

Butwal Power Company Limited
Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THIRD QUARTER, FISCAL YEAR 2075/76 ENDED 30TH CHAITRA 2075 (13 APRIL 2019)

Figures in NPR'000

Statement Of Financial Position	This Quarter Ending Chaitra end 2075	Previous Quarter Ending Poush end 2075	*Corresponding Previous Year Quarter Ending Chaitra end 2074
ASSETS			
Non-Current Assets			
Property, plant and equipment	337,422	344,130	353,699
Capital work-in-progress	9,496	8,214	17,859
Intangible assets	1,903,237	1,920,750	1,909,129
Project work-in-progress	210,634	205,280	186,274
Financial assets	4,148,341	3,325,067	2,658,918
Other non-current assets	11,893	9,464	10,288
Total Non-Current Assets	6,621,023	5,812,905	5,136,167
Current Assets			
Inventories	54,806	48,174	59,123
Trade receivables	85,390	100,925	82,004
Cash and cash equivalents	1,053,828	491,593	348,305
Other Financial assets	191,697	1,533,066	1,600,311
Other current assets	4,349	6,177	313,842
Current tax assets (net)	44,513	39,906	76,376
Total Current Assets	1,434,583	2,219,841	2,479,961
Total Assets	8,055,606	8,032,746	7,616,128
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,440,555	2,440,555	1,810,572
Other equity	4,361,628	4,227,173	4,596,468
Total Equity	6,802,183	6,667,728	6,407,040
Liabilities			
Non-Current Liabilities			
Grant aid in reserve	202,893	204,787	197,793
Financial liabilities	257,091	280,598	623,784
Provisions	12,473	12,673	11,821
Deferred tax	277,185	227,256	86,832
Other non-current liabilities	24,534	24,487	24,988
Total Non-Current Liabilities	774,176	749,801	945,218
Current Liabilities			
Trade payables	3,552	3,409	2,112
Other Financial liabilities	399,391	164,545	184,894
Provisions	966	981	915
Other current liabilities	75,337	446,282	75,949
Total Current Liabilities	479,246	615,217	263,870
Total Liabilities	1,253,422	1,365,018	1,209,088
Total Equity and Liabilities	8,055,606	8,032,746	7,616,128

* 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 Chaitra end 2075	Previous Quarter Ending Poush end 2075	*Corresponding Previous Year Quarter Ending Chaitra end 2074
Revenue	529,799	384,009	527,865
Cost of Sales			
Generation Expenses	(176,809)	(112,221)	(167,147)
Distribution Expenses	(101,896)	(54,255)	(78,086)
Gross profit	251,095	217,533	282,632
Depreciation Being Revenue Portion of Grant Aid	5,682	3,788	5,314
Other income	603,264	595,345	545,062
Administrative and other operating expenses	(153,879)	(80,342)	(113,357)
Impairment loss on investment	-	-	-
Profit from Operation	706,161	736,324	719,651
Finance Income	125,906	90,321	12,898
Finance Costs	(31,450)	(22,357)	(50,529)
Profit Before Tax	800,618	804,288	682,019
Income Tax Expense	(49,744)	(46,046)	(22,805)
Profit for the year	750,873	758,242	659,214
Other comprehensive gain/(loss) for the year, net of tax	(59,542)	(201,365)	(55,151)
Total Comprehensive gain/(loss) for the year, net of tax	691,331	556,877	604,063

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

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THIRD QUARTER DISCLOSURE AS OF 30th Chaitra 2075 (13th April 2019) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub regulation I of Regulation 26)

I FINANCIAL STATEMENTS

- The financial statements for the third 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 71,470 from Mercantile Communication Pvt. Ltd., NPR 8,362 from BPC Service Limited, NPR 108,489 from Beltron Trading Pvt. Ltd., NPR 708,090 from Nepal Hydro & Electric Limited and NPR 3,872,966 from Hydro-Consult Engineering 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. 30.77	Rs. 278.71	2.99	11.7	9.32%
Previous quarter end	Rs. 31.07	Rs. 273.21	3.61	12.07	9.44%
Corresponding previous year quarter end	Rs. 32.43	Rs. 353.87	9.4	14.06	8.66%

2 MANAGEMENT ANALYSIS

- Any changes in the stock, income and liquidity during the quarter and reason for change, if any :**
Inventories have been increased by Rs. 6.6 million for normal operation of power plants. Revenue income is consistent being dependent on the normal waterflow and power purchase agreement. Finance income has increased by Rs. 35.6 million. Net profit has been increased by 13.9% this quarter in comparison to the corresponding period of last year. During this quarter, Rs. 618 million has been invested in the acquisition of new projects and Rs. 47.75 million has been expended for outgoing 24 employees on mutually agreed retirement scheme. Liquidity has been maintained sufficient keeping surplus amount in fixed deposits for further investment in projects.
- The statement of management analysis on the upcoming business plan:**
Construction of Nyadi Hydropower project 30MW is ongoing smoothly and expected to complete within RCOD. However, construction of Kabeli -A project 37.6 MW is getting delay due to non compliance of contract terms and conditions by the contractor. Generation license of Lower Manang Marsyangdi 104 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. Similarly, EIA study is also ongoing. BPC has got survey license for 160 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 NFA.
- 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 develop the new projects with JVC partners 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
398	332	360	60	2538	185,335	65,990,296

5 PROBLEMS AND CHALLENGES

- Internal**
 - Optimization and Retention of key 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**
 - Implemented Mutually Agreed Retirement Scheme.
 - Fund management and strategic investment as per the project investment plan
 - Identification of different financial instruments along with risk assessment.
 - Transaction closure of new projects in joint venture with foreign parties.

6 CORPORATE GOVERNANCE

- The Board has set up new Board Committees viz Audit Committee, Risk Management Committee and Asset and Liability Committee in compliance with the Corporate Governance Guidelines 2074 issued by the Securities Board of Nepal. The meetings of Board of Directors, Board Committees and Management Team are being conducted regularly. 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 third 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.