

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



FOURTH QUARTERLY DISCLOSURE AS ON 16 JULY 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 fourth quarter and financial ratios have been published alongwith this report.

The transactions with subsidiaries during the fourth quarter are as follows:

- Advance has been provided to Kabeli Energy Limited Rs. 25,760,500, Nyadi Hydropower Limited Rs. 8,500,000 and Khudi Hydropower Limited Rs. 650,000.
- The company has provided management support services to its subsidiaries Kabeli Energy Limited, Hydro-consult (P) Limited, Nyadi Hydropower Limited, Keton Hydropower Limited and Khudi Hydropower Limited and has invoiced a sum of Rs. 88,937,817 during the quarter.

2 MANAGEMENT ANALYSIS

- There are no significant changes in stock and liquidity during the quarter. The net income has increased by 51% as on Ashad end 2068 compared with corresponding period of previous fiscal year.
- The progress on the project development is not as expected because of unstable political situation and liquidity crisis.
- The power plants have generated electricity as per target with 1.66% increment in comparison to last year. Sale to local consumers have been increased by 15% 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.
- A case has been lodged in Kathmandu District Court claiming part of the BPC's land.

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- Rs.781; Low Price- Rs. 400; Closing Price- Rs.739; No. of Transaction Days- 39; Total Transactions- 278; Volume - 34,685 and Turnover - Rs. 16,627,615.

5 RISKS AND CHALLENGES

- Retention of high skilled human resources has been major challenges because of entry of many international hydropower developers in the Country and migration of human resources to other countries.
- 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.
- The company has been awarded 'National Best Presented Accounts 2010' in manufacturing sector by ICAN.
- Two meeting of the Board of Directors, one meeting of Budget Committee and one meeting of Audit Committee were held during the fourth 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 fourth quarter of F/Y 2067/68, 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.