

The report basically illuminates our meticulous strategy to quote the reasonable price for the auction of Butwal Power Company's Ordinary Share, going to conduct on dated 10<sup>th</sup> July 2016.

**Auction Details:**

SN	Share type	Share units	Opening Date	Closing Date	Close Price	12 weeks High-Low	12 weeks average	Mutual fund Holdings
1	Ordinary	188,930	2016-08-05	2016-08-10	922	995-601	797	69,679

- The auction was conducted by NMB Capital Ltd.

**Research and Analysis: key points taken into consideration**

- The prevailing trend of bidding for Auction shares around 97-98% of the current market price. Usually buyers seek to quote price comparatively less than current market price.
- The Mutual funds (NIBSF1, NIBF1, NMBSF1, SEOS, and SIGS1) hold 69,679 units of shares in total with less variation in holdings which indicates demand intensity.
- Net worth per share stand suitable at Rs. 219.3, and as per the standard procedure, 3 times of net worth per share gives average price around Rs.657.90. The 12 weeks avg. price is Rs. 797 which shows adequate appreciation of 44%
- EPS as per 3<sup>rd</sup> quarter report stands at Rs 35 is greater than industry average of Rs. 9.98. PE ratio as per 3<sup>rd</sup> Quarter result stands at 17.4 is considered as appropriate level.
- The company is further plan to issue FPO to general public.
- Auction shares though considered more appealing and marketable with respect to prospective growth in hydropower industry, the risk associated with it should not be overlooked which could be the rise in overhead costs, cost and time overrun of the project under-construction and political instability might also build obstacles in its efficient operation.
- The company has good record of dividend distribution average of 20%. The scrip is actively been trading in the stock market with moderate volatility.

**Bank's Key Financial Indicators:**

Particulars	Rs. (3 <sup>rd</sup> quarter)
Paid Up Capital	1,673,223,000.00
Reserve and surplus	1,996,029,000.00
Operating Revenue	478,264,000
Operating Expenses	191,180,000
Net Profit	585,537,000
Earnings Per Share (EPS)Rs.	35
Price Earnings Ratio (PE)×	17.4
Net Worth per Share Rs.	219.3
Return on Assets (ROA)	11.84%
Liquidity Ratio	0.96
Total Assets in Rs.	4,947,098,000
Total Liabilities in Rs.	1,086,061,000
Equity Return (52 weeks)	45.76%
Price/Book Value (PB ratio)	3.96



Taking all above factors into consideration and sought after discussion from some active investor forum, the bidding is recommended at Rs. 910-920 considering the bullish sentiments of the investor.

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