Jyoti Capital Presents

WHAT’S IN THE STOCK ?

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What the Numbers Say. What the Market Misses

Radhi Bidhyut Company Limited

A research-driven look beyond the stock price to understand what truly drives the value.

What’s in the Stock? goes beyond headlines and market sentiment to examine the fundamentals behind a listed company. We look at its business, financial performance, growth prospects, risks, valuation, and the expectations already reflected in its market price.

The objective is simple: **to understand what the numbers are telling us—and identify what the market may be overlooking.**

Jyoti Capital Limited,
Kamalpokhari, Kathmandu

What's in the stock ?

RADHI BIDYUT COMPANY LIMITED

Radhi Bidyut Company Limited (RADHI) was incorporated on Jestha 05, 2062 B.S. (May 19, 2005 A.D.) as a public limited company, with its registered office located at Kathmandu -11, Bluestar Complex, Tripureshwor, to develop, operate, and maintain a 4.4 megawatt (MW) run of river project called Radhi Small Hydropower Project, on Radhi khola, located at Marsyangdi Gaupalika -5, Germu, Lamjung.

Project Overview

The plant operates with Radhi *khola* as its sole stream (khola). The project commenced commercial operation on 31 Jestha 2071 B.S. The Net book value of Property, Plant and Equipment (PPE) stood at Rs 99.25 million per MW as of Q3 F.Y. 2082/83. Since its listing, RADHI has invested in different entities.

Radhi Small Hydropower Project (4.4 MW)

The project commenced commercial operations in Jestha 2071 BS, with its generation license running through 2103-01-27 BS (with a remaining life of ~21 years as of Q3 2082/83). While the project is fully operational, it continues to face a combination of technical setbacks and localized environmental challenges.

Project	Installed Capacity	Completion Year
Radhi Small Hydropower Project	4.4 MW	2071 B.S.
License expiry year		2103 B.S.

Features	
Radhi Small Hydropower Project	
Installed capacity	4.4 MW
Contracted Energy Generation in kWh	26,267,543 kWh
phase	Operating
Energy Generation (79/80) in kWh	23,230,590 kWh
88.43% of contracted energy generated	
Energy Generation (80/81) in kWh	6,484,540 kWh
24.68% of contracted energy generated	
Energy Generation (81/82) in kWh	23,398,280 kWh
89.04% of contracted energy generated	

On Asadh 21, 2080, floods and landslides damaged the 33 kV transmission line, forcing the plant offline. As the event occurred toward the end of F.Y. 2079/80, its impact was primarily reflected in the following fiscal year, with contracted energy generation declining to 24.68% in F.Y. 2080/81. The company received Rs. 28.94 million in insurance compensation for civil damages in F.Y. 2081/82, covering the damage caused by the flood to the intake. By F.Y. 2081/82, all major repair and maintenance work had been completed, supporting a strong recovery in energy generation to 89.05% of contracted energy.

Sales And Operational Profitability

Floods and landslides in Asadh 2080 damaged the plant's structures, forcing it to remain offline. As the incident occurred toward the end of F.Y. 2079/80, its impact was primarily reflected in F.Y. 2080/81, when energy generation fell to 24.68% of contracted energy, compared with 88.43% in F.Y. 2079/80.

Following the completion of reconstruction, revenue increased by 64.9% to Rs. 128.93 million in F.Y. 2081/82, with the plant delivering 89.05% of its contracted energy. However, Rs. 39.75 million of the revenue reported in F.Y. 2080/81 represented insurance compensation for Loss of Profit (LoP), rather than revenue generated from power sales. Excluding the LoP insurance compensation, revenue from power sales increased by 235.5% year-on-year in F.Y. 2081/82.

In F.Y. 2080/81, the adjusted gross profit margin, excluding Loss of Profit (LoP) insurance compensation, declined to 42.65%. Although the gross profit margin recovered to 72.30% in F.Y. 2081/82, it remained below the pre-flood level, indicating that profitability had not yet fully recovered to its pre-flood level.

Administrative expenses increased by 129% to Rs. 70.19 million in F.Y. 2081/82, from Rs. 30.66 million in F.Y. 2080/81. The increase was primarily attributable to an early contract termination charge of Rs. 31.25 million, which accounted for 79.1% of the Rs. 39.53 million year-on-year increase in administrative expenses.

The rights issue conducted in F.Y. 2079/80 raised Rs. 953.57 million to fund the acquisition of a 51% stake in Kasuwa Khola Hydropower Limited, as stated in the prospectus. Following the rights issue, term deposits peaked at Rs. 1,159.50 million as of Asadh-end 2080. However, by F.Y. 2081/82, the rights issue proceeds had been deployed toward the planned investment. Consequently, interest income declined by 44.8% to Rs. 62.49 million in F.Y. 2081/82.

Returns, Cash Flow and Leverage

Particulars	F.Y. 2079/80	F.Y. 2080/81	F.Y. 2081/82
Gross Profit Margin	84.50%	71.80%	72.30%
Net Profit Margin	52.70%	37.20%	53.80%
EBITDA Margin	80.90%	72.60%	80.80%
EBIT Margin	71.90%	62.40%	77.80%
EBT Margin*	63.90%	51.80%	11.80%
ROE	5.65%	3.45%	13.53%
ROCE	7.18%	5.42%	16.44%
Debt-to-Equity (in times)	0.07	0.06	0.19
Interest Coverage Ratio (in times)	10.90	6.01	16.06
Cost of Debt	8.24%	13.98%	9.90%
Effective Tax Rate	19.20%	28.40%	26.30%

*(*Other Income is not included in the EBT Margin calculation)*
All the calculations are done on standalone basis

Debt-to-equity increased to 0.19x in F.Y. 2081/82 following a Rs. 300 million debt drawdown, reversing the trend of several years of debt reduction. Reported interest coverage stood at 16.06x; however, excluding the Rs. 398.51 million non-recurring gain, the ratio declined to 2.93x. Similarly, the EBT margin, excluding other income, fell sharply to 11.80% from 51.80%, while adjusted ROE declined to 1.52%, compared with the reported ROE of 13.53%

FCFF calculation (in Rs.)	F.Y. 2079/80	F.Y. 2080/81	F.Y. 2081/82
Net Cash Flow from Operating Activities	29,333,947	(55,289,599)	211,377,227
Add: After-Tax Interest	11,548,056	14,282,255	22,266,551
Less: CapEx	49,442	61,040,304	22,025,287
Standalone Free cash flow to the firm (FCFF)	**40,832,561**	**(102,047,648)**	**211,618,491**

FCFE calculation (in Rs.)	F.Y. 2079/80	F.Y. 2080/81	F.Y. 2081/82
Net Cash Flow from Operating Activities	29,333,947	(55,289,599)	211,377,227
Less: Interest Paid	14,292,149	19,942,046	30,207,210
Less: CapEx	49,442	61,040,304	22,025,287
Add: Net borrowing	(50,817,103)	(11,070,838)	336,411,417
Standalone Free cash flow to equity (FCFE)	**(35,824,747)**	**(147,342,787)**	**495,556,147**

Standalone FCFF declined from Rs. 40.83 million in F.Y. 2079/80 to negative Rs. 102.05 million in F.Y. 2080/81, primarily due to flood-related damage and Rs. 61.04 million in reconstruction costs. With operations resuming, FCFF recovered strongly to Rs. 211.61 million in F.Y. 2081/82. FCFE remained negative at Rs. 35.82 million and Rs. 147.34 million in F.Y. 2079/80 and 2080/81, respectively, reflecting continued debt service requirements. The same then surged to Rs. 495.56 million in F.Y. 2081/82; however, Rs. 336.41 million of the increase was attributable to new borrowings rather than internally generated cash flow.

Dupont Analysis

Component	F.Y. 2079/80	F.Y. 2080/81	F.Y. 2081/82
Net Profit Margin	52.70%	37.20%	53.80%
Asset Turnover (in times)	0.09	0.08	0.20
Equity Multiplier	1.08	1.09	1.25
Return on equity	5.64%	3.44%	13.53%

ROE increased to 13.53% in F.Y. 2081/82, primarily driven by a significant improvement in net profit margin and asset turnover. The net profit margin increased to 53.80%, partly reflecting the Rs. 398.51 million one-time gain from the sale of investments, which materially increased net profit and total income. Meanwhile, asset turnover improved to 0.20x as operating performance recovered. Leverage contributed relatively less to the improvement in ROE, with the equity multiplier increasing from 1.08x to 1.25x. Excluding the one-time gain, ROE stood at only 1.52%, providing a more representative measure of the company's underlying return on equity.

Other Income and Investments

Interest Income declined by 44.8% to Rs. 62.49 million in F.Y. 2081/82, as term deposits were reduced from Rs. 413.97 million to Rs. 163.97 million. Other Income was dominated by a non-recurring gain of Rs. 398.51 million from the sale of an investment. Excluding this gain, Profit Before Tax (PBT) would have declined from the reported Rs. 455.05 million to Rs. 58.17 million, highlighting the significant contribution of non-recurring operations to reported profitability.

The company's total investments in other power companies stood at approximately Rs. 2.0 billion as of Asadh-end 2082, equivalent to 64.2% of total assets. Subsidiaries accounted for the largest share at 60.82%, followed by Other Equity Investments at 28.24% and Associates at 10.93%. Meanwhile, construction of the Kasuwa Khola Hydropower Project had reached 35% completion, according to CHDC's F.Y. 2081/82 Annual Report. The proposed rights issue of Dordi Khola Jal Bidyut Co. Ltd. is intended to repay loans obtained from the consortium banks.

S.N.	Name	Value as per F.Y. 2081/82 (In Rs.)	Projects	Remarks	Type of investments
1	Kasuwa Khola Hydropower Ltd.	949,243,800*	45 MW, Kasuwa Khola HEP (under construction)	Unlisted; no IPO planned	Subsidiary
2	Elevation Energy Management Ltd.	265,119,600	Energy and infrastructure investment company	Unlisted; no IPO planned	Subsidiary
3	Rapti Hydro & General Construction Ltd.	218,270,479	5 MW, Rukum Gad HEP (under construction)	Listed in NEPSE	Associate
4	Dordi Khola Jal Bidyut Co. Ltd.	320,090,535	12 MW, Dordi-1 HEP	Listed in NEPSE; rights issue in pipeline	Passive Investment
5	Universal Power Company Ltd.	243,718,450	11 MW, Tallo Khare Khola HEP	Listed in NEPSE	Passive Investment

*(*equity and preference share worth Rs. 31,143,800 & Rs. 918,100,000 respectively)*

Shareholders and Promoter Profile

The company was founded under the leadership of the late Mr. Mukta Bahadur Gurung with the objective of developing and operating the Radhi Small Hydropower Project. RADHI is part of the CEDB Group, whose flagship company is CEDB Holdings Limited (CHDC), and holds stakes in multiple hydropower projects within the group.

Ms. Punam Karki Chhetri serves as Chairperson, while Mr. Jhabindra Acharya serves as Director, and Mr. Niteshwor Prasad Koiri and Mr. Rohit Rauniyar serve as Independent Directors. According to ICRA Nepal's issuer rating rationale dated February 26, 2026, which reaffirmed the company's issuer rating at [ICRANP-IR] BBB−, the company had paid-up capital of Rs. 1,839 million as of January 2, 2026. Its major shareholders included All Nepal Infrastructure Development Company Ltd. (~7%), Infinity Development Ltd. (~3%), Star Development Company Ltd. (~3%), and Equity Management Pvt. Ltd. (~1%). No single shareholder holds more than approximately 7% of the company, while the four largest shareholders collectively account for approximately 14% of the ownership.

3rd Quarter Performance of F.Y. 2082/83

Energy generation increased 15.64% year-on-year to 3.64 million kWh in Q3 F.Y. 2082/83, compared with 3.15 million kWh in Q3 F.Y. 2081/82. The PPA tariff has also reached its fully escalated levels of Rs. 5.08 per kWh during the wet season and Rs. 8.89 per kWh during the dry season.

The company's investment portfolio expanded significantly, to Rs. 2,690.15 million, representing 70.02% of total assets, compared with 48.7% in Q3 F.Y. 2081/82. As of Q3 F.Y. 2082/83, RADHI now holds investments in subsidiaries and passive equity investments.

Furthermore, EPS increased to Rs. 23.49 (vs. Rs. 5.88 Q3 F.Y. 2081/82) primarily due to other income rather than energy sales. Other income also increased to Rs. 357.32 million, compared with only Rs. 1,662 in the corresponding period, potentially supporting dividend distribution.

Conclusion

Radhi Bidyut Company Limited's F.Y. 2081/82 performance reflected a recovery in hydropower operations following flood-related repairs; however, earnings quality remained significantly influenced by non-operating income. While core generation recovered, recurring profitability remained materially below the reported level. The balance sheet has also shifted significantly toward investments in other power companies, which did not generate income during the year, while the fixed deposits that previously supported interest income have been substantially drawn down.

Looking ahead, near-term earnings may remain constrained by the company's dependence on a single operating project, whose PPA tariff has already reached its fully escalated rates, limiting further tariff-driven revenue growth. Meanwhile, the subsidiary's project has reached only 35% completion, meaning a meaningful contribution to earnings is likely to remain some time away. The substantial deployment of funds into other equity investments and the drawdown of term deposits have also reduced the company's liquid, income-generating assets. Although these investments and available liquidity could support dividend distributions in the coming years, such distributions would rely on the realization of investments or depletion of existing liquid assets and therefore may not represent a sustainable source of recurring profit or dividend capacity.

Moreover, the proposed 70% rights issue, for which the stated purpose has not yet been established, could dilute EPS and ROE if materialized, particularly if the proceeds are not deployed into investments capable of generating sufficient returns. This risk is more pronounced given that the company's existing operating project has already reached its fully escalated tariff, while its next major project remains under development. Consequently, future growth in EPS and ROE will depend heavily on the purpose and deployment of the proposed capital raise and the timely commissioning of new income-generating assets.

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