

# Butwal Power Company Limited

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER,  
FISCAL YEAR 2075/76 ENDED 31ST ASHWIN 2075 (17 OCTOBER 2018)

Figures in NPR'000

Statement Of Financial Position	This Quarter Ending	Previous Quarter Ending	*Corresponding Previous Year Quarter Ending
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	351,503	358,484	353,030
Capital work-in-progress	6,192	2,382	8,436
Intangible assets	1,936,238	1,954,317	1,944,173
Project work-in-progress	204,765	206,563	176,843
Financial assets	2,911,934	2,866,934	2,557,419
Other non-current assets	9,775	2,407	11,514
<b>Total Non-Current Assets</b>	<b>5,420,407</b>	<b>5,391,087</b>	<b>5,051,415</b>
<b>Current assets</b>			
Inventories	49,081	44,986	59,794
Financial assets	2,150,510	2,171,012	273,187
Other current assets	16,159	10,558	7,975
Current tax assets (net)	51,625	67,950	74,454
<b>Total current assets</b>	<b>2,267,375</b>	<b>2,294,506</b>	<b>415,410</b>
<b>Total assets</b>	<b>7,687,782</b>	<b>7,685,593</b>	<b>5,466,825</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	2,218,672	2,218,672	1,810,572
Other equity	4,395,351	4,291,525	2,656,661
<b>Total Equity</b>	<b>6,614,023</b>	<b>6,510,197</b>	<b>4,467,233</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Grant aid in reserve	206,681	208,575	200,572
Financial liabilities	304,218	328,271	398,811
Provisions	10,896	10,034	9,552
Deferred tax	291,433	291,433	90,904
Other non-current liabilities	24,722	22,465	25,782
<b>Total Non-Current Liabilities</b>	<b>837,950</b>	<b>860,778</b>	<b>725,621</b>
<b>Current Liabilities</b>			
Financial liabilities	152,807	218,994	199,878
Provisions	844	777	739
Other current liabilities	82,158	94,847	73,354
<b>Total Current Liabilities</b>	<b>235,809</b>	<b>314,618</b>	<b>273,971</b>
<b>Total Liabilities</b>	<b>1,073,759</b>	<b>1,175,396</b>	<b>999,592</b>
<b>Total Equity and Liabilities</b>	<b>7,687,782</b>	<b>7,685,593</b>	<b>5,466,825</b>

\* 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	Previous Quarter Ending	*Corresponding Previous Year Quarter Ending
Revenue	199,921	666,367	208,943
Cost of Sales			
Generation Expenses	(56,032)	(263,259)	(59,941)
Distribution Expenses	(27,227)	(110,855)	(24,668)
<b>Gross profit</b>	<b>116,662</b>	<b>292,253</b>	<b>124,334</b>
Depreciation Being Revenue Portion of Grant Aid	1,894	7,183	1,771
Other income	4,943	551,958	4,258
Administrative and other operating expenses	(32,986)	(126,150)	(33,903)
Impairment loss on investment	-	(2,244)	-
<b>Profit from Operation</b>	<b>90,513</b>	<b>723,000</b>	<b>96,460</b>
Finance Income	50,645	92,597	872
Finance Costs	(12,118)	(65,393)	(15,404)
<b>Profit Before Tax</b>	<b>129,040</b>	<b>750,204</b>	<b>81,928</b>
<b>Income Tax Expense</b>	<b>(25,214)</b>	<b>(47,941)</b>	<b>(7,156)</b>
<b>Profit for the year</b>	<b>103,826</b>	<b>702,263</b>	<b>74,772</b>
<b>Other comprehensive gain/(loss) for the year, net of tax</b>	<b>-</b>	<b>(166,575)</b>	<b>-</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>	<b>103,826</b>	<b>535,688</b>	<b>74,772</b>

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

# Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



## FIRST QUARTER DISCLOSURE AS OF 31st Aswin 2075 (17th October 2018) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub regulation 1 of Regulation 26)

### 1 FINANCIAL STATEMENTS

- The financial statements for the first 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 80,761 from Mercantile Communication Pvt. Ltd., NPR 5,575 from BPC Service Limited, NPR 9,048 from Syakar Trading Company Pvt. Limited and NPR 527,989 from Nepal Hydro & Electric 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. 4.68	Rs. 298.11	9.62	101.92	1.35%
Previous quarter end	Rs. 36.33	Rs. 293.43	7.29	12.58	9.14%
Corresponding previous year quarter end	Rs. 4.13	Rs. 246.73	1.52	155.45	1.37%

### 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 38.8% this quarter in comparison to the corresponding period of last year. Current ratio has improved due to sufficient liquidity position from FPO.
- 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 smoothly. Generation license of Lower Manang Marsyangdi 100 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 200 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
496	429	477	62	4394	353,818	163,762,417

### 5 PROBLEMS AND CHALLENGES

- Internal**
  - Retention of skilled 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 devaluating local currency.
  - Possibility of flood in monsoon season in the rivers at powerplant locations.
- Strategies**
  - Use of Internal manpower enhancing training and development.
  - Fund raised through different financial instruments and schemes
  - Identification of different financial instruments along with risk assessment.
  - Identification and development of new large projects in joint venture with foreign parties.

### 6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Budget & Finance Committee, Operation and Maintenance committee and Management Team are being conducted for strengthening good corporate governance within the company. Compliance Officer has been appointed to ensure compliance of SEBON Corporate Governance Guidelines 2074. 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 first 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.