGM. The copy of minutes has been shared to Auditor and dully resolved. Therefore, no management's current response.	Resolved



Thimphu TechPark Ltd.

Post Box 633, Babesa, Thimphu

Phone: +975-2-350052

Email: enquiries@thimphutechpark.bt

Website: www.thimphutechpark.bt

 @Thimphu TechParkLtd.

 @ Thimphu Techpark

 @ thimphutechpark