

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER, FISCAL YEAR 2074/75 ENDED 31ST ASHWIN 2074 (17 OCTOBER 2017)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,861,969	4,755,180	4,701,885
1.1	Paid up Share Capital	1,810,572	1,810,572	1,692,116
1.2	Reserve & Surplus	2,369,064	2,305,421	2,134,600
1.3	Grant Aid in Reserve	188,188	184,536	193,643
1.4	Long Term Loan	494,145	454,651	681,527
2	Application of Fund	4,861,969	4,755,180	4,701,885
2.1	Property, Plant & Equipment- Net Block	2,603,401	2,523,836	2,618,171
2.2	Assets held for sale	-	-	-
2.3	Work in Progress	181,395	264,298	208,481
2.4	Advances/Investment in Shares	1,753,658	1,741,303	1,446,025
2.5	Total Current Assets	718,937	619,589	747,223
2.6	Deferred Tax Liabilities	(34,807)	(34,807)	(34,807)
2.7	Total Current Liabilities	(360,617)	(359,039)	(283,208)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	211,112	682,167	157,163
	A. Total Operating Income	211,112	682,167	157,163
	Operating Expenditure			
3.2	Generation Expenses	45,714	214,943	48,609
3.3	Distribution Expenses	22,904	96,287	17,626
	B. Total Operating Expenditure	68,618	311,230	66,235
	C. Profit from Operations (A-B)	142,494	370,937	90,928
	Administrative & Other Expenses			
3.4	Administrative Expenses	28,377	105,677	24,277
3.5	Depreciation	35,411	141,897	35,463
	D. Total Administrative & Other Expenses	63,788	247,573	59,740
3.6	Provision of Loss (Income) in Investment	-	(1,073)	-
	E. Profit Before Other Income, Interest & Tax (C-D)	78,706	124,436	31,188
	Other Income			
3.7	Dividend Income	-	551,029	-
3.8	Forex Gain (Loss)	14	314	(36)
3.9	Other Income	7,869	40,485	7,191
	F. Total Other Income (3.7+3.8+3.9)	7,883	591,828	7,155
	G. Profit Before Interest, Bonus & Tax (E+F)	86,589	716,264	38,343
3.10	Interest (Net)	(14,298)	(53,950)	(16,757)
	H. Profit Before Bonus & Tax (G+3.10)	72,291	662,315	21,586
3.11	Provision for Employees' Bonus	-	12,987	-
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	72,291	649,328	21,586
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	3.99	35.86	1.28
4.2	Market value per share (in Rs.)	642.00	620.00	801
4.3	Price Earning Ratio	160.79	17.29	627.89
4.4	Current Ratio	1.99	1.73	2.64
4.5	Return on Assets	1.38%	12.61%	0.43%
4.6	Net worth per share (in Rs.)	230.85	227.33	226.15

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FIRST QUARTER DISCLOSURE AS OF 17TH OCTOBER 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 first 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 2,520 from BPC Service Limited, NPR 659,311 from Nepal Hydro & Electric Ltd., NPR 784,821 from Hydro-consult Engineering.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased by 57% during first quarter this year 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. This has resulted significantly increase in net profit before appropriation by 235% as compared to the corresponding period last year's figure.
- Total current assets decreased marginally by 4%. Alternatively, total current liabilities increased by 27% and total non-current assets increased by 6% compared to corresponding period previous year. Likewise, total shareholders fund increased by 9%.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW has been started from 23rd of March 2017 and ongoing smoothly. 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 first quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 673; Minimum Price- NPR 600; Closing Price- NPR 642; No. of Transaction Days- 55; Total Transactions- 540; Total Traded Volume - 207,904 and Turnover - NPR 131,505,689

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resources
 - 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 devaluating 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, Budget & Finance 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 first quarter of F/Y 2074/75, 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.