

Butwal Power Company Limited

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER,
FISCAL YEAR 2075/76 ENDED 30TH POUH 2075 (14 JANUARY 2019)

Figures in NPR'000

Statement Of Financial Position	This Quarter Ending Poush end 2075	Previous Quarter Ending Ashwin end 2075	*Corresponding Previous Year Quarter Ending Poush end 2074
ASSETS			
Non-Current Assets			
Property, plant and equipment	344,130	351,503	347,435
Capital work-in-progress	8,214	6,192	13,447
Intangible assets	1,920,750	1,936,238	1,926,651
Project work-in-progress	205,280	204,765	181,832
Financial assets	3,325,067	2,911,934	2,387,319
Other non-current assets	9,464	9,775	6,888
Total Non-Current Assets	5,812,905	5,420,407	4,863,572
Current Assets			
Inventories	48,174	49,081	63,145
Trade receivables	100,925	136,879	122,233
Cash and cash equivalents	491,593	514,560	540,066
Other Financial assets	1,533,066	1,499,071	117,523
Other current assets	6,177	16,159	5,280
Current tax assets (net)	39,906	51,625	74,352
Total Current Assets	2,219,841	2,267,375	922,599
Total Assets	8,032,746	7,687,782	5,786,171
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,440,555	2,218,672	1,810,572
Other equity	4,227,173	4,395,351	3,012,326
Total Equity	6,667,728	6,614,023	4,822,898
Liabilities			
Non-Current Liabilities			
Grant aid in reserve	204,787	206,681	198,851
Financial liabilities	280,598	304,218	411,720
Provisions	12,673	10,896	10,567
Deferred tax	227,256	291,433	39,284
Other non-current liabilities	24,487	24,722	24,862
Total Non-Current Liabilities	749,801	837,950	685,284
Current Liabilities			
Trade payables	3,409	2,869	1,854
Other Financial liabilities	164,545	149,938	191,623
Provisions	981	844	818
Other current liabilities	446,282	82,158	83,694
Total Current Liabilities	615,217	235,809	277,989
Total Liabilities	1,365,018	1,073,759	963,273
Total Equity and Liabilities	8,032,746	7,687,782	5,786,171

* Corresponding previous year quarter figures have been restated as per NFRS

Figures in NPR'000

Statement of Profit or Loss and other Comprehensive Income	This Quarter Ending Poush end 2075	Previous Quarter Ending Ashwin end 2075	*Corresponding Previous Year Quarter Ending Poush end 2074
Revenue	384,009	199,921	404,873
Cost of Sales			
Generation Expenses	(112,221)	(56,032)	(113,879)
Distribution Expenses	(54,255)	(27,227)	(52,368)
Gross profit	217,533	116,662	238,626
Depreciation Being Revenue Portion of Grant Aid	3,788	1,894	3,543
Other income	595,345	4,943	498,997
Administrative and other operating expenses	(80,342)	(32,986)	(78,694)
Impairment loss on investment	-	-	-
Profit from Operation	736,324	90,513	662,472
Finance Income	90,321	50,645	1,316
Finance Costs	(22,357)	(12,118)	(31,083)
Profit Before Tax	804,288	129,040	632,705
Income Tax Expense	(46,046)	(25,214)	(15,649)
Profit for the year	758,242	103,826	617,056
Other comprehensive gain/(loss) for the year, net of tax	(201,365)	-	(176,325)
Total Comprehensive gain/(loss) for the year, net of tax	556,877	103,826	440,731

* Corresponding previous year quarter figures have been restated as per NFRS

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SECOND QUARTER DISCLOSURE AS OF 30th Poush 2075 (14th January 2019) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub regulation I of Regulation 26)

I FINANCIAL STATEMENTS

- The financial statements for the second quarter have been published as a part of this report.
- Transactions with related parties:** Business transactions were conducted with related parties at arm's length in line with section 93 (3.c) of the Company Act. BPC purchased services of worth NPR 142,940 from Mercantile Communication Pvt. Ltd., NPR 8,362 from BPC Service Limited, NPR 598,978 from Hydro Lab Pvt. Ltd., NPR 48,320 from Syakar Trading Company Pvt. Ltd., NPR 659,390 from Nepal Hydro & Electric Limited and advance towards shares provided NPR 50,000,000 to Nyadi Hydro Power Limited.
- Key Financial Ratios at the end of the quarter;**

Period	Earning per Share	Net worth per share	Current Ratio	P/E Ratio	Return on Assets
This year quarter end	Rs. 31.07	Rs. 273.21	3.61	12.07	9.44%
Previous quarter end	Rs. 4.25	Rs. 298.11	9.62	101.92	1.35%
Corresponding previous year quarter end	Rs. 30.36	Rs. 266.37	3.32	23.42	10.66%

2 MANAGEMENT ANALYSIS

- Any changes in the stock, income and liquidity during the quarter and reason for change, if any :**
Inventories have been kept sufficient for normal operation of power plants. Revenue income is consistent being dependent on the normal waterflow and power purchase agreement. Finance income has increased during the quarter due to returns from investment in fixed deposits. Net profit has been increased by 22.9% this quarter in comparison to the corresponding period of last year. Liquidity has been maintained sufficient keeping surplus amount in fixed deposits for further investment in projects. 26th AGM approved the distribution of 18% cash dividend and 10% Stock dividend from the net profit of fiscal year 2074/75.
- The statement of management analysis on the upcoming business plan:**
Construction of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW are ongoing. Generation license of Lower Manang Marsyangdi 104 MW project has been received and PPA is in progress with NEA. The survey license for 8.5 MW capacity Chino Khola Hydropower Project has been received and detail design is being carried out. BPC has got survey license for 160 MW capacity Mugu Karnali Hydropower Project on November 23, 2017. BPC in partnership with Chinese Investors has set up of a Joint Venture Company (JVC) and is in the process of acquiring two more projects in Marsyangdi Corridor upstream and downstream of LMM HEP. In Marsyangdi basin, Manang Marsyangdi HEP, Lower Manang Marsyangdi HEP and Upper Marsyangdi-2 Hydroelectric Projects are planned to be developed in cascade by optimizing the project capacity and best utilization of resources with a view to conclude PPA with NEA.
- The analytical statement on the possible effect on company's profitability, stock and cashflow based on the past experience:**
The company maintained steady progress on profitability and planned to invest in the projects as per plan.

3 STATEMENT RELATING TO LEGAL ACTION

- Case filed by or against the Company during the quarter, if any : None
- Case filed by or against the Company or its Promoter or Director for violation of the prevailing regulation or committing the criminal offence, if any : None
- Case filed against the Promoter or Director on financial crime, if any : None

4 ANALYSIS OF SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the quarter. Share prices are being determined by the open share market in NEPSE.
- The major highlights of share transactions during the quarter are as follows:

Maximum Price	Minimum Price	Closing Price	Transaction days	Total Transaction	Traded Volume	Turnover
484	365	375	60	2720	241,590	105,198,168

5 PROBLEMS AND CHALLENGES

- Internal**
 - Optimization and Retention of human resources
 - To optimize the operational efficiency of distribution business
 - To manage the fund for upcoming projects.
- External**
 - Lack of political support in development of hydropower projects.
 - Lack of standard policies and guidelines related to development of hydropower projects
 - Fluctuating cost of capital, foreign exchange and devaluing local currency.
 - Possibility of flood in monsoon season in the rivers at powerplant locations.
- Strategies**
 - Application of Mutually Agreed Retirement Scheme.
 - Fund management and strategic investment as per the project investment plan
 - Identification of different financial instruments along with risk assessment.
 - Transaction closure of new projects in joint venture with foreign parties.

6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Budget and Finance Committee, Operation and Maintenance Committee and Management Team are being conducted for strengthening good corporate governance within the company. One independent director and two directors from public shareholders were elected in the 26th Annual General Meeting on 27th Poush 2075. The provisions of SEBON Corporate Guidelines has been fully complied.

7 DECLARATION OF CHAIRMAN/CHIEF EXECUTIVE ON TRUTH, TACTFULNESS

I, the Chief Executive Officer of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the period up to second quarter of F/Y 2075/76, hereby declare that the information and details provided in this Report are true, based on facts, and complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed.