

**BUTWAL POWER  
COMPANY LIMITED**



# ANNUAL REPORT

2024-2025

**iLight the future**

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# Company Profile

A prominent name in Nepal's hydropower industry since its incorporation in 1965, Butwal Power Company (BPC) has long been engaged in hydropower generation, transmission, and distribution. It has established itself as one of the country's leading publicly traded companies. Alongside electricity generation and distribution, BPC and its subsidiaries also undertake development, operation, and maintenance of hydropower plants; provide engineering and design consultancy for hydropower and infrastructure projects; and manufacture and repair hydro-mechanical (HM) and electro-mechanical (EM) equipment. BPC also has a strong history of spearheading various capacity-building initiatives in hydropower development.

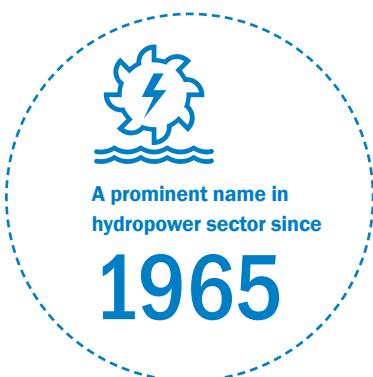
As part of the privatization process in 2003, the Government of Nepal (GoN) handed over majority ownership and management control of BPC to private investors under a public-private partnership model. BPC is registered with the Securities Board of Nepal (SEBON) and listed on the Nepal Stock Exchange.

BPC is the only company in Nepal with six decades of sustained growth and capacity building, with 55 MW

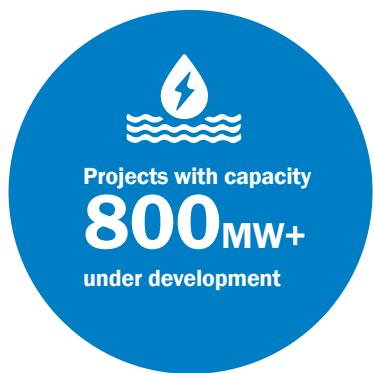
in operation and 37.6 MW under construction through separate Special Purpose Vehicles (SPVs). The Company began by electrifying the town of Butwal in western Nepal with the 1 MW Tinau Project. It currently owns and operates the 9.4 MW Andhikhola and 12 MW Jhimruk Power Plants, supplying power to the Nepal Electricity Authority (NEA) under Power Purchase Agreements (PPAs). It also distributes electricity to 64,687 customers across Syangja, Palpa, Pyuthan, and Arghakhanchi districts through its own distribution network. BPC owns majority stake in 4 MW Khudi Hydropower Plant (KHP) and 30 MW Nyadi Hydropower Plant (NHP) under operation and 37.6 MW Kabeli-A Hydro-Electric Project (KAHEP) under construction through separate SPVs namely, Khudi Hydropower Ltd. (KHL), Nyadi Hydropower Limited (NHL), and Kabeli Energy Limited (KEL) respectively.

BPC has formed a joint venture (JV), SCIG International Nepal Hydro Joint Development Investment Co. Pvt. Ltd., with three Chinese companies from Chengdu, Sichuan Province, to invest in the Marsyangdi Cascade Projects (MCPs): the 135 MW Manang Marsyangdi Hydroelectric Project (MMHEP), 139.2 MW Lower Manang Marsyangdi





1965



800 MW+  
under development



64,687  
customers through its own  
distribution business

Hydroelectric Project (LMMHEP), and 327 MW Upper Marsyangdi-2 Hydroelectric Project (UM2HEP) in Manang and Lamjung. These projects will be peaking run-of-river projects.

The Company is also developing 7.9 MW Chino Khola Hydropower Project (CKHP) to supply power during MCPs construction, with plans to sell power to NEA thereafter. Power Purchase Agreement (PPA) and Loan Facility Agreement have been signed and the project construction work is progressing well. Feasibility and EIA studies for the 160 MW Mugu Karnali Hydropower Project (MKHP) near Gamgadhi are ongoing.

BPC holds 16.88% shares in Himal Power Ltd. (HPL), operating 60 MW Khimti-1 Plant. As per the PPA, 50% ownership is now being transferred to NEA, after which a new company will be formed. PPA terms for Khimti-1 will also be restructured. BPC additionally holds shares in Hydro Lab Pvt. Ltd. (HLPL), specializing in hydraulic model studies, sediment analysis, and efficiency measurements. Its subsidiary, Nepal Hydro & Electric Ltd. (NHE), provides design, manufacturing, installation, testing, commissioning, and repair of HM and EM equipment. Hydro-Consult

Engineering Ltd. (HCE), established by BPC in 2009 has been providing competitive engineering consulting services for water-resource infrastructure, offering investigation, design, and development support for hydropower projects in Nepal and abroad.

BPC has adopted integrated management system with certification of ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) since 2005 and OH&S 45001:2018 (Occupational Health and Safety Management System) since 2014, recognized by the Certification Body, DNV GL (Det Norske Veritas). The company has been recognized as the best-managed company in Nepal's hydropower sector and has repeatedly won national Best Presented Annual Report (BPA) awards. It also received the International Blue Planet Award 2005 from the International Hydropower Association, UK.

BPC remains committed to operational excellence, good governance, corporate citizenship, and creating value for its stakeholders.

## CORPORATE INFORMATION

**Name:** Butwal Power Company Limited

**Registration Number:** Pa. Li. No. 3-049/50

**Date Incorporated:** 29 December 1965 (2022/09/14 BS)

**Date Converted into a Public Limited Company:** 17 February 1993 (2049/11/06 BS)

**Date Privatised:** 3 January 2003 (2059/09/19 BS)

**Registered/ Corporate Office:** Gangadevi Marga-313, Buddha Nagar, Kathmandu, Nepal

**PAN /VAT Number:** 500047963

**Bankers:** Standard Chartered Bank Ltd., Himalayan Bank Ltd., Laxmi Sunrise Bank Ltd., NIC Asia Bank Ltd., Sanima Bank Ltd., Kumari Bank Ltd., Nepal Investment Mega Bank Ltd.

**Statutory Auditor:** PL Shrestha & Co., Chartered Accountants

**Internal Auditor:** Joshi & Bhandary, Chartered Accountants

**Stock Exchange Listing:** Nepal Stock Exchange (NEPSE), Code BPCL

# Vision, Mission and Values



## VISION

"To be a leading enterprise in Power Sector with excellence in providing innovative and quality products and services to meet the growing demand for efficient and clean energy."



## MISSION

- ▶ To be a competitive clean energy developer and an electric utility.
- ▶ To secure sustainable performance of our investments.
- ▶ To be committed to protect the environment.
- ▶ To practice corporate social responsibility by serving the communities where we do business.
- ▶ To provide a safe, healthy and fulfilling work environment for our employees.
- ▶ To maximize value for all stakeholders.



## VALUES

- ▶ **Customer focus** - We seek to understand the customers' needs and strive to deliver the best as professionals.
- ▶ **Transparent** - We are transparent in our business and financial transactions.
- ▶ **Proactive** - We explore and look for solutions, opportunities, partnerships to improve our business.
- ▶ **Teamwork** - We work together with mutual respect and trust to achieve results.

# Strategic Goals of the Company

To become the industry leader and achieve operational excellence, BPC has embraced the following Strategic Goals:

- ▶ **Continuous focus on a strong financial performance** in terms of reasonable return on investment through maximizing the use of financial capabilities in terms of asset utilization, optimized resources utilization, risk management, and the diversification of the company's investment portfolio in other business areas.
- ▶ **Expand the businesses** mainly through the development and acquisition of power generation facilities in the sustainable green field of hydropower and in other renewable projects of mid and large-size for the domestic and cross-border markets, respectively.
- ▶ **Improve the business operation or increase productivity** through the prudent and dynamic management practices including timely organizational

restructuring, well-defined processes and the latest technologies that creates favourable environment for teamwork to enhance core competency and institutional memory.

- ▶ **Develop and strengthen workforce competency** to ensure excellence in performance through identification and development of skills and knowledge necessary for the company to succeed as a commercial enterprise, ensure right people in right roles and opportunity for career growth, instil customer-focused internal and external business relationship and manage and retain knowledge and expertise.

- ▶ **Efficient and optimum use of environmental resources** along with focus on improved occupational health and safety and continual improvement in the Quality and Environmental Management System.

# Ethical Principles

We strive to exercise the highest standards of ethics and conduct in our personal and business relations ensuring compliance to legal framework, fairness, integrity, honesty, and environmental impacts of our acts and the interests of stakeholders.

The BPC Code of Ethics applies to all its employees. Each individual at BPC is expected to behave according to the principles outlined in the Code and is expected to adhere

to its standards, guidelines and restrictions; avoid and discourage actions that would imply Company activities in violation to the Code. All members of BPC must promote and support the Code in their day-to-day business activities. We encourage seeking consultation and advice, as appropriate, from the available resources to ensure proper application of the BPC Code. Any breach of the Code may result in severe disciplinary action, including suspension or termination.

## The BPC Code

### 1. Abide by the applicable laws and regulations governing our business

- Comply with applicable laws and government regulations.
- Do business only with suppliers, clients, and partners that comply with legal requirements.
- Screen transactions against applicable rules.

### 2. Be honest, fair, and trustworthy in all business activities and relationship

- Uphold trust placed in us as professionals and ensure delivery of quality services that reflect professional capabilities.
- Provide competitive and equal opportunity to suppliers and contractors.
- Abide by special contract clauses agreed with any agency.
- Do not make any unauthorized substitutions after entering into contract without the written approval of the authorized representative of the party.
- Reject inappropriate pressure from clients or others.
- Protect proprietary and confidential information related to Company or employees.
- Be truthful and maintain accurate records.
- Adhere to internal control system, Company's policies, principles, and business processes.

### 3. Avoid conflicts of interest between work and personal affairs

- Use and process personal data for legitimate business purposes only.
- Do not use confidential information for personal gains.
- Do not divulge or provide "tip" on any price sensitive information to anyone including any friends and relatives.
- Do not engage in activities that adversely affect the Company's interest or line of business.
- Do not use Company property or opportunities encountered through use of Company property or by virtue of association with the Company or position for self-interest or to any third party.
- Self or members of the immediate family must not compete against the Company or use their position to influence or derive improper benefit for themselves or others.
- Do not accept or give extravagant gifts or entertainment from or to companies doing business with the BPC or group companies.
- Do not accept fees or felicitation in exchange of services provided on behalf of the Company.

**4.**  
**Foster an atmosphere in which fair employment practices are extended to every member of BPC**

- Employment decisions must be based on job requirement, qualification, and merit without regard to race, religion, nationality, sex, age, disability, or other characteristic protected by law.
- Provide a work environment free of harassment.
- Respect privacy rights of employees by protecting personal data. While seeking to maintain employee privacy, BPC reserves the right to monitor use of Company property including PCs, emails, phones, proprietary information etc. applicable as per law.
- Encourage and support professional development of employees and promote individual achievements and continuous learning in pursuit of Company's objectives and goals.

**5.**  
**Strive to create a safe workplace**

- Create and maintain a safe working environment.
- Comply with occupational health & safety rules and regulations.
- Manage risks to address the security of employees, facilities, information, assets, and business continuity.

**6.**  
**Strive to protect the environment**

- Comply with all applicable environmental laws and regulations.
- Prevent pollution and conserve water and energy.

**7.**  
**Corporate social citizenship**

- Maintain good relationships with neighbors and communities where we do business.
- Account for managing social impacts of our business activities in all business proposals.

**8.**  
**Practice a culture where ethical conduct is exemplified and valued by all employees**

- Identify and protect intellectual property.
- Respect copyrighted materials and other protected intellectual property of others.
- Follow BPC accounting procedures and ensure accurate accounting and financial reporting.
- Maintain accurate and updated accounts to appropriately reflect all business transactions transparently.
- Reject all unethical or illegal business practices.
- Remain committed to open and honest communication.
- Be responsible for keeping our professional knowledge up-to-date and sharing best practices.
- Deliver and welcome feedback on performance and conduct regularly, candidly and constructively.
- Nurture integrity, respect and teamwork.
- Build relationship with each other based on shared trust and confidence.

# Integrated Quality, Health, Safety and Environment Policy

BPC is committed to provide quality and competitive products and services to meet customers' expectations and to ensure health and safety at work by conducting business in an environmentally and socially responsible manner through:

- Continual improvement of Integrated Management System and business processes.
- Identification of occupational health and safety hazards and minimizing potential risks to prevent injury and ill health.
- Conservation and optimization in use of key resources, minimizing impact on environment and prevention of pollution.
- Effective preparedness and resource deployment to ensure minimal impact from emergency situations.
- Compliance with the applicable legal and other requirements.



- Qualified and trained workforce for effective implementation of QHSE management system.
- Effective communication of policy requirements with internal and external parties.
- Participation of business partners in implementation of QHSE management systems by making them aware of their obligations.

If required, periodic review of the policy is done so as to ensure its relevancy and appropriateness to the company.

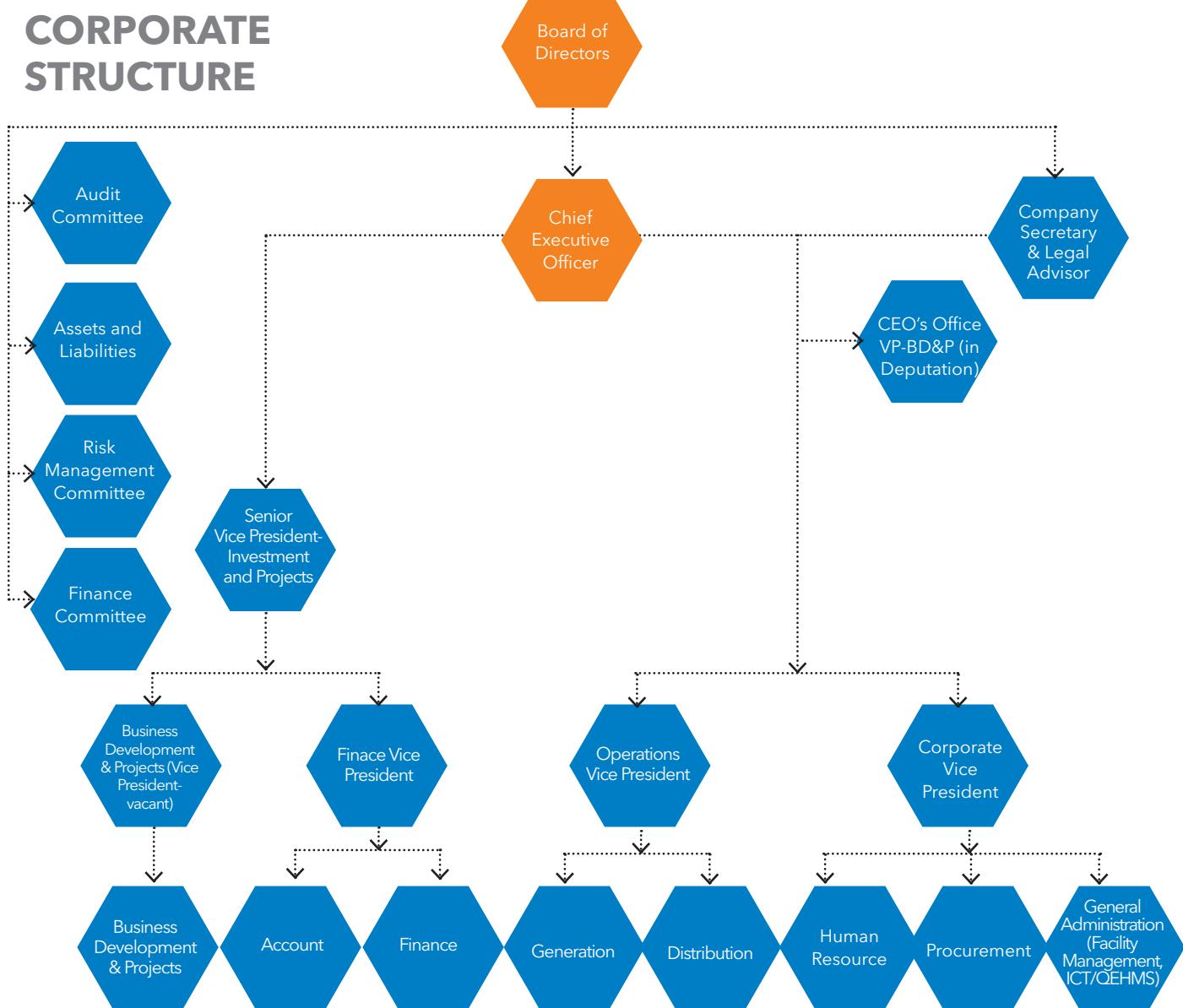


➤ EPC Contract Signing-Green Hydrogen Pilot Project

# Organisational Structure

BPC operates under a functional organizational structure that ensures a high degree of specialization, productivity, accountability, and specific job responsibilities. The Company is directly involved in electricity generation, transmission, and distribution, as well as business and project development. Once a Special Purpose Vehicle (SPV) is formed for a project, all the construction activities are carried out through that SPV. BPC's subsidiaries support the organization by providing engineering, manufacturing, operation, and maintenance services for hydropower projects as required.

The organizational structure comprises key departments: Operations, Business Development & Projects (BD&P), Finance, and Corporate. The BD&P and Finance departments report to the Senior Vice President- Investment & Projects, who then reports to the Chief Executive Officer (CEO). The Operations and Corporate departments report directly to the CEO. The CEO oversees the overall management of the Company and reports to the Board of Directors (BoD).



# Highlights of the Year



Total Revenue **NPR 733.79 million** and Net Profit **NPR 217.34 million** recorded.



Loan Agreement signed for the **135 MW Manang Marsyangdi Hydropower Project (MMHEP)** with the Export-Import Bank of China, Sichuan Branch.



Land acquisition for permanent structures, government land lease and tree cutting works completed for **MMHEP**.



**MMHEP** construction progress reached **30%**.



The consumer tariff under the **Andhikhola Distribution** revised and implemented.



PPA signed with NEA for **7.9 MW Chino Khola Hydropower Project (CKHP)**.



Government land replacement, and tree cutting works completed for **CKHP**.



Loan Facility Agreement signed with Everest Bank Ltd for debt of NPR 1,357.8 million for **CKHP**.



**EPC Contractor appointed** and the construction commenced for **CKHP**.



Construction ongoing for **37.6 MW Kabeli-A Hydropower Project (KHP)** with overall progress around **79%**.

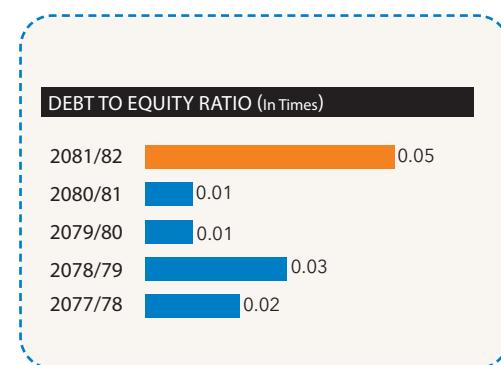
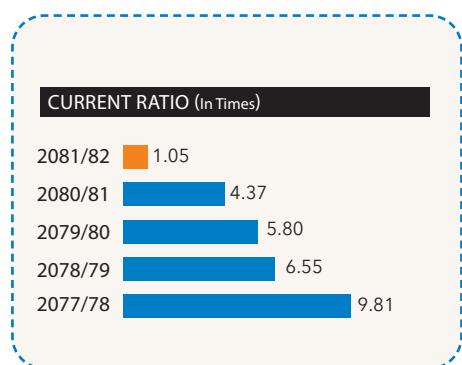
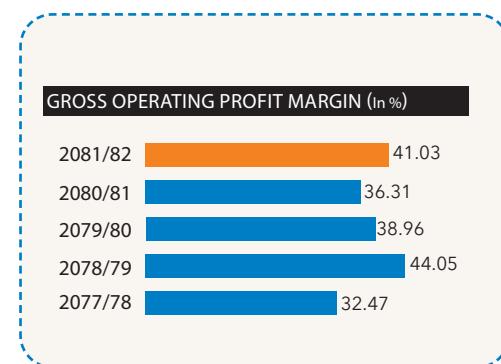
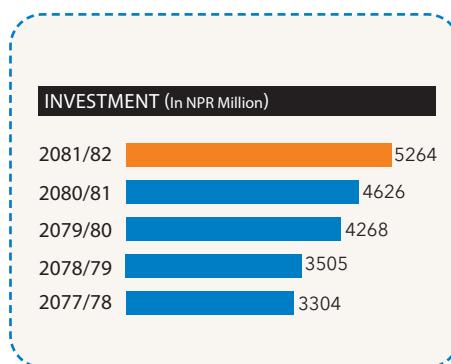
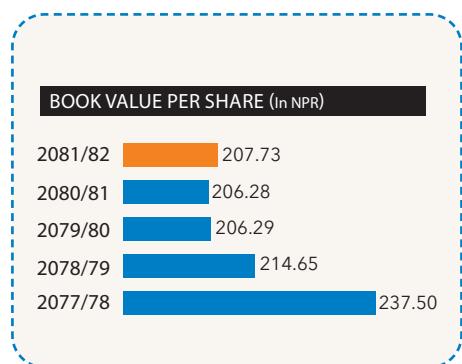
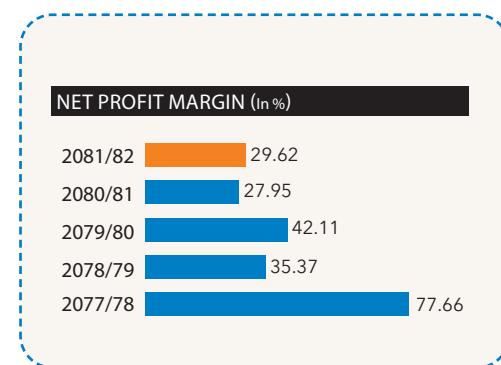
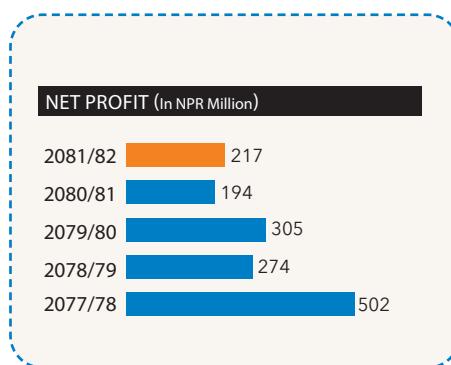
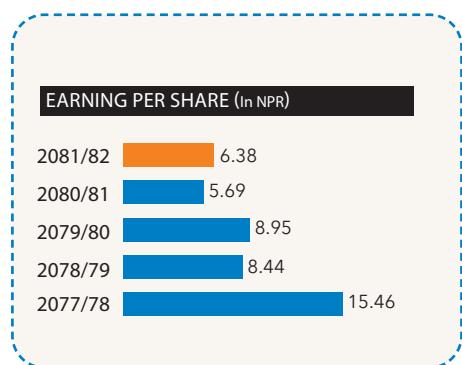
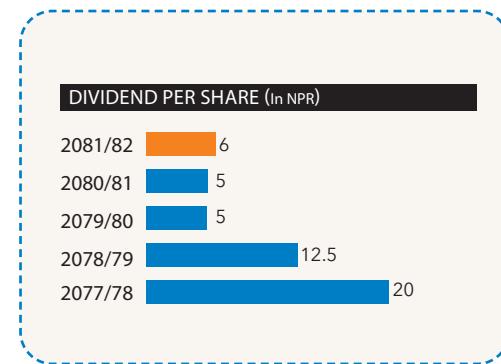
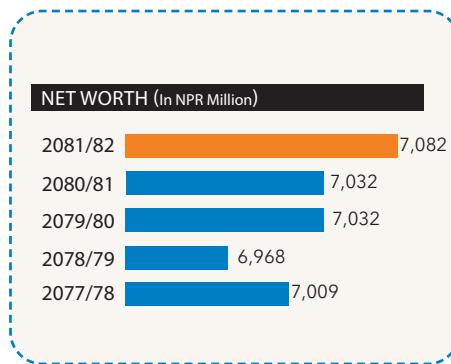
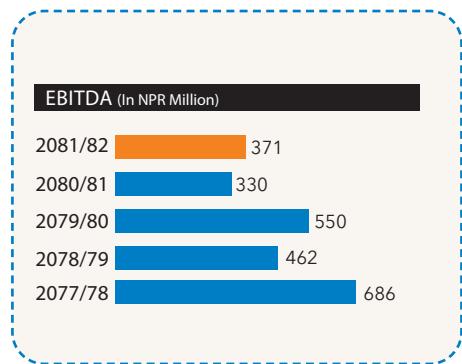


Survey License received for **33 kV transmission line** for power evacuation of **CKHP**.



**Green Hydrogen pilot project** initiated with financial support from the UK FCDO and implementation support from the World Bank.

# Financial Highlights



# Board of Directors





***From left to right:***

Mr. Bijay Bahadur Shrestha, Director  
Mr. Pradeep Kumar Shrestha, Director  
Mr. Padma Jyoti, Chairman  
Mr. Om Prakash Shrestha, Director  
Ms. Bina Rana, Director  
Mr. Tirtha Man Shakya, Independent Director  
Mr. Raju Maharjan, Director  
Mr. Sanjib Rajbhandari, Alternate Director

# Message from Chairperson



Nepal's energy landscape is evolving rapidly as the nation strives to harness its vast renewable energy potential and secure a sustainable future. Hydropower remains the backbone of the national energy system, contributing nearly 95% of total installed capacity, which is only a small fraction of Nepal's techno-commercially viable hydropower potential, highlighting significant untapped opportunities. Supported by its strategic geography and abundant resources, Nepal has progressed from energy import dependence to becoming a net exporter of electricity, exporting power worth over NPR 17.25 billion to India and Bangladesh in FY 2081/82. This achievement aligns with Government of Nepal (GON)'s Energy Development Roadmap, which targets 28,500 MW of generation by 2035, including 15,000 MW for export and 13,500 MW for domestic consumption.

This progress has unfolded amid a challenging macroeconomic and political environment, including nationwide youth-led protests in 2025 driven by governance and corruption concerns, issues which also have a bearing on investor sentiment. Although Nepal has long pursued liberal foreign investment policies, reluctance on foreign-currency PPAs, limited hedging mechanisms and less competitive project development agreement terms have held back the sector's attractiveness for foreign investors. Rising construction costs, currency depreciation

“ Our hydropower development target aligns with the Energy Development Roadmap of the Government of Nepal, which targets 28,500MW of generation by 2035. ”

and interest-rate volatility challenge financial viability of power projects. Meanwhile, growth in domestic electricity demand, reflected in over a 10% increase in consumption in FY 2024/25 encourages market expansion, with NEA signing 39 new PPAs totaling over 1,100 MW.

The hydropower sector continues to face critical challenges, including seasonal water variability, limited transmission infrastructure, and regulatory delays, which impact project development and constrain system reliability, particularly during the dry season. Climate-induced risks such as extreme floods and variable river flow further emphasize the importance of resilient and climate-adaptive infrastructure. Timely expansion of high-voltage transmission lines and cross-border interconnections, alongside long-term bilateral and trilateral power trade arrangements with India and Bangladesh, will be critical if Nepal is to realize its ambition of becoming a regional clean-energy hub. We believe that all these challenges can be faced and resolved with commitment and timely action.

Within this evolving context, Butwal Power Company (BPC) has continued to play a pivotal role in Nepal's power sector transformation. With the longest legacy of private-sector participation in hydropower, BPC's contributions extend well beyond generation to include project development, engineering services, distribution operations, institutional investment and plant maintenance. Even during challenging situations, BPC has achieved several important milestones in the field of project development and operation business. The financial closure of the 135 MW Manang Marsyangdi Hydropower Project with support from EXIM Bank of China marked a historic first for Nepal through an RMB-denominated hydropower loan. This has reinforced our confidence to advance the remaining Marsyangdi cascade projects despite challenges related to land acquisition and regulatory processes. We have successfully revised and implemented consumer tariffs under Andhikhola Distribution. We have also concluded the PPA for the 7.9 MW Chino Khola Hydropower Project, secured loan facilities from Everest Bank Ltd., and commenced its construction. In parallel, we have initiated a pilot Green Hydrogen project, supported financially by the UK FCDO and technically by the WB, reflecting our commitment to innovation and future-oriented clean energy solutions.

“With government support, strong partnerships, and a committed workforce, BPC actively contributes to Nepal's clean energy transition and expansion of its role in regional energy markets.”

BPC focuses on sound financial management to sustain its growth. By maintaining healthy cash flow and a balanced dividend policy, BPC strengthens investor confidence and enhances shareholder value. Completing the flagship projects will boost BPC's role in Nepal's power sector and bring lasting benefits to communities nationwide. With government support, strong partnerships, and a committed workforce, BPC actively contributes to Nepal's clean energy transition and expansion of its role in regional energy markets.

Finally, I extend my sincere gratitude to the Government of Nepal, our development partners, stakeholders, employees and our valued shareholders for their continued trust and support.

**Padma Jyoti**  
Chairman



▲ Tunnel-MMHEP

# Report from Board of Directors

## Dear Shareholders,

It gives us immense pleasure to present this Board of Directors' Report for the year 2025 at the Company's 33rd Annual General Meeting (AGM).

The Company performed satisfactorily in FY 2081/82. The performance of various business segments has been presented below under the respective headings.

## PERFORMANCE REVIEW

### Finance

The Company earned a gross profit of NPR 301.04 million in FY 2081/82, an increase of 19.53% over the previous year. Similarly, profit before interest and taxes has increased by 17.82% to NPR 266.03 million this year. The profit before and after taxes increased by 2.96% and 12.04% respectively. In FY 2081/82, the Company posted the net profit of NPR 217.34 million with earnings per share (EPS) of NPR 6.38. The financial highlights of the Company are summarized below.

(In million NPR unless specified)

Particulars	FY 2081/82	FY 2080/81	Variance (%)
Electricity sales to NEA	429.84	418.88	2.62
Electricity sales and services to consumers	297.49	268.95	10.61
Generation expenses	293.68	305.06	-3.73
Distribution expenses	139.07	136.73	1.71
<b>Gross profit</b>	<b>301.04</b>	<b>251.85</b>	<b>19.53</b>
Other income including dividend received	9.72	9.88	-1.59
Administrative and other expenses	132.23	124.85	5.91
<b>Profit before interest and taxes</b>	<b>266.03</b>	<b>225.80</b>	<b>17.82</b>
Finance income	14.13	46.82	-69.81
Finance cost	12.90	13.03	-0.99
<b>Profit before taxes</b>	<b>267.27</b>	<b>259.59</b>	<b>2.96</b>
<b>Net profit after tax</b>	<b>217.34</b>	<b>193.99</b>	<b>12.04</b>
Investment in other companies	5,263.79	4,626.03	13.79
Earnings Per Share (in NPR)	6.38	5.69	12.13
Total Net Worth (Equity)	7,081.53	7,032.15	0.70

### Group consolidated financial status for FY 2081/82 is as follows:

(In million NPR unless specified)

Particulars	FY 2081/82	FY 2080/81	Variance (%)
Revenue	4,715.19	2,990.34	57.68%
Cost of sales	-3,813.00	-2,235.73	70.55%
Gross profit	902.19	754.61	19.56%
Profit before interest and taxes	687.78	600.98	14.44%
Profit before tax	272.95	384.21	-28.96%
Profit after tax	202.33	308.96	-34.51%
Profit attributable to owners of parent	188.71	353.77	-46.66%
Profit attributable to non-controlling interest	13.62	-44.81	-130.40%
Earnings Per Share (in NPR)	5.54	10.38	-46.66%
Net Worth	8,165.80	7,523.32	8.54%

## OPERATIONS

### Generation Business

The Company has been operating two power plants, namely 9.4 MW Andhikhola Power Plant (APP) and 12 MW Jhimruk Power Plant (JPP). Both plants performed well in FY 2081/82. The total generation was 140,063 GWh, which is 4.71% more compared to 133,762 GWh in the previous fiscal year. Out of total generated energy, around 61.224% energy was supplied to NEA and the remaining to the distribution business.

The generation status of both power plants was as follows:

- APP generated 63,454 GWh during the year, with a plant factor of 76.85%, which is an increase of 1.65% (1.03 GWh) over the previous year. Out of total available energy, 23,872 GWh (34.96%) was supplied to NEA, including Kaligandaki compensation of 3,168 GWh, and 43,632 GWh (63.90%) was supplied to BPC distribution.
- JPP generated 76,609 GWh with a plant factor of 72.68%, which is a 7.39% (5,270 GWh) increase over last year. The plant also purchased 2,537 GWh of energy during the fiscal year. Of the total available energy, 66,384 GWh (83.875%) was supplied to NEA and 11,051 GWh (13.963%) was supplied to BPC Distribution.

### Distribution Business

During FY 2081/82, the total energy supply from the generation business was 54.68 GWh, which is about

8.19% more than that of last year. The number of consumers, electricity sales and the average electricity consumption have increased by 1.40%, 6.32% and 4.85% respectively compared to the previous year. The electricity sold to the retail consumers amounts to 45.92 GWh. In order to continue electricity supply to the consumers, the Company had to purchase electricity from NEA occasionally at a higher rate during peak hours and plant shutdown.

## SUBSIDIARIES AND ASSOCIATES OF THE COMPANY

### COMPANY'S INVESTMENT PORTFOLIO AT THE END OF ASHADH, 2082

The Company has made equity investments in the following companies, valued at cost and fair value in the table below:

### Advance towards share capital including incidental cost:

Name of company	Amount (NPR)
SCIG Int'l Nepal Hydro Joint Venture Development (P) Ltd.	144,000,000
Manang Marshyangdi HPC (P) Ltd.	394,473,628
Nepal Power Exchange Ltd.	20,000,000
Kabeli Energy Ltd.	622,730,300
Gurans Energy Ltd.	201,409,023
Nyadi Hydropower Ltd.	150,000,000
<b>Total</b>	<b>1,532,612,951</b>

Name of company	No. of shares	Holding (%)	Investment at Cost (NPR)	Investment at Fair Value (NPR)
Himal Power Ltd.	2,978,502	16.88	434,931,461	738,644,373
Nepal Hydro & Electric Ltd.	858,960	51.30	71,580,000	-
Khudi Hydropower Ltd.	504,000	60.00	50,400,000	-
Khudi Hydropower Ltd. (Preference Share)	576,000	70.55	57,600,000	-
Nyadi Hydropower Ltd.	10,751,453	71.68	1,075,145,300	-
Kabeli Energy Ltd.	2,966,860	27.24	296,686,000	-
Hydro-Consult Engineering Ltd.	147,231	100.00	42,991,260	-
Manang Marshyangdi HPC (P) Ltd.	20,42,736	19.40	204,273,600	
BPC Services Ltd.	100,000	100.00	10,000,000	-
Hydro Lab (P) Ltd.	10,000	16.64	1,000,000	45,545,121
Himtal Hydropower Co. (P) Ltd.	601,300	23.23	789,700,830	
Marshyangdi Transmission Co. (P) Ltd.	6,406	19.40	10,346,245	
Gurans Energy Ltd.	3,319,836	100.00	331,983,600	-
SCIG Int'l Nepal Hydro Joint Venture Development (P) Ltd.	760,000	20.00	93,520,876	-
Chino Hydropower Ltd.	1,820,000	65.00	182,000,000	
<b>Total</b>	<b>27,443,284</b>		<b>3,652,159,172</b>	<b>784,189,494</b>

## SUBSIDIARY AND ASSOCIATES' OPERATING POWER PLANTS

**Nyadi Hydropower Limited (NHL)** operates 30 MW Nyadi Hydropower Plant, which came into operation in May 2022. Due to delays in NEA's 220 kV Marsyangdi Corridor transmission line and Khudi Substation, power evacuation has relied on temporary arrangements and contingency dispatch, preventing optimal generation. NHL supplied 109.639 GWh in FY 2081/82, which is only 65.05% of its Annual Contract Energy of 168.55 GWh. The company generated revenues of NPR 646 million, incurring a net loss of NPR 88 million.

**Khudi Hydropower Limited (KHL)** owns and operates the 4 MW Khudi Power Plant, which began its operation in FY 2063/64. The power plant has been operating normally during this year. The company generated revenue of NPR 84.80 million in FY 2081/82, a 4.37% increase from the previous year, and earned a net profit of NPR 24.95 million.

**Himal Power Ltd. (HPL)** owns and operates the 60 MW Khimti-I Hydropower Plant (KHP). As per the terms of the previous 20-year PPA, HPL's equity interest in KHP has been diluted to NEA by 50% as of July 2020. Since then, KHP has been operating under an interim PPA until

The Company received dividend income of NPR 43.96 million in FY 2081/82 from the following subsidiaries:

Name of Company	Dividend Amount received in NPR
Khudi Hydropower Limited-Preference Shares	16,963,200
Hydro-Consult Engineering Limited	6,000,000
Nepal Hydro & Electric Limited	20,046,695
BPC Services Limited	950,000
<b>Total</b>	<b>43,959,895</b>

a final PPA is agreed with NEA. As mandated by BPC's Extraordinary General Meeting (held on Kartik 21, 2082), BPC has initiated the process to purchase all the shares of HPL held by Statkraft Holding Singapore Pte. Ltd., Singapore and Eviny AS, Norway.

## ENGINEERING AND OTHER SERVICES

**Hydro Consult Engineering (HCE)**, a fully owned subsidiary company of BPC has been performing well by offering top-notch consulting engineering services to numerous hydropower projects both domestically and abroad. HCE is also in the process of business diversification in other infrastructure sectors.

### The financial performance highlights of the Subsidiaries and Associate Companies are:

Name of Company	Net Profit (Million NPR)	Increase (Decrease) in Net Profit/loss	Share Capital (Million NPR)	Net Worth (Million NPR)	EPS (NPR)	Net Worth Per Share (NPR)
Himal Power Ltd.	(13.27)	-88.35%	1,764.14	4,374.93	(0.75)	247.99
Nepal Hydro & Electric Ltd.	69.54	-18.46%	167.44	483.38	41.53	288.70
Khudi Hydropower Ltd.	24.96	-40.74%	84.00	222.57	29.71	264.96
Kabeli Energy Ltd.	(3.15)	-868.29%	700.00	1,936.39	(0.45)	276.63
Nyadi Hydropower Ltd.	(93.36)	-51.56%	1,500.00	1,020.85	(6.22)	68.06
Hydro-consult Engineering Ltd.	18.85	145.44%	14.72	181.90	128.06	1,235.73
BPC Services Ltd.	0.54	-23.94%	10.00	15.62	5.40	156.20
Hydro Lab (P) Ltd.	32.60	-15.65%	6.01	277.03	542.43	4,609.48
Gurans Energy Ltd.	(0.18)	-97.65%	829.96	510.65	(0.02)	61.53
SCIG International Nepal Hydro Joint Development Co. Pvt. Ltd.	10.80	-586.49%	1,706.72	1,593.37	0.63	93.36
Manang Marsyangdi Hydropower Company Pvt. Ltd.	47.76	211.34%	4,336.02	4,449.87	1.10	102.63
Marsyangdi Transmission Company Private Ltd.	(0.05)	0.00%	3.30	43.03	(1.52)	1,303.94
Himtal Hydropower Company Private Ltd.	11.50	-46.93%	1,283.19	1,305.83	0.90	101.76
Chino Hydropower Ltd.	0.16	NA	182.00	182.58	0.09	100.32

**Nepal Hydro & Electric Limited (NHE)**, a subsidiary of BPC, manufactures and refurbishes hydro-mechanical equipment and is the leader in repairs of electromechanical equipment in Nepal. The other product range includes HV sub-stations, transmission towers, poles and heavy structures like steel bridges.

**Gurans Energy Limited (GEL)**, an investment company, is a fully owned subsidiary of BPC. GEL has invested in KEL.

**BPC Services Limited (BPCSL)**, a fully owned subsidiary company, was established to provide operation and maintenance services to the power plants and interconnection facilities. The company aims to offer its operation and maintenance services to the various power plants.

**Hydro Lab Pvt. Ltd.**, an associate company, has been conducting physical hydraulic model studies, sediment studies, and associated research for water resources development projects. The company has also provided services in geological testing & investigation, and numerical modelling services.

## PROJECTS

### Kabeli-A Hydroelectric Project (KAHEP)

Kabeli Energy Limited (KEL), an SPV of BPC, was formed to develop the 37.6 MW Kabeli-A Hydroelectric Project in Panchthar District. As mandated by BPC's Extraordinary General Meeting (held on Kartik 21, 2082), BPC has initiated the process of selling all its shares of KEL.

### Marsyangdi Cascade Projects (MCP)

Marsyangdi Cascade Projects (MCPs) comprise three PROR projects; 135 MW Manang Marsyangdi Hydroelectric Project (MMHEP), 139.2 MW Lower Manang Marsyangdi Hydroelectric Project (LMMHEP) and 327 MW Upper Marsyangdi-2 Hydroelectric Project (UM2HEP) with combined installed capacity of 601 MW. Aligning of all three projects into a cascade system, redesigning the projects as PROR, updating feasibility study and completing supplementary EIAs, investigations and resource optimization of MCPs have been carried out. These projects are being implemented through separate SPVs, jointly with the Chinese partners namely SCIG International Ltd., Xingcheng International Investment Co. Ltd. and QYEC International Co. Ltd.

After the financial closure with China EXIM Bank in November, 2024 based on debt equity ratio of 80:20,

MMHEP's construction has begun under EPC modality, and its physical progress is around 30% as on November, 2025. MMHEP is expected to complete by 2027.

LMMHEP has achieved four pre-construction milestones: project optimization at 139.2 MW, amendment to the Generation License as per the optimized capacity, signing of PPA with NEA, and approval of EIA and Supplementary EIA, and establishment of the project company in joint venture with the Chinese partners with the approval of IBN. The remaining key milestones of LMMHEP are the transfer of its Generation License to the project company, achieving the financial closure, completing the private land purchase and government land lease arrangement, and appointment of contractor to start its construction works.

UM2HEP has achieved four major milestones: optimization at 327 MW as PROR after getting the Survey License, approval of EIA and Supplementary EIA, approval of DPR by IBN, and signing of Connection Agreement with NEA. The key milestones to start its construction are concluding PDA with IBN and PPA with NEA, achieving the financial closure, completing the private land purchase and government land lease, and appointment of contractors. Application for PDA has been submitted to IBN and the draft PPA is in the process.

The power generated by the MCPs will be evacuated through the 220 kV Marsyangdi Corridor Transmission Line being constructed by NEA. MMHEP and LMMHEP will be interconnected at the Manang Switching Station in Manang District, while UM2HEP will be interconnected at the Khudi Hub in Lamjung District. Each project will construct its own 220 kV transmission line up to the respective interconnection point.

### Chino Khola Hydropower Project (CKHP)

7.9 MW Chino Khola Hydropower Project (CKHP), a RoR project located in Manang District and being developed through a subsidiary company Chino Hydropower Limited (CHL), has begun its construction through an EPC Contractor QYEC Construction Pvt. Ltd. after getting the Generation License transferred from BPC, signing PPA with NEA, and getting debt financing from Everest Bank Limited under 75:25 debt equity arrangement. The construction works of CKHP has been affected to a certain extent due to stuck up of essential equipment and construction materials at China border due to the collapse of the Miteri Bridge at Rasuwagadhi. The physical construction progress is around 15%.

### **Mugu Karnali Hydropower Project (MKHP)**

BPC obtained the Survey License for the 159.62 MW Mugu Karnali Hydropower Project (MKHP) in 2074. Following the completion of pre-feasibility and detailed feasibility studies, the project capacity was optimized to 173.47 MW. However, the EIA process could not commence as government approval for the revised capacity is still pending. The approval has also been delayed due to boundary overlap issues with the downstream Mugu Karnali Storage Hydropower Project (MKSHP) being developed by Vidyut Utpadan Company Ltd. (VUCL).

### **Jhimruk Solar Project**

BPC conducted the feasibility study for the 7 MW Jhimruk On-Grid Solar Project after receiving the Survey License from DOED in 2022. The license was later amended to increase the project capacity to 10 MW to meet NEA's requirements for the competitive bidding process announced in 2024. Although BPC was not awarded the project due to lower tariff offers from other bidders, the Company remains committed to participating in future bidding rounds and pursuing this project.

### **Innovation**

As part of its growth strategy, BPC continuously identifies and evaluates new energy projects and related business opportunities for future growth. Green Hydrogen has emerged as a key area in the global transition toward clean energy and reduced carbon emissions. As a leading private energy company, BPC is initiating a pilot project to gain knowledge and develop capacity in Green Hydrogen technologies. A 50 kW Green Hydrogen Pilot Project is being built at the Jhimruk Hydroelectric Centre, Pyuthan, with financial support from the UK Foreign, Commonwealth & Development Office (FCDO) and implementation support from the World Bank.

### **CORPORATE GOVERNANCE**

BPC is committed to ethical business practices and strong corporate governance, maintaining stakeholder trust through integrity, transparency, and alignment with our Vision, Mission, and Values. We publish annual Corporate Governance Report (CGR) outlining Board activities, performance, internal controls, and risk management. Our corporate values framework, including our vision, mission, core values, business principles, and codes of governance and ethics guides all employees and Board members in ensuring ethical conduct, legal compliance, fairness, and responsible consideration of the environment and stakeholders. The required governance reports are submitted to regulators on time, and the CGR is presented separately in the Annual Report.

### **Board and its Committees**

During the year, Mr. Bijaya Krishna Shrestha resigned as Director on Magh 16, 2081 (January 29, 2025) and Mr. Bijay Bahadur Shrestha was appointed in the vacant position. The Board has set up three committees Audit Committee, Risk Management Committee and Assets & Liabilities Committee as per the statutory and regulatory requirements, and two other committees, namely Marsyangdi Cascade Committee and Operation and Maintenance Committee, as per the business needs of the Company. The details of the shareholding pattern, the Board and its committees are disclosed in the CGR.

### **Shareholding Structure of the Company**

The shareholding structure of the Company has been incorporated in the CGR. The company had 50,791 shareholders at the end of FY 2081/82. We are honored to have the trust and confidence of such a large number of shareholders.

### **Management**

The Company is managed by a team of professionals led by the CEO Mr. Uttar Kumar Shrestha, who possesses a long management experience in the energy sector. Mr. Shrestha has successfully led the Company's management for the past eleven years. The company employs 168 people, with 17 in management positions. Employees have been covered by medical and accidental insurance policies. Management has improved its performance during the fiscal year 2081/82 by completing major tasks in accordance with the Company's vision, mission, and values under the strategic direction of the BoD and Board Committees.

### **Quality, Environment and Occupational Health and Safety Management System**

The Company has been certified with ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), and ISO 45001:2018 (Occupational Health and Safety Management System) under the Certification Body; DNV (Det Norske Veritas), India.

### **Industrial and Business Relations of the Company**

BPC actively engages with stakeholders and is committed to strengthening relationships through seminars, training programs, meetings, and CSR initiatives. The Company is an institutional member of several key organizations, including the Federation of Nepalese Chamber of Commerce and Industries, Independent Power Producers' Association Nepal, Nepal Hydropower Association, Confederation of Nepalese Industries, International Center for Hydropower (Norway), Energy

Development Council, Nepal Tunneling Association, and the Management Association of Nepal.

As one of the leading hydropower companies in Nepal, BPC has built strong partnerships with international agencies such as IFC, the World Bank, UK FCDO, NORAD, Statkraft AS (Norway), and SCPHI (Canada) to support various aspects of energy development in Nepal. In addition, the Company has collaborated with three leading Chinese firms; Sichuan Provincial Investment Group Co. Ltd. (SCIG), Chengdu Xingcheng Investment Group Co. Ltd. (CXIG), and Qing Yuan Engineering Consulting Co. Ltd. (QYEC) for the development of the three Marshyandi Cascade Projects.

### Enterprise Risk Management

Risk management is an integral part of business initiation, decision, and implementation. A well-defined Risk Management System has been implemented in the Company and continually evaluates and monitors the risks at different levels of management to ensure that the risks are properly managed. The Risk Management Committee monitors and guides Management and recommends the Board to ensure efficient risk management in the Company.

### Internal Control and Accountability

The Company has implemented an internal control and accountability system. The Audit Committee and the Board oversee the control environment and ensure accountability. Internal and external ISO audits are done periodically for continual improvement and implementation of the management systems. Additionally, an independent auditor periodically conducted internal audits for the assessment of internal control and risk management of the Company. The recommendations of the internal auditor and the decisions of the Audit Committee have been implemented. M/s Joshi & Bhandary, Chartered Accountants conducted the internal audit of the Company for FY 2081/82.

### Statutory Audit

M/s P.L. Shrestha & Co., Chartered Accountants audited the books and accounts of the Company for FY 2081/82. The auditor has issued an unqualified report of financial statements of the Company.

### THE SUMMARY OF ANNUAL SHARE TRANSACTION HIGHLIGHTS OF THE COMPANY

Year	Max. Price	Min. Price	Closing Price	Transaction Days	Transaction (Nos)	Volume of Transaction (in thousand)	Turnover Amount (In million)
2081/82	960.6	397	957.3	231	139,942	33,401.28	21,183.93
2080/81	324	284.4	310	229	24,393	3,569.49	843.99

### Shareholders' Suggestions and Communication

The recommendations from shareholders have been considered in good faith and implemented in accordance with their merit and the Company's business interest. The Company's quarterly reports, abridged reports, annual report, and AGM minutes are uploaded to its website and available for all shareholders. Shareholder suggestions for ongoing improvements are encouraged and welcomed by the company.

### Share Registrar and Share Transactions

Nabil Investment Banking Ltd, Narayanchaur, Naxal, Kathmandu has been the share registrar of the Company since Shrawan 01, 2077. There is no case of share forfeiture and share buyback during the year. The summary of the annual share transaction of the company is as below:

### Related Party Transactions

The Company conducts transactions with subsidiaries at arm's length prices, as per industry best practices and prevailing laws. The notes to the financial statements for FY 2081/82 include information on all major transactions the Company made with its subsidiaries and affiliated businesses.

### Business Environment and Investment Climate

Nepal's vast water resources, year-round solar exposure, and clean water availability provide significant potential for clean energy generation. However, the present hydropower generation is only 3591 MW, which is about 8% of the national hydropower potential. Other renewable sources contribute minimally, with 6 MW from bagasse and 125 MW from solar. Despite hydropower's central role in Nepal's development, the sector continues to face challenges such as wet-season energy surpluses, dry-season deficits, and low domestic demand driven by limited industrialization and digital infrastructure.

Since the adoption of a liberal and open-market policy in 1990, the hydropower sector has undergone significant transformation. Simplified procedures for licensing, registration, and private sector participation have enabled rapid growth in private investments. This shift has fostered competition among manufacturers, suppliers, and service providers, encouraging efficiency, innovation,

and improved customer choices. These reforms have laid a strong foundation for hydropower's expanding contribution to Nepal's energy landscape and overall economy. Independent Power Producers (IPPs) now supply 64% of total hydropower generation, and 82% of solar power generation.

In the last fiscal year, Nepal added 434 MW power generation, bringing the total installed capacity to 3591 MW. Peak system demand reached 2901 MW, while national peak demand was 2409 MW. Nepal Electricity Authority (NEA) remained a net exporter of electricity, recording 699 GWh in exports and generating NPR 4.5 billion in net income from exports. With more hydropower projects expected to come into operation in the coming years, NEA faces growing challenges in fully utilizing available capacity, resulting in production curtailment. New economic policies and expansion of transmission infrastructure are critical to increasing domestic consumption and exports. Under a tripartite arrangement with Nepal, India and Bangladesh, Nepal exports 40 MW of electricity, with additional exports under discussion. Surplus energy continues to be exported to India, averaging 1000 MW daily after meeting domestic demand. While the Dhalkebar-Muzaffarpur 400 kV line has enabled substantial cross-border trade, New Butwal-Gorakhpur 400 kV line is under construction. Similarly, work is underway to complete the 400 kV Inaruwa-Purnia and Dododhara-Bareilly transmission lines by 2030. Timely completion of these projects is essential to absorb surplus power, improve system reliability, and meet evolving domestic and regional needs.

New opportunities are emerging, including green hydrogen production, which could redefine Nepal's clean-energy future. Green hydrogen offers potential for decarbonizing industries such as steel, cement, and transport, and for producing sustainable fertilizers. While Nepal has a strong resource base, high costs to develop hydropower remain a barrier to commercial viability. BPC has initiated a Pilot Green Hydrogen Project near Jhimruk Plant, with financial support from the FCDO and implementation support from the World Bank.

Hydropower continues to remain central to Nepal's economic transformation, contributing through increased domestic consumption and growing export revenues. Addressing policy, infrastructure, and investment challenges, while harnessing innovation and emerging technologies, will be crucial for long-term energy security and sustainable development.

## THE YEAR AHEAD

The primary focus of BPC will be in making significant progress on the construction of MMHEP and CKHP projects to ensure timely completion and revenue generation. We will also work closely with our Chinese and banking partners to finalize the PDA and financial closure for LMMHEP. Efforts will be made to conclude the PDA negotiations and PPA process for UM2HEP.

Additionally, we will work with regulators and stakeholders to complete the sale of shares in KAHEP and purchase of shares in HPL. The Green Hydrogen Pilot Project shall be completed soon. The optimization of assets and fund management for equity investments in new projects shall be done.

## ACKNOWLEDGMENT

We are grateful to the Government of Nepal, Ministries and Departments, Electricity Regulatory Commission, Nepal Rastra Bank, Investment Board Nepal, Securities Board of Nepal, Nepal Electricity Authority, foreign partners, clients, contractors, vendors, suppliers, associate organizations, bankers, auditors, electricity consumers, and other stakeholders who have contributed, supported and provided valuable feedback towards the betterment of the Company in the FY 2081/82.

We thank the members of the Board Committees, the Management Team, and all employees for their dedication and contributions to the Company, and to our shareholders for the trust rendered to us.

On behalf of the Board of Directors

**Padma Jyoti**

Chairperson

# CEO's Perspective

Over the past six decades, BPC is growing gradually in Nepal's power sector alongside other players of hydropower development. The Company remains firmly focused on the timely execution of new projects, efficient operation of its generation and distribution businesses and diversification into energy-related business in line with global trends. We are committed to support the Government of Nepal (GoN) to attain its energy development targets under Energy Development

Roadmap 2081, despite challenges perceived in policy inconsistency, climate change impacts, political instability and evolving technological trends. During the planning and implementation of new hydropower projects, we continue to face enormous hurdles related to environmental approvals, tree cutting and land leasing, private land acquisition and compensation, often accompanied by unreasonable expectations of stakeholders.

Andhikhola and Jhimruk power plants operated normally, while Khudi Plant performed satisfactorily this year. Nyadi Hydropower Plant improved its generation compared to previous years, however it continued to incur revenue loss due to power evacuation constraints. Marsyangdi Corridor 220 kV Transmission has not yet been completed to facilitate smooth power evacuation of Nyadi plant.

Project development and construction activities made important progress during the year. The financial closure and commencement of construction of 135 MW Manang Marsyangdi Hydropower Project (MMHEP), PPA signing, financial closure and construction start of 7.9 MW Chino Khola Hydropower Project (CKHP) and the initiation of a Green Hydrogen pilot project with financial support from the UK FCDO and technical assistance from the World Bank are the key achievements in the year in review.

With the objective of maximizing assets and investing in new projects, we are initiating the acquisition of the entire shareholding of Himal Power Limited held by Statkraft Holding Singapore Pt. Ltd. and Eveny AS, and the divestment of our entire shareholding in Kabeli Energy Limited.



During the year, we have been able to implement tariff revision under Andhikhola Distribution for minimizing distribution loss. Despite this revision, the tariff is still lower than that of Nepal Electricity Authority (NEA), while the cost of operation is higher due to the rural nature of the distribution area. As a result, the sustainability of distribution business of the Company will continue to be loss-making in the coming years. In view of this, the process of transferring BPC's distribution business to NEA/GoN has been initiated and is being followed up accordingly.

Maintaining financial discipline remained a key priority throughout the year. Through focused cash flow management, optimized asset utilization, and a balanced approach to investment and shareholder returns, the Company has been able to maintain financial stability even during the period of uncertainty and national crisis.

Looking ahead, our focus remains on delivering tangible results and measurable outputs. In the coming year, BPC will prioritize preparatory works for LMMHEP to advance the project into construction. We expect that the construction progress of CKHP and MMHEP to remain in line with the planned schedule. PDA signing with MOEWRI, financial closure, contractor selection, land acquisition and design finalization for the commencement of LMMHEP construction are critical activities to be completed this year. Commissioning of the Green Hydrogen pilot project and mobilization of required funds for pipeline projects are also primary targets. We will continue efforts toward PPA signing with NEA, PDA signing with IBN and processing of Generation License for Upper Marsyangdi-2 HEP.

The Company will continue to amend its plans and policies to ensure the optimal utilization of its financial and human resources. Human resource effectiveness will be enhanced through motivation and training, guided by the outcomes of job analysis and identified knowledge gaps. Accountability and responsibility within the HR system will be closely interlinked to the performance evaluation system.

**“** The Company will continue to amend its plans and policies to ensure the optimal utilization of its financial and human resources. Human resource effectiveness will be enhanced through motivation and training, guided by the outcomes of job analysis and identified knowledge gaps. **”**

I am grateful and would like to extend my sincere thanks to the GoN bodies, NEA, partners, shareholders, bankers, auditors, and all other stakeholders for their invaluable support. Furthermore, I would like to extend my sincere thanks to the Board of Directors and its Committees for their continued guidance and support in pursuing the business of the Company. To conclude, I would like to thank my fellow executives and employees for their dedication and hard work.

Thank you.

**Uttar Kumar Shrestha**  
Chief Executive Officer

▼ Powerhouse,  
Control Building &  
Permanent Camp Under  
Construction-CKHP



# Corporate Governance Report

BPC follows a Corporate Value Framework that guides its core values, business principles, and governance practices. Upholding stakeholder trust is central to our commitment to ethical, transparent, and accountable operations. We ensure integrity in all dealings with shareholders, stakeholders and regulators, reinforcing trust through responsible business practices.

## SHARE OWNERSHIP STRUCTURE

The major shareholders of the Company and their shareholding is as follows:

Shareholder	% Holding
Government of Nepal (GoN)	7.42%
United Mission to Nepal (UMN)	1.37%
Nepal Electricity Authority (NEA)	0.86%
Shangri-La Energy Limited (SEL)	56.30%
IKN Nepal AS	1.58%
General Public (including employees)	32.47%
<b>Total</b>	<b>100%</b>

*The number of shareholders of the Company is 50,637 at the end of FY 2081/82.*

## BOARD OF DIRECTORS AND BOARD COMMITTEES

### Board of Directors

The Company is governed by the Board of Directors, which has formed Committees in line with the Companies Act, 2006 and Corporate Governance Guidelines, 2018. The Board has appointed a Management Team led by the CEO, with clearly defined roles for the Board, Committees, and Management. The Committees provide guidance and recommendations, while the Management Team executes operations under the Board's direction.

### Responsibilities of the Board

Adhering to the prevailing corporate governance standards, the role of the Board is distinct from that of the Management. The Board reviews and discusses the Company's performance, plans, major business

strategies, risk management, and other strategic issues. It also assumes accountability for overseeing the overall direction and management of Company affairs. All the Directors are obliged to act in good faith, prioritizing the best interests of the Company and recognizing their individual and collective responsibilities towards the shareholders.

The Chairperson is tasked with providing strategic direction and effective conduct of Board meetings by ensuring that Board members have sufficient information to make informed decisions on any agenda presented to the Board.

### Board Composition

The Company has seven Directors, and the position of one Director and one Independent Director is currently vacant. The Company's Directors are as follows:

Name	Position	Representation	Remark
Mr. Padma Jyoti	Chairperson	SEL	
Mr. Pradeep Kumar Shrestha	Director	SEL	
Mr. Bijaya Krishna Shrestha	Director	SEL	Resigned from Magh 16, 2081 (January 29, 2025)
Mr. Om Prakash Shrestha	Director	SEL	
Mr. Bijay Bahadur Shrestha	Director	SEL	Appointed from Magh 16, 2081 (January 29, 2025)
Mr. Raju Maharjan	Director	GON	
Ms. Bina Rana	Director	General Public	
Mr. Tirtha Man Shakya	Independent Director	Independent Director	
Mr. Sanjib Rajbhandari	Alt. Director	SEL	

*Mr. Hari Bahadur Budhathoki has been serving as Company Secretary.*

### Board Meetings

The Board has the practice of fixing its annual meeting calendar before the start of each FY. Altogether, 13

meetings (BOD No. 407 to 419) were held in FY 2081/82. To ensure adequate and active discussion on the agenda before coming to resolutions, the Board meeting notice, agenda, and agenda materials are communicated to the Directors well in advance of the meetings. The longest gap between meetings was 57 days and the shortest was 7 days. Attendance for the Board meetings was as follows:

Name	Designation	Meetings Attended
Mr. Padma Jyoti	Chairperson	12/13
Mr. Pradeep Kumar Shrestha	Director	10/13
Mr. Bijaya Krishna Shrestha	Director	4/13
Mr. Bijay Bahadur Shrestha	Director	10/13
Mr. Om Prakash Shrestha	Director	12/13
Mr. Raju Maharjan	Director	13/13
Ms. Bina Rana	Director	13/13
Mr. Tirtha Man Shakya	Independent Director	13/13
Mr. Hari Bahadur Budhathoki	Company Secretary	13/13

There was no case of postponement of the Board meeting due to lack of quorum. All the Board meeting minutes have been maintained separately. The Company has a Code of Conduct and Ethics, which applies to Directors as well. Directors have been providing their personal details to the Company within the deadline specified by the Companies Act, 2006.

### Fee and Allowances of Directors

The allowances of the Board members as approved by the 27th Annual General Meeting (AGM) held on Poush 24, 2076 are as follows:

1. The meeting fee for attending the meeting of the Board and the Committee formed by the Board is NPR 10,000 per meeting;
2. The transportation allowance is NPR 10,000 per month for Chairperson and NPR 8,500 per month for other Directors;
3. The information communication and technology allowance for all Directors is NPR 5,000 per month;
4. Allowance for special task assigned to the Board members if any, as decided by the Board on reasonable ground;
5. Travel allowances (TA) and Daily allowances (DA) - Actual expenses incurred for domestic travel and in case of foreign travel DA will be US\$ 150 except for India or actual expenses incurred as the case may be; and
6. Other facilities-Insurance (Group personal accident (GPA), and international travel) as decided by the Board.

The Company paid NPR 2,612,000 to Directors as meeting fees and allowances in FY 2081/82. Further, the Directors were covered under GPA insurance policy procured by the Company.

### Board Committees

The Company has three mandatory Committees: Audit Committee, Risk Management Committee, and Assets & Liabilities Committee as per the regulatory requirement, and two other Committees: Operation & Maintenance Committee, and Marsyangdi Cascade Projects Committee as per the business needs of the Company.

### Audit Committee

The Audit Committee comprised of three Board members. CEO and VPs attend the meeting of Audit Committee as management invitees and Company Secretary acts as Secretary of the Committee.

### Composition

Name	Position	Remarks
Mr. Pradeep Kumar Shrestha, Director	Chairman	
Ms. Bina Rana, Director	Member	
Mr. Bijay Bahadur Shrestha, Director	Member	Appointed as Director from Magh 16, 2081 (January 29, 2025)

*The Audit Committee had 3 meetings in FY 2081/82.*

The Audit Committee appointed M/s Joshi and Bhandary Chartered Accountants as an internal auditor for FY 2081/82 and recommended M/s P. L. Shrestha & Co. Chartered Accountants to 32nd AGM of the Company to appoint the Statutory Auditor for FY 2081/82. The Committee perused audit reports and financial statements of the Company and provided necessary guidance to the Management and recommended to the Board.

### Risk Management Committee

The Risk Management Committee (RMC) comprised of three Board members. The meeting of RMC is normally held quarterly. CEO, Chief Risk Officer (CRO), VPs, and Compliance Officer attend the RMC meeting as management invitees and Company Secretary act as Secretary of the RMC. The VP-Finance works as the CRO of the company.

**COMPOSITION**

Name	Position	Remarks
Mr. Bijay Bahadur Shrestha, Director	Chairman	Appointed as Director from Magh 16, 2081 (January 29, 2025)
Mr. Tirtha Man Shakya, Independent Director	Member	
Ms. Bina Rana, Director	Member	

The RMC had 2 meetings in FY 2081/82.

CRO submits the report to the RMC on a quarterly basis regarding the overall implementation of risk plans and processes by the management, along with the report on significant risks affecting the business or financial health of the company on a requirement basis. CRO reviews and monitors the risk register prepared by the management.

**Assets and Liabilities Committee**

The Assets and Liabilities Committee (ALC) comprised of three Board members. The meeting of ALC is held as per the need basis. CEO and VPs attend the ALC meeting as management invitees and Company Secretary acts as Secretary of ALC.

**COMPOSITION**

Name	Position	Remarks
Mr. Bijaya Krishna Shrestha, Director	Chairman	Resigned from Magh 16, 2081 (January 29, 2025)
Mr. Bijay Bahadur Shrestha, Director	Chairman	Appointed as Director and Chairman of ALC from Magh 16, 2081 (January 29, 2025)
Mr. Om Prakash Shrestha, Director	Member	
Mr. Raju Maharjan, Director	Member	

The ALC had 5 meetings in FY 2081/82.

The Committee reviewed the annual budget performance for FY 2081/82, scrutinized the Annual Budget for FY 2082/83, and the Physical Assets Verification Report prepared by the management.

**Marsyangdi Cascade Committee**

The Marsyangdi Cascade Committee (MCC) is a business Committee comprised of two Board members to advise and recommend the Board to develop strategies and take necessary decisions with regards to MCPs and provide necessary guidance to the management. The CEO attends MCC meetings as management invitee.

**COMPOSITION**

Name	Position
Mr. Pradeep Kumar Shrestha, Director	Chairman
Mr. Padma Jyoti, Chairman	Member

The MCC had no meetings in FY 2081/82.

**Operations and Maintenance Committee**

The Operation and Maintenance Committee (OMC) is comprised of three Board members. The meeting of OMC is held as per the need basis. The CEO and VP-Operations attend the OMC meeting as management invitees and the Company Secretary acts as the Secretary of the OMC. The Committee guides management to establish the power plants operation and maintenance services business as an independent business segment through BPC Services Limited, and review the operation, maintenance, and Asset Management Plan of JHP and AHP.

**Composition**

Name	Position
Mr. Tirtha Man Shakya, Independent Director	Chairman
Mr. Om Prakash Shrestha, Director	Member
Mr. Raju Maharjan, Director	Member

The OMC had 3 meetings in FY 2081/82.

**REGULATORY COMPLIANCE AND REPORTING**

The Company submitted the Compliance Report for FY 2081/82 to SEBON confirming that the Company has complied with the requirements as per the Listed Companies Corporate Governance Guidelines, 2074. Mr. Tika Ram Bhatta, VP- Corporate has been designated as the Compliance Officer of the Company.

The statutory reports have been submitted to the Electricity Regulatory Commission, Securities Board of Nepal, Nepal Stock Exchange Limited, CDS and Clearing Limited, Office of the Company Registrar, Medium Taxpayers' Office, Department of Industry, Department of Electricity Development and Labor Office in line with the reporting requirements prescribed by the prevailing laws and regulations on a timely manner.

**RELATIONS AND COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS**

BPC has prioritized timely communication with shareholders and stakeholders to ensure that key messages are consistently delivered. The Company believes that effective communication with shareholders is critical for them to have a clear assessment of the Company's performance. Feedback received during the 32nd AGM, which was held on Poush 28, 2081 (January 12, 2025), has been duly considered as potentially beneficial to the Company. The AGM was attended by 316 shareholders.



The notice of the 32nd AGM and Abridged Financial Report of the Company, the minutes of AGM, quarterly financial reports of the Company were published in newspapers and uploaded on the Company's website for the convenience of shareholders and other stakeholders. Any other information about the Company required to be disclosed under prevailing laws has been timely disseminated. BPC maintains a website where important information about the Company's activities and corporate matters is uploaded according to the requirement of the Right to Information Act, 2064 and Right to Information Rules, 2065.

## MANAGEMENT

The management performs and delivers the Company's business under the guidance of the Board and its Committees. Management is led by the CEO. A comprehensive report on key initiatives undertaken during the year, segment performance, five-year financial review,

achievement, and the future outlook is prepared and published in the Company's Annual Report. The total amount paid to the Company's Top Management (CEO, VPs, and Chief Manager-BD&P) in FY 2081/82 is NPR 21,879,541.

## HUMAN RESOURCE

The Company's foundation is its human resources. The total number of employees of the Company was 168 in FY 2081/82. A cordial relationship has been maintained with the Employees Union. The Company conducted a Labor Audit for the FY 2081/82 and submitted the report to the Labor Office. The Company carried out the Annual Performance Appraisal and Job Analysis of individual employees in FY 2081/82. The Company has effectively optimized the use of its existing human resources, including implementing job sharing and facilitating internal employee transfers. The personnel expenses for FY 2081/82 was 33.53% of the total expenses of the Company.



## SHARE REGISTRAR

NABIL Investment Banking Limited has been appointed and is working as Share Registrar of the Company effective from Shrawan 1, 2077.

## DIVIDEND DISTRIBUTION

The 32nd AGM had approved for distribution of 5% cash dividend from the net profit of FY 2080/81. The dividend was distributed as per the decision of Board and the approval of Ministry of Finance pursuant to Section 182(2) of the Companies Act, 2006.

## TRANSPARENCY AND DISCLOSURES

The Company follows the principle of operational transparency and makes all required disclosures. Information is shared with SEBON and the capital market through quarterly and annual reports for the benefit of shareholders

and stakeholders. Notes to the financial statements also include disclosures on related-party transactions, contingent liabilities, and other relevant details.

## RISK MANAGEMENT

The Company has implemented an Enterprise Risk Management System that identifies, assesses, plans, evaluates, controls, and monitors risks. Risks are regularly analyzed using a major-to-insignificant risk matrix, and suitable mitigation measures are applied as per Company policy. The Board's Risk Management Committee (RMC) oversees risks across all business units, with management reporting quarterly to the RMC and the RMC reporting annually to the Board on the overall risk plan. The Company has also secured insurance coverage from a reliable insurer to protect its personnel and assets.

## INTERNAL CONTROL AND ACCOUNTABILITY

BPC engages an independent audit firm for internal audits and operates through well-defined Financial, Procurement, and Personnel Manuals that outline roles, responsibilities, and authority. Regular meetings of the Board, its Committees, and management are held, and internal and external communication channels are clearly established. The Company has a well-defined risk management system. To ensure operational efficiency, accurate financial reporting, and legal compliance, independent auditors and consultants are hired, and the Audit Committee reviews internal audit reports and implements recommended improvements.

The statutory auditor reviews financial statements in line with NFRS and prevailing laws and issues the audit report. BPC has prepared IFRS/NFRS-compliant financial statements, including consolidated reports, since FY 2073/74. Both internal and statutory audits confirm no material weaknesses in internal controls and deem them adequate for reliable financial records. The Company maintains proper books of accounts in line with legal requirements and international accounting principles, accurately reflecting its financial position as of Ashad 32, 2082.

## SHAREHOLDING OF BOARD OF DIRECTORS IN BPC:

S. No.	Name	Designation	No. of shares held
1	Mr. Padma Jyoti	Chairman	138,517
2	Mr. Pradeep Kumar Shrestha	Director	18,768
3	Mr. Bijay Bahadur Shrestha	Director	33,947
4	Mr. Om Prakash Shrestha	Director	-
5	Mr. Raju Maharjan	Director	-
6	Ms. Bina Rana	Director	105
7	Mr. Tirtha Man Shakya	Independent Director	-
8	Mr. Sanjib Rajbhandari	Alt. Director	8,766

## TOP MANAGEMENT AND SENIOR EXECUTIVES

The CEO leads the overall management of the Company, while the Senior Vice-President/Vice Presidents/Function Heads lead the functional management. The names and designations of the senior executives are as follows:

S.N.	Name & Designation	Educational Qualification	Year of Experience	Remark
1	Mr. Uttar Kumar Shrestha, CEO	Chartered Accountant, M.B.A.	39 years	
2	Mr. Sanjaya Krishna Shrestha, Sr. VP-Investment & Projects	M.B.A.-Finance & Strategy, B.A. - Economics	24 years	
3	Mr. Pratik Man Singh Pradhan, VP-BD&P	M.S. (Hydropower Planning & Development and Civil & Environment Management)	31 years	Deputed to SINH as DGM
4	Mr. Radheshyam Shrestha, VP-Finance	Chartered Accountant, M.B.A.	45 years	
5	Mr. Tika Ram Bhatta, VP-Corporate	M.A.(Pol. Science), Master of Management Studies (M.M.S.)	44 years	
6	Mr. Prakash Kumar Shrestha, VP- Operations	B. Tec. (Electrical), M.E. (Electrical; Diploma), M.B.A.	31 years	
7	Mr. Ganesh Prasad Khanal, Chief Manager- BD & P	B.E. (Civil), M.B.A.	31 years	

BPC's internal control system focuses on safeguarding assets and providing timely risk-related reporting, covering financial, operational, and compliance controls. These controls support effective management and are vital for the Company's sustainable growth.

## CORPORATE SOCIAL RESPONSIBILITY

The Company carried out its Corporate Social Responsibilities (CSR) in accordance with the CSR Policy. Under CSR, the Company prioritizes the location and people where it carries out its business. The total contribution made by the Company for CSR in FY 2081/82 amounts to NPR 14.23 million, which is significantly more than the requirement prescribed by the Industrial Enterprises Act, 2020.

## ACCOUNTS AND AUDITING

The Company has adopted the NFRS and the books and accounts of the Company have been maintained as per the prescribed standards and in compliance with the applicable laws. The internal audit of the Company for FY 2081/82 was conducted by an independent audit firm, M/S Joshi & Bhandary, Chartered Accountants and M/S P.L. Shrestha & Co., Chartered Accountants conducted statutory audit and certifications of the Company.

## BPC'S REPRESENTATION IN ITS SUBSIDIARIES AND ASSOCIATE COMPANIES

The status of representation from BPC in the Board of Directors of its subsidiary and associate companies is as follows:

Company	Shareholding (In %)	Name	Position in Board
BPC Services Ltd.	100%	Mr. Uttar Kumar Shrestha Mr. Prakash Kumar Shrestha Mr. Radheshyam Shrestha	Chairman Director Director
Himal Power Ltd.	16.88%	Mr. Sanjib Rajbhandari Mr. Bijaya Krishna Shrestha	Director Alt. Director
Hydro Consult Engineering Ltd.	100%	Mr. Uttar Kumar Shrestha Mr. Tirtha Man Shakya Mr. Pratik Man Singh Pradhan Mr. Radheshyam Shrestha	Chairman Director Director Director
Hydro Lab (P) Ltd.	16.64%	Mr. Pratik Man Singh Pradhan	Director
Gurans Energy Ltd.	100%	Mr. Bijaya Krishna Shrestha Mr. Om Prakash Shrestha Mr. Uttar Kumar Shrestha	Chairman Director Director
Kabeli Energy Ltd.	27.24%	Mr. Pradeep Kumar Shrestha Mr. Padma Jyoti Mr. Om Prakash Shrestha Mr. Uttar Kumar Shrestha	Chairman Director Director Alt. Director
Khudi Hydropower Ltd.	60%	Mr. Bijaya Krishna Shrestha Mr. Om Prakash Shrestha Mr. Uttar Kumar Shrestha Mr. Radheshyam Shrestha Mr. Prakash Kumar Shrestha	Chairman Director Director Alt. Director Alt. Director
Nepal Hydro & Electric Ltd.	51.30%	Mr. Bijay Bahadur Shrestha Mr. Dinesh Humagain Mr. Uttar Kumar Shrestha	Chairman Director Alt. Director
Nyadi Hydropower Ltd.	71.68%	Mr. Om Prakash Shrestha Mr. Pradeep Kumar Shrestha Mr. Bijay Bahadur Shrestha Ms. Bina Rana Ms. Mandira Shrestha Mr. Sudip Man Shrestha Mr. Rajeev Sharma Mr. Uttar Kumar Shrestha Mr. Radheshyam Shrestha	Chairman Director Director Director Public Director Public Director Independent Director Alt. Director Alt. Director
S.C.I.G. International Nepal Hydro Joint Development Company (P) Ltd.	20%	Mr. Padma Jyoti Mr. Uttar Kumar Shrestha	Director Director
Manang Marshyangdi Hydro Power Co. (P) Ltd.	19.40%	Mr. Pradeep Kumar Shrestha Mr. Uttar Kumar Shrestha	Director Director
Himtal Hydropower Co. (P) Ltd.	23.23%	Mr. Uttar Kumar Shrestha	Director
Marshyangdi Transmission Co. (P) Ltd.	19.40%	Mr. Uttar Kumar Shrestha	Director
Chino Hydropower Limited	100.00%	Mr. Bijay Bahadur Shrestha Mr. Om Prakash Shrestha Mr. Amod Rajbhandari Mr. Uttar Kumar Shrestha Mr. Radheshyam Shrestha	Chairperson Director Director Director Alt. Director

## Brief Resume of the Board Members and Disclosures

### Mr. Padma Jyoti, 79

#### CHAIRPERSON



- B.Tech. in Mechanical Engineering from IIT Kanpur, India and S.M. from Sloan School of Management, Massachusetts Institute of Technology, USA
- More than 22 years of experience in hydropower along with 53 years of experience in industries and business operations

- Chairman Emeritus, Padma Jyoti Group
- Founder Promoter, Shangri-La Energy Ltd.
- Alternate Director, Salico Insurance Co. Ltd.
- Founder & Immediate Past President, National Business Initiative
- Chairman, Board of Trustees, Madan Bhandari University of Science & Technology (MBUST)

### Mr. Pradeep Kumar Shrestha, 65

#### DIRECTOR



- MBA from Tribhuvan University, Kathmandu, Nepal
- More than 22 years of experience in hydropower along with 40 years of experience in industries and business operations

- Managing Director, Panchakanya Group of Industries
- Honorary Consul, the Republic of South Africa
- Vice President, Confederation of Asia Pacific Chamber of Commerce & Industries
- Past President, Federation of Nepalese Chamber of Commerce & Industry (FNCCI)
- Director, Shangri-La Energy Ltd.
- Director, Scenic Housing

### Mr. Om Prakash Shrestha, 66

#### DIRECTOR



- B.E (Civil) from Punjab University, Chandigarh, India
- More than 14 years of experience in hydropower along with 37 years of experience in the field of construction management and trading

- Director, Arniko Nirman Co.
- Director, Interworld Trading

### Mr. Bijay Bahadur Shrestha, 69

#### DIRECTOR



- MBA in Finance and Marketing from the University of Delhi, India
- More than 22 years of experience in hydropower along with 39 years of experience in the export sector and more than 24 years of experience in the capital market, banking, financial and insurance sectors

- Director, Shangri-La Energy Ltd.
- Director, Snowlion Carpets (P) Ltd.
- Director, Nepal Lube Oil Ltd.
- Chairman, Nepal Hydro & Electric Ltd.
- Director, Nyadi Hydropower Ltd.
- President, Rotary Club of Himalayan Golfers

**Mr. Raju Maharjan, 52****DIRECTOR**

- B.E. (Electrical and Electronics Engineering) from Bangalore University, India, 1996
- M. Tech., Water Resources Development, IIT, Roorkee, India, 2006

- More than 28 years of experience in the engineering field with 26 years in energy and water resource sector
- Senior Divisional Engineer, Ministry of Energy, Water Resources and Irrigation, Government of Nepal

**Ms. Bina Rana, 66****DIRECTOR**

- Bachelor of Arts (BA) from Isabella Thoburn College, Lucknow University, India
- More than 35 years of professional experience in Banking and Consulting
- Over 28 years of experience (1987-2017) with Standard Chartered Bank Nepal Ltd., including 15 years as a member of the Management Committee and Head of the Human Resources and Corporate Affairs Functions.

- Managing Director, Humsikha Consultancy (P) Ltd since 2018
- Certified Coach, Neuro Leadership Institute (NLI)
- Advisory Board, Human Resources Society of Nepal
- President, Zonta Club of Kathmandu
- Conferred with the 100 Top Global HR Minds award at the World HRD Conference in February 2018
- Recognized as 'HR Manager of the Year 2012' in the country

**Mr. Tirtha Man Shakya, 72****INDEPENDENT DIRECTOR**

- B. E. (Electrical) Honors from Jadavpur University, Calcutta, India, 1975
- EMBA (Merit) from Kathmandu University, Dhulikhel, Nepal, 2003
- More than 35 years of experience in various positions in NEA including the position of General Manager, Transmission and System Operation
- More than 14 years of consulting services for NEA, Asian Development Bank (ADB), UNDP, Total Management Services (TMS), Jade Consultant

(P) Ltd. and others in the field of Organization and Management Study and Power System Development Projects

- Independent Director, Butwal Power Company Limited since 2019
- Director, Hydro-Consult Engineering Ltd. since 2023
- Member, Nepal Engineering Council
- Member, Nepal Engineers Association
- Life Member, Vice President, Society of Electrical Engineers Nepal (SEEN)
- Life Member, JICA Alumni Association Nepal (JAAN)
- Life Member, Executive Committee Member, The Shakya Foundation Nepal

**Mr. Sanjib Rajbhandari, 66****ALTERNATE DIRECTOR**

- Graduate from Mumbai University, India
- 36 years of experience in the IT sector
- Chairman, Mercantile Office Systems (P) Ltd.
- Chairman, Mercantile Communications (P) Ltd.
- Director, Pumori Agro Forestry Industries (P) Ltd.

- Director, Hits Nepal (P) Ltd.
- Director, Incessant Rain Studio (P) Ltd.
- Chairman, Info Developers Pvt. Ltd.
- Chairman, M Nepal (P) Ltd.
- Director, Serving Minds (P) Ltd.
- Director, Himal Power Ltd.
- Chairman, SR Investment (P) Ltd.
- Chairman, SS Investment (P) Ltd.





▲ Dam Construction-MMHEP

# Management Discussion and Analysis

## BUSINESS ENVIRONMENT

Nepal is endowed with abundant water resources, favourable topography, year-round sunshine, and clean water, offering significant potential for clean energy generation. However, installed hydropower capacity stands at about 3591 MW, only 8% of the country's feasible potential, including 6 MW of bagasse and around 125 MW of solar power. While hydropower is central to Nepal's development goals, the sector faces persistent challenges, including wet-season power surpluses, dry-season deficits, and low domestic demand due to limited industrialization and an emerging digital infrastructure.

The open market economy has encouraged private-sector investment in infrastructure, significantly increasing private participation in hydropower generation and fostering competition among manufacturers, suppliers, and service providers. Consumers have benefited from greater choice and efficiency. To manage surplus energy and strengthen the market, Nepal must boost internal electricity use in transport, agriculture, and households through supportive policies and network expansion, while advancing cross-border trade. Key milestones include agreements to export up to 10,000 MW to India over 10 years and 40 MW to Bangladesh. Storage, pump-storage, and solar projects in balanced proportions will further enhance system reliability. Under the GON's Electricity Roadmap, power generation and grid expansion are targeted through 2035, with internal consumption and exports rising steadily and NEA emerging as a net exporter again.

Despite progress in the energy sector, Nepal's broader business and FDI environment remains challenging. Political instability, policy uncertainty, and weak investor confidence have constrained sustainable economic growth. Public frustration has intensified, contributing to youth migration abroad, labor shortages, abandoned agricultural land, and rising dependence on imports, even as remittances support foreign currency inflows. Political unrest, including nationwide protests of the youth in 2025 against corruption and governance concerns, has further dampened investor sentiment. Reflecting these risks, the World Bank has sharply downgraded Nepal's growth outlook for FY 2025/26, highlighting the urgency

of transparent, predictable policies and secure investment conditions. Climate-related disasters have added to these challenges. Severe floods and landslides in mid-2025 damaged infrastructure, disrupted trade corridors with China, and affected several hydropower projects, underscoring growing climate risks to energy security and development.

While Nepal has strong potential for hydropower, solar energy, and even green hydrogen, market constraints persist. NEA, as the sole off-taker and grid owner, faces difficulties evacuating surplus energy, particularly if cross-border transmission expansion lags. Although Nepal has pursued liberal foreign investment policies, recent shifts; such as reluctance to sign foreign-currency PPAs, limited hedging mechanisms, and not favorable PDA terms have weakened the investment climate for foreign hydropower developers. Regulatory efforts are there to improve tariffs, approvals, and market competition, but timely expansion of high-voltage transmission and cross-border interconnections remains critical. Rising construction costs, currency depreciation, and interest rate volatility continue to affect project viability. During FY 2024/25, NEA signed 39 new PPAs totalling over 1,100 MW, while internal electricity consumption grew by more than 10% and imports from India declined. Emerging opportunities such as green hydrogen, currently being piloted by BPC, with financial support from FCDO and implementation support from the World Bank support could further transform Nepal's energy landscape, despite cost challenges.

Overall, hydropower remains the backbone of Nepal's development strategy. Addressing policy uncertainty, infrastructure gaps, climate risks, and investment constraints, while leveraging innovation and regional markets, will be essential for sustainable growth and long-term energy security.

## FINANCIAL PERFORMANCE

### Nepal Financial Reporting Standards Compliant Financial Statements

The Company and its subsidiaries have been preparing IFRS/NFRS-compliant financial statements from FY

2073/74 BS (2017) to meet the mandatory requirements of the Institute of Chartered Accountants of Nepal (ICAN).

## Financial Result

BPC's net profit stands at NPR 217.34 million this year with an increase of 12.04% compared to the previous year. Revenue from electricity sales and services also increased by 5.79% to NPR 733.79 million resulting in increase in the gross profit by 19.53% to NPR 301.04 million. Generation expenses decreased by 3.73% to NPR 293.68 million, which is mainly due to decrease in purchase of electricity from NEA. Distribution expenses however increased by 1.71% to NPR 139.07 million and the administrative expenses increased by 5.91% to NPR 132.23 million. Finance income declined significantly by 69.81% to NPR 14.13 million, which is mainly due to reduced fixed deposit placements to nil as funds were allocated to ongoing project investments.

The EPS increased to NPR 6.38 from NPR 5.69 last year, while the Company's net worth envisioned a marginal increase of 0.70% to NPR 7,081.53 million. Investments in shares of group companies has increased by 16.59% to NPR 634.43 million, mainly due to the investment in shares of KEL, MM, Chino and SCIG JVC.

## Net Financial Assets

Gross Capital investment in shares and projects is recorded at NPR 5,919.98 million in FY 2081/82, which comprises of equity investment in 15 companies and 4 projects in pipeline, including NHE, HCE, KHL, HPL, NHL, CHL, KEL, MMHEP, HHCPL, LMMHEP, MKP, and Solar project at Jhimruk.

## Intangible Assets

The tenure of the Service Concession Arrangement (license from GoN) of 9.4 MW Andhikhola and 12 MW Jhimruk Hydro Power Plants for generation, transmission and distribution shall be continued till Chaitra 2101 B.S. and Chaitra 2102 B.S. respectively. The net value of these assets stands at NPR 1,745.86 million as on 31st Asadh 2082 and have been treated as leasehold property.

## Group Consolidated Financial Statement

BPC holds 100% ownership in HCE, Gurans Energy Ltd., CHL and BPCSL, along with the majority holdings in NHL, NHE, KEL and KHL. Consolidated turnover recorded at NPR 4,715.19 million with an increase of 57.68%. Gross profit amounts to NPR 902.19 million with an increase

of 19.56% and profit from the operation is NPR 687.78 million with an increase of 14.44% compared to the previous year. However, the group Net Profit decreased to NPR 202.33 million compared to Rs. 308.96 million the previous year. The group earnings per share decreased to NPR 5.54, which was NPR 10.38 in the previous year. The net worth has increased by 8.54% compared to the last FY.

The financial statements of BPC and the consolidated group financial statements along with detailed notes are presented separately in this annual report.

## CONTRIBUTION TOWARDS NATIONAL ECONOMY

BPC contributes directly to national generation by operating two plants and investing in three others, accounting for about 1.62% of installed capacity and 2% of available energy. Through its distribution network in Syangja, Palpa, Pyuthan, and Arghakhanchi districts, BPC serves over 1.15% of national electricity consumers. In partnership with Chinese investors, BPC is also developing three cascade hydropower projects in the Marsyangdi Basin with a combined capacity of 601 MW and annual generation of around 3,500 GWh. Additionally, 55 MW of BPC's equity capacity is already in operation, with a further 302 MW planned for future development. Beyond generation and distribution, BPC has made long-term contributions to Nepal's energy sector by building technical, managerial, and institutional capacity over more than six decades. Its engineers, managers, and technical professionals, trained through its consulting, manufacturing, and project companies, are now leading hydropower projects across Nepal and abroad. Through sustained involvement in operations, distribution, and knowledge transfer, BPC continues to add value to the national economy well beyond its direct generation figures.

## GENERATION BUSINESS

The Generation Business unit is involved in overall operation and maintenance management of two hydropower plants-9.4 MW Andhikhola and the 12 MW Jhimruk Power Plants. During FY 2081/82, the total generation was 140.06 GWh. About 61.23% of the total available energy was supplied to NEA and 37.09 % to BPC distribution.

**Andhikhola Power Plant (APP)** generated 63.45 GWh with a plant factor of 76.85%, with an increase of 1.65% over the last year. The Plant purchased 4.821 GWh energy from NEA. Out of total available energy, 34.96% was supplied to NEA including Kaligandaki compensation and

63.90% was sold to BPC Distribution. APP maintained regular electricity supply to BPC Distribution and Local NEA by purchasing energy from NEA Grid during low river discharge and plant shutdowns.

**Jhimruk Power Plant (JPP)** generated 76.61 GWh with plant factor of 72.68%, with an increase of 7.39% over the last year. The plant purchased 2.537 GWh energy from NEA. Out of total energy available, 83.88% was supplied to NEA and 13.96% was sold to BPC Distribution. JPP also supplied electricity to BPC Distribution and Local NEA by purchasing energy from NEA Grid during low energy production and plant shutdowns.

## FUTURE PLANS AND PROGRAMMES

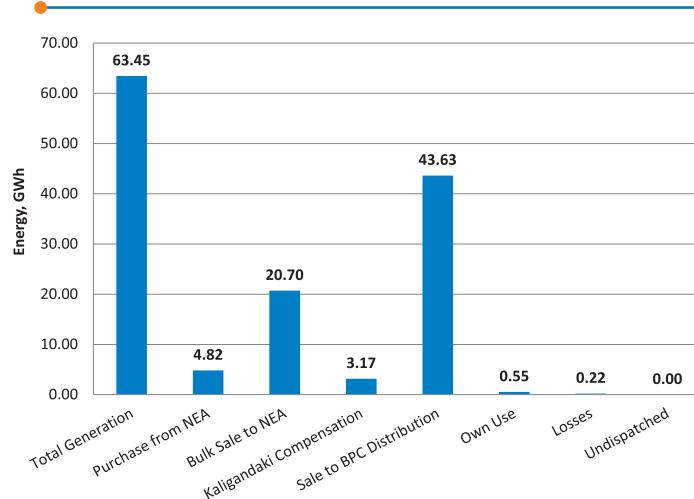
For FY 2082/83, planned generation is 69.35 GWh from JPP and 68.32 GWh from APP, considering average discharge, outages, and excess energy sales to NEA. The repair and maintenance of both power plants will be carried out as per the maintenance plan. Major maintenance at JPP is scheduled from Jestha to Bhadra to improve turbine efficiency and maximize the generation for the rest of the year. River training works and Social Uplifting programs in affected areas will be continued to optimize water use to increase generation.

## DISTRIBUTION BUSINESS

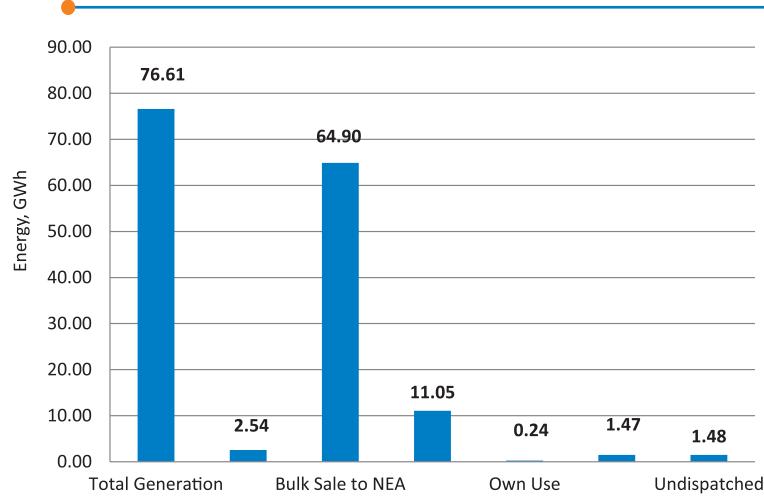
During FY 2081/82, the total energy purchased was 54.68 GWh which is more than that of last FY. The increase is due to an increase in the number of consumers this year by 1.40% and increase in average energy consumption per consumer by 4.85 % compared to previous year.

This year, 45.92 GWh of energy was sold to retail consumers and 0.05 GWh was consumed internally. The total sales has increased by 6.32% compared to last year. The reason for the increase in sales is the increase in the number of consumers and average energy consumption per consumer.

### Adhikhola Power Plant FY 2081-82



### Jhimruk Power Plant FY 2081-82



Out of 45.92 GWh, 74.77% was sold to metered consumers, 13.33 % to industrial consumers and 11.9 % to other consumers. All the cutout consumers were successfully converted into metered consumers. Compared to last year, there has been no significant change in energy consumption patterns across customer categories, except for industrial consumers. A comparison of energy sales to different categories of customers for FY 2080/81 and FY 2081/82 are as follows.

There has been an increase in the revenue generated this FY compared to last year. Total revenue (billed amount)

Category	Energy Sale (GWh)		Sale (%)	
	F2080/81	2081/82	2080/81	2081/82
Cutout	0.02	-	0.05%	0.00%
Domestic-Meter	32.75	34.33	75.84%	74.77%
Industry	3.09	6.12	7.17%	13.33%
Others	7.32	5.46	16.94%	11.90%
<b>Total</b>	<b>43.186</b>	<b>45.916</b>	<b>100.00%</b>	<b>100.00%</b>

this year was NPR 313.29 million, out of which 14.84% was from industry, 17.17% from other consumers, and 67.99% from metered consumers. Energy sales has increased by 6.32% whereas, revenue generation has increased by 10.63% compared to last year. The major reason for the increase in revenue was due to the increase in distribution tariff in Andhikhola Distribution Area.

### Loss Management/Minimization

The total energy loss this year was 8.72 GWh, which is almost 15.94% of the total purchase whereas the loss last year was 14.44%. Distribution loss has increased by 1.5% compared to last year, which is due to higher distribution consumption compared to last year. Further, loss minimization has remained the main priority of the management particularly for the past several years and firm efforts have been made to identify system loss and minimize it. For this purpose, complete metering in network was initiated and will be continued in the coming year, which will help to prioritize high loss areas for suitable means of reducing the loss in such areas.

### Consumer Growth

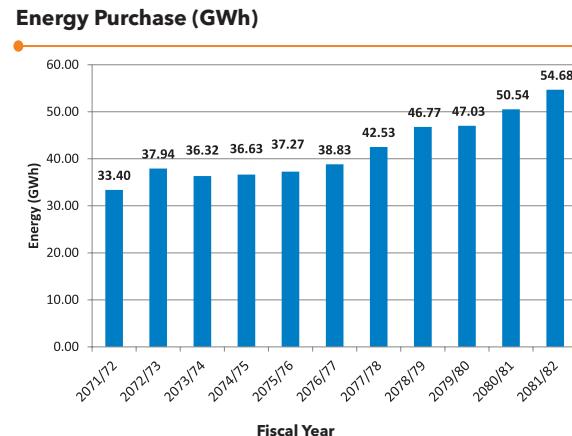
By the end of the fiscal year 2080/81, a total of 64,687 consumers have been electrified in the four districts marking an increase of 1.40% compared to last year. The number of consumers added this year is 895.

The consumers have been categorized into three types and their status is as given in next page.

System expansion for consumer addition was done through installation of new transformers of 11 kV & 33 kV increasing the installed capacity from 21,875 kVA to 24,140 kVA.

### Reliability Indices

The average service availability index in the distribution system this year was 97.22%, which is slightly less than last year.



### Customer Relations

Distribution business is committed to providing quality service to its customers. Customer feedback is collected on a regular basis, and grievances are addressed in accordance with the commitment. The average respond time per complain this year was within the time frame specified in the citizen charter. The total User Organizations this year is 116.

### Future Plans and Programs

As part of the system expansion, a total of 897 new consumers out of which 23 industrials, 82 other consumers and 792 metered consumers are planned for addition in the FY 2081/82 with the construction of 80.4 km of 33 kV, 10.15 km 11 kV and 221.08 km of low voltage line and addition of 23 number of 33 kV & 1 number of 11 kV transformers installed. It has been planned to continue to install energy meters in distribution transformers of all the remaining feeders for loss monitoring.

### Major Challenges

The major challenge in operating the distribution business is long-term sustainability. Despite annual revenue growth, BPC's distribution operations continue to incur significant revenue losses due to low tariff rates at the Electricity Distribution Centre, Galyang, the rural nature of the service area, and high financial requirements for network expansion and maintenance. Although tariff revision approval from the ERC was obtained and implemented at the end of FY 2081/82, which is expected to reduce losses in the coming years, the revised tariff remains below NEA levels and may not ensure long-term viability. In this context and considering the growth in energy consumption and NEA's nationwide capacity to manage

distribution systems, the handover of BPC's distribution business to NEA/GoN appears to be a rational option.

The implementation of the MCPs with international financing has commenced with the 135 MW MMHEP; however, continued addition of hydropower plants has created challenges in energy evacuation and sales during the wet season. Strengthening transmission and distribution systems and exploring domestic power consumption options are therefore critical. The Nyadi Power Plant continues to operate under contingent power evacuation, adversely affecting revenue and financial returns, mainly due to delays in completing the 220 kV Marsyangdi Corridor transmission line, which has impacted several projects in the corridor. Additional challenges include uncertainties in the current hedging policy, as well as delays arising from forest regulations and lengthy approval processes.

More than seven years have passed since generation licenses were issued for the MMHEP and LMMHEP, and delays in PPA, PDA, and finalization of the hedging policy have postponed financial closure, resulting in lost revenue opportunities for the Company.

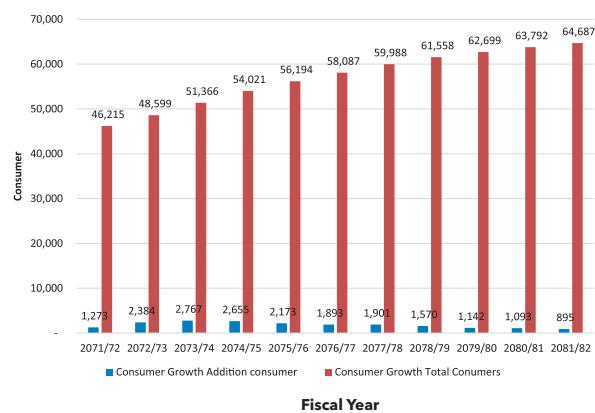
### Project Development

Kabeli Energy Limited (KEL), a SPV of BPC, is developing 37.6 MW Kabeli-A Hydroelectric Project (KAHEP) in Panchthar and Taplejung districts of Koshi Province. The generated power will be evacuated through 132 kV Kabeli Corridor Transmission line. As the Company is focusing on the development of the MCPs, it is in the process of exiting from KAHEP through the sale of its entire shares to Arun Kabeli Private Ltd.

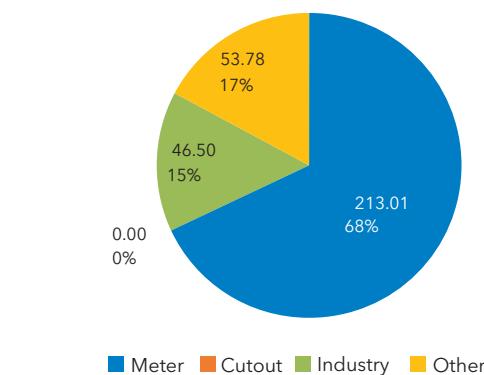
Chino Khola Hydropower Project (CKHP) received the survey license from the DoED in 2015. Based on the Feasibility Study, the project has been optimized at 7.9 MW as RoR type. The EIA was approved by the MOFE in 2020, and the Generation License was issued to BPC by DoED in July 2022. After signing the grid connection agreement in December 2021, the PPA was signed with NEA in April 2025.

Chino Hydropower Limited (CHL), a SPV of BPC was incorporated for the development of CKHP, and the Generation License has been transferred to CHL from BPC. The EPC contract for Civil, EM and HM works has been awarded to QYEC Construction Pvt. Ltd., and project construction is ongoing. The contract for the construction of the 33 kV transmission line for power evacuation will be awarded separately. The project is expected to be completed and commissioned within two years. HCE has

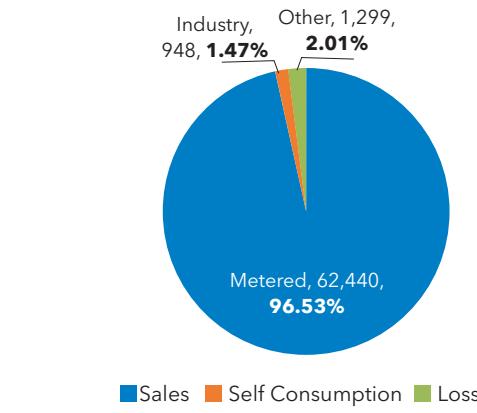
### Consumer Growth

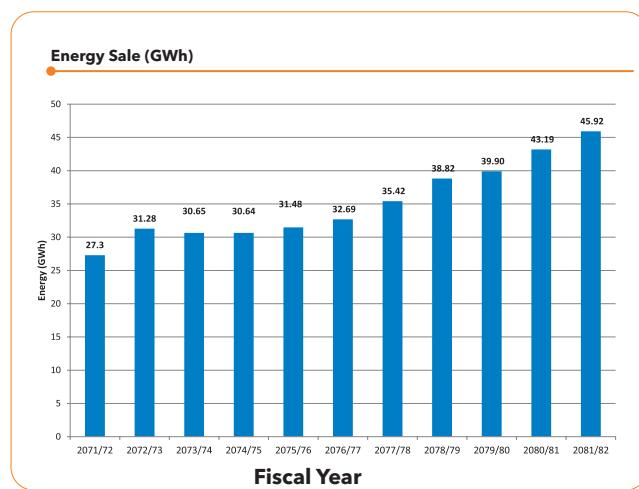


### Revenue Categorywise Total Revenue 313.29 Million



### Customer Categories





been appointed as the Owner's Engineer for the project construction.

Project components including the lower platform of ropeway, penstock alignment, powerhouse, tailrace, and access roads are located on private land, with 41 land parcels identified for acquisition. Land acquisition and compensation distribution are in progress, with approximately 75% of the total land purchase completed. For the use of government land, 5.941 hectares of private land have been acquired and handed over to the DNPWC

as compensation to the GoN, and tree removal in the government land has been completed. Power generated from the project will be evacuated through the 220 kV Marsyangdi Corridor Transmission Line, interconnected at the Manang Substation. The feasibility and EIA studies for the 33 kV transmission line to be interconnected to the Manang Substation will be undertaken after obtaining the required consent from DNPWC.

**Mugu Karnali Hydropower Project (MKHP):** BPC identified Mugu Karnali Hydropower Project (MKHP) and received Survey License on 2074/08/07 at project capacity of 160 MW. Feasibility Study of the project has been completed and the project capacity optimized at 173.47 MW. However, amendment of the Survey License to the optimized capacity is necessary to proceed with the EIA and apply for the Generation License. Approval for the optimized capacity is yet to be granted by MoEWRI due to license area overlap with a downstream storage project being developed by Vidhyut Utpadan Company Ltd. The application for the Generation License has already been submitted, and the project is planned to be interconnected through the Karnali Corridor Transmission Line.

**Marsyangdi Cascade Projects (MCPs):** A joint venture company named SCIG International Nepal Hydro Joint



▲ Ground Breaking Ceremony- CKHP

Development Company Pvt. Ltd. has been formed with BPC and three Chinese Companies of Chengdu, Sichuan Province, the People's Republic of China to develop three hydropower projects in Marshyangdi river. Three Chinese Companies are SCIG International Limited, Xingcheng International Investment Co. Limited, QYEC International Co. Limited. The joint venture company named SCIG International Nepal Hydro Joint Development Company (P) Limited is investing in Manang Marshyangdi Hydropower Project (MMHEP), Lower Manang Marsyangdi Hydropower Project (LMMHEP) and Upper Marsyangdi-2 Hydropower Project (UM-2HEP) in Lamjung and Manang districts. These projects are to be developed as in cascade model. Manang Marshyangdi Hydropower Company Private Limited (MMHCPL) will develop 135 MW MMHEP; 139.2 MW LMMHEP will be developed by Lower Manang Marshyangdi Hydropower Company Pvt. Ltd; and Himtal Hydropower Company Private Limited will develop 327 MW UM-2HEP.

The project acquisition process commenced in 2017. As part of the preparatory works, the Besisahar-Chame road was upgraded to facilitate the transportation of goods and people in the project area. Construction of camps at Danaque, Manang, access roads and a bridge to connect the MMHEP powerhouse site, additional field investigations, re-optimization of major project components, updating of feasibility reports, and

supplementary EIA studies were also carried out. When the PPA process was initiated in 2018, NEA's prevailing policy of signing PPAs in USD for FDI projects above 100 MW was revised, and NEA declined to sign the PPA in foreign currency. Subsequently, the GON introduced the concept of a hedging mechanism and began developing the related policy. The COVID-19 pandemic in 2020 and 2021, delays in the PPA and PDA processes, lack of a clear hedging policy, and prolonged financial closure procedures have collectively delayed project implementation.

Manang Marshyangdi Hydropower Project (135 MW) received its Generation License on 17 November 2018 at a capacity of 282 MW as a RoR project, which was later amended to 135 MW as a PRoR project in 2022 following cascade re-optimization. The PPA with NEA has been concluded in Nepali currency; however, adequate coverage of exchange risk through hedging policy is yet to be addressed. The PDA with MoEWRI has also been signed. Despite the absence of a clear hedging policy, financial closure with the Export-Import Bank of China has been concluded. The EPC contract has been signed, and project construction is progressing smoothly, with 30% physical progress achieved by the end of November 2025. Government land lease, tree-cutting works, and land acquisition for permanent structures are almost complete. Power from the project will be evacuated through the 220



▲ EPC Contract Signing-CKHP



▲ Delegates from ICC Indian Chamber of Commerce

kV Marsyangdi Corridor Transmission Line, interconnected at the 220 kV Manang Switching Station. Construction of the transmission line and the Manang Switching Station is ongoing by NEA, and the project will construct approximately 4 km of 220 kV transmission line to connect to the switching station for power evacuation.

Lower Manang Marsyangdi Hydropower Project (139.2 MW) is in Nasong Rural Municipality of Manang District. BPC received the Survey License in 2066 and completed the feasibility and EIA studies in 2070. The Connection Agreement was signed in 2074, and the Generation License was issued in 2075 at 140 MW as a RoR project. After the acquisition of MMHEP and UM-2HEP with Chinese partners, the project was re-optimized by adjusting project boundaries to align with the MCPs. The project has now been re-optimized at 139.2 MW as a PRoR project to meet NEA's guidelines for concluding the PPA. Accordingly, the Connection Agreement has been amended and the PPA concluded. Investment approval has been granted by IBN, and industry registration has been issued by Dol on 2078/06/18. For project implementation, a SPV named Lower Manang Marsyangdi Company Pvt. Ltd., has been formed. The process of contractor selection and financial closure will begin in parallel with PDA negotiations with MoEWRI. The project will utilize silt-free tailrace water from MMHEP and

additional discharge from the intermediate catchment through the construction of a small weir. Power from the project will be evacuated through the 220 kV Marsyangdi Corridor Transmission Line, interconnected at the Manang Switching Station.

Upper Marsyangdi-2 Hydroelectric Project (327 MW) is in Nasong Rural Municipality of Manang District and Marsyangdi Rural Municipality of Lamjung District. The project was previously owned by Indian investors and was planned as an export-oriented project with a capacity of 600 MW. After the acquisition of the project with the Chinese partners, the project capacity has been optimized at 327 MW as a cascade development. PDA negotiations with the IBN could not be expedited due to the introduction of the new PPP Act, although PDA fees had already been submitted for the 600 MW project. A sister company: Marsyangdi Transmission Company Pvt. Ltd. (MTCPL), had obtained a survey license for a transmission line from UM-2HEP to the Indo-Nepal border. However, considering domestic power consumption, the project has now been re-optimized at 327 MW as a PRoR project to have PPA with NEA. Power from the project will be evacuated through the 220 kV Marsyangdi Corridor Transmission Line, interconnected at the Khudi Hub. Following the grant of the survey license by IBN, the DPR has been prepared and approved. The PDA negotiation process has not yet commenced. As part of the PPA process

with NEA, the energy table has been locked, the GIS study completed, and the Connection Agreement signed.

**New Initiatives:** As part of its growth plan, BPC regularly identifies and reviews new hydropower projects and related businesses for future development. BPC has also started exploring solar power projects, beginning with a survey license and feasibility study at the headworks area of the Jhimruk Power Plant, where the required land is already available. The feasibility and IEE studies for a 7 MW project have been completed, and the IEE has been approved by the Government of Nepal. BPC upgraded the project to 10 MW and participated in NEA's competitive bidding for the 800 MW solar projects, intending to interconnect at the Lamahi 132 kV grid substation. However, due to strong competition, BPC did not win the bid and plans to participate in the next round. To improve cash flow, BPC is also exploring the acquisition of construction projects and operating plants. As part of this, BPC is acquiring all shares of Himal Power Ltd from Statkraft Holding Singapore Pte. Ltd. / Eviny AS. Himal Power Ltd operates the Khimti 1 Plant, which currently provides no cash income to BPC. In addition, BPC is entering the green hydrogen sector, a growing area in clean energy and carbon reduction. BPC is installing a 50 kW Green Hydrogen pilot project in one of its project sites, with financial support from the FCDO and implementation support from the World Bank.

## International Collaboration on Project Development

BPC has established a partnership with international agencies such as IFC, World Bank, UK FCDO, NORAD, Infra-Co Asia (Singapore), Statkraft (Norway) and SCPHI (Canada) at a different area of the business relationship in the development of hydropower projects in Nepal. BPC is working on project development through different SPVs involving foreign partners, financial institutions, consultants, contractors, manufacturers, and suppliers. Most of them are Chinese parties as their preferred business strategy is in under developing countries like Nepal. The Joint Venture between BPC and three Chinese Companies named Sichuan Provincial Investment Group Co. Ltd (SCIG), Chengdu Xingcheng Investment Group Co. Ltd. (CXIG) and Qing Yuan Engineering Consulting Co. Ltd. (QYEC) has set up a Joint Venture Company (JVC) to collaborate in the development of hydropower projects. The JVC is developing MMHEP, LMMHEP and UM2HEP named MCPs. After the collaboration, BPC has moved up from small and medium hydropower projects to large size hydropower projects with international collaborations. This is a paradigm shift in terms of scale and collaboration with international investors. Discussions are also ongoing with other foreign parties for collaboration in a future project like Mugu Karnali HEP and other new projects including storage projects.



▲ SEDG China Delegates



▲ Distribution of 25 years long service award

## CORPORATE OVERVIEW

Corporate Management oversees the management of human resources, administrative facilities, information, and communication technology (ICT) support, procurement of goods, services, and works, service quality, environmental protection, occupational health and safety in compliance with ISO standards, security, and CSR initiatives across the Company.

### Human Capital

The competency of the Company's workforce is a key factor in its growth. The management places a high value on the development of employees' skills and knowledge. Employees' suggestions and grievances are promptly addressed to ensure the smooth operation of Company's business. This also contributes to the maintenance and improvement of relation between the employees and management. The total number of employees was 168 at the end of FY 2081/82 within the approved organization structure (excluding Part-time and Job-based contract employees).

### General Administration

Procurement Business Unit acquires goods, works, and services for BPC, following a long-term strategy to obtain

high-quality supplies at the lowest cost from reliable vendors. Its strategic goals include cost reduction, global sourcing, risk and supplier management, and quality control. Procurement processes, guided by fairness, integrity, transparency, and best value for money, are outlined in the procurement manual. The unit procures spare parts for JHP and APP from countries such as India, China, and Germany. These include transformers, relays, switchgear panels, meters, conductors, poles, and other accessories for generation, transmission, and distribution facilities.

Information and Communication Technology (ICT) supports internal and external communications, website updates, data backup, and email services. A secure, reliable, and environmentally friendly data center with high availability has been established at the head office, with optical fiber connectivity to site offices for access to centralized software (RAS, AMS, IMS), file sharing, and VPN communication. The data center houses servers, network and security devices, storage systems, and other components in a controlled environment with air conditioning, fire suppression, smoke detectors, CCTV, and DCIM alerts. Virtualization reduces physical servers, power consumption, and costs while improving reliability, security, backups, and disaster recovery. Vulnerability Assessment and Penetration Testing (VAPT) is conducted periodically to monitor and secure the ICT system.



▲ BPC 32nd AGM

Facility Management provides support in repair and maintenance, events, media and publicity, transportation, risk management, health, safety, security, vehicle management, waste management, mail handling, and CSR activities. It also monitors the implementation of quality, environment, and OH&S policies across all business units. During FY 2081/82, training on emergency preparedness, traffic awareness, firefighting, occupational health and safety, first aid, and vehicle safety was conducted at JHC, AHC, Butwal site offices, and the head office. Periodic health check-ups are scheduled at all locations, with lab technicians, nurses, and doctors conducting tests, examinations, and consultations to maintain employees' overall well-being and job-specific health requirements.

### Management Review and Responsibilities

Management Review Meetings (MRM) are held a minimum of once a year as a scheduled program as cited in the IMS process manual and as required to look into ways to improve the Company's business and IMS processes. MRM is chaired by the CEO with the participation of all VPs, Business Unit (BU) heads, site in-charges and ISO core team members. VP-Corporate has been designated as the Management

Representative (MR) of the Company. MR ensures that results of QEHMS audits (internal and external) are presented and discussed in the meeting along with significant changes that could affect the performance of the Company. MRM-25 was held on 4-5 September 2025 with the participation of all the functional heads, BU heads, Site-In Charges, and the ISO core team.

### IMS Periodic Audits and Recertification

As per the Management System Certification Agreement between DNV Business Assurance India Pvt. Ltd. (Certification Body) and BPC, two periodic audits and one recertification audit had to be performed during a 3-year audit cycle (May 2023- May 2026). In this process, the 1st IMS periodic audit was conducted on 22-25 April 2024 at JHC, Butwal Liaison Office, and BPC Corporate Office, Kathmandu. The 2nd IMS periodic audit was conducted on 21-25 April 2025, and the IMS recertification audit will be conducted in 2026. BPC has been re-certified with the three ISO standards. The validation period of QMS 9001:2015, EMS 14001:2015, and OH&S 45001:2018 is till 23 May 2026.

# Enterprise Risk Management

The Board, Risk Management Committee (RMC), and senior management jointly oversee strategic risks related to growth, technology, and business operations, while tactical and operational risks are handled across business units and daily processes. Risks are identified, assessed, and categorized in the Risk Register under Enterprise Risk Management (ERM) guidelines, with quarterly updates reviewed by management and critical issues escalated to the RMC and Board. Stakeholders are informed about the potential risks through the annual report. Early risk planning has supported project success, while annual insurance coverage safeguards major damages and liabilities. Operational risks are controlled through established procedures, incident reporting, and continuous analysis, whereas cybersecurity threats are addressed with firewalls, VPN access, multi-location backups, antivirus tools, and DCIM-enabled data-centre alerts and fire protection.

## GENERATION RISK

The underground Andhikhola powerhouse occasionally faces shutdowns due to signal interference from shaft seepage, which is mitigated through well-managed spare parts and preventive maintenance. High monsoon silt in the Jhimruk River causes severe turbine erosion, reducing efficiency and generation, prompting the Company to maintain spare erosive-prone parts and train in-house teams for quicker overhauls. Despite these measures, low dry-season river flows continue to limit power output.

## DISTRIBUTION RISK

Rural electrification continues to expand, and consumer numbers increased by 1.40%, yet the distribution business remains financially unsustainable due to persistent operational deficits. Sustaining this growth requires timely tariff adjustments and restricting expansion to licensed areas to prevent further revenue loss.

## BUSINESS AND PROJECT DEVELOPMENT RISK

Project risks span technical, socio-political, financial, and legal domains, including geological challenges, community demands, labor disruptions, cost overruns,



currency fluctuations, and delays in government approvals and clearances. Technical and financial risks are managed internally, while socio-political and legal risks are mitigated through CSR efforts, stakeholder engagement, and strengthened coordination. Specific mitigation plans are in place for new, ongoing, and operational projects.

## FINANCE RISK

The Company's mix of debt and equity exposes it to foreign exchange, interest rate, and liquidity risks, which are managed through coordinated borrowing strategies and adequate short-term financing arrangements. Market-driven interest rates limit the Company's influence over rate fluctuations, while investment risks stem from the performance of subsidiaries and associates.

## OTHER RISKS

Operations remain subject to broader industry regulations, taxes, and policy frameworks that directly affect production levels, operating costs, and revenue outcomes.

# Senior Executives



**FROM LEFT TO RIGHT SITTING:**

Mr. Sanjaya Krishna Shrestha — Sr. VP Investment and Projects  
Mr. Uttar Kumar Shrestha — CEO  
Mr. Radheshyam Shrestha — VP-Finance

**FROM LEFT TO RIGHT STANDING:**

Mr. Prakash Kumar Shrestha — VP-Operations  
Mr. Tika Ram Bhatta — VP-Corporate  
Mr. Ganesh P. Khanal — Chief Manager-BD&P  
Mr. Pratik Man Singh Pradhan — VP-BD&P

# Shareholder's Information

The shareholding pattern of BPC as on end of Asadh, 2082 is as below:

S.N.	Shareholders	Number of Shares	Holding %
1	Shangri-La Energy Ltd.	19,191,816	56.30
2	Government of Nepal	2,530,249	7.42
3	IKN Nepal A.S., Norway	538,689	1.58
4	United Mission to Nepal	466,161	1.37
5	Nepal Electricity Authority	293,974	0.86
6	General Public Shareholders	11,069,757	32.47
<b>Total</b>		<b>34,090,646</b>	<b>100.00</b>

## SHARE TRADING INFORMATION

In the FY 2081/82, the market response to BPC stock was normal. The stock market was heavily influenced by the market movement of banks and other listed companies in the securities market. Quarterly key figures related to BPC shares in stock exchange for the year are given below:

Quarter	Traded Share (In thousands)	Traded Amount (In millions)	Number of Trades (Total transactions)	High	Low	Closing	Trading Day
First	5,982.05	2,654.83	34,907	536.5	308	477	57
Second	1,240.45	539.81	8,624	487.5	375.1	395.6	55
Third	1,332	548.20	9,077	482.4	379.2	398.99	56
Fourth	24,846.78	17,441.09	87,334	960.6	397	957.29	63
<b>Total</b>	<b>33,401.28</b>	<b>21,183.93</b>	<b>139,942</b>	<b>960.6</b>	<b>397</b>	<b>957.29</b>	<b>231</b>

All shares are being traded in Nepal Stock Exchange Ltd. (NEPSE) in active market. NABIL Investment Banking Limited has been appointed as Share Registrar of the company effective from Shrawan 1, 2077. The details of shareholders as of Ashad end, 2082 is as follows:

Share Status	Number of Shareholders	Number of Shares
Physical Shareholders	154	511,512
Demat Shareholders	50,637	33,579,134
<b>Total</b>	<b>50791</b>	<b>34,090,646</b>

# Corporate Social Responsibility

BPC emphasizes Corporate Social Responsibility (CSR) by prioritizing environmental sustainability, community engagement, and ethical business practices. Its initiatives are tailored to address socio-economic and environmental needs in its operational areas through targeted programs. In doing so, BPC integrates economic, environmental, and social considerations into its business decisions and works closely with stakeholders to promote sustainable development and the efficient use of natural resources.

During FY 2081/82, BPC conducted mitigation activities at the Jhimruk and Andhikhola Hydroelectric Centres to

improve community livelihoods, strengthen local relations, and safeguard public interests. Efforts included income generation support, improved agricultural and energy practices, skill development training, and upgradation of irrigation and road infrastructure. Environmental initiatives such as plantation programs and river training works were carried out to protect power plant structures and farmland. Plastic sheets were provided to optimize downstream water use, and financial assistance was extended to local clubs, schools, and social organizations to support community-focused activities.



▲ CSR Activity-Seed Planting Training

▲ CSR-Offseason  
Vegetable Farming  
Training



# Health, Safety and Environment

BPC is committed to maintaining a safe, healthy, and environmentally responsible workplace while safeguarding the well-being of the communities it operates in. BPC emphasizes strong Health, Safety and Environment (HSE) performance for sustainable growth, continuously monitoring environmental factors, work-related hazards, and risks related to gender-based violence and harassment. Through ongoing improvements and preventive measures, BPC aims to reduce accidents and occupational illnesses while promoting safer and respectful work environment.

The Company has adopted an Integrated Quality, Environmental, and Occupational Health & Safety Policy, complying with statutory requirements under the Labor Act, 2074 and Labor Regulation, 2075. It follows guidelines from OH&S 45001:2018 to enhance health and safety standards and uses an Environmental

Aspect Register to minimize environmental impacts. A comprehensive Safety & Emergency Preparedness Plan has been implemented to address potential emergencies, ensuring a high level of preparedness across the organization. BPC integrates HSE principles into all business operations and provides employees with Medical and Group Personal Accident (GPA) insurance. Regular health check-ups are conducted every three years. The Company operates ROR hydropower projects, generating green energy with minimal environmental impact. Mitigation measures for water diversion are in place, and river training work annually protects local farmland from flooding. BPC also minimizes the environmental impact of tree cutting for distribution lines by providing seedlings to local communities as needed. All the waste is managed in compliance with ISO standards, with a focus on pollution prevention through efficient resource use, recycling, and sustainable practices.



# Sustainability

BPC prioritizes sustainability by integrating economic, environmental, and social considerations into its operations. The Company actively engages in development initiatives in and around its project areas, working closely with stakeholders to advance these efforts sustainably and support long-term business sustainability.

BPC is certified by DNV GL (Det Norske Veritas), India with three ISO standards: 9001:2015 Quality, 14001:2015 Environment and 45001:2018 Occupational Health and Safety (OH&S). This sets the tone for BPC's commitments to the community, the environment, and its employees. BPC has received several recognitions for its commitment to quality, environmental management, and occupational health and safety, including the International Quality Crown (IQC) Award in the Gold Category from Business Initiative Directions, Spain, granted based on IQC regulations and the QC 100 Total Quality Management Model. Similarly, BPC has been recognized by the Institute of Chartered Accountants of Nepal (ICAN) 14 time during last 18 years with the National Best Presented Accounts (BPA) Award in the category of General Sector for Excellence.

## Social Responsibility Initiatives

BPC is committed to its social responsibilities in hydropower development, ensuring all projects undergo Social Impact Assessment (SIA) to understand baseline socioeconomic conditions, identify potential impacts, and guide appropriate social development initiatives. The Company prioritizes the well-being of local communities by focusing on social performance, improving living conditions, promoting local employment, which is currently around 70% at AHC and JHC, and encouraging sustainable economic activities through targeted training and capacity-building programs. JHC and AHC further support Sustainable Urban Planning (SUP), contributing to social, environmental, and economic development in surrounding areas. Through these integrated efforts, along with its commitment to minimizing environmental and social impacts while producing clean energy, BPC continues to enhance community quality of life and uphold regulatory compliance, a dedication recognized by the International Hydropower Association through the prestigious International Blue Planet Award in 2005.

## Environmental Relative Initiatives

BPC is committed to environmental sustainability in its project areas, prioritizing conservation and resource protection in all its operations. In addition to providing electricity, BPC emphasizes green energy and sustainable development. Its corporate office is designed based on "green building" principles, focusing on environmental concerns, resource conservation, energy efficiency, and the use of renewable energy while ensuring a healthy indoor environment.

As part of its environmental initiatives, BPC regularly plants and maintains greenery on its premises and has implemented waste management guidelines to protect the environment. The Company also conducts routine maintenance of power plants, diesel generators, and vehicles to minimize pollution. When transmission line construction requires tree cutting, BPC supports local communities in replanting efforts. BPC has adopted an Environmental Management Plan (EMP) in its project areas to manage and minimize environmental impacts. The company aligns its environmental contributions with regulatory requirements, including IEE (Initial Environmental Examination) and Environmental Impact Assessment (EIA) for its projects under development.

## Integrated Reporting

The three ISO standards are combined as Integrated Management System (IMS). Based on the IMS, the organization's reporting system has been developed. It controls the quality of the reporting system and assures timely availability of internal and external resources for uninterrupted supply of power to the local consumer and the national grid. The continual improvement of IMS is being ascertained and ensured by internal and external audits through Management Review Meetings (MRM) with the review of the improvement requirements in the Company processes on a continual basis. MRM-24 was held on September 04-05, 2025, in the presence of the functional heads, SBU heads, and ISO core team. The meeting was focused on follow-up actions, cost reduction, reviewing quality, HSE policies, IMS audit, customers' relations, status of safety and security, risk management, business performance, and suggested areas of improvement.

# Human Resource Accounting Information

At the end of the FY 2081/82, the number of total employees (excluding those on part-time and job-based contracts) sums up to 168 within the approved organization structure, which are as segregated below:

Year	Manager Level Employees (Nos.)	Other Employees (Nos.)
2081/82	17	151

\* 19 Short-term and part-time employees are not included in the table above.

The human capital for the last 5 years is as below:

Year	Number of Employees			Employee Turnover	Number of Trainings Provided
	Regular	Contract	Total		
2081/82	139	29	168	3	18
2080/81	141	32	173	4	15
2079/80	141	43	184	3	34
2078/79	154	37	191	6	19
2077/78	160	42	202	9	5

## A. Cadre-wise Human Resources

Cadre	Cadre-wise	Gender-wise (Female)	Gender-wise (Male)	Technical	Non-Technical
Management	17	0	17	10	7
Officer	25	3	22	7	18
Assistant	126	13	113	74	52
<b>Total</b>	<b>168</b>	<b>16</b>	<b>152</b>	<b>91</b>	<b>77</b>

## B. Classification of Employee-As per Labor Act, 2074

Year	Regular	Time-based	Special Contract	Job-based	Part-time	Total
2081/82	139	23	6	12	7	187

## C. Skill Development

HR continuously enhances employee skills and competencies through regular trainings, seminars, and workshops, creating a strong foundation for the company's growth. During FY 2081/082, 157 employees participated in eighteen capacity-building events, including trainings, seminars, and workshops aimed at professional growth and motivation. These covered a wide range of topics such

as sustainability reporting, renewable energy, hydropower project management, social risk assessment, procurement, AML/CFT, safety management, communication and negotiation skills, office management, financial accounting and reporting, as well as **सूचिकृत संगठित संस्थाका परिपालना अधिकृतहरूका लागि सूचिकृत संगठित संस्थाहरूले प्रवाह गर्नु पर्ने सूचना विवरण तथा जानकारीका सम्बन्धमा**

# Value Added Statement

The Value Added (VA) statement is a financial statement which shows how much value has been created by an enterprise through utilization of its capacity, capital, manpower and other resources and allocated to stakeholders. It indicates how the benefits of the efforts of an enterprise are shared between employees, providers of finance, the state and towards replacement and expansion.

## ANALYSIS:

Payment to employees: 27.82% of the total VA amount has been used to pay employees during FY 2081/82 which stands at NPR 193.77 million. This amount is 0.60% less than the previous year's payment to employees NPR 194.95 million.

Particulars	32nd Ashadh, 2082		31st Ashadh, 2081	
	NPR	%	NPR	%
<b>Revenue from sales of electricity and services provided</b>	733,793,268	105.35%	693,640,791	101.48%
Less: cost of bought materials and services				
Operating cost	148,623,305	21.34%	155,720,971	22.78%
Value Added by revenue from sales and services of electricity	585,169,963	84.01%	537,919,820	78.70%
Add: Other income including dividend income				
Dividend income	43,959,895	6.31%	27,889,400	4.08%
Finance income	14,133,602	2.03%	46,816,597	6.85%
Other income	53,264,130	7.65%	70,908,207	10.37%
Available for application	696,527,590	100.00%	683,534,024	100.00%
<b>Application of Value Added</b>	<b>NPR</b>	<b>%</b>	<b>NPR</b>	<b>%</b>
<b>To pay employees</b>				
Wages, salaries, and other benefits	193,770,792	27.82%	194,948,016	28.52%
<b>To pay government</b>				
Tax, VAT and Royalty	168,843,331	24.24%	181,517,650	26.56%
<b>To pay financers</b>				
Interest on borrowings	12,895,870	1.85%	13,025,465	1.91%
Dividends	159,209,670	22.86%	160,014,574	23.41%
<b>To provide for the maintenance and expansion of the company</b>	<b>NPR</b>	<b>%</b>	<b>NPR</b>	<b>%</b>
Depreciation	104,627,552	15.02%	103,754,106	15.18%
Deferred tax credit accounts	5,479,654	0.79%	1,895,941	0.28%
Retained profit	51,700,722	7.42%	28,378,272	4.15%
<b>Total application</b>	<b>696,527,590</b>	<b>100.00%</b>	<b>683,534,024</b>	<b>100.00%</b>

**Payment to government:** 24.24% (NPR 168.84 million) of the total VA amount has been paid to the government during FY 2081/82. This amount is 6.98% less than the previous year's payment to the government NPR 181.52 million. The decrease is mainly due to the decrease in finance and other income.

**Payment to debt financers:** 1.85% (NPR 12.90 million) of the total VA amount has been paid to debt financers during FY 2081/82. This amount is 0.99% less than the previous year's payment to debt financers of NPR 13.03 million.

**Payment to providers of capital:** 22.86% (NPR 159.21 million) of the total VA amount has been paid to shareholders as dividend during FY 2081/82. This amount is 0.50% less than the previous year's payment to shareholders NPR 160.01 million.

## HIGHLIGHTS:

- Highlights: No. of employees = 168
- Net Earnings per employee is NPR 1.29 million
- Gross Earnings per employee is NPR 1.79 million
- Sales per employee is NPR 4.37 million
- Value Added per employee is NPR 4.15 million

**Retained in company:** NPR 104.63 million (15.02%) and NPR 5.48 million (0.79%) of the total VA amount have been provided for depreciation and deferred tax charges respectively during FY 2081/82. Surplus NPR 51.70 million (7.42%) has been adjusted to retain earnings of the company during FY 2081/82. Accordingly, the overall amount adjustment to retain in the company comprises NPR 161.81 million (23.23%), 20.73% more than the previous year retained amount NPR 134.03 million. The increase is mainly due to the increase in the retained profit and deferred tax charges.

# BPC Subsidiaries

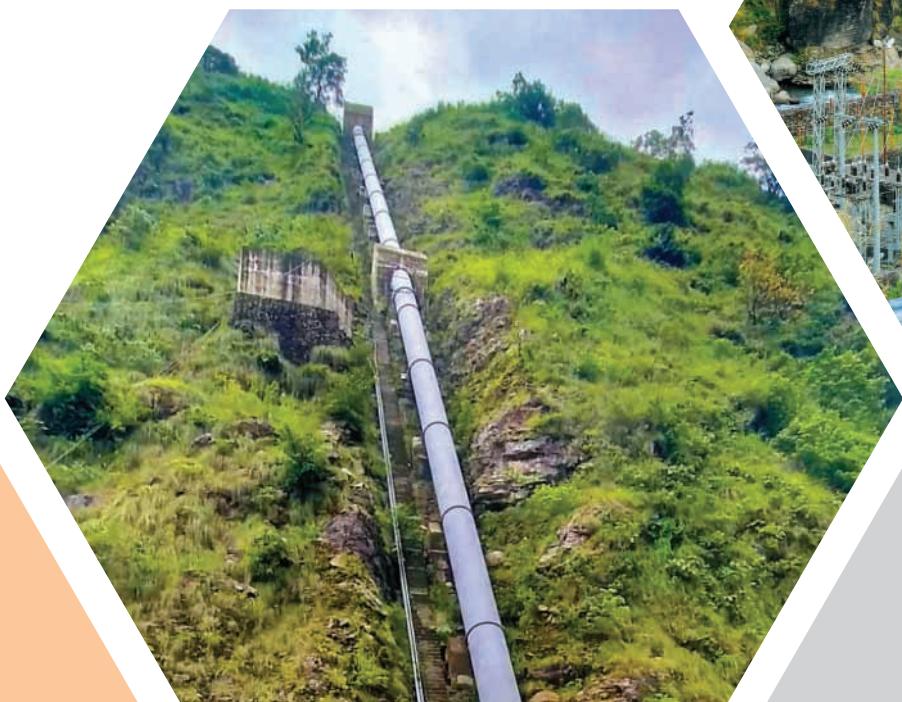
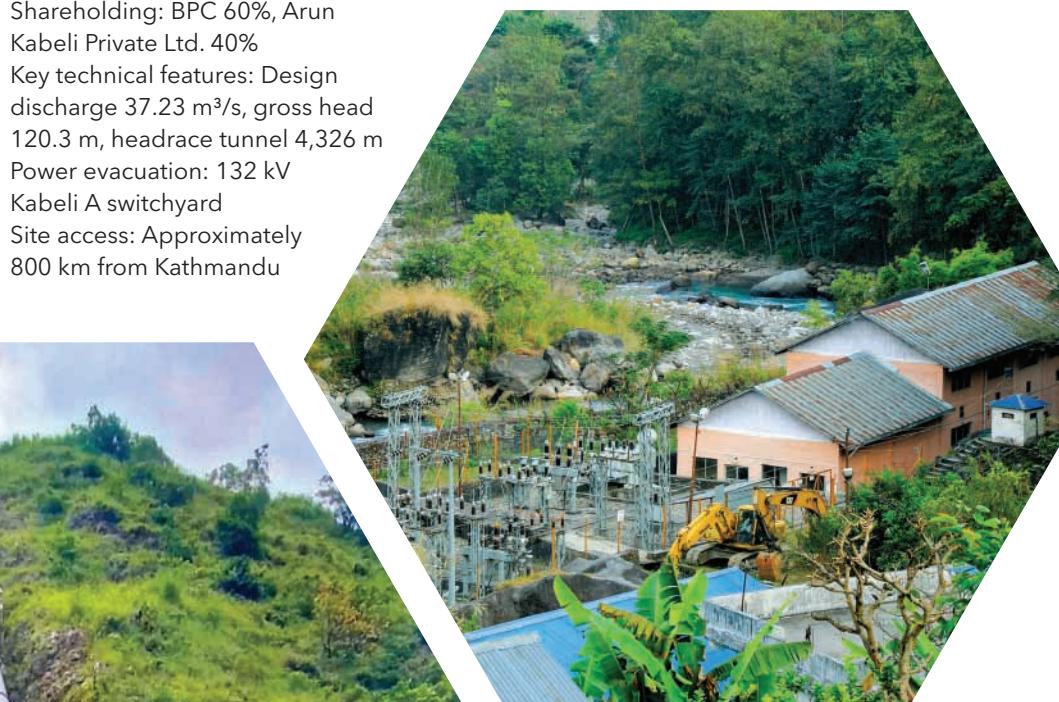
## NYADI HYDROPOWER LTD.

Project: Nyadi Hydropower Project  
Installed capacity: 30 MW  
Type: Run-of-River (RoR)  
Location: Lamjung District, Marsyangdi Rural Municipality  
Commercial operation: Since May 10, 2022  
Annual contract energy: 168.5 GWh  
Dispatched generation (2080/81): 103.543 GWh ((61.43% of contract energy)  
Key technical features: Design discharge 11.08 m<sup>3</sup>/s, gross head 334.4 m, headrace tunnel 3,840 m  
Power evacuation: Temporary evacuation through 50 MW Upper Marsyangdi-A line; planned interconnection to NEA's Marsyangdi Corridor at Khudi Hub  
Site access: Approximately 6-hour drive from Kathmandu



## KABELI ENERGY LTD.

Project: Kabeli-A Hydroelectric Project  
Installed capacity: 37.6 MW  
Type: Cascade Run-of-River (RoR)  
Location: Panchthar and Taplejung Districts  
Annual energy generation: 218.35 GWh  
Shareholding: BPC 60%, Arun Kabeli Private Ltd. 40%  
Key technical features: Design discharge 37.23 m<sup>3</sup>/s, gross head 120.3 m, headrace tunnel 4,326 m  
Power evacuation: 132 kV  
Kabeli A switchyard  
Site access: Approximately 800 km from Kathmandu



## KHUDI HYDROPOWER LTD.

Project: Khudi Hydropower Plant  
Installed capacity: 4 MW  
Type: Run-of-River (RoR)  
Commercial operation: Since FY 2063/64  
Location: Lamjung District, Marsyangdi Rural Municipality  
Annual energy generation: 24,284 MWh  
Key technical features: Design discharge 4.9 m<sup>3</sup>/s, gross head 103 m  
Power evacuation: 14 km long 33 kV transmission line connected to NEA's Udupur Substation  
Site access: Approximately 5-hour drive from Kathmandu

## HYDRO-CONSULT ENGINEERING LTD.

Hydro-Consult Engineering Limited (HCE), a wholly owned subsidiary of BPC, is one of Nepal's leading multidisciplinary engineering consultancies with over five decades of experience in hydropower and infrastructure development. The ISO 9001:2015 certified firm provides end-to-end services from feasibility studies and detailed design to construction supervision and project management and has delivered projects up to 495 MW in capacity. HCE has a growing international footprint with major assignments in India, Pakistan, Bhutan, Uganda, Papua New Guinea, Zambia, and Zimbabwe, while in Nepal it has contributed to key projects such as 86 MW Solu Khola Dudhkoshi, 30 MW Nyadi Khola 30 MW, and 42 MW Mistri Khola. The company continues to lead significant feasibility studies, engineering designs, and transmission line projects, alongside expanding its work in water, environmental, and irrigation sectors. With its strong technical expertise and commitment to quality, HCE remains a trusted partner shaping hydropower and infrastructure development in Nepal and beyond.

## NEPAL HYDRO & ELECTRIC LTD.

Nepal Hydro & Electric Limited (NHE), a subsidiary of BPC established in 1985, is a long-standing and trusted engineering company with over 38 years of experience in hydropower and electrical infrastructure. With majority ownership by BPC, NHE has grown into a multidimensional service provider offering EPC works for hydro-mechanical systems, transmission lines, and substations up to 220 kV, as well as manufacturing galvanized poles, transmission towers, and steel bridges. The company also provides comprehensive repair, refurbishment, and overhauling services for power plant equipment up to 500 MW capacity. Guided by its commitment to quality, integrity, and reliability, NHE continues to serve as a key technical arm supporting Nepal's hydropower and energy sector.

## BPC SERVICES LTD.

BPC Services Ltd. (BPCSL), a subsidiary of BPC established in 2006, provides operation and maintenance services for power plants, distribution, and transmission systems in Nepal. The company works with IPPs, supplies technical experts for hydropower projects, and supports social and environmental mitigation programs. BPCSL also aims to lease plants below 5 MW, promote effective O&M among financial institutions, and build strategic partnerships. With growing demand for specialized expertise, BPCSL is well positioned to support sustainable hydropower operations and related social and environmental initiatives.



# Five Year Financial Summary

## FIVE YEAR SUMMARY OF STATEMENT OF FINANCIAL POSITION

(In Thousands NPR)

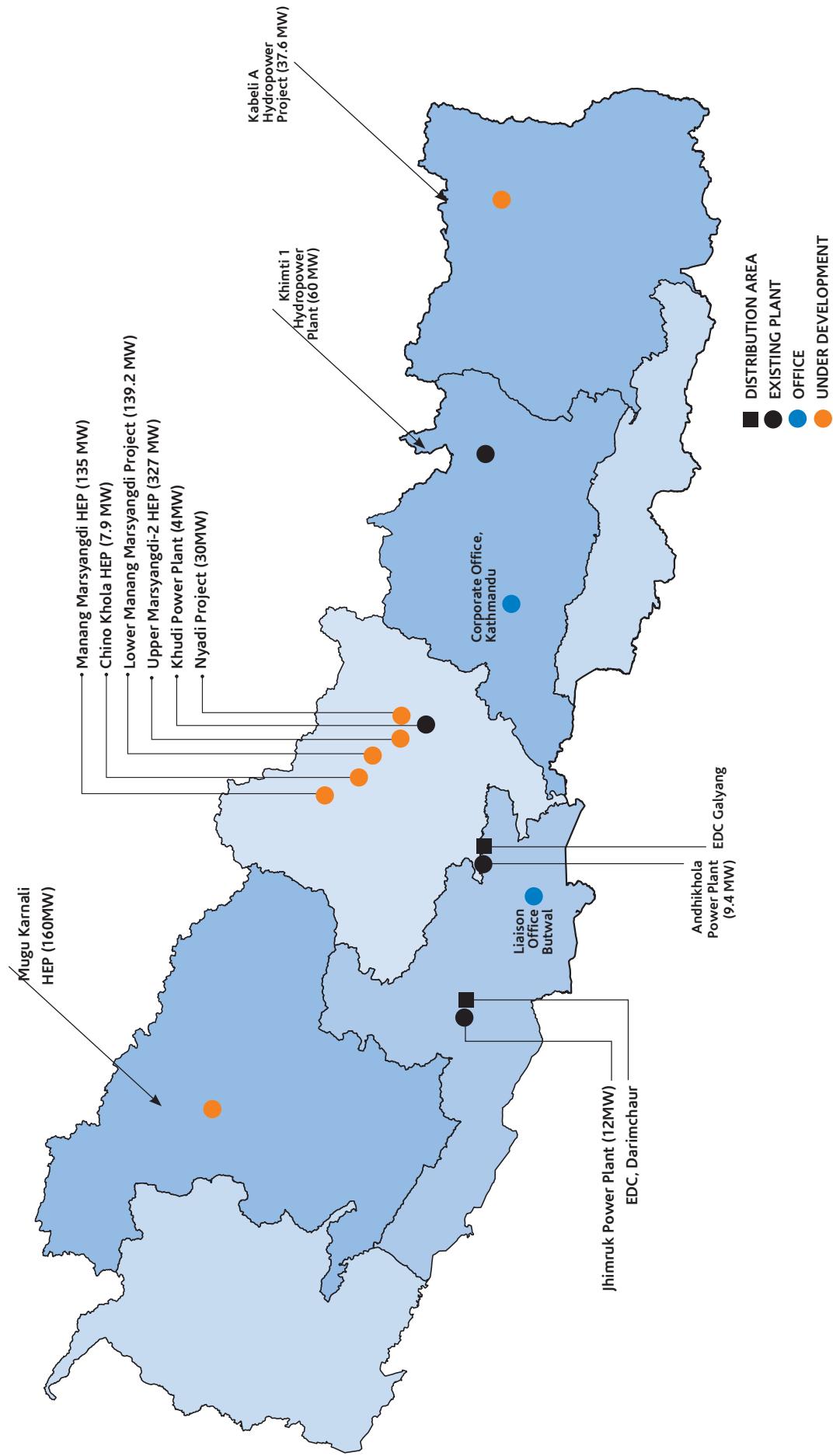
Particulars	2077/78 2020/21	2078/79 2021/22	2079/80 2022/23	2080/81 2023/24	2081/82 2024/25
<b>ASSETS</b>					
<b>Non-Current Assets</b>	<b>5,764,916</b>	<b>6,002,110</b>	<b>6,745,644</b>	<b>7,062,907</b>	<b>7,645,047</b>
Property, Plant and Equipment	298,844	284,591	271,559	262,312	248,443
Project Work in Progress	285,558	313,951	346,167	371,038	386,949
Intangible Assets	1,864,526	1,896,369	1,857,657	1,803,527	1,745,862
Capital Work in Progress	1,922	1,922	1,922	-	-
Investment in Shares	3,303,680	3,505,277	4,268,339	4,626,030	5,263,793
Other Non-current Assets	10,384	-	-	-	-
<b>Current Assets:</b>	<b>1,922,492</b>	<b>1,680,701</b>	<b>893,411</b>	<b>755,559</b>	<b>488,064</b>
Inventories	50,873	55,365	58,065	55,397	58,200
Trade Receivables	93,039	107,473	65,686	103,669	79,623
Cash & Bank Balance	684,861	32,638	64,195	38,086	50,102
Other Financial Assets	1,058,297	1,469,098	681,555	522,155	273,468
Other Current Assets	11,377	16,127	16,418	21,167	16,106
Current Tax Assets (Net)	24,045	-	7,492	15,085	10,565
<b>Total</b>	<b>7,687,408</b>	<b>7,681,956</b>	<b>7,681,956</b>	<b>7,818,466</b>	<b>8,133,111</b>
<b>EQUITY &amp; LIABILITIES:</b>					
<b>Equity</b>	<b>7,009,391</b>	<b>6,968,194</b>	<b>7,032,668</b>	<b>7,032,147</b>	<b>7,081,530</b>
Equity Share Capital	2,951,361	3,246,327	3,409,065	3,409,065	3,409,065
Other Equity	4,058,031	3,721,867	3,623,603	3,623,082	3,672,466
<b>Non-Current Liabilities</b>	<b>482,123</b>	<b>457,974</b>	<b>452,354</b>	<b>613,451</b>	<b>585,054</b>
Grant Aid in Reserve	189,437	183,049	175,148	167,248	159,327
Borrowings	110,069	94,659	79,659	64,659	49,659
Provisions	20,055	22,175	20,907	207,107	196,217
Deferred Tax Liabilities	140,201	138,697	158,167	156,885	163,199
Other Non-Current Liabilities	22,360	19,394	18,473	17,552	16,652
<b>Current Liabilities</b>	<b>195,894</b>	<b>255,788</b>	<b>154,033</b>	<b>172,869</b>	<b>466,527</b>
Borrowings	48,882	101,374	15,000	45,000	325,000
Trade Payables	38,177	39,030	15,543	10,452	24,353
Other Financial Liabilities	23,102	27,592	28,677	28,248	26,230
Provisions	3,647	2,600	3,866	1,538	2,278
Other Current Liabilities	82,085	85,192	90,947	87,631	88,666
<b>Total</b>	<b>7,687,408</b>	<b>7,681,956</b>	<b>7,639,055</b>	<b>7,818,467</b>	<b>8,133,111</b>

## FIVE YEAR SUMMARY OF STATEMENT OF PROFIT &amp; LOSS

(In Thousands NPR)

Particulars	2077/78 2020/21	2078/79 2021/22	2079/80 2022/23	2080/81 2023/24	2081/82 2024/25
<b>INCOME</b>					
<b>Operating Income</b>					
Electricity Sale to NEA	423,725	526,762	469,313	418,881	429,844
Electricity Sale to Consumers	213,989	239,480	247,530	268,955	297,492
Electricity Services	8,428	8,807	7,574	5,804	6,457
<b>Total Operating Income</b>	<b>646,142</b>	<b>775,049</b>	<b>724,417</b>	<b>693,640</b>	<b>733,793</b>
<b>Income from Other Sources</b>					
Financial Income	58,532	99,929	103,467	46,817	14,134
Dividend Income	324,956	11,440	44,165	27,889	43,960
Gain (Loss) on Disposal of Assets & Stock Materials/ Written back of provision for loss on investment	2,837	-	512,729	17,860	15,000
Depreciation Being Revenue Portion of Grant Aid	7,782	7,839	7,900	7,900	7,922
Other Income Including Forex gain/loss	359,922	28,589	34,682	55,148	30,342
<b>Total Non-Operating Income</b>	<b>754,029</b>	<b>147,797</b>	<b>702,943</b>	<b>155,614</b>	<b>111,358</b>
<b>Total Income</b>	<b>1,400,171</b>	<b>922,846</b>	<b>1,427,360</b>	<b>849,254</b>	<b>845,151</b>
<b>EXPENDITURE</b>					
Generation Expenses	312,181	295,793	303,590	305,055	294,018
Distribution Expenses	124,160	137,875	138,569	136,733	139,576
Administrative Expenses	127,739	127,427	126,787	124,852	131,392
Impairment Loss in Investment	252,051	-	462,097	10,000	-
Finance Costs	19,435	12,810	11,467	13,025	12,896
<b>Total Expenditure</b>	<b>835,567</b>	<b>573,905</b>	<b>1,042,510</b>	<b>589,665</b>	<b>577,882</b>
<b>Net Profit Before Tax</b>	<b>564,603</b>	<b>348,941</b>	<b>384,850</b>	<b>259,589</b>	<b>267,269</b>
Current Tax Provision	115,873	69,614	61,128	63,706	44,453
Deferred Tax Expenses/Credit	(53,086)	5,177	18,651	1,896	5,480
<b>Net Profit After Tax</b>	<b>501,816</b>	<b>274,150</b>	<b>305,071</b>	<b>193,987</b>	<b>217,336</b>

# Our Presence





# FINANCIAL STATEMENTS

2024-2025

# P.L. Shrestha & Co.

## Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT TO THE SHARE HOLDERS OF BUTWAL POWER COMPANY LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### OPINION

We have audited the accompanying Financial Statements of Butwal Power Company Limited (the Company or "BPCL") which comprise the Statement of Financial Position (SoFP) as at Ashad 32, 2082 (corresponding to July 16, 2025), the Statement of Profit and Loss and Statement of Total Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies.

In our opinion and to the best of our information and explanations provided to us, the accompanying Financial Statement referred to above present fairly, in all material respects, the financial position of the Group as at Ashad 32, 2082 (July 16, 2025) and its financial performance and its cash flow for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

##### BASIS OF OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Group in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended Ashad 32, 2082. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Financial Statement's section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

##### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial Statements in

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Royalty pertaining to the additional 4.3 MW Andhikhola project, as disclosed in Note 14 "Other Financial Assets" and Note 33(D) "Contingent Liabilities and Commitments" to the financial statements.</b></p> <p>BPCL executed a separate Power Purchase Agreement for an additional 4.3 MW hydropower project at Andhikhola, which achieved Commercial Operation Date on 5 April 2015, increasing the total installed capacity from 5.1 MW to 9.4 MW. The Company has treated the additional capacity as a separate project based on a separate PPA and generation license and has accordingly paid royalty to the Department of Electricity Development (DoED) at rates applicable to a new project, being NPR 100 per kW of installed capacity and 2% of electricity sales revenue.</p> <p>However, DoED has considered the additional capacity as an up-gradation of the existing project and has demanded royalty at rates applicable to an ongoing project, being NPR 1,000 per kW of installed capacity and 10% of electricity sales revenue. The matter is under dispute and is currently pending before the Supreme Court of Nepal.</p> <p>Pursuant to instructions from DoED, the Nepal Electricity Authority (NEA) has deducted the disputed royalty amount from the Company's electricity sales receivables and remitted the same to DoED. As at Asadh 32, 2082, the total amount so deducted amounted to NPR 40,977,452 (previous year: NPR 40,708,234), which has been recognized as receivable from DoED under Note 14 - Other Financial Assets, the recoverability of which is contingent upon the outcome of the court decision. The matter has also been disclosed as a contingent liability under Note 33(D) - Contingent Liabilities and Commitments.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <p>We understood the basis taken by the company while taking a call that the additional 4.3 MW Project is a new project.</p> <p>We have evaluated the design and operation controls in relation to compliance with applicable laws and regulations.</p> <p>We collected and reviewed the summary of litigation documents provided by management and held discussion with those charge with governance.</p> <p>In respect to provisions against litigation and the assessment of contingent liabilities, we tested the calculation of the provision/contingent liability assessment, we reviewed the assumptions against third party data (wherever applicable) and assessed the estimates against the historical trends.</p> <p>We considered management's judgment on the level of provisions/recognition of contingent liability as appropriate.</p>

accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of Financial Position, Statement of Profit or Loss including Other Comprehensive Income, the Statement of Change in Equity and the Statement of Cash Flows and attached Schedules dealt with by this report are in agreement with the books of account maintained by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and
- v. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

Lalitpur  
DATE: 2082/09/03  
UDIN - 251219CA00856CcKJt

For, P. L. Shrestha & Co.  
Chartered Accountants

CA. Sachet Lal Shrestha  
Managing Partner

## STATEMENT OF FINANCIAL POSITION

As at 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

Figures in NPR

	Note	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	248,442,539	262,312,392
Capital work-in-progress	3	-	-
Intangible assets	4	1,745,861,561	1,803,527,467
Project work-in-progress	5	386,949,493	371,037,839
Financial assets			
Investment in Subsidiaries and Associates	6	4,459,603,972	3,825,174,431
Other investments	7	804,189,494	800,855,626
Other non-current assets	12	-	-
<b>Total Non-Current Assets</b>		<b>7,645,047,059</b>	<b>7,062,907,755</b>
<b>Current Assets</b>			
Inventories	8	58,199,915	55,397,341
Financial assets			
Trade receivables	9	79,623,299	103,669,205
Cash and cash equivalents	10	43,141,777	30,971,263
Bank balance other than cash and cash equivalents	11	6,960,000	7,115,000
Other financial assets	13	273,467,859	522,154,733
Other current assets	12	16,106,396	21,167,299
Current tax assets (net)	14	10,565,085	15,085,376
<b>Total Current Assets</b>		<b>488,064,331</b>	<b>755,560,217</b>
<b>Total Assets</b>		<b>8,133,111,390</b>	<b>7,818,467,972</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	3,409,064,600	3,409,064,600
Other equity	16	3,672,465,658	3,623,082,367
<b>Total Equity</b>		<b>7,081,530,258</b>	<b>7,032,146,967</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Grant aid in reserve	17	159,326,555	167,248,316
Financial liabilities			
Borrowings	19	49,659,280	64,659,280
Provisions	22	196,217,450	207,106,990
Deferred tax	14	163,198,579	156,885,458
Other non-current liabilities	20	16,652,172	17,551,648
<b>Total Non-Current Liabilities</b>		<b>585,054,036</b>	<b>613,451,692</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	19	325,000,000	45,000,000

	Note	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
Trade payables	18	24,353,391	10,451,712
Other financial liabilities	21	26,230,006	28,247,996
Provisions	22	2,277,978	1,538,249
Other current liabilities	20	88,665,721	87,631,356
Current tax Liabilities (net)	14	-	-
<b>Total Current Liabilities</b>		<b>466,527,096</b>	<b>172,869,313</b>
<b>Total Liabilities</b>		<b>1,051,581,132</b>	<b>786,321,005</b>
<b>Total Equity and Liabilities</b>		<b>8,133,111,390</b>	<b>7,818,467,972</b>

The accompanying notes are integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive Officer

Padma Jyoti  
Chairman

Pradeep Kumar Shrestha  
Director

Radheshyam Shrestha  
Vice President- Finance

Om Prakash Shrestha  
Director

Bijay Bahadur Shrestha  
Director

CA Sachet Lal Shrestha  
Managing Partner  
P.L. Shrestha & Co.,  
Chartered Accountants

Raju Maharjan  
Director

Bina Rana  
Director

Tirtha Man Shakya  
Independent Director

Date: Poush 03, 2082 (December 18, 2025)

Place: Kathmandu, Nepal

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

Figures in NPR

	Note	2081-82	2080-81
Revenue	23	733,793,268	693,640,791
Cost of Sales			
Generation Expenses	24	(293,681,673)	(305,055,147)
Distribution Expenses	25	(139,070,892)	(136,732,791)
<b>Gross profit</b>		<b>301,040,703</b>	<b>251,852,853</b>
Depreciation Being Revenue Portion of Grant Aid	17	7,921,761	7,900,117
Other income	28	89,302,264	100,897,490
Administrative and other operating expenses	26	(132,233,541)	(124,851,942)
Allowance for Expected Credit loss	27	-	(10,000,000)
<b>Profit from Operation</b>		<b>266,031,187</b>	<b>225,798,518</b>
Finance Income	29	14,133,602	46,816,597
Finance Costs	30	(12,895,870)	(13,025,465)
<b>Profit Before Tax</b>		<b>267,268,919</b>	<b>259,589,650</b>
<b>Income Tax Expense</b>			
Current tax	14	(44,453,146)	(63,706,340)
Deferred tax credit/charge	14	(5,479,654)	(1,895,941)
<b>Profit for the year</b>		<b>217,336,119</b>	<b>193,987,369</b>
<b>Other comprehensive Income:</b>			
<b>Other comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>			
i. Equity instruments through other comprehensive income	7	3,333,869	(12,709,730)
ii. Tax relating to items that will not to be reclassified to profit or loss	14	(833,467)	3,177,433
<b>Other comprehensive gain/(loss) for the year, net of tax</b>		<b>2,500,402</b>	<b>(9,532,297)</b>
<b>Total Comprehensive gain/(loss) for the year, net of tax</b>		<b>219,836,521</b>	<b>184,455,072</b>
<b>Earnings per equity share of Rs. 100 each</b>			
Basic Earnings per share - Rs.	31	6.38	5.69
Diluted Earnings per share - Rs.	31	6.38	5.69

The accompanying notes are integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive Officer

Padma Jyoti  
Chairman

Pradeep Kumar Shrestha  
Director

Radheshyam Shrestha  
Vice President- Finance

Om Prakash Shrestha  
Director

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Independent Director

Date:Poush 03, 2082 (December 18, 2025)

Place: Kathmandu, Nepal

## STATEMENT OF CASH FLOWS

For the year ended 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

Figures in NPR

	Note	2081-82	2080-81
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		267,268,919	259,589,650
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment		17,830,228	18,984,413
Amortization of Intangible Assets		86,797,324	84,769,692
Depreciation Being Revenue Portion of Grant Aid		(7,921,761)	(7,900,117)
Provision for ECL and employee benefits		(10,149,811)	(11,127,449)
Provision for Bonus		9,651,106	12,070,933
Finance income		(14,133,602)	(46,816,597)
Equity Investment written off		-	-
Impairment of Intangible asset		6,258,627	4,422,304
Finance cost		12,219,558	12,716,138
Impairment loss on investment in subsidiaries and associates		-	(10,000,000)
Loss/ (gain) on sale of Property, plant and equipment		-	-
Unrealized foreign exchange difference on cash and cash equivalents		(109,004)	(69,443)
<b>Working capital adjustments:</b>			
(Increase)/ Decrease in Trade receivables		24,045,906	(37,982,885)
(Increase)/ Decrease in other financial assets		248,686,874	(95,599,313)
(Increase)/ Decrease in other assets		5,060,903	(4,748,836)
(Increase)/ Decrease in Inventories		(2,802,574)	2,667,376
Increase / (Decrease) in trade payables		13,901,679	(5,091,454)
Increase / (Decrease) in financial liabilities		(2,017,990)	(428,983)
Increase / (Decrease) in other current liabilities		(2,263,117)	(294,156)
Cash generated from operations			
<b>Cash generated from operations</b>		<b>652,323,265</b>	<b>175,161,273</b>
Bonus paid		(12,070,933)	(20,857,678)
Income Tax Paid		(39,932,855)	(71,299,546)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Proceeds from sale of Property, Plant and Equipment		152,008	2,044,518
(Increase)/Decrease in Project work-in-progress		(15,911,654)	(24,871,245)
(Increase)/Decrease in Investment in Fixed Deposits		-	450,000,000
Interest Received		14,133,602	46,816,597
(Increase)/ Decrease Investment in Subsidiaries and Associates		(634,429,541)	(360,401,139)
(Increase)/ Decrease in Other Investments		1	-
Acquisition of Property, plant and Equipment		(4,112,383)	(9,859,712)
Purchase of Intangibles		(35,390,045)	(35,062,095)
Grant Aid received/ (refunded)		-	-
Bank balance other than cash and cash equivalents		155,000	(7,100,000)

	Note	2081-82	2080-81
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(675,403,012)</b>	<b>61,566,924</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share Issue Cost		-	(14,522,920)
Borrowing (repaid) / taken (net)		265,000,000	15,000,000
Dividend paid		(165,635,397)	(165,609,097)
Interest paid		(12,219,558)	(12,716,138)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>87,145,045</b>	<b>(177,848,155)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>12,061,510</b>	<b>(33,277,182)</b>
Net foreign exchange difference on cash and cash equivalents		109,004	69,443
CASH AND CASH EQUIVALENTS, Beginning of Year		30,971,263	64,179,002
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b>38</b>	<b>43,141,777</b>	<b>30,971,263</b>

The accompanying notes are integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive Officer

Padma Jyoti  
Chairman

Pradeep Kumar Shrestha  
Director

Radheshyam Shrestha  
Vice President- Finance

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Independent Director

Date:Poush 03, 2082 (December 18, 2025)

Place: Kathmandu, Nepal

## STATEMENT OF CHANGES IN EQUITY

For the year ended 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

	Equity Share Capital	Retained earnings and reserves				Total
		Share Premium	General Reserve	Fair Value Reserve	Retained Earnings	
<b>Balance at 1st Shrawan 2080</b>	3,409,064,600	1,767,535,318	148,700,000	268,225,421	1,439,142,706	7,032,668,045
Profit for the year	-	-	-	-	193,987,369	193,987,369
Other comprehensive income	-	-	-	(9,532,297)	-	(9,532,297)
<b>Total comprehensive income</b>	-	-	-	<b>(9,532,297)</b>	<b>193,987,369</b>	<b>184,455,072</b>
Share Issue Cost	-	(14,522,920)	-	-	-	(14,522,920)
Dividends to shareholders	-	-	-	-	(170,453,230)	(170,453,230)
<b>Balance at 31st Ashadh 2081</b>	<b>3,409,064,600</b>	<b>1,753,012,398</b>	<b>148,700,000</b>	<b>258,693,124</b>	<b>1,462,676,845</b>	<b>7,032,146,967</b>
Profit for the year	-	-	-	-	217,336,119	217,336,119
Other comprehensive income	-	-	-	2,500,402	-	2,500,402
<b>Total comprehensive income</b>	-	-	-	<b>2,500,402</b>	<b>217,336,119</b>	<b>219,836,521</b>
Dividends to shareholders	-	-	-	-	(170,453,230)	(170,453,230)
<b>Balance at 32nd Ashadh 2082</b>	<b>3,409,064,600</b>	<b>1,753,012,398</b>	<b>148,700,000</b>	<b>261,193,526</b>	<b>1,509,559,734</b>	<b>7,081,530,258</b>

The accompanying notes are integral part of these financial statements.

As per our report of even date

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Date:Poush 03, 2082 (December 18, 2025)

Place: Kathmandu, Nepal

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 32nd Ashadh 2082

Figures in NPR

### Note 1: Background

Butwal Power Company Limited was established and registered in 2022 (1966) as a private limited company under the Companies Act 2021 (1965) by the United Mission to Nepal, Government of Nepal (GoN), Nepal Electricity Authority (NEA), and Nepal Industrial Development Corporation (NIDC) with an aim to develop hydropower projects using appropriate training, technology transfer, and human resources. BPC developed and operated 1-MW Tinau project, 5.1-MW Andhikhola project up-graded to 9.4-MW from 5th April 2015, 12-MW Jhimruk project, and 4-MW Khudi project. BPC is one of the sponsors of the 60-MW Khimti hydropower project. BPC was converted into a public limited company in 2049 (1993), and it was privatized in 2059 (2003). Its main shareholders are Shangri-La Energy Limited (SEL), IKN Nepal AS, (IKNN) from Norway, the Government of Nepal (GoN) and the General Public. The corporate office of BPC is located at Gangadevi Marga-313, Buddha Nagar, Kathmandu, Nepal.

The core business of BPC includes:

- Generation of Hydroelectricity
- Distribution of Hydroelectricity
- Project Development
- Investment in the shares of projects and other companies

The financial statements apply to the financial year ended 32nd Ashadh 2082 (16th July 2025).

In the Financial Statements, Butwal Power Company Limited has been referred to as "BPC" or "Company".

The accompanying financial statements have been approved for publication by the Board of Directors of the BPC in its meeting held on Poush 03, 2082 (December 18, 2025). The Board of Directors acknowledges responsibility for the preparation of financial statements.

### Note 2: Significant accounting policies.

#### 2.1 BASIS OF PREPARATION AND MEASUREMENT

##### i. Statement of Compliance

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements

have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

#### New Standards issued by ICAN which are applicable at 16th July 2025:

NFRS 9 "Financial Instruments" (Revised), The Company classifies financial assets and financial liabilities in accordance with the categories specified in NAS 32 and NFRS 9. Additional disclosures were made under Note 27 and Note 2.17

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS standard governing the accounting principles for revenue. Revenue from service concession arrangement under the intangible asset model is recognized based on the principles laid down under IFRIC-12 and in accordance with the terms of the power purchase agreement as and when the power is supplied. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

During the year, BPCL constructed a new infrastructure asset and identifies a performance obligation (operation and maintenance) under a service concession arrangement (contract) which includes transmission line upgrading, renovation of distribution lines, etc. amounting to NPR 35,041,969 (Intangible asset during the year). The company has applied the intangible asset model to recognize the asset as per IFRIC 12 - Service concession arrangements.

Income from the concession arrangements earned under the intangible asset model consists of:

- i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- ii) payments received from the users.

The cost for such improvements to concession assets is based on actual costs incurred by the Company in the execution of the upgradation, considering the

requirements in the concession agreement. The amount of revenue recognized is equal to the amount of costs incurred, considering the fair value of the amount transferred, therefore no adjustments were made to revenue and cost incurred. The amounts paid are set at market value.

**NFRS 16 Leases:** The new standard on lease is applicable from 16 July 2021 and it sets out the principles for the recognition, measurement, presentation, and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and lease payments are made over time, also obtaining financing. Accordingly, NFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by earlier IAS 17 and instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. NFRS 16 substantially carries forward lessor accounting requirements in IAS 17. Accordingly, the company in the capacity of a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

BPC has not opted for the adoption of the new set of NFRS pronounced by ICAN, which may relate to it, but not specifically relevant to the company. These standards include:

**NFRS 17 "Insurance Contracts"** NFRS 17 would be effective from July 16, 2024, and early application is allowed. The effect of application of NFRS 17 is being studied and initial assessment is that our business would not be materially affected by NFRS 17.

**NAS 29 "Financial Reporting in Hyperinflationary Economies"** applicable from 16th July 2021, has not been adopted based and initial assessment is that our business would not be materially affected by NAS 29.

## **ii. Basis of preparation**

The financial statements have been prepared on an accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of

assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in the functional and presentation currency of the Company i.e., Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

### **iii. Basis of measurement**

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

## **2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily include: -

### **Useful life and residual value of property, plant, and equipment**

Management reviews the useful life and residual values of property, plants, and equipment at least once a year. Such a life is dependent upon an assessment of both the technical life of the assets and their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

### **Impairment of property plant and equipment**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates, and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact on the carrying value of assets.

### **Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

### **Fair value measurements**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third-party qualified valuers to perform the valuation as per necessity. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

### **Recognition of deferred tax assets**

A significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

### **2.3 SERVICE CONCESSION ARRANGEMENTS**

Under IFRIC 12 – Service Concession Arrangements applies to public-to-private service concession arrangements if:

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- (b) The grantor controls through ownership, beneficial entitlement, or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement
- (c) Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement.

The infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC if the conditions in (a) above are met.

These arrangements are accounted for based on the below-mentioned models depending on the nature of consideration and relevant contract law.

#### **Financial asset model:**

The Financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

#### **Intangible asset model:**

The intangible asset model is used to the extent that the Company, being an operator, receives the right (a license) to charge users of the public service. A right to charge users of public service is not an unconditional right to receive cash because the amounts are contingent on to the extent the public uses the services. Both types of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the

operation i.e., considered as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

#### **Intangible Assets under Service Concession Arrangement (SCA)**

The Company manages concession arrangements which include power supply from its two hydropower plants viz. 12 MW Jhimruk Power Plant and 9.4 MW Andhikhola Power Plant. The Company maintains and services the infrastructure during the concession period. Further, the concession arrangement gives BPC the right to use the hydropower project for generating electricity and earn revenue by selling electricity to NEA and local consumers. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset model is applied.

Revenue from service concession arrangement under the intangible asset model is recognized in accordance with the terms of the power purchase agreement as and when the power is supplied. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or when the contractual rights to the financial asset expire.

The tenure of the Service Concession Arrangement of 9.4 MW Andhikhola and 12 MW Jhimruk Hydro Power Plant for generation, transmission, and distribution shall be ended on Chaitra 2101 B.S. and Chaitra 2102 B.S. respectively.

#### **2.4 PROPERTY, PLANT AND EQUIPMENT**

- i. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- ii. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset,

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

- iii. The Company identifies and determines the cost of each component/ part of the asset separately if the component/ part has a cost that is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.
- iv. The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- v. An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.
- vi. Assets during construction are capitalized in the assets under capital work in progress account (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimate cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated from production during the trial period is capitalized.

#### **2.5 OTHER INTANGIBLE ASSETS**

- i. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

- ii. Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence, and significant benefits expected to flow therefrom for a period longer than one year.
- iii. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

## 2.6 DEPRECIATION AND AMORTIZATION

- i. Depreciation is recognized to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the written-down method.
- ii. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- iii. Depreciation is provided on the written-down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on a pro-rata basis in the year when it is available for use. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows: -

Category of asset	Estimated useful life	Depreciation Rate
Building	58-59 years	5%
Plant and Equipment	18 -19 years	15%
Office equipment	10-11 years	25%
Furniture and fixtures	10-11 years	25%
Computers and accessories	10-11 years	25%
Vehicles	13 - 14 years	20%

Computer software is amortized over an estimated useful life of 5 years on straight-line basis.

- iv. Useful life is either the period during which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of asset.

The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

- v. Office furniture, equipment and vehicles costing less than NPR 5,000 per unit and plant equipment costing less than NPR 10,000 per unit are charged to the profit and loss account in the year of purchase.
- vi. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight-line basis.

## 2.7 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

- i. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
- ii. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.
- iii. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- iv. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.
- v. When an impairment loss subsequently reverses, the

carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

## 2.8 BORROWING COST

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are incurred in the period in which they occur.

## 2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.10 INVENTORIES

The cost of inventories includes the cost of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts, and loose tools are stated at the lower of weighted average cost and net realizable value. The net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

## 2.11 REVENUErecognition

### i) Sale of Electricity

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates

and other similar allowances. Revenue is recognized when substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

### ii) Other Electricity services

Fees from other electricity services are accounted for on an accrual basis as and when the right to receive arises.

### iii) Dividend income

Dividend income (net of withholding taxes) from investments is recognized when the shareholder's right to receive payment has been established (if it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). In the case of a stock dividend, only the number of shares is increased.

### iv) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 2.12 FOREIGN CURRENCY TRANSACTIONS

- i. The functional currency of the Company and its subsidiaries is determined based on the primary economic environment in which it operates. The functional currency of the Company is the Nepalese Rupee (NPR).
- ii. In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.
- iii. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined.
- iv. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.
- v. Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

## 2.13 EMPLOYMENT BENEFITS

The Company has schemes of employment benefits namely provident fund, employee gratuity and accumulated leave payable as per the employee service manual.

### Defined contribution plan - Provident Fund

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution schemes are deposited with Employees Provident Fund (Karmachari Sanchaya Kosh).

### Defined contribution plan - Gratuity Fund

As per the provision of the new Labor Act enacted and effective from 19th Bhadra, 2074, the gratuity plan has been converted into a contribution plan from a defined benefit plan. Contribution for gratuity is currently being deposited with Citizen Investment Trust (CIT). However, from FY 2078/79, BPC has started to deposit contribution for gratuity on a monthly basis to the separate Social Security Fund (SSF) about the new employees appointed from Shrawan 01, 2078, onwards. Contributions to the Gratuity fund are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

### Short-term and long-term employment benefits

- i. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- ii. Liabilities recognized in respect of short-term employees and contractual employees; benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the related service.
- iii. Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

## 2.14 TAXATION

### Income Tax

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

### Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to the company:

Income from manufacturing and sale of electricity: 20% (2079/80: 20%)

Income from other services: 25% (2079/80: 25%)

### Deferred tax

- i. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- ii. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the assets to be recovered.
- iii. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The tax rate for income from manufacturing and the sale of electricity is 20%.

## 2.15 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equities shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to

existing shareholders, share split, and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest, and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted at the beginning of the period unless they are issued later.

## 2.16 PROVISIONS, CONTINGENCIES, AND COMMITMENTS

- i. Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- ii. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
- iii. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
- iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
- v. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.
- vi. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or

more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize contingent liability but discloses its existence in the financial statements.

- vii. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
- viii. Commitments include the amount of purchase order (net of advances) issued to parties for the completion of assets.
- ix. Provisions, contingent liabilities, contingent assets, and commitments are reviewed at each reporting period.

## 2.17 FINANCIAL INSTRUMENTS

### i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities, and financial guarantee contracts are initially measured at transaction cost, and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of a financial asset or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss. In case of interest-free or concession loans/debentures/preference shares given to subsidiaries, associates, and joint ventures, the excess of the actual amount of the loan over the initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Investment in preference shares/debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the

purpose of redemption of such investments. Investments in preference shares/debentures not meeting the aforesaid conditions are classified as debt instruments at amortized cost.

#### **ii. Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Income/ expense arising on financial instruments after applying an effective interest rate is recognized in the Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

#### **iii. Financial assets**

##### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets measured at fair value.**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates, and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.

Financial assets not measured at amortized cost or at fair value through other comprehensive income are carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

##### **Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

##### **De-recognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in a statement of profit or loss.

#### **iv. Financial liabilities and equity instruments**

##### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered and the definitions of financial liability and equity instrument.

##### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

**Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

**De-recognition of financial liability**

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**v. Off-setting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**vi. Fair Value measurement:**

The Company measures financial instruments, such as investment in equity instruments, at fair value at each balance sheet date. Fair value is the price that would be

received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their best economic interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.18 LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

### The company as a Lessee

At the commencement date, the Company shall recognize the right to use assets at cost and a lease liability at the present values of the lease payments that are not paid on that date. The lease payment shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company shall use its incremental borrowing rate.

After the commencement date, the company shall measure the right to use assets by applying a cost model or measurement model. To apply a cost model, the company shall measure the right of use asset at cost less any depreciation and any accumulated impairment losses adjusted for remeasurement of lease liability as mentioned below.

After the commencement date, the company shall measure the lease liability by

- (a) Increasing the carrying amount to reflect interest on the lease liability.
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments

The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease.

### The Company as lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards to the ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

### Finance Lease

At the commencement date, a lessor shall recognize assets held under a finance lease in its Statement of Financial Position and present them as receivable at the amount equal to net investment in lease. The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the lease) to measure the net investment in the sublease.

A lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

### Operating Lease

A lessor shall recognize lease payments from operating leases as income either of straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefits from use of the underlying asset is diminished.

## 2.19 GOVERNMENT GRANTS AND GRANT AID IN RESERVE

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Grant received related to assets is shown at fair value as "grant aid in reserve" to the extent of asset creation they contribute. Grant aid in reserve is reduced by the depreciation of such assets and the same amount is realized as income to balance the expense of depreciation expense in the profit and loss account.

Revenue grant and related expenses are recognized in the profit and loss account.

## 2.20 NON-CURRENT ASSETS HELD FOR SALE

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sales expected within one year from the date of classification.

The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plants and equipment, and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortized.

## 2.21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's business activities expose it to a variety of financial risks, namely primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity, and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management is done by the Company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees on policies for managing each of these risks which are summarized below: -

### a. Currency risk

The Company is subject to the risk that changes in foreign currency values impact on the Company's imports of inventories and property, plant, and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar. The aim of the Company's approach to the management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all the years presented. Since there is not significant currency risk, the Company has not entered any forward contract.

The following table demonstrates the unhedged exposure in USD exchange rate as at Ashadh 32, 2082 and Ashadh 31, 2081 -

Particulars	Currency	Ashadh 32, 2082	Ashadh 31, 2081
Cash and bank balance	NPR	4,063,276	4,064,673
	USD	29,659	30,479

### b. Credit risk

Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognized in the financial position as financial liabilities.

### c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations. Since the interest rate risk is influenced by market forces, BPC has little role to play in minimizing this risk. BPC has made swap arrangements to minimize the interest rate risk associated with foreign currency. Further, the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings by negotiating with highly reputed commercial banks.

#### **d. Liquidity risk**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressful conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

To control liquidity risk and for better working capital management, BPC has arranged an adequate level of OD facility for short-term financing. The Company's Finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs. Any short-term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required), and any excess is invested in interest-bearing term deposits to optimize its cash returns on investments. The said investments are made in instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

#### **2.22 CAPITAL MANAGEMENT**

For the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements to meet its strategic and day-to-day needs. It considers the amount of capital in proportion to the risk and manages the capital structure considering changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim is to translate profitable growth to superior cash generation through efficient capital

management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain the future development and growth of its business. The Company's focus is on keeping a strong total equity base to ensure independence and security, as well as high financial flexibility for potential future borrowings, if required, without impacting on the risk profile of the Company. The Company will take appropriate steps to maintain, or if necessary, adjust its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 32nd Ashadh, 2082 and 31st Ashadh, 2081.

#### **2.23 SEGMENT REPORTING**

The Chief Executive Officer and functional managers of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined by NFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., "Generation and Sale of electricity" and most of its operations are in Nepal. Hence the Company does not have any reportable Segments as per NFRS 8 "Operating Segments".

#### **2.24 STAFF BONUS**

A 2% bonus on electricity income in line with the provisions of the Electricity Act 2049, a 2% bonus on dividend income and a 10% bonus on income from other sources as per Bonus Act 2030 have been provided.

#### **2.25 CONTINGENT ASSETS**

As per point 61 of the Budget Speech of Fiscal Year 2014/15, the Government of Nepal, Ministry of Finance declared to provide a lump sum grant of Rs 5.5 million per MW of electricity to those producers who generate and connect the generated electricity to the national grid within FY 2017/18. Andhikhola Hydropower Project, upgraded from 5.1 MW to 9.4 MW achieved a Commercial Operation Date (COD) on April 5, 2015 (Chaitra 22, 2071) from Nepal Electricity Authority (NEA). The first request was made to the Ministry of Energy dated May 8, 2015, and subsequent follow-up letters have been submitted from time to time. The total Grant for the upgraded capacity of the plant is NPR 23.65 million.

## 2.26 DESCRIPTION OF SUBSIDIARIES, ASSOCIATES, AND OTHER EQUITY INVESTMENTS

### a) Nepal Hydro & Electric Limited

BPC established Nepal Hydro & Electric Limited (NHE) in 2042 B.S. with the initial shareholdings of Butwal Power Company Ltd., Alstom Power Norway AS, GE Energy (Norway) AS, Butwal Technical Institute, Himal Hydro, and General Construction Ltd. Shares held by GE Energy and Alstom Power have been transferred in the name of IKN Industrial AS (Norwegian company). The current shareholders are BPC (51.3%), IKNI (46.9%), Butwal Technical Institute (1.1%), and Himal Hydro and General Construction Limited (0.7%). The company manufactures and refurbishes hydro and electric power equipment. It designs, manufactures, installs, tests and commissions hydro-mechanical and electro-mechanical equipment, including HV sub-stations, transmission line towers and poles and heavy steel structures.

### b) Khudi Hydropower Limited

Khudi Hydropower Limited (KHL) operates a 4 MW Khudi Power Plant, which began commercial operation in FY 2063/64. BPC holds 60% share of KHL. Other shareholders are Lamjung Electricity Development Company Limited (LEDCO) (Now converted into All Nepal Infrastructure Development Co. Ltd) and SCP Hydro International Inc., Canada. BPC's preference share of Khudi is a redeemable cumulative non-voting class with an annual dividend of 10.33% (12.53% in FY 2080/81) (i.e., the prevailing interest rate 7.83% of the term loan plus 2.50% as per Article 1.2.24 of the Shareholders Agreement).

### c) BPC Services Limited

BPC is the sole owner of BPC Services Limited (BPCSL), which was established in FY 2063/64 to provide operation and maintenance services to hydropower plants. BPCSL is in process of negotiation with several power plant owners for undertaking O&M service contract including Khudi and Nyadi Hydropower projects

### d) Nyadi Hydropower Limited

Nyadi Hydropower Limited (NHL) was established to build, own and operate the 30 MW Nyadi Hydropower project in Lamjung District. BPC owned 71.68% shares of NHL followed by 28.34% Public shareholdings as on reporting date. Generation of electricity started from Baisakh 27, 2079 (May 10, 2022) the COD date.

### e) Hydro-Consult Engineering Limited

The engineering business unit of BPC was merged with Hydro Consult (P) Ltd with effect from 1 Shrawan 2066, now converted into HCEL. BPC acquired 80% of the share of this company by transferring its engineering business assets in

HCEL and acquired 20% of the shares held by People Energy and Environment Development Association (PEEDA) on 2078/04/08. With this additional acquisition, BPC owned 100% share of HCEL effectively from FY 2078/79.

### f) Gurans Energy Limited

Gurans Energy Limited (GEL) is established as a joint venture of BPC and InfraCo Asia, Singapore with initial shareholding of 40% and 60% respectively, to develop and provide investment backup to hydropower projects being developed by BPC under pipeline and undertakes additional new projects. BPC has acquired 60% of the shares held by InfraCo Asia Development on Shrawan 18, 2080 (August 03, 2023). With this acquisition, BPC owned 100% shares of Gurans Energy Limited effective from FY 2080/81. Currently, the only project in the pipeline of GEL is 37.6 MW Kabeli - A Project.

### g) Kabeli Energy Limited (KEL)

Kabeli Energy Ltd. has been established for the development of 37.6 MW Kabeli-A Hydroelectric Project (KAHEP) located at Panchthar District in Nepal, under build, own, operate and transfer (BOOT) model as per the Project Development Agreement (PDA) signed with the Government of Nepal (GoN). After the exit of InfraCo Asia, BPC is developing the project in partnership with Arun Kabeli Power Limited (AKPL). The project construction has been resumed after amendment of PPA with NEA and financial closure from local consortium of banks on December 1, 2023. BPC invested additional NPR 479.20 million in Kabeli-A project till the end of FY 2081/82 as a part of its Equity for the revival process. Kabeli Energy Ltd. has reduced its paid-up capital to NPR 700 million with effect from 5 Baishakh 2082 (18 April 2025), following the issuance of the final order approving the capital reduction petition filed on 27 Magh 2081. Subsequently, to give effect to the approved capital reduction in the previously certified share register (Lagat), the Company updated and certified its share register on 6 Bhadra 2082 (22 August 2025) at the Office of the Company Registrar (OCR). However, the impact of the same in the investment amount of BPC in KEL has not been reflected in the Financial Statement of the BPC for the Fiscal year 2081/82. Further, BPC has initiated the necessary process to sale its entire investment in KEL to Arun Kabeli Power Limited (AKPL) as mandated by Special General Meeting held on Kartik 21, 2082.

### h) Himal Power Limited (HPL)

Himal Power Limited (HPL) owns and operates the 60-MW Khimti I Hydropower Project, which began commercial operation on 27 Ashadh, 2057 (5 July 2000). HPL was established on 2049/11/10 (21 February 1993) by BPC and the Norwegian companies Statkraft SF, ABB Energy AS (now ABB Kraft), and Kvaerner Energy AS (now G.E. Hydro) with

the objective of developing the project under the build, own, operate and transfer (BOOT) model. The major current shareholders are Statkraft Holding Pte. Ltd. Singapore, Eviny AS, Norway and BPC. BPC is holding 16.88% shares in HPL As per the provision of PPA, Nepal Electricity Authority (NEA) is entitled to get 50% of the shares of the Khimti hydropower Project owned by HPL effective from 12th July 2020 (Asadh 28, 2077), and necessary process of forming Joint venture Company as per the provision of PPA regarding handover and takeover of the share is ongoing.

#### **i) Hydro Lab Private Limited**

Hydro Lab Private Limited (HLPL) was established in 2053 B.S. to carry out research and provide consulting services in hydraulics and sediments. It assists water resource engineering professionals by conducting the physical hydraulic model studies needed to validate the design and operation modality of headworks. Hydro Lab conducted model studies for Upper Tama Koshi Hydropower Headworks, Devighat Intake, Melamchi Drinking Water Headworks, Jhimruk Intake, Khudi Hydropower Headworks, Kabeli A, Nyadi and others. BPC holds 16.64% shares in HLPL.

#### **j) S.C.I.G. International Nepal Hydro Joint Development Company Private Limited**

S.C.I.G. International Nepal Hydro Joint Development Company Private Limited was established on 22nd November 2017 to develop, own, acquire and operate hydropower projects in Nepal and invest in such business activities. Butwal Power Company Ltd (BPC), Sichuan Investment Group Co. Ltd (SCIG), Chengdu Xingcheng Investment Group Co. Ltd (CXIG), and Sichuan Qingyuan Engineering Consulting Co. Ltd (QYEC) jointly established a Joint Venture Company with a capital contribution of 20%, 51%, 17% and 12% respectively. The company has an authorized capital of NPR 1,900,000,000 (One Billion Nine Hundred Million) comprising 19,000,000 shares of NPR 100 each.

#### **k) Manang Marsyangdi Hydropower Company Pvt. Ltd.**

Manang Marshyangdi Hydropower Company Private Limited ("MMHCL" or "the Company") is a private limited company incorporated on 7 December 2010 under the Companies Act 2006 of Nepal. The registered office is located at Lalitpur, Metropolitan City - 2, Lalitpur. Manang Marsyangdi Hydro-Electric Project is located on the Marshyangdi river in Manang district, Gandaki Zone of Nepal within the Annapurna Conservation Area (ACAP).

BPC owns 19.40% shares of Manang Marsyangdi Hydropower Company Pvt. Ltd, a SPV formed to develop and operate MMHEP. 80.60% of the total shares are owned by SCIG JVC, Chinese investors - SCIG HK, CXIG HK & QYEC HK at 3%, 49.47%, 16.49% and 11.64% respectively. DoED has issued Generation License for

35 years period from 17 Nov 2018 for 282 MW ROR type (now optimized capacity at 135MW under Q40) and signed the PPA with NEA for 135 MW MMHEP. The financial closure has been concluded with the China EXIM Bank. The project is under construction by EPC Contractor, and physical progress is 29% as on reporting date.

#### **I) Himtal Hydropower Company Pvt. Ltd.**

Himtal Hydropower Company Pvt. Ltd, incorporated in Nepal on April 13, 2001, under Companies Act 2063, is promoted by GMR Energy Limited (incorporated in India) from Jan 2, 2008, to develop and operate 600MW (now optimized capacity at 327 MW under Q40) Hydro based power project (M3) in Marsyangdi River, Lamjung and Manang District. The registered address of the company is P O Box: 148, Chakupat-10, Lalitpur, contract address is at Sanepa, Lalitpur, Nepal. The company is in the process of setting up the project.

BPC has acquired 19.40% of shares of M3 project of the Company with a plan to develop the cascade at Marsyangdi basin. Its Share transfer to BPC has been completed by 30th December 2018. PDA is in the process of negotiation. DPR approval at IBN has been completed. The PDA negotiation committee has already been formed at IBN. The Connection Agreement has already been signed with NEA as a process of PPA.

#### **m) Marsyangdi Transmission Company Pvt. Ltd. (MTCL)**

Marsyangdi Transmission Company Pvt. Ltd., incorporated in Nepal on April 27, 2010, under Companies Act 2063, is promoted by GMR Energy (Mauritius) Limited (incorporated in Mauritius), to develop the transmission line for power evacuation of 600MW upper Marsyangdi Hydro Electric Project - 2 in Marsyangdi River. The register address of the company is P O Box: 148, Chakupat-10, Lalitpur and contract address is at Sanepa, Lalitpur, Nepal. BPC acquired 19.40% shares of MTCPL on 24th May 2019.

#### **n) Chino Hydropower Limited**

Chino Hydropower Limited (CHL) is incorporated on Jesta 26, 2080 (June 09, 2023) under the Companies Act 2006 of Nepal. The registered office is at Kathmandu Metropolitan City, ward No 10, Buddhanagar Kathmandu. Chino Hydro-Electric Project (CHEP) is located on the Chinokhola small river in Manang district, Gandaki Zone of Nepal within the Annapurna Conservation Area (ACAP). BPC owns 65% of shares of Chino Hydropower Company Ltd, an SPV formed to develop and operate CHEP. DOED issued Generation License for 35 years period on 2079/03/24 (July 08, 2022) for 7.9 MW ROR type and signed the PPA with NEA & fixed the RCOD on Baisakh 13, 2084. The financial closure has been concluded with the Everest Bank Ltd. The project is under construction by EPC Contractor, and physical progress is 14% as on reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 32<sup>nd</sup> ASHADH 2082
**Note no: 3**  
**Property, plant and equipment:**

<b>Cost</b>							<i>Figures in NPR</i>		
	<b>Freehold Land</b>	<b>Building</b>	<b>Office Equipment</b>	<b>Furniture and Fixtures</b>	<b>Plant &amp; Equipment</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Capital work-in-progress</b>	<b>Total</b>
Balance at 1st Shrawan 2080	48,515,535	264,717,722	64,701,180	23,866,494	7,884,104	43,348,089	22,177,120	1,922,130	<b>477,132,374</b>
Additions	-	-	1,769,447	63,000	417,202	6,328,872	1,281,191	-	<b>9,859,712</b>
Transfer from CWIP	-	-	-	-	-	-	-	-	-
Disposals	-	-	(623,188)	(22,123)	(31,990)	(13,378)	(395,954)	(1,922,130.00)	<b>(3,008,763)</b>
Balance at 31st Ashadh 2081	48,515,535	264,717,722	65,847,439	23,907,371	8,269,316	49,663,583	23,062,357	-	<b>483,983,323</b>
Additions	-	-	1,402,840	115,946	1,001,018	-	1,592,579	-	<b>4,112,383</b>
Transfer from CWIP	-	-	-	-	-	-	-	-	-
Disposals	-	-	(483,559)	(125,128)	(124,185)	(18,618)	(907,869)	-	<b>(1,659,359)</b>
Balance at 32nd Ashadh 2082	48,515,535	264,717,722	66,766,720	23,898,189	9,146,149	49,644,965	23,747,067	-	<b>486,436,347</b>
<b>Accumulated depreciation</b>									
Balance at 1st Shrawan 2080	-	81,839,820	52,734,802	21,115,063	2,872,423	30,663,054	14,425,599	-	<b>203,650,761</b>
Charge for the year	-	9,116,790	3,126,555	771,231	897,368	2,896,114	2,176,355	-	<b>18,984,413</b>
Disposals	-	-	(552,865)	(20,462)	(24,581)	(11,582)	(354,755)	-	<b>(964,245)</b>
Balance at 31st Ashadh 2081	-	90,956,610	55,308,492	21,865,832	3,745,210	33,547,586	16,247,199	-	<b>221,670,929</b>
Charge for the year	-	8,688,055	2,852,869	601,523	648,803	3,223,600	1,815,378	-	<b>17,830,228</b>
Disposals	-	-	(433,363)	(105,155)	(104,225)	(16,619)	(847,989)	-	<b>(1,507,351)</b>
Balance at 32nd Ashadh 2082	-	99,644,665	57,727,998	22,362,200	4,289,788	36,754,567	17,214,588	-	<b>237,993,806</b>
<b>Net book value</b>									
At 1st Shrawan 2080	48,515,535	182,877,902	11,966,378	2,751,431	5,011,681	12,685,035	7,751,521	1,922,130	<b>273,481,613</b>
At 31st Ashadh 2081	48,515,535	173,761,112	10,538,947	2,041,539	4,524,106	16,115,997	6,815,158	-	<b>262,312,394</b>
At 32nd Ashadh 2082	48,515,535	165,073,057	9,038,722	1,535,989	4,856,361	12,890,398	6,532,479	-	<b>248,442,539</b>

a) Refer Note 19 for the details in respect of certain assets hypothecated/mortgaged as security for borrowings.

b) Capital work in progress includes expenditure on on-going contractual works for development of Revenue Accounting Software

**Note no: 4****Intangible assets:**

<b>Intangible assets:</b>	<b>Computer Software</b>	<b>Service Concession Arrangement</b>	<b>Total</b>
Balance at 1st Shrawan 2080	1,624,001	2,443,190,223	<b>2,444,814,224</b>
Additions - Externally acquired	2,135,700	32,926,395	<b>35,062,095</b>
Transfer from CWIP	-	-	-
Adjustment during the year	(95,112)	(4,963,709)	<b>(5,058,821)</b>
Balance at 31st Ashadh 2081	3,664,589	2,471,152,909	<b>2,474,817,498</b>
Additions - Externally acquired	348,076	35,041,969	<b>35,390,045</b>
Transfer from CWIP	-	-	-
Adjustment during the year	(1,528,890)	(7,047,141)	<b>(8,576,031)</b>
Balance at 32nd Ashadh 2082	2,483,775	2,499,147,737	<b>2,501,631,512</b>
<b>Amortisation</b>			
Balance at 1st Shrawan 2080	993,423	586,163,435	<b>587,156,858</b>
Charge for the year	324,800	84,444,892	<b>84,769,692</b>
Adjustment during the year	(95,112)	(541,405)	<b>(636,517)</b>
Balance at 31st Ashadh 2081	1,223,111	670,066,922	<b>671,290,033</b>
Charge for the year	740,401	86,056,923	<b>86,797,324</b>
Adjustment during the year	(1,528,890)	(788,514)	<b>(2,317,404)</b>
Balance at 32nd Ashadh 2082	434,622	755,335,331	<b>755,769,953</b>
<b>Net book value</b>			
At 1st Shrawan 2080	630,578	1,857,026,788	<b>1,857,657,366</b>
At 31st Ashadh 2081	2,441,478	1,801,085,987	<b>1,803,527,465</b>
At 32nd Ashadh 2082	2,049,153	1,743,812,406	<b>1,745,861,561</b>

a) Refer Note 19 for the details in respect of certain intangible assets hypothecated/mortgaged as security for borrowings.  
 b) The tenure of the Service Concession Arrangement of 9.4 MW Andhikhola and 12 MW Jhimruk Hydro Power Plant for generation, transmission and distribution shall be ended on Chaitra 2101 B.S. and Chaitra 2102 B.S. respectively.

**Note no: 5****Project work-in-progress**

<b>Particulars</b>	<b>As at 32<sup>nd</sup> Ashadh 2082</b>	<b>As at 31st Ashadh 2081</b>
	<b>At cost</b>	<b>At cost</b>
Chino Khola SHP	40,353,464	40,353,464
Lower Manang Marshyangdi HEP	254,838,621	239,395,851
Mugu Karnali HEP	87,154,009	86,903,374
Solar Project at Jhimruk Area ( 7 MW )	4,603,400	4,385,150
<b>Total</b>	<b>386,949,493</b>	<b>371,037,839</b>

a) Expenditure on Lower Manang Marsyangdi, Chino Khola, Mugu Karnali and Solar at Jhimruk project are shown as project work in progress. Refer Note 35C (iii), (iv), (v) and (x) for status and detail of these projects

**Note no: 6****Investment in subsidiaries and associates**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31st Ashadh 2081	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted Investments at cost</b>				
<b>Investment in Subsidiary Companies</b>				
Nepal Hydro & Electric Limited (Equity Shares of NPR 100 each fully paid up)	858,960	71,580,000	715,800	71,580,000
Khudi Hydropower Limited (Equity Shares of NPR 100 each fully paid up)	504,000	50,400,000	504,000	50,400,000
Khudi Hydropower Limited (Preference Shares of NPR 100 each fully paid up)	576,000	57,600,000	576,000	57,600,000
BPC Services Limited (Equity Shares of NPR 100 each fully paid up)	100,000	10,000,000	100,000	10,000,000
Nyadi Hydropower Limited (Equity Shares of NPR 100 each fully paid up)	10,751,453	1,075,145,300	10,751,453	1,075,145,300
Hydro-Consult Engineering Limited (Equity Shares of NPR 100 each fully paid up)	147,231	42,991,260	147,231	42,991,260
Gurans Energy Limited (Equity Shares of NPR 100 each fully paid up)	3,319,836	331,983,600	3,319,836	331,983,600
Chino Hydropower Limited (Equity Shares of NPR 100 each fully paid up)	1,820,000	182,000,000	-	-
<b>Investment in Associate Companies</b>				
"Kabeli Energy Limited (Equity Shares of NPR 100 each fully paid up)"	2,966,860	296,686,000	2,966,860	296,686,000
Himtal Hydropower Company Pvt. Ltd. (Equity Shares of NPR 100 each fully paid up)	601,300	789,700,830	601,300	789,700,830
Marsyangdi Transmission Company Pvt. Ltd. (Equity Shares of NPR 100 each fully paid up)	6,406	10,346,245	6,406	10,346,245
Manang Marsyangdi Hydropower Company Pvt. Ltd. (Equity Shares of NPR 100 each fully paid up). Refer note 2.26 (k) for details	171,876	127,661,228	171,876	127,661,228
SCIG Int'l Nepal Hydro Joint Development Co. Pvt. Ltd. (Equity Shares of NPR 100 each fully paid up)	3,125,439	93,520,876	3,125,439	93,520,876
<b>Advance towards share capital including incidental cost:</b>				
SCIG Int'l Nepal Hydro Joint Venture Development Co. Pvt. Ltd.	-	144,000,000	-	94,000,000
Gurans Energy Limited	-	201,409,023	-	142,930,323
Manang Marsyangdi Hydropower Company Pvt. Ltd.	-	471,086,000	-	353,086,000
Chino Khola SHP	-	-	-	40,473,092
Nyadi Hydropower Limited	-	150,000,000	-	-
Kabeli Energy Limited	-	622,730,300		506,306,367
<b>Gross Investment at Cost (A)</b>	<b>24,949,361</b>	<b>4,728,840,662</b>	<b>22,986,201</b>	<b>4,094,411,121</b>
Less: Provision for Expected Credit loss				
Gurans Energy Limited		(142,930,323)		(142,930,323)
Kabeli Energy Limited		(126,306,367)		(126,306,367)
<b>Total Provision (B)</b>		<b>(269,236,690)</b>		<b>(269,236,690)</b>
<b>Net Investment at cost less impairment (A+B)</b>		<b>4,459,603,972</b>		<b>3,825,174,431</b>

**Note no: 7**  
**Other investments**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted Investments at fair value through other comprehensive income</b>				
Himal Power Limited (HPL) (Equity Shares of NPR 100 each fully paid up)	2,978,502	738,644,373	2,978,502	740,282,587
Hydro Lab (P) Limited (Equity Shares of NPR 100 each fully paid up)	10,000	45,545,121	10,000	40,573,039
<b>Total Investment at Fair Value through Other Comprehensive Income</b>	<b>2,988,502</b>	<b>784,189,494</b>	<b>2,988,502</b>	<b>780,855,626</b>
<b>Advance towards share capital including incidental cost:</b>				
Nepal Power Exchange Ltd.	-	20,000,000	-	20,000,000
<b>Total other investments</b>	<b>2,988,502</b>	<b>804,189,494</b>	<b>2,988,502</b>	<b>800,855,626</b>

**Note no: 8**  
**Inventories**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
General Stock/Office Supplies/Consumer Service Items	3,353,715	6,945,888
Stock of Electric Goods	6,785,396	7,999,848
T/L & D/L Stock	3,830,717	4,437,393
Other engineering inventories and spare parts	44,230,087	36,014,212
<b>Total</b>	<b>58,199,915</b>	<b>55,397,341</b>

Refer Note 19 for the details in respect of assets hypothecated/mortgaged as security for borrowings.

**Note no: 9**  
**Trade receivables**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
Nepal Electricity Authority	48,030,259	40,081,121
Local Consumers	31,593,040	63,588,084
<b>Total</b>	<b>79,623,299</b>	<b>103,669,205</b>

Refer Note 19 for the details in respect of assets hypothecated/mortgaged as security for borrowings.

**Note no: 10**  
**Cash and cash equivalents**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
<b>Balances with banks</b>		
Local currency account		
In current accounts	25,982,209	7,745,323
In call accounts	8,289,066	18,645,373
In current accounts	3,125,204	3,030,234
In call accounts	938,072	1,034,439
Cheques in Hand	4,023,481	54,159
Cash in hand	783,745	461,735
<b>Total</b>	<b>43,141,777</b>	<b>30,971,263</b>

Refer Note 19 for the details in respect of assets hypothecated/mortgaged as security for borrowings.

**Note no: 11**  
**Bank balance other than cash and cash equivalents**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
<b>Balances with Bank</b>		
In deposit account	-	-
<b>Embarked balance with bank</b>		
Margin money	6,960,000	7,115,000
<b>Total</b>	<b>6,960,000</b>	<b>7,115,000</b>

**Note no: 12**  
**Other assets (Current and Non-current)**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-current	Current	Non-current
Capital advance	1,500,000	-	7,101,882	-
Prepaid Expenses	14,606,396	-	14,065,417	-
<b>Total</b>	<b>16,106,396</b>	-	<b>21,167,299</b>	-

Refer Note 19 for the details in respect of assets hypothecated/mortgaged as security for borrowings.

**Note no: 13****Other financial assets (Current and Non-current)**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31st Ashadh 2081	
	Current	Non-current	Current	Non-current
Deposit (Others)	229,598	-	229,598	-
Advances to Staff	497,663	-	450,809	-
Receivables from Employee Welfare Fund	14,301,855	-	14,301,855	-
Receivables from Harish Chandra Shah	170,000,000	-	185,000,000	-
Dividend receivable from subsidiaries and associates	-	-	15,868,800	-
Interest receivable from subsidiaries and associates	47,044,508	-	115,444,228	-
Other receivables from subsidiaries and associates	416,783	-	151,209	-
Advance to subsidiaries and associates	-	-	150,000,000	
Other receivables from Department of Electricity Development (DoED)	40,977,452	-	40,708,234	-
<b>Total</b>	<b>273,467,859</b>	-	<b>522,154,733</b>	-

Refer Note 19 for the details in respect of assets hypothecated/mortgaged as security for borrowings.

Allowances for expected Credit loss has been provided for amount receivable from Harish Chandra Shah NPR 170,000,000 considering the uncertainty regarding the recoverability.

**Note no: 14****INCOME TAXES**

Figures in NPR

A.	Tax expense recognised in the Statement of Profit and Loss	Year ended	
		32 Ashadh, 2082	31 Ashadh, 2081
<b>Current tax expenses</b>			
Current tax on profits for the year	43,368,622	48,232,578	
Adjustments for under provision in prior periods	1,084,524	15,473,762	
<b>Deferred tax credit/charge</b>			
Origination and reversal of temporary differences	5,479,654	1,895,941	
Adjustments/(credits) related to previous years - (net)	-	-	
<b>Income tax expense reported in Statement of Profit or Loss</b>	<b>49,932,800</b>	<b>65,602,281</b>	

B.	Tax expense recognised in Other comprehensive income	Year ended	
		32 Ashadh, 2082	31 Ashadh, 2081
<b>Deferred tax</b>			
Origination and reversal of temporary differences	833,467	(3,177,433)	
Adjustments/(credits) related to previous years - (net)	-	-	
<b>Income tax charged to OCI</b>	<b>833,467</b>	<b>(3,177,433)</b>	

C.	Current tax asset / (liability) -net:	Year ended	
		32 Ashadh, 2082	31 Ashadh, 2081
	Advance Income Tax	53,933,707	63,317,954
	Less: Income Tax Liability	(43,368,622)	(48,232,578)
	<b>Total</b>	<b>10,565,085</b>	<b>15,085,376</b>

D.	Reconciliation of tax liability on book profit vis-à-vis actual tax liability	32 Ashadh, 2082			31 Ashadh, 2081		
		Hydro	Other source	Total	Hydro	Other source	Total
	Accounting Profit/ (Loss) before income tax	177,919,214	89,349,705	267,268,919	157,574,186	102,015,463	259,589,649
	Enacted tax rate	20%	25%		20%	25%	
	<b>Computed tax expense</b>	<b>35,583,843</b>	<b>22,337,426</b>	<b>57,921,269</b>	<b>31,514,837</b>	<b>25,503,866</b>	<b>57,018,703</b>
	<b>Differences due to:</b>						
	Tax effect due to non taxable income	-	(10,989,974)	(10,989,974)	-	(6,972,350)	(6,972,350)
	Effect due to non deductible expenses	1,739,475	1,451,465	3,190,940	3,157,509	2,065,474	5,222,983
	Tax effect due to difference in depreciation rate	(2,977,340)	(26,273)	(3,003,613)	(5,005,455)	(66,238)	(5,071,693)
	Opening Accumulated losses	-	-	-	-	-	-
	Tax effect of Impairment reversal less Allowance for ECL	-	(3,750,000)	(3,750,000)	-	(1,965,065)	(1,965,065)
	<b>Current tax on profits for the year</b>	<b>34,345,978</b>	<b>9,022,644</b>	<b>43,368,622</b>	<b>29,666,891</b>	<b>18,565,687</b>	<b>48,232,578</b>

E.	The movement in deferred tax assets and liabilities during the year ended 31 Ashadh, 2081 and 32 Ashadh, 2082:				
i.	Movement during the year ended 31 Ashadh, 2080	As at 1 Shrawan, 2080	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31 Ashadh, 2081
	<b>Deferred tax assets/(liabilities)</b>				
	Provision for leave encashment	5,347,936	(281,863)	-	5,066,073
	Provision for loss on investment	-	113,559,173	-	113,559,173
	Depreciation and Amortisation	(189,630,649)	(2,149,014)	-	(191,779,663)
	Investment in equity instrument	(89,408,474)	-	3,177,433	(86,231,041)
	Amortisation cost of term loan	115,524,237	(113,024,237)	-	2,500,000
	Unused tax losses	-	-	-	-
	<b>Total</b>	<b>(158,166,950)</b>	<b>(1,895,941)</b>	<b>3,177,433</b>	<b>(156,885,458)</b>

ii.	Movement during the year ended 31 Ashadh, 2081	As at 1 Shrawan, 2081	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 32 Ashadh, 2082
	Deferred tax assets/(liabilities)				
	Provision for leave encashment	5,066,073	1,053,742	-	6,119,815
	Provision for loss on investment	113,559,173	(3,750,000)	-	109,809,173
	Depreciation and Amortisation	(191,779,663)	(283,396)	-	(192,063,059)
	Investment in equity instrument	(86,231,041)	-	(833,467)	(87,064,508)
	Amortisation cost of term loan	2,500,000	(2,500,000)	-	-
	<b>Unused tax losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>(156,885,458)</b>	<b>(5,479,654)</b>	<b>(833,467)</b>	<b>(163,198,579)</b>

**Note no: 15**  
**Equity Share Capital**

Figures in NPR

<b>A. Equity Shares</b>		<b>As at 32<sup>nd</sup> Ashadh, 2082</b>		<b>As at 31<sup>st</sup> Ashadh, 2081</b>	
<b>Particulars</b>		<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
<b>Authorised</b>					
Equity Shares of Rs. 100 each with voting rights		80,000,000	8,000,000,000	80,000,000	8,000,000,000
<b>Issued</b>					
Equity Shares of Rs. 100 each with voting rights		34,090,646	3,409,064,600	34,090,646	3,409,064,600
<b>Subscribed and Fully Paid</b>					
Equity Shares of Rs. 100 each with voting rights		34,090,646	3,409,064,600	34,090,646	3,409,064,600
		<b>34,090,646</b>	<b>3,409,064,600</b>	<b>34,090,646</b>	<b>3,409,064,600</b>

<b>B. Reconciliation of the number of shares outstanding at the beginning and end of the year</b>		<b>As at 32<sup>nd</sup> Ashadh, 2082</b>	<b>As at 31<sup>st</sup> Ashadh, 2081</b>
		<b>No. of Shares</b>	<b>No. of Shares</b>
Balance as at the beginning of the year		34,090,646	34,090,646
Add: Issue of bonus share during the year		-	-
<b>Balance as at end of the year</b>	<b>34,090,646</b>		<b>34,090,646</b>

<b>C. Details of shareholding more than 1%</b>		<b>As at 32<sup>nd</sup> Ashadh, 2082</b>	<b>As at 31<sup>st</sup> Ashadh, 2081</b>
		<b>No. of Shares</b>	<b>Share %</b>
Shangri-La Energy Ltd.		19,191,816	56.30%
Government of Nepal		2,530,249	7.42%
IKN Nepal A.S., Norway		538,689	1.58%
United Mission to Nepal		466,161	1.37%
Nepal Electricity Authority		293,974	0.86%
General Public Shareholders			
Other General Public shareholders		11,069,757	32.47%
		11,069,757	32.47%

**D. Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of NPR 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Nepalese rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

**E. Dividend Paid and Proposed:**

<b>Declared dividends and proposed dividends</b>	<b>As at 32<sup>nd</sup> Ashadh, 2082</b>	<b>As at 31<sup>st</sup> Ashadh, 2081</b>
<b>Declared and approved for during the year:</b>		
Dividends on ordinary shares: Declared dividend for 2080-81: Cash dividend NPR 5 per share (2079-80: cash dividend NPR 5 per share)	-	170,453,230
<b>Proposed for approval at the annual general meeting (not recognised as a liability as at balance sheet date):</b>		
<b>Dividends on ordinary shares:</b> Proposed dividend for 2081-82: Cash dividend NPR 6 per share (2080-81: cash dividend NPR 5 per share)	204,543,876	-

**Note no: 16**  
**Other equity**

Figures in NPR

Other equity	Share Premium	General Reserve	Fair Value Reserve	Retained Earnings	Total
<b>Balance at 1st Shrawan 2080</b>	1,767,535,318.00	148,700,000.00	268,225,421.00	1,439,142,706.00	<b>3,623,603,445</b>
Profit for the year	-	-	-	193,987,369.00	<b>193,987,369</b>
Other comprehensive income	-	-	(9,532,297.00)	-	<b>(9,532,297)</b>
Share Issue Cost	(14,522,920.00)	-	-	-	<b>(14,522,920)</b>
Dividends to shareholders	-	-	-	(170,453,230.00)	<b>(170,453,230)</b>
<b>Balance at 31st Ashadh 2081</b>	1,753,012,398	148,700,000	258,693,124	1,462,676,845	<b>3,623,082,367</b>
Profit for the year	-	-	-	217,336,119	<b>217,336,119</b>
Other comprehensive income	-	-	2,500,402	-	<b>2,500,402</b>
Dividends to shareholders				(170,453,230)	<b>(170,453,230)</b>
<b>Balance at 32nd Ashadh 2082</b>	1,753,012,398	148,700,000	261,193,526	1,509,559,734	<b>3,672,465,658</b>

**Note no: 17**  
**Grant aid in reserve**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Closing balance	Amortisation for the year	Closing balance	Amortisation for the year
<b>Name of Grantors</b>				
NORAD	6,820,773	329,384	7,150,157	328,484
UMN PCS	13,561,902	675,777	14,237,679	673,931
USAID	7,649,075	383,772	8,032,847	382,723
REGDAN	8,313,992	415,510	8,729,502	414,375
JRP	4,120,474	207,372	4,327,846	206,805
REEP	55,563,336	2,781,448	58,344,784	2,773,848
Local VDC/Community	63,297,003	3,128,498	66,425,501	3,119,951
<b>Total</b>	<b>159,326,555</b>	<b>7,921,761</b>	<b>167,248,316</b>	<b>7,900,117</b>

**Note no: 18**  
**Trade payables**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-Current	Current	Non-Current
Trade payables	24,353,391	-	10,451,712	-
<b>Total</b>	<b>24,353,391</b>	<b>-</b>	<b>10,451,712</b>	<b>-</b>

**Note no: 19**  
**Borrowings**

Figures in NPR

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-Current	Current	Non-Current
<b>Measured at amortised cost</b>				
<b>Secured Borrowings from Banks</b>				
Term loan	15,000,000	49,659,280	15,000,000	64,659,280
Short-term loan	310,000,000	-	30,000,000	-
<b>Total</b>	<b>325,000,000</b>	<b>49,659,280</b>	<b>45,000,000</b>	<b>64,659,280</b>

1) Term loan includes another loan obtained from Laxmi Sunrise Bank which is secured as charge by way of hypothecation on Land and Building of company's corporate office situated at Kathmandu.

## 2) Terms of Repayment of Term Loans

Particulars	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
2-3 Years	30,000,000	30,000,000
4-5 Years	19,659,280	30,000,000
5-10 Years	-	4,659,280
<b>Total</b>	<b>49,659,280</b>	<b>64,659,280</b>

**Note no: 20****Other liabilities (current and non-current)***Figures in NPR*

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-Current	Current	Non-Current
Advance Received from DDC, VDC and NTC	920,962	16,652,172	920,962	17,551,648
Dividend Payable	71,425,443	-	66,607,610	-
Statutory dues	3,613,510	-	3,749,594	-
VAT Payable (Net)	21,497	-	66,681	-
Welfare Fund Clearing Account	3,033,203	-	4,215,576	-
Bonus payable	9,651,106	-	12,070,933	-
<b>Total</b>	<b>88,665,721</b>	<b>16,652,172</b>	<b>87,631,356</b>	<b>17,551,648</b>

a) As per the provision of new Labor Act enacted and effective from 19th Bhadra, 2074, gratuity plan has been converted into contribution plan from defined benefit plan. Contribution for gratuity has been deposited to Citizen Investment Trust (CIT) and are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

**Note no: 21****Other Financial Liabilities***Figures in NPR*

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-Current	Current	Non-Current
Employees Accounts Payable	10,444,294	-	11,075,372	-
Refundable Deposits of Parties	3,102,613	-	2,368,388	-
Retention Payable	3,427,203	-	5,583,878	-
Royalty Payable	7,229,908	-	6,311,347	-
Other Payable	2,025,988	-	2,909,011	-
<b>Total</b>	<b>26,230,006</b>	<b>-</b>	<b>28,247,996</b>	<b>-</b>

**Note no: 22****Provisions (current and non-current)***Figures in NPR*

Particulars	As at 32 <sup>nd</sup> Ashadh 2082		As at 31 <sup>st</sup> Ashadh 2081	
	Current	Non-Current	Current	Non-Current
Provision for leave encashment	2,277,978	26,217,450	1,538,249	22,106,990
Provision for Doubtful Debt	-	170,000,000	-	185,000,000
<b>Total</b>	<b>2,277,978</b>	<b>196,217,450</b>	<b>1,538,249</b>	<b>207,106,990</b>

**Note no: 23****Revenue***Figures in NPR*

Particulars	2081-82	2080-81
<b>Electricity Sale to NEA</b>		
Electricity Sale	431,488,293	418,881,396
Short supply charges	(1,644,648)	-
	<b>429,843,645</b>	<b>418,881,396</b>
<b>Electricity Sale to Consumers</b>		
Metered Consumers	249,873,031	222,168,760
Unmetered Consumers	165,393	120,244
Industrial Consumers	63,255,735	60,912,881
UO Rebate	(15,802,031)	(14,246,871)
	<b>297,492,128</b>	<b>268,955,014</b>
<b>Electricity Services</b>		
Fee and Charges	1,724,281	1,343,708
Sale of Meter/Cutout & Accessories	4,733,214	4,460,673
	<b>6,457,495</b>	<b>5,804,381</b>
<b>Total</b>	<b>733,793,268</b>	<b>693,640,791</b>

**Note no: 24****Generation Expenses***Figures in NPR*

Particulars	2081-82	2080-81
Electricity Purchase	42,542,950	52,337,458
Salaries and other employee cost	58,691,949	57,300,441
Mutually Agreed Retirement Scheme [Refer Note no. 2.13]	-	-
Contribution to Provident and Gratuity Fund	5,040,061	5,215,561
Staff Bonus	3,297,337	4,181,272
Environment, Community & Mitigation	14,225,994	16,161,142
Donation expenses	536,400	538,800
Repair and Maintenance	25,297,935	27,102,116
Vehicle running cost*	621,115	419,350
Depreciation	2,183,569	2,583,470
Amortisation of Intangible Assets - SCA	60,541,433	60,009,194
Royalty	58,178,720	55,641,088
Insurance	10,219,311	11,348,480
Safety and Security	5,305,687	4,605,130
Bad Debts	-	-
Assets written off	57,352	45,509
Miscellaneous Expenses	6,941,860	7,566,136
<b>Total</b>	<b>293,681,673</b>	<b>305,055,147</b>

**Note no: 25**  
**Distribution Expenses**

Figures in NPR

Particulars	2081-82	2080-81
Cost of sale of Meter/Cutout & Accessories	2,798,070	2,854,123
Salaries and other employee cost	45,369,739	46,930,877
Mutually Agreed Retirement Scheme [Refer Note no. 2.13]	-	-
Contribution to Provident and Gratuity Fund	4,312,138	4,645,384
Staff Bonus	2,843,962	3,654,429
Environment, Community & Mitigation	-	16,810
Donation expenses	18,800	19,200
Repair and Maintenance	9,593,756	9,579,108
Vehicle running cost	1,763,866	1,518,226
Depreciation	1,585,296	1,778,495
Amortisation of Intangible Assets - SCA	25,502,358	24,422,162
Royalty	31,329,415	28,320,189
Insurance	618,914	618,003
Safety and Security	922,966	799,345
Bad Debts	-	-
Assets written off	55,596	32,790
Miscellaneous Expenses	12,356,016	11,543,650
<b>Total</b>	<b>139,070,892</b>	<b>136,732,791</b>

**Note no: 26**  
**Administrative and other operating expenses**

Figures in NPR

Particulars	2081-82	2080-81
Salaries and other employee cost	62,693,020	60,276,596
Mutually Agreed Retirement Scheme [Refer Note no. 2.13]	-	-
Contribution to Provident and Gratuity Fund	5,169,175	5,149,028
Staff Bonus	3,509,807	4,235,232
Staff Welfare	2,843,604	3,359,196
Advertisement and business promotion	684,681	991,355
AGM and Board Expenses	3,871,032	3,558,336
Audit Fee and Expenses	1,659,132	1,621,008
Communication Expenses	2,045,023	2,344,206
Depreciation and amortisation	14,814,896	14,960,785
Environment, Community & Mitigation	600	9,450
Gift and Donation	982,000	964,194
Hospitality and Refreshment	315,188	200,677
Insurance	1,486,583	1,407,751
Safety and Security	2,768,897	2,398,034
Legal and professional Expenses	5,519,082	3,259,280
Office running cost	5,359,551	5,159,276
Printing and Stationery	1,765,442	1,663,412
Rates and Taxes	769,336	612,945

Figures in NPR

Particulars	2081-82	2080-81
Rent	-	-
Repair and Maintenance	5,116,478	6,651,385
Training and Development	211,147	466,950
Travelling expenses	2,040,115	2,239,801
Vehicle running cost	744,164	677,951
Bad Debts	-	-
Assets Written off	39,061	44,089
Equity Investment written off	-	-
Miscellaneous Expenses	9,518,931	9,742,944
Overhead Charged to Projects	(1,693,404)	(7,141,939)
<b>Total</b>	<b>132,233,541</b>	<b>124,851,942</b>

\*BPC has a system of charging its employees for any personal use of its vehicles and deducting such amount from corresponding expenses.

#### a. Detail of Audit Fee and related expenses

Particulars	2081-82	2080-81
External Audit	497,200	497,200
Other assurance services (includes out of pocket expenses of external audit)	171,820	107,445
Internal Audit (including out of pocket expenses)	630,900	684,880
ISO Audit	359,212	331,483
<b>Total</b>	<b>1,659,132</b>	<b>1,621,008</b>

#### Note no: 27

#### Allowance for Expected credit loss

Figures in NPR

Particulars	2081-82	2080-81
Gurans Energy Limited	-	7,230,000
Kabeli Energy Limited	-	2,770,000
<b>Total</b>	<b>-</b>	<b>10,000,000</b>

#### Note no: 28

#### Other Income

Figures in NPR

Particulars	2081-82	2080-81
Dividend income	43,959,895	27,889,400
Income from Other Sources	8,518,709	37,220,788
Provision for Impairment loss on Investment written back	15,000,000	17,860,259
House Rent	21,063,331	17,842,435
Insurance Claim received on Loss of Assets	651,325	15,165
Foreign Currency Exchange Gain/(Loss)	109,004	69,443
<b>Total</b>	<b>89,302,264</b>	<b>100,897,490</b>

The provision for impairment loss on investment written back comprises the amount of impairment reversed for Harish Chandra Shah, amounting to NPR 15,000,000

**a. Detail of Dividend income**

Name of Company	2081-82	2080-81
Khudi Hydropower Limited-Preference Shares	16,963,200	15,868,800
Hydro-Consult Engineering Limited	6,000,000	10,070,600
Nepal Hydro & Electric Limited	20,046,695	-
BPC Services Limited	950,000	950,000
Nepal Power Exchange Ltd.	-	1,000,000
<b>Total</b>	<b>43,959,895</b>	<b>27,889,400</b>

**b. Detail of Foreign Currency Exchange Gain/(Loss):**

	2081-82	2080-81
- On account of term loan with IFC		
- On account of disposal of assets and inventories	-	-
- On account of Revaluation of different foreign currency bank accounts	109,004	69,443
- On account of MM Project	-	-
<b>Total</b>	<b>109,004</b>	<b>69,443</b>

**Note no: 29****Finance income**

Figures in NPR

Particulars	2081-82	2080-81
Interest income	14,133,602	46,816,597
<b>Total</b>	<b>14,133,602</b>	<b>46,816,597</b>

**Note no: 30****Finance Costs**

Figures in NPR

Particulars	2081-82	2080-81
Interest Expenses	12,219,558	12,716,138
Bank Charges	676,312	309,327
<b>Total</b>	<b>12,895,870</b>	<b>13,025,465</b>

**Note: 31****EARNINGS PER SHARE**

Figures in NPR

EARNINGS PER SHARE	2081-82	2080-81
Profit for the year	217,336,119	193,987,369
Weighted average number of equity shares outstanding	34,090,646	34,090,646
<b>Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share) [2077-78 Restated]</b>	<b>6.38</b>	<b>5.69</b>
Add: Weighted average number of potential equity shares	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	34,090,646	34,090,646
<b>Earnings Per Share (Rs.) - Diluted (Face value of Rs. 100 per share) [2077-78 Restated]</b>	<b>6.38</b>	<b>5.69</b>

**Note no: 32****Employee benefits expenses, Depreciation and Amortisation included in the statement of profit or loss:***Figures in NPR*

Particulars	2081-82	2080-81
<b>Employee benefit expenses</b>		
Salary	85,085,301	86,360,007
Allowances	62,434,686	63,911,997
Provident Fund	8,050,120	8,318,464
Gratuity	6,490,382	6,714,931
Insurance	1,124,943	865,876
Leave Encashment	18,090,651	13,346,612
Staff Welfare	2,843,604	3,359,196
Staff Bonus	9,651,106	12,070,933
<b>Total</b>	<b>193,770,793</b>	<b>194,948,016</b>

**Depreciation and Amortisation***Figures in NPR*

Particulars	2081-82	2080-81
Depreciation of Property, Plant and Equipment	17,830,228	18,984,413
Amortization of Intangibles Asset - Software	740,401	324,800
Amortization of Intangibles Asset - Service Concession Arrangement	86,056,923	84,444,892
Less: Depreciation being Revenue Portion of Grant Aid	(7,921,761)	(7,900,117)
<b>Total</b>	<b>96,705,791.00</b>	<b>95,853,988</b>

**Note no: 33****Financial Instruments: Classifications and fair value measurements****A. Fair value measurements***Figures in NPR*

Particulars	Fair value		Fair value hierachy	Valuation technique(s) and key input(s)
	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081		
<b>Financial assets :</b>				
Investment in equity instruments of Himal Power Limited	738,644,373	740,282,587	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Investment in equity instruments of Hydro Lab (P) Limited	45,545,121	40,573,039	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Note no: 34****RELATED PARTY DISCLOSURES****(a) Relationship**

**The company is controlled by Shangri-La Energy Ltd which owns 56.30% of the company's shares.**

Relationship	Related Parties
Holding Company	Shangri-La Energy Ltd
Company with Common Directors	Mercantile Communications (P) Ltd
	Syakar Trading Co. Pvt. Ltd.
	Beltron Trading Pvt. Ltd.
Subsidiaries	Nepal Hydro & Electric Ltd.
	Khudi Hydropower Limited
	BPC Services Limited
	Nyadi Hydropower Limited
	Chino Hydropower Limited
	Gurans Energy Limited
	Hydro-Consult Engineering Limited
Associates	Manang Marshyangdi Hydropower Company Pvt. Ltd.
	Kabeli Energy Limited
	S.C.I.G International Nepal Hydro Joint Development Company Pvt. Ltd
	Himtal Hydropower Company Pvt. Ltd.
	Marsyangdi Transmission Company Pvt. Ltd.

**(b) Those charged with governance**

**Those charged with governance of the BPC include members of Board of directors namely:**

Name	Designation	
i) Mr. Padma Jyoti	Chairman	
ii) Mr. Pradeep Kumar Shrestha	Director	
iii) Mr. Bijaya Krishna Shrestha	Director	Resigned from Magh 16, 2081 (January 29, 2025)
iv) Mr. Om Prakash Shrestha	Director	
v) Mr. Bijay Bahadur Shrestha	Director	Appointed from Magh 16, 2081 (January 29, 2025)
vi) Mr. Raju Maharjan	Director	
vii) Ms Bina Rana	Director	
viii) Mr. Tirtha Man Shakya	Director	
ix) Mr. Sanjib Rajbhandari	Alt. Director	

**The following provides expenses incurred for those charged with governance of BPC:**

Nature of Expense	Current year	Previous year
Meeting Allowances	1,460,000	1,360,000
Telephone, Mobile and Newspaper / Magazines	1,152,000	1,152,000

**(c) Transactions with key management personnel**

Key Management personnel includes:

i) Mr. Uttar Kumar Shrestha - Chief Executive Officer

Key Management Personnel compensation :

Figures in NPR

Particulars	Current year	Previous Year
Short-term employee benefits	9,322,406	9,724,271
	<b>9,322,406</b>	<b>9,724,271</b>

**(d) Other related party transactions**

Figures in NPR

Name of the related party	Nature of transaction	Transaction		Outstanding balance	
		Current Year	Previous Year	Current Year	Previous Year
Mercantile Communications (P) Ltd	Internet and VSAT Service	-	447,480		-
Syakar Trading Co. Pvt. Ltd.	Vehicle repair Maintenance	29,750	-		-
Beltron Trading Pvt. Ltd.	Electrical items purchase	67,800	82,422		-
Nepal Hydro & Electric Ltd.	Purchase and other expenses	11,532,292	10,136,893	(191,865)	(1,031,414)
	Reimbursement of rent and utilities	-	14,645	-	-
Khudi Hydropower Limited	Advance given	-	-	-	-
	Reimbursement of rent and utilities	362,557	439,018	2,421	151,209
	Dividend Receivable	-	15,868,800		
BPC Services Limited	Reimbursement of rent and utilities	75,117	76,249		-
	Purchase	-	-		-
Nyadi Hydropower Limited	Reimbursement of rent, utilities and man hour charge	1,171,873	1,082,637		-
	Disbursement of convertible loan	-	-		-
Hydro-Consult Engineering Limited	Purchase	-	1,598,114		-
	Reimbursement of rent and utilities	6,366,249	6,125,073		-
Kabeli Energy Limited	Reimbursement of rent and utilities	1,574,595	256,597	414,362	-

**Note : 35**  
**Contingent Liabilities and commitments**

**A. Corporate Guarantee**

Figures in NPR

S.No.	Party Name	Purpose	Amount	Expiry Date (A.D.)
1	Nepal Investment Mega Bank Ltd.	Khudi Hydro's OD and Bridge gap loan	33,530,400	Till repayment.
2	Sanima Bank Limited	For PDA of MM	200,000,000	4/19/2026
3	Laxmi Sunrise Bank Limited	To NEA for PPA of 135 MW MMHEP	135,000,000	3/18/2026
4	Laxmi Sunrise Bank Limited	To NEA for PPA of 139.2 MW LMMHEP	139,200,000	10/13/2028
5	Everest Bank Limited	For Financial Closure of Chino hydropower Project	882,600,000	Till repayment.
6	Kumari Bank Limited	For Financial Closure of Kabeli-A Project	4,510,000,000	Till repayment.
7	Everest Bank Limited	For obtaining additional loan borrowed by Nyadi Hydropower Limited	550,000,000	Till repayment.
8	Everest Bank Limited	For release of 3.1 million NHL shares of Rs. 100 each pledged with EBL	310,000,000	Till repayment.

**Royalty and Tax exemption regarding additional 4.3 MW project in Andhikhola**

The Company has considered additional 4.3 MW project in Andhikhola as a separate project on basis of separate PPA agreement. It has calculated and paid royalty for this new project to Department of Electricity Development (DoED) on revised rate i.e. Rs. 100 per installed capacity in KW and 2% of revenue from electricity sales. Company has filed writ petition at Supreme Court for newly added 4.3 MW claiming it to be separate new project with PPA and Generation License.

If the Company applies the existing rate applicable to original 5.1 MW project i.e. Rs. 1,000 per installed capacity in KW and 10% of revenue from electricity sales, to this new additional 4.3 MW project, then the liability on account of royalty would increase by approximate amount of Rs. 52.59 million considering the period since commencement date till Ashadh end 2082. DoED has claimed the royalty for newly added 4.3MW project at Rs. 1,000 per installed capacity in KW and 10% of revenue from electricity sales considering them as only an upgradation of existing project. The decision of supreme Court is still awaited. During the year DoED has instructed Nepal Electricity Authority (NEA) to deduct the additional royalty amount from its payable balance to BPC. As of 16th July 2025, NEA has deducted NRs 40,977,452.35 from BPC's receivable balance and paid the amount to DoED. Such amount is shown as "Other receivables from Department of Electricity Development (DoED)" in Note 13 of Financial Statements.

**Capital Commitments**

**i. 37.6-MW Kabeli-A Hydropower Project (KAHEP)**

BPC's part of capital commitment on this project is NPR 1,805 million for overall 60% shareholding (including indirect holding through Gurans Energy Limited) considering debt equity ratio at 60:40, of which BPC

has invested overall NPR 1179.20 million (including investment through Gurans Energy Limited) as on reporting date. The total project cost is estimated at Rs. 7,520 million. Construction of the project has been restarted and overall physical progress of around 80% has been achieved.

**ii. 30-MW Nyadi Hydropower Project (NHP)**

NHP is a Run-of-River type project being developed over Nyadi River in Bahundada VDC in Lamjung district by Nyadi Hydropower Limited (NHL). BPC and General Public own 71.68% and 28.32% of NHL shares respectively. COD of the project declared effective from 12:00 noon, Baisakh 27, 2079 (May 11, 2022) and operating smoothly as on reporting date. BPC has invested NPR 1,075 million in its equity and also provided advance towards shares of Rs. 150 million.

**iii. 139.2-MW Lower Manang Marsyangdi Hydropower Project (M2)**

BPC has got generation license of 140 MW capacity Lower Manang Marsyangdi Project in November 2018 and signed the PPA on August 15, 2023 with NEA. The project is located in Tachebagar and Dharapani VDC of Manang District and invested NPR.254.84 million by BPC as on reporting date. The project capacity has been re-optimized to 139.2 MW. The formation of SPV is completed. BPC's part of capital commitment for this project is NPR 1,526.10 million for 23.23% shareholding.

**iv. 7.9 -MW Chino Khola Hydropower Project**

BPC has got survey license for 8.5 MW capacity Chino Khola Small Hydropower Project and optimized to 7.9 MW at Q40. Generation License received for 35 years effective from Ashadh 20, 2079 (July 04, 2022). The PPA has been

signed with NEA and RCOD fixed on Baisakh 13, 2084. The Loan Facility Agreement has been signed with Everest Bank Ltd on Ashadh 03, 2082 for term loan of Rs. 1357.8 million. The EPC Contractor has already been mobilized and construction work at site is ongoing. NPR.182 million has been spent by the company for this project as on reporting date. BPC's part of capital commitment for this project is NPR 292.5 million for 65% shareholding.

#### **v. 160 MW Mugu Karnali Hydropower Project**

BPC has got survey license for Mugu Karnali Hydropower Project on November 23, 2017 with an estimated project capacity of 160 MW. The project is located near Gamgadhi, Mugu district. Process for EIA is pending due to pending approval of project capacity by MOEWRI. The survey license amendment process to 174 MW is also pending at DOED. NPR.87.15 million has been spent by the company for this project as on reporting date. This project being in an initial stage has not yet been concluded for capital commitment.

#### **vi. S.C.I.G. International Nepal Hydro Joint Development**

##### **Investment Company Pvt. Ltd. (SINH)**

SINH is established on 22nd November, 2017 to develop, own, acquire and operate hydropower projects in Nepal and carry out other business activities. Butwal Power Company Ltd (BPC), Sichuan Investment Group Co. Ltd (SCIG), Chengdu Xingcheng Investment Group Co. Ltd (CXIG) and Sichuan Qingyuan Engineering Consulting Co. Ltd (QYEC) jointly established a Joint Venture Company with capital contribution of 20%, 51%, 17% and 12% respectively. The company have the authorized capital of NPR 1,900,000,000 (One Billion Nine Hundred Million) comprising 19,000,000 shares of NPR 100 each. BPC's part of capital commitment on this project is NPR 430 million for 20% shareholding, of which NPR 294.93 million has been invested as on reporting date.

#### **vii. 135 MW Manang Marsyangdi Hydro-electric Project**

##### **(MMHEP)**

MMHEP is located on the Marsyangdi River in Manang District of Gandaki Province of Nepal. The project area is located within the Annapurna Conservation Area (ACAP). BPC owns 19.40% shares of Manang Mrsyangdi Hydropower Company Pvt. Ltd, a SPV formed to develop and operate MMHEP. DoED has issued Generation License for 35 years period from 17 Nov 2018 and PPA with NEA for 135 MW has been signed. The government land replacement has been completed by purchasing private lands. The financial closure done with the China EXIM Bank and the construction is ongoing through EPC Contractor. The

overall physical progress of the project construction is around 29% as on reporting date. BPC's part of capital commitment for this project is NPR 1,755 million for 19.40% shareholding as 80.60% of the total shares to be owned by SCIG JVC, Chinese investors - SCIG HK, CXIG HK & QYEC HK at 3%, 49.47%, 16.49% and 11.64% respectively. BPC has invested NPR598.75 million for this project as on reporting date.

#### **viii. 327 MW Upper Marsyangdi 2 Hydropower Project**

##### **(UM2HEP)**

UM2HEP is high head PROR type project located along the Marsyangdi River in Manang and Lamjung Districts of Gandaki Province of Nepal. The project area is located within the Annapurna Conservation Area (ACAP). BPC has acquired 23.23% shares of Himtal Hydropower Company Pvt. Ltd. (Himtal), a SPV of UM2HEP, on 30th December 2018. DPR approval process at IBN has been completed. The PDA negotiation committee has already been formed at IBN. The Connection Agreement has already been signed with NEA. BPC's part of capital commitment on this project is NPR 4,208.35 million for 23.23% shareholding as 76.77% of the total shares is acquired by SCIG JVC and Chinese investors - SCIG, & QYEC respectively. BPC has invested NPR 789.70 million for this project as on reporting date.

#### **ix. Marsyangdi Transmission Project (MTP)**

BPC has acquired 19.40% shares to construct the transmission line with a view to evacuate the electricity generated by UM2HEP. Its Share transfer to BPC has been completed by 24th May 2019. 80.60% of the total shares are acquired by SCIG JVC and Chinese investors - SCIG, CXIG & QYEC at 3%, 49.47%, 16.49% and 11.64% respectively. BPC has invested NPR 10.35 million for this project as on reporting date.

#### **x. 10 MW Solar Power Project at Jhimruk Area**

The Company has conducted feasibility study to generate solar energy utilizing approximately 37.4 acres (304 Ropani) land at headworks of JHC for 7MW Solar Power Project (SPP) at total estimated project cost of Rs. 600 million, IEE approval has been achieved, and amendment of survey license is done. company has revised its survey license from 7 MW to 10 MW. Capital commitment has not yet been made for this project, it being in the initial stage.

#### **xi. Nepal Power Exchange Limited (NEPEX)**

BPC has invested Rs. 20 million in the shares of NEPEX established by IPP for cross border power trade as on reporting date and committed total Rs. 200 million (10% ) of its share capital amount Rs. 2,000 million.

**Note 36****Income Statement of generation, distribution and other sources of income  
For the year ending on 32 Ashadh, 2082**

Figures in NPR

Particulars	Generation Jhimruk	Generation Andhikhola	Distribution Jhimruk	Distribution Andhikhola	Other Sources	Total
Revenue	336,960,022	92,883,623	71,111,888	232,837,734	-	733,793,267
<b>Cost of Sales</b>						
Generation Expenses	(143,512,990)	(150,168,684)	-	-	-	(293,681,674)
Distribution Expenses	-	-	(41,093,165)	(97,977,727)	-	(139,070,892)
<b>Gross profit</b>	<b>193,447,032</b>	<b>(57,285,061)</b>	<b>30,018,723</b>	<b>134,860,007</b>	-	<b>301,040,701</b>
Depreciation Being Revenue Portion of Grant Aid	233,557	260,564	2,962,258	4,465,383	-	7,921,762
Other income	142,658	145,528	1,670,715	4,205,856	83,137,507	89,302,264
Administrative and other operating expenses	(54,731,463)	(15,101,070)	(11,821,679)	(38,493,184)	(12,086,146)	(132,233,542)
Impairment loss on investment	-	-	-	-	-	-
<b>Profit from Operation</b>	<b>139,091,784</b>	<b>(71,980,039)</b>	<b>22,830,017</b>	<b>105,038,062</b>	<b>71,051,361</b>	<b>266,031,185</b>
Finance Income	14,285	16,880	76,577	16,853	14,009,007	14,133,602
Finance Costs	(9)	-	(209)	(584)	(12,895,068)	(12,895,870)
<b>Profit Before Tax</b>	<b>139,106,060</b>	<b>(71,963,159)</b>	<b>22,906,385</b>	<b>105,054,331</b>	<b>72,165,300</b>	<b>267,268,917</b>
Inter departmental electricity sales/(purchase)	57,862,905	221,651,185.66	(57,862,905)	(221,651,186)	-	-
	<b>196,968,965</b>	<b>149,688,027</b>	<b>(34,956,520)</b>	<b>(116,596,855)</b>	<b>72,165,300</b>	<b>267,268,917</b>

**Income Statement of generation, distribution and other sources of income  
For the year ending on 31 Ashadh, 2081**

Particulars	Generation Jhimruk	Generation Andhikhola	Distribution Jhimruk	Distribution Andhikhola	Other Sources	Total
Revenue	316,051,110	102,830,286	67,766,430	206,992,965	-	693,640,791
<b>Cost of Sales</b>						
Generation Expenses	(152,689,676)	(152,365,470)	-	-	-	(305,055,146)
Distribution Expenses	-	-	(43,333,483)	(93,399,307)	-	(136,732,790)
<b>Gross profit</b>	<b>163,361,434</b>	<b>(49,535,184)</b>	<b>24,432,947</b>	<b>113,593,658</b>	-	<b>251,852,855</b>
Depreciation Being Revenue Portion of Grant Aid	232,919	259,852	2,954,164	4,453,182	-	7,900,117
Other income	150,318	143,947	1,910,650	3,269,369	95,423,206	100,897,490
Administrative and other operating expenses	(47,181,549)	(15,369,274)	(10,400,167)	(31,375,293)	(20,525,659)	(124,851,942)
Impairment loss on investment	-	-	-	-	(10,000,000)	(10,000,000)
<b>Profit from Operation</b>	<b>116,563,122</b>	<b>(64,500,659)</b>	<b>18,897,594</b>	<b>89,940,916</b>	<b>64,897,547</b>	<b>225,798,520</b>
Finance Income	16,150	26,124	72,095	18,222	46,684,006	46,816,597
Finance Costs	-	-	(781)	(290)	(13,024,394)	(13,025,465)
<b>Profit Before Tax</b>	<b>116,579,272</b>	<b>(64,474,535)</b>	<b>18,968,908</b>	<b>89,958,848</b>	<b>98,557,159</b>	<b>259,589,652</b>
Inter departmental electricity sales/(purchase)	51,511,485	207,200,529	(51,511,485)	(207,200,529)	-	-
	<b>168,090,757</b>	<b>142,725,994</b>	<b>(32,542,577)</b>	<b>(117,241,681)</b>	<b>98,557,159</b>	<b>259,589,652</b>

**Note 37****CSR expenses as per Industrial Enterprises Act 2076**

New Industrial Enterprises Act 2076 (the "Act") has been introduced with effect from Mangshir 28, 2076 repealing the Industrial Enterprises Act 2073 (the "Previous Act"). Section 54 of Industrial Enterprises Act 2076 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors, that are prescribed under the Act. In current year, the Company has incurred Rs.14,226,594 on "Environment, Community & Mitigation" and allocated budget Rs. 20.35 million for FY 2081/82 to meet CSR requirement, which is more than to the required 1% of annual profit. Hence, additional amount for CSR activities has not been set aside.

**Note 38****Components of Cash and Cash Equivalents for the purpose of Cashflow**

Particulars	Figures in NPR	
	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
Cash at banks and on hand	43,141,777	30,971,263
Short-term loan	(310,000,000)	(30,000,000)
	<b>(266,858,223)</b>	<b>971,263</b>



CONSOLIDATED  
**FINANCIAL**  
STATEMENTS  
**2024-2025**

# P.L. Shrestha & Co.

## Chartered Accountants

### INDEPENDENT AUDITOR's REPORT TO THE SHARE HOLDERS OF BUTWAL POWER COMPANY LIMITED

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### OPINION

We have audited the accompanying Consolidated Financial Statements of Butwal Power Company Limited (the Company or "BPCL") and its subsidiaries (together referred to as "the Group") which comprise the Consolidated Statement of Financial Position (SofP) as at Ashad 32, 2082 (corresponding to July 16, 2025), the Consolidated Statement of Profit and Loss and Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies.

In our opinion and to the best of our information and explanations provided to us, the accompanying Consolidated Financial Statement referred to above present fairly, in all material respects, the financial position of the Group as at Ashad 32, 2082 ( July 16, 2025) and its financial performance and its cash flow for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

##### BASIS OF OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### EMPHASIS OF MATTER

We draw attention to Note 2.1(iv) Basis of Consolidation (Limitation on consolidation during the year) to the financial statements. The audited financial statements of

the subsidiary companies, Nepal Hydro & Electric Limited (NHE) was not made available to the management of the Company on a timely basis. As a result, the consolidation of the Group's financial statements particularly in the context of the restated financial statements was performed using the financial information that was available at the time.

Our opinion is not modified in respect of these matters.

##### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended Ashad 32, 2082. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Key Audit Matters	How our audit addressed the key audit matter
<b>Royalty pertaining to the additional 4.3 MW Andhikhola project, as disclosed in Note 14 "Other Financial Assets" and Note 33(D) "Contingent Liabilities and Commitments" to the financial statements.</b>	<p>BPCL executed a separate Power Purchase Agreement for an additional 4.3 MW hydropower project at Andhikhola, which achieved Commercial Operation Date on 5 April 2015, increasing the total installed capacity from 5.1 MW to 9.4 MW. The Company has treated the additional capacity as a separate project based on a separate PPA and generation license and has accordingly paid royalty to the Department of Electricity Development (DoED) at rates applicable to a new project, being NPR 100 per kW of installed capacity and 2% of electricity sales revenue. However, DoED has considered the additional capacity as an upgradation of the existing project and has demanded royalty at rates applicable to an ongoing project, being NPR 1,000 per kW of installed capacity and 10% of electricity sales revenue. The matter is under dispute and is currently pending before the Supreme Court of Nepal. Pursuant to instructions from DoED, the Nepal Electricity Authority (NEA) has deducted the disputed royalty amount from the Company's electricity sales receivables and remitted the same to DoED. As at Asadh 32, 2082, the total amount so deducted amounted to NPR 40,977,452 (previous year: NPR 40,708,234), which has been recognized as receivable from DoED under Note 14 - Other Financial Assets, the recoverability of which is contingent upon the outcome of the court decision. The matter has also been disclosed as a contingent liability under Note 33(D) - Contingent Liabilities and Commitments.</p>
<p>In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <p>We understood the basis taken by the company while taking a call that the additional 4.3 MW Project is a new project.</p> <p>We have evaluated the design and operation controls in relation to compliance with applicable laws and regulations.</p> <p>We collected and reviewed the summary of litigation documents provided by management and held discussion with those charge with governance.</p> <p>In respect to provisions against litigation and the assessment of contingent liabilities, we tested the calculation of the provision/contingent liability assessment, we reviewed the assumptions against third party data (wherever applicable) and assessed the estimates against the historical trends.</p> <p>We considered management's judgment on the level of provisions/recognition of contingent liability as appropriate.</p>
<p>If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard as on the date of issuance of this report.</p>	<p>going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.</p> <p>The Board of Directors are responsible for overseeing the Group's financial reporting process.</p>
<p><b>RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS</b></p>	<p><b>AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS</b></p> <p>Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.</p>
<p>Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud and error</p>	<p>As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also</p> <ul style="list-style-type: none"> <li>Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit</li> </ul>
<p>In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the</p>	

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or subsidiaries, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entity (namely BPCL) of which we are the independent auditor and whose financial information we have audited, to express an opinion on the Consolidated Financial Statement. We are responsible for the direction, supervision, and performance of the audit of the financial statements of the entity (BPCL) included in the consolidated financial statement of which we are the independent auditors. For entities included in the Consolidated Financial Statements,

which have been audited by other auditors, such other auditors shall remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **OTHER MATTERS**

We did not audit the financial statements and other financial information of the subsidiaries and associates of the Company whose financial statements reflect total assets of NPR 2,462.65 million as at Asadh 32, 2082 and total revenue of NPR 1,310.78 for the year ended on that date. These financial statements and other financial information have been audited by other auditors, of which financial statement, other financial information and the auditor's report have been furnished to us by the management. Our opinion on the consolidated financial Statement is, so far as it relates to these subsidiaries, associates and joint ventures, and is based solely on the reports of such auditors. The accompanying consolidated financial statements also includes unaudited financial statements and other unaudited financial information in respect of one of the subsidiaries namely Nepal Hydro Electric Limited (NHE), whose financial statements reflects total assets of NPR 1,762.60 million as at Asadh 32, 2082 and total revenue of NPR 1,058.20 million for the year ended on that date, and unaudited financial statement and unaudited financial information in respect of 4 associates and 21 joint venture which reflect Groups' share of net loss of NPR 61.74 Million.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As per the Companies Act 2063, based on our audit

carried out on a sampling basis, we report that, in our opinion:

1. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit.
2. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
3. The Consolidated Statement of Financial Position (SoFP) as at Ashad 32, 2082 (corresponding to July 16, 2024), the Consolidated Statement of Profit and Loss and Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the year then ended are prepared as per the provisions of the Company Act 2063 and the same are in agreement

with the books of accounts maintained by the Company.

4. To the best of our knowledge and in accordance with explanations given to us, the business of the Company has been conducted satisfactorily and,
5. To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company and its subsidiary, we have not come across cases where Board of Directors or any employees of the Company and its subsidiary, have acted contrary to the provisions of law or committed any misappropriation relating to the accounts or caused loss or damage to the Group or acted in a manner to jeopardize the interest and security of the Company and its subsidiary deliberately.

Lalitpur

DATE: 2082/09/03

UDIN - 251219CA00856CcKJt

For, P. L. Shrestha & Co.  
Chartered Accountants

CA. Sachet Lal Shrestha  
Managing Partner

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 32<sup>nd</sup> Ashadh 2082 (16 July 2025)*Figures in NPR*

	Note	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	423,635,983	425,127,507
Capital work-in-progress	3	-	24,486,797
Right-of-use assets	3	3,092,465	7,957,793
Intangible assets	4	7,546,583,964	7,834,871,956
Intangible assets under development	5	4,497,317,842	2,449,089,553
Project work-in-progress	7	386,949,494	369,284,445
Financial assets			
Investment in associates and joint ventures	8	1,524,017,207	1,503,359,703
Other investments	9	826,254,465	826,083,626
Trade receivables	13	201,169,453	237,156,863
Other financial assets	14	102,787,317	105,338,260
Deferred tax assets	6	15,933,628	15,564,838
Other non-current assets	15	21,954,304	-
<b>Total Non-Current Assets</b>		<b>15,549,696,122</b>	<b>13,798,321,341</b>
<b>Current Assets</b>			
Inventories	10	157,441,195	147,298,480
Financial assets			
Trade receivables	13	944,330,474	716,572,607
Cash and cash equivalents	11	204,117,731	172,219,748
Bank balance other than cash and cash equivalents	12	28,308,092	75,488,709
Other financial assets	14	699,090,485	372,202,729
Other current assets	15	345,279,675	452,238,070
Current tax assets (net)	6C	127,156,917	124,309,538
<b>Total Current Assets</b>		<b>2,505,724,569</b>	<b>2,060,329,881</b>
<b>Total Assets</b>		<b>18,055,420,691</b>	<b>15,858,651,222</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity	16	3,409,064,600	3,409,064,600
Other Equity	17	4,176,200,304	3,646,073,028
Non-controlling interest	34	580,530,700	468,180,197
<b>Total Equity</b>		<b>8,165,795,604</b>	<b>7,523,317,825</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Grant aid in reserve	18	159,326,555	167,248,316
Financial liabilities			
Borrowings	21	5,997,258,834	4,611,902,900
Other financial liabilities	22	175,297,960	907,488,014
Provisions	19	240,108,136	64,931,508

	Note	As at 32 <sup>nd</sup> Ashadh 2082	As at 31 <sup>st</sup> Ashadh 2081
Deferred tax liabilities	6	183,354,287	179,525,370
Other non-current liabilities	23	21,071,202	21,522,321
<b>Total Non-Current Liabilities</b>		<b>6,776,416,974</b>	<b>5,952,618,429</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	21	2,285,892,595	1,394,381,949
Trade payables	20	216,186,274	170,491,271
Other financial liabilities	22	265,023,509	249,710,084
Provisions	19	21,010,629	21,980,843
Other current liabilities	23	323,342,046	546,150,821
Current tax liabilities (net)	6D	1,753,060	-
<b>Total Current Liabilities</b>		<b>3,113,208,113</b>	<b>2,382,714,968</b>
		<b>9,889,625,087</b>	<b>8,335,333,397</b>
<b>Total Equity and Liabilities</b>		<b>18,055,420,691</b>	<b>15,858,651,222</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive Officer

Padma Jyoti  
Chairman

Pradeep Kumar Shrestha  
Director

Radheshyam Shrestha  
Vice President- Finance

Om Prakash Shrestha  
Director

Bijay Bahadur Shrestha  
Director

CA Sachet Lal Shrestha  
Managing Partner  
P.L. Shrestha & Co.,  
Chartered Accountants

Raju Maharjan  
Director

Bina Rana  
Director

Tirtha Man Shakya  
Independent Director

Date: December 18, 2025 (Poush 03, 2082)

Place: Kathmandu, Nepal

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**For the year ended 32<sup>nd</sup> Ashadh 2081 (16 July 2025)

Figures in NPR

	Note	2081-82	2080-81
Revenue	24	4,715,187,077	2,990,335,251
Cost of Sales	25	(3,812,996,793)	(2,235,725,602)
<b>Gross profit</b>		<b>902,190,284</b>	<b>754,609,649</b>
Depreciation Being Revenue Portion of Grant Aid	18	7,921,761	7,900,117
Other income	27	57,964,571	100,743,426
Provision for Impairment loss written back	27	-	10,026,994
Allowance for Expected Credit loss	27A	-	-
Administrative and other operating expenses	26	(280,298,886)	(272,296,158)
<b>Profit from Operation</b>		<b>687,777,730</b>	<b>600,984,028</b>
Finance Income	28	22,423,403	55,482,687
Finance Costs	29	(499,635,591)	(482,545,804)
<b>Profit / (loss) before share of profit / (loss) of associate and joint ventures, exceptional items and tax from continuing operations</b>		<b>210,565,542</b>	<b>173,920,911</b>
Share of (loss) / profit of associates and joint ventures (net) under equity method		11,836,385	15,171,567
Profit / (Loss) Transferred from JVs		50,548,122	-
Gain on Bargain Purchase arising out of acquisition of subsidiaries		-	195,121,995
Impairment loss on investment		-	-
Provision for Maintenance and debt service reserve account		-	-
<b>Profit Before Tax</b>		<b>272,950,049</b>	<b>384,214,473</b>
<b>Income Tax Expense</b>			
Current tax	6A	(68,194,611)	(76,089,261)
Deferred tax credit/charge	6A	(2,423,272)	835,836
<b>Profit for the year</b>		<b>202,332,166</b>	<b>308,961,048</b>
<b>Attributable to:</b>			
Owners of the parent		188,708,585	353,770,924
Non controlling interests		13,623,581	(44,809,876)
<b>Other comprehensive Income:</b>			
<b>Other comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>			
i. Re-measurement (losses) / gains on post employment defined benefit plans		813,557	(2,461,641)
ii. Equity instruments through other comprehensive income		16,614,269	6,190,270
iii. Gain(Loss) on Disposal of investment in associates		-	400,283,548
iv. Income tax relating to items that will not be reclassified to profit or loss	6B	(1,036,856)	(932,157)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>16,390,970</b>	<b>403,080,020</b>
<b>Attributable to:</b>			
Owners of the parent		10,781,663	398,309,120

	Note	2081-82	2080-81
Non controlling interests		5,609,307	4,770,900
<b>Total Comprehensive Income/(loss) for the year, net of tax</b>		<b>218,723,136</b>	<b>712,041,068</b>
<b>Attributable to:</b>			
Owners of the parent		199,490,248	752,080,044
Non controlling interests		19,232,888	(40,038,976)
<b>Earnings per equity share of Rs. 100 each</b>			
Basic Earnings per share - Rs.	30	5.54	10.38
Diluted Earnings per share - Rs.	30	5.54	10.38

The accompanying notes are an integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
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Director

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Vice President- Finance

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Raju Maharjan  
Director

Bina Rana  
Director

Tirtha Man Shakya  
Independent Director

Date: December 18, 2025 (Poush 03, 2082)

Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

Figures in NPR

	Note	2081-82	2080-81
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit Before Tax		<b>310,763,736</b>	<b>157,150,568</b>
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment		271,729,137	264,378,157
Amortization of Intangible Assets		103,605,568	101,115,419
Depreciation on Right-of-use Assets		4,571,610	4,571,610
Depreciation Being Revenue Portion of Grant Aid		(7,921,761)	(7,900,117)
Provision for employee benefits, CSR		(14,716,849)	(5,297,189)
Provision for Bonus		9,651,106	12,782,951
Adjustment for Reserves		-	-
Dividend income		-	-
Non cash finance income		-	-
Finance cost on lease liability		588,486	1,090,157
Assets written off		50,719	1,158,238
Write back of impairment allowance		(145,763)	(10,026,994)
Finance income		(34,399,768)	(54,619,685)
Impairment of Intangible asset		6,258,627	4,422,304
Finance cost		87,996,048	76,986,176
Impairment loss on investment in subsidiaries and associates			
Gain on fair valuation of equity investments		(13,280,400)	-
Loss/ (gain) on sale of Property, plant and equipment		6,059,907	(1,677,975)
Unrealized foreign exchange difference on cash and cash equivalents		(390,557)	(289,471)
<b>Working capital adjustments:</b>			
(Increase)/ Decrease in Trade receivables		(210,889,561)	(174,386,918)
(Increase)/ Decrease in other financial assets		461,402,821	(133,184,199)
(Increase)/ Decrease in other assets		121,152,945	(123,188,874)
(Increase)/ Decrease in Inventories		(10,297,437)	(36,600,268)
Increase / (Decrease) in trade payables		(246,888,504)	(1,973,631)
Increase / (Decrease) in financial liabilities		(21,717,546)	32,183,177
Increase / (Decrease) in provisions		1,114,035	-
Increase / (Decrease) in Employee Benefit Liabilities		170,986	-
Increase / (Decrease) in other current liabilities		(3,205,264)	10,057,164
<b>Cash generated from operations</b>		<b>821,262,320</b>	<b>116,750,598</b>
Bonus paid		(12,070,933)	(21,629,934)
Income Tax Paid		(71,805,194)	(87,353,203)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>		<b>737,386,193</b>	<b>7,767,461</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Proceeds from sale of Property, Plant and Equipment		(5,874,841)	5,704,903
(Increase)/Decrease in Project work-in-progress		(15,911,654)	(24,871,245)
(Increase)/Decrease in Investment in Fixed Deposits		50,941,616	469,174,910
Interest Received		29,337,530	53,901,056

	Note	2081-82	2080-81
(Increase) / Decrease in Intangible Assets Under Development		(2,024,337,037)	(1,574,920,458)
Dividend income.		-	-
(Increase)/ Decrease Investment in Subsidiaries and Associates		(1,015,342,241)	(360,401,139)
(Increase)/ Decrease Investment in associates and joint ventures		-	-
(Increase)/ Decrease in Other Investments		12,537,778	-
Acquisition of Property, plant and Equipment		(45,082,254)	(57,235,418)
Purchase of Intangibles		(80,417,568)	(45,641,444)
Capital WIP capitalized		24,486,797	-
Bank balance other than cash and cash equivalents		155,000	24,152,508
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>		<b>(3,069,506,874)</b>	<b>(1,510,136,327)</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of further public offering (FPO)		-	-
Issue of right share		-	-
Equity from Shareholders		696,445,000	10,000,000
Advance against share capital		(260,331,267)	845,506,134
Share Issue Cost		-	(14,522,920)
Borrowing (repaid) / taken (net)		2,276,866,580	868,566,294
Finance Cost.		(3,414,547)	(57,135,291)
Increase in Margin Money		-	-
Overdraft for working capital (repaid)/taken		-	-
Payment of lease liabilities		(77,528,613)	(5,972,866)
Dividend paid		(213,660,761)	(200,888,229)
Interest paid		(54,748,302)	(12,716,138)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>		<b>2,363,628,090</b>	<b>1,432,836,984</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>31,507,409</b>	<b>(69,531,882)</b>
Net foreign exchange difference on cash and cash equivalents		390,557	1,878,851
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>		<b>172,219,748</b>	<b>239,872,778</b>
<b>CASH AND CASH EQUIVALENTS, End of Period</b>		<b>204,117,731</b>	<b>172,219,748</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive Officer

Padma Jyoti  
Chairman

Pradeep Kumar Shrestha  
Director

Radheshyam Shrestha  
Vice President- Finance

Om Prakash Shrestha  
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Raju Maharjan  
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Bina Rana  
Director

Tirtha Man Shakya  
Independent Director

Date: December 18, 2025 (Poush 03, 2082)

Place: Kathmandu, Nepal

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 32<sup>nd</sup> Ashadh 2082 (16 July 2025)

	Equity Share Capital	Share Premium	Housing Fund Reserve	General Reserve	Fair Value Reserve*	Retained Earnings*	Actuary reserve	Total	Non-controlling interest	Total
<b>Balance at 1st Shrawan, 2080</b>	<b>3,409,064,600</b>	<b>1,767,535,318</b>	<b>18,151,841</b>	<b>148,700,000</b>	<b>265,626,625</b>	<b>965,400,885</b>	<b>15,325,303</b>	<b>6,589,804,572</b>	<b>504,740,733</b>	<b>7,094,545,305</b>
Profit for the year	-	-	-	-	-	353,770,924	-	353,770,924	(44,809,876)	<b>308,961,048</b>
Other comprehensive income:	-	-	-	-	398,309,120	-	-	398,309,120	4,770,900	<b>403,080,020</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,309,120</b>	<b>353,770,924</b>	<b>752,080,044</b>	<b>(40,038,976)</b>	<b>712,041,068</b>	
Increase in NCI due to Acquisition of subsidiaries	-	-	-	-	-	-	-	4,161,696		<b>4,161,696</b>
Share Issue Cost	-	(14,522,920)	-	-	-	-	(14,522,920)	-	(14,522,920)	
Dividends to shareholders	-	-	-	-	-	(171,743,617)	(171,743,617)	(9,471,400)		<b>(181,215,017)</b>
Adjustment during the year	-	-	-	2,598,796	(98,013,446)	(5,065,801)	(100,480,451)	8,788,145		<b>(91,692,306)</b>
<b>Balance at 31st Ashadh, 2081</b>	<b>3,409,064,600</b>	<b>1,753,012,398</b>	<b>18,151,841</b>	<b>148,700,000</b>	<b>666,534,540</b>	<b>1,049,414,746</b>	<b>10,259,502</b>	<b>7,055,137,628</b>	<b>468,180,198</b>	<b>7,523,317,826</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,708,585</b>	<b>-</b>	<b>188,708,585</b>	<b>13,623,581</b>	<b>202,332,166</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,781,663</b>	<b>-</b>	<b>10,781,663</b>	<b>5,609,307</b>	<b>16,390,970</b>
Total comprehensive income	-	-	-	10,781,663	188,708,585	-	199,490,248	19,232,888		<b>218,723,136</b>
Dividends to shareholders	-	-	-	-	-	(170,453,230)	-	(170,453,230)		<b>(170,453,230)</b>
Restatement of prior period errors	-	-	-	-	-	56,433	-	56,433		<b>56,433</b>
<b>Adjustment during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(416,122,678)</b>	<b>918,392,565</b>	<b>(1,236,063)</b>	<b>501,033,825</b>	<b>93,117,614</b>	<b>594,151,439</b>
<b>Balance at 32<sup>nd</sup> Ashadh, 2082</b>	<b>3,409,064,600</b>	<b>1,753,012,398</b>	<b>18,151,841</b>	<b>148,700,000</b>	<b>261,193,526</b>	<b>1,986,119,100</b>	<b>9,023,439</b>	<b>7,585,264,904</b>	<b>580,530,700</b>	<b>8,165,795,604</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date

Uttar Kumar Shrestha  
Chief Executive OfficerPradeep Kumar Shrestha  
DirectorCA Sachet Lal Shrestha  
Managing PartnerP.L. Shrestha & Co.,  
Chartered AccountantsPadma Jyoti  
ChairmanOm Prakash Shrestha  
DirectorBina Rana  
DirectorBijay Bahadur Shrestha  
DirectorTirtha Man Shakya  
Independent DirectorCA Sachet Lal Shrestha  
Managing PartnerP.L. Shrestha & Co.,  
Chartered AccountantsDate: December 18, 2025 (Poush 03, 2082)  
Place: Kathmandu, Nepal

# Group Consolidated Financial Highlights

■ EBITDA (In NPR Million)

2081/82	1052
2080/81	941
2079/80	948
2078/79	625
2077/78	972

■ NET WORTH (In NPR Million)

2081/82	8,166
2080/81	7,523
2079/80	7,095
2078/79	7,561
2077/78	7,205

■ RETURN ON EQUITY (In %)

2081/82	2.48
2080/81	4.11
2079/80	(0.45)
2078/79	3.02
2077/78	4.37

■ EARNINGS PER SHARE (In NPR)

2081/82	5.54
2080/81	10.38
2079/80	(0.16)
2078/79	6.65
2077/78	10.66

■ NET PROFIT (In NPR Million)

2081/82	202
2080/81	309
2079/80	(32)
2078/79	228
2077/78	315

■ NET PROFIT MARGIN (In %)

2081/82	4.29
2080/81	10.33
2079/80	(1.35)
2078/79	8.09
2077/78	11.83

■ BOOK VALUE PER SHARE (In NPR)

2081/82	239.53
2080/81	220.69
2079/80	208.11
2078/79	232.92
2077/78	244.13

■ INVESTMENT (In NPR Million)

2081/82	2,350
2080/81	2,329
2079/80	2,414
2078/79	2,129
2077/78	1,906

■ REVENUE (In NPR Million)

2081/82	4,715
2080/81	2,990
2079/80	2,392
2078/79	2,826
2077/78	2,659

■ CURRENT RATIO (In Times)

2081/82	0.80
2080/81	0.86
2079/80	1.59
2078/79	1.87
2077/78	1.92

■ RETURN ON CAPITAL EMPLOYED (In %)

2081/82	4.18
2080/81	4.44
2079/80	(0.26)
2078/79	1.89
2077/78	2.82

■ DEBT TO EQUITY RATIO (In Times)

2081/82	1.01
2080/81	0.80
2079/80	0.72
2078/79	0.60
2077/78	0.55

# List of Abbreviations

**ADB**- Asian Development Bank  
**AGM**- Annual General Meeting  
**ALC**- Assets and Liabilities Committee  
**Alt**- Alternate  
**AMS**- Asset Management System  
**APG**- Advance Payment Guarantee  
**APP**- Andhikhola Power Plant  
**ASAI**- Average Service Availability Index  
**ASUI**- Average Service Unavailability Index  
**BD&P**- Business Development & Project  
**BoD**- Board of Directors  
**BOOT**- Build, Own, Operate and Transfer  
**BPA**- Best Presented Accounts  
**BPCSL**- BPC Service Limited  
**BU**- Business Unit  
**CAIDI**- Customer Average Interruption Duration Index  
**CAIFI**- Customer Average Interruption Frequency Index  
**CBA**- Collective Bargaining Agreement  
**CEO**- Chief Executive Officer  
**CGR**- Corporate Governance Report  
**CIT**- Citizen Investment Trust  
**CKHP**- Chino Khola Hydropower Project  
**CNI**- Confederation of Nepalese Industries  
**CNTEC**- China National Technical Import & Export Corp.  
**CDOM**- Chief Operating Decision Maker  
**COVID-19**- Coronavirus Disease  
**CRO**- Chief Risk Officer  
**CSR**- Corporate Social Responsibility  
**CWIP**- Capital Work In Progress  
**CXIG**- Chengdu Xingcheng Investment Group Co. Ltd.  
**DA**- Daily Allowances  
**DAM**- Day Ahead Market  
**DCIM**- Data Centre Infrastructure Management  
**DDC**- District Development Committee  
**DoED**- Department of Electricity Development  
**DoI**- Department of Industry  
**DR**- Disaster Recovery  
**DSRA**- Debt Service Reserve Account  
**EDC**- Energy Development Council  
**EIA**- Environment Impact Assessment  
**EMS**- Environment Management System  
**EPS**- Earning Per Share  
**ERC**- Electricity Regulatory Commission  
**FC**- Finance Committee  
**FDI**- Foreign Direct Investment  
**FNCCI**- Federation of Nepalese Chamber of Commerce & Industries  
**FY**- Fiscal Year  
**GEL**- Gurans Energy Limited  
**GoN**- Government of Nepal  
**GPA**- Group Personal Accident  
**GWh**- Giga Watt hour  
**HCEL**- Hydro-Consult Engineering Limited  
**HHCPL**- Himal Hydropower Co. Pvt. Ltd.  
**HIDCL**- Hydropower Investment and Development Co. Ltd.  
**HO**- Head Office  
**HPL**- Himal Power Limited  
**IBN**- Investment Board Nepal  
**ICAN**- Institute of Chartered Accountants of Nepal  
**ICH**- International Centre for Hydropower  
**ICT**- Information Communication Technology  
**IESC**- Independent Environment and Social Consultant

**IFC**- International Financial Corporation  
**IFRIC**- International Financial Reporting Interpretations Committee  
**IFRS**- International Financial Reporting Standard  
**IMS**- Inventory Management System  
**INPS**- Integrated Nepal Power System  
**IPO**- Initial Public Offer  
**IPPN**- Independent Power Producers' Association Nepal  
**IPPs**- Independent Power Producers  
**IRD**- Inland Revenue Department  
**ISO**- International Organization for Standardization  
**JDMP**- Jhimruk Downstream Mitigation Project  
**JPP**- Jhimruk Power Plant  
**JV**- Joint Venture  
**KEL**- Kabeli Energy Limited  
**KHL**- Khudi Hydropower Limited  
**LEDCO**- Lamjung Electricity Development Company Limited  
**LMMHEP**- Lower Manang Marshyangdi Hydroelectric Project  
**MAN**- Management Association of Nepal  
**MARS**- Mutually Agreed Retirement Scheme  
**MCC**- Marsyangdi Cascade Committee  
**MCP**- Marshyangdi Cascade Project  
**MKHP**- Mugu Karnali Hydropower Project  
**MMH CPL**- Manang Marshyangdi Hydropower Co. Pvt. Ltd.  
**MMHEP**- Manang Marshyangdi Hydroelectric Project  
**MoE**- Ministry of Energy  
**MoEWRI**- Ministry of Energy, Water Resources & Irrigation  
**MoFE**- Ministry of Forest & Environment  
**MoPE**- Ministry of Population and Environment  
**MoU**- Memorandum of Understanding  
**MRM**- Management Review Meeting  
**MTCL**- Marsyangdi Transmission Company Pvt. Ltd.  
**MTP**- Marsyangdi Transmission Project  
**MW**- Mega Watt  
**NEA**- Nepal Electricity Authority  
**NEPSE**- Nepal Stock Exchange Ltd.  
**NFRS**- Nepal Financial Reporting Standard  
**NHA**- Nepal Hydropower Association  
**NHE**- Nepal Hydro and Electric Limited  
**NHL**- Nyadi Hydropower Limited  
**NHP**- Nyadi Hydropower Project  
**NIDC**- Nepal Industrial Development Corporation  
**NMFA**- Norwegian Ministry of Foreign Affairs  
**NORAD**- Norwegian Agency for Development Cooperation  
**NPR/NRs.** - Nepalese Rupees  
**NSA**- Nepal Standards on Auditing  
**NTA**- Nepal Tunnelling Association  
**NVVN**- NTPC Vidyut Vyapar Nigam  
**OHSAS**- Occupational Health & Safety Assessment Series  
**OMM**- Operation and Maintenance Management  
**PDA**- Project Development Agreement  
**PEEDA**- People Energy and Environment Development Association  
**PG**- Performance Guarantee  
**PPA**- Power Purchase Agreement  
**PPE**- Personal Protective Equipment  
**PPP**- Public Private Partnership  
**PROR**- Peak Run-of-River  
**QCBS**- Quality and Cost Based Selection  
**QHSE**- Quality, Health, Safety and Environment  
**QMS**- Quality Management System  
**QEYC**- Qing Yuan Engineering Consulting Co. Ltd.  
**RAS**- Revenue Accounting Software

**RC**- Remuneration Committee  
**RCOD**- Required Commercial Operation Date  
**REEP**- Rural Electrification and Expansion Project  
**RMC**- Risk Management Committee  
**ROR**- Run-of-River  
**SAIDI**- System Average Interruption Duration Index  
**SAIFI**- System Average Interruption Frequency Index  
**SCIG**- Sichuan Provincial Investment Group Co. Ltd.  
**SEBON**- Security Exchange Board of Nepal  
**SEL**- Shangri-La Energy Limited  
**SIA**- Social Impact Assessment  
**SIC**- Standard Interpretations Committee  
**SOP**- Standard Operating Procedure  
**SPVs**- Special Purpose Vehicles  
**SSF**- Social Security Fund  
**SUP**- Social Upliftment Program  
**TA**- Travel Allowance  
**TAM**- Term Ahead Market  
**TMS**- Total Management System  
**UM2HEP**- Upper Marsyangdi-2 Hydroelectric Limited  
**UMN**- United Mission to Nepal  
**VA**- Value Added  
**VDC**- Village Development Committee  
**VPN**- Virtual Private Network  
**VPs**- Vice Presidents  
**WB**- World Bank  
**WIP**- Work In Progress



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