

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER, FISCAL YEAR 2072/73 ENDED 30TH POUH 2072 (14 JANUARY 2016)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	4,561,617	4,568,292	4,600,981
1.1	Paid up Share Capital	1,673,223	1,673,223	1,673,223
1.2	Reserve & Surplus	1,833,593	1,808,333	1,647,732
1.3	Grant Aid in Reserve	194,696	197,606	193,820
1.4	Long Term Loan	860,106	889,131	1,086,206
2	Application of Fund	4,561,617	4,568,292	4,600,981
2.1	Property, Plant & Equipment- Net Block	2,665,822	2,709,010	1,383,376
2.2	Assets held for sale	3,170	3,170	3,170
2.3	Work in Progress	190,293	184,745	1,454,444
2.4	Advances/Investment in Shares	1,349,750	1,345,200	1,284,477
2.6	Total Current Assets	691,588	705,949	965,506
2.7	Deferred Tax Liabilities	(23,859)	(23,859)	(7,963)
2.8	Total Current Liabilities	(315,146)	(355,923)	(482,029)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	366,815	187,241	277,128
	A. Total Operating Income	366,815	187,241	277,128
	Operating Expenditure			
3.2	Generation Expenses	83,854	39,731	130,806
3.3	Distribution Expenses	36,738	18,753	30,153
	B. Total Operating Expenditure	120,592	58,483	160,959
	C. Profit from Operations (A-B)	246,223	128,757	116,169
	Administrative & Other Expenses			
3.4	Administrative Expenses	66,728	33,636	56,980
3.5	Depreciation	71,615	25,898	45,021
	D. Total Administrative & Other Expenses	138,343	59,534	102,001
3.6	Provision of Loss in Investment	-	-	-
	E. Profit Before Other Income, Interest & Tax (C-D)	107,881	69,223	14,168
	Other Income			
3.7	Dividend Income	-	-	-
3.8	Forex Gain (Loss)	(7,186)	(7,142)	224
3.9	Other Income	12,868	6,787	44,321
	F. Total Other Income (3.7+3.8+3.9)	5,682	(356)	44,546
	G. Profit Before Interest, Bonus & Tax (E+F)	113,563	68,868	58,714
3.10	Interest (Net)	(30,062)	(15,824)	4,354
	H. Profit Before Bonus & Tax (G+3.10)	83,500	53,043	63,068
3.11	Provision for Employees' Bonus	1,637	-	1,594
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	81,863	53,043	61,474
4	Ratios	6 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	4.89	3.17	3.67
4.2	Market value per share (in Rs.)	601	595	605
4.3	Price Earning Ratio	123	188	165
4.4	Current Ratio	2.19	1.98	2.00
4.5	Return on Assets	1.67%	1.07%	1.21%
4.6	Net worth per share (in Rs.)	209.58	208.07	198.48

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SECOND QUARTER DISCLOSURE AS OF 14TH JANUARY 2016 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 second quarter and financial ratios have been published along with this report.
- Transactions with related parties: Advances provided NPR 4,550,000 to Nyadi Hydropower Ltd. and NPR 2,976,703 to Nepal Hydro & Electric Ltd. during the quarter. BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., NPR 1,299,374 from Hydro Consult Engineering Limited, NPR 766,224 from Nepal Hydro & Electric Ltd. NPR 299,311 from Hydro-Lab Pvt. Ltd.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The gross operating profit increased significantly by 112% as compared to the corresponding period last year's figure, which is mainly due to electricity generation from Andhikhola Upgrading Project 9.4MW effective from Chaitra 22, 2071. Similarly, Net profit before appropriation has gone up by 33% as compared to the corresponding period last year's figure. The increase is mainly attributable to decrease in generation expenses of Andhikhola project - electricity purchases from NEA.
- The financial closure of Nyadi HEP was in progress during the reporting period, which is finalized on Magh 2072. The facility agreement for loan amount of Rs. 4.4 billion between Nyadi Hydropower Limited and Everest Bank led consortium members comprising - Nabil Bank, Global IME Bank, Himalayan Bank, Sunrise Bank and HIDCL have been signed on 20th Magh 2072. The Power Purchase Agreement(PPA) of Kabeli-A Hydroelectric Project is concluded with NEA during the period. The detail terms and conditions regarding subordinated loan from the world bank through Hydro Investment Development Company Limited(HIDCL) is in final stage followed by start of the construction works during this winter. The detail feasibility analysis of Lower Manang Marsyangdi Hydropower Project is completed and application for generation license, PPA and connection agreement has been filed to the concerned authorities. The feasibility study and detail design of Chinokhola project is in progress. Second phase of the BPC's corporate building is under construction and scheduled to be completed by Chaitra 2072.

3 LEGAL PROCEEDINGS

- BPC has finally settled the long pending tax assessment of FY 2059/60 with Large Tax Payers Office(LTPO) together with the final settlement of tax assessment of FY 2060/61 through the Tax Settlement Commission. Similarly, tax assessment of FY 2067/68 has also been completed. All adjustments regarding these assessments are reflected and recognized in the financial statement of FY 2071/72.
- 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 COMPANY'S SHARE TRANSACTIONS

- BPC shares were actively traded during the first quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 620; Minimum Price- NPR 513; Closing Price- NPR 595; No. of Transaction Days- 47; Total Transactions- 254; Total Traded Volume - 76,833 and Turnover - NPR 4,22,44,225

5 PROBLEMS AND CHALLENGES

- **Internal Risk:**
 - Retention of skilled human resource
 - To manage the overhead cost and maintain the operational efficiency.
- **External Risk:**
 - Lack of political commitment in development of hydroelectric projects.
 - Unofficial blockade from India hampered the overall development works.
 - Fluctuating cost of capital and devaluating local currency.
 - Cost and time overrun of projects under construction.

6 CORPORATE GOVERNANCE

- Board of Directors, Audit Committee, Other Committees and Management Team are committed for strengthening good corporate governance within the company. BPC has written manual, policies, rules & guidelines for proper functioning of the operation of 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 second quarter of F/Y 2072/73, 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.