

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



FIIRST QUARTER DISCLOSURE AS ON 17 OCTOBER 2011 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 alongwith this report.
The transactions with subsidiaries during the first quarter are as follows:
- Advance has been provided to Kabeli Energy Limited NPR 33,000,000, Nyadi Hydropower Limited Rs. 19,000,000 and BPC Services Limited NPR 400,000.
- The company has provided management support services to its subsidiaries Kabeli Energy Limited, Hydro-consult (P) Limited, Nyadi Hydropower Limited and Khudi Hydropower Limited and has invoiced a sum of NPR 4,871,293 during the first quarter.
- Quarterly Provisions have been made for the annual incentives, gratuity, accumulative leave expense and interest for the fair presentation of the quarterly financial statement.

2 MANAGEMENT ANALYSIS

- There are no significant changes in stock and liquidity during the quarter.
- Three projects namely Kabeli 'A', Nyadi and Lower Manang Marsyangdi are in design phase. Andhikhola Upgrading project is in Construction Phase. An agreement with Mega Bank Limited has been signed for partial financing of this project.
- The power plants have generated electricity as per target. Sale to local consumers have been increased by 16% in comparison to last year.

3 LEGAL PROCEEDING

- Appeals have been submitted to the Revenue Tribunal against the amended tax assessment orders from the Large Tax Payer Office (LTPO) for F/Y 2059/60 (from 2059/10/15 to 2060/3/32) and F/Y 2060/61. The case are in the process of hearing in the Tribunal.
- A case has been lodged in Kathmandu District Court claiming part of the BPC's land. BPC was made one of the defendant in the case and BPC has replied to the application. Further information has not been received so far.

4 ANALYSIS OF STOCK PERFORMANCE

- The performance of stock during the quarter was satisfactory.
- The major highlights of share transactions during the quarter are as follows:
High Price- NPR 725; Low Price- NPR 491; Closing Price- NPR 519; No. of Transaction Days- 20; Total Transactions- 65; Volume - 80,477 and Turnover - NPR 40,499,584.

5 RISKS AND CHALLENGES

- Retention of high skilled employees because of the oppertunities in the national and international job market.. Vacancies have been fulfilled through effective recruitment process.
- The progress on the project development may be affected further due to unstable political situation.
- Increase in interest rate on borrowings increases project cost which in turn tends to reduce the profitability.

6 CORPORATE GOVERNANCE

- Good corporate governance has been practiced in all business transactions.
- A renowned chartered accountancy firm has been appointed as Independent Internal Auditor for quarterly internal audit of the company.
- Three meetings of the Board of Directors, one meeting of Budget Committee and three meetings of Audit Committee were held during the quarter.

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 2068/69, 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 the information necessary for taking informed decision by the investors are not concealed.