

Butwal Power Company Ltd

Buddha Nagar, Kathmandu, Nepal



UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2074/75 ENDED 30TH CHAITRA 2074 (13 APRIL 2018)

(Rs. In thousand unless specified)

S.N.	Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
1	Sources of Fund	7,099,810	5,367,106	4,814,155
1.1	Paid up Share Capital	1,810,572	1,810,572	1,810,572
1.2	Reserve & Surplus	4,648,906	2,864,518	2,339,658
1.3	Grant Aid in Reserve	193,750	185,118	187,571
1.4	Long Term Loan	446,582	506,897	476,353
2	Application of Fund	7,099,810	5,367,106	4,814,155
2.1	Property, Plant & Equipment- Net Block	2,297,582	2,569,082	2,548,339
2.2	Assets held for sale	-	-	-
2.3	Work in Progress	211,168	191,000	232,796
2.4	Advances/Investment in Shares	2,467,419	1,753,658	1,597,096
2.5	Total Current Assets	2,821,802	1,268,023	803,743
2.6	Deferred Tax Liabilities	(83,748)	(52,838)	(34,807)
2.7	Total Current Liabilities	(614,413)	(361,819)	(333,011)
3	Profit & Loss Account	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	Operating Income			
3.1	Electricity Sale and Services	535,047	409,811	542,233
	A. Total Operating Income	535,047	409,811	542,233
	Operating Expenditure			
3.2	Generation Expenses	123,063	83,963	130,603
3.3	Distribution Expenses	71,969	47,781	69,022
	B. Total Operating Expenditure	195,031	131,744	199,625
	C. Profit from Operations (A-B)	340,016	278,067	342,608
	Administrative & Other Expenses			
3.4	Administrative Expenses	82,299	65,005	74,561
3.5	Depreciation	106,233	70,822	106,389
	D. Total Administrative & Other Expenses	188,532	135,827	180,950
3.6	Provision of Loss (Income) in Investment	-	-	-
	E. Profit Before Other Income, Interest & Tax (C-D)	151,484	142,240	161,658
	Other Income			
3.7	Dividend Income	512,267	496,066	551,029
3.8	Forex Gain (Loss)	1,661	(3,026)	675
3.9	Other Income	42,465	18,096	26,602
	F. Total Other Income (3.7+3.8+3.9)	556,393	511,137	578,306
	G. Profit Before Interest, Bonus & Tax (E+F)	707,877	653,376	739,964
3.10	Interest (Net)	(36,923)	(42,188)	(42,741)
	H. Profit Before Bonus & Tax (G+3.10)	670,954	611,188	697,223
3.11	Provision for Employees' Bonus	13,156	11,984	13,671
3.12	Provision for Corporate Tax	-	-	-
3.13	Deferred Tax Expenses/(Income)	-	-	-
	I. Net Profit/(Loss) After Bonus & Tax (H-3.11-3.12)	657,798	599,204	683,552
4	Ratios	12 months period		
		This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
4.1	Earning per share (in Rs.)	36.33	33.09	37.75
4.2	Market value per share (in Rs.)	456.00	711.00	678.00
4.3	Price Earning Ratio	12.55	21.48	17.96
4.4	Current Ratio	4.59	3.50	2.41
4.5	Return on Assets	8.44%	10.36%	13.19%
4.6	Net worth per share (in Rs.)	356.76	258.21	229.22

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THIRD QUARTER DISCLOSURE AS OF 30th Chaitra 2074 (13TH APRIL 2018)

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 third quarter and financial ratios have been published along with this report.
- Transactions with related parties: BPC purchased services of worth NPR 107,040 from Mercantile Communication Pvt. Ltd., NPR 11,888 from BPC Service Limited, NPR 690,440 from Nepal Hydro & Electric Ltd., NPR 197,801 from Hydro-Lab Pvt. Limited, NPR 2,037,552 from Hydro Consult Engineering and advances provided NPR 2,998,038 to Nepal Hydro & Electric Limited, NPR 10,000,000 to Nyadi Hydro Power Limited.
- Important Financial Ratios: As attached in the unaudited financial statements.

2 MANAGEMENT ANALYSIS

- The operating income and operating expense are constant, resulting decrease in gross operating profit by 1% by the end of third quarter as compared to the corresponding period of last year. Dividend NPR 512.3 million have been received during the quarter this year which was 7% less than dividend income of corresponding period last year. This has resulted decrease in net profit by 4% as compared to the corresponding period last year's figure.
- Reserve and Surplus has been increased significantly by 99% as a result of FPO collection on issue of 4,081,000 shares. NPR 1,426,627,560 has been collected out of total FPO amount NPR 2,044,581,000. The remaining collection is in process.
- Construction works of Nyadi Hydropower project 30MW and Kabeli -A project 37.6 MW has been started from 23rd of March 2017 and ongoing smoothly. PPA process of Lower Manang Marsyangdi 100 MW project in progress with NEA. The survey license for 8.5 MW capacity Chino Khola Hydropower Project has been received and consent for EIA study has also been received from respective Ministries.
- The Company has registered a S.C.I.G. International Nepal Hydro Joint Development Company (pvt) Ltd., joint venture company partnering with three renowned Chinese companies (SCIG International Limited, Xingchend International Investment Co. Ltd and QYEC International co. Ltd.) for development of 100 MW Lower Manang Marsyangdi Project and other approximately 1000 MW new projects within the period of next 5 years. The survey license of 200 MW Mugu Karnali Hydroelectric Project has been received from DOED.
- The company received Best Presented Annual Report 2016 award from ICAN and also recognized the Company by South Asian Federation of Accountants (SAFA) with merit certification for corporate governance disclosers.

3 LEGAL PROCEEDINGS

- 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 ON SHARE TRANSACTION OF THE COMPANY

- BPC shares were actively traded during the third quarter.
- The major highlights of share transactions during the quarter are as follows:
Maximum Price- NPR 697; Minimum Price- NPR 420; Closing Price- NPR 456; No. of Transaction Days- 56; Total Transactions- 2181;
Total Traded Volume - 531,276 and Turnover - NPR 287,399,809

5 PROBLEMS AND CHALLENGES

- **Internal**
 - Retention of skilled human resources
 - To manage the fund for upcoming projects and maintain the operational efficiency of distribution business
- **External**
 - Lack of political commitment in development of hydroelectric projects.
 - Fluctuating cost of capital and devaluing local currency.
 - Possibility of flood in monsoon season in the rivers at powerplant locations.
- **Strategies followed by the management**
 - Use of Internal manpower enhancing training and development.
 - Fund raising through Further Public Offering of 4,081,000 shares is ongoing.

6 CORPORATE GOVERNANCE

- The regular meetings of Board of Directors, Audit Committee, Budget & Finance Committee, Operation and Maintenance committee and Management Team are being conducted for strengthening good corporate governance within 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 third quarter of F/Y 2074/75, 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.