

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2071/72 ENDED 30TH CHAITRA 2071 (13 APRIL 2015)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
I	Sources of Fund	4,617,182	4,600,981	3,938,508
1.1	Paid up Share Capital	1,673,223	1,673,223	1,015,269
1.2	Reserve & Surplus	1,825,395	1,647,732	1,690,120
1.3	Grant Aid in Reserve	190,943	193,820	199,439
1.4	Long Term Loan	927,622	1,086,206	1,033,680
2	Application of Fund	4,617,182	4,600,981	3,938,508
2.1	Property, Plant & Equipment- Net Block	1,361,346	1,383,376	1,457,332
2.2	Assets held for sale	3,170	3,170	3,170
2.3	Work in Progress	1,508,046	1,454,444	1,141,910
2.4	Investment in Share	1,329,886	1,284,477	1,236,042
2.5	Total Current Assets	790,404	965,506	932,080
2.6	Deferred Tax Liabilities	(7,963)	(7,963)	(26,163)
2.7	Total Current Liabilities	(367,706)	(482,029)	(805,863)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	385,895	277,128	348,771
A.	Total Operating Income	385,895	277,128	348,771
	Operating Expenditure			
3.2	Generation Expenses	180,464	130,806	163,522
3.3	Distribution Expenses	44,792	30,153	41,231
B.	Total Operating Expenditure	225,256	160,959	204,752
C.	Profit from Operations (A-B)	160,639	116,169	144,019
	Administrative & Other Expenses			
3.4	Administrative Expenses	83,245	56,980	75,925
3.5	Depreciation	67,531	45,021	53,017
D.	Total Administrative & Other Expenses	150,776	102,001	128,942
E.	Profit Before Other Income, Interest & Tax (C-D)	9,863	14,168	15,076
	Other Income			
3.6	Dividend Income	433,103	-	393,615
3.7	Forex Gain (Loss)	1,064	224	853
3.8	Other Income	49,991	44,321	18,568
F.	Total Other Income (3.6+3.7+3.8)	484,158	44,546	413,037
G.	Profit Before Interest, Bonus & Tax (E+F)	494,021	58,714	428,113
3.9	Interest (Net)	6,613	4,354	(25,943)
H.	Profit Before Bonus & Tax (G+3.9)	500,634	63,068	402,169
3.10	Provision for Employees' Bonus	10,373	1,594	7,886
3.11	Provision for Corporate Tax	-	-	1,510
I.	Net Profit(Loss) After Bonus & Tax (H-3.10-3.11)	490,261	61,474	392,774
4	Ratios	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	29.30	3.67	38.69
4.2	Market value per share (in Rs.)	608	605	800
4.3	Price Earning Ratio	20.75	164.67	20.68
4.4	Current Ratio	2.15	2.00	1.16
4.5	Return on Assets	9.82%	1.21%	8.23%
4.6	Net worth per share (in Rs.)	209	198	266

This report can also be viewed at www.bpc.com.np

THIRD QUARTER DISCLOSURE AS OF 30TH CHAITRA 2071 (13TH APRIL 2015) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub regulation 2 of Regulation 22)

I FINANCIAL STATEMENTS

- The unaudited financial statements for the third quarter and financial ratios have been published along with this report.
- Transactions with related parties: Advances to Nyadi Hydro Power Ltd. worth of NPR. 110,930,000 have been converted into equity shares. Advances provided to Nyadi Hydro power Ltd. during the quarter amounted to NPR 1,770,000. Payment received from Khudi Hydro Power Ltd. worth NPR. 11,740,803.01 and NPR. 850,000 from BPC Service Ltd respectively during the quarter. Also, BPC purchased services of worth NPR 7,422,159 from Nepal Hydro & Electric Ltd., NPR 108,480 from Mercantile Communication Pvt. Ltd.
- 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

- For upgradation works in power house and tail race, shutdown of Andhikhola power has been taken from 21st November 2012(Mangsir 6, 2069) till first week of Chaitra 2071 as per the construction plan. This has resulted in reduction in overall generation and decrease in gross operating income there of.
- Construction works of Andhikhola Upgrading Project has been successfully completed and generation started effective from Chaitra 22, 2071, which constitute the commercial operation date (COD). Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project are in advanced stage and will through soon after signing the PPA. Draft PPA of Nyadi HEP 30MW filed by Nyadi Hydropower Limited has been approved by NEA Board. The detail design of Lower Manang Marsyangdi Hydropower Project is ongoing. Second phase of the BPC's corporate building is under construction and scheduled to be completed within this FY 2071/72.

3 LEGAL PROCEEDINGS

- Revenue Tribunal has made final decision on the appeal filed by the company on tax assessment done by Large Tax Payers Office (LTPO) for the FY 2059/60 (from 2059/04/01 to 2059/10/14) and F/Y 2060/61. Regarding the assessment of tax for the period (from 2059/10/15 to 2060/3/32) pertaining to 2nd half of F/Y 2059/60, Inland Revenue Department (IRD) has ordered the LTPO to reassess the applicable tax, which is in process at present.

4 ANALYSIS OF COMPANY'S SHARE TRANSACTIONS

- BPC shares were actively traded during the third quarter.
- The major highlights of share transactions during the quarter are as follows: Maximum Price- NPR 678; Minimum Price- NPR 588; Closing Price- NPR 608; No. of Transaction Days- 53; Total Transactions- 320; Total Traded Volume - 168,707 and Turnover - NPR 104,491,426

5 PROBLEMS AND CHALLENGES

- Internal Risk:**
 - Retention of skilled human resources
 - To manage the overhead cost and maintain the operational efficiency.
- External Risk:**
 - Lack of political commitment in development of hydroelectric projects.
 - Fluctuating cost of capital and devaluating local currency.
 - Delay in statutory approvals.
 - Cost and time overrun of projects under construction.
 - Loss due to natural disaster - Earthquake etc.

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 Officiating 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 2071/72, 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.