

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER, FISCAL YEAR 2073/74 ENDED 30TH ASHWIN 2073 (16 OCTOBER 2016)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,701,885	4,436,009	4,568,292
1.1	Paid up Share Capital	1,692,116	1,673,223	1,673,223
1.2	Reserve & Surplus	2,134,600	1,970,982	1,808,333
1.3	Grant Aid in Reserve	193,643	196,679	197,606
1.4	Long Term Loan	681,527	595,126	889,131
2	Application of Fund	4,701,885	4,436,009	4,568,292
2.1	Property, Plant & Equipment- Net Block	2,618,171	2,653,155	2,709,010
2.2	Assets held for sale	-	-	3,170
2.3	Work in Progress	208,481	205,803	184,745
2.4	Advances/Investment in Shares	1,446,025	1,446,025	1,345,200
2.5	Total Current Assets	747,223	695,998	705,949
2.6	Deferred Tax Liabilities	(34,807)	(34,807)	(23,859)
2.7	Total Current Liabilities	(283,208)	(530,165)	(355,923)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	157,163	617,180	187,241
	A. Total Operating Income	157,163	617,180	187,241
	Operating Expenditure			
3.2	Generation Expenses	48,609	199,070	39,731
3.3	Distribution Expenses	17,626	86,264	18,753
	B. Total Operating Expenditure	66,235	285,334	58,483
	C. Profit from Operations (A-B)	90,928	331,846	128,757
	Administrative & Other Expenses			
3.4	Administrative Expenses	24,277	95,843	33,636
3.5	Depreciation	35,463	141,852	25,898
	D. Total Administrative & Other Expenses	59,740	237,695	59,534
3.6	Provision of Loss (Income) in Investment	-	725	-
	E. Profit Before Other Income, Interest & Tax (C-D)	31,188	93,427	69,223
	Other Income			
3.7	Dividend Income	-	531,768	-
3.8	Forex Gain (Loss)	(36)	198	(7,142)
3.9	Other Income	7,191	30,710	6,787
	F. Total Other Income (3.7+3.8+3.9)	7,155	562,675	(356)
	G. Profit Before Interest, Bonus & Tax (E+F)	38,343	656,102	68,868
3.10	Interest (Net)	(16,757)	(57,470)	(15,824)
	H. Profit Before Bonus & Tax (G+3.10)	21,586	598,632	53,043
3.11	Provision for Employees' Bonus	-	11,738	-
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	10,948	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	21,586	575,946	53,043
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	1.28	34.42	3.17
4.2	Market value per share (in Rs.)	801.00	894.00	595.00
4.3	Price Earning Ratio	627.89	25.97	164.00
4.4	Current Ratio	2.64	1.31	1.98
4.5	Return on Assets	0.43%	11.52%	1.07%
4.6	Net worth per share (in Rs.)	226.15	217.80	208.07

**FIRST QUARTER DISCLOSURE AS OF 16TH OCTOBER 2016
AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION
Annexure -14 (Related to Sub regulation 2 of Regulation 22)**

1 FINANCIAL STATEMENTS

- The unaudited financial statements for the First quarter and financial ratios have been published along with this report.
- Transactions with related parties: BPC purchased services worth NPR 144,640 from Mercantile Communication Pvt. Ltd., NPR 474,600 from Hydro Consult Engineering Ltd. and NPR 820,648 from Nepal Hydro & Electric Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit decreased by 29% as compared to the corresponding period last year's figure, which is mainly due to decrease in Jhimruk generation affected by high flood and delayed consumers' meter reading resulting decrease in distribution revenue in Andhikhola. Besides, the decrease in revenue is also attributable to increase in depreciation charges. This has resulted decrease in net profit before appropriation by 59% as compared to the corresponding period last year's figure.
- Distribution tariff of Andhikhola EDC has been revised from Electricity Tariff Fixation Commission (ETFC) with effective from 1st of Srawan 2073. This tariff revision will reduce the revenue losses of the Distribution Business to some extent in this year.
- Construction works of Nyadi HEP 30 MW and Kabeli-A 37.6 MW Hydroelectric Projects are scheduled to start from first week of January 2017 (Mid of Poush 2073). The detail feasibility analysis of Lower Manang Marsyangdi Hydropower Project is completed and application for generation license, PPA and connection agreement has been filed to the concerned authorities. The feasibility study and detail design of Chinokhola project is in progress. Second phase of the BPC's corporate building is under construction and scheduled to be completed by the end of Poush 2073.

3 LEGAL PROCEEDINGS

- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences - None

4 ANALYSIS OF COMPANY'S SHARE TRANSACTIONS

- BPC shares were actively traded during the first quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 1030; Minimum Price- NPR 790; Closing Price- NPR 801; No. of Transaction Days- 54; Total Transactions- 1238; Total Traded Volume - 358,160 and Turnover - NPR 324,749,974

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resource
 - To manage the fund for upcoming projects and maintain the operational efficiency of distribution business
- **External**
 - Lack of political commitment in development of hydroelectric projects.
 - Fluctuating cost of capital and devaluating local currency.
 - Possibility of Flood in monsoon season in the rivers at powerplant locations.
- **Strategy**
 - Use of Internal manpower enhancing training and development.
 - Fund raising through Further Public Offering.

6 CORPORATE GOVERNANCE

- Board of Directors, Audit Committee, Other Committees and Management Team are committed for strengthening good corporate governance within the company. BPC has written manual, policies, rules & guidelines for proper functioning of the operation of the company.

7 DECLARATION

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 2073/74, 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.