

Dungsam Polymers Limited



ANNUAL REPORT

2014



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Introduction

Dungsam Polymers Limited was established on 12th August 2010, as a unit of Druk Holding & Investment (DHI) under the Companies Act of the Kingdom of Bhutan, 2000. In 2013, the company is listed in the Royal Security exchange of Bhutan. It is a manufacturer of polypropylene woven bags for packing cement, minerals and agricultural products. The plant has installed capacity of 350kg/hr melting output which can deliver one hundred thousand woven bags in a day, 80% of which will be consumed by Dungsam Cement Corporation Limited (DCCL), and remaining to be catered in the domestic and north-east Indian market. The company is in the early stage of its business life cycle.

Vision

- To be supplier of choice providing complete packing solution to the cement and other industries.

Mission

- DPL manufacture good quality, economical and environment friendly polymer bags for packing of cement and other products catering to Bhutan and North East India.

MESSAGE FROM THE CEO, DPL



Dungsam Polymers Limited (DPL) having started its operation on 26th August 2012 has completed three years of commercial operation as on 31st December 2014. It was yet an enriching experience for DPL team navigating the company against twist and turns on its vogue to progress. The company in the leadership and wisdom of its dynamic board has made tremendous improvement during the year. The board in its wisdom had guided the management in establishment of floor prices of the products to enhance market penetration, lifted the ban on sale of fabric (semi-finished goods), and initiated cost control measures including doing away sitting fees of the directors & some of the employee allowances. During the year, the company

has also implemented comprehensive cost control measures that were identified in the “contingency plan” at the beginning of the year. In nutshell some of the milestones for the year are:

- ✦ Developed CSP 2014 - 2018,
- ✦ Implemented & Strengthened Standard Operating Procedures,
- ✦ Developed Occupational Health & Safety Policy 2014,
- ✦ Conducted Organizational Climate Survey and established scientific baseline for (OCI),
- ✦ Conducted Customer Satisfaction Survey and improved CSI from 3.68 in the previous year to 4.01 in 2014,
- ✦ Developed Contingency Plan -as cost cutting measures 2014
 - Board Directors forgone sitting fees from 18th board meeting onwards
 - Cut down some of the employee variable cost including PSA, Shift Allowances & Overtime payments.
- ✦ SMP implemented to penetrate Indian Market 2014
- ✦ Established Floor Price of Products and lifted BAN on Sale of fabric by board in 2014

We continue to see ourselves as a case of ‘self-help’ as we have considerable scope for operational improvement that will drive higher growth and bring returns to our shareholders. And we are creating a growth and performance culture by taking

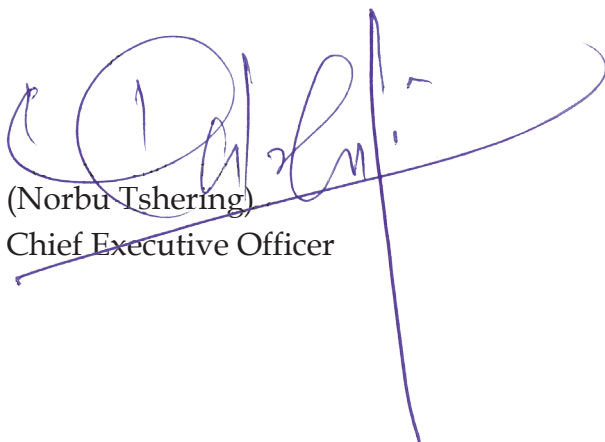
decisions faster and taking a granular approach to business planning and performance management. Our reward system has been aligned to reflect the focus on growth and improved performance of individual employees.

Looking ahead -2015 and beyond

As we pursue our mission and vision, we are confident that the strategic direction we have chosen is sound. During the year, the production and sales of PP Bags has been increase by 71% and 72 % respectively as compared to the previous year. We will continue with accelerated vigour to make us more competitive in the market. It is the right platform to drive the execution of our plans and to ensure that our investments in innovation, people, systems and markets deliver profitable growth and improve return on invested capital.

In conclusion, we made considerable progress in 2014, but there is still much to be done to deliver DPLs' full potential. We are confident that operational and financial performance will improve further during 2015, enabling us to achieve our targets for the year.

On behalf of my colleagues, I wish to thank our employees for their dedicated efforts and for the way they have embraced our new culture of entrepreneurship and accountability. And I would like to thank our Customers, Board of Directors and other Stakeholders, especially our shareholders, for their continuing support, tolerance and patience as your company endeavour to progress from strength to strength!



(Norbu Tshering)
Chief Executive Officer

BOARD OF DIRECTORS

The Chairman



Mr. Dorji Norbu (Chairman) is the Chief Executive Officer of Dungsam Cement Corporation Limited. He served the Royal Bhutan Government for over 27 years in Department of Industries & Mines, Quarries, Projects and Cement Factory and presented papers in International and National Forums. He has also served as Explosive Consultant to Bureau of Law & Order, MoHCA (Honorary). He has Bachelor's of Technology in Mining Engineering from India School of Mines, Dhandad and MMEA (I) (Life) from Member of Mining Engineers' Association of India. He has undergone specialized courses in Mining, Geological and Metallurgical form Member of Mining, Geological and Metallurgical Institute of India, Training in Cement Production from F.L. Smidth & Company, Denmark, Advanced Course in Controlled Blasting in University of Washington, College of Engineering, Seattle. He serves as a Director on the Board of the Dungsam Cement Corporation Limited and as a General Secretary, BIFA, Nganglam.

The Directors



Dasho Nima Gyeltshen is the Sr. Dungpa of Nganglam Dungkhag under Pemagatshel Dzongkhag. He received his Bachelor of Education from Samtse College of Education and Master Degree in Education from University of New England, Armidale, Australia. Prior to taking up his present position, he served as the Teacher, Principal, Education Monitoring Officer, District Education Officer under Ministry of Education and Dzongrab in Trongsa Dzongkhag under Ministry of Home and Cultural Affairs.





Mr. Sherab Namgay received his Bachelor degree in Economics (specialized in foreign trade practices and procedures) under Royal Government of Bhutan Scholarship from PSG College of Arts and Science, Coimbatore, India and his MBA from Graduate School of Business, Curtin University, Australia. He started his career as a Marketing Executive (Advertising) in Kuensel Corporation Limited and was Business Development Manager when he resigned. Prior to taking up his current position as Senior Analyst for Private Sector Development Unit at DHI, he worked as Analyst for DHI Consultancy

Services. He also serves as Board Director of Construction Development Corporation Limited (CDCL) and Executive Member of Bhutan Australia Alumni Association.



Mr. Pema Wangchuk is the General Manager (HRA) of Construction Development Corporation Limited. He has an MBA from University of Thai Chamber of Commerce and B.Com (Hons) from Sherubtse College, Kanglung. He has also done certification courses in Strategic Management, Personal Branding, Project Management, Online Marketing and Social Media, and other short courses from various institutions in Europe, Asia and Africa. A very enthusiastic social worker, he is a member of many boards and also guest lecturer and trainer on business and entrepreneurship. He also served as a Production Manager of Kuensel Corporation Limited. Prior to taking up the

current position as a General Manager in Construction Development Corporation Limited, he was Loden Foundation's Special Executive for Entrepreneurship and Education.



Mr. Sangye Dorji is the Credit Review Officer, Bhutan National Bank Limited, Thimphu. He is a recipient of the Joint Japan-Asian Development Bank Scholarship, he received his MBA degree from Asian Institute of Management, Philippines in 2009. He has more than 10 years experience in Banking Sector.

The CEO



Mr. Norbu Tshering is currently the Chief Executive Officer of Dungsam Polymers Limited, Nganglam. Prior to joining his present position he had served with Bhutan Power Corporation Limited, in his capacity of Manager, Operation & Maintenance. He received his Diploma in Mechanical Engineering from Royal Bhutan Polytechnic, Bachelor of Business Administration from IASE Deemed University Rajasthan, India and his MBA degree from Hanze University of Applied Sciences, Groningen, The Netherlands. He joined the service of Royal Government of Bhutan in June 1993, with the erstwhile Department of Power, Ministry of Trade & Industry.

DIRECTORS' REPORT 2014

TO THE SHAREHOLDERS OF DUNGSAM POLYMERS LIMITED

Dear Shareholders,

The Board of Dungsam Polymers Limited (DPL) is pleased to report on the performance of the company together with the Auditor's Report and Audited Financial Statements for the period 1st January to 31st December, 2014 to the Shareholders of DPL.

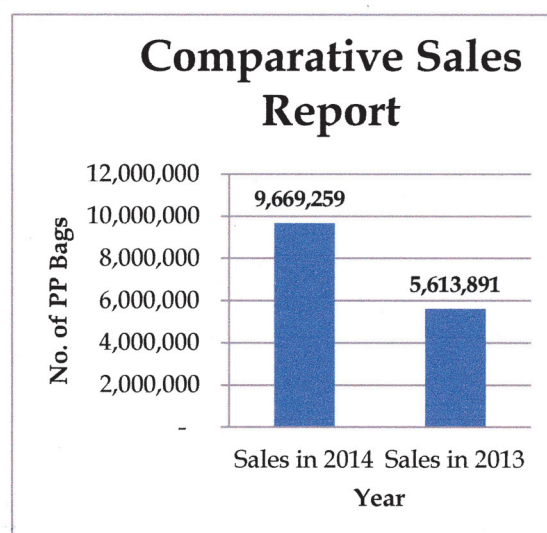
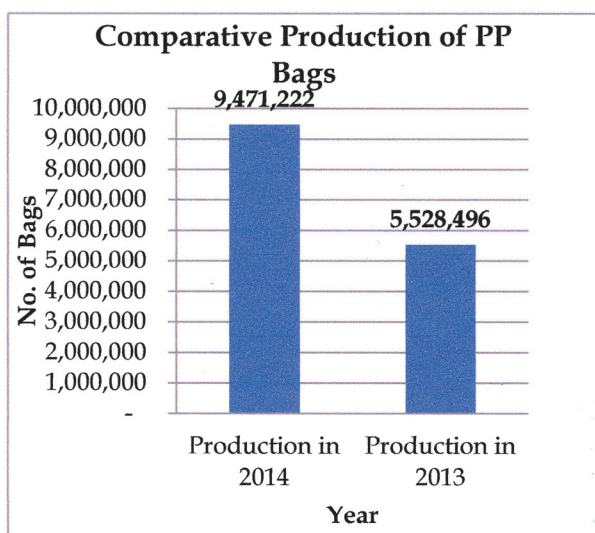
1. Operational Highlights

2014 was a challenging year for the national economy, industrial production slowed down and the overall performance of the polymer sector was also below expectation. However, your company ended the year 2014 with a growth of 72% in sales volumes (PP Bags) as compared to the financial year 2013. The production and sales during the 2014 vis-à-vis 2013 production and sales is as shown below;

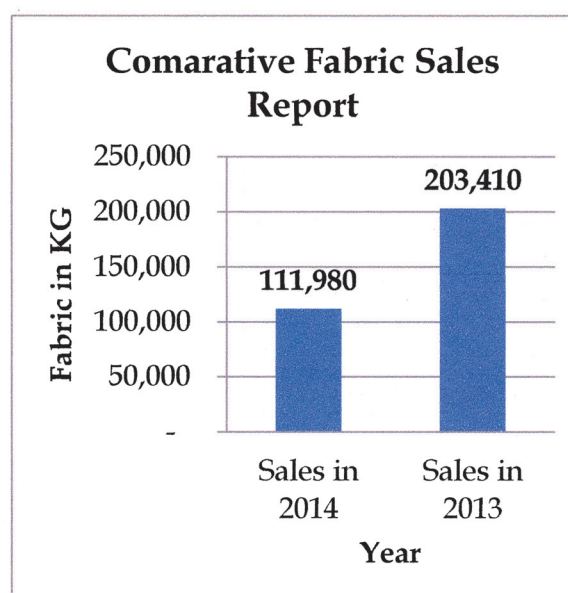
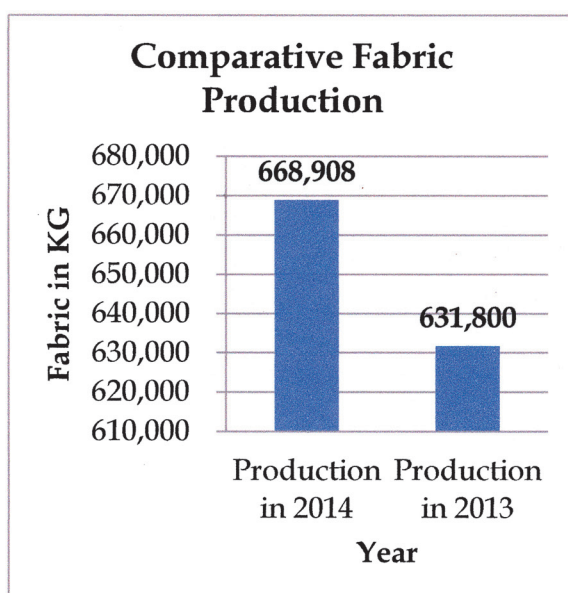
PP Bags	2014	2013	Variance (%)
Production - No. of Bags (Million)	9.47	5.53	71%
Sales Volume - No. of Bags (Million)	9.67	5.61	72%
Sales Value - Nu. in Million	88.06	45.66	93%

Fabric	2014	2013	Variance (%)
Production - in MT	668.91	631.80	6%
Sales Volume - in KG	111.98	203.41	-45%
Sales Value - Nu. in Million	11.19	22.83	-51%

DPL has produced 9.47 million PP Bags during the year, an increase of 71% as compared to the production of 5.53 million PP Bags in the financial year 2013. The production of fabric during the year was 668.91 MT as compared to 631.80 MT in the year 2013. Despite increase in the production of fabric by 6% during the year, the sale of fabric has decreased by 45% as compared to the financial year 2013, mainly because of increased in sale of finish products (bags) which is a positive indication. The graphical presentation of production and sales is as shown below:



Dungsam Cement Corporation Limited (DCCL) has commenced its commercial production by 1st January 2014 and the total cement bag off take by DCCL during the year was 4.24 million PP Bags comparing to 0.08 million PP Bags in the financial year 2013. As per the target, the 80% of the daily production was allocated to DCCL. However, the dispatch of cement bags was not as per the expectations as the cement sale has not picked up due to various reasons. The graphical presentation of production and sales of fabric is as shown below;



2. Financial Highlights

During the year 2013, DPL earned revenue of Nu. 105.35 million, an increase of 27.37% from the 2013 revenue of Nu. 82.71 million. The increase in income was mainly from the sale of PP Bags to DCCL on commencement of her commercial operation on 1st January 2014.

Despite the increase in revenue, the Profit After Tax (PAT) was decreased by 13.15% to Nu. (28.12) million when compared to the 2013 PAT of Nu. (24.86) million. The increase in negative PAT was mainly on account of increase in the finance cost by 49% as compared to the financial year 2013. However, the company is slowly beginning to show the sign of improvement, evident from the ability in repaying EMLs of term loan.

A summary of the Financial Performance for 2014 vis-à-vis the Financial Performance in 2013 is provided below:

Particulars	2014	2013	Variance (%)
Total Revenue	105.35	82.71	27.37%
Total Expenditure	133.43	107.70	23.89%
Profit Before Tax	(28.12)	(24.86)	13.15%
Tax	-	-	NA
Profit After Tax	(28.12)	(24.86)	13.15%

The fund applications consist of Nu.131.62 million property, plant & equipment (net block); Nu. 0.04 million in long-term investment (gratuity fund); and the balance Nu. 66.54 million in the form of current assets.

3. Accounting Standards

As per the Bhutanese Accounting Standards (BAS) – Phase I issued by the Accounting and Auditing Standards Board of Bhutan (AASBB), the 18 first phase BAS has to be implemented from January 2013 till end of 2015. The company's date of transition to 18 first phase BAS was January 1, 2013 (the "Transition Date"). The 18 standards of BAS, where applicable was applied in preparing the financial statements for the years ended December 31, 2014. Application of the new standards will enhance DPL's financial statements credibility in the eyes of stakeholders.

4. SHARE CAPITAL

On 2nd August 2013, DPL was listed in Royal Security Exchange of Bhutan Limited (RSEBL). DPL is the first company divested by Druk Holding and Investments (DHI) since its formation in 2007.

Royal Securities Exchange of Bhutan has notified all the listed companies that the current face value of Nu. 100 will be converted to Nu. 10 w.e.f 1st August 2014. The conversion was made with an objective to increase the trading and to introduce lot system in the share market. With the conversion, the market capitalization of the companies will remain the same but the total outstanding shares in the market will increase which would encourage the investors to buy and sell the shares. Further, the move is expected to promote the retail savings at the stock market as the prices of shares with conversion will become more affordable to the investors.

The current capital structure and shareholding pattern of DPL is as shown below;

4.1 Capital Structure;

Authorized Capital	1,000,000 Equity shares @Nu. 100 = Nu.	100,000,000
Issued and fully Paid-up Capital	8,272,350 Equity Shares @ Nu. 10 = Nu.	82,723,500
Equity Shares held by DHI	4,218,900 Equity shares @ Nu. 10 = Nu.	42,189,000
Equity Shares held by Others	4,053,450 Equity shares @ Nu. 10 = Nu.	40,534,500

5. Human Resources Development

Recognizing that its employees are the most important resources and crucial for achieving its corporate mandates, DPL spent Nu. 0.122 million for the development of human resources in the form of short terms trainings and workshops and seminars. Since the development of human resources will be critical to the success of DPL and considering earlier trends, a budget of Nu. 0.726 million has been approved during 2015 for trainings and workshops.

Despite the lack of financial capability in spending, DPL has availed critical & functional trainings that are initiated by Druk Holding & Investments (DHI), AASBB and MoLHR to build capacity and competency of the employees including the Board.

6. Statutory Auditors

M/s P.C. Maskara & Co., Chartered Accountants from Siliguri was appointed by Royal Audit Authority (RAA) to conduct the audit of Dumsam Polymers Limited for the financial year 2014.

The Auditors' Report does not have any qualifications on the Accounts of the Company. The Auditors concur that the Accounts along with Schedules, significant Accounting Policies and Notes to Accounts are in compliance with the requirements of the Bhutanese Accounting Standards and Companies Act of the Kingdom of Bhutan, 2000.

7. Key Challenges

DPL have faced with numerous challenges, amongst which the foremost are:

7.1 Financing the Working Capital Requirements and Repayment of Term Loan

DPL continues to face daunting financial challenges with operating income not being able to meet the working capital requirements especially in the case of making payment for large invoices like procurement of PP Granules. Similarly, number of Equated Monthly Installment (EMI) against the repayment of Term Loan has defaulted on due date which has resulted in payment of penalty. This was mainly occurred due to insufficient cash when the EMI was due.

To overcome the working capital needs and capability of repayment of Term Loan, the management has put up the proposal requesting upfront payment from DCCL against future supplies. However, the proposal was parked for some time in advice of the Board as DCCL's financial position was not stabilized. In a meantime, management with the Board's instruction is in the process of sourcing the fund as inter-corporate borrowings from other DHI portfolio companies.

7.2 Low Capacity Utilization

Capacity utilization remained below 30% although the sales of bags and revenue have improved as compared to 2013. As per the Annual Compact 2013, the plant capacity utilization was aimed at 80% with assumption that DCCL will consume 60% of the product. However, the dispatch of cement bags to DCCL was not as per the expectations as the cement sale has not picked up due to various reasons which has resulted in low capacity utilization.

7.3 Marketing & Sales

Despite improvement in sales and market shares, challenges remain to penetrate in some of the strategic market segments and regions in India, even through concerted effort carried out with Sales & Marketing Promoter (SMP). Siliguri market although attractive remains uncompetitive for DPL because of fierce competition from Kolkatta, Nepal, Siliguri, Gomtu and transportation disadvantages. SMP in itself remained inactive and impracticable in the market as the large buyers especially cement companies no longer prefer middle men in the supply chain, while small market remained unattractive for SMP.

7.4 Employee related challenges

The organizational climate survey conducted in 2014 reports OCI of 3.27 in the scale of 5, which indicates that DPL is 65.4% successful in satisfying its employees. While uplifting employee moral remains a daunting challenge for the management, the resolution of the board to forgo employee variable cost was an unwelcomed news for the employees, and had caused emotional phobia and mistrust to the top management there by not only affecting the outcome of the survey report but also productivity.

8. Report on Corporate Governance

Good governance having comprised of system, business process, legal infrastructure and organizational culture of firm/enterprises is the key success factor of any organization. DPL management in the endeavor to build core competencies in corporate governances had developed corporate strategic plan (CSP) incorporating the latest management methodology called Balanced Scorecard (BSC) was implemented through the compact designed along BSC perspectives. The management has also developed and implemented following;

- + The standard operating procedures (SOP) that was developed in 2013, aimed at integrating the human, machine, processes, behaviour and outcome was first implemented during 2014.
- + In fulfillment of the primary duty of employer to provide and maintain work environment for employees, that is safe and without risk to health, DPL had come up with health and safety policy 2014, a guide intended to document health & safety arrange of the company in ensuring safe working environment.
- + The scientific baseline for customer satisfaction index (CSI) was first established in 2013, and had continued in 2014. Although the survey was carried out in-house to avoid the cost of outsourcing, the management has taken enough measures to ensure quality & ethical requirement of the survey. CSI achieved during the year was 4.01 in the scale of 5, an increase from 3.68 in the previous year. This implies that DPL customers are 80.2% satisfied with the product and services.
- + A comprehensive organizational survey covering 13 attributes of the organization called key result areas (KRAs) was conducted in 2014 to establish the scientific baseline for organizational climate index (OCI) as perceived by its employees. This was necessary to ascertain the satisfaction level of DPL's employees since the employees are the primary customer of the company who can either "make-or-break". Not surprisingly the OCI as reported was 3.27 or 64.5% successful in



satisfying its employees that would be daunting challenge to raise the level of satisfaction.

8.1 Board of Directors, Board Meetings, Board Committee Meetings and Procedures

The Board of Directors is composed of highly renowned professionals drawn from diverse fields, who bring with them a wide range of skill and experience to the Board, which enhances the quality of the Board's decision making process. The Board of Directors is entrusted with the crucial responsibility and to that effect, it has been vested with the requisite powers, authorities and duties.

Composition of Board of Directors as on December 31, 2013

Category	No. of Directors
Non Executive Directors including the Chairman	5
Executive Director (Chief Executive Officer)	1
Total	6

Necessary disclosures regarding additional directorship, categories and attendance at Board Meetings are given below:

Relevant Details of Directors:

Name of the Director	Category	Profile	No. of Directorship in other DHI Companies	
			Chairman	Member
Mr. Dorji Norbu	Non Executive	MD/CEO, DCCL		1 (DCCL)
Mr. Nima Gyeltshen	Non Executive	Sr. Dungpa, Nganglam		
Mr. Om Prakash Nirola	Non Executive	Associate Director, DHI		1 (BBPL)
Mr. Tshering Tenzin	Non Executive	GM (FAD), DCCL		
Mr. Sonam Wangchuk	Non Executive	GM (Works), DCCL		
Mr. Sherab Namgay	Non Executive	Sr. Analyst, DHI		1 (CDCL)
Mr. Pema Wangchuk	Non Executive	Special Executive, Loden Foundation		
Mr. Sangye Drji	Non Executive	Credit In-charge, BNBL		
Mr. Norbu Tshering	Executive	CEO, DPL		

Note; On 20th August 2014; the resignation of Mr. Om Prakash Nirola, Mr. Tshering Tenzin and Mr. Sonam Wangchuk from DPL Board was endorsed.

During the year five Board Meetings were held and the gap between two meetings did not exceed three months in accordance with the Companies Act of Kingdom of Bhutan

2000. However, the first Board Meeting in 2014 was not able to conduct on or before 31st March 2014 and the permission for delay was obtained from Register of Companies in accordance with the provision of the Companies Act of the Kingdom of Bhutan 2000. The dates on which Board Meetings were held are as follows:

Dates on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
April 23, 2014	6	6
June 30, 2014	6	5
August 20, 2014	6	6
September 25, 2014	6	6
December 31, 2014	6	6

The First Extraordinary General Meeting (EGM) was held on 20th August 2014 to transact the following business;

- ✚ Appointment of Private Shareholder(s) Detectors to the Board of DPL, and
- ✚ Endorsement of newly appointed Board Directors

Attendance of Directors at Board Meetings, AGM and EGM;

Name of Director	Attendance at the Board Meetings held on					Attendance at AGM held on	Attendance at the EGM held on
	April 23, 2014	June 30, 2014	Aug 20, 2014	Sept 25, 2014	Dec 31, 2014	April 24, 2014	Aug 20, 2014
Mr. Dorji Norbu, Chairman	✓	Not Present	✓	✓	✓	✓	✓
Mr. Nima Gyeltshen, Director	✓	✓	✓	✓	✓	✓	✓
Mr. Om Prakash Nirola, Director	✓	✓	NA	NA	NA	✓	NA
Mr. Tshering Tenzin, Director	✓	✓	NA	NA	NA	✓	NA
Mr. Sonam Wangchuk, Director	✓	✓	NA	NA	NA	✓	NA
Mr. Sherab Namgay, Director	NA	NA	✓	✓	✓	NA	✓
Mr. Pema Wangchuk, Director	NA	NA	✓	✓	✓	NA	✓
Mr. Sangye Dorji, Director	NA	NA	✓	✓	✓	NA	✓
Mr. Norbu Tshering, CEO	✓	✓	✓	✓	✓	✓	✓

Board Audit Committee (BAC);

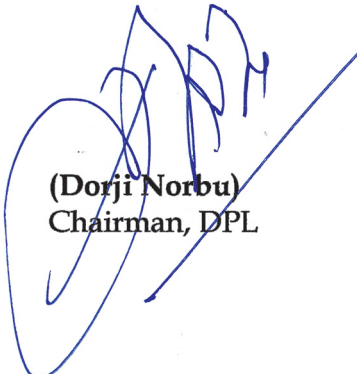
With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the Board Audit Committee. The Board Audit Committee (BAC) spearheads and supervises the internal auditing functions of the company.

ACKNOWLEDGEMENTS

The Board would like to put on record its sincerest gratitude and appreciation to the Royal Government of Bhutan, Druk Holding & Investments, National Pension and Provident Fund, Dungsam Cement Corporation Limited, Royal Security Exchange of Bhutan Limited, Bank of Bhutan Limited, Ministry of Economic Affairs, Royal Monetary Authority, Ministry of Finance, Bhutan Power Corporation and other organizations in Bhutan; and to the suppliers, contractors, customers and public for the continuous support rendered to the company.

The Board would also like to place on record our appreciation for the management team, and the all employees of Dungsam Polymers for their dedicated work and contributions to the performance of the company. The board shall continue to support the company in moving forward and urge the management to continue to improve the performance of the company.

Tashi Delek
For and on behalf of the Board



(Dorji Norbu)
Chairman, DPL

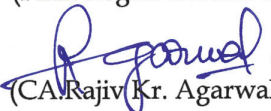


AUDITORS' REPORT

**TO THE SHAREHOLDERS
DUNGSAM POLYMERS LIMITED
NGANGLAM, BHUTAN**

1. We have audited the attached Statement Of Financial Position of Dungsam Polymers Limited, Nganglam, Bhutan as at 31st December 2014 and also the Income Statement and the Cash Flow Statement for twelve months period ended on that date both annexed thereto. The financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes determining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Minimum Audit Examination and Reporting Requirements under Schedule XIV of Section 75 of the Companies Act of the Kingdom of Bhutan, 2000 we enclose a statement on the matters specified therein to the extent applicable as an Annexure to our report.
4. Further to our comments in Annexure referred to in paragraph 3 above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c) the Statement Of Financial Position, the Income Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Significant Accounting Policies and Notes on Accounts at Schedule 26, give the information required by the Companies Act of the Kingdom of Bhutan, 2000 in the manner so required and the said accounts give a true and fair view:
 - i. in case of the Statement Of Financial Position, of the state of affairs of the Company as at 31st December 2014 ;
 - ii. in case of the Income Statement, of the loss for the year ended on that date; and
 - iii. in so far as it relates the Cash Flow Statement, of the movement of cash flows of the Company for the period ended on that date.

Place: Siliguri, West Bengal
Date: 14/3/2015

For P.C. MASKARA & CO.
Chartered Accountants
(Firm Regn.No.306073E)

(CA Rajiv Kr. Agarwal)
Partner (Mem.No.300169)





MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS
FOR THE YEAR 2014

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Physical verification of fixed assets was conducted by the management during the year. No material discrepancies were noticed on such verification.
2. None of the fixed assets were revalued during the year.
3. The stock of finished goods, raw materials, store and spare parts has been physically verified by the management at the year end.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. According to the information and explanation given to us discrepancies were noticed on physical verification of stocks as compared to the book records which was not material in nature.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper and in accordance with Bhutanese Accounting Standards. The basis of valuation is same as in the previous year.
7. The company has outstanding loan amounting to Nu. 122,965,568.22 payable to National Pension & Provident Fund.
8. The company has not granted any secured or unsecured loans to companies, firms or other parties and/or to companies under the same management.
9. The loans/advances granted to officers/staffs are generally in keeping with the provisions of service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is avoided.
10. The Company has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying 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, the internal control system needs to be further strengthened in the area of management of stores.
11. Sales and purchases of goods are based on competitive bidding.
12. As explained to us the company has not entered into purchase and service transaction with the directors or other parties related to the directors or with companies or firms in which the directors are interested.
13. As explained to us there is no unserviceable or damaged stores, raw materials or finished goods.
14. The company is maintaining reasonable system of ascertaining and identifying point of occurrence of breakage/ damages of its goods while in transit, during loading / unloading, in storage and during handing. Responsibility for such loss could be fixed and compensation can be sought from the person responsible wherever possible.

15. The company is maintaining reasonable records for production of finished goods, and adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company. The company has no by products.
16. The company is generally regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authority. Outstanding statutory dues as on 31.12.2014 were Nu. 20,557.00 (P.Y. Nu. 7,663.31).
17. As per information and explanation given to us there is no undisputed amount payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions were outstanding, as per the last day of the financial year concerned.
18. According to the information and explanations given to us, no personal expenses have been charged to the company's accounts.
19. The company has reasonable system of recording receipts, issue and consumption of raw material and stores commensurate with its size and nature of its business. As the operation of the company is continuous one there is no scope allocating materials to any job.
20. Quantitative reconciliation is carried out at the end of accounting year in respect inventories.
21. The approval of the appropriate authority was obtained for writing off amounts due to material loss / discrepancies in physical/ book balances of inventories including finished goods, raw materials, stores and spares.
22. The company has a system of allocating man-hours utilized to the respective jobs as the company has implemented the Performance Management System through which the Employees Performance can be measured according to the target assigned.
23. There is reasonable system of authorization at proper levels. The internal control is commensurate with the size and nature of business of the company. There is system of authorization for issuing of material but allocation of material to job is not possible as the company is not operating on batch production.
24. There is a reasonable system of price fixation taking into account market conditions instead of determining the cost of goods produced.
25. The credit sales policy is in our opinion reasonable. However, the company does not have formalized procedures for credit rating of its customers.
26. The company has not appointed any commission agent for selling its products during the period under audit.
27. In our opinion, the system for follow-up with debtors and other parties for recovery of outstanding amounts have improved since last financial year 2013 but require further improvement.
28. The management of liquid resources particularly cash/bank balances and short term deposits etc are adequate and there is no such excessive amounts lying idle in non-interest bearing accounts.
29. According to the information and explanations given to us, and on the basis of examination of books and records on test check basis, the activities carried out by the company are in our opinion lawful. We have not come across any cases where the company has acted ultra vires the Articles of Incorporation of the company.



30. In our opinion and according to the information and explanations given to us, the company has a system of approval of the Board of all capital investment decision.
31. The company has established a budgetary control system through the implementation of Fund Management (FM) Module in SAP.
32. The input-output relationship was established through standard costing system but the system needs improvement.
33. The remuneration paid to the Directors have been disclosed in the Accounts. We have been informed that no such payment was made to any relative of any director of the company during the year.
34. According to the information and explanations given to us, the directives of the boards have been complied with.
35. According to the information or explanation given to us we are of the opinion that the officials of the company have not transmitted any price sensitive information which are made publicly available, unauthorized to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves.

COMPUTERIZED ACCOUNTING ENVIRONMENT

1. The company has a Computerized accounting system (SAP Environment) and the internal control system seems to be adequate taking into account the size and nature of its computer installations.
2. According to the information and explanation given to us adequate safeguard measures and back up facilities exist there.
3. There is proper back up facilities; disaster recovery measures like keeping files in different and remote locations are practiced after the implementation of SAP.
4. Operational controls are adequate to ensure correctness and validity of input data and output information.
5. There are adequate preventive measures for unauthorized access over the computer installation and files.

GENERAL

1. Going Concern

Based on the Company's financial statements for the year ended 31st December, 2014 audited by us, though the Company has suffered loss we have no reason to believe that the Company is not a going concern since the Company has commenced commercial operation in the year 2012 only.

2. Ratio Analysis

Financial and Operational Ratio Analysis in respect of the Company has been presented in Annexure A.

3. **Compliance with the Companies Act of the Kingdom of Bhutan**

The Company has complied with the requirements of the Companies Act of the Kingdom of Bhutan, 2000. Our observations in detail have been furnished in Annexure-'B' & 'C'.

4. **Adherence to Laws, Rules and Regulations**

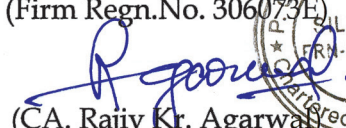
The audit of the Company is governed by the Companies Act of the Kingdom of Bhutan, 2000 and the scope of audit is limited to examination and review of the financial statement as produced to us by the Management.

In the course of the audit we have considered the compliance of provisions of the said Companies Act, its Article of Incorporation & applicable Bhutanese Accounting Standards and we are unable to state that the company has been complying with other applicable laws (other than the Companies Act of the Kingdom of Bhutan, 2000) rules and regulation, systems, procedures and practices.

Place: Siliguri, West Bengal

Date: 14/3/2015

For P.C. Maskara & Co.
Chartered Accountants
(Firm Regn.No. 306073E)


(CA. Rajiv Kr. Agarwal)
Partner (Mem.No.300169)





DUNGSAM POLYMERS LIMITED
A Royal Government of Bhutan Undertaking
(Incorporated under Companies Act of Bhutan 2000)
Nganlam, Bhutan



ANNEXURE-'A'

Ratio Analysis

Sl.	Name of the Ratio	Basis	2014	2013
I	LIQUIDITY RATIOS			
1	Current Ratio	Current Assets/ Current Liabilities	1.39	1.86
2	Quick Ratio	(Current Assets - Inventory)/ Current Liabilities	0.48	0.78
3	Net Working Capital	Net Working Capital / Total Assets	0.09	0.21
II	PROFITABILITY RATIOS			
1	Net Profit Ratio	Net Profit / Sales	(0.29)	(0.36)
2	Return on Assets	Net Profit / Average Total Assets	(0.12)	(0.12)
3	Return on Equity	PAT / Equity Share Capital	(0.34)	(0.30)
4	Return on Capital Employed	PBIT / Capital Employed	(0.04)	(0.05)
III	TURNOVER RATIOS			
1	Asset turnover Ratio	Sales / Average Total Assets	0.44	0.33
2	Inventory Turnover Ratio	Sales / Inventory	2.27	1.05
IV	COVERAGE RATIOS			
1	Interest Coverage Ratio	Interest / (PAT +Interest)	(2.87)	(0.93)
V	CAPITAL STRUCTURE RATIOS			
1	Debt Equity Ratio	Long Term Debt / Net Worth	3.34	1.95

STATEMENT OF FINANCIAL POSITION
as on 31 December 2014

Particulars	Schedule No	2014 Amount (Nu.)	2013 Amount (Nu.)
ASSETS			
Non-Current assets			
Trade and other receivables - Non current	1	36,714.42	36,714.42
Property, plant and equipment	2		
Tangible Assets		123,706,429.17	129,626,071.90
Intangible Assets		7,916,073.60	9,937,198.78
Total Non - Current Assets	A	131,659,217.19	139,599,985.10
Current assets			
Cash and cash equivalents	3	2,154,099.90	26,099,776.23
Restricted cash balances	4	4,414,000.00	9,745,000.00
Trade and other receivables	5	14,043,576.00	10,418,059.70
Other current assets	6	2,272,374.21	1,233,855.94
Inventories	7	43,659,991.55	66,210,919.44
Total Non - Current Assets	B	66,544,041.66	113,707,611.31
Total Assets (A+B)		198,203,258.85	253,307,596.41
EQUITY AND LIABILITIES			
Equity			
Share Capital	8	82,723,500.00	82,723,500.00
Securities Premium Account	9	26,347,425.00	26,347,425.00
Retained earnings	10	(72,220,776.97)	(44,096,090.30)
Total Equity	C	36,850,148.03	64,974,834.70
LIABILITIES			
Current liabilities			
Trade and other payables	11	21,991,901.98	46,208,881.43
Current borrowings	12	23,547,419.46	13,404,273.97
Other current liabilities	13	1,771,635.28	757,321.71
Provision	14	553,485.34	787,457.60
Total Current liabilities	D	47,864,442.06	61,157,934.71
Non Current liabilities			
Non Current borrowings	15	112,818,148.76	126,570,000.00
Retirement benefit obligations - Non Current	16	670,520.00	604,827.00
Total Non Current liabilities	E	113,488,668.76	127,174,827.00
Total liabilities (D+E)		161,353,110.82	188,332,761.71
Total Liabilities and Equity (C+D+E)		198,203,258.85	253,307,596.41

This is the Statement of Financial Position referred to in our report of even date.

For P.C.Maskara & Co.
Chartered Accountants
(Firm Regn. No. 306073E)

(C.A. Rajiv K. Agarwal)
Partner (Mem. No. 300169)

Place : Siliguri, West Bengal
Date : 14/3/15



(Dorji Norbu)
Chairman

(Sherab Namgay)
Director

(Norbu Tshering)
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

Particulars	Schedule No	2014 Amount (Nu.)	2013 Amount (Nu.)
Income			
Revenue from Manufacturing Sector	17	98,314,333.52	68,489,266.30
Other income	18	6,242,489.08	12,961,869.09
Finance Income	23	791,067.22	1,258,421.33
Total Revenue		105,347,889.82	82,709,556.72
Expenses			
Consumption of Raw Material, Consumables and Changes in Inventory of Finished Goods	19	76,344,523.30	58,303,346.16
Operation and Maintenance Expenses	20	2,047,881.45	1,053,647.36
Personnel cost	21	17,616,272.53	17,906,914.43
Other expenses	22	7,431,763.76	9,401,052.06
Depreciation and amortisation	2	8,484,864.36	6,599,349.77
Finance Cost	24	21,503,051.09	14,431,115.40
Total Expenditure		133,428,356.49	107,695,425.18
Profit (Loss) Befor Income Tax		(28,080,466.67)	(24,985,868.46)
Income Tax Expenses		-	-
Profit (loss) After Income Tax		(28,080,466.67)	(24,985,868.46)
Other Comprehensive (income)/Loss			
Actuarial(Gain)/Loss on post employment benefit obligations	C(11)	(44,220.00)	130,530.00
Net Other Comprehensive (Income)/Loss		(44,220.00)	130,530.00
Total Comprehensive Income/(Loss)		(28,124,686.67)	(24,855,338.46)
Basic and Diluted Earnings per Share	C(19)	(3.40)	(3.00)

This is the Statement of Financial Position referred to in our report of even date.

For P.C.Maskara & Co.
Chartered Accountants
(Firm Regn. No. 306073E)
(C.A. Rajiv K. Agarwal)
Partner (Mem. No. 300169)



Place : Siliguri, West Bengal
Date : 14/3/15

(Dorji Norbu)
Chairman
(Sherab Namgay)
Director
(Norbu Tshering)
Chief Executive Officer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

Particulars	Year Ended 31/12/2014	Year Ended 31/12/2013
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax as per Profit and Loss Account	(28,124,686.67)	(24,855,338.46)
Adjusted for:		
Add: Depreciation	8,484,864.36	6,599,349.77
Add: Finance Cost	21,503,051.09	14,431,115.40
Less: Finance Income	(791,067.22)	(1,258,421.33)
Operating Profit before Working Capital Changes	1,072,161.56	(5,083,294.62)
Adjusted for:		
Inventory	22,550,927.89	(43,940,600.57)
Sundry Debtors	(3,625,516.30)	(7,427,860.28)
Restricted Cash Balances	5,331,000.00	(9,745,000.00)
Other Current Assets	(1,038,518.27)	(712,722.47)
Current Liabilities	(24,216,979.45)	40,429,479.68
Provision	(233,972.26)	677,457.60
Retirement Benefit	65,693.00	203,277.00
Other Current Liabilities	1,014,313.57	(6,353,852.58)
Capital Work In Progress	-	1,210,340.23
Current Borrowings	10,143,145.49	-
Cash generated from Operations	9,990,093.67	(25,659,481.39)
Less; Tax Paid	-	-
Net Cash from Operating Activities (A)	11,062,255.23	(30,742,776.01)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	544,096.45	11,288,003.36
Sale of Fixed Assets-Civil Structure	-	734,856.57
Net Cash used in Investing Activities (B)	(544,096.45)	(10,553,146.79)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	40,534,500.00
Proceeds from Securities Premium	-	26,347,425.00
Decrease in Non-current Borrowings	(13,751,851.24)	13,404,273.97
Finance Cost	(21,503,051.09)	(14,431,115.40)
Finance Income	791,067.22	1,258,421.33
Net Cash from Financing Activities (C)	(34,463,835.11)	67,113,504.90
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(23,945,676.33)	25,817,582.10
Cash & Cash Equivalents at the beginning of the year	26,099,776.23	282,194.13
Cash & Cash equivalents at the end of the year	2,154,099.90	26,099,776.23

This is the Statement of Financial Position referred to in our report of even date.

Notes:

1. The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in the Bhutanese Accounting Standard- 7 on 'Statement of Cash Flows'.
2. Cash and Cash Equivalents include cash in hand and bank balances in current accounts [Refer Note No. 3 to the Accounts].
3. Figures in brackets indicate cash outflows.

For P.C.Maskara & Co.
Chartered Accountants
(Firm Regn. No. 306073E)
(C.A. Rajiv K. Agarwal)
Partner (Mem. No. 300169)



Place : Siliguri, West Bengal
Date : 14/3/15

(Dorji Norbu)
Chairman

(Sherab Namgay)
Director

(Norbu Tshering)
Chief Executive Officer

Statement of Changes in Equity
For the year ended 31 December, 2014
Attributable to the Owners of the Company
Amounts in Ngultrum (BTN)

Particulars	Attributable to owners of the parent				
	No. of Shares (issued and fully paid up)	Ordinary Shares Par value	Total Value of Shares	Securities Premium	Retained earnings Total
Balance as at 1 January 2014	8,272,350.00	10.00	82,723,500.00	26,347,425.00	64,974,834.70
Profit for the year	-	-	-	-	(28,080,466.67)
Other comprehensive income for the year	-	-	-	-	(44,220.00)
Balance as at 31 December 20X4	8,272,350.00	10.00	82,723,500.00	26,347,425.00	36,850,148.03

Number of shares authorised for each class of shares:

Authorised share capital	As at 31 December	
	2014	2013
1,000,000 Equity Shares of Nu. 100 each	100,000,000.00	100,000,000.00

Statement of Changes in Equity
For the year ended 31 December 2013 (Restated)

Particulars	Attributable to owners of the parent				
	No. of Shares (issued and fully paid up)	Ordinary Shares Par value	Total Value of Shares	Securities Premium	Retained earnings Total
Balance as at 1 January 2013	4,218,900.00	10.00	42,189,000.00	-	22,948,248.16
Profit for the year	-	-	-	-	(24,985,868.46)
Other comprehensive income for the year	-	-	-	-	130,530.00
Total comprehensive income for the year	-	-	-	-	(24,855,338.46)
Proceeds from shares issued	4,053,450.00	10.00	40,534,500.00	26,347,425.00	66,881,925.00
Total contributions by and distributions to owners of the parent, recognised directly in equity	4,053,450.00	10.00	40,534,500.00	26,347,425.00	66,881,925.00
Balance as at 31 December 2013	8,272,350.00	-	82,723,500.00	26,347,425.00	64,974,834.70



Schedules forming part of the Financial Position



Schedule 1 : Trade and Other Receivables - Non-current

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Long-Term Deposits - Gratuity Fund-BDBL	36,714.42	36,714.42
Total	36,714.42	36,714.42

Schedule 3 : Cash and Cash Equivalents

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Cash in hand	292,561.73	325,148.45
Cash at Bank	1,861,538.17	8,995,232.06
Short Term Bank Deposits	-	16,779,395.72
Total	2,154,099.90	26,099,776.23

Schedule 4 : Restricted Cash Balances

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Margin Money PP - Granule	4,414,000.00	9,745,000.00
Total	4,414,000.00	9,745,000.00

Schedule 5 : Trade and Other Receivables

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Domestic Customers - Trade	10,753,393.67	5,662,687.36
Export Customers - Trade	3,088,426.82	4,479,864.58
Export Customers - Non-Trade	139,510.73	126,442.04
Other Customers	55,453.78	143,505.72
Receivable - Others	6,791.00	5,560.00
Total	14,043,576.00	10,418,059.70

Schedule 6 : Other Current Assets

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Advance - Suppliers	305,175.28	790,914.24
Intragroup Advances	-	2,283.00
Advances to Employees	203,543.14	184,898.97
Pre-paid Expenses	1,763,655.79	255,759.73
Total	2,272,374.21	1,233,855.94

Schedule 7 : Inventories

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Raw Materials	9,171,778.27	34,316,658.52
Consumables	1,533,795.14	1,421,806.80
Semi-finished Goods	28,997,512.08	25,302,794.24
Finished Products	2,548,162.96	4,357,149.03
Scrap Materials	11,516.00	2,543.29
Assets Materials	32,492.40	40,500.75
Spare Parts	1,364,734.70	769,466.81
Total	43,659,991.55	66,210,919.44

Schedule 2 : Property Plant & Equipments (PPE)

Particulars	GROSS BLOCK (Cost)			DEPRECIATION		NET BLOCK		
	As on 31/12/2013	Addition/ Adjustment	Sales/ Adjustment	As on 31/12/2014	For the Period	As on 31/12/2014	Closing Balance as on 31/12/2014	Closing Balance as on 31/12/2013
Tangible Assets								
Civil Structure	73,245,815.80	445,488.10	-	73,691,303.90	2,455,508.09	6,263,853.98	67,427,449.92	69,437,469.91
Fire Fighting & Safety Equipments	37,661.40	-	-	37,661.40	4,088.70	6,133.05	31,528.35	35,617.05
Furniture & Fixtures	474,774.00	-	-	474,774.00	89,255.68	168,455.17	306,318.83	395,574.51
Office Equipment	1,374,779.27	6,800.00	-	1,381,579.27	283,943.63	646,759.97	734,819.30	1,011,962.93
Vehicles	1,513,807.00	-	-	1,513,807.00	131,993.75	732,604.51	781,202.49	913,196.24
Tools & Plants	62,495.75	8,638.35	-	71,134.10	2,106.80	63,311.41	7,822.69	1,291.14
General Assets	5,750.00	83,170.00	-	88,920.00	1,262.66	3,653.32	85,266.68	3,359.34
Machinery	68,519,442.48	-	-	68,519,442.48	3,332,504.66	14,577,595.32	53,941,847.16	57,274,351.82
Low Value Assets	777,031.44	-	-	777,031.44	163,073.21	386,857.69	390,173.75	553,248.96
Total (A)	146,011,557.14	544,096.45	-	146,555,653.59	6,463,739.18	22,849,224.42	123,706,429.17	129,626,071.90
Intangible Assets								
Software	10,164,097.88	-	-	10,164,097.88	2,021,125.18	2,248,024.28	7,916,073.60	9,937,198.78
Total (B)	10,164,097.88	-	-	10,164,097.88	2,021,125.18	2,248,024.28	7,916,073.60	9,937,198.78
Total (A+B)	156,175,655.02	544,096.45	-	156,719,751.47	8,484,864.36	25,097,248.70	131,622,502.77	139,563,270.68



Schedule 8 : Share Capital

(Figures in Ngultrum)

Authorized Capital

Particulars	31st December 2014	31st December 2013
1,000,000 shares @ Nu. 100	100,000,000.00	100,000,000.00
Total	100,000,000.00	100,000,000.00

Issued & Paid up Capital

8,272,350 Equity Shares of Nu. 10 each fully paid up

Particulars	31st December 2014	31st December 2013
Equity Shares Held by DHI	42,189,000.00	42,189,000.00
Equity Shares Held by Others	40,534,500.00	40,534,500.00
Total	82,723,500.00	82,723,500.00

Schedule 9 : Securities Premium Account

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Securities Premium Account	26,347,425.00	26,347,425.00
Total	26,347,425.00	26,347,425.00

Schedule 10 : Retained Earnings

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Retained Earnings	(44,096,090.30)	(19,240,751.84)
Transferred from Income Statement	(28,124,686.67)	(24,855,338.46)
Total	(72,220,776.97)	(44,096,090.30)

Schedule 11 : Trade and Other Payables

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Sundry Creditors - Local	6,922,526.84	10,564,586.39
Inter Group Vendors	2,075,718.68	8,119,401.79
Sundry Creditors - Foreign	12,917,885.46	27,523,281.25
Employee Vendors	16.00	-
Provident Fund Payable	55,198.00	-
TDS Payable	20,557.00	1,612.00
Total	21,991,901.98	46,208,881.43

Schedule 12 : Current Borrowings

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Loan - NPPF	10,147,419.46	-
Working Capital Loan - BOBL	13,400,000.00	13,400,000.00
Interest Accrued on Working Capital Loan - BOBL	-	4,273.97
Total	23,547,419.46	13,404,273.97



Schedule 13 : Other Current Liabilities

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Advances from Customers	575,414.57	51,741.35
Salary Payable to Employees	1,093,821.42	11,475.19
Contributory Provident Fund	-	5,823.85
TDS - Salary	-	37.00
Health Contribution	-	190.46
Other Deductions	9,200.00	(5,534.05)
Outstanding Liabilities - Employees	11,627.20	231,582.93
Retention Money Payable - Suppliers/Contractors	81,572.09	462,004.98
Total	1,771,635.28	757,321.71



Schedule 14 : Non -Current Borrowings

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
<u>Term Loan</u>		
Loan from National Pension & Provident Fund (Secured against hypothecation of Building Infrastructure, Plant & Machineries etc.)	112,818,148.76	126,570,000.00
Total	112,818,148.76	126,570,000.00

Schedule 15 : Provision -Current

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Provision for Performance based Variable Pay	553,485.34	787,457.60
Total	553,485.34	787,457.60

Schedule 16 : Retirement Benefit Obligations - Non -Current

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Provision for Gratuity - NonCurrent	670,520.00	604,827.00
Total	670,520.00	604,827.00

Schedules forming part of the Income Statement

Schedule 17 : Revenue from Manufacturing Sector

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Revenue from sale of Polymer Bags	88,057,470.28	45,663,881.41
Revenue from sale of Fabric	10,256,863.24	22,825,384.89
Total	98,314,333.52	68,489,266.30

Schedule 18 : Other Income

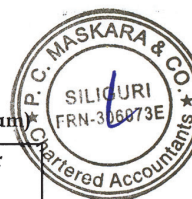
(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Rental Income	264,165.75	282,630.76
Liquidated Damages	11,052.01	-
Audit Recoveries	380,432.89	-
Income From Sale Of Scraps	939,347.75	781,119.88
Discount Received	5,586.46	4,873.25
Other Miscellaneous Income	850,295.74	84,198.63
Price Difference - Material	3,798,894.58	11,809,046.57
Freight Revenue	(7,286.10)	-
Total	6,242,489.08	12,961,869.09

Schedule 19 : Consumption of Raw Material and Changes in Inventory of Finished Goods

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Consumption		
Raw Materials	69,296,418.32	62,597,018.17
Semi Finished Products	129,100,304.64	95,364,735.25
Spare Parts	590,394.50	303,017.14
Consumables	4,650,175.84	1,706,593.44
Cost of Goods Manufacturing		
Semi Finished Goods	(138,063,892.92)	(126,297,159.79)
Finished Goods	(66,247,521.43)	(38,588,791.68)
Scraps	(1,308,578.42)	(1,411,067.14)
Cost of Goods Sold		
Semi Finished Goods	5,431,051.26	23,863,619.85
Finished Goods	72,745,066.91	40,574,415.99
Scraps	151,104.60	190,964.93
Total	76,344,523.30	58,303,346.16



Schedule 20 : Operational & Maintenance Expenses

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Plant & Machineries - Materials	741,133.26	256,204.19
Plant & Machineries -Services	9,706.00	58,796.00
Bulding & Civil Structure - Materials	22,079.63	12,414.65
Bulding & Civil Structure - Services	49,690.00	134,952.80
Office Equipments - Materials	-	13,223.00
Office Equipments - Services	941,521.65	218,771.36
Vehicle -Materials	214,326.98	279,712.98
Vehicle - Services	69,423.93	79,572.38
Total	2,047,881.45	1,053,647.36

Schedule 21 : Personnel cost

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Payroll and related expenses		
Basic Pay	10,152,176.87	9,166,787.63
Allowances	1,159,728.06	1,251,661.89
Shift Allowance	381,150.00	494,870.00
Wages	2,640,055.27	2,296,069.93
Leave Travel Concession	808,868.00	1,046,605.00
PBAV Allowances	553,485.34	792,000.00
Overtime Allowance	221,531.99	606,934.53
Uniforms & Leverages	89,775.00	108,300.00
GPA Insurance	14,429.00	64,470.00
Sport Activities	5,810.00	12,125.00
Short Term Courses	21,478.00	32,117.27
Workshop & Seminars	80,957.00	66,910.00
In House/In Country Training & Certific	19,726.00	-
Rep. Allowance	-	29,721.00
Transfer Grants	-	29,721.00
Defined Benefit Espenses	20,000.00	-
Carriage Charges	-	29,052.40
Leave Encashment	308,800.00	448,050.78
Provident Fund-Matching Contribution	1,116,829.00	1,008,548.00
Gratuity	21,473.00	422,970.00
Total	17,616,272.53	17,906,914.43

Schedule 22 : Other Expenses

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Marketing And Sales Promotion Expenses	131,464.00	26,789.00
Board Meeting Expenses	127,098.00	91,168.00
Board Sitting fees	288,000.00	268,000.00
Board Training Expenses	-	39,917.28
Sub-Committee meeting expenses	-	7,816.00
Sub-Committee sitting fees	20,000.00	56,000.00
Fees And Subscription	122,000.00	200.00
Printing and Stationery	263,003.24	146,651.05
Postage & Courier Charges	3,310.00	4,065.00
Advertisement	61,875.00	71,080.00
Office Expenses	43,520.00	30,833.00
Lease Rent	814,927.18	758,554.00
Travelling Expenses - Local	321,256.75	570,532.58
Travelling Expenses - Foreign	188,552.00	81,200.00
Internet and telephone charges paid to BTL	840,493.59	690,658.39
Internet and Telephone charges paid to Others	15,938.82	102,076.50
Rates and Taxes	63.18	129,206.54
Commission and brokerage expenses	-	500,000.00
License and Registration	-	400,000.00
General Insurance	352,256.22	451,135.00
Electricity Charges - paid to DHI Group Companies	2,541,695.08	2,495,324.10
Hospitality And Entertainment Expenses	54,126.00	375,636.50
Freight Expenses	6,400.00	214,547.56
Books and Periodicals	36,500.00	22,940.00
Corporate Social Responsibility (CSR) Expenses	-	25,000.00
Donations	-	3,240.00
Miscellaneous Expenses	35,806.00	5,322.75
Discount Allowed	39,161.85	126,167.44
Loss/Retirement/Scraping of Inventories	183,335.59	-
Consulting Fees	71,011.41	1,275,000.00
Audit Fees	50,000.00	50,000.00
Audit Expenses	56,317.00	-
Price Difference - Material	239,337.91	-
Hiring Expenses	524,314.94	379,223.35
Marine Insurance	-	2,768.02
Total	7,431,763.76	9,401,052.06

Schedule 23 : Finance Income

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Gain on Foreign Currency fluctuation	729,335.40	1,028,541.75
Interest income on deposits with BoBL	61,731.82	229,879.58
Total	791,067.22	1,258,421.33

Schedule 24 : Finance Cost

(Figures in Ngultrum)

Particulars	31st December 2014	31st December 2013
Interest on Borrowings - NPPF	18,508,651.89	11,999,366.34
Bank Charges - others	-	235.00
Bank Charges, fees & other financial services paid to BoBL	445,173.96	1,097,755.29
Interest On Overdraft Loan - BOBL	2,343,176.09	4,273.97
Loss due to Foreign Currency fluctuation	206,049.15	1,329,484.80
Total	21,503,051.09	14,431,115.40

Dungsam Polymers Limited



Schedule 25: Significant Accounting Policies & Notes to Financial Statements December 2014

(In Ngultrum, except as otherwise noted)

A. Legal Status and Principal Activities

Dungsam Polymers Limited (DPL) is incorporated under the Companies Act of Kingdom of Bhutan, 2000 and has its principal administrative offices in Nganglam, Pemagatshel. The corporation is engaged in production of Polypropylene (PP) Bags and for bulk sale of the same to Dungsam Cement Corporation Limited (DCCL) for packing cement, and for export of surplus PP bags and fabric to the neighboring states of India. The plant commenced commercial production from 26th March 2012.

Dungsam Polymers Limited (DPL) has also been listed with the Royal Security Exchange of Bhutan Limited (RSEBL) on 2nd August 2013. The DPL is the first company divested by Druk Holding and Investments (DHI) since its formation in 2007.

Certain prior period amounts have been reclassified to conform to current period presentation.

B. Significant Accounting Policies

1. Basis of Presentation and Statement of Compliance

The financial statements present the Company's balance sheets as at December 31, 2014 and December 31, 2013, as well as its earnings (loss), comprehensive income (loss), and cash flows, for the years ended December 31, 2014 and 2013. Until December 31, 2012, the Company's financial statements were prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and the relevant provisions of the Companies Act of the Kingdom of Bhutan, 2000 that applied prior to the conversion to Bhutanese Accounting Standards (BAS). In preparing these financial statements, management applied the Eighteen (18) Standards of Bhutanese Accounting Standards (BAS) which were adopted in the Phase I of BAS implementation. The financial statements of the Company have been prepared in accordance with BAS Phase I as issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).

2. Basis of Measurement

The financial statements have been prepared under the accrual, historical cost and going concern conventions except for the defined benefit liability (actuarial valuation of gratuity) in the balance sheets for which the measurement basis is detailed in their respective accounting policies.

3. Critical Accounting Judgments, Estimates and Assumptions

The management made certain estimates and assumptions regarding the future. Estimates and judgment are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

I. Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. As per the provision of BAS 16, the management has chosen Cost Model as an accounting policy and applied the policy to entire class of property, plant and equipment.

II. Impairment of Assets

The carrying amounts of assets are reviewed at each Statement of Financial Position date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. However, the impairment of property, plant and equipment is not carried out in financial year 2014 as to determine whether an item of property, plant and equipment is impaired, an entity has to apply BAS 36 - Impairment of Assets, which will be applicable for Financial Statements covering periods beginning on or after 1 January 2016.

III. Depreciation

As of the reporting date, the depreciation on Property, Plant and Equipment (PPE) is provided on straight-line method based on the useful lives (taking Residual value to be Nil). The management has assessed the useful lives which represent the expected utility of the assets to the company based on the vendor's recommendation. Actual results, however, may vary due to technical or commercial obsolescence, particularly with respect to manufacturing equipment. However, the management will review the useful

lives, depreciation methods and residual values of depreciable assets at each reporting date as required by BAS 16.

Asset Class	Useful Life (in Years)
Civil Structure	30
Machinery, Fire Fighting & Safety Equipments	15-20
Furniture & Fixtures	3-7
Office Equipment, General Assets & Intangible Assets	5
Vehicles	10
Tools & Tackles	2
Low Value Assets	5

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other Income' or 'Other expenses' as the case may be, in the income statement.

IV. Intangible Assets

Acquired SAP ERP software licences are capitalised on the basis of the costs incurred to acquire and bring it to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

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

V. 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 loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

VI. Inventories and Parts and Supplies

Raw materials, work in process and finished goods are measured at the lower of cost or net realizable value. Cost is calculated on Weighted Average Method Basis and comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost of work in process and finished goods includes the cost of raw materials, direct labour and a systematic allocation of fixed and variable production overhead incurred in converting

materials into finished goods. The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the manufacturing facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses. Parts and supplies are valued at the lower of cost or net realizable value, the latter being determined based on replacement cost. Obsolete, slow moving and defective items of inventories, parts and supplies are identified at the time of physical verification and where necessary, adjustment is made for the same.

VII. Cash and Cash Equivalents

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

VIII. Trade and other receivables

Trade and other receivables are initially recognised 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.

IX. Trade and other payables

Trade and other payables are initially recognised 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.

X. Provisions and Contingent Liabilities

Provisions are recognised 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.

XI. Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in Bhutan.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

XII. Revenue Recognition

Revenue generated from the Sale of PP Bags, Fabric Roll & Scrap Materials within and outside Bhutan is recognized on accrual basis when the significant risks and rewards of ownership, legal title and effective control and management over the goods have transferred to the customer as per BAS 18 - *Revenue*. Rates for sale of the same are as determined by the appropriate authority based on the market condition. Revenue is measured by reference to the fair value of the consideration received or receivable, net of estimated returns, rebates and discounts. Other revenues are recognized and accounted for on accrual basis, except where stated otherwise. Interest revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

XIII. Land Lease

Management considers its lease of land to be operating lease. The payments made under operating lease are recognized in the income statement on a straight-line basis over the term of the lease.

XIV. Retirement benefits

BAS 19 *Employee Benefits* and BAS 26 *Accounting and Reporting by Retirement Benefit Plans* will be applicable for Financial Statements covering periods beginning on or after 1 January 2016. However, the early application is permitted by the standard.



Under Defined Contribution Scheme

- i. Eligible employees receive the benefits from the provident fund, which is defined benefit plan. Both the employee and corporation make monthly contribution to NPPF which is equal to a specified percentage of the covered employees' salary. The Provident Fund administered by National Pension and Provident Fund, and such contributions are charged to Income Statement when paid to the NPPF.

Under Defined Benefit Scheme

- i. The Company operates a gratuity scheme for employees, whereby employees receive one month's final salary for each year of completed service. The employee must complete five (5) years of service before the gratuity is payable and the scheme is limited to a maximum of Nu. 1,000,000. The cost of defined benefit scheme and the present value of the related obligations are determined using actuarial valuations. The determination of benefits expense and related obligations requires assumptions such as the expected return on assets available to fund future obligations, the discount rate to measure obligations, expected mortality, the salary escalation rate and the expected experience of employee turnover. Actual results will differ from results which are estimated based on assumptions. All assets held to provide for the future liability are in the form of bank deposits, as required by the Income Tax Act. The assets are therefore subject to the financial risks associated with such deposits. Refer to Note 13 for more information regarding the assumptions and disclosures related to the defined benefit cost for the year ending 31st December 2014.
- ii. Leave encashment is not provided for, in the financial statements as no actuarial valuation has been done.

XV. Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the functional currency of that entity using the exchange rates prevailing at the date of each transaction as per BAS - 21. Foreign exchange gains or losses arising on the settlement of monetary items or on the translation of monetary items at rates different from those at which they were translated on initial recognition during the period are recognized as gain/loss on Foreign Exchange in the period in which they arise.

XVI. Earnings Per Share

As per BAS 33 *Earnings per Share*, Basic earnings per share are calculated by dividing the earnings by the weighted average number of common shares outstanding during the

period. Diluted Earnings per Share is same as Earnings per Share for the Co. since there is no dilutive effect of Outstanding Stock Options.

XV. Events After Balance Date

Material events occurring after the Statement of Financial Position date are taken into cognizance.

XVI. Comparative information

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

C. Notes to Accounts

1. Dungsam Polymers Limited (DPL) was incorporated under the Companies Act of the Kingdom of Bhutan, 2000 on 12th August 2010. The Project based at Chengkari, Nanglam under Pemagatshel Dzongkhag is set up for manufacturing and marketing of Polypropylene related products. DPL has also been listed with the Royal Security Exchange of Bhutan Limited (RSEBL) on 2nd August 2013.
2. There is no contingent liability outstanding against the Company as at 31st December 2014.
3. The company is 51% owned by Druk Holding and Investments (DHI) and 49% owned by public shareholder(s).
4. Royal Securities Exchange of Bhutan has notified all the listed companies that the current face value of Nu. 100 will be converted to Nu. 10 w.e.f 1st August 2014. The conversion was made with an objective to increase the trading and to introduce lot system in the share market. With the conversion, the market capitalization of the companies will remain the same but the total outstanding shares in the market will increase which would encourage the investors to buy and sell the shares.

Further, the move is expected to promote the retail savings at the stock market as the prices of shares with conversion will become more affordable to the investors.

The authorised share capital of the Company is Nu. 100,000,000 (Nu.10,000,000 Equity Shares @ Nu. 10 each). The Capital Structure is summarized as below;





Issued & Paid up Capital

8,272,350 Equity Shares @ Nu. 10 = Nu. 82,723,500.00

Particulars	No. of Shares	Amount (Nu.)	Percentage
Equity Shares held by DHI	4,218,900	42,189,000.00	51%
Equity Shares held by Others	4,053,450	40,534,500.00	49%
Total	8,272,350	82,723,500.00	100%

Reconciliation of the number of shares outstanding:

Particulars	As at 31 Dec 2014		As at 31 Dec 2013	
	Number	Nu.	Number	Nu.
Equity Shares outstanding at the beginning of the year	8,272,350	82,723,500	4,218,900	42,189,000
Shares Issued during the year	-	-	4,053,450	40,534,500
Equity Shares outstanding at the end of the year	8,272,350	82,723,500	8,272,350	82,723,500

5. Approximately 30% of installed plant capacity has been utilized in the financial year 2014.
6. All statutory record and books of account are maintained at its registered office at Nganglam, Pemagatshel, Bhutan.
7. National Pension & Provident Fund (hereafter called as NPPF) has given a loan to the corporation. The borrowing is for a period of 10 years (40 installments), bearing interest at an annual fixed rate of 10%. The corporation has Nu. 126.57 million Collateralized borrowings having net book value of Nu. 122.97 million as at December 31, 2014. The net book value of Nu. 122.97 million is classified into current and non-current liabilities amounting to Nu. 1.15 million and Nu. 112.82 million respectively. A separate classification was made in accordance the paragraph 69 of BAS.
8. NPPF on request of the DPL management, the moratorium period has extended from 1st October, 2012 to 30th June, 2013 and during the period a principal of Nu. 1.25 million has been paid and Nu. 2.36 million was booked as payable as on 31st December 2014. Interest on NPPF loan amounting to Nu. 18.51 million for the year ended 31st December 2014 has been paid on time.
9. The company has an outstanding Working Capital Loan amounting to Nu. 13.40 million from Bank of Bhutan Limited.

10. The admissibility of pension benefits to an employee shall be governed by the pension rules and regulations of the NPPF. On separation from his service, an employee shall be entitled to receive the full accumulation, including interest accrued, of provident fund which is created through a monthly deduction from his salary and an equal contribution (11% of the basic pay) by the employer. Since the PF is managed by the NPPF payment shall be governed by the rules and regulations of the NPPF.

The amount expensed with respect to the provident fund matching contributions for the years ended December 31, 2014 and 2013 was Nu. 1.12 and Nu. 1.01 million respectively.

11. The company had opted for early adoption BAS 19 Employee Benefits for accounting and disclosure of employee benefits. Valuation in respect of Gratuity has been carried out by independent actuary, Towers Waston, Kolkata, West Bangal.

A summary of the key results for the year ended 31 December 2014 are presented below:

A	Change in Defined Benefit Obligation (DBO)	Amount (Nu.)
1	DBO at end of prior period	625,850.00
2	Current service cost	405,380.00
3	Interest cost on the DBO	53,100.00
4	Curtailment (credit)/ cost	-
5	Settlement (credit)/ cost	-
6	Past service cost - plan amendments	-
7	Acquisitions (credit)/ cost	-
8	Actuarial (gain)/loss - experience	(44,120.00)
9	Actuarial (gain)/loss - demographic assumptions	-
10	Actuarial (gain)/loss - financial assumptions	-
11	Benefits paid directly by the Company	(13,050.00)
12	Benefits paid from plan assets	-
13	DBO at end of current period	1,027,160.00
B	Change in Fair Value of Assets	Amount (Nu.)
1	Fair value of assets at end of prior period	328,700.00
2	Acquisition adjustment	-
3	Interest income on plan assets	27,840.00
4	Employer contributions	-
5	Return on plan assets greater/(lesser) than discount rate	100.00
6	Benefits paid	-
7	Fair Value of assets at the end of current period	356,640.00

C	Profit & Loss (P&L)	Amount (Nu.)
1	Current service cost	405,380.00
2	Past service cost - plan amendments	-
3	Curtailment cost / (credit)	-
4	Settlement cost / (credit)	-
5	Service cost	405,380.00
6	Net interest on net defined benefit liability / (asset)	25,260.00
7	Immediate recognition of (gains)/losses – other long term employee benefit plans	-
8	Cost recognised in P&L	430,640.00
D	Other Comprehensive Income (OCI)	Amount (Nu.)
1	Actuarial (gain)/loss due to liability experience	(44,120.00)
2	Actuarial (gain)/loss due to liability assumption changes	-
3	Actuarial (gain)/loss arising during period	(44,120.00)
4	Return on plan assets (greater)/less than discount rate	(100.00)
5	Actuarial (gains)/ losses recognized in OCI	(44,220.00)
E	Reconciliation of Net Balance Sheet Position	Amount (Nu.)
1	Net defined benefit asset/ (liability) at end of prior period	(297,150.00)
2	Service cost	(405,380.00)
3	Net interest on net defined benefit liability / asset	(25,260.00)
4	Amount recognised in OCI	44,220.00
5	Employer contributions	-
6	Benefit paid directly by the Company	13,050.00
7	Acquisitions credit/ (cost)	-
8	Divestitures	-
9	Cost of termination benefits	-
10	Net defined benefit asset/ (liability) at end of current period	(670,520.00)

12. The physical verification of assets and inventories of the company was carried out comprehensively by the verification team including the outsourced internal auditor for the financial year ended 31st December 2014.
13. During the year the Company has assessed the carrying amount of the assets vis-a-vis their recoverable values and no impairment is envisaged at the Statement of Financial Position date.
14. The land occupied by the company was leased from DCCL covering 8.707 acres with an agreement to pay Nu. 2.00 per square feet per annum amounting to Nu. 758,554.00

15. Certain balance of Loans & Advances, Trade Receivables and Current Liabilities are subject to confirmation, reconciliation and adjustments in this respect shall be carried out as and when amount thereof, if any, are ascertained.

16. The Company is mainly engaged in a single business segment of producing PP Bags and related products, accordingly there is no separate reportable segment as per Bhutanese Financial Reporting Standard 8 "Operating Segments".

17. Sales Tax on Polypropylene Bags and Fabric Roll

The management has pursued the sales tax clarification on Polypropylene bag and fabrics vide Letter No. DPL/Govt-14/2012/854 dated 15th November 2012. In subsequent to this, the management received Letter No. RRCO/SJ/BST (Exemption)/2012/922 dated 19th November 2012 from Regional Revenue & Custom Office (RRCO), Samdrup Jongkhar clarifying that till date there is no levy of sales tax on Polypropylene bag and fabrics.

18. Related Party Disclosures

Related parties and transactions with them as identified by the Management are given below;

- a. Key management personnel who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the company;
 - i. Mr. Dorji Norbu, MD/CEO, DCCL – Chairman
 - ii. Dasho Nima Gyeltshen, Sr. Dungpa, Nganglam – Director
 - iii. Mr. Tshering Tenzin, GM (FAD), DCCL – Director (Resigned)
 - iv. Mr. Sonam Wangchuk, GM (P), DCCL – Director (Resigned)
 - v. Mr. Om Prakesh Nirola, Sr. Analyst, DHI- Director (Resigned)
 - vi. Mr. Norbu Tshering, CEO, DPL – Director
 - vii. Mr. Sherab Namgay, Sr. Analyst, DHI – Director
 - viii. Mr. Pema Wangchuk, Special Executive, Loden Foundation – Director
 - ix. Mr. Sangye Dorji, BNBL – Director
- b. No transactions were done with relatives of Key Managerial Personnel during the year.
- c. Intercompany transactions; Fellow subsidiaries with whom transactions have been made during the year:
 - a. Bank of Bhutan Limited
 - b. Dungsam Cement Corporation Limited



- c. Bhutan Telecom Limited
- d. State Trading Corporation of Bhutan Limited
- e. Druk Holding & Investments



Account	Description	Flow	Interco	Amount (Nu.)
1101020103	Balances with BoBL	F_CLO	I_BOBL	2,026,659.73
1104010002	Margin money deposits	F_CLO	I_BOBL	4,414,000.00
1109010102	Intragroup trade receivables	F_CLO	I_DCCL	8,186,988.61
2103010302	Intragroup trade payables	F_CLO	I_BTL	(67,126.60)
2103010302	Intragroup trade payables	F_CLO	I_DCCL	(2,008,592.08)
2104030001	Working Capital Loans from Banks	F_CLO	I_BOBL	(13,400,000.00)
2501010001	Equity Shares held by DHI	F_CLO	I_DHI	(42,189,000.00)
3107010012	Running & Maintenance Of Vehicle-Intergroup	F_CLO	I_STCBL	80,067.65
3109010011	Lease Rent	F_CLO	I_DCCL	814,927.18
3109010037	Consulting fees	F_CLO	I_DCCL	71,011.41
3109010615	Internet and telephone charges paid to BTL	F_CLO	I_BTL	840,493.59
3109010627	Electricity Charges - paid to DHI Group companies	F_CLO	I_DCCL	2,541,695.08
3110010602	Interest on loans from BoBL	F_CLO	I_BOBL	2,343,176.09
3110010604	Bank Charges& fees paid to BoBL	F_CLO	I_BOBL	445,173.96
4107010512	Sale of packing material to DHI Group companies	F_CLO	I_DCCL	(42,754,991.57)
4108010017	Other Miscellaneous Income	F_CLO	I_DCCL	(20,250.00)
4110020503	Interest income on deposits with BoBL	F_CLO	I_BOBL	(61,731.82)

19. Earnings Per Share

Particulars	2014	2013
Profit after income-tax	(28,080,466.67)	(24,985,868.46)
Other comprehensive income for the year	(44,220.00)	130,530.00
Profit used to determine basic earnings per share	(28,124,686.67)	(24,855,338.46)
Weighted average number of ordinary shares in issue	8,272,350.00	8,272,350.00
Basic and Diluted Earnings per Share	(3.40)	(3.00)

20. Managerial Remuneration

Particulars	Amount in Ngultrum (Nu.)	
	2014	2013
Chief Executive Officer*		
Salaries including LTC	770,970.40	702,210.00
Contribution to Provident Fund	42,500.00	39,520.00

Sitting Fees	40,000.00	56,000.00
Travelling Expenses	131,222.75	129,167.58
Non-Executive Directors		
Sitting Fees	256,000.00	220,000.00
Board Level Committee Sitting Fees	16,000.00	48,000.00
Travelling Expenses	76,505.00	52,670.00

**Provision for contribution to gratuity fund which was made based on actuarial valuation on an overall Company basis was not included above.*

21. Auditors Remuneration:

Particulars	Amount (Nu.)	
	2014	2013*
Audit Fees	50,000.00	50,000.00
Audit Expenses	56,317.00	0.00

**The audit fees for 2013 were not paid but necessary provisions were made in the book of accounts, while the audit expenses will be considered as current expenditure in financial year 2014.*

For P.C.Maskara & Co.
Chartered Accountants
(Firm Regn. No. 306073E)

(C.A. Rajiv Kr. Agarwal)
Partner (Mem. No. 300169)



Place : Siliguri, West Bengal

Date : 14/3/15

(Dorji Norbu)
Chairman

(Sherab Namgay)
Director

(Norbu Tshering)
Chief Executive Officer

General Information

CORPORATE OFFICE: DUNGSAM POLYMERS LIMITED

Changkari, Norbugang, Nganglam, Pemagatshel; Bhutan

Tel: (975)-07-481260 / 481241; Fax: (975)-07-481242

Email: info@dpl.bt; Website: www.dpl.bt

AUDITORS: P.C. MASKARA & CO.

Chartered Accountants

423/1 Burdwan Road,

Siliguri - 734005

Phone: 0353-250 3796 / 3800 / 4444

Fax: 0353 - 2504445

E-mail: efiling@gmail.com

BANKERS: BANK OF BHUTAN LIMITED

Nganglam Branch

Nganglam, Bhutan

Phone : +975 07 481218

Fax : +975 07 481219

