

Butwal Power Company Limited

Buddha Nagar, Kathmandu, Nepal

UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER, FISCAL YEAR 2075/76 ENDED 31ST ASHADH 2076 (16 JULY 2019)

Figures in NPR'000

Statement Of Financial Position	This Quarter Ending Ashadh end 2076	Previous Quarter Ending Chaitra end 2075	Corresponding Previous Year Quarter Ending Ashadh end 2075 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	334,347	337,422	358,484
Capital work-in-progress	25,253	9,496	2,382
Intangible assets	1,880,109	1,903,237	1,954,317
Project work-in-progress	215,912	210,634	206,562
Financial assets	4,755,394	4,148,341	2,866,934
Other non-current assets	10,974	11,893	2,407
Total Non-Current Assets	7,221,989	6,621,023	5,391,086
Current Assets			
Inventories	58,581	54,806	44,986
Trade receivables	105,001	85,390	88,267
Cash and cash equivalents	321,381	1,053,828	575,684
Other Financial assets	196,078	191,697	1,507,062
Other current assets	11,150	4,349	10,558
Current tax assets (net)	39,923	44,513	67,950
Total Current Assets	732,114	1,434,583	2,294,507
Total Assets	7,954,103	8,055,606	7,685,593
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,440,555	2,440,555	2,218,672
Other equity	4,479,729	4,361,628	4,291,525
Total Equity	6,920,284	6,802,183	6,510,197
Liabilities			
Non-Current Liabilities			
Grant aid in reserve	200,999	202,893	208,575
Financial liabilities	233,517	257,091	328,271
Provisions	11,001	12,473	10,034
Deferred tax	311,237	277,185	291,433
Other non-current liabilities	27,174	24,534	22,465
Total Non-Current Liabilities	783,928	774,176	860,778
Current Liabilities			
Trade payables	29,566	3,552	28,027
Other Financial liabilities	171,444	399,392	190,967
Provisions	852	966	777
Other current liabilities	48,029	75,337	94,847
Total Current Liabilities	249,891	479,247	314,618
Total Liabilities	1,033,819	1,253,423	1,175,396
Total Equity and Liabilities	7,954,103	8,055,606	7,685,593

Figures in NPR'000

Statement of Profit or Loss and other Comprehensive Income	This Quarter Ending Ashadh end 2076	Previous Quarter Ending Chaitra end 2075	Corresponding Previous Year Quarter Ending Ashadh end 2075 (Audited)
Revenue	683,027	529,799	666,367
Cost of Sales			
Generation Expenses	(259,255)	(176,809)	(263,259)
Distribution Expenses	(129,134)	(101,896)	(110,855)
Gross profit	294,638	251,094	292,253
Depreciation Being Revenue Portion of Grant Aid	7,576	5,682	7,183
Other income	610,983	603,264	551,958
Administrative and other operating expenses	(183,668)	(153,879)	(126,150)
Impairment loss on investment	-	-	(2,244)
Profit from Operation	729,529	706,161	723,000
Finance Income	151,540	125,906	92,597
Finance Costs	(41,624)	(31,450)	(65,393)
Profit Before Tax	839,445	800,617	750,204
Income Tax Expense	(61,235)	(49,744)	(47,941)
Profit for the year	778,210	750,873	702,263
Other comprehensive gain/(loss) for the year, net of tax	31,224	(59,542)	(166,575)
Total Comprehensive gain/(loss) for the year, net of tax	809,434	691,331	535,688

Butwal Power Company Limited

Buddha Nagar, Kathmandu, Nepal



FOURTH QUARTER DISCLOSURE AS OF 31st Ashadh 2076 (16th July 2019) AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure - I4 (Related to Sub regulation I of Regulation 26)

1 FINANCIAL STATEMENTS

- The financial statements for the fourth quarter have been published as a part of this report.
- Transactions with related parties:** Business transactions were conducted with related parties at arm's length in line with section 93 (3.c) of the Company Act. BPC purchased services of worth NPR 134,107 from Mercantile Communication Pvt. Ltd., NPR 10,188,663 from Nepal Hydro & Electric Limited and NPR 5,571,432 from Hydro-Consult Engineering Limited.
- Key Financial Ratios at the end of the quarter;**

Period	Earning per Share	Net worth per share	Current Ratio	P/E Ratio	Return on Assets
This year quarter end	Rs. 31.89	Rs. 283.55	2.93	12.83	9.78%
Previous quarter end	Rs. 30.77	Rs. 278.71	2.99	11.7	9.32%
Corresponding previous year quarter end	Rs. 36.33	Rs. 359.57	7.29	12.58	9.14%

2 MANAGEMENT ANALYSIS

- Any changes in the stock, income and liquidity during the quarter and reason for change, if any :**
Inventories have been kept sufficient for normal operation of power plants. Revenue income is consistent being dependent on the normal waterflow and power purchase agreement. Finance income has increased during the quarter due to returns from investment in fixed deposits. Net profit has been increased by 10.8% this quarter in comparison to the corresponding period of last year. Liquidity has been maintained sufficient keeping surplus amount in fixed deposits for further investment in projects.
- The statement of management analysis on the upcoming business plan:**
Construction of Nyadi Hydropower project 30MW is ongoing smoothly. However, construction of Kabeli -A project 37.6 MW has currently been suspended due to non-compliance of the terms of agreement by the EPC Contractor. The recovery plan has been formulated and being worked out. Generation license of Lower Manang Marsyangdi hydropower project at capacity of 140 MW has been received and PPA is in progress with NEA. The survey license for 8.5 MW capacity Chino Khola Hydropower Project has been received and updating of feasibility report is being carried out. BPC has got survey license for 160 MW capacity Mugu Karnali Hydropower Project on November 23, 2017. The feasibility study of Mugu Karnali project is being carried out. BPC in partnership with Chinese Investors has set up of a Joint Venture Company (JVC) and acquisition of two more projects in Marsyangdi river basin upstream and downstream of LMM HEP have been completed. The three projects in sequence 282 MW Manang Marsyangdi (upper), 140 MW Lower Manang Marsyangdi (middle) and 600 MW Upper Marsyangdi-2 (lower) Hydropower Projects are planned to be developed in cascade by best utilization of resources with a view to conclude PPA with NEA. The project capacity of these projects have been re-optimized by JVC and fixed at 135 MW, 139.21 MW and 327 MW respectively so that the PPA can be carried out with NEA and energy could be sold within domestic market. The preparations for all three projects are ongoing simultaneously in order to start the construction immediately after PPA.
- The analytical statement on the possible effect on company's profitability, stock and cashflow based on the past experience:**
The company maintained steady progress on profitability and planned to invest in the projects as per plan.

3 STATEMENT RELATING TO LEGAL ACTION

- 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 OF SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the quarter. Share prices are being determined by the open share market in NEPSE.
- The major highlights of share transactions during the quarter are as follows:

Maximum Price	Minimum Price	Closing Price	Transaction days	Total Transaction	Traded Volume	Turnover
459	353	409	64	6200	1,121,444	458,446,243

5 PROBLEMS AND CHALLENGES

- Internal**
 - Optimization and Retention of key human resources
 - To optimize the operational efficiency of distribution business
 - To manage the fund for upcoming projects.
- External**
 - Lack of political support in development of new hydropower projects.
 - Lack of standard policies and guidelines related to development of hydropower projects
 - Fluctuating cost of capital, foreign exchange and devaluing local currency.
 - Possibility of flood in monsoon season in the rivers at powerplant locations.
- Strategies**
 - Implemented Mutually Agreed Retirement Scheme.
 - Fund management and strategic investment as per the project investment plan
 - Identification of different financial instruments along with risk assessment.
 - Transaction closure of new projects in joint venture with foreign parties.

6 CORPORATE GOVERNANCE

- The Company has regular meetings of Board of Directors and Board Committees viz Audit Committee, Risk Management Committee, Asset and Liability Committee and Finance Committee in compliance with the Corporate Governance Guidelines 2074 issued by the Securities Board of Nepal. The Management Team meeting are also being conducted regularly. The provisions of SEBON Corporate Guidelines has been fully complied.

7 DECLARATION OF CHIEF EXECUTIVE ON TRUTH, TACTFULNESS

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 fourth quarter of F/Y 2075/76, 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.