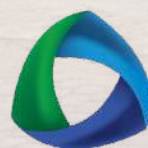


2021 ANNUAL REPORT



Thimphu TechPark
dhi Company
BHUTAN'S FIRST IT PARK



ANNUAL
REPORT
2021

THE YEAR IN REVIEW

2021, my last year with the company as the CEO, has been an eventful year for me and the company. We continued on our journey towards becoming the Centre of Excellence for Information Technology, and by the end of the year, we became the biggest IT Company in Bhutan with around 100 employees. The company also was able to continue to keep up its growth trend doing very well financially in 2021, thanks to the support of all our important stakeholders, especially our valued customers. In 2021, our total income grew by about 58% to Nu. 239,187,088 from Nu. 151,811,057 in 2020, and our PAT grew by about 97% to Nu. 101,874,910 from Nu. 51,742,411 in 2020.

But on the whole globally, 2021 has been another year that passed under the shadow of the COVID pandemic with new variants of COVID appearing one after another. Yet, for us here in Bhutan, we have been lucky to have been able to carry on with our lives without too much negative impact on ordinary people's livelihood thanks to the benevolent leadership of His Majesty the King.

At TTPL, we are inspired to be working towards achieving His Majesty's vision of building our capabilities in the technology sector. One of our key focus areas is investing in talents and assisting these pioneers of the 21st Century Bhutanese Tech Industry to realize their dreams while stimulating the growth of the IT industry in Bhutan. We are steadily building domestic capacity aligning with His Majesty's aspirations to look to technology in overcoming our traditional economic limitations. We are making an effort to bridge the gap between education and the workplace by providing talented youths from colleges like CST, GCIT, JNEC and other IT undergrads with internship or employment opportunities.

TTPL has been persistently working towards its objective of being a centre of excellence in IT services providing IT automation services to DHI and DHI companies, as well as other clients. Some of the projects completed by the team in 2021 are: ePayment integration between DHI owned companies and financial institutions for CDCL, SMCL, NRDCL, DHI & DGPC, Data Centre Migration for BPC, DHI, DCCL, DPL, BPC & DCCL, ERP Implementation for BTL & BoBL, Team Appraisal System & Management Information System for DGPC and eRecruitment System for DHI.

TTPL's ERPNext team and SAP Team have been continuously improving their skills, and providing services to not only companies within DHI Group, but started venturing out to provide services to clients outside DHI Group.

This year, our major focus has been on the two pivotal Government Projects; Bhutan Integrated Taxation System (BITS) and Electronic Patient Information System (ePIS). These projects have made substantial progress in the year accomplishing a set of business objectives. BITS Project team successfully implemented the first MVP (Minimal Viable Product) driven by the Scaled Agile Framework, and demonstrated the same to the client on 14th December 2021.

Meanwhile, ePIS project progressed smoothly towards the completion of the Registration Module. Besides the two critical projects, TTPL also completed various other IT assignments through our SAP ERP and ERPNext services like epayment integration, Data Centre Migration, implementation of eRecruitment systems across DHI Group and other clients.

TTPL has also been playing a key role in the promotion of Innovation and Entrepreneurship in the Country. In the Financial Year, we trained about 130 unemployed youths and aspiring entrepreneurs across the Country through the Entrepreneurship Development Program in collaboration with the Ministry of Labor and Human Resources. The programs have been designed to acquaint the participants with the basic skills of entrepreneurship and prescribe guidelines to successfully operationalize and implement their business ideas into action. Above all else, it also provided a forum for the participants to interact and learn from co-participants and boost their self-confidence, which in turn will boost their self-esteem while setting up their businesses. Additionally, TTPL also collaborated with various other agencies such as the UNDP Accelerator Lab and Little Coders to encourage entrepreneurship and technology through programs like “Technopreneurs-meet” and “Hour of Code” to enhance interest in IT, Computer Science and free enterprise.

Furthermore, we continue to host and support Foreign Direct Investment companies in Bhutan which has greatly helped in bringing about economic growth, job creation and technological advancement in the country. Majority of these FDIs earns most of their revenue from export and helps Bhutan earn much needed foreign exchange and employs 100% Bhutanese workforce.

While 2021 is my last year with the company as the CEO, the prospects for the company in 2022 is rosy. There is continued strong market opportunity and growth as more organizations in Bhutan pursue digital transformation. I am confident that the new management of TTPL would remain open to new ideas and collaboration and work on developing a truly global portfolio of technological capabilities.

Lastly, I would like to take the opportunity to thank all stakeholder agencies and individuals, especially the Board Chairman and Directors, DHI Management led by Dasho Chairman and Dasho CEO, PMO, MoF, MoIC, DITT, MoEA, all DHI Companies and their management teams, our valued clients, all FDI companies at TTPL, and my dear colleagues at TTPL, for all their guidance, support and cooperation that made my tenure with TTPL fulfilling.



Dr. Tshering Cigay Dorji
Chief Executive Officer

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Company Profile	8
Board Directors	12
Management Team	14
Director's Report	16
Corporate Governance Report	19
Independent Auditors' Report	26

February

Launch of "My Resources" App for NRDC



19 February

Contract Signing for Implementation of SMART ERP with BTL



February

BEC Tashigang



March

BEC Bumthang



April

Implementation of Zero Waste Hour



April

BEC Gasa



21 April

ePIS Contract Signing with MoH



7 May

National Essay Contest



24 May

Signing of MoU with BTL for the supply of Hardware for SAP and associated components



IN PICTURE



5 July

SAP BASIS
training for
DHI, DGPC,
BPC, DACL, &
PHPA-II



7 August

Basketball
Tournament



30 August

Volleyball
Tournament



5 September

Visit of
Shechen
Rabjam
Rinpoche



13 September

Celebration of
Programmers'
Day



13 September

Blood
Donation
Drive

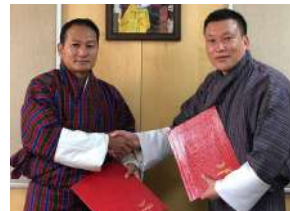


10 October

Technopreneurs
meet

22 November

Contract signing for implementation
of SMART ERP with BLDCL



23 November

Contract Signing for implementation
of SMART ERP with MSCPL



12 December

Delivery of BITS
first MVP

1. COMPANY PROFILE

1.1 Background of the company

Thimphu TechPark is the flagship IT development company in the Kingdom of Bhutan. It is the country's first IT Park - promoted by the Department of Information Technology & Telecom, Ministry of Information & Communications, Royal Government of Bhutan, supported by the World Bank and developed by Thimphu TechPark Limited (TTPL), a 100% DHI owned company.

The IT Park is located in Thimphu, Bhutan's capital and is being developed as a part of the 250,000 square feet IT-focused mixed-use development spread over 18 acres. The first phase of the project covering five acres which became operational from 7 May 2012 comprises 58,000 square feet of IT office and data centre space. 10,000 square feet of space in Phase 1 has already been absorbed by the Royal Government of Bhutan to house Bhutan Innovation and Technology Centre, which is an initiative to promote innovation and entrepreneurship in the country.

BITC is an initiative of the Royal Government of Bhutan to promote innovation and entrepreneurship in the country and is fully owned by the Government. However, the operation and management of the centre has been outsourced to TTPL. BITC comprises of three pillars: a business incubator, a Shared Technology Centre and a Tier 2 data centre. The objective of BITC is to contribute to the economic and social development of Bhutan by supporting and facilitating high potential individuals and SMEs to grow into successful businesses.

In 2018, the construction of a second building with a built-up area of about 20,000 was started and was completed in July 2019.

Since the beginning of operations till the end of 2018, TTPL focused on the following two roles and successfully progressed in fulfilling objectives of filling up the space and creating employment opportunities for our youth:

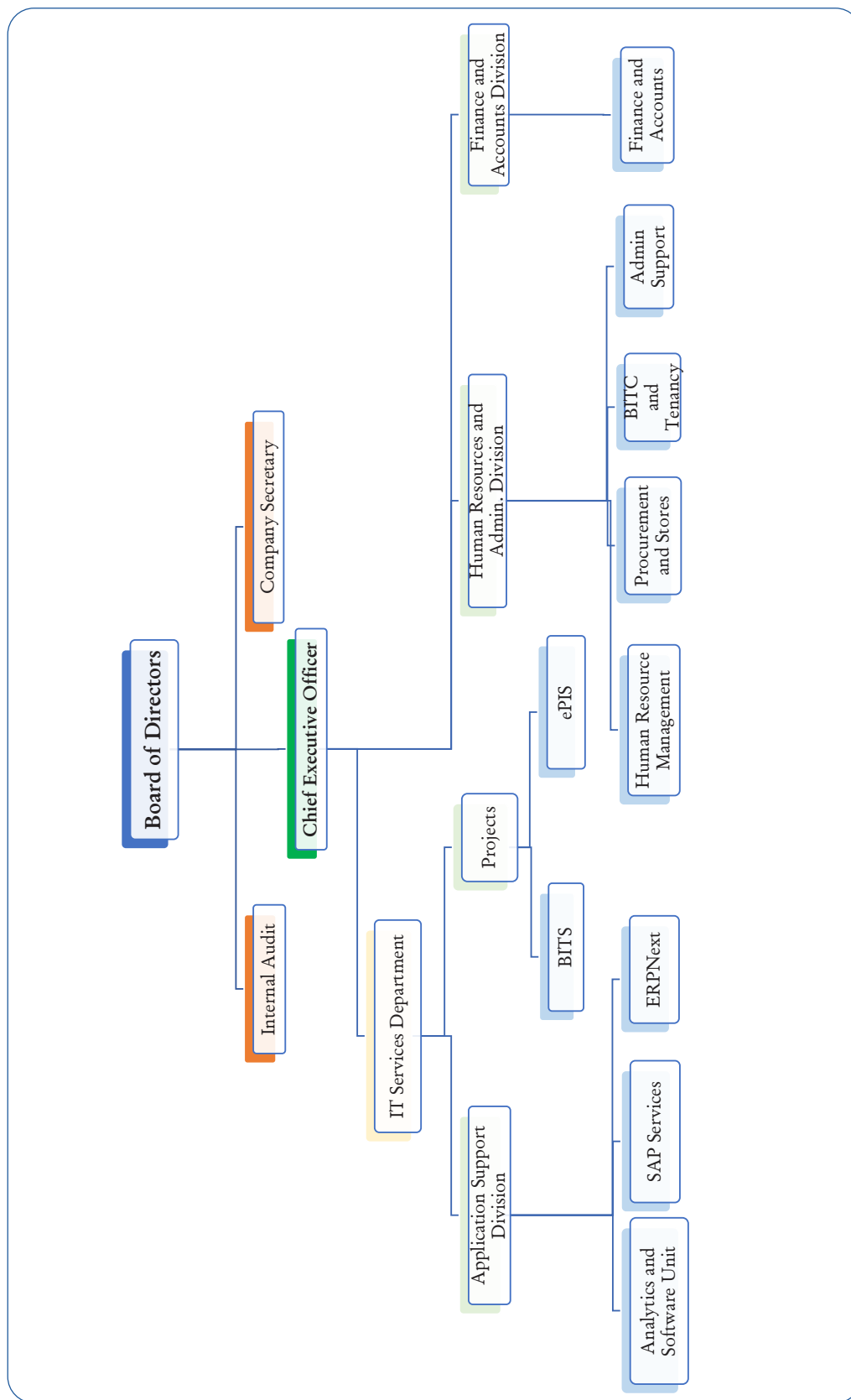
- To own, promote and operate the 58,000 sq ft Thimphu TechPark as a whole,
- To manage and operate Bhutan Innovation and Technology Centre

However, in line with the DHI Roadmap Into The Next Decade 2.0, 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.

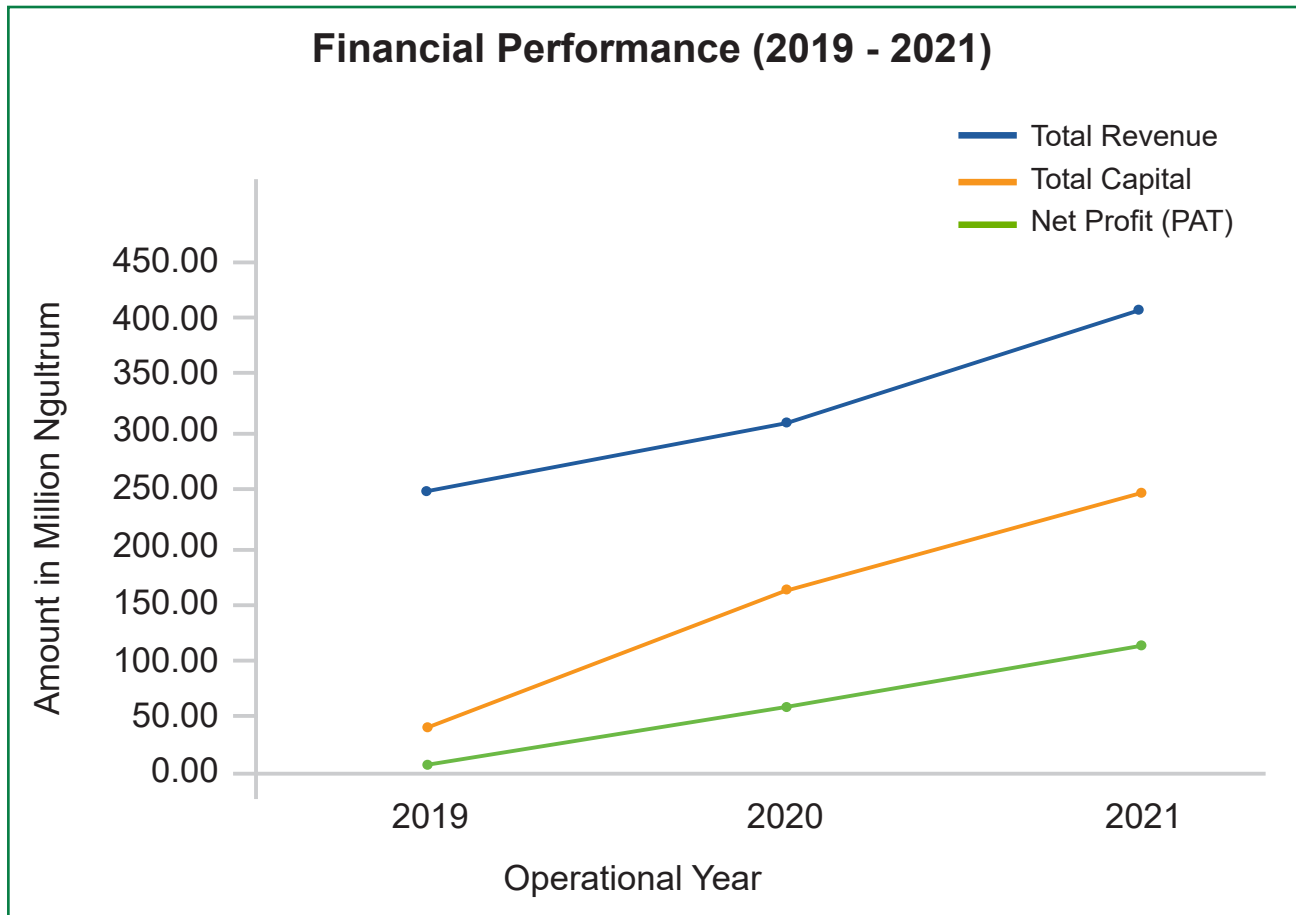
1.2 Vision, Mission and Values



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 NRDC and WCCL.

Ujjwal D. Dahal
Director (Since July 2019)



Ujjwal Dahal is the Director of Innotech Department, Druk Holding & Investments 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
CEO/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.

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
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 honoured to present the annual performance of Thimphu TechPark Limited for the year ending 31st December 2021. The report contains the operational performance highlights along with the key achievements and financial results.

Operational Performance

Since the shift of the company's focus to IT services in 2019 in line with the DHI Roadmap 2030, TTPL continued its pursuit towards becoming the Centre of Excellence for IT rapidly scaling up its manpower in the IT Services Department. The company is currently executing two multi-million-dollar projects: 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 in addition to several other projects. TTPL has been undertaking these two big projects in partnership with experienced international companies, but a lot of focus is being given for knowledge transfer to the TTPL Team in order to be able to maintain the systems on our own and also explore exporting similar software development services in the future.

The BITS project team has been working rigorously, collaborating with government stakeholders with the objective to launch the "GST System" by July 2022. With the release of Minimum Viable Product (MVP) for GST System in December 2021 as planned, we are optimistic that the target can be achieved.

Meanwhile, the ePIS project team has submitted the inception report, and completed the system requirement gatherings for the first phase. The team is also working closely with officials from Ministry of Health and are on the verge of completing the Registration Module.

Additionally, TTPL has been persistently working towards its objective of being a centre of excellence in IT services providing IT automation services to DHI and DHI companies, as well as other clients. Some of the projects completed by the team in 2021 are: ePayment integration between DHI owned companies and financial institutions for CDCL, SMCL, NRDCL, DHI & DGPC, Data Centre Migration for BPC, DHI, DCCL, DPL, BPC & DCCL, ERP Implementation for BTL & BoBL, Team Appraisal System & Management Information System for DGPC and eRecruitment System for DHI.

Besides the IT Services, TTPL continued its administration of the IT Park and its efforts to promote innovation and entrepreneurship in the country through Bhutan Innovation and Technology Centre, offering trainings in the field of entrepreneurship and IT. The contract for the operation of Bhutan Innovation & Technology Centre on behalf of the Department of IT & Telecom which ended on 30th June 2021 was initially extended by 6 months until 31 December 2021, and the renewal of the same by another five years is under consideration with the Department of IT & Telecom.

Financial Performance

Despite the COVID pandemic, the company has been fortunate to get the two big projects from the Government and has been performing well financially since 2020, and the trend has continued into 2021.

In 2020, the company had achieved over 300% growth in revenue and over 1498% growth in Profit Before Tax as compared to the previous year. The high growth trend has been maintained in 2021, and the company achieved 55% growth in revenue in 2021 and 106% growth in profit. The revenue for 2021 was Nu. 246,377,326 compared to Nu. 158,855,673 in 2020, and the profit after tax for 2021 was Nu. 105,988,114 as compared to Nu. 51,460,004 in 2020.

The company had Cash & cash equivalents of Nu. 198,187,979.68 as of 31st December 2021, while the Long-Term Borrowings (Loans outstanding payable after one year) was Nu. 27,119,170.89 liable to National Pension & Provident Fund. The Current Maturities of Long-Term Debt (Loan principal amounts payable within one year, (i.e. 2022) is Nu. 3,414,411.10.

Given that the company is in an expansion mode in the IT services sector, it would require funds to meet the expenses for expansion. However, the company may deliberate and decide on the declaration of dividend during the AGM.

Corporate Governance

Pursuant to the Corporate Governance Code and Ownership Policy of DHI, the Board of Directors led by the Chairman met regularly to discuss important issues affecting the operation of the Company, provide guidance and strategic direction to the management and making important decisions on behalf of the Company.

The Board consisted of seven members including the CEO, until the end of October 2021. However, with the acceptance of the resignation of Director Kuenga Jurmi on 26th October 2021, the Board operated with six members until the end of the financial year.

The year 2021 also saw the completion of the contract tenure for Dr. Tshering Cigay Dorji (PhD.) who has served the company for the last ten years, firstly as the COO, and then as the CEO since the beginning of 2015 after DHI assumed full ownership of the company. In order to ensure a smooth transition, he was asked to stay on with the company till the end of January 2022.

In accordance with the DHI CEO Selection Guidelines 2018, and based on the recommendations of the Nomination & Governance Committee of DHI consisting of members selected from both DHI Board and TTPL Board, and the endorsement of the recommendation by TTPL Board and DHI Board, Mr. Kuenga Jurmi was selected as the new CEO of the company. He has taken over the role of the CEO of the company with effect from 14th January 2022.

Challenges and Outlook for 2022

Apart from the challenges and uncertainties imposed by the global COVID-19 pandemic, the company continues with its struggle to attract and retain skilled IT professionals because of limited professional pool in Bhutan and better opportunities available abroad. For the Tech Park business, attracting foreign companies to Bhutan is still a challenge with the downfall of the global economy.

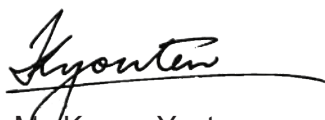
Although the initial plan in 2020 was to come up with a concrete Corporate Strategic Plan for the company to become the Centre of Excellence for IT, especially Software Engineering, while continuing to expand and building capabilities in Cyber Security and Infrastructure Services in 2021, the Board resolved that the above should be reviewed and updated after the new CEO joins so that the new management would have better ownership and accountability for the same. Hence, the company will be finalizing Corporate Strategic Plan in 2022.

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 are delivered smoothly within time and budget, and at the same time build the required local capacity as part of these projects. In addition, TTPL will continue to provide various software development and other IT services DHI group companies as well as other clients.

Acknowledgement

The Company would like to acknowledge with thanks the invaluable guidance and support 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 2021.

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 Seven 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
67 th Board Meeting Date: 9 February 2021	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
68 th Board Meeting Date: 15 March 2021	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
69 th Board Meeting Date: 4 May 2021	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
70 th Board Meeting Date: 22 July 2021	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

71 st Board Meeting Date: 21 October 2021	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
72 nd Board Meeting Date: 6 December 2021	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Present
	Mr. Ujjwal Deep Dahal	Present
	Dr. Tshering Cigay Dorji	Present
73 rd Board Meeting Date: 28 December 2021	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Dr. Sonam Choiden	Present
	Mr. Tenzin Namgay	Present
	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. Details of the BAC held in 2021 are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
9 th Board Audit Committee Date: 15 th March 2021	Sonam Choiden	Chairman	Present
	Kuenga Jurmi	Member	Present
	Tenzin Namgay	Member	Apologies

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 Three Board Audit Committee Meetings were conducted in 2021.

Details of the BTC held in 2021 are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
9 th Board Tender Committee Date: 12 January 2021	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
10 th Board Tender Committee Date: 10 February 2021	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Dr. Tshering Cigay Dorji	Member	Present
11 th Board Tender Committee Date: 19 April 2021	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 HR Committee consists of three members. A total of six Board HR Committee Meetings were conducted in 2021.

Details of the BHRC held in 2021 are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
9 th Board HR Committee Date: 19 April 2021	Mr. Kuenga Jurmi	Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present
10 th Board HR Committee Date: 02 July 2021	Mr. Kuenga Jurmi	Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present

11th Board HR Committee Date: 06 September 2021	Mr. Kuenga Jurmi	Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present
12th Board HR Committee Date: 27 September 2021	Mr. Kuenga Jurmi	Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present
13th Board HR Committee Date: 27 September 2021	Mr. Kuenga Jurmi	Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present
14th Board HR Committee Date: 05 November 2021	Mr. Ujwal Dahal Deep	Officiating Chairman	Present
	Mr. Karma Yonten	Member	Apologies
	Dr. Tshering Cigay Dorji	Member	Present

5.4 Board Remuneration

The Board Remuneration and CEO's remuneration paid during the financial year 2021 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	2021
Salary & Allowances	1,829,184
Sitting Fees	108,000
Provident Fund Contribution	156,454.20
Training (incl. workshop, seminar, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	-
Other Benefits (LTC, Leave, PBVA & Bonus)	281,713
Total Amount [in Nu.]	2,375,351

b. Summary of compensation paid to Board of Directors (Exclusive of CEO)	
	<i>For the year ended December, 31</i>
Particulars	2021
Directors' Sitting Fees (Board & Sub-Board)	428,000
Directors' Training (incl. workshop, seminars, etc) Expenditures during the year (eg. Inception Fees, Travel, food/ Room & etc)	-
Directors' DSA	43,750
Total Amount [in Nu.]	471,750.00

5.5 Annual General Meeting

The 12th Annual General Meeting (AGM) was held on 7th April 2022 at DHI Board Room at 14.00 hours.

Key highlights of the meeting;

- The AGM formally endorsed the appointment of Mr. Kuenga Jurmi, as Chief Executive Officer of TTPL who has taken over the as the new CEO with effect from 15th January 2022.
- The AGM re-appointed Mr. Karma Yonten and Dr. Sonam Choiden (PhD) and Mr. Ujjwal D. Dahal.
- The AGM appointed the following new Directors on TTPL Board:
 - o Mr. Thuji Yonten, CEO, BIG Cola
 - o Mr. Phuntsho Namgyal, Director, Department of Renewable Energy, MoEA
 - o Mr. Jigme Tenzing, Director, Department of Information Technology and Telecom, MoIC
- Declared dividend of Nu. 57,602,070.

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.

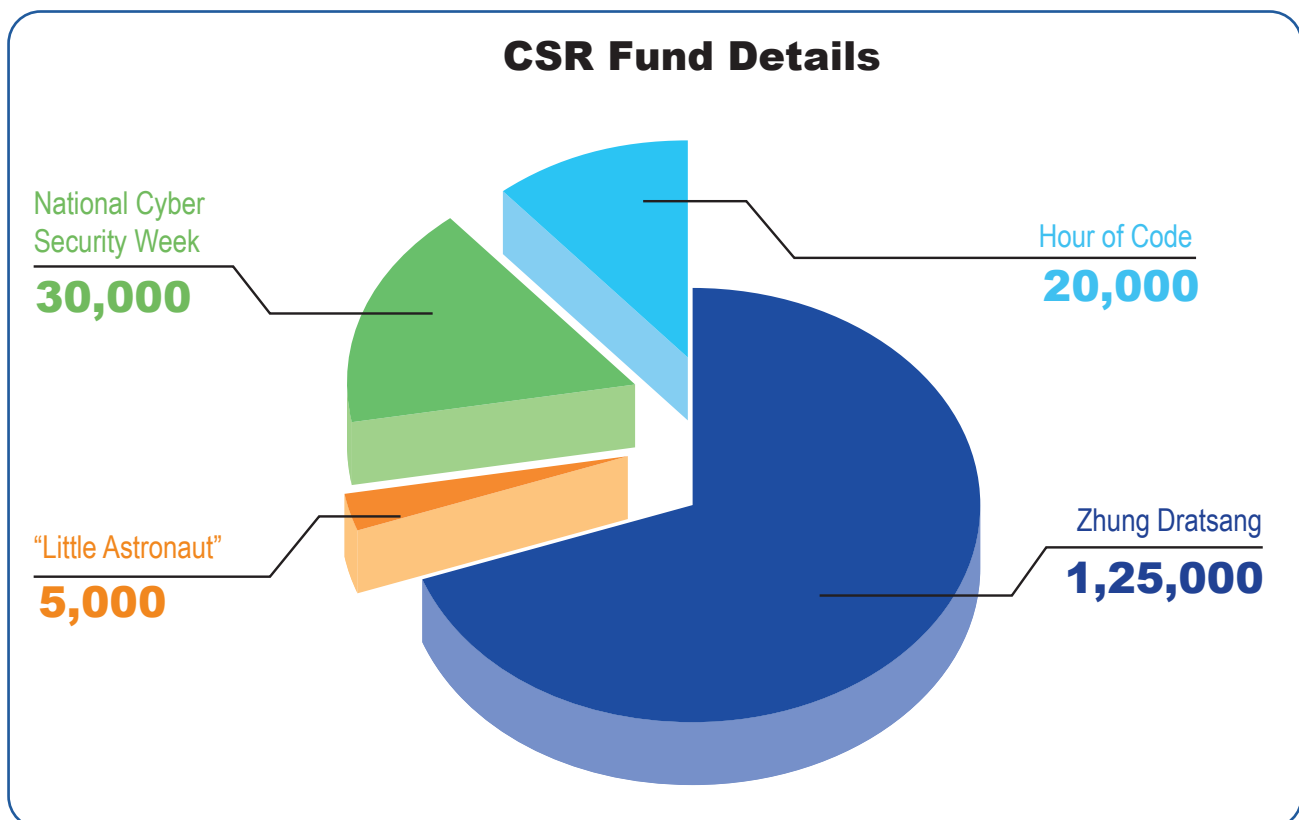
The Risk Management System is used as a strategic attempt to strengthen Corporate Governance and build institutional capacity. It is being done so by identifying and prioritizing the risk through:

- 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

TTPL continued its strong mandate of creating youth employment opportunities in 2021. Besides creating direct employment opportunities, about 130 youths were trained to be self-employed by engaging in entrepreneurship development programs through Bhutan Innovation & Technology Centre.

Additionally, as guided by DHI, the company contributed Nu. 3,936,074.63 million to the National Resilience Fund and extended free transportation services to the government offices engaged in the nation's fight against containment of Covid-19 during the lockdowns. Furthermore, the company donated Nu. 180,000 as a part of the Corporate Social responsibility initiative in 2021, to Zhung Dratsang and voluntary educational initiatives.



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.

INDEPENDENT AUDITOR'S REPORT

TITLE SHEET		
1. Title	:	Financial Audit Report of Thimphu TechPark Limited, Thimphu, Bhutan.
2. Engagement Letter No.	:	RAA (SA-31)/COAD/2021/2328
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 2021 to 31 st December 2021
7. Audit Procedure	:	Virtual Audit
8. Schedule of Audit	:	Planning: 21 st January 2022 to 16 th February 2022 Conduct: 21 st January 2022 to 23 rd February 2022
9. Unique Document Identification Number	:	 for Auditor
10. Composition of Audit Team	:	<u>Team Leader or Supervising Officer:</u> Mr. Deepak Kumar Ray, Audit Manager <u>Auditor Focal Person:</u> Mr. Deepak Kumar Ray, Audit Manager <u>Team Member:</u> Mr. Deepak Kumar Ray, Audit Manager Mr. Pradip Kumar Roy Chowdhury, Partner In – change Mr. Sagnik Das, Articled Clerk Mr. Arpan Das, Audit Assistant
11. Date of Audit Exit Meeting	:	25 th February 2022

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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3. *Statement of Change in Equity for the year end December 31, 2021*
4. *Statement of Cash Flow for the year end December 31, 2021*

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S 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, 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, its financial performance and cash flows for the year then ended in accordance with Bhutanese Accounting Standards ('BAS')/Bhutanese Financial Reporting Standards ('BFRS').

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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Management ('Management') is responsible for the preparation and fair presentation of the Financial statements in accordance with BAS, and for such internal control as the 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 planning and performance of 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 entity'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 are required to 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 are also required to 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 Requirements

As required by Section 266 of the Companies Act of Bhutan, 2016, we enclose in Annexure-I a statement on 'Minimum Audit Reporting Requirements', to the extent applicable.

As required by Section 265 of the Companies Act of Bhutan, 2016, we report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- II. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- III. The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
- IV. Based on the information, explanations and management representation received during the course of our audit, the Company has complied with other legal and regulatory requirements.



Other Matters

- i. Due to continuous spreading of COVID – 19 across the nation, Bhutan government had announced lockdowns, in order to curtail the spread of the Pandemic. This has resulted in restrictions on physical visit to the client's location and the need for carrying out alternative audit procedures as per guidance for auditors during the pandemic issued by the International Auditing and Assurance Standards Board. In view of above, the entire audit was carried out based on remote access of data as provided by the management. 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.
- ii. The financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on March 5, 2021.

Our opinion is not modified in respect of these matters.

For Maheshwari & Associates
Chartered Accountants
FRN: 311008E


CA P.K. Roy Chowdhury
Partner
Membership No. 055924



Place: *Kolkata, India*

Date: *7th April, 2022*

UDIN: *- 22055924AIQTOB7165*

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

THIMPHU TECHPARK LIMITED
THIMPHU ♦ BHUTAN
2021

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, 2021 has been conducted on virtual mode which is based upon the documents/explanations as provided by the management through email/ cloud server. Therefore, reliance has 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 and reflected in the financial statements.



Clause No.	Particulars
1.	The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant & Equipment). No physical verification of fixed assets was carried out during the year 2021 due to National lock down on account of COVID – 19 Pandemic.
2.	Fixed Assets held as Investment Properties have been revalued during the year under audit at Fair Value. Profit on Revaluation on such revaluation has been shown in Other Comprehensive Income (OCI) of the Income Statement.
12	The Company has availed secured term loans from Bank of Bhutan Ltd. and National Pension and Provident Fund, Bhutan. According to the information and explanations given to us, the rate of interest and the other terms and conditions of the loans are prima facie not prejudicial to the interest of the Company. The loan from Bank of Bhutan Ltd. has been repaid during the year under audit. The Company has not taken any unsecured loans during the year.
13	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.
14	As per the information and explanations given to us, the loans/advances granted to officers/ staff are generally in keeping with the provisions of service rules. Further, based on the test checks carried out and to the best of our knowledge and belief and as per the information and explanations given to us, no excessive / frequent advances are granted and accumulation of large advances against particular individual is generally avoided.
15	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 control as the audit has been conducted on remote access basis.
17.	As per information and explanations given to us, there is a reasonable system of obtaining competitive biddings in respect of purchase of fixed assets and services as well as for sale of services that commensurate with the size of the Company and nature of its business. The company is not engaged in manufacturing or trading activities, hence the question of purchasing or selling goods relating to such activities does not arise. However, there is a limitation in scope to verify the above system as the audit has been conducted on remote access basis.



Clause No.	Particulars
18.	(a) As per information and explanations given to us by the management, there are transactions with Company or firms in which the directors are directly or indirectly interested and covered in the 'Notes to the Financial Statements', which are made at prices which are reasonable having regard to the prevailing market prices for such type of transactions. (b) Based on the information and explanations given to us during the course of audit and 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.
19.	According to the information and explanations given to us, the expenses charged to the Company accounts represent legitimate business expenses and no personal expenses are charged to the Company, other than those payable under the contractual obligation/in accordance with generally accepted practice.
24.	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.
25.	According to the information and explanations given to us, there are no undisputed amount payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions which were outstanding as on the last day of the financial year.
26.	According to the information and explanations given to us, the company has a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size and nature of its business.
31.	According to the information and explanations given to us, there is a reasonable system of continuous follow up with debtors and other parties for recovery of outstanding amounts. Further, we have been given to understand that age-wise analysis of outstanding amounts is carried out by the Company for management information and follow-up action.
32.	According to the information and explanations given to us, the management of liquid resources particularly cash/bank and short-term deposits etc. are generally adequate and that excessive amounts are not lying idle in non-interest bearing accounts except for a substantially high balance of NU 138,757,473.57 as on 31-12-2021 maintained with Bank of Bhutan Ltd. without earning any interest. The Company has not withdrawn any excess amount as Loan which could have led to avoidable interest burden on the Company.



Clause No.	Particulars
33.	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.
34.	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.
35.	In our opinion, and according to the information and explanations given to us, the Company has established an effective budgetary control system.
37.	The details of remuneration, sitting fees paid to CEO & Board of Directors respectively are disclosed under Note No. 27 of the Notes to the Financial Statements.
38.	According to the information and explanation given to us, the directives of the Board have been generally complied with.
39.	The Company is not listed on the Royal Securities Exchange of Bhutan or on any other stock exchange. As per the information and explanations given to us, the officials of the company have not transmitted any price sensitive information which are not made publicly available, unauthorisedly to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves.
40.	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 applicable in the case of a manufacturing mining or processing company, to the extent relevant and applicable to the auditee have been taken into account for reporting under "Minimum audit Examination and Reporting Requirement". In respect of above, the clauses 3,4,5,6,7,8,9,10,11,16,20,21,22,23,27,28,29,30,36&41 relating to the "Minimum Audit Examination and Reporting Requirements" are not applicable to the company. In addition to the above, the clauses for Trading, Finance and Investment Company and Other Service Sector Companies are not applicable to the company.



Computerized Accounting Environment

1. The Company has introduced Tally ERP 9 for their accounting system. According to the information and explanation given to us, in our opinion, the organizational and system development controls and other internal controls are adequate relative to size and nature of computer installations of the Company. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
2. 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.
3. 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 a separate location. However, there is a limitation in scope to verify the same as the audit has been conducted on remote access basis.
4. 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.
5. 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.
6. As explained to us, there has been no data migration during the year.

Other Requirements:

1. Going Concern Problems

Based on the Company's financial statements for the year ended December 31 2021 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 with the Companies Act of Bhutan 2016

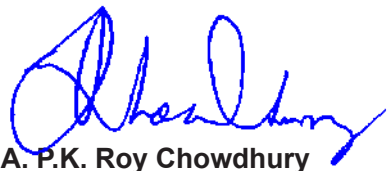


According to the information and explanations given to us and based on the records produced to us for verification, we are of the opinion that the Company has complied with all the provisions of the Companies Act of Bhutan, 2016 excepting some minor issues as detailed in the Compliance Check List.

4. Adherence of Laws, Rules and 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.

For **Maheshwari & Associates**
Chartered Accountants
FRN: 311008E



CA. P.K. Roy Chowdhury
Partner
Membership No. 055924



Place: *Kolkata, India*

Date: *7th April, 2022*

UDIN: *- 22055924AIQTOB7165*

FINANCIAL STATEMENTS

1. STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	Note	As at 31-DEC-2021	As at 31-DEC-2020
ASSETS			
NON-CURRENT ASSETS			
Investment Property	3	348,387,249	338,642,685
Property, Plants & Equipment	7	75,953,481	69,434,505
Intangible Assets	7	-	3,049
Total Non-Current Assets		424,340,730	408,080,239
CURRENT ASSETS			
Financial Assets			
Trade & Other Receivables	4	125,888,698	64,282,114
Cash and Cash Equivalents	5	198,187,980	173,837,940
Other Current Assets	6	5,617,516	7,596,052
Total Current Assets		329,694,194	245,716,106
TOTAL ASSETS		754,034,924	653,796,344
EQUITY AND LIABILITIES			
Equity			
Share Capital		223,090,900	223,090,900
Retained Earnings		129,252,420	45,114,361
Other Reserves		54,591,050	40,985,121
TOTAL EQUITY		406,934,370	309,190,383
LIABILITIES			
NON-CURRENT LIABILITIES			
Other Non-Current Financial Liabilities	8	27,119,171	37,934,549
Other Non-Current Liabilities	9	94,126,246	94,758,201
Long Term Employee Benefits	10	2,224,332	1,744,234
Deferred Tax Liabilities	11	151,661	145,755
Total Non-Current Liabilities		123,621,410	134,582,740
CURRENT LIABILITIES			
Trade & Other Payables	12	32,397,831	34,153,431
Other Current Financial Liabilities	13	5,044,100	5,971,861
Other Current Liabilities	14	185,366,437	169,611,802
Provision for Income Tax	15	670,776	286,128
Total Current Liabilities		223,479,144	210,023,222
TOTAL EQUITY & LIABILITIES		754,034,924	653,796,344

* 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

MAHESHWARI & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN: 311008E



(Pradip Kumar Roy Chowdhury)

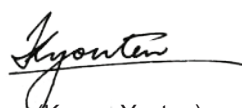
Partner

Membership No. 055924

Place: Kolkata; India

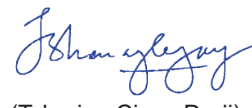
Date: 07/04/2022

UDIN: - 22055924AI9TOB7I65

(Karma Yonten)

Chairman



(Tshering Cigay Dorji)

Chief Executive Officer

Place: Thimphu; Bhutan

Date: 07/04/2022



2. STATEMENT OF COMPREHENSIVE INCOME AND NONCOMPREHENSIVE FOR THE YEAR ENDED 31 DECEMBER 2021

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	Note	Year Ended 31-DEC-2021	Year Ended 31-DEC-2020
COMPREHENSIVE INCOME			
Revenue from Operations	16	239,187,088	151,811,057
Finance Income	17	6,868,580	5,747,794
Other Income	18	321,658	1,296,823
Total Income		246,377,326	158,855,673
EXPENSES			
Employee Related Costs	19	65,523,597	44,389,103
General Administration Expenses	20	64,055,721	55,179,888
Depreciation & Amortization	7	6,171,183	4,133,017
Finance Cost	21	3,173,065	3,411,254
Total Expenses		138,923,566	107,113,262
Profit on Operations before Tax		107,453,760	51,742,411
Current Income Tax Expenses	24	(670,776)	(286,128)
Prior Period Tax Expenses	24	(788,965)	-
Deferred Tax	24	(5,906)	3,721
Profit on Operations after Tax		105,988,114	51,460,004
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to Profit & Loss</i>			
Actuarial Gain/(Loss) on Post-Employment Benefits	23	458,945	2,679,831

Fair Value Changes on Investment Property, Net	22	13,605,929	8,497,830
Other Comprehensive Income for the period, net of tax		14,064,874	11,177,661
PROFIT/(LOSS) FOR THE YEAR		120,052,988	62,637,665
Basic and Diluted Earnings per Share	25	48	23

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

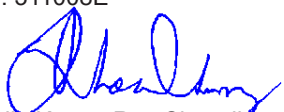
In terms of our separate report attached herewith

FOR AND ON BEHALF OF

MAHESHWARI & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN: 311008E



(Pradip Kumar Roy Chowdhury)

Partner

Membership No. 055924

Place: Kolkata; India

Date: 07/04/2022

UDIN: - 22055924AIQT087165




(Karma Yonten)

Chairman



(Tshering Cigay Dorji)

Chief Executive Officer

Place: Thimphu; Bhutan

Date: 07/04/2022



3. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2021

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	For the year ended 31 DECEMBER, 2021	For the year ended 31 DECEMBER, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	107,453,760	51,742,411
<u>Adjustments for:</u>		
Depreciation and amortization	6,171,183	4,133,017
Interest income	(6,868,580)	(5,747,794)
Interest expenses	3,173,065	2,475,668
Operating profit / (loss) before working capital changes	109,929,428	53,538,888
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables	(61,606,584)	(55,063,944)
Other current assets	1,978,536	(7,390,103)

<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Long Term Employee Benefit	939,042		932,963	
Other current liabilities	15,754,635		165,393,355	
Other Non-Current Liabilities	(631,955)		(1,620,455)	
Trade payables	(1,755,600)	(45,321,926)	32,749,092	135,000,908
Cash generated from operations		64,607,502		188,539,796
Net income tax (paid) / refunds		(1,075,093)		(5,191,596)
Net cash flow from / (used in) operating activities (A)		63,532,410		183,348,200
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property Plant and Equipment	(12,687,112)		(23,684,260)	
Capital expenditure on Investment Property	3,861,365		8,711,737	
Capital expenditure on Capital Work-in-Progress	-			
Interest received				
- Others	6,868,580		5,747,794	
Net cash flow from / (used in) investing activities (B)		(1,957,168)		(9,224,729)
C. Cash flow from financing activities				
Repayment of long-term borrowings	(11,743,137)		(3,153,167)	
Increase in Share Capital	-		-	
Dividend declared	(22,309,000)		(2,200,000)	
Other Cost				
Finance cost	(3,173,065)		(3,411,254)	
Net cash flow from / (used in) financing activities (C)		(37,225,202)		(8,764,421)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		24,350,040		165,359,050
Cash and cash equivalents at the beginning of the year		173,837,940		8,478,890
Cash & cash equivalents at the end of the year		198,187,980		173,837,940
Cash & cash equivalents at the end of the month (Refer Note 5)				
* Comprises:				
(a) Cash on hand		19,635		27,388
(b) Balances with banks				
(i) Current accounts		168,668,344		53,810,552
(ii) Deposit accounts		29,500,000		120,000,000
		198,187,980		173,837,940

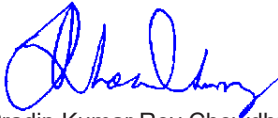
In terms of our separate report attached herewith



FOR AND ON BEHALF OF

For Thimphu TechPark Limited

MAHESHWARI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 311008E



(Pradip Kumar Roy Chowdhury)

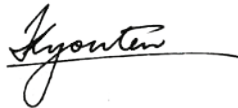
Partner

Membership No. 055924

Place: Kolkata; India

Date: 07/04/2022

UDIN:- 22055924AI9TOB7I65



(Karma Yonten)

Chairman



(Tshering Cigay Dorji)

Chief Executive Officer

Place: Thimphu; Bhutan

Date: 07/04/2022



4. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 DECEMBER 2021

(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, 2021	223,090,900	45,114,361	40,985,121	309,190,382
Changes in equity for the year ended December 31, 2021				
Dividend paid		(22,309,000)		(22,309,000)
Actuarial Gain/(Loss) on Post-Employment Benefits		458,945		458,945
Fair Value Changes in Investment Property			13,605,929	13,605,929
Increase in Share Capital on account of issue of equity shares				
Profit for the period		105,988,114		105,988,114
Balance as of December 31, 2021	223,090,900	129,252,420	54,591,050	406,934,370
Balance as of January 1, 2020	223,090,900	(6,825,474)	32,487,291	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	45,114,361	40,985,121	309,190,382

Details of Shareholders	As at 31 Dec. 2021	As at 31 Dec. 2020
	% of Holding	% of Holding
Druk Holding & Investments Limited	100%	100%
Reconciliation of Number of Shares		



Particulars	As at 31 December, 2021		As at 31 December, 2020	
	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

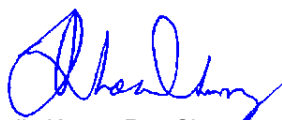
In terms of our separate report attached herewith.

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

MAHESHWARI & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FRN: 311008E



(Pradip Kumar Roy Chowdhury)

Partner

Membership No. 055924

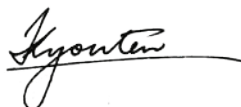
Place: Kolkata; India

Date: 07/04/2022

UDIN: - 22055924AI9TOB7165



For Thimphu TechPark Limited



(Karma Yonten)

Chairman



(Tshering Cigay Dorji)

Chief Executive Officer

Place: Thimphu; Bhutan

Date: 07/04/2022



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

ACCOUNTING POLICIES & 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. On 29th October 2014, DHI assumed full ownership of TTPL after APG decided to exit from the partnership and transferred its shares to DHI.

TTPL was 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 and Data Scientists from Australia etc.) employing more than 500 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. As a result, the company has now become the biggest software company in Bhutan with around 100 employees as of the year ending 2021, and we provide 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 is the sole owner of the Company.

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 2021.



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 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

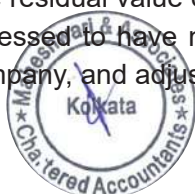
All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the 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.

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 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.

During the year, 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-Jan-21	Conversion of space from IP to PPE: Conversion of rented spaces to Office Spaces <i>(Increased PPE by Decreasing IP)</i>	4,051,274

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, 2021 too.

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.



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 three Business operating Licenses under same tax payer number. Out of three licenses, two licenses have been granted an initial tax holiday as a part of incentives by the Department of Revenue and Customs as detail below in table;



Sl#	Type	License No	Approval				
			Date	No#	Duration		Extendable till
					From	To	
1	To design, build, finance, own operate and transfer (DBFOOT) and IT Park	1025199	13-Jul-18	RRCO/TH/Tax/Tax Holiday /Incentives/ 18 /2018/124	1-Jun-18	20-Jun-23	June, 2028
2	IT Enabled Services	1042991	9-Sep-20	RRCO/TH/Tax/Tax Holiday /Incentives -04 /2020/497	1-Oct-19	30-Sep-22	September, 2024
3	Consultancy - Business and Management, Research and Development, Software and Hardware	1032914	<u>No Tax Holiday</u>				

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.

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, Performance Based Variable Allowances and Bonus of the income year 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 services rendered or 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.

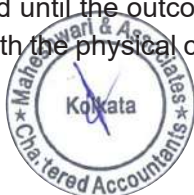
Services Contract: The Company recognizes the revenue when the entity satisfies a performance obligation identified in the contract by transferring promised services (i.e an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow.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

The details provided below in tabular form are the revenue recognition from IT projects executed during the year and was in continuation to previous year.

Sl#	Name of Clients	Milestone/ Particulars	% Tied up with Milestone	Payment Breakdown	% Completed	Apportion of an advance	Realized from Milestone	Total Revenue
1	Druk Air Corporation Limited (Development & Implementation of SAP System)	1. BBP and Realization	30%	3,750,000	12.5%	117,188	468,750	585,938
		2. Go - Live	30%	3,750,000	50%	468,750	1,875,000	2,343,750
		3. Closure	20%	2,500,000	100%	625,000	2,500,000	3,125,000
2	Bank of Bhutan Limited (Development & Implementation of ERPNext System)	1. After signing the UAT	50%	3,250,000	100%	361,111	3,250,000	3,611,111
		2. After signing the Go - Live	20%	1,300,000	100%	144,444	1,300,000	1,444,444
3	Department of Revenue & Custom/GST Office (for BITS Project)	1. Completion of the installation of the system: R1	25%	30,544,301	45%	5,890,687	13,744,935	19,635,622
		2. Registration system and start of testing: R2	40%	48,870,881	90%	18,850,197	43,983,793	62,833,990
		3. Registration system and start of testing: R3	40%	48,870,881	10%	2,094,466	4,887,088	6,981,554
4	Ministry of Health/ RGOB (ePIS Project)	1. Submission of Project Charter Report: Phase I	15%	26,423,575	100%	2,935,953	26,423,575	29,359,528
		2. Submission of Business Requirement Specifications (BRS) & System Requirement Specification (SRS): Phase II	15%	26,423,575	100%	2,935,953	26,423,575	29,359,528
		3. Adjustment for prior period revenue as per MOU					(6,022,151)	(6,022,151)



5	Bhutan Telecom Limited (Development & Implementation of ERPNext System)	1. Completion of current state Business process documents & final state business process document; (a) Review report of BRD (b) Gap study report and way forward	20%	1,909,101	100%	212,122	1,909,101	2,121,224
		2. After signing the UAT. (a) All the reports covered under this agreement, (b) Conduct End-user Trainings c) All deliverables under the agreement.	50%	4,772,753	100%	530,306	4,772,753	5,303,059

Rental Discount: In continuation to the Board Approval on the rental discount notice during the 66th Board Meeting held on 16th October 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, a month of January 2021 has been considered.

Rental Waive off: Initially, as per the mail received from InnoTech Department, Druk Holding & Investment for the re-modelling of BITC space, the Incubation space was closed from March to May end 2021. However, due to delay in awarding the contract work and in importing the logistics because of the pandemic, the estimated completion date has been postponed to the end of August 2021. Therefore, due to the closure of Incubation space, Rental waiver for following Incubates was given from March to till end of September 2021. The financial impact for rental waiver for Incubates due to re-modelling work is Nu. 179,300 as details shown below;

Sl#	Name of Incubatee	Monthly Rental Fees (in Nu.)								Total
		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	
1	M/s. Advantages Outsourced Solutions Pvt. Ltd.	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	17,600
2	M/s. Blue Dragon Pvt. Ltd.	3,850	3,850	3,850	3,850	3,850	3,850	3,850		26,950
3	M/s. Gai Technologies Pvt. Ltd.	8,800	8,800	8,800	8,800	8,800	8,800	8,800		61,600
4	M/s. MadMix Studio	6,600	6,600	6,600	6,600	6,600	6,600	6,600		46,200
5	M/s. Urban Sprout	3,850	3,850	3,850	3,850	3,850	3,850	3,850		26,950
Total		25,300	25,300	25,300	25,300	25,300	25,300	25,300	2,200	179,300

Loan 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.

Month	Name of Financial Institute		
	BOB	NPPF	Total
January	35,978	94,957	130,935
February	31,007	85,767	116,774
March	32,662	94,957	127,618
April	30,000	91,894	121,894
May	29,415	94,957	124,371
June	26,767	91,894	118,661
July		94,957	94,957
August		94,957	94,957
September	101,454	91,894	193,348
October		94,957	94,957
November		91,894	91,894
December		94,957	94,957
Total Amount (in Nu.)	287,283	1,118,040	1,405,323

Corporate Guarantee fees Interest Waiver: In accordance with the Loan interest waiver, TTPL received benefits on interest waiver from Corporate Guarantee fees, as shown in the table below, granted by Parent Company (DHI).

Year	Month (Amount in Nu.)												Total
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	
2021	11,599	10,476	11,599										33,674
2020				22,598	23,351	22,598	23,351	23,351	22,598	11,612	11,237	11,612	172,308
Total	11,599	10,476	11,599	22,598	23,351	22,598	23,351	23,351	22,598	11,612	11,237	11,612	205,982
	50% waive off.			100% waive off.						50% waive off.			

S. Expenditure Recognition

The details provided below in tabular form are the expenses recognition from IT projects executed during the year and was in continuation to previous year.

Sl#	Name of Clients	Milestone/ Particulars	% Tied up with Milestone	Payment Breakdown	% Completed	Apportion an advance	Realized from Milestone	Total Expenses
1	M/s. Yogik Technologies	1. BBP and Realization	30%	1,500,000	12.50%	46,875	187,500	234,375
		2. Go – Live	30%	1,500,000	50%	187,500	750,000	937,500
		3. Closure	10%	1,000,000	100%	250,000	1,000,000	1,250,000



2	M/s. IU Network LLC	Acceptance of Taxpayer Registration	15%	16,800,800	20%	0	3,360,160	3,360,160
		Acceptance of UAT for GST	30%	33,601,600	45%	0	15,120,720	15,120,720
3	M/s. MIPL	1. RI shall be paid on the Project Kick-off Date as an advance. The bank guarantee for the same needs to be submitted to TTPL by the consultant prior to the release.	10%	4,712,640	100%	4,712,640	0	4,712,640
		On acceptance of BRS/BBP/SRS documents and inception report	10%	4,712,640	100%	0	4,712,640	4,712,640

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, interest on subscription of Commercial papers from Royal Security Exchange of Bhutan Limited, government Loan Interest waiver benefits for company on accrual basis and Employees' Gratuity accounts interest from Royal Insurance Corporation of Bhutan Limited as on closing date. 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 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. No restatement of Financial Statement for previous years has been done for the Company during the year financial closing.

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, 2021	As at Dec 31, 2020
BUILDING - Block I: IP	320,281,296	307,799,275
BUILDING - Block II: IP	25,372,553	27,818,233
BUILDING - Day Care ECCD: IP	2,733,400	3,025,176
Total	348,387,249	338,642,684

NOTE 4: TRADE & OTHER RECEIVABLES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Current		
Trade Receivables, Unsecured, Considered Good	125,888,698	64,282,114
Total	125,888,698	64,282,114

NOTE 5: CASH & CASH EQUIVALENTS

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Balances with Banks		
In Current Accounts		
Bank of Bhutan Ltd (A/c No 100925841)	138,757,474	29,710,131
Bank of Bhutan Ltd (A/c No 202454401)	950	950
Bhutan National Bank (A/c No 010003257)	25,503,634	25,503,634



Druk PNB Bank Ltd (A/c No 110210004440)	4,406,287	720,211
In Deposit Accounts		
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	20,000,000
Account No# 7100032525007		20,000,000
Account No# 7100032525010	9,500,000	
Cash in Hand	19,635	27,388
Total	198,187,980	173,837,940

NOTE 6: OTHER CURRENT ASSETS

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Prepaid Expenses	219,997	704,944
An Advance Payments	4,727,681	
Interest Accrued on FDA	601,726	2,845,370
Retention Monies (Assets)	64,310	
Tax Deducted at Source [TDS] Receivable	3,802	4,045,739
Total	5,617,516	7,596,052



NOTE 7: PROPERTY, PLANT & EQUIPMENT & INTANGIBLE ASSETS

2021	Gross Block/Cost			Depreciation/Amortization			Net Book Value
	Opening	Addition	Deletions	Opening	Addition	Deletions	
Property, Plant & Equipment:							
Building - Block: II	50,862,456	4,900,885	-	1,598,645	1,373,685	-	52,791,012
Plant & Machinery	14,391,054	-	-	8,988,648	1,078,637	-	4,323,769
Furniture & Fixture	3,313,228	228,355	-	548,711	336,199	-	2,656,673
Office Equipment	3,359,081	3,997,016	-	785,390	994,730	-	5,575,977
Computer & Accessories	5,988,731	3,560,856	-	1,885,903	1,781,452	-	5,882,232
Motor Vehicles	6,104,643	-	-	1,105,278	579,941	-	4,419,424
Store Room	147,800	-	-	22,757	9,853	-	115,190
Waste House/Room	204,514	-	-	1,676	13,634	-	189,204
Intangible Asset: Software	197,905	-	-	194,854	3,051	-	0
Totals	84,569,413	12,687,112	-	15,131,861	6,171,183	-	75,953,481

2020	Gross Block/Cost			Depreciation/Amortization			Net Book Value
	Opening	Addition	Deletions	Opening	Addition	Deletions	
Property, Plant & Equipment:							
Building - Block: II	37,132,697	13,729,759	-	467,974	1,130,671	-	49,263,811
Plant & Machinery	14,391,054	-	-	7,910,006	1,078,637	-	5,402,411
Furniture & Fixture	2,631,049	682,179	-	248,787	299,924	-	2,764,517
Office Equipment	1,208,325	2,150,756	-	358,200	427,190	-	2,573,691
Computer & Accessories	2,996,958	2,991,774	-	993,098	892,805	-	4,102,828
Motor Vehicles	2,179,365	3,925,278	-	820,805	284,473	-	4,999,365
Store Room	147,800	-	-	12,904	9,853	-	125,043
Waste House/Room	-	204,514	-	-	1,676	-	202,838
Intangible Asset: Software	197,905	-	-	187,066	7,788	-	3,051
Totals	60,885,153	23,684,260	-	10,998,842	4,133,017	-	69,437,553

Note: No physical verification of Fixed Assets was carried out during the year 2021 due to National Lock down on account of COVID pandemic. It will be done thoroughly during the forthcoming Audit. The damaged assets, if any, were written-off from the books of the Company and the net assets in working condition were reconciled with the book of accounts as on 31 December 2021.

NOTE 8: OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Long Term Borrowings:		
Bank of Bhutan Limited		5,081,606
National Pension & Provident Fund (NPPF)	27,119,171	32,852,943
Total	27,119,171	37,934,549

Note 8A: The term loan from NPPF was availed for a period of 10 years (including 2 years gestation period) from the first date of disbursement at a fixed interest rate of 7.26% pa. In terms of Loan Addendum dated 21-03-2021, the principal and interest of the loan shall be repayable within 10 years in 40 (forty) Equated Quarterly Instalments (EQI) as per the Amortization Schedule of the loan and is secured by the guarantee provided by DHI Ltd. dated 21st May, 2018.

NOTE 9: OTHER NON-CURRENT LIABILITIES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Lease Security Deposit	91,288,896	92,444,451
Security Deposit	2,837,350	2,313,750
Total	94,126,246	94,758,201

NOTE 10: LONG-TERM EMPLOYEE BENEFITS

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Gratuity Provision [Non-Current Obligation]	10,164,371	7,365,873
Defined Benefits Plan Assets (Gratuity)	(7,940,039)	(5,621,638)
Total	2,224,332	1,744,234

NOTE 11: DEFERRED TAX LIABILITIES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Opening Deferred Tax Liability	145,755	149,475
Deferred Tax Expenses During the Year	5,906	(3,721)
Closing Deferred Tax Liability	151,661	145,755

NOTE 12: TRADE & OTHER PAYABLES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Current		
Trade Payable, Unsecured, Considered Good	32,397,831	34,153,431
Total	32,397,831	34,153,431



NOTE 13: OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Lease Security Deposit (Current)	1,155,555	1,155,555
Current Maturities of Long-Term Debt	3,414,411	4,712,921
Corporate Guarantee Fees	474,134	103,385
Total	5,044,100	5,971,861

NOTE 14: OTHER CURRENT LIABILITIES

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Provisions for:		
<i>Employee Benefit</i>	13,782,022	8,653,030
Retention Monies	2,471,019	467,009
Advance from Client	169,113,396	160,491,763
Total	185,366,437	169,611,802

NOTE 15: PROVISION FOR INCOME TAX

Particulars	As at Dec 31, 2021	As at Dec 31, 2020
Income Tax For:		
<i>Financial Year</i>	670,776	286,128
Total	670,776	286,128

NOTE 16: REVENUE FROM OPERATIONS

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Commercial Space	15,082,763	14,043,557
BITC Space	1,941,900	2,117,155
Information Technology Service	213,249,273	127,807,116
Power Charges from Tenants	3,202,042	3,176,997
Training & Event Program	4,555,555	3,510,677
Lease Rental income	1,155,555	1,155,555
Total	239,187,088	151,811,057

*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.

***³ Lease 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 17: FINANCE INCOME

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Interest on Deposits		
Interest on Fixed Deposit Account	4,784,140	3,344,004
Interest on Gratuity fund deposit	574,166	348,049
Interest from subscription of Commercial Paper	104,951	
Income from Loan Interest waiver	1,405,323	2,055,741
Total	6,868,580	5,747,794



NOTE 18: OTHER INCOME

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Gain/(Loss) on Forex Account	(20,098)	59,465
Late Rental & Other Fees	9,597	46,564
Others	332,159	1,190,793
Total	321,658	1,296,823

NOTE 19: EMPLOYEE RELATED COSTS

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Personnel Cost _ Internship Fees	109,000	114,887
Personnel Cost _ Salary	47,009,775	30,997,748
Personnel Cost _ Provident Fund (<i>Employer's Cont.</i>)	4,799,853	3,036,034
Personnel Cost _ Employees' Benefits		
a. Performance Based Variable Allowance (PBVA)	4,085,247	3,141,914
b. Leave Encashment	4,103,971	2,968,435
c. Leave Travel Concession	1,237,481	757,758
d. Annual Salary Indexation	307,920	522,003
e. Gratuity Expenses	3,190,864	2,495,546
f. Transfer Grants Expenses	239,243	126,496
g. Carriage Charges	201,000	101,785
h. Travel Allowance	239,243	126,497
Total	65,523,597	44,389,103

NOTE 20: GENERAL ADMINISTRATION EXPENSES

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
A. Administration Expenses		
Audit Fees	63,250	83,250
Audit Expenses	30,280	124,229
Board Director/CS Training Expenses	10,500	-
Brand & Management Expenses	591,794	82,317
Consultancy Expenses	864,550	134,000
Corporate Social Responsibility	180,000	-
Donations	97,500	78,300
Fees & Subscription	49,349	48,180
Hospitality & Entertainment Expenses	206,742	137,011
House Keeping Expenses	330,425	56,364
Land Leased	217,800	217,800
Membership Fees	52,274	-



Sundry Debtors Write Off	1,229,275	-
Training & Event Expenses	2,504,238	2,337,467
B. Board Meeting & Related Expenses		
Board Audit Committee Sitting Fees	10,000	24,000
Board HR Committee Sitting Fees	76,000	42,000
Board Tender Committee Sitting Fees	42,000	112,000
AGM/EGM/Compact & Others Meeting Exp.	13,776	14,785
AGM/EGM/Compact & Others Sitting Fees	66,000	56,000
Board Committee Meeting Expenses	10,454	15,180
Board Meeting Expenses	96,962	150,725
Board Sitting Fees	396,000	430,000
C. General Insurance		
Building Insurance	239,478	264,326
Car Insurance	58,944	39,314
D. Human Resources Development (HRD) Exp.		
HR Training & Development Expenses	1,342,467	376,489
Employees' Entry & Exit Exp.	76,400	59,497
Employees' Medical Benefits	9,600	8,000
Group (Staffs) Personal Accident Insurance	94,455	54,883
Staffs' Tea Allowance	362,277	97,462
Office Annual Rimdro	289,753	80,000
Office Annual Picnic or Retreat (Team Building)	387,275	110,180
Staff Uniforms	243,700	113,840
HRD Interview, selection & Recruitment Exp.	63,011	67,411
Management & Staffs Meeting Expenses	83,835	62,417
E. IT & IT Services Exp. [Information Technology]		
ERPNext Unit Expenses	3,302,330	1,546,659
ASD Unit Expenses	1,136,375	
SAP Unit Expenses	6,305,479	7,360,055
Projects Expenses	29,760,160	33,027,136
Other IT Services Expenses	3,805,904	1,310,652
F. Utility Expenses		
Electricity Charges to BPC	3,978,512	4,089,126
Email & Web Hosting	264,530	145,126
Internet Leased Line Expenses	613,769	387,800
Internet, Telephone & Fax Charges	99,645	119,668
G. Office Expenses		
Gifts & Present	53,399	24,050
Delegates, Events & Ceremony Expenses	74,355	119,690
Miscellaneous/Unforeseen/Office Expenses	210,899	124,316



Office Utensil Procure Exp.	131,894	18,000
Postage, Office Supplies, Printing & Stationeries	302,608	153,372
Tenants/Incubates' Meet-Up (Meeting) Expenses		1,845
Program and other Events Expenses	601,923	
Zero Waste Management Expenses	12,545	
TTPL: Unforeseen COVID - 19 Prevention Exp	185,805	270,133
H. Travelling & Conveyance Expenses		
Travel Expenses _ Local	86,270	64,100
I. Operation & Maintenance Expenses		
Repair & Maintenance (Civil Structure)	1,653,166	453,287
Repair & Maintenance (Computers & IT Products)	353,839	110,830
Running & Maintenance (Diesel Generator)	57,476	39,900
Running & Maintenance (Vehicle)	539,866	310,218
J. Marketing & Promotion		
Advertisement (Domestic)	111,124	26,500
Advertisement (International Marketing)	23,484	
Total	64,055,721	55,179,888

NOTE 21: FINANCE COST

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Interest on Borrowings: a) BOBL	371,658	1,067,876
b) NPPF	2,318,881	2,236,080
Bank charges	8,392	3,913
Corporate Guarantee Fees	474,134	103,385
Total	3,173,065	3,411,254

NOTE 22: FAIR VALUE CHANGES ON INVESTMENT PROPERTY, NET

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Gain/(Loss) on change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	13,605,929	8,497,830
Total	13,605,929	8,497,830

NOTE 23: ACTUARIAL GAIN/(LOSS) ON POST-EMPLOYMENT BENEFITS

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Actuarial Gain/(Loss) on Post-Employment Benefits held under Employees benefits (As per Valuation Report)	458,945	2,679,831
Total	458,945	2,679,831



NOTE 24: INCOME TAX EXPENSES

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Current Income Tax Expenses	670,776	286,128
Prior Period Tax Expenses	788,965	
Deferred Tax Expenses/(Income)	5,906	(3,721)

*COMPUTATION OF CURRENT INCOME TAX & DEFERRED TAX

a. Current Income Tax

Particulars	Income Year	
	2021	2020
Sales Declared	246,377,326	158,855,673
A. Net Profit Declared	120,723,764	62,920,072
B. Taxable Income	4,555,555	3,510,677
C. Total Disallowances	4,971,712	3,220,214
- Prior period expenses	788,965	-
- Donations	97,500	78,300
- Performance Based Variable Allowance (PBVA)	4,085,247	3,141,914
D. Assessed Net Profit [A+C]	125,059,183	66,140,286
<i>Less: 10% of D or (Bonus/PBVA: Whichever is Less)</i>	4,085,247	3,141,914
E. Final Assessed Net Profit [D - E]	121,610,229	62,998,372
F. Assesses Turnover (Sales)	246,377,326	158,855,673
G. APS [E/F]	49.36%	39.66%
H. Net Profit on Taxable Sales [B x G]	2,248,592	1,392,251
I. Corporate Income Tax [30% of H]	674,578	417,675
J. Less: Taxes Paid	3,802	4,056,876
- TDS	3,802	4,056,876
K. Additional CIT Payable [I - J]	670,776	(3,639,201)
- Additional Contractual TDS payable		7,887
L. CIT Payable/(Receivable)	670,776	(3,631,313)
M. Tax Paid/(Received) (Zero meant for Not Paid)	0	3,631,313
N. Net Tax Payable	670,776	0

b. Deferred Tax

Depreciation as per books	14,318	65,522
Depreciation under Tax laws (as Income-tax Act)	34,004	53,120
Difference (Dep. As per book - Tax Law)	19,687	(12,402)



c. Deferred Tax Liability

Opening	145,755	149,475
During the year	5,906	(3,721)
Closing	151,661	145,755

NOTE 25: EARNING PER SHARE

Particulars	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Realized Earning for the year	105,988,114	51,460,004
Weighted Average No. of Equity Shares	2,230,909	2,230,909
Basic EPS from continuing operation for the Year	48	23
Diluted EPS from continuing operation for the Year	48	23

NOTE 26: 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.

Provident Fund	For The year ended of 31 Dec 2021	For The year ended of 31 Dec 2020
Total cost of Contributions	4,799,853	3,036,034

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 2021 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.

As there in neither actively traded bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 – 10 years in the banks. In consultation with TTPL, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

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.*” The assumed salary growth rate reflects expectation of salary increment over the long-term inclusive of annual increment and major salary revision every 3 – 5 years.

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.

d. Mortality rate

As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2012 – 14 which is the best available proxy.

e. Employee turnover rate

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

B. 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.

RISK EXPOSURES: 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. The key valuation results as at 31st December 2021 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of defined benefit obligation	10,164,370	7,365,873
Fair value of plan assets	7,940,039	5,621,638
Net defined benefit asset/(liability)	(2,224,332)	(1,744,235)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2021	31-Dec-2020
(a) Statement of profit or loss	2,564,765	1,753,163
(b) Other comprehensive income	(340,434)	1,170,121



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	Reference salary $\times$ service years
Benefit floor	None
Benefit ceiling	None

Membership Data

		% Change	31-Dec-2021	31-Dec-2020
Members considered for valuation		32.43%	98	74
Average age (years)		-1.57%	31.68	32.19
Monthly salary (Nu.)	Average	0.68%	31,359	31,148
	Total	33.33%	3,073,166	2,304,949
Past service (years)	Average	1.86%	3.51	3.45
	Total	34.90%	344	255

Actuarial assumptions

Financial Assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%



Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%

C. 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.

RISK EXPOSURES: 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 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.
- 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 Earned leave 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 honor the Earned leave payments in the short-run due to liquidity constraints.
- The key valuation results as at 31st December 2021 are summarized in the following tables.



STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of defined benefit obligation	4,945,498	2,926,991
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(4,945,498)	(2,926,991)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2021	31-Dec-2020
(a) Statement of profit or loss	4,103,971	2,968,435
(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-2021	31-Dec-2020
Members considered for valuation		32.43%	98	74
Average age (years)		-1.57%	31.68	32.19
Monthly salary (Nu.)	Average	0.68%	31,359	31,148
	Total	33.33%	3,073,166	2,304,949
Accrued Leave (Days)	Average	26.21%	38.12	30.20
	Total	67.14%	3,735	2,235



Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

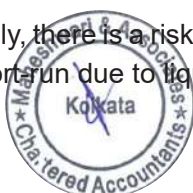
Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%

D. Travel Allowance Liability

RISK EXPOSURES: 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 Travel Allowance 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 Travel Allowance 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 Travel Allowance payments in the short run due to liquidity constraints.



7. The key valuation results as at 31st December 2021 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of defined benefit obligation	599,982	381,773
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(599,982)	(381,773)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2021	31-Dec-2020
(a) Statement of profit or loss	239,243	126,497
(b) Other comprehensive income	(21,034)	(8,169)

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-2021	31-Dec-2020
Members considered for valuation		32.43%	98	74
Average age (years)		-1.57%	31.68	32.19
Monthly salary (Nu.)	Average	0.68%	31,359	31,148
	Total	33.33%	3,073,166	2,304,949
Past service (years)	Average	1.86%	3.51	3.45
	Total	34.90%	344	255

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%

E. Transfer Grants Liability

RISK EPOSURES: 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.



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 Transfer Grant 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 honor the Transfer Grant payments in the short-run due to liquidity constraints.
7. The key valuation results as at 31st December 2021 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of defined benefit obligation	599,982	381,773
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(599,982)	(381,773)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2021	31-Dec-2020
(a) Statement of profit or loss	239,243	126,497
(b) Other comprehensive income	(21,034)	(8,169)

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-2021	31-Dec-2020
Members considered for valuation		32.43%	98	74
Average age (years)		-1.57%	31.68	32.19
Monthly salary (Nu.)	Average	0.68%	31,359	31,148
	Total	33.33%	3,073,166	2,304,949
Past service (years)	Average	1.86%	3.51	3.45
	Total	34.90%	344	255

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%

F. Employees' Carriage Charges Liability

RISK EXPOSURES: 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.
- 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.



3. **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.
4. **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.
5. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honor the Carriage charge payments in the short-run due to liquidity constraints.
6. The key valuation results as at 31st December 2021 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of defined benefit obligation	475,849	299,360
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(475,849)	(299,360)

EXPENSES RECOGNIZED IN

Nu.	31-Dec-2021	31-Dec-2020
(a) Statement of profit or loss	201,001	101,785
(b) Other comprehensive income	(24,511)	21,052

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

Membership data

		% Change	31-Dec-2021	31-Dec-2020
Members considered for valuation		32.43%	98	74
Average age (years)		-1.57%	31.68	32.19
Monthly salary (Nu.)	Average	0.68%	31,359	31,148
	Total	33.33%	3,073,166	2,304,949
Past service (years)	Average	1.86%	3.51	3.45
	Total	34.90%	344	255

Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	8.50%	8.50%
Increase in cost of transportation	5.00%	5.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	5.00%	5.00%

NOTE 27: DISCLOSURE

1. Auditor's Remuneration

For the year ended December, 31

Particulars	2021	2020
Statutory Audit Fees	63,250	63,250
Statutory Local Audit Fees	0	20,000
Other Audit Expenses	30,280	124,229
Total Amount [in Nu.]	93,530	207,479



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	2021	2020
Salary & Allowances	1,829,184	1,781,934
Sitting Fees	108,000	136,000
Provident Fund Contribution	156,454	152,737
Training (incl. workshop, seminar, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	0	8,050
Other Benefits (LTC, Leave, PBVA & Bonus)	281,713	504,087
Total Amount [in Nu.]	2,375,351	2,582,809

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	2021	2020
Directors' Sitting Fees (Board & Sub-Board)	428,000	456,000
Directors' Training (incl. workshop, seminars, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	-	-
Directors' DSA	43,750	22,250
Total Amount [in Nu.]	471,750	478,250



c. List of Directors

Name of Board Director	Date of Joining	Date of Resign	Status
Mr. Karma Yonten (Chairman)	9 th March 2020		Active Member
Mr. Ujjwal Deep Dahal	29 th July 2019		Active Member
Mr. Karma Pemba	9 th March 2020		Active Member
Mr. Kuenga Jurmi	9 th March 2020	26 th October 2021	Resigned
Mr. Tenzin Namgay	9 th March 2020		Active Member
Mrs. Sonam Choiden	9 th March 2020		Active Member
Dr. Tshering Cigay Dorji (CEO)	1 st November 2014		Active Member

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)

Sl#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Transaction Amount [in Nu.]	Receivable/ (Payable) in Nu
1	Bhutan Board Products Limited	Fellow Subsidiary	a. Purchase Furniture, fixtures, computers and office equipment	12,670	
2	Bank of Bhutan Limited	Fellow Subsidiary	a. Balance (as per Books CD Acc. 100925841)	138,757,474	
			b. Balance (as per Books CD Acc. 202454401)	950	
			c. ePayment Implementation Cost	125,000	
			d. Interest income on deposits	2,810,704	
			e. Service Revenue	5,380,556	5,525,000
			f. Interest on loans paid	371,658	
			g. Bank Charges and fees	8,342	
3	Bhutan Power Corporation Limited	Fellow Subsidiary	a. Electricity Charges payment	3,978,512	(532,022)
			b. Inter Group Miscellaneous Income	105,000	
			c. Service Revenue	6,368,082	4,045,082
4	Bhutan Telecom Limited	Fellow Subsidiary	a. Communication, internet and telephone charges	639,918	(58,841)
			b. Inter group Deposit		(10,800)
			c. Project Advance received.		(212,122)
			d. Service Revenue	10,130,121	
			e. Rental Income	101,530	8,436
			f. Inter Group Miscellaneous Expenses	772,200	(64,350)
5	Construction Development Corporation Limited	Fellow Subsidiary	a. Service Revenue	1,927,268	1,027,268
			b. Inter Group Miscellaneous Income	20,000	
			c. Inter Group Consultancy Fees	35,000	(35,000)
6	Dagachhu Hydro Power Corporation Limited	Fellow Subsidiary	Service Revenue	387,376	96,844



7	Dungsum Cement Corporation Limited	Fellow Subsidiary	a. Service Revenue	1,561,356	530,501
8	Dungsum Polymer Limited	Fellow Subsidiary	a. Service Revenue	403,755	330,522
9	Druk Green Power Corporation Limited	Fellow Subsidiary	a. Retention monies receivable		64,310
			b. Service Revenue	12,566,986	3,179,590
			c. Inter Group Miscellaneous Income	92,266	
10	Druk Air Corporation Limited	Fellow Subsidiary	a. Service Revenue	6,262,478	2,707,791
			b. Inter Group Miscellaneous Income	120,000	
11	Druk Holding & Investments.	Holding Company	a. Equity Shares held by DHI	223,090,900	
			b. Inter group Deposit		(590,000)
			c. Intergroup Corporate Guarantee Fees	474,134	(474,134)
			d. Inter group Brand management Fees	591,794	
			e. Service Revenue	10,092,964	3,020,976
			f. Inter Group Miscellaneous Income	15,000	15,000
			g. Dividend payout	22,309,000	
			h. Rental Income	3,414,528	6,766
12	Koufuku International Limited	Fellow Subsidiary	a. Service Revenue	49,672	49,672
13	Natural Resources Development Corporation Limited	Fellow Subsidiary	a. Service Revenue	5,474,132	34,632
			b. Purchase Furniture, fixtures, computers and office equipment	119,420	
			c. Inter Group Miscellaneous Expenses	95,860	
14	State Mining Corporation Limited	Fellow Subsidiary	a. Service Revenue	3,142,531	144,068
15	State Trading Corporation of Bhutan Limited	Fellow Subsidiary	a. Furniture, fixtures, computers and office equipment (Laptop)	562,741	(128,279)
			b. Running & Maintenance of Vehicle	148,921	
16	Tangsibji Hydro Energy Limited	Fellow Subsidiary	a. Service Revenue	377,691	184,003
17	Bhutan Hydropower Services Limited	Fellow Subsidiary	a. Service Revenue	387,376	96,844

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



NOTE 28: EVENTS AFTER THE REPORTING PERIOD

The dividend relating to 2020 was declared at the 11th Annual General Meeting (AGM) held on **24th March 2021**. Shareholders approved the dividend aggregating to Nu. **22.309 million** (10% of paid-up-Share 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
2021
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	2021	2020
Current Ratio	Current Assets Current Liabilities	1.48	1.17
Quick Ratio	Quick Assets Quick Liabilities	1.45	1.22
Debtors Turnover Ratio	Sales Sundry Debtors	1.90	2.36
Total Expenses to Total Income Ratio	Total Expenses*100 Total Income	56.39	67.43
Net profit/(Loss) to Total income	Net Profit/(loss) *100 Total Income	43.02	32.39



COMPLIANCE CALENDAR AND CHECKLIST

COMPLIANCE CALENDAR & COMPLIANCE CHECK LIST
COMPLIANCE CALENDAR OF THIMPHU TECHPARK LIMITED
FOR THE FINANCIAL YEAR 2021

Sl. No.	Activity	Section		Remarks
1	Submission of Annual Return	267		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31 st May	Not Applicable
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 2020 filed on 10 th June, 2021 vide forwarding letter no. TTPL/CA/MoEA/2021/33, dated 10 th June, 2021 of TTPL. Against this, the acknowledgement letter no. MoEA/CR-233/2022/83 dated 14-01-2022 has been issued by MoEA.
2	Annual General Meeting			
a)	Listed Companies	177	On or before 30 th April On or before 30 th June	The 11 th Annual General Meeting was held on 24 th March, 2021.
b)	Unlisted Companies			
c)	Government Companies			
3	Notice Calling General Meetings	185	21 days before the AGM	Notice calling AGM was issued on 3 rd March, 2021, 21 days before the AGM date.
4	Payment of Dividend	204	Within 30 days of declaration AGM	Dividend was declared in the 11 th Annual General Meeting held on 24 th March, 2021. The dividend voucher dated 21-04-2021 (i.e. within 30 days of declaration in AGM.) was paid through BOBL on 23-04-2021
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		Audited Accounts along with Auditors Report for the Financial Year 2020 were placed by BOD in the 11 th Annual General Meeting held on 24 th March, 2021.
6	Filing of Documents with Register	267		Please refer Clause 1(b) above.



Sl. No.	Activity	Section		Remarks
7	Appointment of auditor	251	Every AGM	New auditors have been appointed by RAA directly for the year ended 31 st December, 2021.
	GCC & GC		Notify the Registrar within 15 days from passing the resolution	Existing auditors were removed by RAA.
	Reappointment			
	Removal			
	Resignation	260-262	Convene the EGM within 14 days to discuss resignation.	Not Applicable
8	Consent to act as directors	140	Within 30 days of Appointment or reappointment with the registrar	During the year, there was no new appointment or reappointment of any director of the company. Director Mr. Kuenga Jurmi voluntarily resigned from the Board on 26th October 2021, before completion his tenure. Mr. Karma Yonten, Mr. Tenzin Namgay, Mr. Karma Pemba, Mr. Ujjwal D. Dahal and Dr. Sonam Choiden continued to serve as the directors of the company.



Sl. No.	Activity	Section		Remarks
9	Board Meetings			
	1 st BM			
	2 nd BM	146	3 month	A total of seven (07) Board Meetings were held during the year under audit. The quorum was duly maintained in each meeting.
	3 rd BM	& 149	after last BM	
	4 th BM			
10	Appointment of CEO	210	Every 5 years	No appointment of CEO during the year, as the present CEO was reappointed w.e.f. 01-12-2019.
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 and is still continuing.
13	Statutory Record and Inspection	228	All times	As informed by the management, the Statutory Records as specified in Section 228 are available for inspection at all normal times. However, due to COVID – 19 Pandemic and consequent lockdown in Bhutan, we are conducting the audit virtually and thus could not verify/inspect any of the registers.



THIMPHU TECHPARK LIMITED

2021

COMPLIANCE CHECKLIST

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

NAME OF COMPANY: THIMPHU TECHPARK LTD.

REGISTERED NO.: U20121219TH10390

Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
1	28	Changes to Articles/Approval			✓	
2	47	Changes of name		✓		
3	123	Increase or consolidation of share capital		✓		
4.	124	Reduction of share Capital			✓	
5.	82	License Copy and Share Certificate filing	✓			As informed License copy and share certificates are available with the management. However, as the audit was done virtually, we are unable to verify the same.
6.	107	Public Offer of Shares & Debentures – ROC Approval			✓	



P-VII MANAGEMENT & ADMINISTRATION

Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
7.	217s	Registered Office of Company (Postal Address & Contact No)				Thimphu TechPark Ltd. Ser-bithang, Thimphu, Bhutan, PO Box No.633. Contact No. 00975-02-350051/52
8	221	Publication of name by company (Letter Head, Seals and Sign Board)				
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	✓			
10	267	Annual return On or before 31 st May for listed; others 31 st July				Annual Return for the year 2020 filed on 10 th June, 2021.
11	177	Annual General Meeting (Minutes)				11 th Annual General Meeting was held on 24 th March 2021.
12	180	Extraordinary General Meeting (Minutes)		✓		No EGM was held in FY 2021.
13	185	Notice for calling General Meeting –				Notice calling AGM was sent 21 days before the AGM date.
	187	Listed - written as well as in media Public Co / Private Co – Written Notice			✓	
14	190	Chairman of meeting (CEO cannot Chair)	✓			The Chairperson of the BoD excluding the CEO elected as Chairperson of general meetings.
15	192	Representation of corporate at meetings (Appointed by Board of Directors)				DHI, is the only shareholder of the company and it was duly represented in the AGM.



Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
16	193	Ordinary and special resolutions (Minutes)			✓	No EGM was held during the FY 2021.
17	195	Minutes of Annual General Meeting and Board Meetings (Maintained ss 195-198)	✓			We have been shared with the copies of minutes of Board and AGM meetings held in FY 2021, virtually for our verification. On our review, it was observed that the minutes of 7 th Board Meeting held on 28-12-2021 was neither initialled nor signed & dated (in the last page). The Minutes of 4 th Board Meeting held on 22-07-2021 was signed on 21-10-2021 (in the last page), i.e. after 30 th days from the Board Meeting date. All other Board Minutes as well as AGM Minutes are undated in the last page. However, in terms of Section 196 of the Act, each page of every Minute Book shall be initialled or signed at the last page and shall be dated, by the Chairperson, within a period of 30 (thirty) days.
18	199	Declaration and payment of dividend (199-209)	✓			Dividend amounting to Nu. 22.309 million has been declared and paid for the FY 2020, out of distributable profit of the company.
19	232	Books of account to be kept by company (location & time period)				As informed, proper books of account have been kept by the company at its registered office. Extracts of such books of accounts have been shared with us virtually during the course of audit.
20		Board's report (signed by Chairman)				Board's Report has been signed by the Chairman. It contains CG & CSR report.



Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
21	252	Appointment and removal of Auditors				New auditors have been appointed and existing auditors were removed by Royal Audit Authority
		Reappoint annually (251-259)			✓	
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)	✓			There are 6 (six) directors in the Company.
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)	✓			7 board meetings were held during the FY 2021.
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				



Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
38		Companies to have secretaries	✓			
39	161	Standards of care required by directors (Reckless decisions)	✓			



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

P-IX STATUTORY RECORD AND INSPECTIONS

Sl. No.	Section	Incorporation of Company & Securities	Compliance Checklist			Remarks
			Yes	No.	NA	
40	228	Statutory record and inspection				
41		a. Register of buy-back of shares			✓	
42		b. Register of transfers		✓		
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	✓			
47		h. Register of directors' share-holding		✓		
		OTHERS				
48	148	Notice of Board Meeting	✓			Notice of calling Board Meetings held during the year were given through mails and sample screenshots of mails have been shared with us.
	85	Register of shareholders	✓			We understand that 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.



MANAGEMENT REPORT

Thimphu TechPark Ltd
Statutory Audit for the year ended 31/12/2021

ANNEXURE - II

Management Report

NIL



MANAGEMENT APPRAISAL REPORT

Thimphu TechPark Ltd

Statutory Audit for the year ended 31/12/2021

Management Appraisal Report (MAR)

PART I: Compliance and Recommendatory Issue

1. Minutes of Annual General Meeting (AGM) and Board Meetings

The TTPL shared the copies of minutes of Board and AGM meetings held in FY 2021, virtually for our verification. On our review, it was observed that the minutes of 7th Board Meeting held on 28-12-2021 was neither initialled nor signed & dated (in the last page) as per section 195 & 196 of the Companies Act of Bhutan 2016. The Minutes of 4th Board Meeting held on 22-07-2021 was signed on 21-10-2021 (in the last page), i.e. after 30th days from the Board Meeting date. All other Board Minutes as well as AGM Minutes are undated in the last page. However, in terms of Section 196 of the Act, each page of every Minute Book shall be initialled or signed at the last page and shall be dated, by the Chairperson, within a period of 30 (thirty) days.

Management's Response:

The minutes of the 7th Board meeting for the Financial Year which was held on 28th December 2021 have been reviewed and endorsed by the Board in principle via email on 3rd January 2022 (within 6 days after the Board Meeting). However, the final signing was delayed since our Board Chairman was/ is busy as a member of the National Task Force Member for Covid-19 and the enforcement of the lockdown in addition.

Therefore, the management requests the audit committee to consider the unforeseen circumstances for that matter. Please kindly find evidence of submitting the minutes to the Board for review and endorsement via email. The management accept the delay due to above statement. And not initialled or signed every page and dated too. Ensured to take care all those matter hereafter.

The Memo was treated as settled.

In view of the justifications made by the management, the memo is treated as settled.

Compliance to be made by the Management

In future, the management must ensure that each page of AGM as well as Board Minutes are initialled and signed & dated at the last page for compliance of section 196 of the Act. The above compliance to the statutory requirement shall be verified in next audit.



2. No Code of Conduct established for governance of Companies

In terms of Section 163 of the Companies Act Bhutan 2016, The Regulatory Authority shall establish a Code of Conduct for the governance of companies which shall promote those conditions that will enable the pursuit of Gross National Happiness in accordance with Article 9, section 2 of the Constitution of the Kingdom of Bhutan.

As per Section 164, a Code of Conduct for Companies should have policies on business ethics, auditing, risk management, good corporate governance ownership and the human resource management and corporate social responsibility.

Accordingly in terms of Section 165 of the Act, all companies shall maintain Corporate Social Responsibility fund, which shall be administered by the respective Company Board in line with the regulations issued by the Authority.

However, the company is not maintaining any Corporate Social Responsibility (CSR) fund as mentioned above.

Management's Response:

Although, no separate CSR Fund is maintained by the company, the company sets aside certain budget (Approved by Board) for CSR and Donation every year as is the usual practice adopted by many corporations in Bhutan. During the year, the company had provided or utilized Nu. 97,500/- in the form of donations and Nu. 180,000/- for CSR only as contributions towards social causes from the set Budget Nu. 200,000/- for Donation and CSR Nu. 400,000/- 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.

The Memo was treated as settled

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the management

The Code of Conduct for the Company should have policies on corporate social responsibility and on that basis the company shall maintain a Corporate Social Responsibility Fund, which shall be administered by the Company Board in line with the regulations issued by the Authority. The compliance will be verified in the next audit



3. NPPF Term Loan statement not duly stamped

Term loan statement from NPPF could not be authenticated as it was not confirmed by a valid Bank Statement, duly stamped and initialled by the lender bank.

Management's Response:

On the requirement of Loan statement by you for the audit purposes, management requested the NPPF for the Term Loan statement and provided with the computerized/digital statement (without sign and stamp) which we assumed that it is acceptable for it. However, on the notes to observation this year, we ensured to provide as per requirement for future.

The Memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the Management

In the future, the company should ask for duly stamped and initialled Statement of Account from the bank.

4. No balance confirmation of Fixed Deposits with Bhutan National Bank (BNB)

No balance confirmation was available for fixed deposits lying with BNB.

Management's Response:

Other than certificates, bank has not issued any statement for FDA. According to certificates, the interest has been scheduled and recognised revenue duly in the books of account and assumed that, it is the valid documents for audit purposes in respect of Fixed Deposit Account held.

The memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the Management

Going forward, the Company should take copies of duly authenticated balance confirmations from bank in respect of fixed deposits held.

5. Gratuity /Leave Encashment Provisions

Gratuity /Leave Encashment provisions should be bifurcated into current and non-current portions in accordance with the Actuarial Report and to be reflected in the financials accordingly.



Management's Response:

As per the Financial Reporting under BAS 19, Employees' Future Benefits has been done actuarial valuation by Druk Infinity Consulting for the Financial Year 2021. As per report, the provision should be bifurcated into current and non-current portions for Gratuity/Leave Encashment, but the Company has not taken it into account as it seems acceptable in line to previous years reporting. However, we will share our concern with parent company (DHI), as well as with DOCs and incorporate in books accordingly in future.

The memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the Management

Going forward, the Company should make the Gratuity /Leave Encashment Provisions by bifurcating the balance into current and non-current. For this, the brought forward balance should be bifurcated into current and non-current portions, since inception.

6. No physical verification of Property, Plant & Equipment carried out

No physical verification of fixed assets was carried out during the year 2021 due to National Lock down on account of COVID – 19 Pandemic.

Management's Response:

Since, it is a situationally forced, audit have conducted in remote mode and at all not possible to carry out the physical verification of fixed assets of the Company, nor appointed the local auditor firm to carry out alike previous year, as per RAA's remarks. It will be done thoroughly during the forthcoming audit.

The memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the Management

The management should conduct physical verification of its assets annually. The compliance shall be verified in the next audit.

7. Non-Insurance of Plants & Machineries

All the fixed assets of the Company are not covered by suitable insurance policy. We understand that entire block of Plant & Machineries like Diesel Generator (DG) set and Fire Protection System are not covered by any insurance. The Company may also take an insurance policy suitable for electronic equipment like servers and data storage equipment (including systems software) for any sudden and unforeseen events, covering cost of external data media including cost of reconstruction of data, as also increased cost of working.



Management Response :

The company has taken suitable insurance coverage for the buildings, but it does not specifically cover plants and machineries like the Diesel Generator, the Fire Protection System and the servers. They have not been insured so far because of the following reasons:

- Our technicians and engineers carry out regular maintenance and hence the chances of an unforeseen breakdown is low. Fortunately, nothing of this sort has happened so far.
- The plants and machineries we have right now do not form a substantial part of our fixed assets, as given below:

Particulars	Date of Purchased	Total initial Costs	Present Value (as at 31.12.2021)
Diesel Generator (DG)	01-Sep-12	5,280,121.00	598,413.71
Fire Protection System	01-Sep-12	9,110,933.00	3,725,359.27
Server		4,319,397.00	3,756,070.05
a. IT - Equipment (Server)	21-May-20	624,726.00	422,970.23
b. IT - Equipment (1 FortiGate Firewall & 5 Forti Access Points)	5-Aug-20	208,150.00	149,572.27
c. IT - Equipment (Rack: Dell Power-edge R740)	18-Sep-20	624,726.00	544,330.93
d. IT - equipment (NAS Box & Accessories)	6-Oct-20	196,895.00	148,155.42
e. IT - Equipment: (FortiGate AP-221E, 3 Nos.)	20-Nov-20	93,150.00	72,382.13
f. Ruskus Wireless Access Points, 1 no.	09-Jul-21	54,000.00	47,490.41
g. Dell Power-edge R740	08-Oct-21	1,258,875.00	1,185,584.33
h. Dell Power-edge R740 server	08-Oct-21	1,258,875.00	1,185,584.33

- In our knowledge, insurance of plants and machineries is not commonly practised in Bhutan as of now.

Having said that, we are thankful to the auditors for pointing this out. This can be studied further by the management in consultation with the insurance companies, and taken up with the Board for final decision. Therefore, this observation may be provided as an observation of a recommendatory nature.

The memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.



Compliance to be made by the Management

The plant & machineries of the company should be covered under Standard Fire & Special Peril Policy. Further, suitable EDP Insurance Policy should be taken to cover the unique risks associated with computer operations covering EDP equipment like Servers, EDP media i.e. on which data is stored and EDP data including additional expenses associated with data recovery. Noted for follow up in the next audit.

8. High balance remaining idle in CD account amounting to Nu. 138,757,474.57

The company is maintaining a current account (A/c. No. 100925841) with Bank of Bhutan Ltd. (BOBL), having a substantially high balance of Nu. 138,757,473.57 as on 31-12-2021, remaining idle, without earning any interest thereon. The amount should be utilised in fixed deposits, which may earn interest income for the company.

Management Response

The company is fully cognizant of the opportunity to earn interest income from deposits, and have been investing any idle cash available in such financial instruments. However, the present situation has arisen because of the excess liquidity in banks as a result of slowdown in economic activities in the country due to the ongoing COVID pandemic situation. As an official proof of this, we are furnishing two letters, one from the Bank of Bhutan Ltd. (BOBL), dated 7th June 2021, and the remarks from the Bhutan National Bank Ltd. (BNBL) on our letter dated 12th October 2021 (Annexure – I). The situation has not changed as of now. We will invest our idle cash in interest earning financial instruments as soon as the opportunities arise. Therefore, we would like to request the auditors to drop this observation.

The memo was treated as settled.

In view of the justifications provided by the management, the memo was treated as settled.

Compliance to be made by the Management

The company should look out for short term investment opportunities in other banks/ Financial Institutions in Bhutan, without keeping the cash idle in non-interest bearing current Account.

PART II: Compliance not required

1. Gratuity Provisions has not been made in the books of accounts on the basis of Actuarial Valuation report.

Accounting entry for gratuity provisions has to be made in the books on the basis of Actuarial Valuation Report as on 31st December, 2021, in accordance with our audit observations shared with the Company.



Management's Response:

Accounting entry for gratuity provisions has been duly passed in the books of account in compliance with the audit observation.

The memo was treated as settled.

Based on the action taken by the management, the observation was treated as settled.

2. Date of Valuation of Investment Property wrongly taken

In the Valuation Report of Investment Property, the date of valuation has been wrongly taken as January, 2022 instead of December, 2021. The same needs to be corrected and valuation date to be specified as on 31st December, 2021.

Management's Response:

As per BAS 40, Thimphu TechPark Buildings falls under Investment Property and has been done the valuation by Construction Development Corporation Limited (CDCL). The preparation of report presents fair value based on valuation carried out in the month of January 2022 for the year 2021 with fact and figures/value pertained to year 2021 only. The valuation reports have been submitted to TTPL by CDCL on January 2022. However, Based on the recommendation of the statutory Auditor's CDCL has corrected the date of the report as 31st December 2021.

The memo was treated as settled.

Based on the action taken by the management, the memo was treated as settled.

3. Earlier Year's Tax Expenses not passed in the books of accounts

Based on the Tax Assessment Report of the Company and the amount provided for in the financial year 2020, accounting entry for earlier year's tax expenses has to be passed in the books, in accordance with our audit observations shared with the Company.

Management's Response:

Accounting entry for earlier year's tax expenses has been duly passed in the books of account in compliance with the audit observation.

The memo was treated as settled.

Based on the action taken by the management, the memo was treated as settled.

4. Provision for Performance Based Variable Allowance not passed in the books of accounts

Reversal of differential provision for performance based Variable Allowance has to be passed in the books, in accordance with our audit observations shared with the Company.



Management's Response:

Necessary Accounting entry has been duly passed in the books of account in compliance with the audit observation.

The memo was treated as settled.

Based on the action taken by the management, the memo was treated as settled.

5. Amount received from third party not accounted by the Company

An amount received from third party and reflected in the Bank Statement was not accounted for by the company. The same needs to be accounted for in the books of the Company, in accordance with our audit observations shared with the Company.

Management's Response:

Amount duly accounted for in the company books in compliance with the audit observation.

The memo was treated as settled.

Based on the action taken by the management, the memo was treated as settled.



PRIOR YEARS AUDIT FOLLOW UP REPORTS

Thimphu TechPark Ltd
Statutory Audit for the year ended 31/12/2021
Follow-up Report on Previous Years' Management Reports
Summary of Follow-up Report

Accounting Year	Total No. of recommendations provided	No. of recommendations implemented	Balance recommendations to be implemented
2020	1	1	Nil
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, 2020

Para No.	Observations in brief	Management's Response - Current Status	Status of Compliance
	Deficiencies and Lapses :		
1	Non Obtaining of Performance Guarantee (2.1.2) from M/s. IU Network, Armenia to undertake consultancy service for BITS Project.	As per the Auditors further comments, "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 the receipt of performance guarantee by the company", the management was asked to put up the matter to Board for the ratification. Based on the above comment, the management submitted to 68th Board Meeting held on 15th March 2021 for the ratification. During the board meeting CEO submitted that IU Networks had shared with us a scanned copy of the performance security in the form of a Bank Guarantee for USD 418,180/- bearing the No. O.AB.100.12CIB. PIED.0.596.21 dated 19th January 2020, issued by AMERIABANK, AJSC, 2, V. Sargsyan Str., Yerevan 0010, Republic of Armenia. Upon above submission, the Board duly ratified the company's stand to withhold all payments due to IU Networks until the value of work done exceed the amount of performance security pending verification of the performance Guarantee (Issued by America bank) by a bank in Bhutan. Therefore, the management would like to request auditor to consider the observation as resolved. Attached the extract minute of 68th Board Meeting as annexure I.	Implemented





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