



bpc
BUTWAL POWER
COMPANY LIMITED

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COMPANY LIMITED

Abridged Annual Report 2010

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Notice for the 18th Annual General Meeting

Dear Shareholder,

As per the decision of the meeting of the Board of Directors held on December 6, 2010, the 18th Annual General Meeting of this Company is going to be held on following date, time and venue to discuss on the following agenda. You are kindly requested to attend or duly nominate your proxy in the annual general meeting.

Date, Time and Venue of the Annual General Meeting

Date: Poush 23, 2067 (January 7, 2011)

Venue: Indreni Complex, Baneshwor, Kathmandu.

Time: 2.30 P.M.

Agenda for Discussion:

1. To discuss the Board of Directors' Report and approval thereof.
2. To discuss the Audit Report, Balance Sheet, Profit and Loss Account and Cash Flow Statement for F/Y 2066/67 and approve them.
3. To appoint Auditor for F/Y 2067/68 and fix his remuneration as per the recommendation of the Audit Committee.
4. To approve cash dividend equivalent to 20% of the paid up capital as recommended by the Board of Directors.
5. To adopt a special resolution for issuance of 10% bonus shares as recommended by the Board of Directors.
6. Any other business

General information regarding General Meeting

1. The Shareholders' Registration Book shall remain close for registration and transfer of share from Monday, December 20, 2010 to Friday, January 7, 2011.
2. Any shareholder desirous to nominate proxy should fill up proxy form as to nominate a person to represent all the shares held by him/her and the proxy form should be submitted to the registered office of the company located at Buddha Nagar, Baneshwor at least 72 hours before i.e. January 4, 2011 at 1.30 p.m. The proxy will be invalid if names of shareholder, number of shares held and signature of shareholder are not matched.
3. In the event of nomination of proxy for more than two persons, the proxy

- registered first shall be valid unless the matter for cancellation of such proxy is mentioned in the later registered proxy.
4. If a shareholder nominating proxy attends him/herself in the general meeting through written notification, the proxy shall be cancelled.
 5. The attendance book of the general meeting shall remain open from 1.00 pm on the meeting date. Arrangement for recording the attendance will be made based on the identification (shareholder) number and the Shareholders are requested to carry the document like share certificate, certificate of citizenship or license etc. compulsorily for their identification.
 6. In the event of shares are held by any institution or company, the person nominated by such institution or company may participate in the general meeting as shareholder.
 7. Any shareholder desirous to enter the agenda for discussion under the any other business shall have to submit in writing to the Chairman of the Board of Directors at least seven days before the general meeting.
 8. It is requested to contact in the registered office of the company at Buddha Nagar, Baneshwor, Kathmandu or NMB Capital Ltd., Babarmahal, Kathmandu for other information.

As per the instruction of the Board of Directors


Murali Prasad Sharma
 Company Secretary
 December 13, 2010



Board of Directors' Report

(To the Shareholders at the 18th Annual General Meeting)

Dear Shareholders,
 Your Board has pleasure in presenting the annual report and the audited statements of accounts of the company for the year ended July 16, 2010.

Financial Performance:

The turnover of the company has increased to Rs. 479.8 million from Rs. 470.6 million of previous year, registering a marginal growth of 1.94% despite separation of the engineering business, which is being carried out through a subsidiary company.

The profit before bonus and tax amount-

ed to Rs. 254.9 million as compared to Rs. 313.5 million of previous year registering a decline of 18.7%. The net profit after bonus and tax declined to Rs. 224.2 million from Rs. 291.6 million, a reduction of 23.1% from the previous year. The reduction in profit is attributable to the increased tax liabilities and royalty payments from income of Jhimruk Power Plant which has gone into its 16th year of operation.

THE FINANCIAL RESULTS OF THE COMPANY ARE BRIEFLY SUMMARIZED BELOW.

(The figures are in NRs. '000 unless specified otherwise)

Particulars	F/Y 2066/67	F/Y 2065/66
Income from the sale of electricity in bulk	387,896	375,103
Income from the retail sale of electricity and services	74,671	63,737
Income from engineering and consultancy services	-	28,108
Income from Management and Technical Support	17,241	3,740
Total operating income	479,809	470,688
Total operating expenses	206,721	156,148
Gross operating profit	273,088	314,540
Other income	151,280	160,611
Administrative and other expenses	169,471	161,653
Net profit before appropriation	224,233	291,592
Earnings per share in NRs.	24.29	34.75
Net worth in million NRs.	1,630	1,546

Business Operations

GENERATION BUSINESS

Jhimruk and Andhikhola Power Plants operated efficiently and generated altogether 101.9 GWh, which is an increase by 0.7% than last year's generation. Low discharge in Jhimruk River had its effect on generation from Jhimruk Power Plant. Jhimruk Power Plant could generate 63.23 GWh with a plant load factor of 59.98%, a decrease by 2.04% than last year's generated energy of 64.5 GWh.

Andhikhola Power Plant could generate 38.68 GWh energy with plant load factor of 86.34%, an increase by 5.48% than previous year's generated energy of 36.67 GWh.

17.55 GWh energy was supplied to distribution business for distribution to the consumers within the distribution network of the Company and 81.44 GWh energy was sold to NEA. The generation business had to supply 10.4% more energy to meet the requirement of consumers connected to the distribution network as compared to the previous year. This resulted in reduced sale to NEA by 1.9% from the previous year.

Repair and maintenance works of the power plants were carried out as per the preventive and predictive maintenance plans. Online Sediment Monitoring System and Debris Removal Mechanism have been installed at Jhimruk Hydropower Plant. The transformation capacity at Jhimruk Power Plant has been upgraded to 6/8 MVA from 3 MVA. The profitability of generation business remained at 84%.

DISTRIBUTION BUSINESS

The distribution business spread over four districts, Syangja, Palpa, Pyuthan and

Arghakhanchi, continued to expand its distribution network and consumer base under the Rural Electrification Expansion Project. During the year, 3014 consumers were added and 1186 consumers were converted from cutout category to the metered category. The total consumers count at the end of F/Y 2066/67 stand at 34428, which covers approximately 2% of the total households electrified through Integrated Nepal Power System (INPS).

The company sold 14.68 GWh, energy to its consumers with an increase of 9.96% against the sale of last year's 13.35 GWh. Aggregate Technical and Commercial (AT&C) loss was contained at 10.6%. The average per unit distribution cost has been increased from Rs. 6.46 to Rs. 6.55. The reliability of the distribution system was maintained at 96%. The low consumer tariff rate, increase in staff cost and scattered consumer base in rural area resulted in revenue deficit and loss from distribution business.

Operating Subsidiaries and Associates:

Himal Power Limited (HPL), an associate company, which owns and operates the 60-MW Khimti I Hydropower Plant, registered a net profit of NRs. 1.348 billion in the F/Y 2066/67. BPC received Rs. 137.8 million as dividend during F/Y 2066/67 from HPL. The net worth of HPL as on July 16, 2010 is NRs 6,691 million and that for BPC's investment value in HPL stands at NRs 1,129 million.

Hydro Consult Pvt. Ltd. (HCPL), was taken over by BPC by acquiring majority ownership through transfer of assets of BPC Hydro-consult, the engineering wing of BPC, in 2009, aiming at operation of independent engineering company with service excellence. HCPL recorded turnover of Rs. 24

million with net profit of Rs. 944,307 in the F/Y 2066/67. The net worth of HCPL as on July 16, 2010 is NRs 10.65 million and that for BPC's investment value in HCPL stands at NRs 8.52 million.

BPC Services Ltd. (BPCSL) aims at providing operation and maintenance service to the power plants and technical and other services to the companies or institutions in allied area of hydropower development. BPCSL provided operation and maintenance service to Khudi Hydropower Plant. It also provided technical service to Jhimruk Downstream Mitigation Program. BPCSL recorded a turnover of NRs. 9.1 million and a net profit of NRs. 1.32 million in the F/Y 2066/67. The net worth of BPCSL as on July 16, 2010 is NRs 10.99 million and that for BPC's investment value in BPCSL stands at NRs 10.99 million.

Nepal Hydro & Electric Ltd. (NHE), the hydro-mechanical and electro-mechanical equipment manufacturing company, recorded a turnover of NRs. 225.3 million and registered a net profit of NRs. 0.53 million, in the F/Y 2066/67. The net worth of NHE as on July 16, 2010 is NRs 197.1 million and that for BPC's investment value in NHE stands at NRs 102.85 million.

Khudi Hydropower Ltd. (KHL), which owns and operates the 4 MW Khudi Hydropower Plant, recorded electricity sales of NRs. 79.65 million in the F/Y 2066/67, reporting a loss of NRs. 19.29 million, which is less than NRs 37.66 million loss of F/Y 2065/66. The plant was in continuous operation and is generating satisfactorily based on the water flow in the river and there had been no major shutdowns as was in previous years. The net worth of KHL as on July 16, 2010 is NRs 88.82 million and that for BPC's investment value in KHL stands at NRs 53.29 million.

Hydro Lab Pvt. Ltd. (HLPL) provided specialized research and consulting services in hydraulics and sediment analysis to various projects, including model study of head-works and allied areas. HLPL's turnover was NRs 15.3 million in the F/Y 2066/67 and it recorded a net profit of NRs. 2.77 million. The net worth of HLPL as on July 16, 2010 is NRs 35.51 million and that for BPC's investment value in HLPL stands at NRs 7.1 million.

Jhimruk Industrial Development Center Pvt. Ltd. (JIDCO), a corporate social responsibility initiative of BPC, continued to provide trainings in various skill and enterprise development. JIDCO's turnover was NRs. 2.69 million in the F/Y 2066/67 and it reported a loss of NRs.0.77 million. The net worth of JIDCO as on July 16, 2010 is NRs 12.24 million and that for BPC's investment value in JIDCO stands at NRs 2.94 million.

Status of Projects/Joint Venture Companies

Nyadi Hydropower Limited (NHL), a special purpose company established to develop the Nyadi Hydropower Project (NHP) has performed satisfactorily in the F/Y 2066/67. The capacity of the project has been optimized at 30 MW. The feasibility study for the optimized capacity has been completed and detail design of the project is under progress. Further, IEE has been updated in line with the upgraded capacity. Land acquisition of the project and access road excluding the land to be taken from the Government on lease has been completed. The construction of access road and bridge over the Marshyangdi River has started. BPC has invested NRs. 72.915 million in NHL as equity investment. The power purchase agreement (PPA) with Nepal Electricity Authority (NEA) is under finalization. It is targeted to

complete the financial closure and start construction of the project by the end of 2011.

Keton Hydropower Ltd. (Keton), a special purpose company established to develop the Marsyangdi-III Hydropower Project, has completed the feasibility study and submitted the feasibility study report to DoED. The approval for scoping of initial environmental examination (IEE) has been obtained from the Ministry of Energy. BPC has invested NRs. 14.4 million in Keton as equity investment. The IEE of the project will be conducted and the process for signing PPA with NEA and for obtaining Generation License will be initiated in the F/Y 2067/68.

Kabeli Energy Limited (KEL), a project company has been established for development of Kabeli-A Hydroelectric Project (KHP) on finance, build, own, operate and transfer basis. The survey license was obtained from the Ministry of Energy in March, 2010 for carrying out the update on feasibility study of the KHP and the update works have been completed. The feasibility study report has indicated that KHP can be optimized at 37.6 MW. The TOR for IEE has been approved by the Ministry of Energy and IEE is under progress as per the approved TOR. Further, the TOR for environmental and social impact assessment (ESIA) study has been approved by the World Bank and the ESIA study is progressing satisfactorily. KEL has planned to avail 40% of the project cost as debt financing from World Bank through the Power Development Fund. BPC has invested NRs. 8.1 million in KEL as an equity investment as on July 16, 2010. In the year 2011, KEL has plans to obtain approval on study reports from Ministry of Energy and World Bank, sign PPA with NEA and conclude the financial closure.

The construction license of **9.4 MW An-dhikhola Upgrading Project (AUP)** has

been received from the Ministry of Energy in November, 2010. The PPA negotiations have been completed and signing thereof has been expected to be held shortly. The project is being financed by International Finance Corporation (IFC) and a consortium of local banks led by Rastriya Banijya Bank. The contracts for civil works, hydro-mechanical works and electro-mechanical works have been finalized. The construction work of AUP is expected to start by January, 2011 and complete by March, 2012.

BPC received a production survey license for the **93 MW Lower Manang Marshyangdi Hydropower Project (LMMHP)**, which is located at the southern part of Manang District. The prefeasibility study of the LMMHP has been completed and the project looks promising. The feasibility study is ongoing and is expected to be completed by 2011.

Dividend

The Board is aware of the investment requirements for the projects under development and also for the further projects which the company is planning to undertake. The investments will contribute to creation of wealth for shareholders in the long term. However, the company has adopted a stable dividend policy and accordingly, the Board has recommended a cash dividend of 20% and bonus shares of 10% of the paid up capital from the profit of the company.

Right Share

Considering the fund requirement for the projects being developed by the company, issue of right shares was approved by the 17th annual general meeting (AGM). The process for issuance of right shares in the ratio of 3:2 was initiated and is ongoing. However, as the construction plan of the projects has shifted due to current political and investment situation of the country, issue of

right shares is not an urgent need. The remaining process for issuance of right shares will be as per the investment requirement.

Board of Directors and Committees

There were changes in representation in the Board during the year. The 17th Annual General Meeting of the Company held on January 8, 2010 elected Mr. Nirmal Pradhan as Director to represent public shareholders for four years. Shangri-La Energy Limited has nominated Mr. Ganesh Lal Shrestha as Director on the Board of this Company with effect from September 22, 2010 in place of Mr. Gyanendra Lal Pradhan. We would like to welcome the new Directors and extend our thanks to Mr. Pradhan for his contribution to the Company during his tenure.

The Audit Committee played an important role in strengthening the internal controls and good corporate governance. The Budget Committee assisted the Board by reviewing, monitoring and controlling the budget of the Company.

Corporate Governance

BPC has adopted corporate value framework to ensure good corporate governance in the Company. BPC's corporate value framework comprises of vision, mission, values; business principles and policies; corporate governance code and code of conduct and ethics. Compliance to corporate governance standards is reported separately as Corporate Governance Report.

Management

BPC is managed by a strong team of professionals led by Chief Executive Officer, Mr. Ranjan Lohar. There were 294 employees, 270 male and 24 female, at the end of the F/Y 2066/67. The Company faced significant turnover of the employees because of entry of many international hydropower develop-

ers in the country and deteriorating environment for development of new projects.

The management expenses in F/Y 2066/67 totaled NRs. 83.25 million which is 18.29% higher than the last F/Y. The increase is an account of business expansion, listing of stock dividend and raise in salaries necessitated by inflation in the country. List of top management and senior executives is included in the Corporate Governance Report.

Health, Safety and Environment (HSE)

With the mission to provide fulfilling work environment within the Company, BPC gives priority for HSE. During the year health base line data has been established though a well planned medical checkup for all employees and awareness programs on occupational health and safety has been organized. No serious injuries have been reported during the year. However, five minor injuries have been reported.

BPC has adopted an Integrated Quality and Environmental Policy. The business units have carried out the business activities in an environmental friendly manner. BPC celebrated the World Environment Day, 2010 in association with the locals for bringing awareness in environment.

Industrial Associations and Employee Relations

BPC is associated with the Federation of Nepalese Chamber of Commerce and Industries (FNCCI) and the Independent Power Producers' Association, Nepal (IPPAN).

Good management employee relationship has been maintained. Trainings were imparted for capacity building of the employee for the professional growth of the employees as well as to meet requirement of the Company.

The mechanism for addressing the issues, grievances and concerns of the employees has further strengthened after appointment of the employee relation officer.

Risk Management

The risk management is an integral part of BPC's business operations. Enterprise Risk Management has been implemented to identify, assess, plan, mitigate and monitoring of the risk associated with the activities being carried out by the different business units across the Company.

The major risks associated with the Company's business activities are reported to the Board by the Management, which are analyzed and strategies to manage those risks are worked out. The Company has taken due care of the risks and addressed in time.

Internal Control

BPC has implemented an Integrated Quality and Environmental Management System. The internal rules, regulations and instructions are defined in line with the nature of business and need.

In addition, internal audits are being carried out periodically by an independent auditor for assessment of the internal control and risk management of the company's assets, financial and accounting procedures. The recommendations of the internal auditor and the decisions of the Audit Committee are implemented effectively.

Statutory Audit

M/s PP Pradhan & Co. audited BPC's books of accounts in the FY 2066/67. The auditor has issued an unqualified report on financial statement of the Company.

Shareholders' Suggestions

Suggestions from Shareholders are taken in

the right earnest and all possible efforts are put in to implement them, on their merits.

Transactions with Subsidiaries

All major transactions, which BPC undertook with its subsidiaries and associated companies, are disclosed in its financial statements for the FY 2066/67.

Hydropower and Nepal's Growth Prospect

In the world energy consumption record, hydroelectricity has contributed only 2.3% in 2010. Only six countries in the world viz. Brazil, Canada, Norway, Paraguay, Switzerland and Venezuela meet majority of the energy need from hydroelectric power. Looking into the utilization of hydro potentiality, Norway is on the top and other countries are focusing on harnessing hydro potentiality for reducing the percentage of consumption of energy from other sources.

Nepal is located between two fast growing big economies, China and India. China is the largest hydroelectric power generator in the world, which generated 652.05 TWh energy from around 200,000 MW installed capacity in 2009. In the same year, India ranking as the seventh largest hydroelectric power generator in the world generated 115.6TWh energy from around 34,000 MW installed capacity. China and India has utilized 22.25% and 15.80% hydroelectric potential respectively. However, there is energy deficit in India and is growing in future.

Nepal started hydroelectric generation in 1911 AD but till date has been able to harness only about 2% of the techno-commercial hydroelectric potential. The country is facing energy crisis and the electrified consumers face load shedding to the extent of 16 hours per day during winter season. Accelerated development of hydropower is

required not only to meet the energy deficit but to fuel the economic growth of the country. The utilization of hydropower potential complemented by the energy deficit in the neighboring countries can propel the economic growth manifold.

Business Environment and Investment Climate

The Government of Nepal has set a target for developing 25,000 MW generating capacity and to achieve electrification of the entire country by 2020. During last couple of years, some improvements have seen in the hydropower sector in Nepal. The Electricity Bill and the Electricity Regulatory Commission Bill has been tabled in the Legislative Parliament; the Ministry of Energy issued internal guideline for license management process; and NEA, the GON's undertaking, fixed the tariff rates for the purchase of energy from the hydropower projects up to 25 MW installed capacity. Twenty seven PPAs have been signed with various companies for 136.22 MW in the FY 2009/10. However, majority of them are stuck with the problem of financial closure.

The political transition, inadequate legal instruments, long bureaucratic processes, low tariff rates, poor interconnection facilities for power evacuation, unreasonable demands from local people, politicized labour force and crisis in financial market are the key bottleneck in development of the hydropower sector in Nepal.

Initiatives are being taken jointly by Federation of Nepalese Chamber of Commerce and Industry (FNCCI) and the Independent Power Producers' Association, Nepal (IPPAN) to improve Nepal's business environment and investment climate. BPC is an active participant in these development initiatives.

The Year ahead

In the F/Y 2067/68, the priorities are to develop the projects-in-hand and to expand the business of subsidiary companies.

Andhikhola Upgrading Project will be under full swing construction. Preconstruction works of Kabeli-A Hydroelectric Project (37MW) and Nyadi Hydropower Project (30 MW) will be expedited for start of construction of these projects by 2011. The feasibility study and EIA study of the Lower Manang Marsyangdi Hydropower Project (93 MW) will be completed in 2011. Addition of 3900 new consumers to its distribution network under the Rural Electrification Expansion Program (REEP) has been planned. Further, efforts will be made to add new hydropower projects in BPC basket.

Acknowledgement

We are grateful to the Government of Nepal, Nepal Electricity Authority, the Ministry of Foreign Affairs-Norway, clients, contractors, vendors, suppliers, associate organizations, bankers, auditors, and others institutions and individuals who have contributed directly or indirectly towards the betterment of the company in the F/Y 2066/67.

We thank the members of the Board Committees, Management Team and staff for their dedication and contribution towards the progress of the company and the shareholders for their confidence in us.

Thanking you.
On behalf of the Board of directors



Padma Jyoti,
Chairman
December 6, 2010

Abridged Financial Report

for F/Y 2066/67 (As per Section 84 of the Companies Act, 2066)

Dear Shareholders,

- The annual turnover of the company has been increased to Rs. 479.8 million from Rs. 470.7 million of previous year, registering a marginal growth of 1.94%. The net profit after bonus and tax declined to Rs. 224.2 million from Rs. 291.6 million of previous year. With the completion of 15 years of operation of Jhimruk Power Plant, the increased tax and royalty payment in the income from Jhimruk Power Plant caused for decline of net income of the company.
- The financial results of the company are briefly summarized below.
- Despite low river discharge in Jhimruk River, the annual energy generation from Jhimruk and Andhikhola Power Plants recorded 101.9 GWh, which is an increase by 0.7% than previous year. The overall profitability of generation business remained at 84%.
- The total consumers count at the end of F/Y 2066/67 stand at 34428, which covers about 2% of the total households electrified through Integrated Nepal Power System (INPS). The company sold 14.68 GWh, energy to its consumers with an increase of

(Amount in '000 unless specified otherwise)

PARTICULARS	F/Y 2066/67	F/Y 2065/66
Income from the bulk sale of electricity	387,896	375,103
Income from the retail sale of electricity and services	74,671	63,737
Income from engineering and consultancy services	-	28,108
Income from Management and Technical Support	17,241	3,740
Total operating income	479,809	470,688
Total operating expenses	206,721	156,148
Gross operating profit	273,088	314,540
Other income	151,280	160,611
Administrative and other expenses	169,471	161,653
Net profit before appropriation	224,233	291,592
Earnings per share in NRs.	24.29	34.75
Net worth in million NRs.	1,630	1,546

9.96% against the sale of last year's 13.35 GWh. The low consumer tariff rate, increase in staff cost and scattered consumer base in rural area resulted in revenue deficit and loss from distribution business.

- The performance of operating subsidiaries and associated companies were as follows:
 - Himal Power Limited registered a net profit of NRs. 1.348 billion in the F/Y 2066/67 from the operation of 60 MW Khimti I Power Plant. BPC received Rs. 137.8 million as dividend during F/Y 2066/67 from HPL.
 - Hydro Consult Pvt. Ltd., the consulting engineering company, recorded turnover of Rs. 24 million with net profit of Rs. 0.944 million.
 - BPC Service Ltd., the operation and maintenance service provider, recorded a turnover of NRs. 9.098 million and a net profit of NRs. 1.322 million in the F/Y 2066/67.
 - Nepal Hydro & Electric Ltd, the hydro-mechanical and electro-mechanical equipment manufacturer, recorded a turnover of NRs. 225.3 million with net profit of NRs. 0.53 million in the F/Y 2066/67.
 - Khudi Hydropower Ltd. recorded electricity sales of NRs. 79.65 million in the FY 2066/67 from 4MW Khudi Hydropower Ltd., reporting a loss of NRs. 19.29 million.
 - Hydro Lab Pvt. Ltd., service provider for hydraulics and sediment analysis, recorded the turnover of NRs 15.3 million with net profit of NRs. 2.77 million in the F/Y 2066/67.
 - Jhimruk Industrial Development Center Pvt. Ltd., a corporate social responsibility initiative of BPC, reported turnover of NRs. 2.69 million with loss of NRs. 0.77
- The status of the projects/joint venture companies and plan for this current fiscal year are as follows:
 - 30 MW Nyadi Hydropower Project, which is being developed through Nyadi Hydropower Limited, is in the final stage of preconstruction works. The construction of the project is expected to start by 2011.
 - The feasibility study work of 42 MW Marshyangdi III Hydropower Project, which is being developed through Keton Hydropower Ltd, has been completed and Initial Environmental Examination (IEE) of the project will be conducted in the current fiscal year.
 - The update on feasibility study report of the 37.6 MW Kabeli-A Hydroelectric Project, which is being developed through Kabeli Energy Limited, has been completed. The installed capacity of the project has increased to 37.6 MW. The terms of reference for IEE and Environmental and Social Impact Assessments (ESIA) have been approved by the Ministry of Energy and the World Bank respectively. All required approvals and financial closure of the project is expected to be completed by 2011.
 - The contracts for civil works, hydro-mechanical works and electro-mechanical works of 9.4 MW Andhikhola Upgrading Project (AUP) have been finalized. The project will go under construction in the beginning of the 2011.
 - The prefeasibility study report of 93 MW Lower Manang Marshyangdi Hydropower has been completed. The feasibility study is ongoing and is expected to be completed by 2011.
 - The rural electrification program is

- progressing satisfactorily and 3900 new consumers will be added in the distribution network of the company.
- g. Further, efforts will be made to add new hydropower projects in BPC portfolio.
7. The Board has recommended a cash dividend of 20% and bonus shares of 10% of the paid up capital.
8. The process of issuance of right shares in the ratio of 3:2 was initiated and will

be completed as per the investment requirement of the Company.

9. The auditor has not issued an unqualified report on financial statement and profit and loss accounts of the Company.
10. This brief financial statement is summarized from the annual financial statements of the Company and the Board of Directors' Report.



Ranjan Lohar
Chief Executive Officer



Pratap Prasad Pradhan
PP Pradhan & Co.
Chartered Accountants

Balance Sheet

As on 32 Ashadh 2067 (16 July 2010)

Figure in NRs.

PARTICULARS	2066/67	2065/66
I SOURCES OF FUND		
1 Shareholder's Fund		
Share Capital	922,967,500	839,057,700
Reserve & Surplus	533,820,213	578,201,586
Total Shareholder's Fund	1,456,787,713	1,417,259,286
2 Grant Aid in Reserve	173,014,453	129,007,531
3 Long Term Loan	57,970,205	26,729,017
TOTAL	1,687,772,371	1,572,995,834
II APPLICATION OF FUND		
1 Fixed Assets		
Gross Block	1,431,533,963	1,399,450,313
Less: Depreciation	649,868,310	634,110,823
Net Block	781,665,654	765,339,490
2 Work in Progress	95,403,540	43,154,621
3 Investment in Share	807,210,703	706,133,599
4 Current Assets:		
Stocks	104,543,202	92,723,110
Debtors & Accounts Receivable	93,689,740	171,359,374
Cash in Hand and at Bank	234,887,883	291,687,158
Advance & Deposit Paid	218,397,863	188,067,649
Total Current Assets	651,518,688	743,837,291
5 Less: Current Liabilities		
Short Term Loan	205,494,751	154,294,292
Creditors & Accounts Payable	301,517,420	434,050,026
Advance & Deposit Received	59,555,998	36,199,802
Provisions	87,102,911	66,660,049
Total Current Liabilities	653,671,080	691,204,169
Net Current Assets	(2,152,392)	52,633,123
6 Deferred Revenue Expenditure	5,644,867	5,735,001
TOTAL	1,687,772,371	1,572,995,834

Profit and Loss Account

As on 32 Ashadh 2067 (16 July 2010)

Figure in NRs.

PARTICULARS	2066/67	2065/66
OPERATING INCOME		
Electricity Sale to NEA	387,896,108	375,103,078
Electricity Sale to Consumers	65,535,479	55,697,120
Electricity Services	9,136,813	8,040,142
Management and Technical Support	17,240,823	3,740,015
Consultancy Services	-	28,108,227
Total Operating Income	479,809,224	470,688,581
OPERATING EXPENSES		
Generation Expenses	137,841,840	88,491,333
Distribution Expenses	55,762,291	48,699,815
Management and Technical Support Expenses	12,071,650	-
Project Development Expenses	1,045,186	-
Consultancy Services	-	18,957,079
Total Operating Expenses	206,720,966	156,148,227
GROSS OPERATING PROFIT	273,088,258	314,540,355
ADMINISTRATIVE AND OTHER EXPENSES		
Administrative Expenses	83,252,504	70,376,590
Depreciation	60,632,368	61,872,552
Provision of Loss in Investment	7,483,027	21,491,294
Interest on Loan	18,103,700	7,912,682
Total Administrative and Other Expenses	169,471,599	161,653,118
INCOME FROM OTHER SOURCES		
Interest Income	6,407,572	11,272,109
Other Income	1,698,338	2,896,078
Depreciation Being Revenue Portion of Grant Aid	7,547,367	5,866,305
Grant Support for Technology Transfer	2,077,247	4,316,813
Dividend Income	137,802,992	104,842,701
Foreign Currency Exchange Gain (Loss)	(3,651,236)	30,809,400
Gain (Loss) on Disposal of Assets & Stock Materials	(601,916)	607,739
Total Income From Other Sources	151,280,365	160,611,145
PROFIT (LOSS) BEFORE BONUS & TAX	254,897,024	313,498,381
Employees' Bonus	5,457,355	9,659,329
Provision for Corporate Tax	25,206,724	12,246,889
NET PROFIT (LOSS) BEFORE APPROPRIATION	224,232,945	291,592,163
Profit & Loss Appropriation Account:		
Last Year's Balance	429,501,586	306,396,794
Profit for this Fiscal Year	224,232,945	291,592,163
Total	653,734,531	597,988,957
Less: 10% Stock Dividend	(83,905,770)	-
Less: Dividend	(184,593,500)	(167,811,540)
Total Dividend	(268,499,270)	(167,811,540)
Prior Years Adjustment	(115,048)	(675,831)
Balance Transferred to Balance Sheet	385,120,213	429,501,586

18th Annual General Meeting Attendance Slip



You are kindly requested to bring this attendance slip and deposit in the front desk maintained in the meeting hall entrance gate.

Name of Shareholder: _____

Address: _____ P. O. Box No. : _____

Phone No.: _____ Mobile No.: _____

Email: _____ Shareholder No.: _____

Share Certificate No.: _____ Number of Shares: _____

I hereby attend the 18th Annual General Meeting to be held on January 7, 2011 at Indreni Complex, Baneshwor, Kathmandu myself/through representative.

Signature of Shareholder

Proxy Form



Board of Directors

Butwal Power Company Limited

Buddhanagar, Baneshwor, Kathmandu

Subject: Nomination of proxy

Dear Sir,

As I/we, the shareholder of that company having resident of _____, am/are unable to present and take part in the discussion and decision in the 18th Annual General Meeting of that company to be held on _____, I/we hereby nominate Mr/Ms _____, a resident of _____ as my/our representative to attend the meeting and cast the vote therein.

Applicant: _____

Signature: _____

Address: _____

Shareholder No.: _____

Share Certificate No.: _____

Number of Shares: _____

Date: _____