

# Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



## UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER, FISCAL YEAR 2074/75 ENDED 30TH POUSH 2074 (14 JANUARY 2018)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Sources of Fund</b>	<b>5,367,106</b>	<b>4,861,969</b>	<b>4,776,955</b>
1.1	Paid up Share Capital	1,810,572	1,810,572	1,692,116
1.2	Reserve & Surplus	2,864,518	2,369,064	2,243,952
1.3	Grant Aid in Reserve	185,118	188,188	190,607
1.4	Long Term Loan	506,897	494,145	650,280
<b>2</b>	<b>Application of Fund</b>	<b>5,367,106</b>	<b>4,861,969</b>	<b>4,776,955</b>
2.1	Property, Plant & Equipment- Net Block	2,569,082	2,603,401	2,583,358
2.2	Assets held for sale	-	-	-
2.3	Work in Progress	191,000	181,395	214,264
2.4	Advances/Investment in Shares	1,753,658	1,753,658	1,577,652
2.5	Total Current Assets	1,268,023	718,937	775,197
2.6	Deferred Tax Liabilities	(52,838)	(34,807)	(34,807)
2.7	Total Current Liabilities	(361,819)	(360,617)	(338,710)
<b>3</b>	<b>Profit &amp; Loss Account</b>	<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
	<b>Operating Income</b>			
3.1	Electricity Sale and Services	409,811	211,112	402,492
	<b>A. Total Operating Income</b>	<b>409,811</b>	<b>211,112</b>	<b>402,492</b>
	<b>Operating Expenditure</b>			
3.2	Generation Expenses	83,963	45,714	90,364
3.3	Distribution Expenses	47,781	22,904	44,235
	<b>B. Total Operating Expenditure</b>	<b>131,744</b>	<b>68,618</b>	<b>134,598</b>
	<b>C. Profit from Operations (A-B)</b>	<b>278,067</b>	<b>142,494</b>	<b>267,893</b>
	<b>Administrative &amp; Other Expenses</b>			
3.4	Administrative Expenses	65,005	28,377	47,962
3.5	Depreciation	70,822	35,411	70,926
	<b>D. Total Administrative &amp; Other Expenses</b>	<b>135,827</b>	<b>63,788</b>	<b>118,888</b>
3.6	Provision of Loss (Income) in Investment	-	-	-
	<b>E. Profit Before Other Income, Interest &amp; Tax (C-D)</b>	<b>142,240</b>	<b>78,706</b>	<b>149,005</b>
	<b>Other Income</b>			
3.7	Dividend Income	496,066	-	-
3.8	Forex Gain (Loss)	(3,026)	14	(134)
3.9	Other Income	18,096	7,869	16,114
	<b>F. Total Other Income (3.7+3.8+3.9)</b>	<b>511,137</b>	<b>7,883</b>	<b>15,980</b>
	<b>G. Profit Before Interest, Bonus &amp; Tax (E+F)</b>	<b>653,376</b>	<b>86,589</b>	<b>164,985</b>
3.10	Interest (Net)	(42,188)	(14,298)	(31,391)
	<b>H. Profit Before Bonus &amp; Tax (G+3.10)</b>	<b>611,188</b>	<b>72,291</b>	<b>133,594</b>
3.11	Provision for Employees' Bonus	11,984	-	2,619
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	<b>I. Net Profit/(Loss) After Bonus &amp; Tax (H-3.11-3.12)</b>	<b>599,204</b>	<b>72,291</b>	<b>130,975</b>
<b>4</b>	<b>Ratios</b>	<b>12 months period</b>		
		<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
4.1	Earning per share (Half yearly) in Rs.	33.09	3.99	7.74
4.2	Market value per share ( in Rs.)	711.00	642.00	560.00
4.3	Price Earning Ratio	21.48	160.79	72.35
4.4	Current Ratio	3.50	1.99	2.29
4.5	Return on Assets	10.36%	1.38%	2.54%
4.6	Net worth per share (in Rs.)	258.21	230.85	232.61

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Buddha Nagar, Kathmandu, Nepal



## SECOND QUARTER DISCLOSURE AS OF 14TH JANUARY 2018 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 2,520 from BPC Service Limited, NPR 199,166 from Nepal Hydro & Electric Ltd., NPR 195,080 from Hydro-Lab Pvt. Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

### 2 MANAGEMENT ANALYSIS

- The operating income increased by 2% and operating expense increased by 1% resulting increase in gross operating profit by 4% by the end of second quarter as compared to the corresponding period of last year. Dividend NPR 496 million from Himal Power Limited has been received during the quarter which has resulted significantly increase in net profit by 357% as compared to the corresponding period last year's figure.
- Total current assets increased significantly by 64%, whereas total current liabilities increased marginally by 7%. Similarly, total non-current assets increased by 3% and total shareholders fund increased by 19% in compared to corresponding period of previous year.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW has been started from 23rd of March 2017 and ongoing smoothly. PPA process of Lower Manang Marsyangdi 100 MW project in progress with NEA. The survey license for 8.5 MW capacity Chino Khola Hydropower Project has been received and consent for EIA study has also been received from respective Ministries.
- The Company has registered a S.C.I.G. International nepal Hydro Joint Development Company (pvt) Ltd., joint venture company partnering with three renowned Chinese companies for development of 100 MW Lower Manang Marsyangdi Project and other approximately 1000 MW new projects within the period of next 5 years. The survey license of 200 MW Mugu Karnali Hydroelectric Project has been received from
- The company received Best Presented Annual Report 2016 award from ICAN which is recognized by South Asian Federation of Accountants (SAFA) with merit certification for corporate governance disclosers.

### 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 783; Minimum Price- NPR 594; Closing Price- NPR 711; No. of Transaction Days- 57; Total Transactions- 3642; Total Traded Volume - 1,223,812 and Turnover - NPR 846,657,213

### 5 PROBLEMS AND CHALLENGES

- **Internal**
  - Retention of skilled human resources
  - 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 of 4,081,000 shares is ongoing.

### 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.

### 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 2074/75, 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.