

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER, FISCAL YEAR 2072/73 ENDED 30TH ASHWIN 2072 (17 OCTOBER 2015)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,568,292	4,394,551	4,610,120
1.1	Paid up Share Capital	1,673,223	1,673,223	1,673,223
1.2	Reserve & Surplus	1,808,333	1,755,325	1,743,049
1.3	Grant Aid in Reserve	197,606	200,516	196,696
1.4	Long Term Loan	889,131	765,488	997,152
2	Application of Fund	4,568,292	4,394,551	4,610,120
2.1	Property, Plant & Equipment- Net Block	2,709,010	2,733,815	1,409,720
2.2	Assets held for sale	3,170	3,170	3,170
2.3	Work in Progress	184,745	179,366	1,389,027
2.4	Investment in Share	1,345,200	1,343,100	1,237,172
2.5	Total Current Assets	705,949	670,955	1,131,206
2.6	Deferred Tax Liabilities	(23,859)	(23,859)	(26,162.74)
2.7	Total Current Liabilities	(355,923)	(511,996)	(534,012)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	187,241	523,192	145,679
	A. Total Operating Income	187,241	523,192	145,679
	Operating Expenditure			
3.2	Generation Expenses	39,731	248,777	60,499
3.3	Distribution Expenses	18,753	69,768	16,011
	B. Total Operating Expenditure	58,483	318,545	76,510
	C. Profit from Operations (A-B)	128,757	204,646	69,169
	Administrative & Other Expenses			
3.4	Administrative Expenses	33,636	93,252	27,911
3.5	Depreciation	25,898	103,592	22,510
	D. Total Administrative & Other Expenses	59,534	196,844	50,421
3.6	Provision of Loss in Investment	-	(17,364)	-
	E. Profit Before Other Income, Interest & Tax (C-D)	69,223	25,166	18,748
	Other Income			
3.7	Dividend Income	-	433,103	-
3.8	Forex Gain (Loss)	(7,142)	244	190
3.9	Other Income	6,787	51,442	39,247
	F. Total Other Income (3.7+3.8+3.9)	(356)	484,788	39,437
	G. Profit Before Interest, Bonus & Tax (E+F)	68,868	509,954	58,185
3.10	Interest (Net)	(15,824)	(3,466)	2,986
	H. Profit Before Bonus & Tax (G+3.10)	53,043	506,488	61,171
3.11	Provision for Employees' Bonus	-	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)	53,043	479,828	61,171
4	Ratios	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	3.17	28.68	3.66
4.2	Market value per share (in Rs.)	595	617	690
4.3	Price Earning Ratio	164	22	189
4.4	Current Ratio	1.98	1.31	2.12
4.5	Return on Assets	1.07%	9.73%	1.18%
4.6	Net worth per share (in Rs.)	208.07	204.91	204.17

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FIRST QUARTER DISCLOSURE AS OF 17TH OCTOBER 2015 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 first quarter and financial ratios have been published along with this report.
- Transactions with related parties: Advances provided to Nyadi Hydro power Ltd. during the quarter amounted to NPR 2,100,000. BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., and NPR 597,974.50 from Beltron Trading Pvt. Ltd.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased significantly by 86% 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. However, Net profit before appropriation has gone down by 13% as compared to the corresponding period last year's figure. The decreases are mainly attributable to increase in interest expenses significantly by 344% and decrease in other income by 89%.
- The financial closure of Nyadi HEP is in progress and expected to be finalized by Magh 2072. The Power Purchase Agreement(PPA) of Kabeli-A Hydroelectric Project is signed with NEA during the period. The detail terms and conditions regarding subordinated loan from the world bank through Hydro Investment Development Company Limited(HIDCL) is in final stage followed by start of the construction works during this winter. 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 2072.

3 LEGAL PROCEEDINGS

- BPC has finally settled the long pending tax assessment of FY 2059/60 with Large Tax Payers Office(LTPO) together with the final settlement of tax assessment of FY 2060/61 through the Tax Settlement Commission. Similarly, tax assessment of FY 2067/68 has also been completed. All adjustments regarding these assessments are reflected and recognized in the financial statement of FY 2071/72.
- 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 first quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 691; Minimum Price- NPR 580; Closing Price- NPR 595; No. of Transaction Days- 51; Total Transactions- 466; Total Traded Volume - 812,287 and Turnover - NPR 350,940,300

5 PROBLEMS AND CHALLENGES

- **Internal Risk:**
 - Retention of skilled human resource
 - To manage the overhead cost and maintain the operational efficiency.
- **External Risk:**
 - Lack of political commitment in development of hydroelectric projects.
 - Unofficial blockade from India hampering the overall development works.
 - Fluctuating cost of capital and devaluing local currency.
 - Delay in statutory approvals.
 - Cost and time overrun of projects under construction.

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 first 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.