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**NATURAL RESOURCES DEVELOPMENT
CORPORATION LIMITED**



NRDCL

dhi Company

**ANNUAL REPORT
2015**

VISION

The nation's premier supplier of natural resources as construction materials at the most affordable rates and in sustainable manner.

MISSION

Be the pioneer in professional management of natural resources such as timber, sand and stone, and make these resources available, affordable and accessible.

COMPANY PROFILE

Brief Background

Natural Resources Development Corporation Ltd. was first started in 1984 as the Bhutan Logging Corporation (BLC). It was then named Forestry Development Corporation Limited (FDCL) in 1996 to reflect its diverse activities. In 2007, it was further restructured to form the Natural Resources Development Corporation Ltd (NRDCL) with a mandate to extract and market sand and stones at affordable prices in addition to timber and to make these resources 'affordable, accessible and available for judicious use in the best interest of the nation and people'.

NRDCL is a fully-owned Druk Holding and Investments (DHI) company. The company is governed by the Articles of Incorporation under the Companies Act of the Kingdom of Bhutan 2000.

OBJECTIVES

- i. Management of natural resources with application of scientific and environmental friendly technology and methods.
- ii. Engage in harvesting/extraction, processing, value-addition and marketing of natural resources through innovative and state-of-the-art technologies.
- iii. Ensure judicious use and equitable supply of resources at affordable price(s).
- iv. Develop valuable timber and non-timber species for industrial and commercial use.
- v. Promote and develop effective alternatives to achieve both social goals and corporate objectives.
- vi. Contribute towards rejuvenation of country's forest cover and nature conservation.

CORE VALUES

NRDCL highly values the following core values which serve as critical factors for realizing the vision, mission and objectives of the corporation:

Transparency and Accountability: Be disciplined, transparent and accountable for our decisions, behaviors, attitude and results

Integrity and Honesty: Be fair, honest and ethical in what we seek to do and how we deliver as an organization

Productivity and Efficiency: Strive for high-levels of productivity and efficiency

Innovation and Creativity: Be creative and innovative in improving the services and technologies to realize our strategic goals (vision, mission and objectives).

Commitment and Teamwork: Be personally committed and take pride in working as a team with common values and goals

Respect and Fairness: Hold others in high esteem. All jobs and all people are important. Do not take advantage of people. View people as an end in themselves, not a means to an end. Behave in accord with our high standards of respect and fairness

Health and Safety: Be conscientious in promoting the health and safety of our people, community and environment

Activities

a. Production and Supply of Timber

NRDCL implements the Forest Management Plans in approved Forest Management Units (FMU) and Working Schemes (WS) and works towards sustainable forest management for the benefit of both the present and future generations of Bhutan. Forestry operations outside the FMUs are also carried out to maintain the health and hygiene of forests, i.e. sanitation/salvage operations to remove over-matured trees, and diseased, insect attacked dead and dying trees to prevent epidemics.



To supplement timber supply and manage the forests on a sustainable basis, NRDCL also carries out thinning activities in collaboration with DoFPS.

Timber is marketed as per Marketing and Pricing Policy of the Royal Government at the prices fixed by the Natural Resources Pricing Committee (NRPC).

b. Extraction and Supply of Sand



NRDCL carries out sand extraction throughout the country to meet the demands of the public and construction industry. The sand is supplied directly from the quarries and depots at low prices as per the demand of the customers. The rates are approved by the NRPC.

c. Extraction and Supply of Stone/Boulders

NRDCL is engaged in marketing of stone/boulders and has exclusive rights to operate stone quarries in FMUs, if required. From March 2008, the Corporation took over extraction and marketing activities of river stone nation-wide.



Some of the boulders are exported across the border to generate revenue. Like sand, stone is supplied directly from the collection sites as per the demand of the customers at fixed rates approved by the NRPC.

d. Production and Supply of Stone Chips from Crushing Plants



NRDCL currently has four stone crushing plants in various locations across the country. Stone chips are supplied from the crushing plants at competitive prices.

Subsidiary activities:

a. Supply of Woodchips

NRDCL supplies woodchips to ferro-alloy industries. Forest residues after timber extraction from FMUs and other areas allotted by the Department of Forests and Park Services are converted into woodchips and supplied.

While the supply is managed and regulated by NRDCL, the price is fixed by the NRPC.

b. Reforestation Programs

Reforestation activities are carried out within areas where timber has been harvested and also in blank and degraded areas within and outside FMUs.

NRDCL also provides seedlings to the various agencies in order to promote forest cover.

c. Forest Road Constructions

To facilitate timber harvesting, environment friendly forest roads are constructed in the operation areas. Most of the NRDCL roads have benefitted the local communities. NRDCL also collaborates with concerned Dzongkhag authorities to combine forest roads with farm roads constructions, wherever possible, in order to save the overall costs, both for the company and the nation.

NRDCL also constructs roads for the purpose of sand and stone operations, wherever necessary.

d. Supply of Firewood

NRDCL supplies firewood from forest residues such as lops and tops after the extraction of prime timber. Supply of firewood from NRDCL is not demand based as it supplies whatever is left behind after the extraction of prime timber.

e. Production and Supply of briquettes

NRDCL manufactures sawdust briquette as a substitute for fuel wood in order to a) reduce the increasing pressure exerted on our forest resources by local demand for fuel wood (for heating & cooking) and b) to better utilize waste wood, mainly sawdust from sawmills. This is a purely non-profit venture and is a part of the corporate social responsibility.

DIRECTORS' REPORT

The Shareholders
Natural Resources Development Corporation Ltd.

The Board of Directors has the pleasure of presenting the report on the business and operations of the company together with the Audited Accounts for the year ended 31st December 2015.

1. Operational Report

The product-wise production and disposal report for 2015 vis-à-vis 2014 and 2013 are presented in the table below.

Sl. No.	Particulars	2015			2014	2013
		Annual Target	Achievement (Quantity)	%		
1	Timber production (cft.)	1,627,000	1,756,580.49	107.96	1,604,830.02	2,362,401.86
2	Timber disposal (cft.)	1,965,525	1,954,917.00	99.46	1,871,928.76	2,039,619.97
3	Sand production (m ³)	328,278	318,443.11	97.00	346,130.33	410,563.11
4	Sand disposal (m ³)	330,915	330,132.36	99.76	303,381.42	375,360.91
5	Stone production (cft)	2,523,215	4,079,355.71	161.67	3,208,110.96	3,303,731.07
6	Stone disposal (cft)	2,972,126	3,008,570.04	101.23	3,218,789.58	3,358,656.92
7	Stone chips production (cft)	1,299,000	1,248,774.79	96.13	2,375,704.14	1,683,360.27
8	Stone chips disposal (cft)	1,986,736	1,901,010.39	95.69	1,450,665.95	944,640.01

1.1 Timber:

- Timber production in 2015 was 1.757 million cft. against the target of 1.627 million cft. and disposal was 1.955 million cft. against the target of 1.966 million cft. As compared to 2014, both production and disposal of timber have increased slightly in 2015.
- Total revenue of Nu. 280.608 million was earned from the sale of timber in 2015 against the target of Nu. 286.916 million as compared to revenue earning of Nu. 258.028 million in 2014.
- 51,850.04 cft. of rural timber was supplied at subsidized rates to support rural construction, foregoing revenue of Nu. 3.190 million to NRDCL, which is a direct contribution to social objectives.
- The stock of timber was reduced from 646,102.05 cft. at the beginning of 2015 to 447,577.96 cft. as on 31.12.2015.

- e. Timber storage sheds (both temporary and permanent) were constructed in the depots, wherever required, to protect the timber from deterioration and decay.
- f. A sawmill was set up at Ramtokto to saw the old unsold timbers in the timber depots across the country and sell in the sawn form. This was done to also ease customers' requirement for small quantities of sawn timber and improve service delivery.
- g. As a move towards value-addition, meet the special-sized timber requirements and maximize timber utilization, the company, with financial support from DHI and in collaboration with the Royal Academy Project, initiated the establishment of a pilot glu-lam timber production unit at Pangbisa, Paro.
- h. The current timber marketing and distribution modalities allow timber sale only to registered members of the Association of Wood-based Industry (AWBI). In order to allow NRDCL to fulfil its mandate of making locally available construction materials, particularly timber, available and accessible to the general public, dialogue was initiated with the Ministry of Agriculture and Forests to review and revise the timber distribution modalities.
- i. Further, as most of the logging equipments are old with some dating back to as early as the 1980s, the company developed a machinery replacement plan with the aim to phase out the old machinery and bring in new state-of-the-art technology. This would increase efficiency and service delivery while at the same time, would reduce the operational costs in the long term. In 2015, the company invested in a new cable crane set.

1.2 Sand

- a. Sand extraction in 2015 was 318,443.11 m³ against the target of 328,278 m³ and disposal was 330,132.36 m³ against the target of 330,915 m³.
- b. Total revenue of Nu. 55.002 million was earned from sale of sand in 2015 as compared to Nu. 45.264 million in 2014.



- c. Supply of sand from Sha Region, which is the main supply source for western and central parts of the country, was maintained uninterrupted throughout the year through sand dredging. As the sources are depleting with less natural sand deposits occurring annually and reduction in the number of extraction sites, the company plans to invest in more dredging units in future to supplement and keep up the sand supply. It is also observed that customers prefer dredged sand over natural sand due to its superior quality. One such unit is planned to be installed in 2016.
- d. Sand sieving was introduced for sand supplied from Sha Region and customers were given the option to take four different types of sand depending upon their need.
- e. In order to address the road block issue on Thimphu-Wangdue highway due to widening works and facilitate smooth transportation of sand, a scheme for supply of sand was introduced in early 2015. Taking into view the road block timings, the loading time at the NRDCL sand sites were started at 7-8 am in the mornings and extended in the evenings till the last truck was loaded, including on Saturdays.

1.3 Stone

- a. Stone/boulder extraction in 2015 was 4.079 million cft against the target of 2.523 million cft and disposal was 3.009 million cft. against the target of 2.972 million cft.
- b. Total revenue of Nu. 9.854 million was earned from sale of stone in 2015 as compared to Nu. 10.290 million in 2014.
- c. As the company was incurring huge losses from stone quarries, contracts with the three stone quarry contractors were suspended and quarrying operations discontinued in 2015. This has resulted in substantial reduction in expenses and minimized losses from the stone crushing business.

1.4 Stone chips

- a. Stone chips production in 2015 was 1.249 million cft against the target of 1.299 million cft and disposal was 1.901 million cft. against the target of 1.987 million cft.
- b. Total revenue of Nu. 34.394 million was earned from the sale of stone aggregates in 2015 as compared to Nu. 35.937 million in 2014.
- c. There is a stock balance of 1.306 million cft. Efforts are being made to dispose the stock.
- d. The stone crushing plants were operating on losses and detailed review revealed that the crushing plants fed by quarries were incurring higher losses. Therefore, in order to minimize the loss, two 100 TPH plants were sold during the year. The company would try to operate the rest of the four plants (30 TPH) at beak-even point in 2016, failing which, the company might have to consider discontinuing the stone chips business.

The Board would also like to present the report on NRDCL's other important activities which arise from its social mandates and are of long term significance as follows:

Sl. No.	Particulars	2015			2014	2013
		Target	Actual	%		
1	Woodchips production & supply (m ³)	18,660	8,004.91	42.90	10,297.18	12,517.07
2	Firewood production & supply (m ³)	25,000	40,491.32	161.97	35,988.34	32,866.91
3	Briquette production (kg)	350,000	249,000	71.14	367,460	404,340
4	Briquette disposal (kg)	350,000	270,910	77.40	316,150	400,410
5	Plantation Creation (Ha.)	64.89	64.89	100	58.85	48.85
6	Road construction (km)	18.87	18.77	99	15.32	24.70
7	Rural Timber Supply (cft.)	-	51,850	-	112,936.15	292,037.46

Woodchips

The target for woodchips was underachieved due to lack of demand from the ferro-alloy industries which are the main buyers of woodchips. Discussions were initiated with the ferro-alloy industries on the decreased demand for NRDCL woodchips. The reasons expressed by the above customers were: a) availability of cheaper alternatives, i.e., bamboo chips from across the border, and b) issues regarding the current measurement system followed, i.e., instead of cubic metre, they preferred tonnage (metric tonne) system. The company has initiated the change in the measurement system to be effected from 2016 and the demand is expected to improve in 2016.

Revenue of Nu. 12.789 million was earned from the sale of woodchips in 2015 against Nu. 16.407 million in 2014.

Briquette

249,000.00 kg sawdust briquettes were produced in 2015 and 270,910.00 kg disposed against the target of 350,000 kg. The Briquette plant was non-operational for about four months as it was undergoing major maintenance and therefore, the production and disposal targets are underachieved.

Firewood

The firewood target was overachieved, i.e., 40,491.32 m³ was supplied against the target of 25,000 m³. Firewood supply is done based on demand and subject to availability of lops and tops or forest residue after extraction of prime timber.

Plantation

- a. 64.89 Ha. plantation was carried out against the target of 64.89 Ha in 2015 and 137,650 nos. of seedlings were raised against the target of 138,800 seedlings. 417.20 Ha of plantations were maintained.

- b. A total amount of Nu. 7.112 million was spent in plantation creation, maintenance and seedling production in 2015.
- c. The Board is also pleased to report that a total of 881.36 Ha (2,177.83 acres) of established plantations across the country was handed over to the Department of Forests and Park Services, MoAF during the year. The plantations had been carried out by the company since its inception till 2013 and had more than 70% survival rate on an average.
- d. As of December 2015, NRDCL had carried out plantations in a total area of 1,825.63 Ha (4,511.15 acres) across the country, including those handed over.
- e. The company plans to carry out plantations on commercial basis in future and play its role in supporting the government's policy of Bhutan remaining carbon neutral.

Road construction

18.77 km of road (including those works in progress) was constructed against the target of 18.87 km and approximately 443.548 km was maintained. Roads are constructed to facilitate timber harvesting and gain access to the operation areas.

2. Financial Report

The highlight of the financial performance of the company in 2015 is presented below:

Nu. in million

Sl. No.	Particulars	2015	2014	2013
1	Share Capital	45.000	30.000	30.000
2	Reserves & Surplus	535.317	515.129	543.808
3	Net worth (1+2)	580.317	545.129	573.808
4	Borrowings (Net)	35.331	41.389	46.750
5	Capital Employed (3+4)	615.648	586.518	620.558
6	Gross Block of Assets	713.409	734.257	716.141
7	Accumulated Depreciation	340.775	315.696	257.793
8	Net Block of Assets (6-7)	372.634	418.561	458.348
9	Working Capital	188.530	187.027	210.155
10	Income from Sales	394.272	367.532	378.486
11	Other Income	34.110	29.068	30.594
12	Total Income (10 +11)	428.382	396.600	409.080
13	Expenses	405.214	388.982	366.228
14	Profit before Tax	23.168	7.618	42.852
15	Corporate Income Tax	7.459	1.772	12.019
16	Profit After Tax	15.709	5.846	30.833
17	Dividend	-	-	-

Net worth

The net worth of the company as on 31.12.2015 has increased by 6.45% i.e. from Nu.545.129 million in 2014 to Nu. 580.317 million in 2015 because of increase in paid-up share capital through equity injection of Nu.15.000 million by the holding company – DHI, actuarial gain of Nu.4.479 million on account of retirement benefit obligation and transfer of net profit of Nu.15.709 million to reserves and surplus.

Assets

The gross block of assets of the company has decreased by 2.84% in 2015 i.e. to Nu.713.409 million from Nu. 734.257 million in the previous year, a decrease of Nu. 20.848 million. This decrease is attributed mainly to the sale of two crushing plants (with gross block of Nu.47.619 million) during the year.

Revenue and Profit

The company registered an 8.01% increase in its total revenue i.e., by Nu. 31.782 million in 2015 (from Nu. 396.6 million in 2014 to Nu. 428.382 million in 2015). This increase was due to increase in the sale of timber and sand as compared to the previous year.

The Profit After Tax (PAT) in 2015 was Nu. 15.709 million as compared to Nu. 5.846 million in 2014. This is attributed to increase in sale of timber and sand, control in expenditure and reduction in loss from crushing plants with the sale of two 100 TPH plants and suspension of operations in three stone quarries.

Expenditure

The total expense for the year 2015 was Nu. 405.214 million as compared to Nu. 388.982 million in the previous year, an increase by Nu. 16.232 million or 4.17%. The increase in expenses is mainly due to treatment of decrease in inventory (stock) amounting to Nu. 23.326 million as expense.

The Board would like to highlight that on the whole, the performance of the company, which was hit hard by the poor economic situation of the country and the consequent slowdown of the construction industry since 2012, improved in 2015. Various measures and initiatives were taken to revive the company and recover from the after-effects of the economic downturn. A few of these were suspension of the quarry operations, sale of two crushing plants, carrying out of the organizational development exercise, reduction in the number of regional offices from eight to six and reduction in the manpower. A critical financial review of the company was also conducted and its recommendations implemented in order to improve the financial situation of the company.

It is expected that over the next few years, the financial situation of the company would improve further. A reserve fund has been created in 2015 for future investments with an initial amount of Nu.5.000 million to start with. The company plans to set aside some fund every year to add to this reserve fund.

Though faced with many challenges and constraints, NRDCL, as in the past, would continue to work very hard towards fulfilment of its very important mandate and objective of making our country's scarce natural resources 'accessible, available and affordable' in the domestic market and contribute to the nation building process.

3. Audit Reports

The company was audited by M/s M. Mukerjee and Co., Chartered Accountants, Kolkata, India. We are pleased to report that the company has complied with most of the observations of the Auditors on the Corporation's accounts of the previous year. As such, for the year 2015 the Auditors have not made any adverse observations on NRDCL Accounts, except for some suggestions and recommendations for further improvement.

The Notes to Accounts referred to in the Auditor's Report are self explanatory and, therefore, does not call for any further comment on the observations under Section 71(1) (D) of The Companies Act of Kingdom of Bhutan 2000.

4. Corporate Governance Report

It is the Board's and company's continuing endeavor to engage in good corporate governance practices. Accordingly, the company has complied with the requirements of the *Companies Act of the Kingdom of Bhutan 2000*, *Corporate Governance Code* of DHI and other statutory requirements.

Board size and composition

The Board of Directors is entrusted with the crucial responsibility of management of general affairs, strategic direction and performance of NRDCL. To that effect, it has been vested with the requisite powers, authorities and duties. The management of NRDCL is headed by the Chief Executive Officer and has functional heads as its members who look after the management of the day-to-day affairs of the company.

The NRDCL Board is comprised of seven Board Directors, including the Chairman and the CEO. The size, composition and number of independent Directors were determined in keeping with the Board Charter – Section 2.2 and 2.3 of the CG Code. None of the Directors held more than a total of three directorships in other DHI owned companies. The CEO attends all board meetings, except when the CEO's terms and conditions are being evaluated. The CEO reports to the Board on the operation, management and performance of the company. Other members of the management team, such as the Head of Finance Division, may also attend in order to

provide the board with financial information. The Board is assisted by a Company Secretary who is not a member of the Board.

Composition of the Board and attendance in 2015

Name of Director	Category	Profile	No. of Board meetings attended during 2015	No. of Directorship on other DHI owned/ controlled companies
Mr. Chencho Norbu	Chairman	Director General, Department of Forest & Park Services	7	1 (Chairman, Wood Craft Centre Ltd.)
Mr. Tashi	Independent Non-Executive	Zimponwom, Office of Gyalpoi Zimpon	7	
Mr. Karma Jattu	Independent Non-Executive	Managing Director, Phuensum Builders Pvt. Ltd.	7	
Mr. Tenzin Namgay	Independent Non-Executive	Chief Registrar, Rural Land Division, NLCS	6	
Mr. Sonam Tobgay Dorji	Independent Non-Executive	Managing Director, Nima Construction	5	
Mr. Karma Galleg	Non-Independent Non-Executive	Associate Director, CPD, DHI	7	
Mr. Karma Dukpa	Non-Independent Executive	CEO, NRDCL	7	1 (Chairman, Bhutan Board Products Ltd.)

Seven Board meetings were conducted in 2015, maintaining the quorum requirements and the gaps between the meetings not exceeding three months in accordance with the Companies Act 2000 and DHI CG Code.

The dates on which the Board meetings were held are as follows:

1. January 7, 2015
2. March 11, 2015
3. April 25, 2015
4. May 30, 2015
5. August 9, 2015
6. November 7, 2015
7. December 30, 2015

Notices including agenda with the necessary information and reference materials are sent to Board Directors before the meetings in keeping with the requirements of the CG Code. Additional meetings are held on shorter notice in the case of exigencies.

Board Committees and meetings

Three Board Committees have been formed to assist the Board in executing its responsibilities. The power and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board. The Committee Charter outlines the terms and responsibilities of the committee. Board committees do not have a legal standing or a distinction from the Board itself, and works only to make recommendations to support board decision-making.

The Board committees are:

1. Board Audit Committee: Its primary function is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Board Audit Committee is comprised of two independent non-executive Directors as members and held five meetings in 2015.

2. Board Executive Committee: Its primary responsibility is to review and make recommendations to the Board on issues related to policies, procedures, systems and the company's budget and business plans. It also functions as the HR and procurement committee of the Board.

The Board Executive Committee is comprised of three Directors as members and held three meetings in 2015.

3. Nomination and Governance Committee: The NGC for the selection of CEO is carried out by the full Board with board member representatives from the DHI board. The NGC is set up as and when required and follows procedures as streamlined within the DHI Guideline for Selection and Appointment of CEOs in DHI Owned Companies.

General Meetings

The Annual General Meeting was held on 14 April 2015. One Extraordinary General Meeting was also convened during the year.

Board Remuneration

Each board member receives fees and reimbursement for reasonable costs related to their participation in board meetings and board committee meetings. Details of financial remunerations paid to Directors are set out in Note - 21 (para 15) of financial statements.

5. Corporate Social Responsibility

Rural timber supply

The corporation continues to supply timber (rural) at subsidized rates to general public in rural areas to support rural construction, foregoing substantial revenue. In 2015, 51,850 cft. of rural timber was supplied, with the company foregoing revenue of Nu. 3.190 million. This is a direct contribution to social objectives by NRDCL.

a. ***Firewood supply***

The company continues to supply firewood to the cremation ground in Thimphu free of cost through the People's Project as a contribution to social welfare. 400 m³ of firewood worth Nu. 343,515 was supplied during the year.

b. ***Briquette production and marketing***

One very important activity that the company continues to carry out as part of its corporate social responsibility is the production and supply of sawdust briquettes from its plant at Ramtokto, Thimphu. Purely a non-profit venture, sawdust briquettes are produced as a substitute for fuel wood in order to a) reduce the increasing pressure on our forest resources exerted by local demand for fuel wood (for heating & cooking) and b) to utilize sawdust (waste wood) from sawmills. In 2015, 249,000 kg of briquette was produced and 270,910 kg sold.

c. ***Donations***

In 2015, the company made donations amounting to Nu. 1.174 million for various social, religious and welfare purposes.

d. ***Construction and maintenance of forest roads***

Many of the forest roads constructed by NRDCL for timber extraction in different regions are also planned to benefit the local communities, with positive socio-economic impacts to the communities concerned. For example, the 2.9 km road constructed at Gogona FMU under Sha Region in 2015 will directly benefit about three villages located in the vicinity.

Such roads are maintained by NRDCL even after completion of the operations.

In order to provide social service to the community living within the Rodungla FMU, Bumthang, NRDCL contributed Nu. 0.5 million for the construction of farm road in 2015 as part of corporate social responsibility.

6. Environment Protection and Promotion Activities

NRDCL complies with all the requirements of the environmental rules and regulations of the RGoB in carrying out its operations. Further, every effort is made to protect the environment and minimize impact of NRDCL operations on the natural environment and health of the ecosystem. Some of the activities that NRDCL carries out towards this are:

- a. Use of environment-friendly technology and processes in its operations such as mechanized logging operations, environment friendly road constructions, etc.
- b. In keeping with the constitutional requirement to maintain 60% of the areas under forest cover for all times to come and managing the natural resources on a sustainable basis, NRDCL has been investing in afforestation and reforestation activities. In 2015, Nu.7.112 million was spent in such activities.
- c. To maintain the general health and hygiene of the forests, NRDCL carries out sanitation/salvage operations as and when required. In 2015, timber salvage operations were carried out in Haa East FMU and Gidakom FMU.
- d. River protection works such as construction of gabion walls are carried out wherever required. In 2015, the company constructed a 140 m gabion wall at a cost of Nu. 1.630 million at Tshokana sand quarry site in Wangdue and a 157 m gabion wall at a cost of Nu. 0.726 million at Paithakhola river boulder collection site under Gelephu.
- e. The company supplied 3,000 numbers of seedlings for Samarzingkha plantation, Thimphu free of cost as a part of corporate social responsibility.

7. Customer Service

The Customer Satisfaction Index (CSI) for 2015 is 3.76 as per the Customer Satisfaction Survey Report.

Measures for customer convenience such as supply of sand from Sha Region without any hindrance created by the road expansions works were initiated. Choices to lift different types of sand were provided through introduction of sand sieving. Similarly advocacy materials were developed and circulated. About 17 front-line customer service staff were also trained on customer service delivery.

8. Human Resource Development and Management

- i. NRDCL has a total of 322 employees (266 regular, 4 contract and 52 ESP) managing operations in its six Regional Offices covering the whole country.
- ii. An Organizational Development Exercise was conducted during the year and right-sizing carried out. Two crushing plants were sold and the number of regions was reduced from

eight to six with the merger of Zhemgang and Samdrup Jongkhar Regions with Jakar and Zhonggar Regions respectively. The number of Sections under the Divisions in the Head Office was also reduced. Employees were either relieved or redeployed based on requirements.

- iii. The manpower requirements for the two new projects started during the year - Sawmill and Glu-lam Project – were also met from the existing staff.
- iv. New recruitments were avoided as much as possible and were done only at the lower level such as machine operators, field assistants and helpers who were critical for field operations.
- v. Working towards building the human resource capacity of the company, around 89 employees were trained in various fields of requirements, including 16 undergoing long-term study (in-country) at various levels.

9. Acknowledgement

The Board of Directors would like to express the deep appreciation and sincere gratitude to the Royal Government, Druk Holding & Investments (DHI), Department of Forests & Park Services (DoFPS), Department of Geology & Mines (DGM), National Environment Commission, National Land Commission Secretariat, Royal Academy Project, Dzongkhag administrations & local governments, rural communities and other concerned government and private agencies for their guidance, continued cooperation and support, feedback and encouragement which have been valuable for directing the course of the Company affairs and achievement of its various goals and objectives.

The Board would also like to extend appreciation for the leadership and guidance provided by the Chairman, DHI to the company towards fulfilling its very important mandates of making natural resources affordable, available and accessible. The Board and management welcomed the concern and engagement by the DHI Chairman, and look forward to similar support in future too, which would greatly benefit NRDCCL.

Furthermore, the Board would also like to acknowledge the hard work and efforts of the management team and employees of NRDCCL and thank them for their unfailing dedication and commitment towards achievement of the Company's vision, goals and objectives.

TASHI DELEK

For and on behalf of the Board.



(Chencho Norbu)

Chairman

NRDCCL



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATURAL RESOURCES DEVELOPMENT CORPORATION LTD

THIMPHU: BHUTAN

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Natural Resources Development Corporation Ltd., Thimphu, which comprise the statement of financial position as at 31st December, 2015, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bhutanese Accounting Standards (BAS), and for such control as management determines is necessary for preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA). Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's presentation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Office

24, NETAJI SUBHAS ROAD, 2ND FLOOR, ROOM NO. 24, KOLKATA - 700 001, TEL : (033) 2230 1882, TELEFAX : (033) 2230 4886
B.O. ● : 11, NIRAJ INDUSTRIAL ESTATE OFF. MAHAKALI CAVES ROAD, MUMBAI - 400 093, MOB. : 09820196998
● : KAMAL NIWAS (OPP. STATE LIBRARY), MIDDLE POINT, ANDAMAN NICOBAR ISLANDS, PORT BLAIR - 744101
Cell : 09903151425 e-mail : mmukerjee.company@gmail.com / spandan.s@mmca.in
Website : www.mmca.in PAN : AAFFM3769H



M. Mukerjee & Co.

CHARTERED ACCOUNTANTS

Continuation Sheet

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of M/s Natural Resource Development Corporation Ltd. as at 31 December 2015, and its financial performance and its changes in equity and its cash flows for the year then ended in accordance with BAS.

Emphasis of Matter

Without qualification to the opinion expressed above, attention is drawn to partial non-confirmation of receivable and non confirmation/ non reconciliation in respect of creditors, advances and payables as stated in Para 13 of the Notes on Accounts in Note 21, the probable effect of which on the Profit for the year and Assets /Liabilities of the company is not ascertainable.

Report on Other Legal and Regulatory Requirements

As required by Section 75 of the Companies Act of the Kingdom of Bhutan, 2000 read with Section II of Schedule XIV thereto (the Minimum Audit Examination and Reporting Requirements) we enclose in the Annexure A, a statement on the matters specified therein to the extent applicable.

As required by Section 74(3) of the Act, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion, proper books of account and returns as required by law have been kept by the Company so far as appears from our examination of the books.
- (c) 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 have been prepared in accordance with accounting principles generally accepted and are in agreement with the books of account and returns.
- (d) in our opinion, the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows comply with the Bhutanese Accounting Standards and provisions of the Companies Act of the Kingdom of Bhutan, 2000.

Place: Kolkata

Dated: The 21st day of March, 2016



For M Mukerjee & Co.,
Chartered Accountants
FRN: 303013E


(Spandan Sengupta)
Partner
(Membership No.135833)



MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

(Referred to in paragraph 3 of Auditors' Report of even date on the accounts of NATURAL RESOURCES DEVELOPMENT CORPORATION LTD for the period ended December 31, 2015)

1. The Company has introduced a system for maintaining proper records showing full particulars including quantitative details and situation of fixed assets. However, such system needs to be further improved in order to achieve acceptable standard. Physical verification of the fixed assets has been conducted in the Regional and no material discrepancies were noticed on perusal of such verification reports made available to us.
2. None of the fixed assets were revalued during the current period.
3. The stock of Timber, sand and stone has been physically verified by the management during the year as also the stock of stores and spare parts *except the stores and spares at Regional offices.*
4. In our opinion, the procedures of Physical verification of stock of timber, sand and stone followed by the management are reasonable and adequate in relation to the size of the Corporation and the nature of its business.
5. The physical stock of timber, sand and stone is considered for stock valuation and has been reflected in the accounts. The discrepancies noted between physical and book stock of those items has no material financial impact on the profitability.
6. In our opinion the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on a basis consistent with the previous year, except otherwise stated in the accounts.
7. In respect of Stock of stores & spare parts, in the physical verification report of said items at HQ, shortages, damages, discrepancies' were not recorded.
8. Perusal of the relevant records revealed that majority of the capital stock of stores & spares has no movement during the year. We were informed that such stores & spares are imported but with the fast change in the technologies, those spares parts don't fit into the machinery / equipment which resulted slow / non- movement of such stock of stores & spare parts. Therefore the management should declare such surplus / obsolete items of store & spare parts and necessary accounting treatment should be made. We are also of the opinion that the Company needs to strengthen





M. Mukerjee & Co.

CHARTERED ACCOUNTANTS

Continuation Sheet

- the system of ascertaining and identifying the point of occurrence of breakage / damage stock and make necessary provision for loss, if any, in the accounts.
9. On the basis of examination of the records, the company has not availed any loans, secured or unsecured, from companies, firms or other parties and /or from companies under the same management during the year.
 10. On the basis of examination of the records and information made available to us, the company has not granted any loans, secured or unsecured, to other companies, firms or other parties and / or other parties and / or to companies under the same management.
 11. On the basis of examination of the records and information made available to us, the advances given to suppliers are followed up periodically and the amounts are more or less adjusted as and when the transactions are completed.
 12. According to information and explanation given to us, the advances granted to Officers / Staff are generally in keeping with the provision of service rules and by and large no excessive / frequent advances are granted and accumulation of large advances against a particular individual is avoided.
 13. In our opinion and according to the information and explanation provided to us, the Company has established the system of internal control 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 and regulation systems and procedures. *However, the internal control system need to be further strengthened in the area of management of stores, advances to be given to the contractors in proportion of work done, adjustment of the advances paid to the suppliers & contractors at the time of finalization of their bill, in order to commensurate with the size of the Company and the nature of business.*
 14. The Company follows a system of competitive bidding commensurate with the size of the company and the nature of its business for the purchase of goods and services.
 15. Based on the information and explanation made available to us, the Company had not entered into any irregular transaction for purchase of goods and service with the directors or any other parties related to the directors or with companies or firm in which the directors are interested. *Further, the records verified by us in this regard did not reveal any transaction in which Directors are interested.*





16. Consequent to adoption of BAS, valuation of stock of stores and spares was done on weighted average cost or Net Realizable Value whichever is low. *However no documentary evidence was made available to us whereby the Net Realizable Value of the stores and spares could be ascertained in order to compare the same with the Weighted Average Cost.*
17. In our opinion and as per the test/sample check conducted by us, reasonable records have been maintained by the company for the production of finished goods and adequate physical safeguards exist to prevent un-authorized or irregular movement of such goods from the company.
18. The Company is generally regular in depositing rates and taxes, duties, royalties, provident fund and other statutory dues with appropriate authorities. The Gratuity and Leave Salary liabilities are ascertained as per Actuarial Valuation. Hence an aggregate liability towards Gratuity and Leave Salary to the extent of Nu 12.430 million was written back during the year.
19. On the basis of our checks we are of the opinion that undisputed amounts payable in respect of rates taxes, duties, royalties, provident fund and other statutory deductions were not generally outstanding on the last day of financial period which were outstanding beyond their due date. The provision for corporate tax for the year is adequate and necessary adjustments have been made to compute the amount of tax required under the Income Tax Act of the Kingdom of Bhutan 2001
20. As per information and explanation given and as per the test check conducted by us, personal expenses except under contractual obligation were not charged to the company's accounts.
21. There is a reasonable system of price fixation taking into account the cost of production and market condition.
22. The Company has no commission agents in connection with sales made through Auction.
23. The management of liquid resources particularly in respect cash, bank and short term deposits are generally adequate. As explained to us the activities carried out by the company are lawful and as per the Articles of Incorporation of the Company.
24. As explained to us the activities carried out by the company are lawful and as per the Articles of Incorporation of the Company.





M. Mukerjee & Co.

CHARTERED ACCOUNTANTS

Continuation Sheet

25. We are informed that the current Credit sales policy of the company is not to sell timber on Credit except on the discretion of the Government and as per the instructions of the higher authorities.
26. Activities / Investment decisions are made subject to prior approval of the Board.
27. The details of remuneration to the Managing Director and Board Director have been indicated in Para 15 of the Notes to Accounts in Note 21.
28. The Corporation has established a budgetary control system.
29. We have not come across any case where the directives of the board have not been complied with.
30. On the basis of information and explanation given to us we are of the opinion that the officials of the company have not transmitted any price sensitive information which are not made publicly available, unauthorized to their relatives / friends / associates or closed persons which would directly or indirectly benefit themselves.

Computerized Accounting Environment

1. The Company has implemented "TALLY", which in our opinion is fully stabilized to ensure effective internal control over operations.
2. According to the information and explanation given to us, the Company has adequate safeguard measures of its data and back up facilities.
3. As regards back up facilities and disaster recovery measures, as per the information and explanation provided to us, the back-up files are taken and kept in different locations for the respective Regions as well as a backup is kept in main Server at the company's Registered Office where books of account have not been maintained.
4. The operational controls are found to be improved to ensure correctness and validity of input data and output information.
5. As explained to us, measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate.





Compliance of Companies Act:

The company being a "Public Company" has complied with the requirements of Companies act of the kingdom of Bhutan 2000 subject to followings significant violation:-

Authorized Capital of the Company as mentioned in the Articles of Incorporation is Nu 50,000,000 consisting of 500,000 equity shares of Nu 100 each. The Company has issued shares certificate for 450,000 shares of Nu. 100 each in favour of Druk Holding & Investments, who are the only shareholders, in the form prescribed in schedule VI of the Companies Act of the Kingdom of Bhutan 2000. However as per Section 24 of the Companies Act of the Kingdom of Bhutan, 2000 requires a public company not to issue any share certificate except a Global Share certificate representing all outstanding shares and to deposit such certificate with a depository in accordance with the Rules of the Securities Exchange.

We enclose in the Annexure 'B' replies to the questionnaire issued by the Royal Audit Authority.

GENERAL

1. Going concern Problem

The company has been earning profit consistently over the years. As per the Management representation, the activities of the company have expanded over the last few years with nationalization of extraction and supply of sand under the purview of the company. In addition to the above, the company has further expanded its activities by establishing stone crushing units across the country. In view of the above, we do not have any reasons to believe that this company is likely to become sick in near future.

2. RATIO ANALYSIS:

Financial and Operational Resume including Ratio Analysis in respect of the Company is given in Annexure C.





M. Mukerjee & Co.

CHARTERED ACCOUNTANTS

Continuation Sheet

3. ADHERENCE TO LAWS, RULES AND REGULATIONS:

The audit of the Company is governed by the Companies Act of Kingdom of Bhutan, 2000 and the scope of audit is limited to examination and review of the financial statements, as produced to us by the management. In the course of audit we have reviewed compliance to the Companies Act and its Articles of Association and as explained to us, the Company has been complying with appropriate laws, rules and regulations, systems, procedures and practices.

For M Mukerjee & Co.,
Chartered Accountants
FRN : 303013E

Place: Kolkata

Dated: The 21st day of March, 2016


(Spandan Sengupta)
Partner
Membership No.135833




NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED
Statement of Financial Position as at 31 December 2015

Item	Note	Year ended 31 December	
		31.12.2015	31.12.2014
Assets			
Noncurrent Assets			
Property, plant and equipment	1	372,420,561	418,189,368
Intangible assets	2	213,242	371,712
Capital work-in-progress	3	37,442,121	11,700,314
Other noncurrent assets	4	4,077,482	1,981,878
Net Retirement Benefit Assets-Gratuity	4	7,902,405	-
Total Noncurrent Asset		422,055,811	432,243,273
Current Assets			
Other current assets	4	34,414,090	22,798,775
Cash and cash equivalents	5	66,311,505	31,546,368
Trade and other receivables	6	44,043,562	33,371,177
Inventories	7	129,728,508	152,138,310
Total Current Assets		274,497,665	239,854,631
Total Assets		696,553,476	672,097,903
Equity and Liabilities			
Equity			
Share Capital	SOCE	45,000,000	30,000,000
Retained earnings	SOCE	273,908,407	256,862,272
Statutory and other restricted reserves	SOCE	39,737,836	39,737,836
Other reserves	SOCE	221,670,403	218,528,527
Total equity attributable to the owners of the parent		580,316,646	545,128,635
Noncontrolling interest		-	-
Total equity		580,316,646	545,128,635
Liabilities			
Noncurrent liabilities			
Noncurrent borrowings	8	28,558,492	35,389,026
Retirement benefit obligations - Noncurrent	9	1,710,350	38,751,751
Total Noncurrent liabilities		30,268,842	74,140,778
Current Liabilities			
Trade and other payables	10	38,188,791	27,643,894
Current borrowings	8	6,772,684	5,999,477
Current income tax liabilities	11	4,144,477	-
Other current liabilities	12	25,299,846	10,019,579
Retirement benefit obligation	9	11,562,190	9,165,540
Total Current liabilities		85,967,989	52,828,490
Total liabilities		116,236,830	126,969,268
Total liabilities and equity		696,553,476	672,097,903
Accounting Policies	20		
Notes to Accounts	21		

Schedules referred to above form an integral part of the Balance Sheet

In terms of our attached report of even dated
For M.MUKERJEE & CO
CHARTERED ACCOUNTANTS
FRN:303013E

On behalf of the Board


(Spandan Sengupta)
Partner
M.No: 135833
Kolkata
Dated: The 21 day of March 2016

CHAIRMAN

DIRECTOR

CHIEF EXECUTIVE OFFICER

Thimphu
21.03.2016



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED
Statement of comprehensive income for the period ended 31 December 2015

Item	Note	Year ended 31 December	
		31.12.2015	31.12.2014
Continuing operations			
Revenue	13	428,382,441	396,600,242
Total revenue		428,382,441	396,600,242
Cost of Sales	14	331,547,239	325,079,452
Gross Profit		96,835,202	71,520,790
Operating Expenses:			
Selling & Marketing Expenses	15	4,982,165	3,781,658
Administrative Expenses	16	68,684,878	60,121,485
Total Operating expenses		73,667,043	63,903,143
Operating profit (loss)		23,168,158	7,617,647
Profit (loss) before income tax		23,168,158	7,617,647
Income tax expense	17	7,458,777	1,771,704
Profit (loss) for the year from continuing operations		15,709,381	5,845,943
(Profit) loss for the year from discontinued operations		-	-
Profit (loss) for the year		15,709,381	5,845,943
Profit attributable to:			
- Owners of the parent		15,709,381	5,845,943
- Non-controlling interests		-	-
		15,709,381	5,845,943
Earnings per share attributable to owners of the parent:			
Basic earnings per share			
From continuing operations		34.91	19.49
From discontinued operations		-	-
From profit for the year		34.91	19.49
Diluted earnings per share			
From continuing operations		34.91	19.49
From discontinued operations		-	-
From profit for the year		34.91	19.49
Statement of Other comprehensive income			
Profit (loss) for the year from continuing operations		15,709,381	5,845,943
Actuarial gain(losses) on defined benefit plans		4,478,630	(26,780,750)
Tax paid on Assessment-Retained Earning		-	(192,299)
Opening stock of 2013 overstated		-	(7,552,575)
Closing stock of 2013 overstated		-	8,190,442
Opening stock of 2014 overstated		-	(8,190,442)
Total comprehensive income for the year		20,188,011	(28,679,681)
Total comprehensive income attributable to:			
- Owners of the parent		20,188,011	(28,679,681)
- Non-controlling interests		-	-
		20,188,011	(28,679,681)
Total comprehensive income attributable to owners of the parent arises from:			
- Continuing operations		20,188,011	(28,679,681)
- Discontinued operations		-	-
		20,188,011	(28,679,681)

Accounting Policies

20

Notes to Accounts

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Schedules referred to above form an integral part of the Balance Sheet

In terms of our attached report of even dated
For **M. MUKERJEE & CO**
CHARTERED ACCOUNTANTS
FRN:303013E

On behalf of the Board


(Spandan Sengupta)
Partner
M.No: 135833
Kolkata

CHAIRMAN

DIRECTOR

CHIEF EXECUTIVE OFFICER

Dated: The 21 day of March 2016

Thimphu
21.03.2016



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Statement of changes in equity for the period ended 31 December 2015

Particulars	Attributable to owners of the parent								Non controlling interest	Total equity
	Ordinary Shares		Issued share value	General Reserves	Revaluation Reserves	Capital reserves	Retained earnings	Total		
	No. of Shares (issued and fully paid up)	Par value								
Balance as at 1 January 2014	300,000	100	30,000,000	102,189,323	-	154,907,851	286,711,142	573,808,317	-	573,808,317
Profit for the year	-	-	-	-	-	-	5,845,943	5,845,943	-	5,845,943
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations- Retained Earning	-	-	-	-	-	-	(26,780,750)	(26,780,750)	-	(26,780,750)
Tax paid on Assessment-Retained Earning	-	-	-	-	-	-	(192,299)	(192,299)	-	(192,299)
Opening stock of 2013 overstated	-	-	-	-	-	-	(7,552,575)	(7,552,575)	-	(7,552,575)
Closing stock of 2013 overstated	-	-	-	-	-	-	8,190,442	8,190,442	-	8,190,442
Opening stock of 2014 overstated	-	-	-	-	-	-	(8,190,442)	(8,190,442)	-	(8,190,442)
Transfers to reserves	-	-	-	1,169,189	115,170,015	(115,170,015)	(1,169,189)	0.00	-	0
Total comprehensive income for the year	300,000	100	30,000,000	103,358,512	115,170,015	39,737,836	256,862,272	545,128,635	-	545,128,635
Dividends paid	-	-	-	-	-	-	-	-	-	-
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-
Issue of bonus shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Total transactions with non controlling interest, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2014	300,000	100	30,000,000	103,358,512	115,170,015	39,737,836	256,862,272	545,128,635	-	545,128,635
Balance as at 1 January 2015	300,000	100	30,000,000	103,358,512	115,170,015	39,737,836	256,862,272	545,128,635	-	545,128,635
Profit for the year	-	-	-	-	-	-	15,709,381	15,709,381	-	15,709,381
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations- Retained Earning	-	-	-	-	-	-	4,478,630	4,478,630	-	4,478,630
Tax paid on Assessment-Retained Earning	-	-	-	-	-	-	-	-	-	-
Capital injection	150,000	-	15,000,000	-	-	-	-	-	-	15,000,000
Transfers to reserves	-	-	-	3,141,876	-	-	(3,141,876)	-	-	-
Total comprehensive income for the year	450,000	100	45,000,000	106,500,388	115,170,015	39,737,836	273,908,407	580,316,646	-	580,316,646
Dividends paid	-	-	-	-	-	-	-	-	-	-
Proceeds from shares issued	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Total transactions with non controlling interest, recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2015	450,000	100	45,000,000	106,500,388	115,170,015	39,737,836	273,908,407	580,316,646	-	580,316,646

Number of shares authorised for each class of shares:

Authorised share capital	As at 31 December	
	2015	2014
Number of ordinary shares of face value Nu 100 each	500,000.00	500,000.00

In terms of our attached report of even dated
For M. MUKERJEE & CO
CHARTERED ACCOUNTANTS
FRN:303013E

On behalf of the Board

(Spandan Sengupta)
Partner
M.No: 135833
Kolkata
Dated: The 21 day of March 2016

CHAIRMAN

DIRECTOR

CHIEF EXECUTIVE OFFICER

Dhripshu
1.03.2016



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Period covered: 31 December 2015

Statement of Cash Flows

Particulars	Note	Year ended 31 December	
		31.12.2015	31.12.2014
Cash flows from operating activities			
Profit before income tax		23,168,158	7,617,647
Adjustments for:			
– Depreciation and amortisation	1&2	50,012,667	60,687,478
– (Profit) loss on disposal of property, plant and equipment	13	(4,314,540)	(578,613)
– Changes in Inventories	7	22,409,803	4,407,137
– Changes in Trade and other receivables	4&6	(24,383,305)	31,692,418
– Actuarial gain(losses) on defined benefit plans	SOCE	4,478,630	(26,780,750)
– Opening stock of 2013 overstated	SOCE	-	(7,552,575)
– Closing stock of 2013 overstated	SOCE	-	8,190,442
– Opening stock of 2014 overstated	SOCE	-	(8,190,442)
– Changes in Trade and other payables	9 to 12	1,721,758	(18,339,160)
– Liabilities no more required written back	13	(12,893,160)	(2,937,232)
Cash generated from operations		60,200,012	48,216,352
Interest paid	19	4,777,710	5,473,634
Interest received	19	(3,153,182)	(2,016,117)
Income tax paid		(962,485)	(6,580,970)
Net cash flows from operating activities		60,862,055	45,092,899
Cash flows from investing activities			
Purchase of property, plant and equipment	1	(31,353,112)	(21,463,988)
Purchase of intangible assets	2	-	(421,911)
Purchase of capital WIP	3	(25,741,807)	(10,641,965)
Proceeds from sale of property, plant and equipment	18	31,582,261	1,563,780
Other current assets	4	(7,902,405)	-
Interest Received	19	3,153,182	2,016,117
Net cash used in investing activities		(30,261,881)	(28,947,968)
Cash flows from financing activities			
Interest Paid	19	(4,777,710)	(5,473,634)
Borrowings	8	(6,057,327)	(5,361,403)
– Capital Injection	SOCE	15,000,000	-
Dividends paid to owners of the parent		-	-
Net cash used in financing activities		4,164,962	(10,835,038)
Net increase or (decrease) in cash and cash equivalents		34,765,137	5,309,894
Cash and cash equivalents at beginning of year		31,546,368	26,236,475
Cash and cash equivalents at end of the year	5	66,311,505	31,546,368

In terms of our attached report of even dated
For M.MUKERJEE & CO
CHARTERED ACCOUNTANTS
FRN:303013E


(Spandan Sengupta)
Partner
M.No: 135833
Kolkata
Dated : The 21 day of March 2016

CHAIRMAN

DIRECTOR

On behalf of the Board

CHIEF EXECUTIVE OFFICER

Thimphu
21.03.2016



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED
Statement of Fixed Assets as at 31-12-2015

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 1.1.15	Addition during '15	On Sales & Other Adj't	Balance as on 31-12-15	Up to 1.1.15	For the Period	On sale & Other Adj't.	Up to 31.12.2015	As at 31.12.2015	As at 31.12.2014
Land	120,298,403			120,298,403	-			-	120,298,403	120,298,403
Building	92,070,505	5,517,545	(139,021)	97,449,029	30,373,100	5,997,509	(139,020)	36,231,588	61,217,440	61,697,405
Road*	225,251,966	18,736,878		243,988,845	87,305,845	22,787,099		110,092,944	133,895,900	137,946,121
Cable Crane	35,244,294			35,244,294	34,172,673	1,071,614		35,244,287	7	1,071,621
Equipment	190,840,741	5,942,422	(47,619,480)	149,163,683	109,164,819	14,736,595	(20,387,312)	103,514,093	45,649,590	81,675,922
Tractor	1,971,225			1,971,225	1,861,034	107,074		1,968,108	3,116,84	110,191
Truck	12,672,497		(2,425,788)	10,246,709	9,872,552	1,105,638	(2,425,786)	8,552,404	1,694,305	2,799,945
Vehicle	22,923,463		(1,116,771)	21,806,692	18,375,907	1,649,693	(1,116,474)	18,909,126	2,897,566	4,547,556
Furniture	8,753,322	143,652	(142,738)	8,754,236	6,681,923	627,506	(122,202)	7,187,227	1,567,009	2,071,399
Office Equipment	21,946,842	1,012,915	(758,012)	22,201,745	15,976,037	1,771,480	(743,295)	17,004,222	5,197,223	5,970,805
Total:	731,973,259	31,353,112	(62,201,810)	711,124,561	313,783,890	49,854,197	(24,934,068)	338,703,999	372,420,661	416,189,368
Previous Year	714,279,105	21,463,988	(3,769,835)	731,973,259	256,507,897	60,060,661	(2,784,668)	313,783,890	416,189,368	457,807,208

Note: 1. Road is Constructed on Government land

NOTE-2

Intangible assets	Current Year	Previous Year
	2,283,948	2,283,948
	1,862,037	421,911
	1,912,236	1,285,418
	158,470	626,818
	2,070,706	1,912,236
	213,242	371,712
	371,712	576,619

NOTE-3

Statement of Capital Work in Progress as at 31-12-2015

Particulars	Opening 1.1.2015	Addition	Adjustment	Closing 31.12.15
Road-W.I.P	10,550,512	18,506,386	9,326,747	19,732,151
Machine-W.I.P	729,802	18,029,308	1,123,552	17,635,558
Building-W.I.P	420,000	880,130	1,225,719	74,412
Total: CWIP	11,700,314	37,417,824	11,676,017	37,442,121
Previous Year	1,058,348	17,745,479	7,103,514	11,700,314



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NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-4		
Non Current		
Prepaid Expenses	-	-
Security Deposit to Others	4,077,482	1,981,878
Net Retirement Benefit Assets	7,902,405	-
Total Non Current	11,979,887	1,981,878
Other Current Assets		
Advance to Staff	2,436,885	2,108,416
Advance to Contractors	11,414,887	12,048,044
Advance to Suppliers	9,205,107	890,803
Advance to Others	9,669,921	1,593,884
FA to UM	204,230	735,702
Prepaid expenses	833,883	974,504
Security Deposit to others	649,177	2,095,604
Advance for Corporate tax	-	991,394
TDS withheld by customer	-	1,360,422
Total Current	34,414,090	22,798,775
Total Other Assets	46,393,977	24,780,653
NOTE-5		
Cash and Cash Equivalents		
Cash in hand (FA)	311,390	470,559
Cash in hand (Earning)	390,532	1,099,222
Cash at Bank (FA)	39,275,695	27,097,305
Cash at Bank (Earning)	3,031,288	2,879,282
Cash at Bank (BNB)	18,302,600	-
Fixed Deposit(BDBL)	5,000,000	-
	66,311,505	31,546,368
NOTE-6		
Trade and Other Receivables		
Sundry Debtors	43,938,494	32,519,877
Int./Income accrued on FD	105,068	851,300
Provision for Doubtful debtors	-	-
	44,043,562	33,371,177
NOTE-7		
Inventories		
Stock of Timber	52,682,648	72,296,355
Stock of Briquette	217,980	303,430
Stock of Sand	9,235,497	11,423,721
Stock of Stone	4,689,090	737,209
Stock of Stone Chip	21,771,649	34,655,913
Stock of Firewood	358,000	273,583
Stock of Rawmaterial for Stone chips	30,339,831	22,803,537
Stock of Rawmaterial for Briquette Unit	21,075	147,527
Stock of store/spare parts	13,174,600	12,267,538
Provision for Stock of stores/spare parts	(2,761,862)	(2,770,503)
	129,728,508	152,138,310



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-8		
<u>Borrowings</u>		
Current borrowings	6,772,684	5,999,477
Noncurrent borrowings	28,558,492	35,389,026
	35,331,176	41,388,503
NOTE-9		
<u>Retirement benefit obligation</u>		
Provision for Gratuity	5,929,900	4,173,980
Provision for Leave Encashment	7,342,640	7,512,174
Net Defined Benefit Liabilities	-	36,231,137
	13,272,540	47,917,291
Current	11,562,190	9,165,540
Noncurrent	1,710,350	38,751,751
NOTE-10		
<u>Trade and other Payables</u>		
Outstanding liabilities	31,335,496	22,977,631
Royalty payable	6,853,296	4,649,475
Corporate Tax Payable	-	16,789
	38,188,791	27,643,894
NOTE-11		
<u>Current income tax liabilities</u>		
Provision for Corporate tax	4,144,477	-
	4,144,477	-
NOTE-12		
<u>Other current liabilities</u>		
Advance from Customers	19,156,064	4,342,372
Contractor's tax/TDS	228,546	251,052
GIS	-	-
Health Contribution	866	-
GPF Employee's share	168	-
TDS from Salary	1,804	4,646
Staff Welfare Fund	2,275	2,275
Education Loan	-	-
Bank loan (employees)	-	7,500
Salary Saving Scheme	-	-
Security deposit	2,854,689	2,701,135
Earnest Money Deposit	790,374	1,107,925
Retention Money	2,021,882	1,391,522
Other Receipts & payments	208,900	117,507
F.A. /Remittance to/from Division	-	-
Royalty on Firewood collection	34,279	93,645
Assessed tax for previous years	-	-
	25,299,846	10,019,579



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-13		
Revenue		
Auction Sale	274,547,967	244,460,784
Rural Sale	6,060,531	13,567,171
Sales Sand	55,001,579	45,263,726
Sales Stone	9,854,042	10,289,544
Sales Stone Chips	34,393,787	35,936,802
Sale of Briquette	1,625,460	1,607,720
Sales woodchips	12,788,995	16,406,748
	394,272,361	367,532,495
Other income		
Hire charge	8,943,096	8,740,995
Other Misc. Income	3,865,112	4,711,526
Toll Fee	656,260	794,350
Profit from sale of Fixed Assets	4,314,540	578,613
Liabilities no more required written back	12,893,160	2,937,232
Audit recovery	86,833	1,924
Sale of firewood	1,194,044	826,320
Sale fencing post & poles	235,149	345,763
Prior period Adjustment	(1,336,365)	(288,968)
Prior period Adjustment-Dep. On Store & spares	-	-
Interest on Fixed deposit	2,469,109	2,841,046
Interest on others	789,142	26,370
Opening stock of 2013 overstated	-	7,552,575
Closing stock of 2013 overstated	-	(8,190,442)
Opening stock of 2014 overstated	-	8,190,442
	34,110,080	29,067,747
	428,382,441	396,600,242



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-14		
Cost of Sales		
Reforestation Expenses		
Nursery Expenses	371,113	436,098
Creation of Plantation	3,548,619	2,871,065
Plantation maintenance	2,502,705	2,276,896
Nursery creation	689,502	611,658
Personnel cost		
Salary & wages	58,461,672	52,818,001
Bonus	5,805,982	1,562,346
PBVA	6,126,473	-
GPF Employers Contribution	4,379,033	4,551,275
Medical Expenses	-	-
Uniform/Leveries	217,000	216,740
Gratuity	-	-
LTC	2,879,260	3,091,390
TTA/TG	1,204,105	1,216,604
TA/DA	8,990,746	8,949,362
Production Expenses		
Marking cost	44,285	64,779
Felling & cross-cutting	3,842,197	3,773,789
Debarking	825,244	352,951
Extraction from Stump site to Depot	55,814,468	50,971,755
Extraction of Sand	18,912,872	18,116,730
Extraction of Stone	4,479,181	2,503,159
Extraction from Quarry to crusher Site	18,748,127	41,487,141
Electricity	488,432	765,233
Extraction of Wood Chip	10,491,376	12,206,328
Sanitation & protection	-	-
FMU expenses/Inventory	1,698,187	1,601,632
Maint. of trucks incl. POL	1,971,749	2,512,501
Maint. of machines Incl. POL	21,076,352	25,909,542
Maint. of road	5,582,026	5,082,004
GFPMO Cost	-	-
Timber handling & Stacking	2,395,904	1,902,084
Maint. of depot	260,707	517,659
Royalty		
Royalty-Timber	17,568,066	15,404,735
Royalty-Woodchips	379,331	643,528
Royalty-Sand	1,585,600	1,354,320
Royalty-Stone	581,120	450,282
Royalty-Stone Chips	77,923	261,215
Stock		
(Increase)/Decrease in stocks	23,325,505	4,099,559
Depreciation and amortisation		
Depreciation-Building	3,942,820	3,612,111
Depreciation-Road	22,787,099	21,479,455
Depreciation-Cable Crane	1,071,614	2,439,541
Depreciation-Equipment	14,736,585	23,998,291
Depreciation-Tractor	107,074	165,469
Depreciation-Truck	1,105,638	1,656,975
Depreciation-Vehicle	1,248,687	1,776,896
Depreciation-Furniture	362,667	447,095
Depreciation-Office Equipment	701,723	294,441
Depreciation-Tally ERP.9 -Software	158,470	626,818
	331,547,239	325,079,452



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NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-15		
<u>Selling & Marketing Expenses</u>		
Customer Survey	150,000	150,000
Advertisement	1,182,875	1,025,081
Auction expenditures	678,708	567,632
Personnel cost		
Salary & wages	2,238,913	1,588,281
Bonus	147,082	52,618
PBVA	176,498	-
GPF Employers Contribution	194,732	165,785
LTC	70,055	69,545
TTATG	-	-
TA/DA	143,302	162,716
Gratuity	-	-
	4,982,165	3,781,658



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Items	Year End	
	31.12.2015	31.12.2014
NOTE-16		
<u>Administrative Expenses</u>		
Printing & Stationary	857,048	733,925
Telephone/Fax/Postage	2,300,429	2,302,173
Audit Fees	148,000	148,000
Audit Expenses	314,825	288,487
Rent	1,676,997	1,649,046
Rates and Taxes	100,561	84,412
Entertainment	925,455	968,155
Electricity/Lighting(office)	573,310	414,172
Books & periodicals	49,107	50,941
Workshop/Seminar	387,693	284,116
Board expenses	913,864	624,519
Trade Licence	5,000	9,000
Insurance	1,213,399	1,115,297
Subscription & donations	1,174,000	214,438
Consultancy fees	565,509	-
Legal Expenses	750	-
Research & Development	-	92,833
Welfare Expenses	393,515	703,435
Training Expenditure	2,801,542	2,554,272
Consumable stores	536,526	458,049
Write Off/Provision	-	101,648
Maint. of Building	648,080	721,450
Maint. of Vehicle incl. POL	4,190,321	4,216,449
Maint. of Office equipment	935,518	1,317,283
Bank Charges	21,264	27,626
Interest on Loan	4,777,710	5,473,634
Brand & Management Fee	100,896	-
Deferred Revenue expenditure	2,100,000	-
Personnel cost-HQ		
Salary & wages	21,549,758	19,205,404
TA/DA	2,219,160	2,190,274
TTA/TG	1,690,193	558,873
LTC	553,410	640,110
Bonus	1,564,205	340,125
PBVA	1,654,272	-
GPF Employers Contribution	1,238,497	1,268,787
Medical Expenses	86,839	-
Uniform/Leveries	697,035	3,000,185
Gratuity	5,929,900	4,173,980
Depreciation and amortisation		
Depreciation-Building	2,054,689	1,706,814
Depreciation-Vehicle	401,006	228,893
Depreciation-Furniture	264,839	393,692
Depreciation-Office Equipment	1,069,756	1,860,988
	68,684,878	60,121,485



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Item	Year End	
	31.12.2015	31.12.2014
NOTE-17		
Income tax expense		
PROFIT BEFORE TAX	23,168,158	7,617,647
ADD: Medical Expenses	36,839	-
ADD: Written off	-	24,648
ADD : Board Director's Training Expenditure	194,422	-
ADD: Gift & Donation	1,174,000	170,000
ADD: Prior Period Adjustment	1,336,365	288,968
Less: Interest on Gratuity Deposit	(1,038,553)	-
Less :Deferred Revenue Expenditure-2012-Training	-	(2,192,738)
Less : Stock of dead stock issued	(8,641)	(2,844)
NET TAXABLE AMOUNT	24,862,591	5,905,681
30% CIT	7,458,777	1,771,704
NOTE-18		
Proceeds from sale of property, plant and equipment		
Office equipment	82,436	12,500
Furniture	41,175	7,800
Building	-	6,600
Vehicle	657,050	536,880
Equipment(Machine)	29,592,600	1,000,000
Truck	1,209,000	-
	31,582,261	1,563,780
NOTE-19		
Finance costs – net		
Interest Received	3,153,182	2,016,117
Interest Paid	4,777,710	5,473,634
	(1,624,528)	(3,457,518)



Company Overview and Significant Accounting Policies

1. Reporting Entity (Company overview)

Natural Resources Development Corporation Limited (NRDCL) is a wholly owned subsidiary of Druk Holdings and Investments (DHI). The Company was incorporated under the Companies Act of the Kingdom of Bhutan in 1984 through a Royal Charter. The ultimate parent is the Royal Government of Bhutan.

The principal activities of NRDCL is supplying and making the basic construction materials such as timber, sand and stone affordable, accessible and available to the public at large. Profit is not the main objective 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 in Thimphu, Bhutan.

2. Basis of preparation of financial statements

These Financial Statements have been prepared in compliance with Bhutanese Accounting Standards (BAS) under the historical cost convention on the accrual basis.

Accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The Financial Statements have been prepared on a going concern basis in accrual system of accounting. The functional currency of preparation is the Bhutanese Ngultrum.

2.1 Accounting estimates

The preparation of the financial statements in conformity with BAS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in wherever necessary.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated interim financial statements.



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3. Application of Bhutanese Accounting Standards

The consolidated financial statements have been prepared in line with Bhutanese Accounting Standards for the first year/time. The summarized impact of the introduction of BAS is:

- i. Bifurcation of Assets and liabilities into current and non-current assets/liabilities
- ii. Affect due to change in the inventory valuation from average to weighted average
- iii. Computation in employees' obligations due to actuarial valuation of gratuity and leave wages.

4. Foreign Currency translation

Foreign currency transactions that are completed within the accounting period are translated into the functional currency using the exchange rates prevailing at the date of settlement.

Exchange rate for monetary assets and liabilities in foreign currencies at balance date is not applicable to NRDCCL.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, if any are recognized in the statement of income.

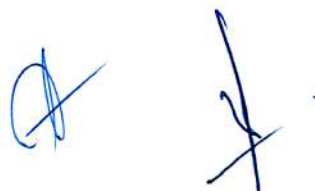
All other foreign exchange gains and losses, if any are presented in the statement of Comprehensive Income.

5. Property, Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognized.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under "Capital Work-in-progress". Capitalization of Capital W.I.P has been done on the basis of completion certificate issued by the concerned authority. Subsequent expenditure relating to property, plants and equipment is capitalized only when it is probable that future economic benefits associated with these will flow and the cost of the item can be measured reliably.

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All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Spare parts and servicing equipment that are specific to major items of plants and equipment are included in fixed assets and are depreciated over the same useful life as the corresponding plant item.

Initially, land is measured at cost. Land whose fair value is measured reliably is carried at the revalued amount equal to the fair value and difference in book value has been credited to Equity as Revaluation Surplus.

The company has several plots of land on an operating lease rental basis without any clause of transition of ownership. These lands are obtained from the Government of Bhutan, mostly for use as timber depot and quarry lease. These are cancellable leases and have only rental payment per annum and minimum amount of security deposit at the time of signing of agreement. These leases being operative leases are not to be capitalized and rents paid are equally charged to revenue from year to year till the conclusion of the lease period.

The rates of Depreciation chosen for the first income year are used for the entire period in which the assets are depreciated.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life.

Depreciation methods, useful lives and residual values are reviewed, and adjusted appropriately at each reporting date. Change in the estimated useful life, residual value and/or depreciation method, if any, is depreciated prospectively over the asset's remaining revised useful life.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 income statement.

6. Intangible assets

Intangible assets include Computer software. Acquired computer software licenses are capitalized 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 the asset.

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

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7. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

8. Government grants

Grants from RGOB and other organisations relating to cost/expense items are recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. The unallocated portion of the grant is presented as part of Deferred Grants in the Statement of Financial Position.

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

Grants relating to property, plant and equipment are included in noncurrent liabilities as Deferred Government Grants.

Depreciation on the assets (Property, Plant and Equipment) acquired through grants is charged against the grant and not to the Operating Statement.

9. Research and Development costs

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalized if a potentially profitable product has been found and management has given approval to further develop the product.

If the company decides to proceed and market the product, development costs will be amortised over the expected profitable period of marketing the product, not exceeding 5 years. Other development costs are expensed immediately if the decision is made not to proceed to market the product.

10. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

11. 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



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than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'loans to customers', 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

12. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

- a. In the case of items held for sale in the ordinary course of business, net realisable value is the estimated selling price less applicable variable selling expenses
- b. In the case of items held for use in production or as spares, the net realizable is the estimated value of the item in its ordinary use in the company

13. Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. It is initially recognized at the fair value of the amounts to be received and is reviewed regularly for impairment. 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.

14. Trade and other payables

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

15. 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.

16. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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.

17. 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 or



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directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the company operates and generates taxable income.

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 consolidated 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.

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.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes viable 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.

18. Employee benefits

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

The gratuity and leave wages is accrued and provided for on the basis of actuarial valuation as at the Statement of Financial Position date. Actuarial gains or losses arising adjustments and changes in actuarial assumptions are charged in other comprehensive income in the period in which they arise. Changes in service and interest are also charged to other comprehensive income.

The contribution towards the gratuity liability is funded by allocating a separate fund or assets and investment return earned thereon. Leave encashment is not supported by a separate fund

Bonus and the expected cost of Performance Based Variable Allowance (PBVA) is recognized as an expense when there is legal or constructive obligation to make such payment as a result of past



performance and reliable estimate of the obligation can be made and accrued as at the Statement of Financial Position date without actuarial valuation

19. 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.

Contingent Assets are neither recognized, or disclosed

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date

20. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below

a) Income from sale of Construction materials:

The Company derives revenues primarily from sale of construction materials such as timber, sand, stone and stone aggregates. Arrangements with customers for construction materials related services are on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of construction materials (timber and other products).

b) Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable

c. Other items of revenue

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

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Liquidated damages and penalties occur when the contractor fails to meet the key performance indicators set out in their contract with the company. Income resulting from claims of liquidated damages and penalties is recognized as other income when amount can be reliably measured and the economic benefits will flow to the company. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved.

Royalty on timber is accounted for on production basis and for sand and stone is accounted for on disposal basis.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

21. Segment Reporting

The Company is in the business of supplying nature based construction materials. Its operating facilities are all situated within the country (Royal Kingdom of Bhutan) only. Under the broad segment of construction materials supply service the company has subsidiary segments of timber and by-products production and supply, sand extraction and supply, stone and stone chips production and supply.

However, as the company's share are not to be listed with any stock exchange the provision of BFRS 8- Operating Segments is not applicable to the company.

22. Earnings per Share

Basic Earnings Per Share is calculated by dividing the net profit/(loss) after tax for the period attributable to equity shareholders of the company by the total number of shares which are fully paid up.

23. Comparative information

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison. As disclosed in Note 3 Application of Bhutanese Accounting Standards, Comparatives have also been amended when a Accounting Standard has been applied retrospectively.

24. Directors' statement of Compliance

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and their financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and that all relevant financial reporting and accounting standards have been followed.

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Notes on Financial Statements

1. Natural Resources Development Corporation Limited (NRDCL) is a wholly owned subsidiary company of Druk Holding and Investments (DHI), a holding company owned by the Royal Government of Bhutan.
2. The Company has adopted Bhutanese Accounting Standards (BAS) from the year 2013 correspondingly the financial figures of the earlier year have been restated wherever necessary as per BAS.
3. Functional currency used is Ngultrum (Nu.) and figures are rounded off to the nearest Ngultrum.
4. The Operating Cycle for the Company has been considered as one year and the corresponding bifurcation of assets and liabilities into Current and Non Current Assets/Liabilities has been done on this basis. Previous year's figures are regrouped/rearranged wherever necessary.
5. Financial Statements

5.1 Share Capital

All ordinary shares are ranked equally. The authorized share capital of the company is Nu. 50 million (500,000 equity share @ Nu.100 per share).

During the year, the Holding Company, DHI injected Nu. 15.00 million as equity to support the establishment of Glu-lam Project. Equity injection of Nu. 15.00 million was approved during the Extra-ordinary General Meeting held on December 30, 2015. The equity injection has been approved as an issue of additional paid-up capital (150,000 shares @ Nu.100). Therefore, as of the report date, the total subscribed and paid up share capital is Nu. 45 million (450,000 @ Nu.100 per share).

5.2 Capital Management

The company manages its capital so as to ensure funds are available to meet future commitments. As well as commitments to outside parties, the company has a requirement to meet dividend and tax expectations as contained to the Annual Compact, the parent company and the RGOB.

Capital expenditure is mostly met from operating cash flows. Fixed term borrowings are made mainly for major capital projects. Such borrowings are repaid based on applicable Terms and Conditions.



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5.3 Contingent liabilities

During the year (2015) the company has suspended the operation of three quarry contracts with closure of the operation of three number crushing plants in view of the continuous operating loss incurred by the company. The company has the obligation to compensate the quarry contractors for premature termination of the contracts. The settlement of the compensation with two contractors is pending as the case is forwarded in the Royal Court of Justice, Thimphu.

The provision for compensation on account of premature termination of the contract analyzed by the company amounting to Nu. 29,736,486.87 (Nu.6,298,320.80 + Nu.23,438,166.07) has been treated as contingent liabilities.

6. Inventory

A. Products

Particular	Opening stock as on 1 st January (Qty)	Production (Qty)	Disposal (Qty)	Physical balance as on 31 st December (Qty)	Total Value as on 31 st December (Nu)
A. Timber (cft)					
2015	646,102.05	1,756,580.49	1,954,917.00	447,577.96	52,682,648.11
2014	913,202.78	1,604,830.02	1,871,928.76	646,102.05	72,296,355.49
B. Sand (M³)					
2015	121,573.20	318,443.11	330,132.36	97,922.09	9,235,496.71
2014	85,417.49	346,130.33	303,381.42	121,573.20	11,423,721.07
C. Stone (cft)					
2015	453,443.53	4,079,355.71	3,008,570.04	1,524,016.20	4,689,089.95
2014	464,122.15	3,208,110.96	3,218,789.58	453,443.53	737,209.09
D. Stone Chips (cft)					
2015	1,999,959.02	1,248,774.79	1,901,010.39	1,306,212.58	21,771,649.35
2014	1,074,920.83	2,375,704.14	1,450,665.95	1,999,959.02	34,655,912.73
E. Briquette (kg)					
2015	58,240.00	249,000.00	270,910.00	36,330.00	217,980.00
2014	6,930.00	367,460.00	316,150.00	58,240.00	303,430.40
F. Raw material for crushing plants (cft)					
2015	1,863,728.00	1,883,986.27	1,156,158.13	2,591,556.15	30,339,830.90
2014	1,624,742.60	2,895,658.01	2,656,672.60	1,863,728.00	22,803,536.66
G. Raw material (Briquette Unit (T/L))					
2015	21.00	118.00	136.00	3.00	21,075.33
2014	67.00	96.00	142.00	21.00	147,527.31
H. Fire wood (M3)					
2015	309.50	688.00	592.50	405.00	357,999.75
2014	134	720.00	544.50	309.50	273,582.53
Grand Total 2015					119,315,770.10
Grand Total 2014					142,641,275.27

Ref: Annexure-I



The Company has adopted cost (using the weighted average method) for valuation of closing.

B. Spare parts

- i) The carrying amount of inventory on spare parts as on 31st December'15 is Nu. 13,174,600 including dead stock of Nu. 2,761,862.
- ii) No part of the inventory was sold during the year 2015.

7. Deferred Revenue Expenditure

During the year (2015) the company has suspended the operation of three quarry contracts with closure of the operation of three number crushing plants in view of the continuous operating loss incurred by the company.

In view of the premature termination of the quarry contract, the company has been obligated to compensate the contractors. A sum of Nu. 10,500,000.00 (Ten million five hundred thousand) was paid compensation to M/s Arjun Construction during the year (2015). The expense on compensation payout on account of premature termination of the contract has been deferred for five years (2015 to 2019) @ Nu. 2,100,000 (two million one hundred thousand) only.

8. Cash Flow

All the balance shown in the cash flow statement is held for use by the Company. Interest paid and interest received shown in the Operating Cash Flow has been reclassified as under:

- Interest paid on account of loan is classified under financing activities and
- Interest received on account of fixed deposit is classified under investing activities.

9. Cash and cash equivalents disclosure

Fixed deposit included in Cash and Cash Equivalents is classified under current assets on the basis of maturity duration of more than three months from the date of acquisition.

Classification is made in accordance with Para 6 of Statement of Cash Flows, Bhutanese Accounting Standard 7.



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10. Segment Reporting

The Company is in the business of supplying nature based construction materials. Its operating facilities are all situated within the country (Royal Kingdom of Bhutan) only. Under the broad segment of construction materials supply service the company has subsidiary segments of timber and by-products production and supply, sand extraction and supply, stone and stone chips production and supply.

Particulars	Timber & by-product	Sand & Stone	Stone chips
Revenue from sales			
December 31, 2015	295.023	64.081	34.394
December 31, 2014	276.042	55.404	36.086
Expense (excl. depreciation)			
December 31, 2015	222.666	45.390	46.385
December 31, 2014	221.020	35.823	67.352
Increase/Decrease) in stock			
December 31, 2015	(19.741)	1.764	(5.348)
December 31, 2014	(26.960)	3.680	19.181

11. Company supply timber to the rural people at subsidized rate entailing financial consequential loss to the corporation, if compared with the corresponding commercial value of the same quantity of timbers calculated at average selling price of such materials Ref: Annexure-II.

Year	Volume (cft)	Total Chargeable (Nu)			Actually charged (Nu)		
		Cost	Royalty	Total	Cost	Royalty	Total
2015	51,850.04	9,209,006	602,596	9,811,602	6,019,051	41,480	6,060,531
2014	112,936.15	15,415,304	1,279,978	16,695,282	13,476,822	90,349	13,567,171

Subsidized amount (Nu)		
Cost	Royalty	Total
3,189,955	561,116	3,751,071
1,938,482	1,189,629	3,128,111



12. Property, Plant and equipment

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life as follows;

Asset Type	Useful life
Land	Not Applicable
Building	
a) Permanent	30 to 35 years
b) Semi-permanent	5 years
c) Temporary	1 year
*Road	10 years
Plant, Machinery and equipment	6 to 7 years
Computer and office equipment	6 to 7 years
Furniture and fixture	6 to 7 years
Vehicle	6 to 7 years
Software application	3 years

* The forest roads treated as semi-permanent are amortized over a useful life of 10 years.

A professional's advice has not been sought for estimating the useful life of the assets and Management has estimated the same considering the normal wear and tear in similar line of business operations.

- i) Fixed assets are stated at cost plus other charges for bringing the assets to the location and include installation charges, less accumulated depreciation.
 - ii) There was no revaluation of Property, Plant and Equipment during the year.
 - iii) Capitalization of Capital W.I.P has been done on the basis of completion certificate issued by the concerned authority
13. Partial confirmations for the closing balances of Receivables, Payables, Creditors, and Advances have not been obtained and as such, the amounts are stated as per their respective book balances.

14. Retirement Benefit Obligations

a) Defined Benefit Scheme

Qualifying employee are members of the defined benefit plan sponsored by the company. Employees are entitled to a lump sum payment computed based on the last basic pay drawn times the number of completed years of service with maximum limit of Nu.1,500,000 (One and half million).



i) Statement of Financial Position

	2015	2014
Defined benefit obligation (DBO)	(61,093,400)	(61,756,960)
Fair value of Plan Assets (FVA)	68,995,810	42,902,030
Funded Status (Surplus/(Deficit))	7,902,410	(18,854,930)
Effect of Asset ceiling	-	-
Net defined benefit asset (DBA)	7,902,410	(18,854,930)

ii. Statement of Comprehensive Income

	2015	2014
Current Service Cost	4,539,730	2,828,940
Past Service cost- plan amendments	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Service cost	4,539,730	2,828,940
Net interest on net defined liability/(assets)	1,390,170	-
Immediate recognition of (gains)/losses-other long term employee benefit plans	-	4,078,170
Cost Recognized in Statement of comprehensive Income	5,929,900	6,907,110

iii. Other Comprehensive Income

	2015	2014
Actuarial (gain)/loss due to liability experience	(6,220,900)	4,078,170
Actuarial (gain)/loss due to liability assumption changes	-	-
Actuarial (gain)/loss arising during period	(6,220,900)	4,078,170
Return on plan assets (greater)/less than discount rate	1,742,270	-
Actuarial (gains)/losses recognized in OCI	(4,478,630)	-
Adjustment for limit on net asset	-	-

- Scheme is funded by allocating a separate fund.
- Retirement age:
 - Grade 3 and above: 56 years
 - Grade 4 and below: 58 years
- Benefit payable on Retirement/Resignation/Disability/Death



- Form of benefit: Lump sum with maximum ceiling of Nu. 1,500,000.00

b) Leave Encashment Benefits

- An employee can encash leave equal to one month basic pay (excluding all allowances) once a year provided there is a minimum of 30 days leave to his credit.
- Encashing leave in fraction of a month is not permitted
- Maximum leave accumulation permitted is 60 days.
- Any number of days accrued, as earned leave to his credit subject to maximum limit of 60 days, can be encashed in full on cessation of service.

15. Related Party

Name of Related Party	Relationship	Nature of transaction with the related party	Amount in Nu.
Druk Holding and Investments	Holding company	a. Equity Shares held by DHI	45'000,000
		b. Inter group Brand management Fees (Expenses)	100,896
		c. Sale of natural resources	18,728
		d. Hire charges	26,000
Bhutan Power Corporation Limited	Fellow Subsidiary	a. Electricity Charges	854,395
		b. Hire charges	55,000
Bank of Bhutan Limited	Fellow Subsidiary	a. Bank Charges	20,764
		b. Hire charges	75,000
		c. Interest on deposits	197,376
Bhutan Board Products Limited	Fellow Subsidiary	a. Hire charges	12,000
Bhutan Telecom Limited	Fellow Subsidiary	a. Communication; internet and telephone charges	1,780,650
Druk Green Power Corporation Limited	Fellow Subsidiary	a. Sale of natural resources	2,502
		b. Hire charges	57,116
Druk Air Corporation Limited	Fellow Subsidiary	a. Flight tickets	366,548
		b. Hire charges	3,000
State Trading Corporation Limited	Fellow Subsidiary	a. Running & Maintenance Of Vehicle	256,661
Construction Development Corporation Limited	Fellow Subsidiary	a. Sale of natural resources	1,055,706
		b. Hire charges	5,000



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Key Management Personnel

A) Managing Director

Particulars	December 31, 2015	December 31, 2014
Salary	1,408,000	1,401,190
Provident Fund	96,558	93,786
Bonus	111,300	72,100
Gratuity (Provision)	148,400	72,100
Sitting fee	99,000	75,000
Total	1,863,258	1,714,176

B) Board Directors

Position	Name	Amount (Nu)- 2015	Amount (Nu) – 2014	Remarks
Chairperson	Mr. Chencho Norbu	64,000	27,000	
Chairperson	Dasho Phuntsho Norbu		52,600	Resigned
Director	Mr. Lhundup Wangchuk		24,500	Resigned
Director	Mr. Ugen Norbu		28,500	Resigned
Director	Mr. Tenzin Chophel		24,500	Resigned
Director	Mr. Thukten Choeda		28,500	Resigned
Director	Mr. Tashi	68,000	76,000	
Director	Mr. Rinzin Namgay	24,000	47,000	Resigned
Director	Mr. Sonam Tobgay Dorji	56,000	32,000	New
Director	Mr. Tenzin Namgay	76,000	44,000	New
Director	Mr. Karma Galleg	80,000	44,000	New
Director	Karma Jattu	40,000		New

C) Special Invitees

Position	Name	Amount (Nu) – 2015	Amount (Nu)- 2014
Company Secretary	Mrs. Dorji Wangmo	48,000	40,000

16. Provision for Performance Based Variable Allowance (PBVA)

On the basis of the PBVA payment guidelines accorded by DHI (Druk Holding & Investment) in the year 2009, provision for 13.19 % of the current year's annual basic pay has been provided as approved during the 9th Annual General Meeting held on 25.03.2016.



17. Provision for Bonus: Based on the physical achievements and financial performance of the company during the year 2015, provision for one and half month's basic pay as on 31st December 2015 as approved by the Board during the 53rd Board Meeting held of 21.03.2016.

18. Income Tax

Income taxes include all taxes based upon the taxable profits of the Group. Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to other comprehensive income, in which case the related income tax effect is recognized in other comprehensive income.

Provision for taxation

Particulars	31-Dec-2015	31-Dec-2014
Profit before Tax	23,168,158	7,617,647
Add: Non-deductible Amount		
Medical Expenses	36,839	-
Written off	-	24,648
Board Director's Training Expenditure	194,422	-
Gift & Donation	1,174,000	170,000
Prior Period Adjustment	1,336,365	288,968
Total:	2,741,627	483,616
Less: Deductible Amount		
Interest on Gratuity Deposit	(1,038,553)	-
Deferred Revenue Expenditure-2012-Training	-	(2,192,738)
Stock of dead stock issued	(8,641)	(2,844)
Total:	(1,047,194)	(2,195,583)
NET TAXABLE AMOUNT	24,862,591	5,905,681
30% CIT	7,458,777	1,771,704
Advance Tax Paid	2,351,816	2,763,098
TDS paid	962,485	1,360,422
Net Tax Payable	4,144,477	(2,351,816)



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19. Foreign Exchange Translation

Certain foreign exchange transactions were undertaken by the Company during the year. However these transactions did not result into any profit or loss from foreign exchange transaction because all payment on account of foreign purchases are done upfront using the spot exchange rate between the functional currency (Ngultrum) and foreign currency at the date of transaction. Since 100% payment is released upfront there is no effect due to fluctuation in the exchange rate and therefore, creation of any foreign exchange asset or liability does not arise and no gain or loss.

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A circular blue ink stamp with the text "M. MUKERJEE & CO." around the top edge, "Chartered Accountants" in the center, and "KOLKATA" around the bottom edge. There are two small stars on either side of the word "KOLKATA".

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NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

QUANTITATIVE ANALYSIS(cft) OF STOCK as on 31.12.2015

Timber Sl.No.	Divisions	Opening Stock as on 1.1.15 (Cft.)	Production (Cft.)	Disposal (Cft.)	Book Balance as on 31.12.15 (Cft.)	Physical Balance as on 31.12.15 (Cft.)	Total Value as on 31.12.15	05-Apr-16	
								Book Balance as on 31.12.15 (KG)	Physical Balance as on 31.12.15 (KG)
1	Wang	55,862.06	255,616.49	285,477.77	26,000.77	26,000.58	3,622,661.21		
		144,514.32	222,433.42	311,085.68	55,862.06	55,862.06	7,611,764.10		
2	Rinpung	77,610.45	607,550.50	636,140.54	49,020.40	49,020.40	3,920,651.93		
		198,840.14	443,322.61	564,552.31	77,610.45	77,610.45	7,377,649.24		
3	Zhonggar	202,617.95	235,815.99	279,641.51	158,792.44	158,901.23	21,780,591.40		
		119,753.19	271,026.86	188,162.10	202,617.95	202,617.95	23,746,805.37		
4	Sha	133,769.42	232,612.27	320,833.34	45,548.35	45,548.35	5,310,026.64		
		208,172.68	257,448.55	331,851.81	133,769.42	133,769.42	13,861,187.30		
6	P/Ling	17,613.23	50,616.91	56,457.90	11,772.25	11,772.25	1,733,581.11		
		20,074.93	49,670.61	52,132.32	17,613.22	17,613.23	2,357,179.14		
7	Jakar	158,628.94	374,368.33	376,365.94	156,631.33	156,335.15	16,315,135.81		
		221,847.52	360,927.97	424,144.54	158,630.94	158,628.94	17,341,770.34		
	Total : 2015	646,102.05	1,756,580.49	1,954,917.00	447,765.54	447,577.96	52,682,648.11		
	Total : 2014	913,202.78	1,604,830.02	1,871,928.76	646,104.04	646,102.05	72,296,355.49		
Briquette									
Sl.No.	Divisions	Opening Stock as on 1.1.15 (KG)	Production (KG)	Disposal (KG)	Book Balance as on 31.12.15 (KG)	Physical Balance as on 31.12.15 (KG)	Total Value as on 31.12.15	05-Apr-16	
1	Wang-Briq.	58,240.00	249,000.00	270,910.00	36,330.00	36,330.00	217,980.00		
		6,930.00	367,460.00	316,150.00	58,240.00	58,240.00	303,430.40		
	Total : 2015	58,240.00	249,000.00	270,910.00	36,330.00	36,330.00	217,980.00		
	Total : 2014	6,930.00	367,460.00	316,150.00	58,240.00	58,240.00	303,430.40		
Firewood									
1	Wang	309.50	688.00	592.50	405.00	405.00	357,999.75		
		134.00	720.00	544.50	309.50	309.50	273,582.53		
	Total : 2015	309.50	688.00	592.50	405.00	405.00	357,999.75		
	Total : 2014	134.00	720.00	544.50	309.50	309.50	273,582.53		



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

QUANTITATIVE ANALYSIS OF STOCK as on 31.12.2015

05-Apr-16

Sl.No.	Divisions	Opening Stock as on 1.1.15 (m ³)	Production (m ³)	Disposal (m ³)	Book Balance as on 31.12.15 (m ³)	Physical Balance as on 31.12.15 (m ³)	Total Value as on 31.12.15 (m ³)
1	Wang	115.29	160.00	249.90	25.39	25.39	2,554.87
	-2015						
	-2014	144.00	32.00	60.71	115.29	115.29	11,607.06
2	Rinpung	-	24.00	24.00	-	-	-
	-2015						
	-2014	-	168.00	168.00	-	-	-
3	Zhonggar	6,400.00	43,795.56	25,115.56	25,080.00	25,080.00	2,323,912.80
	-2015						
	-2014	-	38,096.48	31,696.48	6,400.00	6,400.00	570,496.00
4	Sha	54,532.66	213,698.75	239,895.60	28,335.81	23,345.55	2,688,473.54
	-2015						
	-2014	45,459.66	187,246.00	171,627.80	61,077.86	54,532.66	6,248,897.51
6	P/Ling	5,792.00	32,741.50	28,421.50	10,112.00	9,118.00	267,157.40
	-2015						
	-2014	-	40,870.66	35,030.66	5,840.00	5,792.00	212,971.84
7	Jakar	54,733.25	28,023.30	36,425.80	46,330.75	40,353.15	3,953,398.11
	-2015						
	-2014	39,813.83	79,717.19	64,797.77	54,733.25	54,733.25	4,379,754.67
Total : 2015		121,573.20	318,443.11	330,132.36	109,883.95	97,922.09	9,235,496.71
Total : 2014		85,417.49	346,130.33	303,381.42	128,166.40	121,573.20	11,423,721.07

05-Apr-16

Sl.No.	Divisions	Opening Stock as on 1.1.15 (Cft)	Production (Cft)	Disposal (Cft)	Book Balance as on 31.12.15 (Cft)	Physical Balance as on 31.12.15 (Cft)	Total Value as on 31.12.15 (Cft)
1	Wang	0.00			0.00	0.00	0.00
	-2015						
	-2014	0.00	0.00	0.00	0.00	0.00	0.00
2	Rinpung	0.00	12,972.00	12,972.00	0.00	0.00	0.00
	-2015						
	-2014	0.00	51,088.00	51,088.00	0.00	0.00	0.00
3	Zhonggar	0.00	1,635,269.60	448,589.60	1,186,680.00	1,186,680.00	3,690,574.80
	-2015						
	-2014	0.00	399,327.52	399,327.52	0.00	0.00	0.00
4	Sha	0.00	108,117.00	108,117.00	0.00	0.00	0.00
	-2015						
	-2014	0.00	535,317.13	535,317.13	0.00	0.00	0.00
6	P/Ling	4,533.00	1,919,976.00	1,924,296.00	213.00	0.00	0.00
	-2015						
	-2014	18,528.00	1,473,251.00	1,487,246.00	4,533.00	4,533.00	5,484.93
7	Jakar	448,910.53	403,021.11	514,595.44	337,336.20	337,336.20	998,515.15
	-2015						
	-2014	445,594.15	749,127.31	745,810.93	448,910.53	448,910.53	731,724.16
Total : 2015		453,443.53	4,079,355.71	3,008,570.04	1,524,229.20	1,524,016.20	4,689,089.95
Total : 2014		164,122.15	3,208,110.96	3,218,789.58	453,443.53	453,443.53	737,209.09



QUANTITATIVE ANALYSIS OF STOCK as on 31.12.2015

Stones Chips	Divisions	Opening Stock as on 1.1.15 (CFT)	Production (CFT)	Disposal (CFT)	Book Balance as on 31.12.15 (CFT)	Physical Balance as on 31.12.15 (CFT)	Total Value as on 31.12.15 (CFT)
1	Rampung	-	271,721.25	251,320.91	20,400.34	20,400.34	138,926.32
	Phubana SCP -2015 -2014	-	-	-	-	-	-
2	Zhonggar	1,028,684.45	97,944.47	320,220.00	806,408.92	806,408.92	15,172,890.29
	Tingzam SCP -2015 -2014	504,953.50	847,452.96	323,722.00	1,028,684.46	1,028,684.45	17,864,496.12
	Kencholing SCP -2015 -2014	47,896.05	192,083.50	189,494.00	50,485.55	9,974.50	121,910.75
	Golanti SCP -2015 -2014	59,000.71	224,315.44	235,420.10	47,896.05	47,896.05	287,350.65
	Ngangshing SCP-2015 -2014	46,582.32	97,271.95	37,967.69	105,886.58	105,886.58	2,425,335.56
3	Jakar	28,891.57	190,500.00	119,891.76	99,499.81	99,499.82	1,594,999.03
	Bhur SCP -2015 -2014	10,097.22	256,021.00	237,226.65	28,891.57	28,891.57	364,680.12
	Hondar SCP -2015 -2014	311,226.18	397,930.14	427,370.08	281,786.24	281,786.24	3,079,204.28
	Grand Total - 2015	1,999,959.02	1,246,774.79	1,901,010.39	1,347,723.42	1,306,212.58	21,771,649.35
	Grand Total - 2014	1,074,920.83	2,375,704.14	1,450,665.95	1,999,959.02	1,999,959.02	34,655,912.73

NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

QUANTITATIVE ANALYSIS OF STOCK as on 31.12.2015

Rawmaterials for Stone Crusher	Divisions	Opening Stock as on 1.1.16 (CFT)	Production (CFT)	Disposal (CFT)	Book Balance as on 31.12.15 (CFT)	Physical Balance as on 31.12.15 (CFT)	Total Value as on 31.12.15 (CFT)
1	Rampung	-	-	-	-	-	-
	Phubana SCP -2015 -2014	-	-	-	-	-	-
2	Zhonggar	567,979.19	53,516.14	93,473.00	528,022.33	528,022.33	6,859,010.07
	Tingzam SCP -2015 -2014	826,547.55	729,119.84	987,688.20	567,979.19	567,979.19	7,378,049.68
	Kencholing SCP -2015 -2014	78,058.00	154,034.00	215,053.00	17,039.00	17,039.00	132,904.20
	Golanti SCP -2015 -2014	54,297.44	272,020.00	193,962.00	78,058.00	78,058.00	608,652.40
	Ngangshing SCP-2015 -2014	157,197.44	10,320.00	113,220.00	50,097.44	50,097.44	382,243.47
3	Jakar	319,669.12	647,777.23	209,600.00	757,846.35	757,846.35	9,566,756.33
	Bhur SCP -2015 -2014	30,966.03	566,704.10	278,001.00	319,669.13	319,669.12	4,043,814.37
	Hondar SCP -2015 -2014	49,864.42	506,506.84	425,040.77	131,330.49	131,330.49	919,313.43
	Grand Total - 2015	1,863,728.00	1,883,986.27	1,156,168.13	2,691,556.14	2,691,556.15	30,339,830.90
	Grand Total - 2014	1,624,742.60	2,895,688.01	2,656,672.60	1,863,728.01	1,863,728.00	22,803,636.66
1	Wang-Briq. Unit -2015 -2014	21.00	118.00	136.00	3.00	3.00	21,075.33
	Grand Total -2015	67.00	96.00	142.00	21.00	21.00	147,527.31
Total :	2015	21.00	96.00	142.00	3.00	3.00	21,075.33
	2014	67.00	96.00	142.00	21.00	21.00	147,527.31
Grand Total:2015							119,316,770.10
Grand Total:2014							142,641,276.27



NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Subsidised amount for the timber supply during the period 1.1.2015 to 31.12.2015

05-Apr-16

Purpose	Category of timber	Logs in cft.	Total chargeable (Nu.)			Actually charged (Nu.)			Subsidized amount (Nu.)		
			Royalty	Others	Total	Royalty	Others	Total	Royalty	Others	Total
Wang	B Class, Conifer	1,014.80	9,945.04	147,034.37	156,979.41	811.84	112,247.16	113,059.00	9,133.20	34,787.21	43,920.41
	Sub Total:	1,014.80	9,945.04	147,034.37	156,979.41	811.84	112,247.16	113,059.00	9,133.20	34,787.21	43,920.41
Rimpung	A Class, Conifer	4,209.15	63,137.25	614,662.17	677,799.42	3,367.32	533,256.41	536,623.73	59,769.93	81,405.76	141,175.69
	B Class, Conifer	6,021.80	59,013.64	879,363.45	938,377.09	4,817.44	666,070.83	670,888.27	54,196.20	213,292.63	267,488.83
	Sub Total:	10,230.95	122,150.89	1,494,025.63	1,616,176.52	8,184.76	1,199,327.24	1,207,512.00	113,966.13	294,698.39	408,664.52
Sha	A' Class Conifer	4,339.39	65,090.85	627,909.73	693,000.58	3,471.51	535,574.93	539,046.44	61,619.34	92,334.81	153,954.14
	B' Class Conifer	5,267.14	51,617.97	762,155.16	813,773.13	4,213.71	582,598.36	586,812.07	47,404.26	179,556.80	226,961.06
	Special Class	2,812.54	59,063.34	1,177,694.87	1,236,758.21	2,250.03	368,555.24	370,805.27	56,813.31	809,139.63	865,952.94
	Others	3,798.16	56,972.40	1,590,403.54	1,647,375.94	3,038.53	382,170.86	385,209.39	53,933.87	1,208,232.68	1,262,166.55
	Others	5,986.70	37,221.97	866,275.49	903,497.46	4,789.36	748,157.90	752,947.26	32,432.61	118,117.59	150,550.20
	others	3,492.59	52,388.85	443,454.15	495,843.00	2,794.07	436,468.97	439,263.04	49,594.78	6,985.18	56,579.96
	Sub Total:	25,696.52	322,355.38	5,467,892.94	5,790,248.32	20,557.22	3,053,526.25	3,074,083.47	301,798.16	2,414,366.69	2,716,164.85
P/Ling	A Class, BL	340.81	5,112.15	46,554.65	51,666.80	272.65	42,904.75	43,177.40	4,839.50	3,649.90	8,489.40
	BCDE Class B.L.	164.03	1,607.49	22,406.50	24,013.99	131.22	17,126.37	17,257.60	1,476.27	5,280.13	6,756.40
	Sub Total:	504.84	6,719.64	68,961.14	75,680.79	403.87	60,031.12	60,435.00	6,315.77	8,930.02	15,245.79
Jakar	A Class, BL	53.12	796.80	6,764.30	7,561.10	42.50	6,687.28	6,729.77	754.30	77.02	831.33
	B Class, Conifer	14,349.81	140,628.14	2,024,327.70	2,164,955.83	11,479.85	1,587,232.38	1,598,712.23	129,148.29	437,095.31	566,243.60
	Sub Total:	14,402.93	141,424.94	2,031,092.00	2,172,516.94	11,522.34	1,593,919.66	1,605,442.00	129,902.59	437,172.34	567,074.93
	Total (A)	51,850.04	602,595.89	9,209,006.09	9,811,601.98	41,480.03	6,019,051.44	6,060,531.47	561,115.86	3,189,954.65	3,751,070.51
Auction		1,903,066.96									
	Grand Total:	1,954,917.00	602,595.89	9,209,006.09	9,811,601.98	41,480.03	6,019,051.44	6,060,531.47	561,115.86	3,189,954.65	3,751,070.51



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Annexure C

A. RATIO ASSESSING PROFITABILITY:

Sr. No.	Ratio	Basis	2014	2015
1	Return on Investment	(EBIT / Net Assets or Net Worth) * 100	1.40	3.99
2	Operation Profit	(Operating profit Excluding Financial Charges) / Net Sales * 100	3.3	6.52
3	Net Profit Ratio	Net Profit Before Tax / Net Sale * 100	1.92	5.41

B. RATIO FOR ASSESSING FINANCIAL HEALTH

Sr. No.	Ratio	Basis	2014	2015
1	Capital Turnover Ratio	Net Sales / Average Capital Employed (Less Capital Reserve)	0.86	0.82
2	Fixed Assets Turnover Ratio	Net Sales / Net Fixed Assets	0.91	1.08
3	Stock Turnover Ratio	(Cost of Goods Sold including Selling Expenses) / Average Inventory	2.52	2.88
4	Current Ratio	Current Assets / Current Liabilities	4.54	3.19
5	Liquid Ratio	(Current Assets less Inventory less Pre-Paid Expenses) / (Current Liabilities less Bank Overdraft)	1.64	1.67



Addresses & Telephone Numbers of NRDCL Offices

Website: www.nrdcl.bt

Corporate Head Office
Phendey Lam, Thimphu : Bhutan
Post Box No. 192
Tel. Nos.
Chief Executive Officer: +975-2-322615
EPABX: +975-2-323834/323868/328959/
77190073
Fax No. +975-2-325585
E-mail: info@nrdcl.bt

Wang Regional Office (Regional Manager)
Phendey Lam
Thimphu : Bhutan
Post Box No.192
Tel. No. +975-2-323469
EPABX: +975-2-323834/323868/
328959/77190073
Fax No. +975-2-325585
E-mail: wang@nrdcl.bt

Sha Regional Office (Regional Manager)
Samthang, Wangdue : Bhutan
Post Box. No.1243
Tel. No. +975-2-481272/481537
Fax No. +975-2-481247
E-mail: sha@nrdcl.bt

Jakar Regional Office (Regional Manager)
Bumthang : Bhutan
Post Box No.122
Tel. No. +975-3-631470
Fax No. +975-3-631471
E-mail: jakar@nrdcl.bt

Rinpung Regional Office (Regional Manager)
Paro : Bhutan
Tel. No. +975-8-271519
Fax No. +975-8-271479
E-mail: rinpung@nrdcl.bt

Phuentsholing Regional Office (Regional Manager)
Phuentsholing : Bhutan
Tel. No. +975-5-252154/254765
Fax No. +975-5-253094
E-mail: phuentsholing@nrdcl.bt

Zhonggar Regional Office (Regional Manager)
Monggar : Bhutan
Tel. No. +975-4-641160/641165
Fax No. +975-4-641210
E-mail: zhonggar@nrdcl.bt

Toll Free Number: 1091