Butwal Power Company Limited
Buddha Nagar, Kathmandu, Nepal

BUTWAL POWER COMPANY LIMITED bpc 2019

bpc BUTWAL POWER COMPANY LIMITED

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER, FISCAL YEAR 2081/82 ENDED 31ST CHAITRA 2081

Figures in NPR'000

Statement Of Financial Position	This Quarter Ending Chaitra end 2081	Previous Quarter Ending Poush end 2081	Corresponding Previous Year Quarter Ending Chaitra end 2080
ASSETS			
Non-Current Assets			
Property, plant and equipment	252,063	254,710	261,837
Capital work-in-progress	2,313	593	11,326
Intangible assets	1,739,111	1,760,368	1,794,701
Project work-in-progress	385,176	385,176	363,474
Financial assets	4,942,260	4,778,187	4,699,052
Other non-current assets	-	-	7,067
Total Non-Current Assets	**7,320,923**	**7,179,034**	**7,137,457**
Current Assets			
Inventories	62,771	61,456	67,107
Trade receivables	75,727	120,850	64,186
Cash and cash equivalents	40,539	131,690	30,365
Other Financial assets	443,118	456,113	733,827
Other current assets	5,886	11,557	5,716
Current tax assets (net)	-	2,193	12,256
Total Current Assets	**628,041**	**783,859**	**913,457**
Total Assets	**7,948,964**	**7,962,893**	**8,050,914**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	3,409,065	3,409,065	3,409,065
Other equity	3,668,270	3,651,368	3,625,818
Total Equity	**7,077,335**	**7,060,433**	**7,034,883**
Liabilities			
Non-Current Liabilities			
Grant aid in reserve	161,361	163,309	169,283
Financial liabilities	53,409	57,159	68,409
Provisions	196,785	194,888	221,007
Deferred tax	165,974	165,489	166,823
Other non-current liabilities	18,426	18,426	19,394
Total Non-Current Liabilities	**595,955**	**599,271**	**644,916**

Current Liabilities			
Trade payables	12,842	5,263	12,877
Other Financial liabilities	175,775	44,746	265,532
Provisions	1,864	1,732	4,808
Other current liabilities	85,058	251,448	87,898
Current tax liabilities (net)	135	-	-
Total Current Liabilities	**275,674**	**303,189**	**371,115**
Total Liabilities	**871,629**	**902,460**	**1,016,031**
Total Equity and Liabilities	**7,948,964**	**7,962,893**	**8,050,914**

Figures in NPR'000

Statement of Profit or Loss and other Comprehensive Income	**This Quarter Ending Chaitra end 2081**	**Previous Quarter Ending Poush end 2081**	**Corresponding Previous Year Quarter Ending**
Revenue	558,735	418,967	543,726
Cost of Sales			
Generation Expenses	(199,152)	(132,359)	(199,818)
Distribution Expenses	(99,322)	(69,085)	(100,187)
Gross profit	**260,261**	**217,523**	**243,721**
Depreciation Being Revenue Portion of Grant Aid	5,887	3,939	5,866
Other income	69,125	61,069	64,485
Provision for Impairment loss on Investment written back	15,000	15,000	-
Administrative and other operating expenses	(99,324)	(66,160)	(95,183)
Profit from Operation	**250,949**	**231,371**	**218,888**
Finance Income	13,905	9,761	39,061
Finance Costs	(6,140)	(3,808)	(9,336)
Profit Before Tax	**258,714**	**237,324**	**248,614**
Income Tax Expense			
Current tax	(48,415)	(43,453)	(68,547)
Deferred tax credit/charge	(41,107)	(36,472)	(62,246)
	(7,308)	(6,981)	(6,301)
Profit for the year	**210,299**	**193,871**	**180,066**
Other comprehensive gain/(loss) for the year, net of tax	5,342	4,869	7,067
Total Comprehensive gain/(loss) for the year, net of tax	**215,641**	**198,740**	**187,133**

Butwal Power Company Limited

Buddha Nagar, Kathmandu, Nepal

THIRD QUARTER DISCLOSURE AS OF 31ST CHAITRA 2081 (13TH APRIL 2025)
AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION ANNEXURE -14
(Related to Sub regulation 1 of Regulation 26)

1 FINANCIAL STATEMENTS

- The financial statements for the third quarter have been published as a part of this report.
- ***Transactions with related parties:*** Business transactions were conducted with related parties at arm's length in line with section 93 (3.c) of the Company Act. BPC purchased services of worth NPR 6,220,593 from Nepal Hydro & Electric Limited, NPR 29,355 from Syaker Trading Company Pvt. Ltd. and advances provided NPR 26,280,000 to Kabeli Energy Limited, NPR 50,000,000 to SCIG International Nepal Hydro Joint Dev. investment co. Pvt. Ltd., NPR 87,000,000 to Manang Marshyangdi Hydro Power Company during the period of third quarter.
- ***Key Financial Ratios at the end of the quarter;***

Period	Earning per Share (Quarterly)	Net worth per share	Current Ratio (Times)	P/E Ratio (Times)	Return on Assets
This year quarter end	Rs. 6.17	Rs. 207.60	2.28	64.67	2.65%
Previous quarter end	Rs. 5.69	Rs. 207.11	2.59	69.53	2.43%
Corresponding previous year quarter end	Rs.5.28	Rs. 206.36	2.46	56.44	2.24%

2 MANAGEMENT ANALYSIS

- ***Any changes in the stock, income and liquidity during the quarter and reason for change, if any :***
  Inventories have been kept sufficient for normal operation of power plants. Revenue from sale of electricity and services is increased by 2.76% to NPR 558.74 million compare to corresponding period last year Rs. 543.73 million. Finance income decreased significantly by 64.40% due to decrease in fixed deposits at Banks. Net profit for the period end of Chaitra 2081 however is increased by 16.79% in comparison to the corresponding period last year. Liquidity has been maintained suficient despite the major amount is invested in the projects.

- ***The statement of management analysis on the upcoming business plan:***
  Nyadi Hydropower plant (NHP) 30 MW has been in operation from Baisakh 27, 2079 through a SPV named Nyadi Hydropower Ltd (NHL) under contingency power evacuation so that the power generated from the plant is partially evacuated during wet season. Under such power evacuation plan, the construction of switching station at Upper Marsyangdi-A plant is ongoing. NHL is listed company in NEPSE. The construction works of 37.6 MW Kabeli -A project being developed through a SPV named Kabeli Energy Limited (KEL) is ongoing. Kabeli project is locally financed and the financial closure done on December 2023 considering the amendment of PPA on RoR and posted rate basis. BPC in Joint Ventures with Chinese partners is undertaking 601 MW Marsyangdi Cascade Projects (MCPs). Marsyangdi Cascade Projects (MCPs) consist of 135 MW Manang Marsyangdi HEP (MMHEP), 139.2 MW Lower Manang Marsyangdi Hydroelectric Project (LMMHEP) and 327 MW Upper Marsynagdi-2 HEP (UM-2HEP) in Marsyangdi basin. All three projects have completed detail engineering and got approval of EIA studies. As a first project of MCPs, PP, PDA and Finance Closure of MMHEP has been concluded. EPC contractor has started the construction works from November 22, 2024 and satisfactorily ongoing. The construction of the project is expected to be completed by end of 2027. The PPA of MCP's second project LMMHEP as cascade project of MMHEP, has been signed with NEA on August 15, 2023 (Shrawan 30, 2080). DPR of the third project UM-2HEP has been approved by IBN. As a process of PPA, Energy Table locked, GIS completed and Connection Agreement for 327 MW project has been signed with NEA. A SPV for development of 7.9 MW Chino Khola Hydropower Project has been formed named Chino Hydropower Ltd. As being RoR project, the PPA and financial closure of Chino is at final stage. The feasibility study of Mugu Karnali HEP (MKHEP) has been completed and the project capacity fixed at 174 MW. Department of National Parks and Wildlife Conservation (DNWC) has granted consents for feasibility study and EIA for MKHEP as the project is located in the buffer zone of Rara National Parks. The consent on project capacity as optimized under detail feasibility study has not been granted from MOEWRI because of the license boundary overlapping with downstream project. Only after the consent is received on project capacity, EIA process can be expedited.

- ***The analytical statement on the possible effect on company's profitability, stock and cashflow based on the past experience:***
  The company maintained steady progress on profitability and planned to invest in the projects as per plan. However, as per the PPA signed between HPL and Nepal Electricity Authority (NEA), 50% of the shares held by HPL is being divested to NEA free of cost effective from FY 2077/78 onwards including revision of PPA rate. Accordingly, this change may have adverse impact on dividend income of the Company till for the period supported by the dividend income from other ongoing projects.

3 STATEMENT RELATING TO LEGAL ACTION

- ***Case filed by or against the Company during the quarter, if any*** : Butwal Power Company Limited has filed a case at Supreme Court against Department of Electricity Developemnt (DOED) on roya!ty issue of Andhikhola Upgrading Project related to upgraded capacity of 4.3 MW.
- ***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

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4 ANALYSIS OF SHARE TRANSACTION OF THE COMPANY

- During third quarter, BPC shares were actively traded till the end of Chaitra 2081. Share prices are being determined by the open share market in NEPSE.
- The major highlights of share transactions during the quarter are as follows:

Maximum Price	Minimum Price	Closing Price	Transaction days	Total Transaction	Traded Volume	Turnover
482.4	379.2	398.99	56	9,077	1,331,995	548,196,771

5 PROBLEMS AND CHALLENGES

- **Internal**
  - Optimization and Retention of human resources;
  - Sustainability of distribution business financially;
  - Fund management for ongoing large projects.
- **External**
  - Frequent change in government policy persuading higher country risk ;
  - Lengthy bureaucratic processes in development of hydropower projects;
  - Inadequate rules, regulations, policies, guidelines etc. to expedite project developments;
  - Fluctuating cost of capital and foreign exchange fluctuation risk;
  - Floods and low water flow risk in the rivers for hydropower plants/ projects;
  - Land acquisition and compensation challenges for ongoing projects;
  - Inadequate existing transmission line networks and delay in its expansion for power evacuation of hydropower projects.
- **Strategies**
  - HR optimization plan is being implemented;
  - Fund management and strategic investment as per the project investment plan;
  - Lobbying with government authorities for investment friendly environment;
  - FDIs with Project Financing and PPA in foreign currency for large projects;
  - Identification of different financial instruments along with risk assessment;
  - Stakeholder's engagement from planning stage of projects under development

6 CORPORATE GOVERNANCE

- The Company has regular meetings of Board of Directors and Board Committees viz Audit Committee, Risk Management Committee and Asset & Liability Committee in compliance with the Corporate Governance Guidelines, 2074 issued by the Securities Board of Nepal. The Management Team meeting are also being conducted regularly. The provisions of SEBON Corporate Guidelines has been fully complied.

7 DECLARATION OF CHIEF EXECUTIVE ON TRUTH, TACTFULNESS

I, the Officiating Chief Executive Officer of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the third quarter of FY 2081/82, 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.

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