

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2073/74 ENDED 31ST CHAITRA 2073 (13 APRIL 2017)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,814,155	4,776,955	4,595,618
1.1	Paid up Share Capital	1,810,572	1,692,116	1,673,223
1.2	Reserve & Surplus	2,339,658	2,243,952	1,996,029
1.3	Grant Aid in Reserve	187,571	190,607	191,786
1.4	Long Term Loan	476,353	650,280	734,580
2	Application of Fund	4,814,155	4,776,955	4,595,618
2.1	Property, Plant & Equipment- Net Block	2,548,339	2,583,358	2,633,737
2.2	Assets held for sale	-	-	3,170
2.3	Work in Progress	232,796	214,264	202,302
2.4	Advances/Investment in Shares	1,597,096	1,577,652	1,383,045
2.5	Total Current Assets	803,743	775,197	724,844
2.6	Deferred Tax Liabilities	(34,807)	(34,807)	(23,859)
2.7	Total Current Liabilities	(333,011)	(338,710)	(327,622)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	542,233	402,492	478,264
	A. Total Operating Income	542,233	402,492	478,264
	Operating Expenditure			
3.2	Generation Expenses	130,603	90,364	129,042
3.3	Distribution Expenses	69,022	44,235	62,139
	B. Total Operating Expenditure	199,625	134,598	191,180
	C. Profit from Operations (A-B)	342,608	267,893	287,084
	Administrative & Other Expenses			
3.4	Administrative Expenses	74,561	47,962	78,520
3.5	Depreciation	106,389	70,926	107,423
	D. Total Administrative & Other Expenses	180,950	118,888	185,943
3.6	Provision of Loss (Income) in Investment	-	-	-
	E. Profit Before Other Income, Interest & Tax (C-D)	161,658	149,005	101,141
	Other Income			
3.7	Dividend Income	551,029	-	530,818
3.8	Forex Gain (Loss)	675	(134)	(6,425)
3.9	Other Income	26,602	16,114	21,263
	F. Total Other Income (3.7+3.8+3.9)	578,306	15,980	545,657
	G. Profit Before Interest, Bonus & Tax (E+F)	739,964	164,985	646,798
3.10	Interest (Net)	(42,741)	(31,391)	(49,550)
	H. Profit Before Bonus & Tax (G+3.10)	697,223	133,594	597,248
3.11	Provision for Employees' Bonus	13,671	2,619	11,711
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	683,552	130,975	585,537
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	37.75	7.74	34.99
4.2	Market value per share (in Rs.)	678.00	560.00	610
4.3	Price Earning Ratio	17.96	72.35	17
4.4	Current Ratio	2.41	2.29	2.21
4.5	Return on Assets	13.19%	2.54%	11.84%
4.6	Net worth per share (in Rs.)	229.22	232.61	219.29

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THIRD QUARTER DISCLOSURE AS OF 13TH APRIL 2017 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: BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., NPR 4,304 from BPC Service Limited, NPR 206,834 from Nepal Hydro & Electric Ltd., NPR 717,226 from Hydro-consult Engineering and NPR 169,681 from Hydro-Lab Pvt. Ltd.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased by 19% during the period upto third quarter as compared to the corresponding period last year's figure, which is mainly due to increase in the generation of electricity and increase in distribution tariff rate of Andhikhola EDC. In addition to this, increase in the dividend income by 4% has resulted increase in net profit before appropriation by 17% as compared to the corresponding period last year's figure.
- Total Current Assets increased by 11% at the end of Chaitra 2073 compared to corresponding period previous year. There is no material change in non current assets and liabilities during the period.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW has been started from 25th of March 2017. PPA process of Lower Manang Marsyangdi 100 MW project in progress with NEA. The processes for obtaining the survey license for 8.5 MW capacity Chino Khola Hydropower Project and consent for EIA study are ongoing with respective Ministries.

3 LEGAL PROCEEDINGS

- Case filed by or against the Company during the quarter, if any : None
- Case filed by or against the Company or its Promoter or Director for violation of the prevailing regulation or committing the criminal offence, if any : None
- Case filed against the Promoter or Director on financial crime, if any : None

4 ANALYSIS ON SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the third quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 748; Minimum Price- NPR 464; Closing Price- NPR 678; No. of Transaction Days- 56; Total Transactions- 950; Total Traded Volume - 293,133 and Turnover - NPR 171,008,809

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resource
 - To manage the fund for upcoming projects and maintain the operational efficiency of distribution business
- **External**
 - Lack of political commitment in development of hydroelectric projects.
 - Fluctuating cost of capital and devaluing local currency.
 - Possibility of Flood in monsoon season in the rivers at powerplant locations.
- **Strategies followed by the management**
 - Use of Internal manpower enhancing training and development.
 - Fund raising through Further Public Offering is in the process of approval from SEBON.

6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Finance and Budget Committees, Operation and maintenance committee and Management Team are being conducted for strengthening good corporate governance within 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 F/Y 2073/74, 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.