

BPC Newsletter

Butwal Power Company Limited

Volume 16
July –December 2010

Special points of interest:

- Himal Power Limited celebrated 10th anniversary of successful operation of Khimti Hydropower project on November 27, 2010.
- Nepal Hydro Electric's order book position stands over 1.5 billion, the highest ever.
- Development activities of Kirne Project moving again with the possibility of power evacuation lines.
- Khudi Hydro Power Limited has been successful in meeting the contract energy during the month of Kartik, Mangsir and Poush consistently

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PPA of Andhikhola Upgrading Project

Andhikhola Power Plant located in Galyang area of Syangja district is one of the operating Assets of Butwal Power Company having a capacity of 5.1 MW generating approximately 40 GWh of annual energy. Considering optimum utilization of natural resources and ongoing energy deficit, it will now be upgraded to the capacity of 9.4 MW and will generate about 70GWh of energy annually. A Power Purchase Agreement for upgrading project of Andhikhola was signed between Butwal Power Company Limited (BPC) and Nepal Electricity Authority (NEA). Mr. Ranjan Lohar, Chief Executive Officer of BPC and Mr. Tirtha Man



Signing of PPA for the project

Shakya, Deputy Managing Director of NEA signed the agreement on December 22, 2010. License for constructing the upgrading project was already obtained from Ministry of Energy on November 4, 2010.

The new power plant will be equipped with modern equipments with higher efficiency and

operation reliability. The Andhikhola Upgrading Project work will be completed within 15 months.

With the upgraded project not only will it balance the power deficit in the INPS but it will also provide for irrigation of more than 250 hectares of additional land benefiting the locals in increasing their farm products and social well being. Currently, more than 800 households owing 309 hectares of land are benefiting and have been irrigating from existing project's headrace tunnel. Full fledged Construction work will start from March 2011 and the project will be commissioned within March 2012.

Source: Mr. Bishnu Pd. Shrestha, Sr. Manager CA

18th Annual General Meeting of BPC

The 18th AGM of BPC was successfully convened on January 7, 2011 with participation of the Board of Directors, shareholders, representative from the Office of the Company Registrar, Nepal Stock Exchange and Securities Board of Nepal. The meeting was chaired by Mr. Padma Jyoti, Chair-

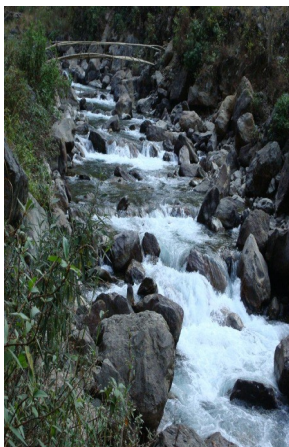
man of BPC Board. Chairman, presented the annual report and the audited statements of accounts of the company for the fiscal year ended July 16, 2010. Some of the shareholders provided their suggestions regarding company's financial performances. The shareholders appreciated the

presentation of financial results, internal control and risk management of the company.

Mr. Joyti appreciated the shareholders concern to the company and warmly welcomed their suggestions and inspired the management to move *cont. in page 4*

BPC Newsletter

CEO's DESK



Nyadi River

After a long wait of about 11 months, the draft PPA of Andhikhola received its mandated approval of NEA management and the PPA has been finally signed. This brings us respite from the difficult working environment at Andhikhola Plant and frequent failures. The plant will be upgraded not only in capacity but also technologically with remote operation from the surface control room. The financial closure is in its final stage of completion and the construction will start from March 2011.

With start of construction, the monotony in business operation will break and it will elevate the

working spirit. I am sure, the Andhikhola generation team is charged up to be an integral part of the project construction and with a great team it is expected that the project will be commissioned ahead of schedule.

Pre-construction works on other projects are moving ahead and the project management team is being strengthened to take up the challenge lying ahead in development of the projects simultaneously. Strategic partnership on project development is being built which will enable us to increase our portfolio and diversify risk. We all know, its hard to sustain performance, but *Team BPC* has proved once again by bagging the National

Best Presented Accounts Award for the fifth time in a row and SAFA Merit Award for the second time . Congratulation! *Team BPC*.

Our subsidiary company KHL, has been successful in reaching break-even in the year closing Ashad 67 after recurring losses in the past years.

Good governance has been our focus and to strengthen it further we have adopted a corporate value framework which will guide us in our business operation and being a corporate citizen. I expect full support and cooperation of *Team BPC* in implementation of the value framework and enhancement of our values system.

BPC recertified on ISO 9001:2008 from ISO 9001:2000 in this fiscal year

Projects Highlight—Nyadi

20 MW capacity of Nyadi Hydro-power Project is upgraded to 30 MW , track opening for 7.5 km access road from Besishahar-Chame Road has been accomplished. 331 Ropanis of land for access road and construction of project structures and housing

area have been purchased. Bridge construction over Marsyangdi river has started and expected to complete by the end of March 2011. This bridge will be beneficial not only to Project, but also to habitats of various villages such as Bhulbhule, Nyadi, Bahundada,

Taragaon across Marsyangdi River. Dr. Gyanendra Lal Shrestha has been appointed as Project Director of Nyadi Hydropower Limited from September 7, 2010.

The Newsletter team wishes him a long and successful tenure at

Source: Dr. Nirmal Kumar Acharya , Manager Project Development

Projects Highlight—Kabeli



Kabeli River

Project Development Agreement (PDA) for development of 30 MW capacity Kabeli 'A' Hydroelectric Project (KAHEP) with Government was signed on January 31, 2010 and survey license obtained in March 2010. Following the update of the feasibility study, the project has been optimized 38

MW capacity. The feasibility study report has been submitted to GoN, 4 month ahead of schedule. The project will be partly financed through Power Development Fund (PDF) established by the World Bank. The study has been also peer reviewed by international review consultant and inde-

pendent Panel of Experts. Both Initial Environmental Examination (IEE) study and Environment and Social Impact Assessment is carried out to fulfill GoN and World Bank requirements. The construction of the project is scheduled to start in the 3rd quarter of 2011 and will be commissioned by December 2014

Source: Dr. Nirmal Kumar Acharya , Manager Project Development

Financial Highlight

BPC has earned Rs. 106.787 million net profits up to the first quarter of FY 2009/10 ended 31st Ashwin 2067 which is 76% higher than the corresponding previous year quarter ending net profit of Rs. 60.696.

Income from Operations is Rs. 148.119 million on first quarter of FY 2067/68 which is increment of 17% in comparison with the corresponding previous year quarter ending Income from Operations

of Rs. 126.067 million.

The review period shows the 60% growth on Earnings per Share (EPS) despite the number of outstanding shares increases from 8.39 million to 9.23 million due to issuance of 10% bonus shares.

Particulars	Quarter Ending Ashwin 2067	Corresponding Previous Year Quarter
Earnings Per Share (EPS)	11.57	7.23
Net Worth Per Share	219	213
Market Price Per Share	842	960
Price Per Earning (P/E) Ratio	73	133
Current Ratio	1.70	1.88

Source: Mr. Radheshyam Shrestha VP-Finance

BPC Celebrates 45th Anniversary

45th Anniversary of BPC was celebrated on December 29, 2010 with much enthusiasm and fun. Entire BPC family celebrates this day every year as a year of success and also to bond amongst each other. Employee Union, Employee Welfare Fund and BPC jointly organized a sports week and a cultural program. Different sports were played among the staff of BPC and also its sister companies to boost the friendly

relation. Mr. Radheshyam Shrestha, VP-Finance welcomed the guests and the employees by delivering welcome speech. Cultural program was also held for employees to show their hidden talent. Children of employees also showed their talent with great excitement adding more color to the program. Different committees were formed to organize the Anniversary program. Award for the winners of the sports were

also presented by Mr. Ranjan Lohar, CEO. Award for the inter-company sports events were given away by the Board members. Presence of Board Members also added value to celebrate the program. Mr. Ratna Shakya, Head of Corporate Management concluded the program by thanking all those who directly and indirectly contributed in successful celebration of Anniversary Program.

Source: Ms. Nirmeeta Shakya, Manager-QEMS



BPC Family Celebrating 45th Anniversary

“Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them” Paul Hawkem

Andhikhola Fish Harvesting-BPC’s Approach Towards Women Empowerment

BPC and Sustainable Poverty Reduction in Nepal (SPRN) Norway, organized a fish farming program to take the concept to develop the highly protein content food production program such as fish farming in commercial basis in local level at Andhikhola project area.

Two fish ponds have been constructed close to dam at Andhikhola by the use of water from Manke Khola which is the first tributary after dam of Andhikhola. The fish farming program started from January 2008 by local women group in collaboration with SPRN. The total area of the fish pond is

333 m². BPC and SPRN has provided necessary training on nursery development and propagation, management, harvesting, processing and marketing activities as an integral part of the project. During the operation period women group harvested 160 kg fishes for the first time in *cont in page 4*



Production of upper pond and lower pond



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SAFA Merit Award

BPC yet again bagged South Asian Federation of Accountants (SAFA) merit award in the manufacturing sector on December 12, 2010 in Kathmandu. SAFA's awards are conferred on the basis of evaluations carried out by SAFA's Committee for Improvement in Transparency, Accountability & Governance of the published annual reports of South Asian entries.

BPC was also awarded Best Presented Accounts (BPA) Award for 5th time in a row. The BPA Award is in line with the BPA criteria prescribed by the SAFA, which is an alliance of the Accounting Institute of Bangladesh, India, Pakistan, Nepal and Sri Lanka. SAFA is also an apex body of SAARC.

Source: Mr. Radheshyam Shrestha, VP Finance

18th Annual General Meeting of BPC *cont...*

ahead cautiously in growth of the organization. The meeting also approved cash dividend equivalent to 20% of the paid up capital and 10% bonus share as recommended by the Board of Directors.

The chairman concluded the Annual General Meeting with the vote of thanks to Board members, shareholders, company registrars, BPC management team, media and all participatory contributing to the success and achievement of the company.

Source: Mr. Bishnu Pd. Shrestha, Sr. Manager CA



18th Annual General Meeting



Local women selling the fish harvested by them

Andhikhola Fish Harvesting *cont...*

November 2008 and earned NRs. 32,000. However, the second time women group produced 259 kg of fishes in October 2009 and earned NRs. 64,750 and 3rd time women harvested 315 kg of fishes and able to earn NRs. 86,000 which is approximately three times more than normal and traditional production. Satisfied with the project performance, the women group is targeting to produce more fishes in coming year. Presently 11 women are working at upper pond and 10 women are working at lower pond.

At Galyang, SPRN is financially supporting the women group for fish production during operation phase. BPC has sponsored total pond construction cost and during the operation period BPC has been continuously providing technical support to the women group for good production of fish. From the economic point of view, the women groups are increasing their fish production every year and their net earnings is NRs. 24,500 after all the expenses.

Source: Mr. Rakesh Yadav, Sr. Fish Biologist