

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



THIRD QUARTER DISCLOSURE AS ON 12 APRIL 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 third quarter and financial ratios have been published alongwith this report.
- Transactions with subsidiaries: Advance has been provided to Kabeli Energy Limited NPR 30,100,000 and Nyadi Hydropower Limited NPR 11,500,000. The company has provided management support service to its subsidiary Kabeli Energy Limited and invoiced a sum of NPR 3,251,781 during the third 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

- The power plants have generated electricity as per target. Sale to local consumers, total operating income and net profit have been higher by 14%, 9% and 5% respectively in comparison to the same period last year.
- DPR of Lower Manang project, Kabeli and Nyadi project is completed. EIA study of the Lower Manang project is ongoing. The issue of Generation License, PPA negotiation and financial closure of Kabeli project is in progress. The installation works of deck for Bailey bridge over Marsyangdi river and Real time flow measurement has been installed at headworks site of Nyadi river. Andhikhola Upgrading Project is under construction.
- A Joint Venture Agreement and Shareholders Agreement have been signed with InfraCo, infrastructure investment company, for the development of Hydropower Projects.
- The issuance of 3:2 right share is in the process of statutory approval.

3 LEGAL PROCEEDING

- Appeals 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 are in the process of hearing in the Tribunal.
- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences - None
- Law-suit filed against any promoter or director for economic offences- None

4 ANALYSIS OF STOCK PERFORMANCE

- The major highlights of share transactions during the quarter are as follows:
High Price- NPR 526; Low Price- NPR 364; Closing Price- NPR 434; No. of Transaction Days- 22; Total Transactions- 104; Volume - 12,065 and Turnover - NPR 4,976,382.

5 RISKS AND CHALLENGES

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

6 CORPORATE GOVERNANCE

- 19th Annual General Meeting of Shareholders have been conducted on 17th January 2012 in Star Venue, Narayan Chour, Naxal, Kathmandu. Mr. P P Pradhan & Company has been appointed as statutory auditor for the fiscal year 2069/70. A cash dividend of 25% of paid up capital is being distributed through NMB Capital limited as decided in the AGM.

- The transfer of 283,395 UMN Shares in the name of Government of Nepal is in process in execution of the instruction the decision of Government of Nepal (Council of Ministers) dated 2067.02.11.
- Mr. Nirmal Pradhan, the board representative from public shareholders, has tendered his resignation on health grounds which has been accepted by the board on 17th February 2012.
- Six meetings of the Board of Directors, Three meeting of Audit Committee and One meeting of Budget 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 third 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.