

# DRUK WANG ALLOYS LIMITED

## BOARD OF DIRECTOR'S REPORT FOR THE YEAR 2010

To,  
The Shareholders,  
Druk Wang Alloys Limited,

**Dear Shareholders,**

On behalf of the Board of Directors and on my own behalf, I would like to extend a warm welcome to all the Shareholders of Druk Wang Alloys Limited to the 6<sup>th</sup> Annual General Meeting of the Company.

I would like to present before you the Annual Report of the Company.

### **1. FINANCIAL REPORT**

(Nu. In million)

<b>Financial Performance</b>	<b>2010</b>	<b>2009</b>
Authorized Share Capital	250.000	250.000
Issued/subscribed & Paid-up equity	194.000	194.000
Gross Income	795.642	481.750
Gross Expenditure	653.821	505.744
Profit / (Loss ) before tax	141.821	(23.99)
Profit/ (Loss ) after tax	105.806	(23.99)
Provision for Corporate tax	36.015	(NIL)
Interim dividend	29.100	(NIL)

## PLANT OPERATION / SALES AND COLLECTION PERFORMANCE

	2010	2009
Opening Stock of [ FeSi ]	385.620 [ MT ]	1394.300 [ MT ]
Production	12818.710 [ MT ]	9703.100 [ MT ]
Sales	12503.800 [ MT ]	10711.780 [ MT ]
Closing Stock of [ FeSi ]	700.530 [ MT ]	385.620 [ MT ]
Sales Realization Nu.	772,412,247.00	505,000,894.50
Plant Capacity utilization %	89.02%	67%
Average Collection per month [ Nu. ]	64,367,687.00	42,083,408.00
Shut Down time of plant [ Hours ]	525.27	546.75

### PROJECTION FOR 2011

The Management of your Company has proposed production and sales of 14400 mt of Ferro Silicon for the year 2011 at 100% of plant capacity. The management apprises the members that an ambitious target of production & sales more than this could not be set since the operation is being carried out at the optimum achievable level.

### HUMAN RESOURCE MANAGEMENT

Human Resource and Development has always been accorded priority by your Company in accordance with the policy of the Royal Government and in keeping close pace with rapidly changing global economic scenario in all respect, persists to focus on growth and development of human resources. The management has trained a commendable number of nationals in different fields by way of in-house training and deputing the personnel for short-term training initiated by various Institutes or Ministries. As on 31<sup>st</sup> December 2010, we have 115 regulars and 69 muster roll employees, in total we have 184 employees, out of that 21 number are non-national and 163 numbers are national employee, 11.41% and 88.59% respectively. The Management continues to provide appropriate guidance and motivation to all workers towards enhancing their productivity.

The Employees of the Company are administered in compliance to the Service Rules of the Company amended time to time, as per the requirements of Labour and Employment Act of the Royal government of Bhutan, 2007.

## **DIRECTORATE**

The following are the directors of your Company after the conduct of 05<sup>th</sup> AGM held on 21st April 2010.

Aum Naki Dorji, Chairperson  
Dasho Dorji Norbu, Director  
Mr. Samdrup Norbu, Director  
Mr. Dawa Penjore, Director  
Mr. Leki Dorji Norbu, Director  
Mr. Sonam Tobgay, Director  
Mr. Chimi Dorji Norbu, Managing Director

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance to the Company Act of Kingdom of Bhutan 2000, your directors confirm the following with regard to Annual Accounts, Accounting Policies, maintenance of accounting records etc:-

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year 2010 and of the profit or loss of the company for that period.
- iii. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act of the Kingdom of Bhutan, 2000, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the directors had prepared the annual accounts on a going concern basis.

## **RETIREMENT /APPOINTMENT OF DIRECTORS IN THE BOARD**

Your directors deliberated that in compliance to the Companies Act of the Kingdom of Bhutan 2000, one-third of the directors have to retire every year.

In keeping with the rotation systems, the following directors likely to retire from the Board of Director and eligible for reappointed at the AGM:

Mr. Leki Dorji Norbu, Director  
Mr. Sonam Tobgay, Director  
Mr. Chimi Dorji Norbu, Managing Director

The Board deliberated that the above directors would be reappointed and confirmed in this AGM of the company.

It is put up to the AGM to note/approve the retirement/appointment of the directors of the company.

### **APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY FOR THE YEAR 2010.**

The 05<sup>th</sup> AGM had approved the appointment of M/s KGGT & Associates, Chartered Accountants which were appearing in the Royal Audit Authority empanelment as Auditors of the Company for the financial year 2010 and auditor's has given a clean audit report for the financial year-2010. They have applied for the reappointment for the financial year-2011. Your Board of Director recommends the appointment of KGGT & Associates as statutory auditor for the financial year-2011 also, in view of their long association with Bhutan and the company.

### **FUTURE PLANS AND PROSPECTS**

With your company's efforts focused on providing excellent customer service, optimizing staff productivity and increasing better operational environment, your company is well prepared to handle the good market opportunities which are continuously arising from the year, 2010 due to global increase in demand for steel. Your company has maintained all the parameters and quality standards and has been certified as an ISO- 9001:2008 company by URS Certification Limited.

### **ENVIRONMENT & POLLUTION CONTROL**

Your company has adopted an environment friendly policy and has complied with all the necessary standards set by the NEC. The company is running its pollution control system successfully and is operating it on a continuous basis as per the requirements of the National Environment Commission. The reports are submitted to the commission as required and are verified from time to time by the environment monitoring team from Ministry of Economic Affairs. We have within the year opted for self monitoring through the NEC team and have found out pollution levels to be much better than the standards set by them.

## **CONCLUSION**

In conclusion, I take it as my great privilege and honor to record the sincere gratitude of the Board and Management for your unstinted support and the financial institutions for their support and encouragement to your company.

The shareholders, the Board and I would like to acknowledge the exemplary effort rendered by the Managing Director, Executives, Staff and Workers of the Company to come out successfully in this global financial crisis and unstable market. I am confident that the Management of DWAL will lead the Company to yet another successful year.

**Tashi Delek!**

**Date: 25<sup>st</sup> March 2011**

**For and on behalf of Board of Director of  
Druk Wang Alloys Limited**

**CHAIRPERSON**