



BUTWAL POWER COMPANY LIMITED

ABRIDGED ANNUAL REPORT 2011



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Notice for the 19th Annual General Meeting

Dear Shareholder,

As per the decision of the meeting of the Board of Directors held on December 23, 2011, the 19th 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: Tuesday Magh 3, 2068 (January 17, 2012)

Venue: Star Venue, Narayan Chour (Next to Sai Baba Temple) Naxal, Kathmandu

Time: 11 A.M.

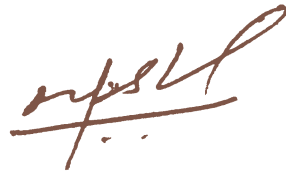
Agenda for Discussion:

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 2067/68 and approve them.
3. To appoint Auditor for F/Y 2068/69 and fix his remuneration as per the recommendation of the Audit Committee.
4. To approve cash dividend equivalent to 25% of the paid up capital as recommended by the Board of Directors.
5. Special Proposal: Amendment in Memorandum of Association to increase Issued Capital of the Company.
6. Any other business

General information regarding General Meeting

1. The Shareholders' Registration Book shall remain closed for registration and transfer of share from Tuesday, January 3, 2012 to Tuesday, January 17, 2012.
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 13, 2012 at 5.00 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 10.00 am 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

BOARD OF DIRECTORS' REPORT

(To the Shareholders at the 19th 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 ending July 16, 2011.

Financial Performance:

The Company posted a turnover of NPR 573.9 million registering a growth of 19.6%.

The profit before bonus and tax registered an increase of 47.9% compared to previous

year from NPR 254.9 million to NPR 377.4 million. The net profit after bonus and tax increased to NPR 329.0 million from NPR 224.2 million, an increase of 46.7% from the previous year. The financial results of the company are briefly summarized below.

(in million NPR unless specified)

Particulars	F/Y 2067/68	F/Y 2066/6
Income from the bulk sale of electricity	408.6	387.9
Income from the retail sale of electricity and services	84.4	74.7
Income from management and technical services	80.9	17.2
Total operating income	573.9	479.8
Operating expenses	231.6	206.7
Gross operating profit	342.3	273.1
Other income	189.3	151.3
Administrative and other expenses	154.6	169.5
Net profit	329.0	224.2
Earnings per share (in NPR)	32.4	24.3
Net worth	2,711.0	1,630.0

Business Operations

Generation business

The total energy generation during the fiscal year 2067/68 was 103.6 GWh, an increase of 1.7% over the last year, with an average annual plant factor of 69.2%. In addition, BPC purchased 4.0 GWh of energy from NEA to meet local demand. Of the total energy, 103.6 GWh, 78.7% was supplied to NEA, and 18.5% fed into BPC distribution. In the fiscal year, BPC contributed about 3.3% to the total domestic hydro generation in the Integrated Nepal Power System.

Andhikhola Plant generated 36.9 GWh with a plant factor of 82.6%, which is 4.6% less than previous year's generation. The plant could not supply the full Contract Energy to NEA due to expansion of local distribution and extended dry period. Similarly, Jhimruk Plant generated 66.7 GWh with plant factor of 63.5%, which is an increase of 5.5% compared to last year.

Because of the old equipment at Andhikhola Plant and fragile 33 kV network, maximizing energy generation and sale was a challenge. During the period, the major maintenance works were repair of damaged stator & field windings of generators, runner, by-pass valve, deflector, and 6 MVA station transformer.

The high silt content in Jhimruk River water during monsoon season remained the major factor for severe erosion of turbine parts. Overhauling of all turbine parts which include runners, guide vanes, side covers, sealing rings, shaft seals and others were carried out. Similarly, the main inlet

valves and tailrace flap gates were also overhauled. In order to optimize the use of water for irrigation and increase the generation, rehabilitation of 19 irrigation canals downstream of the Jhimruk dam was carried out.

Distribution business

The distribution network in Syangja, Palpa, Pyuthan and Arghakhanchi districts continued to expand as per the Rural Electrification Expansion Project. A total of 3520 consumers were added to the network.

During the FY 2067/68, the total energy purchased was 19.9 GWh, which is 13% more than the previous year. Of the total energy purchased, 16.4 GWh was sold to retail customers, and remaining 3.5 GWh and 0.07 GWh accounted for losses and internal consumption respectively. The total sale increased by 14.8% compared to previous year. As a continuous effort to reduce revenue loss, 947 cut-out consumers have been converted into metered consumers.

Total revenue collected this year was NPR 75.2 million, an increase of 14.8% compared to last year. Out of which NPR 48.9 million came from metered consumers, NPR 8.2 million was collected from industries, and NPR 3.4 million from cut-out consumers.

Operating Subsidiaries and Associates

Himal Power Limited (HPL) owns and operates the 60 MW Khimti Hydropower Project, which began commercial

operation on July 5, 2000. HPL registered a net profit of NPR 1.5 billion in the FY 2067/68. BPC received NPR 164.3 million as dividend during FY 2067/68 from HPL. The net worth of HPL as on July 16, 2011 is NPR 6.7 billion. The Company has declared interim dividend USD 13 million for the year FY 2067/68.

Hydro Consult Pvt. Ltd. (HCPL): BPC took over Hydro Consult Pvt. Ltd. (HCPL) in 2066/67, and merged its engineering wing with it to run engineering consultancy business independently. Hydro Consult has been providing consulting services in the power, irrigation and other civil infrastructure sector. Hydro Consult is partnering with international consultants such as Bernard Engineering (Austria), Mott MacDonald (UK) and Statkraft Groner (Norway), etc. for expansion of business operations.

In the second year of operation HCPL recorded turnover of NPR 56.3 million with net profit of NPR 8.8 million and net worth stands at NPR 19.5 million.

Nepal Hydro & Electric Ltd. (NHE) is a subsidiary of Butwal Power Company (BPC). It was established in 2042 B.S. in partnership with Alstom Power Norway AS, GE Energy (Norway) AS, Butwal Technical Institute and Himal Hydro and General Construction Limited. GE Energy has sold their share to IKN Industrial which is under transfer process.

NHE manufactures and refurbishes Hydro-mechanical Equipments and is the leader in repairs of Electromechanical Equipment in Nepal. The other product range includes

HV sub-stations, transmission towers, poles and heavy steel structures like bridges.

The hydro-mechanical and electro-mechanical equipment manufacturing company recorded a turnover of NPR 482.7 million and registered a net profit of NPR 16.9 million, in the FY 2067/68. The net worth of NHE as of July 16, 2011 is NPR 206.1 million.

Khudi Hydropower Ltd. (KHL) owns and operates the 4MW power plant, which began its commercial operation in FY 2063/64. BPC is the major shareholder of KHL. Khudi Hydropower Plant generated 21.8 GWh with a plant factor of 62.1%, which is 15.9% more than previous year's generation.

The energy generated by Khudi Hydropower Plant is mostly consumed in Khudi, Besisahar, Dumre, Bandipur and nearby areas. The project's biggest contribution goes towards the people of Lamjung with improved quality of electricity supply, where load-shedding has drastically reduced.

The Company generated total revenue of NPR 91.15 million in FY 2067/068, which is the highest ever and 14.4% higher compared to the previous year's revenue, however, it reported a net loss of NPR 3.6 million in the F/Y 2067/68. The plant has been in continuous operation and generated energy satisfactorily based on the water flow in the river. The net worth of KHL as on July 16, 2011 is NPR106.6 million.

Hydro Lab Pvt. Ltd. (HLPL) established in 1988 as a step towards solving river

engineering problems posed by the Himalaya's and Himalayan Rivers. The hydraulic and sediment laboratories at HLPL are equipped with state of the art equipments and have accumulated extensive experience in hydraulic river model studies including hydraulic structures and sediment analysis.

Hydro Lab has been working on Contract Research jobs for commercial clients as well as Research and Development activities under Norwegian Agency for Development Cooperation project based support. This year Physical Hydraulic Model Study for Upper Mai Hydropower Project and Nyadi Hydropower Project has been completed. Sediment sampling and laboratory analyses for several projects have been conducted by HLPL.

HLPL's turnover was NPR 29.3 million in the F/Y 2067/68 and it recorded a net profit of NPR 7.66 million. The net worth of HLPL as on July 16, 2011 is NPR 43.18 million.

BPC Services Ltd. (BPCSL), a wholly owned subsidiary company of BPC established in 2006, is the only company providing operation and maintenance management services of power plant, distribution and transmission system in Nepal. BPCSL is also providing competent technical expertise to the companies involved in hydropower development.

The Company had a total income of NPR 2.0 million and expenses of NPR 1.7 million resulting in net profit of NPR 0.3 million in the FY 2067/68.

Jhimruk Industrial Development Center Pvt. Ltd. (JIDCO) was established in 1997 B.S in Pyuthan District as part of BPC's corporate social responsibility initiative. JIDCO promotes skill development among the locals and it involved in various community and enterprise development programs. JIDCO's turnover was NPR 1.83 million in the FY 2067/68 and it reported a loss of NPR 4.14 million. The net worth of JIDCO as of end FY 2067/68 is NPR 7.77 million. JIDCO has achieved its objectives for which it was established.

Projects/Joint Venture Companies

Nyadi Hydropower Limited (NHL) was registered as Public Limited Company and obtained approval for commencement of business for the development of 20 MW Nyadi Hydropower Project located in Lamjung District. The project has been upgraded to 30 MW installed capacity and feasibility study and IEE have already been completed and necessary approvals obtained.

The total cost of the project is estimated to be about USD 65.5 million. The project will produce 168 GWh of energy, annually. The Power Purchase Agreement with Nepal Electricity Authority is under finalization. It is targeted to achieve the financial closure and start construction of the project by the end of 2068 BS.

NHL has spent NPR 147.3 million in this project as of FY 2067/68.

Kabeli Energy Limited (KEL), a SPV with BPC as majority shareholder, is developing 38

MW peaking run-of-river hydropower project in the Kabeli River situated in Taplejung and Panchthar Districts of eastern Nepal. The project's headwork and powerhouse are accessible by 7.5 km and 14.6 km access road respectively from Mechi highway. NEA is constructing 132 kV transmission line in the Kabeli corridor which will evacuate power from Kabeli Power Plant.

The total cost of the project is estimated to be about USD 78 million. The project will produce 201 GWh of energy, annually. KEL has executed the Project Development Agreement with Government of Nepal for development of the project on Build-Own-Operate-Transfer (BOOT) basis. The project will be debt financed by IDA fund from the World Bank and other international and domestic financial institutes.

BPC has invested NPR 190 million in KEL as of FY 2067/68. KEL is planning to conclude PPA with NEA and financial closure in 3rd Quarter of 2068. The construction of project will commence after the financial closure and expected to be commissioned by 2071 BS.

Andhikhola Upgrading Project (AKUP) with a production license of 9.4 MW is under construction after the completion of necessary Power Purchase Agreement and financial closure. The project is being financed by International Finance Corporation (IFC) and Mega Bank Limited.

Lower Manag Marsyangdi Hydropower Project (LMMHP) is located at the southern part of Manang District. The feasibility study of the project has been completed and submitted to DoED. Detail

design of the project is going on. River Model test is being carried out at Hydro Lab. Geotechnical studies has been completed and hydrological and sediment information is being collected and analysed regularly. EIA study, detail design and PPA will be completed by the end of 2012. It is planned to start the main construction works from 2013 and achieve COD by end of 2017. BPC has invested NPR 50.0 million in this project as of FY 2067/68.

Keton Hydropower Ltd. (Keton), a company established to develop the Marsyangdi-III Hydropower Project, has completed the feasibility study and IEE. The IEE is under the final status of approval at the Ministry of Energy. BPC has invested NPR 14.4 million in Keton as equity investment. Request for extension of project license has been made. Financial viability of the project is being evaluated and the Company is planning to take necessary step to address the issue as may be necessary.

Dividend

The Board is aware of the investment requirements for the projects under development and also for other 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 cash dividend of 25% of the paid up capital.

Rights 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, due to the political and investment climate of the country, timing for issue of right shares was re-scheduled. The remaining process for issuance of right shares will be taken up and concluded in the next couple of months.

Board of Directors

There were changes in representation in the Board during the year. Shangri-La Energy Limited has nominated Mr. Bijaya Krishna Shrestha as a Director on the Board of the Company with effect from 19th October 2011 in place of Mr. Ganesh Lal Shrestha. Shangri-La Energy Limited also nominated Mr. Om Prakash Shrestha and Mr. Sanjib Rajbhandari as Alternative Directors on the Board of the Company with effect from 19th October 2011. We welcome the new Directors and extend our sincere thanks to Mr. Ganesh Lal Shrestha for his valuable contribution to the Company during his tenure.

The committees constituted by the Board assisted in strengthening the internal controls and corporate governance in the company.

Committees

Audit Committee

The Audit Committee played an important role in strengthening the internal controls and good corporate governance. The committee met periodically to assess the internal controls and processes.

Budget Committee

The Budget Committee was responsible to monitor and control the budget and scrutinize the budget proposed by the Management.

Remuneration Committee

Remuneration committee has been constituted to review the compensation packages of the employees.

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, 268 male and 26 female, at the end of the FY 2067/68. The Company faced an employee turnover of about 5%. BPC is making continuous effort and taking appropriate initiatives towards retaining qualified and competent employees.

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, which resulted in loss of 109 manhours.

In addition to ISO 9001: 2008 (Quality) and ISO 14001: 2004 (Environment) Management Systems, BPC is also seeking to get certified as OHSAS 18001 Company. We believe that OHSAS will enable the organization to manage occupational health and safety issues as an integrated part of its overall business operations by taking the organizational structure, planning activities, responsibilities, practices, procedures and resources into account for developing, implementing. It will also increase safety consciousness and efficiency in the company and enhance corporate value.

The business units have carried out the business activities in an environmental friendly manner. BPC celebrated the World Environment Day, 2011 in association with the locals for enhancing awareness on 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 and professional growth of the employees as well as to meet future 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.

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 2067/68. 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 2067/68.

Hydropower and Nepal's Growth Prospect

There is a renewed focus worldwide on providing universal access to sustainable energy for all by 2030. Today 1.4 billion people are without any access to energy. A target of doubling the energy efficiency and doubling the share of renewables in the world energy production are being discussed at the world forums including the UN. This should help countries like Nepal with vast potential for developing renewable hydropower. All stakeholders have an important role to play in harnessing the potential and benefit from the renewable resources. The private sector investment needs to scale up but the significant barriers must be overcome. The government commitment and supportive policies are vital to provide favourable investment climate,

Asia continues to be the continent with the greatest amount of water resources/hydropower development underway. A vast amount of activity is continuing in China, India, Bhutan, Iran, Vietnam and Laos.

A major milestone in Nepal's hydro development progress was financial closure and foundation laying ceremony for the state owned Upper Tamakoshi project, which is the largest project currently under construction. In addition, a number of hydro projects are in different phases of development through public and private investors.

All political parties recognize the value of accelerating the development of hydropower to eradicate the existing load shedding and kick off the much needed economic growth of the country. As a consequence, the Government has brought out the emergency plan to address the problem of the power crisis. Some of these measures include special tariffs for projects below 25 MW, waiving of EIA study for projects up to 50 MW, construction of transmission line in certain corridors and planning for high voltage cross border lines for power trade.

Business Environment and Investment Climate

In the last couple of years, improvements have been seen in the hydropower sector in Nepal. The Electricity Bill and the Electricity Regulatory Commission Bill has been tabled in the Legislative Parliament and is under discussion at the Subcommittee constitutes to review and make recommendations to the Parliament. The Ministry of Energy issued guidelines for license management process. The government has cancelled all applications for the projects larger than 10 MW. As a result the pipeline projects of BPC like Upper Arun (500 MW), Tamor Reservoir

(300 MW) and Kabeli-C (32 MW) which were in the license process are no more into consideration now. Along with others, these projects have been put aside in bidding baskets of GoN. GoN will prioritize and call for competitive bidding for which BPC will actively take part for feasible and appropriate projects.

Nepal Electricity Authority (NEA), the GoN's undertaking, has increased the PPA tariff rates by 20% for the purchase of energy from the hydropower projects up to 25 MW capacity. PPAs have been signed for several projects with combined capacity 715 MW in the year 2010/11 which is almost 3.5 times the capacity in operation by IPPs till now. However, majority of them are stuck with the problem of financial closure.

The political transition, inadequate legal instruments, long bureaucratic processes, low bulk electricity tariff, poor interconnection facilities for power evacuation, unreasonable demands from locals, politicized labour force and limited fund in Nepalese financial market are the key bottlenecks in the development of hydropower sector in Nepal.

Initiatives are being taken jointly by the Ministry of energy and Ministry of Finance, related government departments, in association with 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

Andhikhola Upgrading Project construction will be under full swing. Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project will start. The preparatory works and detail design of the Lower Manang Marsyangdi Hydropower Project will be completed. Further, efforts will be made to acquire new hydropower projects through bidding and/or negotiation with other license holders.

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 FY 2068/69.

We thank the members of the Board Committees, Management Team and Staff for their dedication and continued 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

Date: January 17, 2012

Abridged Financial Report

for F/Y 2067/68 (As per Section 84 of the Companies Act, 2006)

Dear Shareholders,

1. The annual turnover of the company has been increased to NPR. 573.9 million from NPR. 479.8 million of previous year, registering a growth of 19.6%. The net profit after bonus and tax increased to NPR. 329.0 million from NPR. 224.2 million of previous year. The main reason of increase in income is due to increase in management support income and dividend income during the year.
2. The financial results of the company are briefly summarized below.
3. The significant increase in net worth during the FY 2067/68 is mainly due to revaluation of fixed assets consisting land, building, power plant and machineries by NPR 710 million.
4. The annual energy generation from Jhimruk and Andhikhola Power Plants recorded 103.6 GWh, which is an increase by 1.7% than previous year. Revenue from bulk sale of electricity has been increased by 5.3% this year.
5. The company sold 16.4 GWh, energy to its consumers with an increase of 14.8% than previous year. 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.

(Amount in '000 unless specified otherwise)

Particulars	F/Y 2067/68	F/Y 2066/67
Income from the bulk sale of electricity	408,575	387,896
Income from the retail sale of electricity and services	84,440	74,671
Income from Management and Technical Support	80,877	17,241
Total operating income	573,893	479,809
Total operating expenses	231,573	206,721
Gross operating profit	342,319	273,088
Other income	189,301	151,280
Administrative and other expenses	154,582	169,471
Net profit before appropriation	328,970	224,233
Earnings per share in NPR.	32.40	24.29
Net worth in million NPR.	2,711	1,630

6. The company has been providing management support services to its subsidiary companies on commercial basis. The income has drastically increased this year mainly from the services provided to Kabeli Energy Limited for the development of Kabeli-A hydropower project.
7. The performance of operating subsidiaries and associated companies were as follows:
 - a. Himal Power Limited registered a net profit of NPR. 1.5 billion in the F/Y 2067/68 from the operation of 60 MW Khimti I Power Plant. BPC received NPR. 164.3 million as dividend during F/Y 2067/68 from HPL.
 - b. Hydro Consult Pvt. Ltd., the consulting engineering company, recorded turnover of NPR. 56.3 million. which is an increase by 133% than previous year, with net profit of NPR. 19.5 million.
 - c. BPC Services Ltd., the operation and maintenance service provider, recorded a total income of NPR. 2.0 million and a net profit of NPR. 0.3 million in the F/Y 2067/68.
 - d. Nepal Hydro & Electric Ltd, the hydro-mechanical and electro-mechanical equipment manufacturer recorded a turnover of NPR. 482.7 million with net profit of NPR. 16.9 million in the F/Y 2067/68.
 - e. Khudi Hydropower Ltd. recorded electricity sales of NPR. 91.15 million in the FY 2067/68, which is the highest record of 14.4% increased compared to the previous year's revenue, but still reporting a loss of NPR. 3.6 million.
 - f. Hydro Lab Pvt. Ltd., service provider for hydraulics and sediment analysis, recorded the turnover of NPR 29.3 million with net profit of NPR. 7.7 million in the F/Y 2067/68.
 - g. Jhimruk Industrial Development Center Pvt. Ltd., a corporate social responsibility initiative of BPC, reported turnover of NPR. 1.8 million with loss of NPR. 4.14 million in the F/Y 2067/68. This company has achieved its objectives and in the process of being liquidated.
8. The status of the projects companies and plan for this current fiscal year are as follows:
 - a. 30 MW Nyadi Hydropower Project, which is being developed through Nyadi Hydropower Limited, has spent NPR 147.3 million in the project. The financial closure is targeted by the end of 2068 BS
 - b. BPC has spent NPR 50.0 million to develop 93 MW Lower Manang Marsyangdi Project. The project is planning to complete detail design, PPA and generation license process.
 - c. BPC has invested NPR 14.4 million in Keton Hydropower Ltd. to develop Marsyangdi-III hydropower project. Financial viability of the project is being questioned and the Company is planning to take necessary step to address the issue as may be necessary.
 - d. 37.6 MW Kabeli-A Hydroelectric Project is being developed through Kabeli Energy Limited.

The project work in progress recorded NPR 175.0 million. The company is planning to conclude PPA and financial closure by the end of Poush 2068.

- e. The financial closure for 9.4 MW Andhikhola Upgrading Project have been finalized with IFC and Mega Bank Limited. The project will go under construction very soon.
9. The Board has recommended a cash dividend of 25% of the paid up capital.
10. The process of issuance of right shares in the ratio of 3:2 will be completed as per the investment requirement of the Company.
11. This brief financial statement is summarized from the annual financial statements of the Company and the Board of Director's Report.



Ranjan Lohar

Chief Executive Officer



Pratap Prasad Pradhan

PP Pradhan & Co.

Chartered Accountants

BALANCE SHEET

As on 32 Ashadh 2068 (16 July 2011)

Particulars	F/Y 2067/68 NPR.	F/Y 2066/67 NPR.
I SOURCES OF FUND		
1 Shareholder's Fund		
Share Capital	1,015,269,400	922,967,500
Reserve & Surplus	1,489,487,919	533,820,213
Total Shareholder's Fund	2,504,757,319	1,456,787,713
2 Grant Aid in Reserve	206,185,385	173,014,453
3 Long Term Loan	118,111,415	57,970,205
TOTAL	2,829,054,119	1,687,772,371
II APPLICATION OF FUND		
1 Fixed Assets		
Gross Block	2,231,264,346	1,431,533,963
Less: Depreciation	709,728,713	649,868,310
Net Block	1,521,535,633	781,665,654
2 Work in Progress	205,487,789	95,403,540
3 Investment in Share	932,852,861	807,210,703
4 Current Assets:		
Stocks	83,412,766	104,543,202
Debtors & Accounts Receivable	184,140,402	93,726,115
Cash in Hand and at Bank	44,902,225	234,887,883
Advance & Deposit Paid	287,936,045	218,397,863
Total Current Assets	600,391,438	651,555,063
5 Less: Current Liabilities		
Short Term Loan	162,931,639	205,494,751
Creditors & Accounts Payable	149,189,320	301,553,795
Advance & Deposit Received	16,857,519	59,555,998
Provisions	107,130,620	87,102,911
Total Current Liabilities	436,109,098	653,707,455
Net Current Assets	164,282,340	(2,152,392)
6 Deferred Revenue Expenditure	4,895,495	5,644,867
TOTAL	2,829,054,119	1,687,772,371

PROFIT AND LOSS ACCOUNT

For the year ended 32 Ashadh 2068 (16 July 2011)

Particulars	F/Y 2067/68 NPR	F/Y 2066/67 NPR
OPERATING INCOME		
Electricity Sale to NEA	408,575,229	387,896,108
Electricity Sale to Consumers	75,212,228	65,535,479
Electricity Services	9,228,309	9,136,813
Management and Technical Support	80,877,223	17,240,823
Total Operating Income	573,892,989	479,809,224
OPERATING EXPENSES		
Generation Expenses	144,495,163	137,841,840
Distribution Expenses	59,508,585	55,762,291
Management and Technical Support Expenses	19,555,767	12,071,650
Project Development Expenses	8,014,066	1,045,186
Total Operating Expenses	231,573,581	206,720,966
GROSS OPERATING PROFIT	342,319,408	273,088,258
ADMINISTRATIVE AND OTHER EXPENSES		
Administrative Expenses	73,502,775	83,252,504
Depreciation	62,199,324	60,632,368
Provision of Loss/(Income) in Investment	(6,360,430)	7,483,027
Interest on Loan	25,240,413	18,103,700
Total Administrative and Other Expenses	154,582,084	169,471,599
INCOME FROM OTHER SOURCES		
Interest Income	15,824,992	6,407,572
Other Income	1,791,274	1,698,338
Depreciation Being Revenue Portion of Grant Aid	9,407,824	7,547,367
Grant Support for Technology Transfer	-	2,077,247
Dividend Income	164,265,280	137,802,992
Foreign Currency Exchange Gain/(Loss)	(4,283,426)	(3,651,236)
Gain/(Loss) on Disposal of Assets & Stock Materials	2,295,016	(601,916)
Total Income From Other Sources	189,300,959	151,280,365
PROFIT (LOSS) BEFORE BONUS & TAX	377,038,284	254,897,024
Employees' Bonus	9,777,571	5,457,355
Provision for Corporate Tax	38,290,876	25,206,724
NET PROFIT (LOSS) BEFORE APPROPRIATION	328,969,837	224,232,945
Profit & Loss Appropriation Account		
Last Year's Balance	385,120,213	429,501,586
Profit for this Fiscal Year	328,969,837	224,232,945
Total	714,090,050	653,734,531
Less: 10% Stock Dividend	(92,296,750)	(83,905,770)
Less: Dividend	-	(184,593,500)
Total Dividend	(92,296,750)	(268,499,270)
Prior Years Adjustment	(742,381)	(115,048)
Balance Transferred to Balance Sheet	621,050,919	385,120,213