

# Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



## UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2072/73 ENDED 30<sup>TH</sup> CHAITRA 2072 (12 APRIL 2016)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Sources of Fund</b>	<b>4,595,618</b>	<b>4,561,617</b>	<b>4,617,182</b>
1.1	Paid up Share Capital	1,673,223	1,673,223	1,673,223
1.2	Reserve & Surplus	1,996,029	1,833,593	1,825,395
1.3	Grant Aid in Reserve	191,786	194,696	190,943
1.4	Long Term Loan	734,580	860,106	927,622
<b>2</b>	<b>Application of Fund</b>	<b>4,595,618</b>	<b>4,561,617</b>	<b>4,617,182</b>
2.1	Property, Plant & Equipment- Net Block	2,633,737	2,665,822	1,361,346
2.2	Assets held for sale	3,170	3,170	3,170
2.3	Work in Progress	202,302	190,293	1,508,046
2.4	Advances/Investment in Shares	1,383,045	1,349,750	1,329,886
2.5	Total Current Assets	724,844	691,588	790,404
2.6	Deferred Tax Liabilities	(23,859)	(23,859)	(7,963)
2.7	Total Current Liabilities	(327,622)	(315,146)	(367,706)
<b>3</b>	<b>Profit &amp; Loss Account</b>	<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
	<b>Operating Income</b>			
3.1	Electricity Sale and Services	478,264	366,815	385,895
	<b>A. Total Operating Income</b>	<b>478,264</b>	<b>366,815</b>	<b>385,895</b>
	<b>Operating Expenditure</b>			
3.2	Generation Expenses	129,042	83,854	180,464
3.3	Distribution Expenses	62,139	36,738	44,792
	<b>B. Total Operating Expenditure</b>	<b>191,180</b>	<b>120,592</b>	<b>225,256</b>
	<b>C. Profit from Operations (A-B)</b>	<b>287,084</b>	<b>246,223</b>	<b>160,639</b>
	<b>Administrative &amp; Other Expenses</b>			
3.4	Administrative Expenses	78,520	66,728	83,245
3.5	Depreciation	107,423	71,615	67,531
	<b>D. Total Administrative &amp; Other Expenses</b>	<b>185,943</b>	<b>138,343</b>	<b>150,776</b>
3.6	Provision of Loss in Investment	-	-	-
	<b>E. Profit Before Other Income, Interest &amp; Tax (C-D)</b>	<b>101,141</b>	<b>107,881</b>	<b>9,863</b>
	<b>Other Income</b>			
3.7	Dividend Income	530,818	-	433,103
3.8	Forex Gain (Loss)	(6,425)	(7,186)	1,064
3.9	Other Income	21,263	12,868	49,992
	<b>F. Total Other Income (3.7+3.8+3.9)</b>	<b>545,656</b>	<b>5,682</b>	<b>484,159</b>
	<b>G. Profit Before Interest, Bonus &amp; Tax (E+F)</b>	<b>646,797</b>	<b>113,563</b>	<b>494,022</b>
3.10	Interest (Net)	(49,550)	(30,062)	6,612
	<b>H. Profit Before Bonus &amp; Tax (G+3.10)</b>	<b>597,248</b>	<b>83,500</b>	<b>500,634</b>
3.11	Provision for Employees' Bonus	11,711	1,637	10,373
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	<b>I. Net Profit/(Loss) After Bonus &amp; Tax (H-3.11-3.12)</b>	<b>585,537</b>	<b>81,863</b>	<b>490,261</b>
<b>4</b>	<b>Ratios</b>	<b>9 months period</b>		
		<b>This Quarter Ending</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
4.1	Earning per share (in Rs.)	35.0	4.9	29.3
4.2	Market value per share (in Rs.)	610.0	601.0	608.0
4.3	Price Earning Ratio	17.4	122.8	20.8
4.4	Current Ratio	2.2	2.2	2.2
4.5	Return on Assets	11.84%	1.67%	9.73%
4.6	Net worth per share (in Rs.)	219.3	209.6	209.1

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## THIRD QUARTER DISCLOSURE AS OF 12TH APRIL 2016 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 third quarter and financial ratios have been published along with this report.
- Transactions with related parties: Advances provided NPR 34,000,000 to Nyadi Hydropower Ltd. and NPR 139,824 to Nepal Hydro & Electric Ltd. during the quarter. BPC purchased services of worth NPR 71,360 from Merc+C2Iantile Communication Pvt. Ltd., NPR 601,185 from Hydro Consult Engineering Limited, NPR 783,111 from Nepal Hydro & Electric Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

### 2 MANAGEMENT ANALYSIS

- The gross operating profit increased significantly by 79% as compared to the corresponding period last year's figure, which is mainly due to electricity generation from Andhikhola Upgrading Project 9.4MW effective from Chaitra 22, 2071. Similarly, Net profit before appropriation has gone up by 19% as compared to the corresponding period last year's figure. The increase is mainly attributable to increase in dividend income and electricity sales to NEA along with decrease in generation expenses of Andhikhola project - electricity purchases from NEA.
- The financial closure of Nyadi HEP 30 MW was concluded during the reporting period. The facility agreement for loan amount of Rs. 4.4 billion between Nyadi Hydropower Limited and Everest Bank led consortium members comprising - Nabil Bank, Global IME Bank, Himalayan Bank, Sunrise Bank and HIDCL have been signed on 20th Magh 2072. The Power Purchase Agreement (PPA) of Kabeli-A 37.6 MW Hydroelectric Project has been concluded with NEA. The subsidiary loan agreement between KEL and HIDCL (containing detail terms and conditions regarding subordinated loan from the world bank through Hydro Investment Development Company Limited(HIDCL)) has been signed on 17th March 2016 (Chaitra 4, 2072). Construction works of both the above projects are scheduled to start from Mid- August 2016 (Bhadra 1, 2073) - immediate after the rainy season. The detail feasibility analysis of Lower Manang Marsyangdi Hydropower Project is completed and application for generation license, PPA and connection agreement has been filed to the concerned authorities. The feasibility study and detail design of Chinokhola project is in progress. Second phase of the BPC's corporate building is under construction and scheduled to be completed by Asadh 2073.

### 3 LEGAL PROCEEDINGS

- BPC has settled the long pending tax assessment of FY 2059/60 with Large Tax Payers Office (LTPO) together with the final settlement of tax assessment of FY 2060/61 through the Tax Settlement Commission. Similarly, tax assessment of FY 2067/68 has also been completed. All adjustments regarding these assessments are reflected and recognized in the financial statement.
- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences - None

### 4 ANALYSIS OF COMPANY'S SHARE TRANSACTIONS

- BPC shares were actively traded during the third quarter.
- The major highlights of share transactions during the quarter are as follows:  
Maximum Price- NPR 688; Minimum Price- NPR 573; Closing Price- NPR 610; No. of Transaction Days- 53; Total Transactions- 497; Total Traded Volume - 157,165 and Turnover - NPR 96,499,290

### 5 PROBLEMS AND CHALLENGES

- **Internal Risk:**
  - Retention of skilled human resource
  - To manage the overhead cost and maintain the operational efficiency.
- **External Risk:**
  - Lack of political commitment in development of hydroelectric projects.
  - Fluctuating cost of capital and devaluating local currency.
  - Cost and time overrun of projects under construction.

### 6 CORPORATE GOVERNANCE

- Board of Directors, Audit Committee, Other Committees and Management Team are committed for strengthening good corporate governance within the company. BPC has written manual, policies, rules & guidelines for proper functioning of the operation of 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 third quarter of FY 2072/73, 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.