

# Butwal Power Company Ltd.

Buddha Nagar, Kathmandu, Nepal



## UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER

Fiscal Year 2069/70 Ended 30<sup>th</sup> Ashwin 2069 (16 October 2012)

| S. N.     | Particulars   | Report as of 30th Ashwin 2069 (Current Quarter)        | Audited Report as of 30th Ashwin 2068 (Last Year)        | 2068/69 NPR (Full year) Provisional        |
|-----------|---|--|--|--|
| <b>1</b>  | <b>SOURCES OF FUND</b>  | <b>3,680,389,442</b>                                   | <b>3,057,258,090</b>                                     | <b>3,458,292,131</b>                       |
| 1.1       | Paid-Up Share Capital   | 1,015,269,400  | 1,015,269,400  | 1,015,269,400                              |
| 1.2       | Reserve & Surplus   | 1,817,172,129  | 1,585,404,738  | 1,697,867,783                              |
| 1.3       | Grant Aid in Reserve  | 213,508,948  | 208,676,090  | 213,355,491                                |
| 1.4       | Long Term Loan  | 634,438,965  | 247,907,862  | 531,799,457                                |
| <b>2</b>  | <b>APPLICATION OF FUND</b>                                    | <b>3,680,389,442</b>                                   | <b>3,057,258,090</b>                                     | <b>3,458,292,131</b>                       |
| 2.1       | Fixed Assets- Net Block                                       | 1,527,481,951  | 1,510,477,432  | 1,543,323,096                              |
| 2.2       | Work in Progress  | 493,913,181  | 240,130,485  | 407,388,142                                |
| 2.3       | Investment in Share   | 1,125,296,585  | 985,788,454  | 1,081,319,493                              |
| 2.4       | Total Current Assets  | 1,092,347,020  | 678,778,431  | 1,023,080,683                              |
| 2.5       | Deferred Tax Liabilities                                      |  |  | 13,441,928                                 |
| 2.6       | Total Current Liabilities                                     | 564,400,016  | 362,831,792  | 589,081,609                                |
| 2.7       | Deferred Revenue Expenditure                                  | 5,750,721  | 4,915,079  | 5,704,253                                  |
|           | <b>PROFIT &amp; LOSS ACCOUNT</b>                              | <b>Report as of 30th Ashwin 2069 (Current Quarter)</b> | <b>Audited Report as of 30th Ashwin 2068 (Last Year)</b> | <b>2068/69 NPR (Full year) Provisional</b> |
| <b>3</b>  | <b>OPERATING INCOME</b>                                       |  |  |  |
| 3.1       | Electricity Sales & Service                                   | 159,101,158  | 144,337,964  | 524,016,260                                |
| 3.2       | Management and Technical Support                              | -  | 3,766,845  | 81,133,055                                 |
| 3.3       | Other Operating Income  |  |  |  |
| <b>A.</b> | <b>Total Operating Income</b>                                 | <b>159,101,158</b>                                     | <b>148,104,809</b>                                       | <b>605,149,314</b>                         |
|           | <b>OPERATING EXPENSES</b>                                     |  |  |  |
| 3.4       | Generation Expenses   | 46,477,191   | 41,757,861   | 163,386,934                                |
| 3.5       | Distribution Expenses   | 18,582,998   | 15,329,325   | 59,166,853                                 |
| 3.6       | Management and Technical Support Expenses                     | -  | 1,399,847  | 7,737,916                                  |
| 3.7       | Project Development Expenses                                  | -  | -  | 15,855,647                                 |
| 3.8       | Administrative Expenses                                       | 27,091,072   | 24,322,211   | 80,261,821                                 |
| 3.9       | Depreciation  | 16,942,589   | 15,549,831   | 67,834,565                                 |
| <b>B.</b> | <b>Total Operating Expenditure</b>                            | <b>109,093,850</b>                                     | <b>98,359,075</b>  | <b>394,243,736</b>                         |
| <b>C.</b> | <b>Profit From Operation</b>                                  | <b>50,007,308</b>                                      | <b>49,745,734</b>  | <b>210,905,578</b>                         |
| 3.1       | Provision of Loss/(Income) in Investment                      | -  | -  | 48,291,984                                 |
| <b>D.</b> | <b>Profit Before Other Income, Interest &amp; Tax(C-3.10)</b> | <b>50,007,308</b>                                      | <b>49,745,734</b>  | <b>162,613,594</b>                         |
|           | <b>OTHER INCOME</b>   |  |  |  |
| 3.11      | Dividend Income   | -  | -  | 374,956,929                                |
| 3.12      | Foreign Gain/(Loss)   | -246,148   | 1,267,079  | 8,002,475                                  |
| 3.13      | Other Income  | 3,717,263  | 3,130,725  | 13,215,175                                 |
| <b>E.</b> | <b>Total Other Income(3.11+3.12+3.13)</b>                     | <b>3,471,115</b>                                       | <b>4,397,804</b>   | <b>396,174,579</b>                         |
| <b>F.</b> | <b>Profit Before Interest, Bonus &amp; Tax(D+E)</b>           | <b>53,478,424</b>                                      | <b>54,143,538</b>  | <b>558,788,174</b>                         |
| 3.14      | Interest/(Net)  | -3,497,096   | -6,295,167   | -3,003,364                                 |
| <b>G.</b> | <b>Profit Before Bonus &amp; Tax(F+3.14)</b>                  | <b>49,981,327</b>                                      | <b>47,848,372</b>  | <b>555,784,810</b>                         |
| 3.15      | Employees's Bonus   |  |  | 11,461,592                                 |
| 3.16      | Provision for Corporate Tax                                   |  |  | 44,419,499                                 |
| 3.17      | Deferred Tax Expenses   |  |  | 13,441,928                                 |
| <b>H.</b> | <b>Profit After Bonus &amp; Tax(G- 3.15-3.16 - 3.17)</b>      | <b>49,981,327</b>                                      | <b>47,848,372</b>  | <b>486,461,791</b>                         |
| <b>4</b>  | <b>Ratios</b>   | <b>Report as of 30th Ashwin 2069 (Current Quarter)</b> | <b>Audited Report as of 30th Ashwin 2068 (Last Year)</b> | <b>2068/69 NPR (Full year) Provisional</b> |
| 4.1       | Earning per share (in Rs.)                                    | 4.92   | 4.71   | 47.91                                      |
| 4.2       | Market value per share ( in Rs.)                              | 590  | 519  | 577  |
| 4.3       | Price Earning Ratio   | 120  | 110  | 12   |
| 4.4       | Current Ratio   | 1.94   | 1.87   | 1.74                                       |
| 4.5       | Return on Assets  | 1.60%  | 1.78%  | 16.95%                                     |
| 4.6       | Net worth per share (in Rs.)                                  | 300  | 277  | 288  |

This report can also be viewed at [www.bpc.com.np](http://www.bpc.com.np)

### FIRST QUARTER DISCLOSURE AS OF 16TH OCTOBER 2012 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.
- Fiscal Year 2068/69 figures are as per revised provisional financial statements and the statutory audit is in the final stage of completion.
- Transactions with subsidiaries: Advances provided to subsidiaries during the quarter were, Kabeli Energy Limited of NPR 24,500,000, BPC Services Limited of NPR 250,000 and Nyadi Hydropower Limited of NPR 1,000,000. The company has provided management support service of NPR 157,135 to Kabeli Energy Limited. Other services of NPR 108,716 to Nyadi Hydropower Limited, NPR 29,636 to Hydro-Consult Private Limited, NPR 15,660 to BPC Services Limited, NPR 93,194 to Khudi Hydropower Limited and NPR 14,870 to Nepal Hydro & Electric Ltd during the first quarter. BPC purchased services from its subsidiaries of amount NPR 2,660,759 from Nepal Hydro & Electric Ltd, NPR 5,599,479 from Hydro-consult Private Limited and NPR 3793 from BPC Services Limited.
- Quarterly Provisions have been made for the annual incentives, gratuity, accumulative leave and interest for the fair presentation of the quarterly financial statement.

#### 2) MANAGEMENT ANALYSIS

- The power plants have generated electricity as per target. Total operating income and net profit rose by 8% and 6% respectively in comparison to the same period last year. Revenue from Electricity services witnessed the remarkable growth of 147%
- Construction works of Andhikhola Upgrading Project is on full swing. Construction works of Kabeli-A Hydroelectric Project and Nyadi Hydropower Project shall start next year due to delay in financial closure. The preparatory works and detail design of the Lower Manang Marsyangdi Hydropower Project is ongoing. Efforts are being made to add new hydropower projects in BPC portfolio through bidding and negotiation with other license holders. BPC's corporate green building is in verge of completion and BPC staff have been shifted from old building to new office building.
- Strategic joint venture with InfraCo Asia having head office in Singapore has been established & formalized. BPC & Infraco will be partnering to promote Hydro power projects.
- The issuance of 3:2 right share will be further processed after completion of F/Y 2068/69 statutory audit.

#### 3) LEGAL PROCEEDING

- Appeals 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 are in the process of hearing in the Tribunal.
- Law-suit filed by or against the promoter or director of body corporate involving violation of statutory regulations or criminal offences - None

#### 4) ANALYSIS OF STOCK PERFORMANCE

- BPC shares were traded actively during the 1st quarter of the Fiscal Year. Increased market demand for BPC stocks escalated the stock price. Begun at average price of NPR. 547, BPC shares first quarter end closing average price was NPR 755. Staggering 38% growth in average price in comparison of quarter beginning.
- The major highlights of share transactions during the quarter are as follows:  
High Price- NPR 795; Low Price- NPR 508; Closing Price- NPR 590; No. of Transaction Days- 57; Total Transactions- 590; Volume - 141,745 and Turnover - NPR 92,419,410.

#### 5) RISKS AND CHALLENGES

##### Internal Risk:

- Attraction and retention of required technical experts in the hydropower sector. Strategies are being discussed to mitigate the turnover risk.
- The hydropower projects after significant portion of investment during preconstruction stage of projects are witnessing commercially unfeasible because of PPA conditions and financial terms.

##### External Risk:

- Lack of political commitment in development of hydroelectric projects.
- Fluctuating cost of capital and devaluing local currency.
- Time consuming government processes/decisions
- Risks of cost overrun in under-construction projects and uncertainty of timely completion.

#### 6) CORPORATE GOVERNANCE

- Transfer of 283,395 Shares held by UMN in the name of Government of Nepal has been halted consequent to reconsideration of previous decision by Government of Nepal.
- Three meetings of the Board of Directors, One meeting of Audit Committee, One Budget Committee Meeting and Two Human Resource committee were held during the quarter.
- Preparation for BPC AGM is in verge of completion. Better year in terms of performance, revenue & net profit is expected.

#### 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 2069/70, 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.