

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



SECOND QUARTER DISCLOSURE AS ON 14 JANUARY 2012 AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annixture -14 (Related to Sub regulation 2 of Regulation 22)

1 FINANCIAL STATEMENTS

- The unaudited financial statements for the second quarter and financial ratios have been published alongwith this report.
The transactions with subsidiaries during the second quarter are as follows:
- Advance has been provided to Kabeli Energy Limited NPR 21,100,000, Nyadi Hydropower Limited NPR 18,000,000 and BPC Services Limited NPR 200,000.
- The company has provided management support services to its subsidiaries Kabeli Energy Limited, Hydro-consult (P) Limited, Nyadi Hydropower Limited and Khudi Hydropower Limited and has invoiced a sum of NPR 6,903,491 during the second quarter.
- 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

- There are no significant changes in stock and liquidity during the quarter.
- Power Purchase Agreement for Nyadi is under negotiation. Kabeli and Nyadi DPR completed and are in Financial Closure phase. Lower Manang is in detailed design phase.
- The power plants have generated electricity as per target. Sale to local consumers have been higher by 15% in comparison to last year.

3 LEGAL PROCEEDING

- Appeals have been submitted to the Revenue Tribunal against the amended tax assessment orders from the Large Tax Payer Office (LTPO) for F/Y 2059/60 (from 2059/10/15 to 2060/3/32) and F/Y 2060/61. The case are in the process of hearing in the Tribunal.
- A case was lodged in Kathmandu District Court claiming part of the BPC's land. This Case was decided as "Dismissed" on Mangsir 11, 2068 during this quarter.

4 ANALYSIS OF STOCK PERFORMANCE

- The performance of stock during the quarter was satisfactory.
- The major highlights of share transactions during the quarter are as follows:
High Price- NPR 559; Low Price- NPR 455; Closing Price- NPR 536; No. of Transaction Days- 34; Total Transactions- 95; Volume - 21,934 and Turnover - NPR 11,063,000.

5 RISKS AND CHALLENGES

- The bottlenecks on the transmission networks have delayed in construction of hydropower projects. Likewise, the construction of cross border transmission line and strengthening existing transmission system is vital for development of hydropower sector.
- Retention of high skilled employees.
- Increase in interest rate on borrowings increases project cost which in turn tends to reduce the profitability.

6 CORPORATE GOVERNANCE

- Good corporate governance has been practiced in all business transactions.
- Quarterly Internal Audits are being carried out by Independent Chartered Accountancy Firm. Management Review Meeting is conducted to streamline the Integrated Management System.
- Three meetings of the Board of Directors, Two meeting of Audit Committee were held during the quarter.

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 Second quarter of F/Y 2068/69, 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 the information necessary for taking informed decision by the investors are not concealed.