

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER, FISCAL YEAR 2074/75 ENDED 32ND ASHADH 2075 (16 JULY 2018)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	7,304,704	7,099,810	4,963,286
1.1	Paid up Share Capital	2,218,672	1,810,572	1,810,572
1.2	Reserve & Surplus	4,467,021	4,648,906	2,581,887
1.3	Grant Aid in Reserve	196,177	193,750	202,344
1.4	Long Term Loan	422,835	446,582	368,483
2	Application of Fund	7,304,704	7,099,810	4,963,286
2.1	Property, Plant & Equipment/ Intangible Assets - Net Block	2,245,546	2,297,582	2,321,848
2.2	Work in Progress	282,496	211,168	178,461
2.3	Advances/Investment in Shares	2,500,890	2,467,419	2,447,419
2.4	Total Current Assets	2,624,654	2,821,802	421,605
2.5	Deferred Tax Liabilities	(83,748)	(83,748)	(83,748)
2.6	Total Current Liabilities	(265,135)	(614,413)	(322,300)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	667,218	535,047	662,872
	A. Total Operating Income	667,218	535,047	662,872
	Operating Expenditure			
3.2	Generation Expenses	190,447	123,063	221,462
3.3	Distribution Expenses	87,499	71,969	77,959
	B. Total Operating Expenditure	277,946	195,031	299,421
	C. Profit from Operations (A-B)	389,272	340,016	363,450
	Administrative & Other Expenses			
3.4	Administrative Expenses	109,434	82,299	89,223
3.5	Depreciation	98,670	106,233	98,670
	D. Total Administrative & Other Expenses	208,104	188,532	187,893
3.6	Provision of Loss (Income) in Investment	-	-	(1,073)
	E. Profit Before Other Income, Interest & Tax (C-D)	181,168	151,484	176,630
	Other Income			
3.7	Dividend Income	512,267	512,267	556,964
3.8	Forex Gain (Loss)	1,811	1,661	514
3.9	Other Income	48,110	42,465	31,241
	F. Total Other Income (3.7+3.8+3.9)	562,188	556,393	588,719
	G. Profit Before Interest, Bonus & Tax (E+F)	743,356	707,877	765,350
3.10	Interest (Net)	18,085	(36,923)	(64,891)
	H. Profit Before Bonus & Tax (G+3.10)	761,441	670,954	700,459
3.11	Provision for Employees' Bonus	19,050	13,156	14,405
3.12	Provision for Corporate Tax	29,909	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	18,031
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	712,482	657,798	668,022
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	32.11	36.33	36.90
4.2	Market value per share (in Rs.)	457.00	456.00	620.00
4.3	Price Earning Ratio	14.23	12.55	16.80
4.4	Current Ratio	9.90	4.59	1.31
4.5	Return on Assets	9.31%	8.44%	12.44%
4.6	Net worth per share (in Rs.)	301.34	356.76	242.60

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FOURTH QUARTER DISCLOSURE AS OF 32nd Ashadh 2075 (16th July 2018) 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 fourth quarter and financial ratios have been published along with this report.
- Transactions with related parties: BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., NPR 8,608 from BPC Service Limited, NPR 22,773,425 from Nepal Hydro & Electric Ltd., NPR 2,674,885 from Hydro Consult Engineering and advances provided NPR 33,471,000 to Nyadi Hydro Power Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The operating income is constant and operating expense decreased by 7% resulting increase in gross operating profit by 7% by the end of fourth quarter as compared to the corresponding period of last year. Interest income increased significantly this quarter due to investment of amount received through FPO. This has resulted increase in net profit by 7% as compared to the corresponding period last year's figure.
- Reserve and Surplus has been increased significantly by 73% as a result of FPO collection from issue of 4,081,000 shares. NPR 2,044,581,000 has been collected from FPO issue at premium.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW has been started from 23rd of March 2017 and ongoing underconstruction works smoothly. PPA process of Lower Manang Marsyangdi 100 MW project in progress with NEA. The survey license for 8.5 MW capacity Chino Khola Hydropower Project has been received and consent for EIA study has also been received from respective Ministries. The survey license of 160 MW Mugu Karnali Hydroelectric Project has been received from DOED.
- The Company has registered a S.C.I.G. International Nepal Hydro Joint Development Company (pvt) Ltd., joint venture company partnering with three renowned Chinese companies (SCIG International Limited, Xingchend International Investment Co. Ltd and QYEC International co. Ltd.) for development of projects including 100 MW Lower Manang Marshyangdi Project in Marshyangdi River Basin on cascade development concept. Joint Venture aims to develop 1,000 MW hydro power projects within next 5 years..
- The company received Runner up- Best Presented Annual Report 2017 award from ICAN and also recognized the Company by South Asian Federation of Accountants (SAFA) with merit certification for 2016 corporate governance disclosers.

3 LEGAL PROCEEDINGS

- 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 ON SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the fourth quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 524; Minimum Price- NPR 430; Closing Price- NPR 457; No. of Transaction Days- 63; Total Transactions- 8696; Total Traded Volume - 696,700 and Turnover - NPR 333,775,115

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resources
 - To manage the fund for upcoming projects and maintain the operational efficiency of distribution business
- **External**
 - Lack of political commitment in development of hydroelectric projects.
 - Fluctuating cost of capital and devaluating local currency.
 - Possibility of flood in monsoon season in the rivers at powerplant locations.
- **Strategies followed by the management**
 - Use of Internal manpower enhancing training and development.
 - Fund raising through Further Public Offering of 4,081,000 shares have successfully been completed

6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Budget & Finance Committee, Operation and Maintenance committee and Management Team are being conducted for strengthening good corporate governance within 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 fourth quarter of F/Y 2074/75, 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.