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DRUK HOLDING & INVESTMENTS LTD.

The DHI Impact – a better economy

A country is in a state of isolation for as long as it has existed. That country has come out of its isolation and the year is 1961. There is much to do to bring in developments; something that the world outside of it has been pursuing quite relentlessly and achieved most brilliantly.

For a country of such an origin and history, going all-out on all fronts to implement developments would seem natural, for there was none, and now it has to make the proverbial change. But, this country didn't do that. Of course, initially heavy priority was given to building infrastructures such as roads but without stringent stress on standards or quality. That was because roads were virtually non-existent and there was suddenly an urgency to have them built for connectivity's sake.

Today, this country has come a long way ushering in that development, and it has bettered situations for its people in the many areas of life. It is fortunate that in its excitement to introduce all things new and amazing, the nation has not lost its way, or rather its old ways. And all gracious acknowledgements go to the leaders past and present who have carefully planned its development path.

Keeping with such a philosophy that aims to harness less of the negative and more of the positive impacts in seeking economic growth, the Druk Holding and Investments (DHI) was established in 2007 by a Royal Charter. Its sole objective was to "to hold and manage the existing and future investments of the state for the long term benefit of its shareholders, the people of Bhutan".

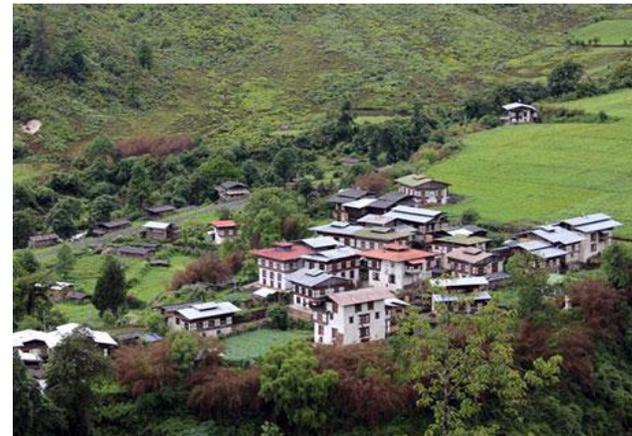
And so, various initiatives in all sectors of development were initiated, completed; more initiatives are started and in motion.

Under the DHI umbrella, the various DHI companies function to make progress individually and showcase a remarkable collective result to take the nation's economy forward. The DHI owned companies are:

- ⇒ Bhutan Power Corporation Ltd.
- ⇒ Bhutan Telecom Ltd.
- ⇒ DHI Infra Ltd.
- ⇒ Drukair Corporation Ltd.
- ⇒ Druk Green Power Corporation Ltd.
- ⇒ Dungsam Cement Corporation Ltd.
- ⇒ Natural Resource Development Corporation Ltd.
- ⇒ Thimphu Tech Park Ltd
- ⇒ Construction Development Corporation Ltd.
- ⇒ Wood Craft Center Ltd.
- ⇒ State Mining Corporation Ltd

DHI currently has 100% shares in 11 companies, 50% or more in three and less than 50% (between 11.5% to 48%) in the remaining six companies.

Electricity - Lighting up the remotest corners



The nationwide electrification of the most rural of places is a most significant achievement that tugs at the heart of citizens who have yearned to see the 'light' of development, literally. Hydropower generation has taken off to being multiplied into various huge projects and joint venture projects, strengthening the nation's capacity to earn revenue through it.

As per DHI Annual Report 2014, a total of 3,198 households were electrified on grid supply in 2014. Therefore, a total of 40,852 households are electrified against Government's mandate to electrify 40,257 households by 2013. This translates to 97% of Bhutanese homes all over country having access to grid electricity supply as compared to 94% the previous year.

Hydropower – Nation’s big revenue generator



If the nation’s geography is taking the flak for making development difficult, then at the same time it should be duly acknowledged. The pristine environment of the country and its high-rising peaks are the reason why hydropower generation has taken off in a big manner to be proclaimed the biggest revenue earner of the nation.

The country has an impressive potential of generating 30,000 megawatt of electricity for which there has been a diversification of various projects.

The four-hydropower plants under Druk Green Power Corporation (DGPC) collectively generated 7,147.09 million unit (MU) of electricity in 2014. The previous year a highest ever aggregate generation of 7,531.45 MU was recorded. The fluctuation is attributed to monsoonal patterns and the resulting lower hydrology in 2014.

Banking



Banking today is a whole new experience for Bhutanese as they reap the benefits of the advancements that have been achieved.

Compliments to such services as B-Wallet, MBoB, ATM services, SMS banking, and Internet Banking, people now deal their finances in a way their forefathers never had. Cash is transferred even without visiting the bank, utility bills can be paid at the touch of buttons on one’s phone and now cash deposits are also possible through the Automated Teller Machines (ATMs) where previously only withdrawals could be done.

The Bank of Bhutan (BoB) saw an increased total income by 11.67%, from Nu. 2,176.40 million in 2013 to Nu. 2,430.41 million in 2014. The bank saw an increased total deposits-base by 31.13% from Nu. 25.54 billion in 2013 to Nu. 33.49 billion in 2014 indicating public’s continued trust and confidence in the Bank.

As of today, there are 29 BoB branches and 15 extension offices spread across the country providing banking services. BOB that was considered a sleeping giant prior to 2007 has been converted to a fast moving business house in the financial sector.

Telecommunications



It was a time when messages were carried by runners like the legendary Garp Lungi Khorlo from one place to another crossing hills, valleys, forests, rivers and mountain passes over the course of days. Well, Bhutan is not that place anymore and messages are definitely no longer literally running around.

The country has entered the new age of telecommunications and keeps pace with the ever-changing face of technology in telecommunications. Since the time of telephone to the present mobile handsets and the sophisticated smart-phones, Bhutan is party to all.

In mobile communications, the country has been upgrading to 3G and 4G technology as have the countries globally.

Internet



It's the internet age and Bhutan has kept pace with it. Since its introduction a little more than a decade ago, the benefits are spread across the level of the citizen on the streets across governmental agencies and ministries. The introduction and endorsement of Google Apps in the government units and the BT cloud services, data center and Wi-Fi offload by Bhutan Telecom are few solid examples.

There is a commitment from the government's side to promote e-governance in all its functions and eventually go entirely paperless. This would serve to also saving nature and its environment as trees need no longer be felled for the production of paper.

As per DHI Annual Report 2014, the Bhutan Telecom Limited has Extended 3G services in nineteen new locations and therefore, 3G services is available in sixteen Dzongkhags. It has extended 2G services to seventeen new sites. Increased broadband subscriptions by 22%, from 20,391 in 2013 to 24,904 in 2014; Increased leased line Internet customers by 25.5%, from 239 in 2013 to 300 in 2014.

The BTL created a 10 Gbps link from the international gateway in Gelephu to Thimphu to improve Internet access; Upgraded the Gelephu-Kanglung link to 1 Gbps to address Internet congestion in the eastern Bhutan. There is also continued expansion of fiber networks at Haa, Samdrup Jongkhar, Nganglam, Gelephu, Sarpang, Trongsa, Tsimasham, Phuentsholing, Gomtu, and Samtse.

The BTL also set up the country's first Tier-III Data Centre with 99.98 percent availability of services (approximately two hours outage in a year) that provides individuals, entrepreneurs, and organizations across the country to host their computer systems and information in a safe and

secure location within Bhutan. The center has a space of 5000 sq ft with 83 server racks. It was formally launched on 11th February 2015.

In meeting governmental targets, Master School (Pelkhil) and the five participating schools of Khasadrapchu MSS; Khuruthang MSS; Bajo MSS; Phuentsholing MSS and Tendu MSS were connected on fiber for implementation of the iSchool Project by the Royal Government of Bhutan.

Aviation and Transport



The national airline operated a total of 4,098 flights in 2013 and 4,093 flights in 2014. It operated a total of 132 domestic flights including additional and charter in 2014 carrying 3,007 passengers. Out of the total passengers on domestic sector 2,136 passengers paid in US\$ and 871 passengers paid in local currency. In 2013, domestic sector operated 276 flights and carried 490 passengers.



It's a sea change in the way corporations are managed due to improved corporate governance and implementation of performance management – a key achievement of DHI. Huge improvement in road network and transport facilities, in the nation where once even the sighting of one automobile on a regular basis was far and between, has become a reality. Now there are vehicles such as private cars, public transport buses, cargo-ferrying vehicles and taxis plying between dzongkhags on a daily basis; in the case of taxis it would count even for hourly.

✦ *Happiness article for DHI. For more information, pls. visit www.dhi.bt*