



# abridged annual report 2012





# Notice for the 20th Annual General Meeting

## Dear Shareholder,

As per the decision of the meeting of the Board of Directors held on Sunday, Mangsir 3, 2069 (18th November 2012) the 20th Annual General Meeting of this Company is going to be held on following date, time and venue to discuss on the following agenda. You are kindly requested to attend or duly nominate your proxy in the annual general meeting.

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### Date, Time and Venue of the Annual General Meeting

**Date:** Poush 22, 2069 (January 6, 2012)

**Venue:** Company Premises at Buddha Nagar, Kathmandu.

**Time:** 11:00 A.M.

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### Agenda for Discussion:

1. Presentation of the Annual Report of the Board of Directors and discussion and approval thereof.
2. Discussion on and approval of the Balance Sheet as of End Ashadh 2069 and the Profit and Loss Statement and Cash Flow Statement of fiscal year 2068-069 along with the report of the Auditor.
3. Appointment of the Auditor for fiscal year 2069-070 on recommendation of the Audit Committee.
4. Approval for Distributing Cash Dividend at the rate of 25% of the paid up capital as recommended by the Board of Directors.
5. Special Resolution: Issuance of Right Shares Based on Existing Shareholding
6. Any Other Business.

### General information regarding General Meeting

1. The Shareholders' Registration Book shall remain closed for registration and transfer of shares from Sunday, December 23, 2012 to Sunday January 6, 2013 (Poush 8, 2069 to Poush 22, 2069).
2. Any shareholder desirous to nominate proxy should fill up proxy form as to nominate a person to represent all the shares held by him/her and the proxy form should be submitted to the registered office of the company located at Buddha Nagar, Baneshwor at least 72 hours before i.e. before 11.00 a.m. January 3, 2013. The proxy will be invalid if names of shareholder, number of shares held and signature of shareholder are not matched.
3. In the event of nomination of proxy

for more than two persons, the proxy registered first shall be valid unless the matter for cancellation of such proxy is mentioned in the later registered proxy.

4. If a shareholder nominating proxy attends him/herself in the general meeting through written notification, the proxy shall be cancelled.
5. The attendance book of the general meeting shall remain open from 10.00 a.m. on the meeting date. Arrangement for recording the attendance will be made based on the identification (shareholder) number and the Shareholders are requested to carry the document like share certificate, certificate of citizenship or license etc.

compulsorily for their identification.

6. In the event of shares are held by any institution or company, the person nominated by such institution or company may participate in the general meeting as shareholder.
7. Any shareholder desirous to enter the agenda for discussion under the any other business shall have to submit in writing to the Chairman of the Board of Directors at least seven days before the general meeting.
8. It is requested to contact in the registered office of the company at Buddha Nagar, Baneshwor, Kathmandu or NMB Capital Ltd., Babarmahal, Kathmandu for other information.

**As per the instruction of the Board of  
Directors**  
Company Secretary



## Report from Board of Director's

### Dear Shareholders,

Your Board has pleasure in presenting the annual report and the audited statements of accounts of the company for the year ending July 15, 2012.

#### Financial Performance:

The Company posted a turnover of NPR 605.1 million during the fiscal year, registering a growth of 5.4%.

The profit before bonus and tax registered an increase of 46.4% compared to previ-

ous year from NPR 377.0 million to NPR 552.1 million. The net profit after bonus and tax increased to NPR 483.5 million from NPR 329 million, an increase of 46.9% over the previous year. The financial highlights of the company are briefly summarized below.

(in million NPR unless specified)

Particulars	FY 2068-69	FY 2067-68
Income from the bulk sale of electricity	432.5	408.6
Income from the retail sale of electricity and services	91.5	84.4
Income from management and technical services	81.1	80.9
Total operating income	605.1	573.9
Operating expenses	246.1	231.6
Gross operating profit	359.0	342.3
Other income	429.7	189.3
Administrative and other expenses	236.6	154.6
Net profit	483.5	329.0
Earnings per share (in NPR)	47.6	32.4
Net worth	2,710.0	2,505.0

## Business Operations

### GENERATION BUSINESS

A total of 103.55 GWh energy generation was recorded during the FY 2068-69, a decrease of 0.04 % from previous year, with an average annual plant factor of 69.13 %. Further, 7.2 GWh was purchased from NEA to meet the peak demand and to maintain continuity of supply in the distribution areas during plant outages. Of the total energy available, 76.8% was supplied to NEA, 20.7% was utilized to cater to the local demand through BPC distribution, and self consumption, T&D losses accounted for the rest.

Andhikhola Plant generated 38.34 GWh, an increase of 3.9 % (1.45 GWh) over the last year, with a plant factor of 85.83 %. The plant could not supply the full contract energy to NEA this year too due to further expansion of local distribution and lower than expected discharge in the river in dry months. A total of 23.67 GWh was supplied to NEA and 18.51 GWh was supplied to local distribution from the total available energy which also included an import of 5.0 GWh

Jhimruk Plant generated 65.20 GWh with plant factor of 62.03 %, a decrease of 2.19 % compared to previous year. The main reasons, for lower generation, were extended dry period and reduced dispatch instruction for excess energy. A total of 61.4 GWh was supplied from Jhimruk Plant to NEA, which is 6.4 GWh in excess of the contract energy and 4.4 GWh was supplied to local distribution from the total available energy, which also includes an import of 2.2 GWh along with energy generated.

The old equipment of Andhikhola and the fragile 33 kV grid connection continued to provide considerable challenge towards maximizing energy generation and sale. The high silt content in Jhimruk River water during monsoon season remained the major factor for severe erosion of turbine parts. In order to maximize generation, increase reliability and reduce outages, preventive maintenance of the plants and 33 kV transmission lines were carried out timely as per schedule.

### DISTRIBUTION BUSINESS

The local distribution network spread across Syangja, Palpa, Pyuthan and Arghakhanchi continued to grow, registering an addition of 1630 consumers in the FY 2068-69. Total number of consumers as on end FY 2068-69 stood at 39578. A total of 22.88 GWh was purchased to cater the growing demand, an increment of 15% compared to the previous year. Of the total energy purchased, 19.06 GWh was sold to retail customers, and of the balance, 3.74 GWh and 0.07 GWh accounted for distribution losses and internal consumption respectively. There was an increase of 16% in total energy sale compared to previous year.

Out of 19.06 GWh sold to retail customers, 15.74 GWh (82.6%) was sold to metered consumers, 1.03 GWh (5.4%) to unmetered or cut-out consumers, and 2.29 GWh (12%) to industrial consumers<sup>1</sup>. Compared to previous year's energy sales mix, there has been a marked increase in sale of energy to metered consumers and reduction in energy sale to cutout customers. As an ongoing effort to reduce revenue loss, additional 648 cut-out customers were converted into metered customers.

<sup>1</sup>This category includes irrigation and drinking water along with small cottage industry.

Total revenue collected this year was NPR 86.65 million, an increase of 16% compared to previous year, of which NPR 71.45 million (83%) was collected from metered consumers, NPR 2.7 million (3%) from cut-out consumers, and NPR 12.5 million (14%) industrial consumers.

## Operating Subsidiaries and Associates

**Himal Power Limited (HPL)** owns and operates the 60 MW Khimti Hydropower Project, which began commercial operation on July 5, 2000. HPL paid off its loans during the year and registered a net profit of NPR 1.85 billion. BPC received NPR 375 million as dividend during FY 2068-69 from HPL. The net worth of HPL as on July 15, 2012 was NPR 4.82 billion. The Company has declared interim dividend of USD 35.8 million for the year FY 2068-69.

**Hydro-Consult Engineering Ltd. (HCE)**, formerly Hydro Consult Pvt. Ltd., is an engineering consulting company, specializing in Hydropower, irrigation and infrastructure projects and providing Environment & Social Impact Assessment study services, continued to grow steadily during the year. The company was converted into a public limited company during the year, which is the first such entity in the country.

HCE maintained its financial performance in line with previous year. In FY 2068-69, the company posted revenue of NPR 58.78 million from consultancy services. The total revenue increased by 8% compared to the corresponding figure of previous year. The net profit after tax is reported at NPR 8.22 million. The shareholders' fund and net worth of the company has risen to NPR 27.72 million from NPR 19.49 million, regis-

tering an increment of 42.2%.

**Nepal Hydro & Electric Ltd. (NHE)** was established in 1985 in partnership with Alstom Power Norway AS, GE Energy (Norway) AS, Butwal Technical Institute and Himal Hydro and General Construction Limited. GE Energy has sold their share to IKN Industrial AS (IKNI), Norway and the share transfer process has been concluded. During the year, Alstom also signed SPA to sell their stake to IKNI, and GoN (through DoI) approval has been received and amended JVA signed in this backdrop has also been approved.

NHE manufactures and refurbishes hydro-mechanical equipments and is the leader in repairs of electromechanical equipment in Nepal. The other product range includes HV sub-stations, transmission towers, poles and heavy steel structures like bridges.

The company recorded a turnover of NPR 434.7 million and registered a net profit of NPR 19.5 million in the FY 2068-69, an increment of 15.8% compared to previous year. The net worth of NHE as of July 15, 2012 is NPR 235.5 million.

**Khudi Hydropower Ltd. (KHL)** owns and operates the 4 MW hydropower plant, which began its commercial operation in FY 2063-64.

Khudi Hydropower Plant supplied 20.46 GWh to the national grid in the FY 2068-69. Total revenue of NPR 86.45 million has been generated during the fiscal year. The loan availed by KHL has been restructured and the repayment period has been extended by 6 years. The financial situation of KHL is expected to improve steadily.

**Hydro Lab Pvt. Ltd. (HLPL)** was established in 1988 as a step towards solving river engineering problems posed by the Himalaya's and Himalayan Rivers. The hydraulic and sediment laboratory at HLPL are equipped with state of the art equipments and the company has accumulated extensive experience in hydraulic river model studies including hydraulic structures and sediment analysis.

HLPL's turnover was NPR 35.8 million in the FY 2068-69 and it recorded a net profit of NPR 5.9 million. The net worth of HLPL during the year was NPR 48.9 million.

**BPC Services Ltd. (BPCSL)**, a wholly owned subsidiary of BPC established in 2006, is the only company providing Operation and Maintenance Management services of power plant, distribution and transmission system in Nepal. BPCSL is also providing competent technical expertise to the companies involved in hydropower development.

BPCSL's total income before depreciation, interest expenses and provisions was NPR 0.78 million in the FY 2068-69. The net worth of BPCSL as on July 15, 2012 stands at NPR10.5 million.

## Projects/Joint Venture Companies

**Andhikhola Upgrading Project** undertaken by BPC to upgrade the capacity from 5.1 MW to 9.4 MW is under construction. The project is being financed by International Finance Corporation (IFC) and Mega Bank Ltd. The construction works are in full swing and the commencement of commercial operation for the upgraded plant is expected in April 2013. With commission-

ing of the project, additional 26 GWh will be added to the INPS annually. NPR 243 million has been spent in the project.

**Kabeli Energy Limited (KEL)**, a SPV with BPC as majority shareholder, is developing 37.6 MW peaking run-of-river hydropower project on the Kabeli River situated in Taplejung and Panchthar Districts of eastern Nepal.

The total cost of the project, including financing costs and IDC, is estimated to be about USD 97 million. The project will produce 201 GWh of energy, annually. KEL has executed the Project Development Agreement with Government of Nepal for development of the project on Build-Own-Operate-Transfer (BOOT) basis. The project will be debt financed by IDA fund from the World Bank, IFC and domestic financial institutions.

Negotiation for finalization of terms of the IDA fund is ongoing with GoN. For additional financing, discussion with IFC and local bank is ongoing. WB and IFC have completed project appraisal and are in the process of obtaining internal approvals. The financial closure is expected to be concluded by February 2013.

BPC has invested NPR 289.3 million in KEL as of FY 2068-69 end. The construction of project will commence after the financial closure and the project is expected to be commissioned by 2016.

**Nyadi Hydropower Limited (NHL)**, a SPV, with BPC as the major stakeholder has been incorporated to build, own and operate 30 MW Nyadi Hydropower Project.



The motorable track opening up to powerhouse site has been completed and tracks to other sections like surge shaft, headworks and intermediate adit is under construction. Connection Agreement for the power evacuation has been signed with NEA and the PPA is under finalization. IFC has completed project appraisal and are preparing for internal approvals.

The total cost of the project is estimated to be about USD 67.6 million. The project will generate 168 GWh of energy annually and is expected to start commercial operation by 2016. BPC has already invested NPR 292 million in the project.

**Lower Manang Marsyangdi Hydropower Project (LMMHP)** is located at the southern part of Manang District. From the updated feasibility study, the installed capacity of the project is fixed at 140 MW. The power generated from the project will be evacuated via the proposed Marsyangdi Corridor 220 kV Transmission Line to be developed by the NEA.

Feasibility Study and the geotechnical investigation of the project have been completed. EIA Study has been completed and EIA Report has been submitted to MoE for approval. Besisahar-Chame Feeder road for access to the project has been opened and is motorable.

It is planned to start the main construction works from 2014 and achieve COD by end of 2017. BPC has invested NPR 104 million in this project as of FY 2068-69.

**Gurans Energy Limited**, a new joint venture company with InfraCo Asia, has been recently established for the purpose of acquisition, development, financing, con-

struction, ownership and operation of hydroelectric power projects and other infrastructure projects in Nepal.

## Dividend

The Board is aware of the investment requirements for the projects under development and also for other projects which the company is planning to undertake. The investments will contribute to creation of wealth for shareholders in the long term. However, the company has adopted a stable dividend policy and accordingly, the Board has recommended cash dividend of 25% of the paid up capital from the profit of FY 2068-69.

## Rights Share

Considering the projected fund requirement for the projects being developed by the company, issue of right shares was approved by the 17<sup>th</sup> Annual General Meeting. The process for issuance of right shares in the ratio of **3:2** was initiated. However, due to the political and investment climate of the country which had effect on the project progress, timing for issue of right shares was re-scheduled. The right issue process is at final stage now and its prospectus is going to be published shortly.

## Board of Directors

There were changes in representation in the Board during the year. Shangri-La Energy Limited has nominated Mr. Bijaya Krishna Shrestha as a Director on the Board of the Company with effect from 19<sup>th</sup> October 2011 in place of Mr. Ganesh Lal Shrestha. Shangri-La Energy also nominated Mr. Om Prakash Shrestha and Mr. Sanjib Rajbhandari as Alternative Directors on the Board of the Company with effect from 19<sup>th</sup> October 2011. Mr. Nirmal Pradhan, Director

representing public shareholder resigned from his position effective from 17<sup>th</sup> February 2012 on health grounds. We welcome the new Directors and extend our sincere thanks to Mr. Ganesh Lal Shrestha and Mr. Nirmal Pradhan for their valuable contribution during their tenure as Director.

The committees constituted by the Board assisted in strengthening the internal controls and corporate governance in the company.

## Committees

### Audit Committee

The Audit Committee played an important role in strengthening the internal controls and good corporate governance. The committee met periodically to assess the internal controls and processes. Some of the major functions of this committee include reviewing financial statements, internal control and risk management systems, review and approval of the accounting policy, recommending the name of an auditor, etc.

### HR Committee

The HR Committee was constituted during FY 2068-69 to review the policies and guidelines adopted by the Company and advice the management on matters related to Human Resources.

### Budget Committee

The Budget committee is responsible to monitor and control the budget and scrutinize the budget proposed by the management.

### Corporate Governance

BPC has adopted "corporate value framework" to ensure good corporate governance in the company. BPC's corporate value

framework comprises of vision, mission, values; business principles and policies; corporate governance code, code of conduct and ethics.

Compliance to corporate governance standards is reported separately as Corporate Governance Report.

### Management

BPC is managed by a strong team of professionals led by Chief Executive Officer, Mr. Ranjan Lohar.

There were 297 employees, 271 male and 26 female, at the end of the FY 2068-69. The Company faced an employee turnover of about 5%. BPC is making continuous effort and taking appropriate initiatives towards retaining qualified and competent employees.

### Health, Safety and Environment (HSE)

BPC has been certified with ISO 9001: 2008 (Quality) and ISO 14001: 2004 (Environment) Management Systems. Regular internal and external audits on management systems were carried out. The company was last recertified in April 2011 for both Quality as well as Environment Management Systems.

BPC is also seeking to get certified for OHSAS 18001. We believe that OHSAS will enable the organization to manage occupational health and safety issues as an integrated part of its overall business operations by taking the organizational structure, planning activities, responsibilities, practices, procedures and resources into account for development. It will also increase safety consciousness and efficiency in the company and enhance corporate

value. No serious injuries have been reported during the year.

The business units have carried out the business activities in an environmental friendly manner. BPC celebrated the World Environment Day, 2012 in association with the locals for enhancing awareness on environment.

### **Industrial Associations and External Relations**

BPC is an institutional member of the Federation of Nepalese Chamber of Commerce and Industries (FNCCI) and Independent Power Producers' Association, Nepal (IP-PAN). BPC is also associated with international agencies such as IFC, World Bank, Ministry of Foreign Affairs (Norway), Norfund, InfraCo Asia, etc at different levels in development of projects.

### **HR Development**

Good relationship between management and employees has been maintained. Trainings were imparted for capacity building and professional growth of the employees as well as to meet future requirement of the Company.

### **Risk Management**

The risk management is an integral part of BPC's business operations. Enterprise Risk Management has been implemented to identify, assess, plan, mitigate and monitoring of the risk associated with the activities being carried out by the different business units across the Company.

### **Internal Control**

Periodic internal and external audits are carried out to continuously evaluate and improve the management systems.

In addition, internal financial audits are being carried out periodically by an independent auditor for assessment of the internal control and risk management of the company's assets, financial and accounting procedures. The recommendations of the internal auditor and the decisions of the Audit Committee are implemented effectively. Four quarterly audits were carried out during the year by J.B. Rajbhandary & DiBins.

### **Statutory Audit**

M/s PP Pradhan & Co. audited BPC's books of accounts in the FY 2068-69. The auditor has issued an unqualified report on financial statement of the Company.

### **Shareholders' Suggestions**

Suggestions from Shareholders are taken in the right earnest and all possible efforts are put in to implement them, on their merits.

### **Transactions with Subsidiaries**

BPC conducts transactions with subsidiaries at arm's length, as per the best industry practices. All major transactions, which BPC undertook with its subsidiaries and associated companies, are disclosed in notes to the financial statements for the FY 2068-69.

### **Business Environment and Investment Climate**

It is a well accepted fact that hydropower is the key to economic development of the country. However, because of the prolonged unstable political environment, the development of hydropower sector is far below expectation and the country is still a long way from a position where it is able to attract and retain adequate investments for the sector.

The investment climate is deteriorating and foreign investors are either pulling out or waiting for an investment friendly environment with a more stable political scenario.

The sector backbone i.e. transmission network is still lagging the generation capacity addition plan, which in itself is developing at a fraction of the requirement. The grant funded projects are also not progressing as per the plan due to right of way (ROW) issues.

Further, the overwhelming demands of locals and high financing costs is a deterrent to the development of even the small projects being developed by domestic developers. The multi window approval requirement and red tapism further adds to the slow development of the sector.

While there has been consideration in revision of posted tariff for projects below 25 MW, the tariff setting mechanism is yet to be prudent to encourage accelerated development of generation projects.

The initiative of the present government to encourage completion of the under construction project is noteworthy, and it is expected that the 15 projects currently under various stages of construction will soon achieve commercial operation.

More such initiatives for encouraging development of generation projects and the state utility's prime focus on accelerated development of transmission line projects is desirable to speed up the sector development.

### **The Year Ahead**

Andhikhola Upgrading Project will be concluded and will resume commercial opera-

tion at 9.4 MW capacity. PPA and financial closures for Kabeli A and Nyadi projects are expected to be achieved, followed by commencement of full-fledged construction. The joint venture company, Gurans Energy Limited, will co-invest in projects under development such as Lower Manang Marshyangdi, Nyadi, Kabeli A, etc.

The corporate green building will be completed. Phase-wise shifting of the office and dismantling of the old building will also be concluded, which is already in progress. BPC also expects to be an OHSAS 18001 certified company within this year as the internal preparations have already been completed.

### **Acknowledgement**

We are grateful to the Government of Nepal, Nepal Electricity Authority, the Ministry of Foreign Affairs-Norway, clients, contractors, vendors, suppliers, associate organizations, bankers, auditors, and others institutions and individuals who have contributed directly or indirectly towards the betterment of the company in the FY 2069-70.

We thank the members of the Board Committees, Management Team and Staff for their dedication and continued contribution towards the progress of the company and the shareholders for their confidence in us.

Thanking you.

On behalf of the Board of directors

**Padma Jyoti**

Chairman

Date: 6<sup>th</sup> January 2013

# Abridged Financial Report

## for FY 2068-69 (As per Section 84 of the Companies Act, 2006)

Dear Shareholders,

- The annual turnover of the company has been increased to NPR 605.1 million from NPR 573.9 million of previous year, registering a growth of 5.4%. The net profit after bonus and tax increased to NPR 483.5 million from NPR 329.0 million of previous year. The main reason of increment in income is the increase in dividend income during the year.
- The financial results of the company are briefly summarized below.
- The annual energy generation from Jhimruk and Andhikhola Power Plants recorded 103.6 GWh, which is 0.04% less than previous year. Revenue from bulk sale of electricity has increased by 5.9% this year.
- The company sold 19.06 GWh of energy to its consumers, an increment of 16% over previous year. The revenue from such sale was NPR 85.9 million, recording a growth of 14.2%. The number of total customers in BPC's distribution business reached 39578, growth of 4% during FY 2068-69.

The company has been providing management support services to its subsidiary companies on commercial basis at arm's length. The income from such services has increased only marginally this year compared to previous year.

- The performance of operating subsidiaries and associated companies were as follows:

PARTICULARS	(Amount in '000 unless specified otherwise)	
	FY 2068-69	FY 2067-68
Income from the bulk sale of electricity	432,511	408,575
Income from the retail sale of electricity and services	91,505	84,440
Income from Management and Technical Support	81,133	80,877
Total operating income	605,149	573,893
Total operating expenses	246,147	231,573
Gross operating profit	359,001	342,319
Other income	429,728	189,301
Administrative and other expenses	236,603	154,582
Net profit before appropriation	483,503	328,970
Earnings per share in NPR.	47.62	32.40
Net worth in million NPR.	2,710	2,505

- a. Himal Power Limited, which operates 60 MW Khimti I power plant, registered a net profit of NPR 1.8 billion in FY 2068-69. BPC received NPR 375.0 million during FY 2068-69 from HPL as dividend.
  - b. Hydro Consult Engineering Ltd., the consulting engineering company, recorded turnover of NPR 58.8 million, increment of 4% over previous year. The net profit of Hydro- Consult in FY 2068-69 was NPR 8.2 million.
  - c. BPC Services Ltd., the operation and maintenance service provider, recorded total income before depreciation, interest expenses and provision at NPR 0.78 million in the FY 2068-69.
  - d. Nepal Hydro & Electric Ltd, the hydro-mechanical and electro-mechanical equipment manufacturer, recorded increase in net profit by 15.8% to NPR 19.5 million in the FY 2068-69 as compared to previous year's net profit of NPR 16.9 million.
  - e. Khudi Hydropower Ltd. recorded total revenue of NPR 86.45 million in FY 2068-69 against the set target of NPR 90 million reporting a loss of NPR 7.2 million.
  - f. Hydro Lab Pvt. Ltd., service provider for hydraulics and sediment analysis, recorded the turnover of NPR 35.8 million in the FY 2068-69 with a net profit of NPR 5.9 million.
6. The status of the projects companies and plan for this current fiscal year are as follows:
- a. 30 MW Nyadi Hydropower Project is being developed through Nyadi Hydropower Limited. BPC has already invested a total of NPR 292 million in the project. The financial closure is targeted by the end of Falgun 2069.
  - b. BPC has invested NPR 104.0 million in 140 MW Lower Manang Marsyangdi Project. Feasibility Study and the Geotechnical Investigation of the Project are completed. EIA has been completed and is under approval at Ministry of Environment. The project is planning to complete detail design, PPA and generation license process in the current fiscal year.
  - c. 37.6 MW Kabeli-A Hydroelectric Project is being developed through Kabeli Energy Limited. BPC has invested NPR 284.8 million in the project as of FY 2068-69 end. The company is planning to conclude PPA and financial closure by the end of Magh 2069.
  - d. Andhikhola Upgrading Project undertaken by BPC to upgrade the capacity from 5.1 MW to 9.4 MW is under construction. The commencement of commercial operation of the upgraded plant is planned in April 2013. NPR 302.2 million has been spent in the project.
7. The Board has recommended a cash dividend of 25% of the paid up capital.
8. The process of issuance of right shares in the ratio of 3:2 on 10,152,694 number of paid up shares is at final stage now and its prospectus is going to be published shortly.
9. This brief financial statement is summarized from the annual financial statements of the Company and the Board of Director's Report.

  
**Ranjan Lohar**  
Chief Executive Officer

  
**Pratap Prasad Pradhan**  
PP Pradhan & Co.  
Chartered Accountants

# Balance Sheet

As on 31 Ashadh 2069 (15 July 2012)

Figure in NRs.

PARTICULARS	2068-69	2067-68
<b>I SOURCES OF FUND</b>		
<b>1 Shareholder's Fund</b>		
Share Capital	1,015,269,400	1,015,269,400
Reserve & Surplus	1,694,908,832	1,489,487,919
Total Shareholder's Fund	2,710,178,232	2,504,757,319
2 Grant Aid in Reserve	213,227,073	206,185,385
3 Long Term Loan	531,799,457	118,111,415
<b>TOTAL</b>	<b>3,455,204,762</b>	<b>2,829,054,119</b>
<b>II APPLICATION OF FUND</b>		
<b>1 Fixed Assets</b>		
Gross Block	2,292,891,330	2,231,264,346
Less: Depreciation	749,504,026	709,728,713
Net Block	1,543,387,305	1,521,535,633
2 Work in Progress	407,388,142	205,487,789
3 Investment in Share	1,081,319,493	932,852,861
<b>4 Current Assets:</b>		
Stocks	42,856,537	83,412,766
Debtors & Accounts Receivable	283,625,622	184,140,402
Cash in Hand and at Bank	322,797,057	44,902,225
Advance & Deposit Paid	374,568,968	287,936,045
Total Current Assets	1,023,848,183	600,391,438
5 Deferred Tax Liabilities	13,441,928	
<b>6 Less: Current Liabilities</b>		
Short Term Loan	245,021,783	162,931,639
Creditors & Accounts Payable	193,807,980	149,189,320
Advance & Deposit Received	5,367,577	16,857,519
Provisions	148,803,346	107,130,620
Total Current Liabilities	593,000,686	436,109,098
Net Current Assets	430,847,497	164,282,340
7 Deferred Revenue Expenditure	5,704,253	4,895,495
<b>TOTAL</b>	<b>3,455,204,762</b>	<b>2,829,054,119</b>

# Profit and Loss Account

For the year ended 31 Ashadh 2069 (15 July 2012)

Figure in NPR

PARTICULARS	2068/69	2067/68
<b>OPERATING INCOME</b>		
Electricity Sale to NEA	432,510,887	408,575,229
Electricity Sale to Consumers	85,921,727	75,212,228
Electricity Services	5,583,646	9,228,309
Management and Technical Support	81,133,055	80,877,223
<b>Total Operating Income</b>	<b>605,149,314</b>	<b>573,892,989</b>
<b>OPERATING EXPENSES</b>		
Generation Expenses	163,386,934	144,495,163
Distribution Expenses	59,166,853	59,508,585
Management and Technical Support Expenses	7,737,916	19,555,767
Project Development Expenses	15,855,647	8,014,066
<b>Total Operating Expenses</b>	<b>246,147,349</b>	<b>231,573,581</b>
<b>GROSS OPERATING PROFIT</b>	<b>359,001,965</b>	<b>342,319,408</b>
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Administrative Expenses	84,687,503	73,502,775
Depreciation	67,834,565	62,199,324
Provision for Loss/(Income) in Investment	48,291,984	(6,360,430)
Interest on Loan	35,789,173	25,240,413
<b>Total Administrative and Other Expenses</b>	<b>236,603,225</b>	<b>154,582,084</b>
<b>INCOME FROM OTHER SOURCES</b>		
Interest Income	32,785,809	15,824,992
Other Income	2,295,669	1,791,274
Depreciation Being Revenue Portion of Grant Aid	10,772,241	9,407,824
Dividend Income	374,956,929	164,265,280
Foreign Currency Exchange Gain/(Loss)	8,769,975	(4,283,426)
Gain/(Loss) on Disposal of Assets & Stock Materials	147,266	2,295,016
<b>Total Income From Other Sources</b>	<b>429,727,888</b>	<b>189,300,959</b>
<b>PROFIT (LOSS) BEFORE BONUS &amp; TAX</b>	<b>552,126,628</b>	<b>377,038,284</b>
Employees' Bonus	11,400,409	9,777,571
Provision for Corporate Tax	43,781,451	38,290,876
Deferred Tax Expenses	13,441,928	
<b>NET PROFIT (LOSS) BEFORE APPROPRIATION</b>	<b>483,502,840</b>	<b>328,969,837</b>
<b>Profit &amp; Loss Appropriation Account:</b>		
Last Years Balance	621,050,919	385,120,213
Profit for this Fiscal Year	483,502,840	328,969,837
<b>Total</b>	<b>1,104,553,759</b>	<b>714,090,050</b>
Less: 10% Stock Dividend		(92,296,750)
Less: Dividend	(253,817,350)	
<b>Total Dividend</b>	<b>(253,817,350)</b>	<b>(92,296,750)</b>
Prior Years Adjustment	2,865,506	(742,381)
<b>Balance Transferred to Balance Sheet</b>	<b>853,601,915</b>	<b>621,050,919</b>



## 20th Annual General Meeting Attendance Slip



You are kindly requested to bring this attendance slip and deposit in the front desk maintained in the meeting hall entrance gate.

Name of Shareholder: \_\_\_\_\_

Address: \_\_\_\_\_ P. O. Box No. : \_\_\_\_\_

Phone No.: \_\_\_\_\_ Mobile No.: \_\_\_\_\_

Email: \_\_\_\_\_ Shareholder No.: \_\_\_\_\_

Share Certificate No.: \_\_\_\_\_ Number of Shares: \_\_\_\_\_

I hereby attend the 20th Annual General Meeting to be held on January 6, 2013 (Poush 22, 2069) at Office Premises of the Company at Buddha Nagar, Kathmandu myself/through representative.

\_\_\_\_\_  
**Signature of Shareholder**

## Proxy Form

Board of Directors  
**Butwal Power Company Limited**  
Buddhanagar, Baneshwor, Kathmandu



**Subject:** Nomination of proxy

Dear Sir,

As I/we, the shareholder of that company having resident of \_\_\_\_\_, am/are unable to present and take part in the discussion and decision in the 20th Annual General Meeting of that company to be held on \_\_\_\_\_, I/we hereby nominate Mr/Ms \_\_\_\_\_, a resident of \_\_\_\_\_ as my/our representative to attend the meeting and cast the vote therein.

Applicant: \_\_\_\_\_

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Shareholder No.: \_\_\_\_\_

Share Certificate No.: \_\_\_\_\_

Number of Shares: \_\_\_\_\_

Date: \_\_\_\_\_