

The Pulse

Market Growth, Risks and Outlook

Bhadra 2083

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Himalayan Capital

A Subsidiary of Himalayan Bank Limited

Global Market

€	1.15 \$ (-0.26%)	S&P 500	7,551.81 (-3.00%)
£	1.35 \$ (-0.45%)	BSE SENSEX	74,336.45 (-4.71%)
₹	96.00* (-0.51%)	NIKKEI 225	64,452.00 (-6.16%)
¥	155.29* (2.53%)	FTSE 100	10,677.90 (-0.64%)
A\$	0.71 \$ (0.59%)	DAX	25,554.40 (-3.50%)
C\$	0.72 \$ (-0.34%)	CAC 40	8,131.24 (-5.91%)
		HANG SENG	24,713.78 (-1.60%)
		SSE COMPOSITE	3,891.60 (-0.91%)

*Values Per 1 \$

	Gold (\$) Per Oz. 4,263.86 (-2.58%)		Bitcoin(\$) 76,155.29 (21.19%)
	Brent Crude(\$) Per Barrell 106.83 (17.59%)		Ethereum(\$) 2,416.57 (28.48%)

#All Changes are in MoM basis.

Global Market Trends

The Bhadra 2083 snapshot points to a markedly more cautious global market environment than the optimism seen in Shrawan. Share markets reversed sharply, with declines across nearly every major index, while gold eased back after its earlier rally even as oil extended its climb further. Taken together, the month suggests that investor confidence, having strengthened in Shrawan, gave way to renewed risk aversion, with money moving out of shares and gold even as it flowed into oil and, notably, cryptocurrencies, and as the dollar itself regained some strength.

Currency markets moved more unevenly against the U.S. dollar this month, a partial reversal of Shrawan's broad-based dollar weakness. Only two of the six major currencies tracked gained ground. The Japanese yen was the standout, strengthening 2.53% to 155.29 per dollar from 159.32 a month earlier, while the Australian dollar firmed a modest 0.59% to 0.7100. The other four currencies slipped: the euro eased 0.26% to 1.1500, the British pound eased 0.45% to 1.3500, the Canadian dollar eased 0.34% to 0.7200, and the Indian rupee weakened 0.51%, with the dollar buying 96.00 rupees at month-end compared with 95.51 a month earlier. This partial return of dollar strength suggests markets pared back some of their conviction that U.S. interest rate cuts are imminent, even as the yen's standalone strength points to safe-haven demand amid the equity sell-off. For Nepal, the weaker Indian rupee carries directly through the currency peg, adding a modest fresh headwind after Shrawan's relief.

Share markets around the world turned broadly negative, and the declines were considerably sharper than Shrawan's gains. Japan's Nikkei 225 led the retreat, tumbling 6.16% to 64,452.00 after its strong rebound the previous month, while France's CAC 40 fell 5.91% to 8,131.24. India's Sensex dropped 4.71% to 74,336.45, reversing its steadier Shrawan gain, and Germany's DAX, last month's leader, gave back 3.50% to close at 25,554.40. The U.S. S&P 500 slipped 3.00% to 7,551.81, ending its two-month advance, while Hong Kong's Hang Seng eased 1.60% and China's Shanghai Composite dipped 0.91%, both surrendering their Shrawan gains. The U.K.'s FTSE 100 was the most resilient of the major markets, easing just 0.64%.

Commodity prices moved in sharply different directions this month. Brent crude oil surged 17.59% to 106.83 dollars per barrel, building dramatically on Shrawan's 8.70% gain, as supply concerns and firm demand pushed prices to their highest level in this stretch. Gold, by contrast, pulled back 2.58% to 4,263.86 dollars per ounce, giving back a portion of its earlier 10.02% rally as the partial rebound in the dollar and a modest cooling of rate-cut expectations made the metal somewhat less attractive. Cryptocurrencies broke decisively from the broader risk-off mood: Bitcoin jumped 21.19% to 76,155.29 dollars and Ethereum surged 28.48% to 2,416.57 dollars, suggesting crypto markets drew in capital even as traditional equities and gold retreated. For an oil-importing country such as Nepal, the continued sharp rise in crude prices is an increasingly unwelcome development,

compounding Shrawan's pressure on fuel import costs and now arriving alongside a weaker rupee rather than a stronger one, removing the partial offset seen last month.

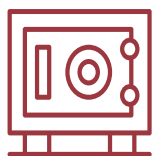
Overall, the Bhadra 2083 snapshot describes a market that has swung firmly back toward caution. Broad declines across Japan, Europe, India, and the United States point to renewed concern over growth and a scaling-back of expectations for near-term U.S. rate cuts, while gold's retreat alongside equities reflects that same shift rather than any flight to traditional safety – a role the yen appears to have absorbed instead. The main things to watch are the widening gap between crypto and everything else, since Bitcoin and Ethereum rallied strongly while shares and gold fell, and the accelerating rise in oil prices, which is becoming a more pressing inflation risk the longer it continues. For Nepal, the combination of a weaker Indian rupee and sharply higher crude oil prices creates a more clearly negative picture than last month, with no currency-side cushion this time to offset the added strain from costlier fuel imports, reinforcing the need to monitor both global commodity trends and regional currency movements closely in the months ahead.

Macroeconomic



Inflation

5.96% ▲



Deposit Growth

-0.3% ▼



Credit Growth

0.4% ▲



Import Growth

31.0% ▲



Export Growth

61.7% ▲



Remittance

21.2% ▲



FX Reserve

1.2% ▲

*Growth refers to the change based on one month data of FY 82/83 and FY 83/84,

*Credit refers to claims on the private sector,

Monthly Trading Statistics



**Average
Turnover**

NPR 4.54 B

-3.22% ▼



**Average
Shares Traded**

10.75 M

3.21% ▲



**Average
Transactions**

55.45 K

-4.11% ▼



**Average
Scrips Traded**

357

-1.52% ▼

*Changes are evaluated against the last three month's average.

Liquidity Overview

A. Major Rates

Description	Value As On					Change		
	Shrawan-83	Ashadh-83	Shrawan 84	Bhadra 18	Bhadra 30	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	2.77	2.12	1.43	1.43	1.43	-1.34	-0.69	0.00
Wt.Avg 91 Days TB rate (%)	2.65	2.25	0.00	2.25	1.35	-2.65	-2.25	-0.90
Wt.Avg 364 Days TB rate (%)	2.58	2.36	2.06	1.95	1.95	-0.52	-0.30	0.00
Wt. Avg Interbank Rate (%)	2.75	2.75	2.75	2.75	2.75	0.00	0.00	0.00
CapEx (In Billion NPR)	0.73	190.84	1.33	1.30	2.34	0.60	-189.51	1.04

B. BFI Statistics

Description	Value As On					Change		
	Shrawan-83	Ashadh-83	Shrawan 84	Bhadra 18	Bhadra 30	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	4.02	3.21	3.29	3.29	3.29	-0.73	0.08	0.00
Wt. Avg Lending Rate (%)	7.76	6.55	6.64	6.64	6.64	-1.12	0.09	0.00
Base Rate (%)	6.02	4.83	4.72	4.72	4.72	-1.30	-0.11	0.00
CD Ratio (%)	76.19	71.07	71.23	71.41	71.35	-4.96	0.16	-0.06
Fixed Deposits/Total Deposits (%)	48.14	35.20	35.43	35.43	35.43	-12.71	0.23	0.00
Total Liquid Assets/Total Deposits (%)	23.74	38.11	37.78	37.78	37.78	14.04	-0.33	0.00

Public Debt Subscription

Category	Issue Date	Offered Amount	Payment By GoN	No. of Participants	No. of Bids	BID Ratio	Allocated Amount	Discount Rate		
								Lowest	Average	Highest
28 Days	Shrawan 12	500.00	0.00	24	66	5.44	500.00	1.19	1.43	1.55
91 Days	Bhadra 30	500.00	0.00	22	40	5.19	500.00	1.00	1.35	1.37
182 Days	Bhadra 30	500.00	0.00	18	32	5.23	500.00	1.41	1.45	1.45
364 Days	Bhadra 2	200.00	0.00	22	61	8.98	200.00	1.95	1.95	1.95

*Figures are in 10 million NPR

Sectoral Movement

Index	Shrawan 31,2083	Bhadra 31,2083	Change
NEPSE	2,643.83	2,612.42	-1.19%
Manufacturing And Processing	10,342.91	10,620.39	2.68%
Banking SubIndex	1,458.99	1,478.89	1.36%
Trading Index	3,239.86	3,275.42	1.10%
Investment	97.32	97.62	0.31%
Life Insurance	11,803.83	11,642.71	-1.36%
Microfinance Index	4,576.54	4,509.90	-1.46%
Development Bank Index	5,583.79	5,452.40	-2.35%
Hotels And Tourism	7,338.95	7,124.96	-2.92%
HydroPower Index	3,727.72	3,611.01	-3.13%
Finance Index	2,374.89	2,262.82	-4.72%
Others Index	1,929.84	1,838.53	-4.73%
Mutual Fund	20.95	19.51	-6.87%
Non Life Insurance	10,585.05	9,745.87	-7.93%

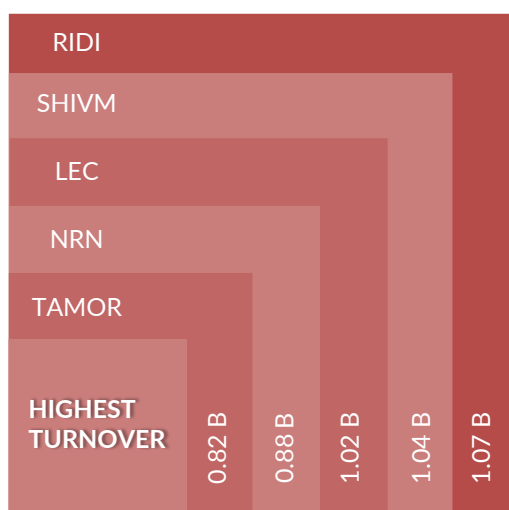
Major Movers

ILBS	22.41%	 GAIN 	HATHY	-17.93%
DLBS	20.45%		ULBSL	-8.26%
SNORL	18.90%		ENL	-6.21%
NABBC	15.00%		RSML	-5.90%
MKJC	14.29%		SIPD	-4.59%

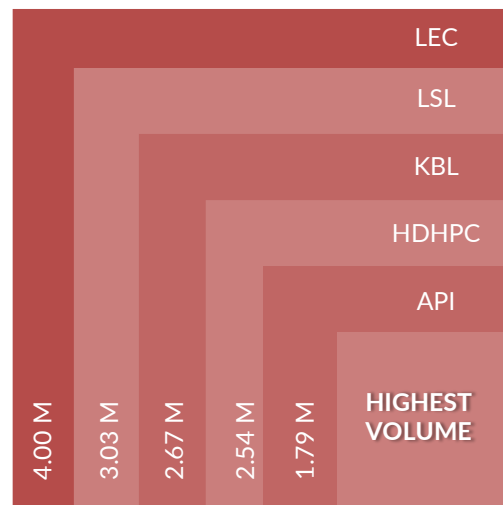
Sectoral Divergence-Turnover

Sectors	Last Three Month's avg	Monthly Avg	Divergence
NEPSE	4.52 B	4.54 B	0.51%
Commercial Banks	0.42 B	0.53 B	26.57%
Development Banks	0.24 B	0.30 B	27.19%
Finance	0.24 B	0.25 B	1.22%
Hotels And Tourism	0.15 B	0.11 B	-23.11%
Hydro Power	1.85 B	2.11 B	14.19%
Investment	0.18 B	0.22 B	21.41%
Life Insurance	0.10 B	0.09 B	-7.72%
Manufacturing And Processing	0.43 B	0.51 B	18.45%
Microfinance	0.15 B	0.15 B	1.09%
Non Life Insurance	0.08 B	0.05 B	-36.94%
Others	0.13 B	0.11 B	-15.77%
Tradings	0.01 B	0.01 B	-22.08%
Mutual Fund	0.02 B	0.01 B	-44.85%
Bond and Debenture	0.50 B	0.06 B	-87.42%

Highest Turnover



Highest Volume



NEPSE Outlook

Current Overview



On September 11, 2026, the NEPSE Index closed at 2,559.49, up 27.94 points (+1.10%), after opening at 2,529.73 and trading between 2,524.55 and 2,559.49. The session was a rebound after two consecutive declines, but the index stayed below the key 2,569.56 Fibonacci level. The structure still shows lower highs from the 2,900+ region, and the descending trend line may continue to act as overhead resistance.

Turnover rose to around NPR 4.36 billion from roughly NPR 4.09 billion, suggesting some improvement in buying participation. With the index still below 2,569.56, this may not yet indicate a sustained change in the broader structure.

The immediate resistance is 2,569.56, just above the current close. The recent decline took the index close to the 2,500–2,550 support region before Friday's rebound. A sustained move above 2,569.56 could bring 2,667.32 into consideration, while renewed weakness below the recent low could open a move toward the major support around 2,427.70.

RSI (14) reads around 41.55, below the neutral 50 but above the oversold threshold of 30. Momentum remains weak, though the recovery from lower levels suggests selling pressure is moderating. A move above 50 would be a stronger sign of improvement.

MACD remains negative, with the MACD line around -29.42, the signal line around -28.73 and the histogram around -0.69. The narrow histogram suggests bearish momentum is moderating, but this is not a confirmed trend reversal.

Overall, the tone is cautiously mixed with a weak underlying trend. The rebound and higher turnover point to buying interest around 2,500–2,550, and RSI and

MACD suggest downward momentum is moderating, but the lower-high structure remains intact. A sustained recovery above 2,569.56 could support a move toward 2,667.32, whereas failure to hold the recent support could increase downside risk toward 2,427.70. The outlook stays range-bound to cautiously weak unless the index reclaims the 2,569.56–2,667.32 zone

Long-Term Overview



The NEPSE Index closed the week at 2,612.42, down 31.41 points (1.19%). It remains within the broad 2,450-3,050 range formed after the mid-2024 breakout, and its position in the lower-middle of this range points to consolidation, not a confirmed long-term downtrend.

Weekly momentum is weakening. The index has hovered near the immediate support of 2,500, with a slight recovery at month-end, and remains below the 2,700-2,750 resistance. Repeated buying interest around 2,450-2,500 makes this the key support zone, and a sustained hold above it would keep the broader recovery structure intact. Economists have described Nepal's situation as a liquidity trap in which money is abundant but confidence is scarce.

The macro outlook is mixed after the Bhotekoshi River floods damaged hydropower, transmission, transport and other infrastructure. The World Bank expects growth to slow to 3.7% in FY 2026/27 before recovering to 5.2% in FY 2027/28 on reconstruction activity, implying weaker near-term activity but stronger medium-term growth.

Capital-market reforms offer a medium- to long-term catalyst. The government's 21-point agenda is being followed by SEBON initiatives on margin lending, intraday trading, securities lending and borrowing, short selling and market infrastructure, and the intraday trading concept paper has already been published. Expanded NRN participation could broaden the investor base further. The impact on turnover and liquidity will depend on implementation and actual participation.

The long-term outlook remains cautiously constructive, while the near term is likely to stay range-bound and volatile as weaker growth and post-disaster uncertainty are weighed against improving liquidity, reconstruction and market reforms. Technically, 2,450-2,500 is the key accumulation zone and 2,780-2,800 must be reclaimed to strengthen the bullish case. A sustained breakout above 2,800, then 3,000-3,050 on improving turnover, would signal renewed strength. A decisive weekly break below 2,420 would mark a Change of Character and could extend the consolidation towards 2,280-2,300.

SCRIP ANALYSIS

Snow Rivers Limited (SNORL)

A. About the Company

Snow Rivers Limited (SNORL) generates and sells electricity through the Super Kabeli Khola 'A' Hydropower Project (SKKAHPP), a 13.5 MW run-of-river project that sells its power to the Nepal Electricity Authority (NEA) under a long-term Power Purchase Agreement (PPA). SNORL was incorporated as a private company on 2071/05/11 and converted to a public limited company on 2079/03/03. In FY 2082/83 it floated an Initial Public Offering (IPO) of 1,875,000 shares, equal to 20% of its Rs 937.5 million issued capital: 10% went to project-affected locals and 10% to the general public. The project reached its Commercial Operation Date (COD) on Poush 05, 2081, three months and 24 days ahead of its Required Commercial Operation Date (RCOD) of Chaitra 29, 2081. The generation license runs until Kartik 11, 2113, roughly 31 years of remaining life, and the PPA runs 30 years from COD. Projected average energy of 80.17 GWh implies a plant load factor of about 67.8%, which gives long-term revenue visibility.

SKKAHPP is in Sirijangha Rural Municipality, Wards 7 and 8, Taplejung District, Koshi Province. It draws water from the Kabeli Khola, a major tributary of the Tamor River, and the Amji Khola, through two separate headworks. The project has a catchment area of 94.31 sq. km, a mean flow of 6.3 m³/s and a design discharge of 8.35 m³/s. Its surface powerhouse holds two turbine units with two 7.95 MVA generators. Discharged water flows through a tailrace culvert into the downstream 12 MW Super Kabeli Khola project, so the two plants operate as a cascade. Power is evacuated over a shared 132 kV line to NEA's Amarpur (Kabeli) Substation. Energy is sold on an availability-declaration basis. The project carries Rs 1.96 billion of all-risk insurance and Rs 438.6 million of loss-of-profit cover with IGI Prudential Insurance.

The project cost Rs 2,719.1 million including interest during construction, or Rs 201.4 million per MW. That is above the Rs 2,477.0 million estimated at the PPA stage, which the company attributes to price effects of the Russia-Ukraine war and

to floods and landslides. A consortium led by NMB Bank Limited, with Raastriya Banijya Bank Limited, approved a Rs 1,978.1 million loan, giving a 67.8:32.2 debt-to-equity ratio under the financing agreement. That ratio was planned to fall to 65.5:34.5 after the IPO proceeds were applied. Under the PPA, the tariff is Rs 4.80/kWh in the wet season and Rs 8.40/kWh in the dry season, with a 3% annual escalation on the base tariff granted eight times. Because SRL reached COD before its RCOD, it qualifies for all eight escalations, which will take the tariff to Rs 5.95 (wet) and Rs 10.42 (dry). Many peers lose escalations through construction delays. SRL also has a full income-tax holiday for 10 years, followed by a 50% exemption for five years. The prospectus projects a project IRR of 11.61%, an equity IRR of 14.83%, a simple payback of 8.17 years and a discounted payback of 15.77 years.

FY 2081/82, SRL's first partial year of operation, produced a net profit of Rs 33.07 million and an EPS of Rs 4.37. In FY 2082/83, its first full year, audited results show electricity revenue of Rs 370.66 million and net profit of Rs 106.44 million, for an EPS of Rs 13.52. That is well ahead of the prospectus projection of Rs 65.64 million profit and Rs 7.00 EPS, mainly because finance cost came in at Rs 132.66 million against a projected Rs 168.18 million. Electricity revenue, however, was about 6% below the projected Rs 395.04 million. That shortfall matches the generation data: in the first 13 months the plant produced 68.18 GWh against 84.10 GWh of contract energy, about 81%, with notable shortfalls in Bhadra and Ashwin 2082. The board has proposed a 10% bonus share plus a 0.5263% cash dividend to cover tax, and the Electricity Regulatory Commission has approved it. ICRA Nepal upgraded SRL's issuer rating to [ICRANP-IR] BB+ from BB-; the rating is valid until 16 October 2026.

The company is led by promoters and directors with long hydropower experience. Chairman Mohan Bikram Karki has chaired Super Mai Hydropower, Hilton Hydro Energy, Electro Power Company, Kalika Energy and Ashutosh Energy, and is Managing Director of Kabeli Hydropower Company. Director Uttam Paudel has managed the Chepe Khola, Super Mai-A, Super Mai and Dwari Khola projects. Independent Director Prakash Shrestha has worked on Rawa Khola, Upper Chaku A, Super Kabeli Khola Cascade and Kabeli-3. Institutional promoters National Equity Fund-1 (12%) and National Hydro Fund-2 (5.33%), both managed by National Fund Management Limited, add institutional oversight. SRL should benefit from rising domestic electricity demand, the expansion of Nepal's transmission network, and growing cross-border power trade with India and Bangladesh. Its main risks are hydrological variability, which already shows in the generation shortfall, high leverage, and dependence on a single operating asset.

Following is the shareholding pattern of Snow River Limited post IPO issuance:

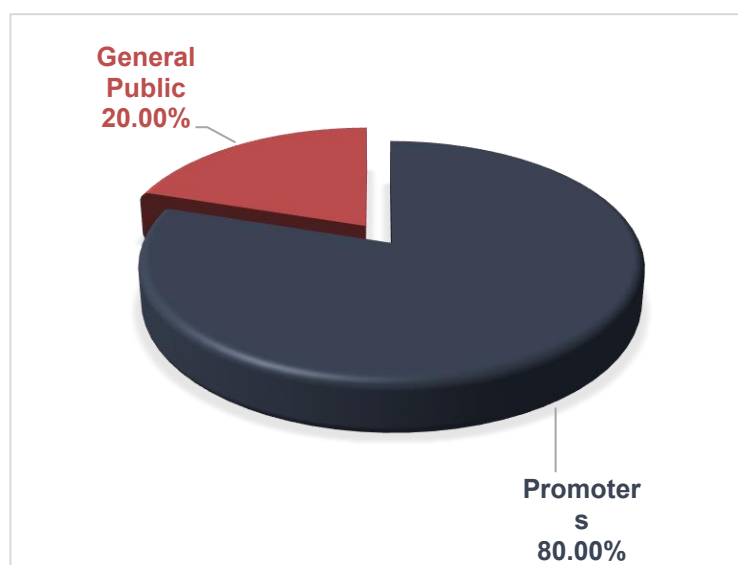


Fig – The shareholding structure of Snow River Limited (SNORL), post IPO Issuance.

Key details about the company:

Particulars	Details
Project Name	Super Kabeli Khola A Hydropower Project
Project Location	Sirijangha Rural Municipality, Taplejung District
River Source	Tamor River
Types of project	Run of River
Installed capacity	13.5 MW
Total cost of project	R.s 2.7Billion
Cost per MW	NPR 0.2Billion
Dry Energy Mix	15.35%
Plant Load Factor (PLF)	57.65%
Expiry date of license	7/11/2113 B.S.
RCOD (BS)	2081/12/29
COD (as per prospectus)	2081/09/05
Escalation	8 out of 8

B. SWOT Analysis

Snow Rivers Limited (SNORL) incorporated on 2071/05/11 and converted into a public limited company on 2079/03/03 single-project hydropower producer with under two years of commercial operation, ahead of its first public issue of 18,75,000 shares worth Rs 18.75 crore. SRL benefits from a remaining period of 30-year Power Purchase Agreement with the Nepal Electricity Authority for its 13.5 MW Super Kabeli Khola 'A' Hydropower Project, entitlement to all eight 3 percent tariff escalations, a 10-year full income-tax holiday, and a marked improvement in FY 2082/83 performance with electricity revenue of Rs 370.66 million, a gross margin of 90.42 percent and EPS of Rs 13.52. The risk profile however includes the dependency on a single run-of-river plant with no water storage, generation of only about 81 percent of contract energy in its first 13 months, borrowings of about Rs 1.94 billion against equity of Rs 1.04 billion with finance cost absorbing roughly 36 percent of electricity revenue, and an [ICRANP-IR] BB+ issuer rating indicating moderate default risk. Going forward, the company's performance will depend on raising generation closer to its contracted 80.17 GWh, reducing or repricing its project loan as interest rates fall, deploying the issue proceeds and its proposed investments in other hydropower companies without further straining its debt-service capacity, and managing its exposure to hydrological variability, flood and landslide damage, and reliance on NEA as its sole buyer over a shared transmission line.



C. Valuation of the Company

We have applied the Discounted Cash Flow (DCF) method to estimate the fair value of Snow River Limited (SNORL). This valuation approach estimates the intrinsic value of the company by projecting its future free cash flows and discounting them to their present value using an appropriate cost of capital. The DCF methodology is particularly well suited for operational hydropower companies such as SNORL, where value is driven by long-term Power Purchase Agreement

(PPAs), stable and predictable electricity generation, and the asset's ability to generate sustainable cash flows over remaining concession period. Accordingly, the DCF approach provides a robust assessment of SNORL's intrinsic value by emphasizing its long-term cash-generating potential rather than short-term market price movements.

Discounted Cashflow Method (DCF)

Under this approach, the company's future free cash flows are projected based on key assumptions relating to electricity generation, hydrological conditions, tariff structure, operating and maintenance expenses, debt serving obligations and the remaining concession life and subsequently discounted to present value using the Weighted Average Cost of Capital (WACC). The method provides a comprehensive assessment of the company's underlying value by incorporating the time value of money and evaluating key value drivers such as generation performance, revenue realization, operating efficiency and capital structure.

However, the DCF method remains sensitive to key assumptions relating to generation estimate, hydrological variability, tariff escalations, operating costs, concession life and discount rate applied, all of which can materially influence the final valuation outcome. Despite these sensitivities, DCF continues to be one of the most widely accepted valuation methodologies for hydropower companies due to its forward-looking nature and emphasis on long-term cash flow generation.

Key Valuation Assumptions

Particular's	Value	Remarks
Adjusted Beta (β)	0.98	The adjusted beta from the company has been calculated by considering the beta of NEPSE with the Hydropower Index from the beginning of December 2018 to beginning of July 2026.
Market rate of return (Rm)	11.28%	The market rate of return is taken considering the CAGR of NEPSE from the end of FY 2001/02 to the end of Chaitra FY 2025/26.
Risk free rate (Rf)	3.06%	The latest development bond rate, namely "2088", with the rate 3.06%.
Cost of Equity (Ke)	11.08%	As per the CAPM Model.
Cost of Debt (Kd)	10.51%	Average lending rate of last 10 years.
Weighted Average Cost of Capital (WACC)	9.38% to 10.72%	$WACC = w_d \cdot K_d + w_e \cdot K_e$, where $w_d = (D/E)/(1+D/E)$

Terminal Growth Rate	-	No growth rate have been assumed since the projects are handed to government at end of its licence period.
Debt to equity Ratio (Post IPO)	63.58%	Debt to Equity Ratio post IPO

Other Assumptions

- Revenue projections are assumed generation at 81.07% of the contracted Plant Load Factor (PLF), resulting in a PLF assumption of 57.65% through the forecasted period.
- Royalty expenses are projected in accordance with prevailing hydropower regulations, comprising a capacity royalty of NPR 100 per KW and a revenue royalty of 2% during the first 15 years of operation, increasing to NPR 1,000 per KW and 10% of revenue thereafter.
- Administrative expenses are assumed at 5% of annual revenue based on average administrative expense to revenue ratio.
- Depreciation are provided on SLM basis as per IFRIC 12 service concession arrangements whereby the company has to allocate the project cost over the license period granted by Nepal government.
- Capital expenditure are assumed to occur every 8 year till 17th year and are assumed to occur at end of 22nd year as for the project cost to enhance the revenue of the company.
- No terminal value has been assigned in the valuation, as the project assets are assumed to be handed over to the Government of Nepal upon the expiry of the generation license, in accordance with prevailing hydropower regulations.

The final valuation of Snow River Limited based on the DCF Method has been computed and tabulated below.

Method	Valuation Per Share in NPR
DCF	168.43

D. Technical Analysis



- Based on the daily chart, Snow Rivers Limited appears to be in a corrective phase after its sharp advance from the NPR 278 zone and the mid-September spike to about NPR 1,060, which briefly moved above the 0.786 Fibonacci level (NPR 986.50) before reversing. The stock is trading around NPR 825, slightly below the 0.618 Fibonacci level (NPR 835), which seems to have served as the base of the August-September range (NPR 835-986). It is also trading below the 9-day EMA (NPR 851.50) and the rising dashed trend line from the listing low. The failed breakout and the run of red candles may suggest profit-booking, and the near-term structure appears to remain cautious.
- The RSI (14) reads 42.70, down from about 78 at the September spike and below the 50 midline, which may indicate negative momentum that has probably not yet reached oversold territory. The MACD line (-14.19) is below the signal line (-1.08), and the histogram (-13.11) is negative and widening, which could point to continued short-term weakness. Volume peaked on the September spike and seems to have faded since, suggesting limited fresh buying. The latest reading (5.3K) likely reflects a partial session and may not be representative. A decisive close below the NPR 800 area (recent lows) could weaken the base and may expose the 0.5 Fibonacci level near NPR 728.69, with NPR 490 as a possible deeper support.
- On the upside, immediate resistance may be seen in the NPR 835-850 zone, where the broken 0.618 level and the 9-day EMA appear to overlap. A sustained close above NPR 850 with expanding volume could possibly open the way to NPR 986, followed by the September high near NPR 1,060. However, the bearish MACD and sub-50 RSI suggest rallies may face selling pressure. If the earlier fundamental notes still apply, the 5th AGM, the proposed 10% bonus share adjustment and any promoter lock-in expiry could add to volatility. At EPS of Rs 13.52, the current price implies a P/E of roughly 61x, which may limit valuation comfort. Overall, the stock appears to be testing the lower boundary of its consolidation range with a cautious-to-bearish bias, and a confirmed

recovery would probably require a close above NPR 850-860 with sustained buying.

E. Conclusion and Recommendation

Snow Rivers Limited (SNORL) appears to represent an operational, de-risked hydropower company whose sole asset, the 13.5 MW Super Kabeli Khola 'A' Hydropower Project in Taplejung, has been in commercial operation since Poush 05, 2081. The project reached commercial operation three months and 24 days ahead of its required date, which may allow the company to retain all eight tariff escalations under its Power Purchase Agreement (PPA) along with the 10-year tax holiday. A 30-year PPA with the Nepal Electricity Authority and a generation licence valid until Kartik 11, 2113 may provide long-term revenue visibility. Financially, FY 2082/83 net profit of Rs 106.44 million against a prospectus projection of Rs 65.64 million, and EPS of Rs 13.52 against a projected Rs 7.00, could suggest that the project is converting generation into shareholder-level returns faster than anticipated. The reaffirmed BB+ rating and the proposed 10% bonus share, to be tabled at the 5th AGM on October 7, 2026, may further support this view. The project also lies on the Kabeli–Tamor river system, away from the Bhotekoshi–Trishuli corridor affected by the August 2026 flood, and the company's latest disclosure reports no damage.

That said, SNORL's investment profile may remain constrained by several structural factors. The company depends on a single run-of-river plant with no water storage, so earnings would likely remain exposed to hydrology and seasonality, with only about 12.9 GWh of the roughly 80.3 GWh annual energy falling in the higher-tariff dry season. Generation of about 81% of contract energy implies that the plant is yet to deliver its full contracted output. The profit outperformance appears to have come from lower costs rather than higher revenue, which may limit how far it can be repeated. Leverage also remains high, with finance cost absorbing about 36% of power revenue, leaving earnings sensitive to interest-rate movements. The BB+ rating indicates moderate default risk. Dependence on NEA as the only buyer, evacuation through a transmission line shared with the downstream 12 MW Super Kabeli project, and exposure to floods, landslides, sediment and rising insurance premiums could add to operational risk. Any change in PPA terms, royalties or taxes would be a further matter worth tracking.

On the valuation front, the prevailing market price of NPR 850 implies a multiple of roughly 63 times reported EPS. Net profit spread over the full 93.75 lakh shares now outstanding works out to about Rs 11.35 per share, or nearly 75 times, and the proposed 10% bonus would probably dilute this further to about Rs 10.3 per share. At this price the market capitalisation is close to NPR 7.97 billion, or roughly NPR 590 million per MW of installed capacity, which appears to sit at a very considerable premium to what a single 13.5 MW project may justify on earnings. As only 20% of the capital was issued through the IPO, the present price may be supported more by scarcity of tradable float and post-listing speculative interest than by underlying fundamentals. Technically, the stock appears to be testing the lower boundary of its NPR 835–986 consolidation range after a failed breakout

near NPR 1,050 in mid-September. It is trading below its 9-day EMA (NPR 883.24), the RSI (14) at 44.78 has slipped under the midline, and the MACD has turned negative, which may point to fading momentum rather than accumulation. A decisive close below NPR 835 could expose the stock toward the NPR 728 region.

Overall, SNORL may offer exposure to an operating hydropower asset with early commissioning, long-dated contracted revenue, earnings ahead of projection and a location unaffected by the recent flood. Even so, the wide divergence between the earnings base and the prevailing market price, combined with single-asset concentration, high leverage, below-contract generation and softening technical momentum, suggests that the risk-reward balance at current levels may be unfavourable. Accordingly, a cautious investment stance may be warranted at prevailing prices. Existing holders may consider using strength toward the NPR 883–986 zone to review or trim exposure. Prospective investors may prefer to await a meaningful price correction toward levels closer to fundamental value, along with visible improvement in generation toward contract energy, a reduction in the debt burden, clarity on the post-bonus price adjustment, and confirmation of volume-backed support, before considering fresh entry.

ISSUE OF THE MONTH

Understanding Averages in Valuation

Every valuation begins with an uncomfortable fact: the future cannot be observed, so it has to be estimated from the past. Interest rates move from month to month, growth rates differ from year to year, and market indices swing between booms and corrections. An analyst who simply picked the latest figure for each input would build a valuation on whatever happened to occur most recently. Averaging is the discipline that prevents this. It condenses a noisy history into a single representative figure, and it sits behind many of the inputs to a Discounted Cash Flow analysis: the cost of debt, the market return and the terminal growth rate.

A. Why Valuation Relies on Averages

A DCF values cash flows stretching many years into the future, including a terminal value that assumes the business continues indefinitely. Such a valuation needs inputs that describe normal, sustainable conditions rather than the peak or trough of a single period. An average serves this purpose by letting unusual periods offset one another.

There is also a practical reason. Terminal value usually accounts for most of the enterprise value, and it is highly sensitive to the discount rate and growth rate used. An input distorted by one unusual period passes that distortion straight into the final value per share. Averaging limits this risk. It also gives readers a transparent, reproducible basis for each assumption, such as "the mean of the last ten years", which can be checked, whereas a hand-picked figure cannot.

Not all averages are alike, however. Three are commonly used: the arithmetic mean, the geometric mean and the median, each suited to a different kind of data.

B. The Arithmetic Mean

The arithmetic mean is the familiar average:

$$\text{Mean} = (X_1 + X_2 + \dots + X_n) \div n$$

It is appropriate for quantities that are *levels* rather than growth rates, such as interest rates and ratios to revenue. Two applications appear in our valuations.

The first is the cost of debt. The weighted average lending rate published by the Nepal Rastra Bank has been far from stable. It stood above 13% in early 2023 and has since fallen to roughly 7%. Taking only the latest reading would suggest that borrowing costs are permanently low, while taking only the peak would suggest the opposite. Averaging the monthly series over the last ten years gives a more balanced view, but the result depends on window chosen. Averaging

from February 2014 to date gives 10.41%, while the average of the latest twelve months is only 7.56%.

The second is the projected cost structure. When forecasting, the cost of goods sold, operating expenses and depreciation are typically projected as a percentage of revenue, using the historical relationship between them. Rather than relying on a single year, the three-year average is applied. Where the average cost over the period is divided by the average revenue over the same period, larger years carry proportionally more weight, which is a sensible property for a growing business. The same three-year averaging is applied to the financial ratios reported for each company.

C. The Geometric Mean and CAGR

Growth rates compound, and the arithmetic mean misrepresents compounding. Consider an investment that rises 50% in one year and falls 50% the next. The arithmetic mean of the two returns is zero, yet an investor who began with 100 would end with 75, a loss of about 13.4% on a geometric basis. The geometric mean corrects this:

$$\text{Geometric Mean} = [(1 + r_1) \times (1 + r_2) \times \dots \times (1 + r_n)]^{(1 \div n)} - 1$$

The Compound Annual Growth Rate used for the market return in the CAPM is the same idea applied to a start and end value. For the NEPSE Index, growth from 223.76 at the end of FY 2001/02 to 2,730.17 over 23.83 years gives an annualized return of 11.07%. Using the geometric rather than the arithmetic approach ensures the market return reflects what an investor would actually have earned.

D. The Median

The median is the middle value when observations are arranged in order. Its strength is that it is unaffected by extreme observations, which makes it useful where a short data series contains an outlier.

Nepal's real GDP growth over the last five fiscal years illustrates this. The rates were 4.49%, 5.28%, 2.29%, 3.36% and 3.99%. The weak year of 2079/80 pulls the arithmetic mean down to about 3.88% and the geometric mean to 3.73%. The median ignores the outlier and gives 3.99%. Which of these is appropriate as a long-run growth assumption is a matter of judgement, and the choice should be disclosed.

E. Choosing the Right Average

choice between averages is rarely neutral. Using the NRB data above, the gap between the ten-year average (10.51%) and the twelve-month average (7.56%) is nearly 300 basis points. Neither figure is wrong. The first treats the current low-rate environment as a temporary departure from the long-run norm, while the second treats it as the new norm. An analyst's view on whether rates will stay low should decide which window is used, and that view should be stated rather than left implicit.

In general:

- Use the arithmetic mean for levels, such as interest rates and ratios.
- Use the geometric mean or CAGR for compounding growth.
- Use the median where a short series contains an outlier.

F. Limitations Investors May Wish to Consider

An average is only a summary, and summaries discard information. First, averages are backward-looking and assume that the past is a fair guide to the future. Where an environment has changed structurally, for example after a sustained shift in monetary policy, a long-run average can overstate or understate what is likely to apply going forward.

Second, the answer depends on the window chosen. As the NRB data show, a ten-year and a twelve-month average can differ by almost three percentage points.

Third, a simple average gives every period equal weight, whereas recent observations are often more relevant than distant ones. Weighted averages are sometimes used for this reason, though the weights are inevitably a matter of judgement. Fourth, where only a handful of observations exist, no choice of average can fully compensate for a short history.

The sensible conclusion is not that averages should be avoided, but that they should be treated as a structured starting point. Where a valuation changes materially depending on which average is used, whether the window, the type of mean or the data series, that sensitivity is itself worth disclosing and worth understanding.

HISTORICAL RETURNS

TOP PERFORMING NEPSE STOCKS

PAST 1 YEAR

TICKER

CAGR



AKJCL	81.10%
RIDI	54.48%
HIMSTAR	54.12%
SAHAS	35.50%
NHPC	32.92%

PAST 3 YEARS

TICKER

CAGR



SAMAJ	193.75%
BNL	79.88%
NRN	68.25%
GRDBL	52.98%
RADHI	52.57%

PAST 5 YEARS

TICKER

CAGR



BNL	49.31%
AKBSL	25.12%
UNL	24.98%
NRN	23.98%
CHDC	23.05%

PAST 10 YEARS

TICKER

CAGR



UNL	6.96%
RBCL	5.99%
BNT	7.98%
BBC	7.31%
BNL	24.02%

*Returns are dividend-adjusted on a year-over-year (YoY) basis. Past performance should not be interpreted as indicative of future results. * CAGR means annual growth rate of an investment over specified time period.

Key Dates

Scrip	Issue Type	Quantity	From (AD)	To (AD)	Issue Manager
MNMF2	Mutual Fund	100,000,000	9/17/2026	9/24/2026	MUKTINATH CAPITAL LIMITED
Beni hydropower project ltd	IPO	8,63,200	9/07/2026	9/11/2026	NMB CAPITAL LIMITED

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