

# Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



## UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER, FISCAL YEAR 2070/71 ENDED 31ST ASHWIN 2070 (17 OCTOBER 2013)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Sources of Fund</b>	<b>3,757,023</b>	<b>3,872,688</b>	<b>3,680,389</b>
1.1	Paid up Share Capital	1,015,269	1,015,269	1,015,269
1.2	Reserve & Surplus	1,528,046	1,726,814	1,817,172
1.3	Grant Aid in Reserve	204,921	203,167	213,509
1.4	Long Term Loan	1,008,786	927,438	634,439
<b>2</b>	<b>Application of Fund</b>	<b>3,757,023</b>	<b>3,872,688</b>	<b>3,680,389</b>
2.1	Fixed Assets - Net Block	1,480,025	1,482,624	1,527,482
2.2	Assets held for sale	3,170	-	-
2.3	Work in Progress	962,851	1,101,771	493,913
2.4	Investment in Share	1,166,449	1,157,049	1,125,297
2.5	Total Current Assets	839,547	872,541	1,092,347
2.6	Deferred Tax Liabilities	(13,442)	(13,442)	-
2.7	Total Current Liabilities	(682,148)	(734,545)	(564,400)
2.8	Deferred Revenue Expenditure	570	6,691	5,751
<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	140,052	512,085	159,101
3.2	Management and Technical Support	-	-	-
3.3	Other Operating Income	-	-	-
<b>A.</b>	<b>Total Operating Income</b>	<b>140,052</b>	<b>512,085</b>	<b>159,101</b>
	<b>Operating Expenditure</b>			
3.4	Generation Expenses	58,165	201,727	46,477
3.5	Distribution Expenses	11,789	64,763	18,583
3.6	Management and Technical Support Expenses	-	4,508	-
3.7	Project Development Expenses	-	-	-
3.8	Administrative Expenses	27,340	98,302	27,091
3.9	Depreciation	19,761	67,835	16,943
<b>B.</b>	<b>Total Operating Expenditure</b>	<b>117,055</b>	<b>437,134</b>	<b>109,094</b>
<b>C.</b>	<b>Profit from Operations (A-B)</b>	<b>22,997</b>	<b>74,950</b>	<b>50,007</b>
3.10	Provision of Loss in Investment	-	-	-
<b>D.</b>	<b>Profit Before Other Income, Interest &amp; Tax (C-3.10)</b>	<b>22,997</b>	<b>74,950</b>	<b>50,007</b>
	<b>Other Income</b>			
3.11	Dividend Income	-	241,381	-
3.12	Forex Gain (Loss)	404	6,614	(246)
3.13	Other Income	3,989	7,464	3,717
<b>E.</b>	<b>Total Other Income (3.11+3.12+3.13)</b>	<b>4,394</b>	<b>255,459</b>	<b>3,471</b>
<b>F.</b>	<b>Profit Before Interest, Bonus &amp; Tax (D+E)</b>	<b>27,391</b>	<b>330,409</b>	<b>53,478</b>
3.14	Interest (Net)	(11,367)	(24,429)	(3,497)
<b>G.</b>	<b>Profit Before Bonus &amp; Tax (F+3.14)</b>	<b>16,023</b>	<b>305,981</b>	<b>49,981</b>
3.15	Provision for Employees' Bonus	-	6,303	-
3.16	Provision for Corporate Tax	-	13,275	-
<b>H.</b>	<b>Net Profit/(Loss) After Bonus &amp; Tax (G-3.15-3.16)</b>	<b>16,023</b>	<b>286,403</b>	<b>49,981</b>
<b>4</b>	<b>Ratios</b>	<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
4.1	Earning per share (in Rs.)	1.58	28.21	4.92
4.2	Market value per share (in Rs.)	800	830	590
4.3	Price Earning Ratio	507	29	120
4.4	Current Ratio	1.23	1.19	1.94
4.5	Return on Assets	0.36%	6.22%	1.18%
4.6	Net worth per share (in Rs.)	251	270	300

## FIRST QUARTER DISCLOSURE AS OF 17TH OCTOBER 2013 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 ratio have been published along with this report.
- Transactions with related parties: Advances provided to Kabeli Energy during the quarter amounted to NPR 9,605,937 and NPR 176,518 to Nyadi Hydro power Ltd. Also, BPC purchased services from Mercantile Communication Pvt. Ltd. worth NPR 212,242.
- 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) as per the construction plan. This has resulted in reduction in overall generation and decrease in gross operating income thereof.
- Construction works of Andhikhola Upgrading Project is on full swing. Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project will start after the financial closure which is in advanced stage. The detail design of Lower Manang Marsyangdi Hydropower Project is ongoing and the EIA report is under approval of GoN. First phase of the BPC's corporate building has been completed.
- The issuance of 3:2 right share on the current paid up capital has been approved by AGM and is in advance stage of approval of SEBON. Issuance of right shares shall ease the fund requirement of BPC to promote the projects.

### 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.
- 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 937; Minimum Price- NPR 780; Closing Price- NPR 800; No. of Transaction Days- 48; Total Transactions- 268; Total Traded Volume - 77,089 and Turnover - NPR 64,800,189

### 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.
  - 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 F/Y 2070/71, 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.