

## FOURTH QUARTER DISCLOSURE AS OF 15TH JULY 2012 AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annixture -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 subsidiaries: Advance has been provided to Kabeli Energy Limited of NPR 15,500,000 and Nyadi Hydropower Limited of NPR 3,500,000. The company has provided management support service of NPR 5,311,306 to Kabeli Energy Limited, NPR 71,798,268 to Nyadi Hydropower Limited and other services of NPR 364,142 to Hydro-Consult Private Limited and NPR 187,975 to Nepal Hydro & Electric Ltd during the fourth quarter. BPC purchased services from its subsidiaries of amount NPR 5,548,167 from Nepal Hydro & Electric Ltd and NPR 9,224,832 from Hydro-consult Private Limited.
- Quarterly Provisions have been made for the annual incentives, gratuity, accumulative leave and interest for the fair presentation of the quarterly financial statement.

### 2 MANAGEMENT ANALYSIS

- The power plants have generated electricity as per target. Total operating income and net profit rose by 6% and 71% respectively
- in comparison to the same period last year. Escalation in net profit is mainly because of rise in dividend declared & paid by Himal Power which is 128% higher than previous year.
- Construction part of Anshikhola Upgrading Project is on full swing. Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project shall start this year. The preparatory works and detail design of the Lower Manang Marsyangdi
- Hydropower Project is ongoing. Efforts are being made to add new hydropower projects in BPC portfolio through bidding and negotiation with other license holders. BPC's corporate green building is in verge of completion.
- BPC's request to government extending facilities of soft loan upto 20 Million per MW, increasing tariff, waiver of penalties and
- VAT exemption for Anshikhola Upgrading project is under consideration, and is expected to improve the financial viability of the project.
  - The issuance of 3:2 right share is in the process of statutory approval.

### 3 LEGAL PROCEEDING

- Appeals submitted to the Revenue Tribunal against the amended tax assessment orders from the Large Tax Payer Office (LTPO) for F/Y 2059/60 (from 2059/10/15 to 2060/3/32) and F/Y 2060/61 are in the process of hearing in the Tribunal.
- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences - None
- Law-suit filed against any promoter or director for economic offences- None

### 4 ANALYSIS OF STOCK PERFORMANCE

- BPC stock performed in co-relation of market. NEPSE, HP-Sub indices & BPC shares rose at the rate of 18%, 27% & 25% respectively at the end of 4th quarter in comparison to beginning of 4th quarter.
- The major highlights of share transactions during the quarter are as follows:  
High Price- NPR 617; Low Price- NPR 405; Closing Price- NPR 577; No. of Transaction Days- 44; Total Transactions- 290; Volume - 76,418 and Turnover - NPR 35,476,359.

### 5 RISKS AND CHALLENGES

- **Internal Risk:**
  - Attraction and retention of required technical experts in the hydropower sector. Strategies are being discussed to mitigate the turnover risk.
  - The hydropower projects after significant portion of investment in preconstruction stage of projects are witnessing commercial unfeasibility because of PPA conditions and financial terms.

- **External Risk:**
  - Lack of political commitment in development of hydroelectric projects.
  - Fluctuating cost of capital and devaluating local currency.
  - Risks of cost overrun in under-construction projects and uncertainty of timely completion.

## **6 CORPORATE GOVERNANCE**

- Transfer of 283,395 Shares held by UMN in the name of Government of Nepal has been halted consequent to reconsideration of previous decision by Government of Nepal.
- BPC board has decided to form Human Resource Committee and Project steering team to increase the organizational efficiency with motivation of performance excellence.
- Three meetings of the Board of Directors, One meeting of Audit Committee, One Budget Committee Meeting and Two Human Resource committee were held during the quarter.

## **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 F/Y 2068/69, 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 the information necessary for taking informed decision by the investors are not concealed.