

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER, FISCAL YEAR 2072/73 ENDED 32TH ASHADH 2073 (15 JULY 2016)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,593,632	4,595,618	4,394,552
1.1	Paid up Share Capital	1,673,223	1,673,223	1,673,223
1.2	Reserve & Surplus	1,983,839	1,996,029	1,755,325
1.3	Grant Aid in Reserve	188,777	191,786	200,516
1.4	Long Term Loan	747,793	734,580	765,488
2	Application of Fund	4,593,632	4,595,618	4,394,552
2.1	Property, Plant & Equipment- Net Block	2,616,748	2,633,737	2,733,815
2.2	Assets held for sale	-	3,170	3,170
2.3	Work in Progress	234,910	202,302	179,366
2.4	Advances/Investment in Shares	1,446,025	1,383,045	1,343,100
2.5	Total Current Assets	705,559	724,844	670,955
2.6	Deferred Tax Liabilities	(23,859)	(23,859)	(23,859)
2.7	Total Current Liabilities	(385,751)	(327,622)	(511,996)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	617,180	478,264	523,191
	A. Total Operating Income	617,180	478,264	523,191
	Operating Expenditure			
3.2	Generation Expenses	198,965	129,042	248,777
3.3	Distribution Expenses	86,715	62,139	69,768
	B. Total Operating Expenditure	285,680	191,180	318,545
	C. Profit from Operations (A-B)	331,500	287,084	204,646
	Administrative & Other Expenses			
3.4	Administrative Expenses	99,954	78,520	93,252
3.5	Depreciation	144,237	107,423	103,591
	D. Total Administrative & Other Expenses	244,191	185,943	196,843
3.6	Provision of Loss (Income) in Investment	725	-	(17,364)
	E. Profit Before Other Income, Interest & Tax (C-D)	86,584	101,141	25,167
	Other Income			
3.7	Dividend Income	531,768	530,818	433,103
3.8	Forex Gain (Loss)	(8,227)	(6,425)	244
3.9	Other Income	34,385	21,263	51,441
	F. Total Other Income (3.7+3.8+3.9)	557,926	545,656	484,788
	G. Profit Before Interest, Bonus & Tax (E+F)	644,510	646,797	509,955
3.10	Interest (Net)	(57,502)	(49,550)	(3,466)
	H. Profit Before Bonus & Tax (G+3.10)	587,008	597,248	506,489
3.11	Provision for Employees' Bonus	11,510	11,711	10,764
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	15,895
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	575,498	585,537	479,830
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	34.39	34.99	28.68
4.2	Market value per share (in Rs.)	894.00	610.00	608.00
4.3	Price Earning Ratio	25.99	17.43	21.20
4.4	Current Ratio	1.83	2.21	1.31
4.5	Return on Assets	11.50%	11.84%	9.73%
4.6	Net worth per share (in Rs.)	218.56	219.29	204.91

FOURTH QUARTER DISCLOSURE AS OF 15TH JULY 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 fourth quarter and financial ratios have been published along with this report.
- Transactions with related parties: During the quarter BPC has invested NPR. 112,676,000, NPR.135,850,000 and NPR 105,570,000 in the equity shares of Nyadi Hydropower Limited (NHL) , Kabeli Energy Limited (KEL) and Gurans Energy Limited (GEL) respectively. Likewise, advances of NPR 53,185,500 and NPR 241,410,347 with NHL and KEL respectively have been settled. Also, received payment from NHL worth NPR 9,572,900 and NPR 104,856,125 from Kabeli Energy Limited during the quarter. BPC purchased services worth NPR 142,720 from Mercontile Communication Pvt. Ltd., NPR 209,731.5 from Hydro Lab Pvt. Ltd., NPR 130,001.1 from Mercantile Office System, NPR 21,413,474.66 from Nepal Hydro & Electric Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased by 62% as compared to the corresponding period last year's figure, which is mainly due to electricity generation from Andhikhola Upgrading Project 9.4MW effective from Chaitra 22, 2071. Similarly, Net profit before appropriation has gone up by 20% as compared to the corresponding period last year's figure. The increase is mainly attributable to increase in dividend income and electricity sales to NEA along with decrease in generation expenses of Andhikhola project - electricity purchases from NEA.
- Construction works of Nyadi HEP 30 MW and Kabeli-A 37.6 MW Hydroelectric Projects are scheduled to start from Mid- October 2016 (Kartik 1, 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 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 fourth quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 944; Minimum Price- NPR 597; Closing Price- NPR 894; No. of Transaction Days- 64; Total Transactions- 2715; Total Traded Volume - 797,144 and Turnover - NPR 623,753,788

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resource and loss of skill human resources due to resulting retiring employees
 - 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 from auction of remaining right shares and FPO.

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 fourth quarter of FY 2072/73, 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.