

Butwal Power Company Limited
Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2076/77 ENDED 30TH CHAITRA 2076 (12 APRIL 2020)

Figures in NPR '000

Statement Of Financial Position	This Quarter Ending Chaitra end 2076	Previous Quarter Ending Poush end 2076	Corresponding Previous Year Quarter Ending Chaitra end 2075
ASSETS			
Non-Current Assets			
Property, plant and equipment	320,482	325,882	337,422
Capital work-in-progress	6,623	1,883	9,496
Intangible assets	1,873,628	1,891,930	1,903,237
Project work-in-progress	229,755	229,116	210,634
Financial assets	4,324,832	4,081,894	4,148,341
Other non-current assets	2,422	2,709	11,893
Total Non-Current Assets	6,757,742	6,533,414	6,621,023
Current Assets			
Inventories	47,378	49,401	54,806
Trade receivables	132,886	134,252	85,390
Cash and cash equivalents	102,467	430,210	1,053,828
Other Financial assets	1,127,060	1,131,952	191,697
Other current assets	2,774	5,040	4,349
Current tax assets (net)	-	9,155	44,513
Total Current Assets	1,412,565	1,760,010	1,434,583
Total Assets	8,170,307	8,293,424	8,055,606
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,683,882	2,683,882	2,440,555
Other equity	4,518,088	4,299,779	4,361,628
Total Equity	7,201,970	6,983,661	6,802,183
Liabilities			
Non-Current Liabilities			
Grant aid in reserve	196,907	198,796	202,893
Financial liabilities	179,710	191,892	257,091
Provisions	14,677	13,387	12,473
Deferred tax	295,840	232,757	277,185
Other non-current liabilities	27,708	27,715	24,534
Total Non-Current Liabilities	714,842	664,547	774,176
Current Liabilities			
Trade payables	4,932	13,088	3,552
Other Financial liabilities	172,934	124,392	399,392
Provisions	1,959	1,787	966
Other current liabilities	73,028	505,949	75,337
Current tax liabilities (net)	642	-	-
Total Current Liabilities	253,495	645,216	479,247
Total Liabilities	968,337	1,309,763	1,253,423
Total Equity and Liabilities	8,170,307	8,293,424	8,055,606

Figures in NPR '000

Statement of Profit or Loss and other Comprehensive Income	This Quarter Ending Chaitra end 2076	Previous Quarter Ending Poush end 2076	Corresponding Previous Year Quarter Ending Chaitra end 2075
Revenue	557,732	404,737	529,799
Cost of Sales			
Generation Expenses	(171,257)	(117,022)	(176,809)
Distribution Expenses	(85,057)	(57,803)	(101,896)
Gross profit	301,418	229,912	251,094
Depreciation Being Revenue Portion of Grant Aid	5,752	3,863	5,682
Other income	750,055	741,317	603,264
Administrative and other operating expenses	(101,482)	(74,079)	(153,879)
Impairment loss on investment	-	-	-
Profit from Operation	955,743	901,013	706,161
Finance Income	22,114	18,895	125,906
Finance Costs	(24,978)	(17,020)	(31,450)
Profit Before Tax	952,879	902,888	800,617
Income Tax Expense	(56,978)	(44,021)	(49,744)
Profit for the year	895,901	858,867	750,873
Other comprehensive gain/(loss) for the year, net of tax	(155,183)	(336,459)	(59,542)
Total Comprehensive gain/(loss) for the year, net of tax	740,718	522,408	691,331

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Buddha Nagar, Kathmandu, Nepal



THIRD QUARTER DISCLOSURE AS OF 30TH CHAITRA 2076 (12th April 2020) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub regulation I of Regulation 26)

1 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 72,320 from Mercantile Communication Pvt. Ltd., NPR 5,650 from BPC Service Limited, NPR 127,620 from Syakar Trading Co. Pvt. Ltd. and NPR 2,879,556 from Nepal Hydro & Electric Limited during the period of third quarter.
- Key Financial Ratios at the end of the quarter;**

Period	Earning per Share (Quarterly)	Net worth per share	Current Ratio	P/E Ratio (Annualized)	Return on Assets
This year quarter end	Rs. 33.38	Rs.268.34	5.57	9.89	10.97%
Previous quarter end	Rs. 32.00	Rs.260.21	2.73	10.25	10.36%
Corresponding previous year quarter end	Rs. 30.77	Rs.278.71	2.99	11.70	9.32%

2 MANAGEMENT ANALYSIS

- Any changes in the stock, income and liquidity during the quarter and reason for change, if any :**
Inventories have been kept sufficient for normal operation of power plants. Revenue from sale of electricity is consistent being dependent on the normal waterflow and power purchase agreement. Finance income has decreased during the quarter as major portion of fixed deposits were invested in new projects. However, due to increase in other income net profit has been increased by 19.31% in comparison to the corresponding period of last year. Liquidity has been maintained sufficient even the major amount is invested in the projects.
- The statement of management analysis on the upcoming business plan:**
Construction of Nyadi Hydropower project (NHP) 30MW is ongoing smoothly. However, due to lockdown against pandemic COVID 19 the construction of NHP has been suspended from Chaitra 11, 2076 (March 24, 2020). C15Kabeli -A project 37.6 MW has currently been suspended due to termination of the EPC Contract. Extension of WB fund disbursement date has been requested. The recovery plan has been formulated and being worked out. Generation license of Lower Manang Marsyangdi Hydroelectric Project (LMMHEP) at capacity of 140 MW has been received and connection agreement at 104 MW has been signed for PPA process. After the reoptimization of LMMHEP with cascade development model with upstream Manang Marsyangdi Hydroelectric Project (MMHEP), the project capacity has been fixed at 139.2 MW as a PROR project. The consent for PROR and boundary change has been taken from DOED.

MMHEP has been acquired by BPC to develop with Chinese JV partners. Generation license has been received at 282 MW and reoptimized for 135 MW for which connection agreement has been signed. The survey license for 8.5 MW capacity Chino Khola Hydropower Project was received and feasibility study was carried out. However, the project capacity has been reoptimized at 7.9 MW, for which survey license has been amended and EIA study is completed. Prefeasibility study of 160 MW Mugu Karnali Hydroelectric Project has been completed. Taking consideration of most attractive option, feasibility and EIA study is ongoing. BPC through a Joint Venture Company (JVC) has also acquired 327 MW Upper Marsyangdi-2 Hydroelectric Project (UM2HEP). The project capacity of MMHEP, LMMHEP and UM2HEP have been re-optimized by JVC from the previous capacity of 282, 140 and 600 MW respectively so that the PPA can be carried out with NEA and energy could be sold within domestic market. The preparations for all three projects are ongoing simultaneously in order to start the construction immediately after PPA.
- 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 invest in the projects 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 till Chaitra 10, 2076 (March 23, 2020). However, from Chaitra 11, 2076 (24 March 2020) till the end of the quarter security market (NEPSE) was closed due to lockdown against pandemic COVID 19. 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
429	309	330	46	5,417	933,217	338,851,518

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Optimization and Retention of human resources;
 - Sustainability of distribution business financially;
 - Fund management for ongoing large projects.
- **External**
 - Lengthy bureaucratic processes in development of hydropower projects;
 - Inadequate rules, regulations, policies, guidelines etc. to expedite project developments;
 - Fluctuating cost of capital and foreign exchange fluctuation risk;
 - Floods and low water flow risk in the rivers for hydropower plants/ projects;
 - Land acquisition and compensation challenges for ongoing projects;
 - Inadequate existing transmission line networks and delay in its expansion for power evacuation of hydropower projects.
- **Strategies**
 - HR optimization plan is being implemented;
 - Fund management and strategic investment as per the project investment plan;
 - Lobbying with government authorities for investment friendly environment;
 - FDIs with Project Financing and PPA in foreign currency for large projects;
 - Identification of different financial instruments along with risk assessment;
 - Stakeholder's engagement from planning stage of any projects

6 CORPORATE GOVERNANCE

- The Company has regular meetings of Board of Directors and Board Committees viz Audit Committee, Risk Management Committee, Asset and Liability Committee and Finance Committee in compliance with the Corporate Governance Guidelines, 2074 issued by the Securities Board of Nepal. The Management Team meeting are also being conducted regularly. The provisions of SEBON Corporate Guidelines has been fully complied.

7 DECLARATION OF 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 third quarter of F/Y 2076/77, 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.