

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER, FISCAL YEAR 2073/74 ENDED 29TH POUSH 2073 (13 JANUARY 2017)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,776,955	4,701,885	4,561,617
1.1	Paid up Share Capital	1,692,116	1,692,116	1,673,223
1.2	Reserve & Surplus	2,243,952	2,134,600	1,833,593
1.3	Grant Aid in Reserve	190,607	193,643	194,696
1.4	Long Term Loan	650,280	681,527	860,106
2	Application of Fund	4,776,955	4,701,885	4,561,617
2.1	Property, Plant & Equipment- Net Block	2,583,358	2,618,171	2,665,822
2.2	Assets held for sale	-	-	3,170
2.3	Work in Progress	214,264	208,481	190,293
2.4	Advances/Investment in Shares	1,577,652	1,446,025	1,349,750
2.5	Total Current Assets	775,197	747,223	691,588
2.6	Deferred Tax Liabilities	(34,807)	(34,807)	(23,859)
2.7	Total Current Liabilities	(338,710)	(283,208)	(315,146)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	402,492	157,163	366,815
	A. Total Operating Income	402,492	157,163	366,815
	Operating Expenditure			
3.2	Generation Expenses	90,364	48,609	83,854
3.3	Distribution Expenses	44,235	17,626	36,738
	B. Total Operating Expenditure	134,598	66,235	120,592
	C. Profit from Operations (A-B)	267,893	90,928	246,223
	Administrative & Other Expenses			
3.4	Administrative Expenses	47,962	24,277	66,728
3.5	Depreciation	70,926	35,463	71,615
	D. Total Administrative & Other Expenses	118,888	59,740	138,343
3.6	Provision of Loss (Income) in Investment	-	-	-
	E. Profit Before Other Income, Interest & Tax (C-D)	149,005	31,188	107,881
	Other Income			
3.7	Dividend Income	-	-	-
3.8	Forex Gain (Loss)	(134)	(36)	(7,186)
3.9	Other Income	16,114	7,191	12,868
	F. Total Other Income (3.7+3.8+3.9)	15,980	7,155	5,682
	G. Profit Before Interest, Bonus & Tax (E+F)	164,985	38,343	113,563
3.10	Interest (Net)	(31,391)	(16,757)	(30,062)
	H. Profit Before Bonus & Tax (G+3.10)	133,594	21,586	83,500
3.11	Provision for Employees' Bonus	2,619	-	1,637
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	130,975	21,586	81,863
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	7.74	1.28	4.89
4.2	Market value per share (in Rs.)	560.00	801.00	601
4.3	Price Earning Ratio	72.35	627.89	123
4.4	Current Ratio	2.29	2.64	2.19
4.5	Return on Assets	2.54%	0.43%	1.67%
4.6	Net worth per share (in Rs.)	232.61	226.15	209.58

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SECOND QUARTER DISCLOSURE AS OF 13TH JANUARY 2017 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 second quarter and financial ratios have been published along with this report.
- Transactions with related parties: BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., NPR 6,456.73 from BPC Service Limited, NPR 765,512.15 from Nepal Hydro & Electric Ltd. and NPR 123,965.70 from Hydro-Lab Pvt. Ltd.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased by 8.8% during the period 29th Poush 2073 as compared to the corresponding period last year's figure, which is mainly due to increase in distribution tariff rate of Andhikhola EDC. In addition to this, decrease in administrative expenses by 28.1% has resulted increase in net profit before appropriation by 60% as compared to the corresponding period last year's figure.
- Total Current Assets increased by 12% at the end of Poush 2073 compared to corresponding period previous year. The increase was mainly due to increase in Stocks purchased for Andhikhola HEP and increase in cash balance. There is no material change in non current assets during the period.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW are scheduled to be started from mid of March 2017. PPA process of Lower Manang Marsyangdi 100 MW project in NEA and preparation of the scoping and ToR for EIA of Chino Khola 8.5 MW project are ongoing.

3 LEGAL PROCEEDINGS

- 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 ON SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the second quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 850; Minimum Price- NPR 545; Closing Price- NPR 560; No. of Transaction Days- 56; Total Transactions- 547; Total Traded Volume - 127,405 and Turnover - NPR 81,040,073

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.
- **Strategies followed by the management**
 - Use of Internal manpower enhancing training and development.
 - Fund raising through Further Public Offering.

6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Finance and Budget Committees, Operation and maintenance committee and Management Team are being conducted for strengthening good corporate governance within 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 second 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.