

## UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER, FISCAL YEAR 2071/72 ENDED 30TH POUISH 2071 (14 JANUARY 2015)

(Rs. In '000')

S. N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Sources of Fund</b>	<b>4,600,981</b>	<b>4,610,120</b>	<b>4,170,726</b>
1.1	Paid up Share Capital	1,673,223	1,673,223	1,015,269
1.2	Reserve & Surplus	1,647,732	1,743,049	1,918,175
1.3	Grant Aid in Reserve	193,820	196,696	202,236
1.4	Long Term Loan	1,086,206	997,152	1,035,046
<b>2</b>	<b>Application of Fund</b>	<b>4,600,981</b>	<b>4,610,120</b>	<b>4,170,726</b>
2.1	Property, Plant & Equipment- Net Block	1,383,376	1,409,720	1,475,369
2.2	Assets held for sale	3,170	3,170	3,170
2.3	Work in Progress	1,454,444	1,389,027	1,051,240
2.4	Investment in Share	1,284,477	1,237,172	1,154,042
2.5	Total Current Assets	965,506	1,131,206	1,044,144
2.6	Deferred Tax Liabilities	(7,963)	(26,163)	(26,162.74)
2.7	Total Current Liabilities	(482,029)	(534,012)	(531,077)
<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	277,128	145,679	309,299
	<b>A.Total Operating Income</b>	<b>277,128</b>	<b>145,679</b>	<b>309,299</b>
	Operating Expenditure			
3.2	Generation Expenses	130,806	60,499	117,074
3.3	Distribution Expenses	30,153	16,011	27,009
	<b>B.Total Operating Expenditure</b>	<b>160,959</b>	<b>76,510</b>	<b>144,084</b>
	<b>C. Profit from Operations (A-B)</b>	<b>116,169</b>	<b>69,169</b>	<b>165,215</b>
	Administrative & Other Expenses			
3.4	Administrative Expenses	56,980	27,911	52,252
3.5	Depreciation	45,021	22,510	35,345
	<b>D.Total Administrative &amp; Other Expenses</b>	<b>102,001</b>	<b>50,421</b>	<b>87,597</b>
3.6	Provision of Loss in Investment	-	-	-
	<b>E. Profit Before Other Income, Interest &amp; Tax (C-D)</b>	<b>14,168</b>	<b>18,748</b>	<b>77,618</b>
	Other Income			
3.7	Dividend Income	-	-	393,615
3.8	Forex Gain (Loss)	224	190	505
3.9	Other Income	44,321	39,247	9,106
	<b>F.Total Other Income (3.7+3.8+3.9)</b>	<b>44,546</b>	<b>39,437</b>	<b>403,227</b>
	<b>G. Profit Before Interest, Bonus &amp; Tax (E+F)</b>	<b>58,714</b>	<b>58,185</b>	<b>480,845</b>
3.10	Interest (Net)	4,354	2,986	(22,319)
	<b>H. Profit Before Bonus &amp; Tax (G+3.10)</b>	<b>63,068</b>	<b>61,171</b>	<b>458,526</b>
3.11	Provision for Employees' Bonus	1,594	-	8,991
3.12	Provision for Corporate Tax	-	-	11,455
	<b>I. Net Profit/(Loss) After Bonus &amp; Tax (H-3.11-3.12)</b>	<b>61,474</b>	<b>61,171</b>	<b>438,081</b>
<b>4</b>	<b>Ratio</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.)	3.67	3.66	43.15
4.2	Market value per share ( in Rs.)	605	690	1,320
4.3	Price Earning Ratio	165	189	31
4.4	Current Ratio	2.00	2.12	1.97
4.5	Return on Assets	1.21%	1.18%	9.27%
4.6	Net worth per share (in Rs.)	198.48	204.17	288.93

This report can also be viewed at [www.bpc.com.np](http://www.bpc.com.np)

### SECOND QUARTER DISCLOSURE AS OF 14TH JANUARY 2015 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 second quarter and financial ratios have been published along with this report.
- Transactions with related parties: Advances provided to Kabeli Energy during the quarter amounted to NPR 10,900,000 and NPR 2,065,500 to Nyadi Hydro power Ltd. Also, BPC purchased goods & services from Nepal Hydro & Electric Ltd. worth of NPR 3,225,869; NPR 212,242 from Mercantile Communication Pvt. Ltd and NPR 8,475 from Mercantile Traders.
- 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

- For upgradation works in power house and tail race, shutdown of Andhikhola power has been taken from 21st November 2012(Mangsir 6, 2069) as per the construction plan. This along with reduction in PPA rate have resulted reduction in gross operating income thereof.
- Construction works of Andhikhola Upgrading Project is completed and generation test run is going on and commercial operation date (COD) will be finalized after test run approval from NEA. Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project will start after the financial closure, which is in advanced stage and will through soon after signing the PPA. Draft PPA of Nyadi HEP 30MW filed by Nyadi Hydropower Limited is in process of NEA Board approval. The detail design of Lower Manang Marsyangdi Hydropower Project is ongoing. Second phase of the BPC's corporate building is under construction and will be completed by first week of Baisakh 2072.

#### 3 LEGAL PROCEEDINGS

- Revenue Tribunal has made final decision on the appeal filed by the company on tax assessment done by Large Tax Payers Office (LTPO) for the FY 2059/60 (from 2059/04/01 to 2059/10/14) and F/Y 2060/61. Regarding the assessment of tax for the period (from 2059/10/15 to 2060/3/32) pertaining to 2nd half of F/Y 2059/60, Inland Revenue Department (IRD) has ordered the LTPO to reassess the applicable tax, which is in process at present.
- 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 second quarter.
- The major highlights of share transactions during the quarter are as follows:
- Maximum Price- NPR 686; Minimum Price- NPR 540; Closing Price- NPR 605; No. of Transaction Days- 54; Total Transactions- 406; Total Traded Volume - 149,751 and Turnover - NPR 93,103,071 (As per [www.nepalstock.com](http://www.nepalstock.com))

#### 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 devaluing local currency.
  - Delay in statutory approvals.
  - 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 second quarter of F/Y 2071/72, 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.