

BY

GARIMA CAPITAL LIMITED

RADHI BIDYUT COMPANY LIMITED  
(RADHI)

Sector: Hydropower LTP: Rs. 215.50 Fair Price: Rs. 196 Valuation: Over Recommendation: -

\* This Report is published for learning purpose only.

\* Disclosure is made at the end.

| Projected Snippet   | 77/78A | 78/79A | 79/80E | 80/81E | 81/82E |
|---------------------|--------|--------|--------|--------|--------|
| Revenues (mn)       | 129.70 | 134.96 | 135.65 | 135.65 | 135.65 |
| Gross Profit Margin | 87.05% | 83.52% | 83.20% | 82.46% | 81.69% |
| Op. Profit Margin   | 65.68% | 58.03% | 56.87% | 56.28% | 54.81% |
| Net Profit Margin   | 47.15% | 38.48% | 40.16% | 43.35% | 40.56% |
| EPS                 | 9.46   | 8.04   | 3.25   | 3.51   | 3.68   |
| BVPS                | 110.87 | 126.70 | 104.46 | 103.51 | 103.68 |

Note: Team Own Estimate

### Investment Thesis

- Valuation / Pricing:** We determine the scrip of RADHI to be trading above its fair price at current level. Of the 79 Hydro's listed as on date, only 29 peer companies are considered for computation of fair price due presence of significant outliers in rest. Despite the Fair P/E, P/B and 120D avg. price manifest the Underpriced situation, Harmonic Mean of 5 approaches results the Overpriced scrip. DCF valuation is not performed due to limitation in Financial Modelling. EPS capitalization, where capitalizing the average EPS of past 3 years even at the capitalized rate of 10% depicts the over value scenario.
- Anticipate diminishing cash flows:** We anticipate the project to yield profitability on a diminishing trend over its life due to limited production capacity and incremental generation costs. None of its invested Associates have yet provided any dividends. Its investment to Subsidiary – Kasuwa Khola is still to start the construction process. So, the metrics like EPS, BVPS, ROE can be expected to distinctly drop till the intermediate period like 5 years.
- Bearish trend of the stock:** In the bull run of Mid-2020, Radhi made the stunning rise of 4.7x from around Rs.95 to Rs.455. But on the bearish run since August 2021, the stock has lost half its peak price, floating at Rs.221 as on this report time. The technical chart which manifests the downward momentum shows no good sign of price reversal anytime soon, which veto us to pick the

#### Stock's Profile

|                    |                  |
|--------------------|------------------|
| O/s Shares         | 16,759,799 units |
| Market Cap. (Rs.)  | 3.61 billion     |
| 52 Weeks H – L     | 649.50 – 195.30  |
| 180D Avg. Price    | 243.31           |
| 180D Avg. Vol.     | 43,377           |
| Beta (Nepse/Hydro) | 0.85 / 0.74      |

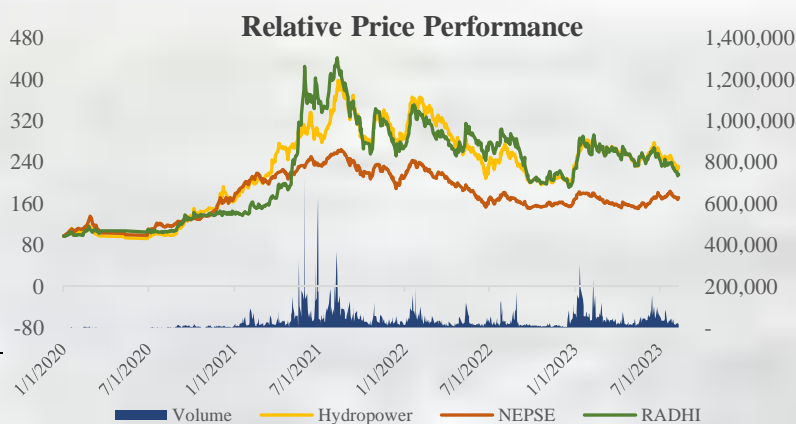
Note: Data taken from 1.1.2020.

Note: Valuation is not carried due to data limitation. stock.

#### Fair Pricing

|                  |        |
|------------------|--------|
| P/E              | 31.37x |
| P/B              | 6.46x  |
| P/S              | 33.35x |
| Graham No.       | 136.25 |
| 120 Days Avg.    | 243.19 |
| Fair Price (Rs.) | 196    |

| Price Performance | 1M     | 3M      | 12M     |
|-------------------|--------|---------|---------|
| Absolute          | -7.91% | -8.69%  | -22.58% |
| Relative to NEPSE | -7.34% | -20.71% | -22.84% |



Note: Rebased to RADHI in Jan 2020

**Company Profile**

RADHI operates 4.4MW Radhi Small Hydropower Project with annual energy generation of 26.27 GWh in Radhi Khola situated in Lamjung district. The company got incorporated on 5 Jestha 2062 and started commercial production from 31 Jestha 2071. It has one subsidiary- Kasuwa Khola Hydropower Ltd. (KAKHL) with installed capacity of 45 MW and its construction is expected to start from 2080-81. RADHI has 3 associates- Universal Power (UPCL), Rapti Hydro and General Construction (RHGCL) & Dordi Khola Jal Vidyut (DORDI) which has combined installed capacity of 28 MW and combined annual energy generation of 156.5 GWh.

**Project Profile**

|                              |                            |
|------------------------------|----------------------------|
| Project Name                 | Radhi Small HEP            |
| Type of Scheme/Model         | Run-of-river / BOOT        |
| District                     | Lamjung                    |
| Name of River                | Radhi Khola                |
| PPA Capacity                 | 4,356 KW                   |
| Incorporation Date ( public) | 5 Jestha 2062              |
| Project License Period       | 26/01/2068 –<br>27/01/2103 |
| Remaining License Period     | 23 yrs                     |
| COD                          | 31 Jestha 2071             |
| Annual Energy (GWh)          | 26.267                     |
| Wet Season Energy (GWh)      | 21.17                      |
| Dry Season Energy (GWh)      | 5.09                       |
| Total Project Cost           | Rs.613.2 million           |
| Project Cost (per MW)        | Rs. 139 million            |

**Other Features of the Project**

|   |                                      |
|---|--------------------------------------|
| Gross Head                                | 617 meter                            |
| Size of Settling Basin                    | 2 Chamber each of<br>55m x 9m x 3.9m |
| Length of Headrace                        | 714.83 meter                         |
| Transmission Line & Interconnection Point | 33 kV, Chiplabesi Substation         |
| Turbine Efficiency                        | 90%                                  |
| Generator Efficiency                      | 96%                                  |
| Transformer Efficiency                    | 99%                                  |
| Combined Efficiency                       | 85.54%                               |

|                 |                      |
|-----------------|----------------------|
| <b>Chairman</b> | Mr. Bimesh Man Pati  |
| <b>CEO</b>      | Mr. Om Bahadur Thapa |

**Financial Highlights (Fig. in '000)**

| Particulars              | Q3 78/79     | Q3 79/80     | Q4 79/80 E   |
|--------------------------|--------------|--------------|--------------|
| Paid Up Capital          | 646,404.62   | 1,675,979.81 | 1,675,979.81 |
| Retained Earnings        | 117,564.31   | 336,878.55   | 445,536.82   |
| Total Assets             | 1,026,508.37 | 2,215,238.24 | -            |
| Non-Current Liabilities  | 160,808.65   | 109,987.48   | -            |
| Revenue from Electricity | 109,366.84   | 108,290.70   | 132,114.65   |
| Operating Profits        | 66,566.49    | 67,866.44    | 96,370.89    |
| Net Interest Income      | -11,884.71   | 36,827.12    | 48,970.70    |
| Net Profits              | 47,107.82    | 86,404.67    | 108,658.29   |

**Fundamental Synopsis**

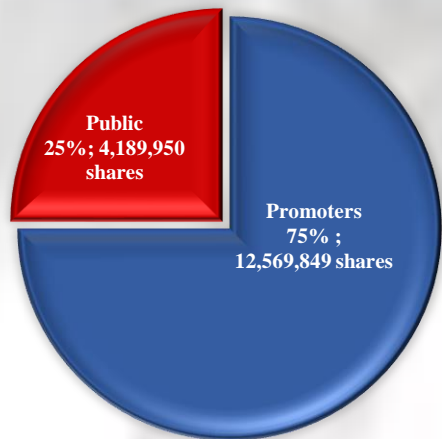
**Annual Energy production:** RADHI's contractual annual energy generation with NEA is 26.27 GWh, out of which 21.17GWh are expected to be generated in Wet season and 5.09 GWh in Dry season. Despite lack of maintenance and upgradation in 33 kv transmission line by NEA (resulting approx. 4.5% transmission loss), RADHI has been able to produce (5 years) average 92% of the contractual energy. 5 years average energy generation in wet season is 91% while dry season is 101%, signifying excess energy more in dry season. In 2078-79, it produced 95% of the contracted energy which is 15% higher than its energy produced in 2077-78 (owing to impact by floods and landslides).

**Generation halted due to flood/landslide:** The continual rain from 22<sup>nd</sup> Ashadh 2080 resulted floods and landslides in the project site, which affected the plant headworks and headrace pipe, forcing the company to shut down the electricity generation. Company has accordingly informed to regulatory bodies like Electricity Regulatory Commission, SEBON, NEPSE, and CDSC. Till writing this report, the generation activities have not resumed. Such external risks like floods, landslides seem to be more frequent in nature and the major project risks, constraining its production and revenues.

**Revenue to be constraint by lower PPA rate:** In 2071BS company entered into revision of its initial PPA with NEA; from Rs 4 per KWh for wet season and Rs 7 per KWh for dry season to Rs 4.8 and Rs. 8.4 respectively, with 5 annual increments of 3% for five subsequent periods. Agreement also included the application of tariff Rs.4.80 (wet) and Rs. 8.40 (dry) per KWh after the termination of 5 years escalation provision. Such provision expired in late 2077, requiring the company to sell the electricity at the reduced rate from FY 2078/79 onwards. This will likely shrink the company's annual revenues by approx. 13%. Excess energy will be billed at 50% of the applicable tariff.

*Note: While the Prospectus and ICRA rating report state such provision about the application of Tariff, we doubt the application of same in FY 2077/78 and concerned official of the Company denied to comment on same.*

**SHAREHOLDING STRUCTURE**



**Project cost of Radhi and its associates:**

Radhi small HEP was developed at relatively lower cost of Rs.613 million i.e. Rs. 139 million per MW. However, its associate’s projects were developed at almost the double amount i.e., Tallo Khare khola hydropower project at Rs. 265 million per MW, Rukum Gad hydropower project at Rs. 267 million per MW and Dordi-1 hydroelectric project at Rs. 225 million per MW. Such high project cost will pull down the profitability of its associates, resulting lower cash flows to Radhi in the form of dividends.

**Paid up capital:**

The authorized and issued capital of the company is Rs.2.5 billion out of which approx. 67% i.e. Rs.1.67 billion, is paid up at current. The paid-up capital rose from Rs. 646 million in Q1 79-80 to Rs. 1,676 million in Q2 79-80 after issuance of 1:1.4752 ratio right shares (Rs. 953.6 million) in Ashoj 2079. Further, it also distributed bonus shares of 4.75% (Rs. 76 million) for FY 78/79, peaking paid up capital to Rs. 1,676 million. Of the paid-up capital, promoters hold 75% stake while public holds 25%.

**Tax privilege :**

The company is entitled to 100% tax exemption on income from Hydro for 7 years of their commercial operation (i.e. 0% tax rate), 50% tax exemption for next 3 years (i.e. 10% tax rate) and full tax levy thereafter (i.e. 20% tax rate). The company began commercial operation on 31 Jestha 2071 and has exhausted 100% tax exemption facility by 2077. Beginning Ashad 2078, RADHI has been availing only 50% tax exemption which will remain effective till Jestha 2081. From FY 2081/82, the company’s profit will be absorbed by 20% tax charge. Income from other source are taxed at 25%.

**Rating ‘[ICRANP-IR] BBB –‘ :**

On Nov. 2022, ICRA reaffirmed RADHI’s rating to [ICRANP-IR] BBB- signifying moderate safety in the timely servicing of financial obligations with a moderate credit risk. The rating notes the company’s healthy financial profile, steady electricity generation, comfortable debt service coverage ratio, association with CHDC group etc. Rating also put concern over the its multiple investment in multiple projects, transmissions losses and high exposure to hydrology risks due to no deemed generation clause, etc.

**Dividend history:**

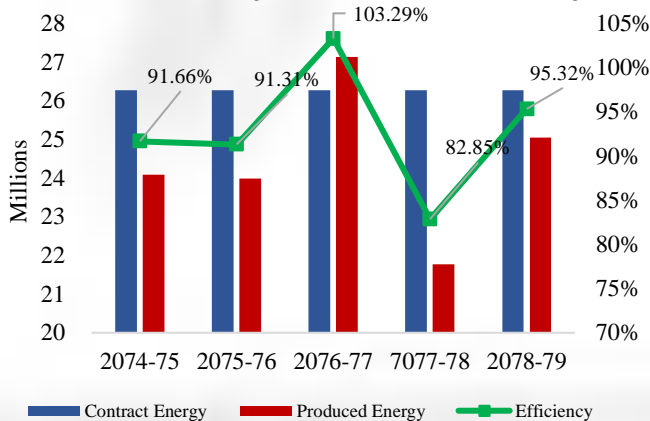
Company’s dividend history is not consistent nor up to par. In its 8 years of operating history, company has announced dividend for just 4 years. Preference is for bonus share which (harmonic) average 14% while only 5% cash is distributed in FY 74-75. In 2078-79, it provided 5% dividend (4.75% bonus and 0.25% cash for tax purpose). It distributed highest dividend in FY 2076-77 i.e., 36.5% bonus.

**Investments and Commitments:**

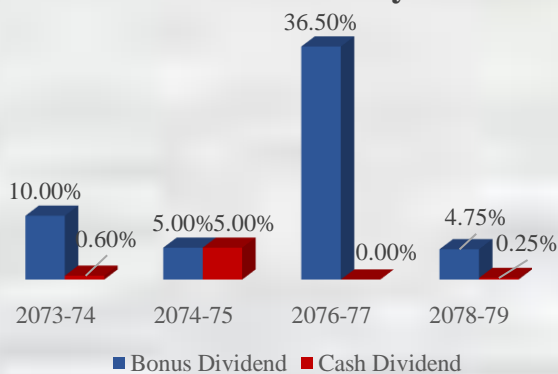
Till date, company has made investments of Rs. 380 million in 4 projects, out of which Kasuwa Khola (Subsidiary) is in the nascent stage of construction, while other three (Associates) have recently begun production. RADHI has made commitment to invest Rs. 1,100 million in Kasuwa Khola where

| Major Shareholders              | % Holding |
|---------------------------------|-----------|
| 1. Lamgunj Electricity Dev. Co. | 47.62     |
| 2. Aztech Power Pvt Ltd         | 6.54      |
| 3. Syange Budhyut Company       | 3.4       |
| 4. CEDB Hydro Power Co. Ltd     | 2.6       |

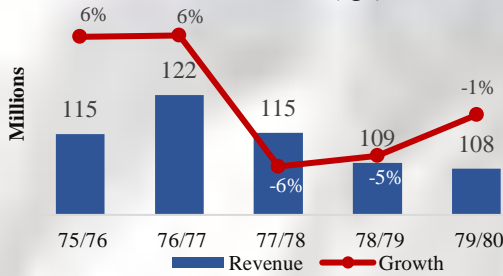
**Electricity Generation History**



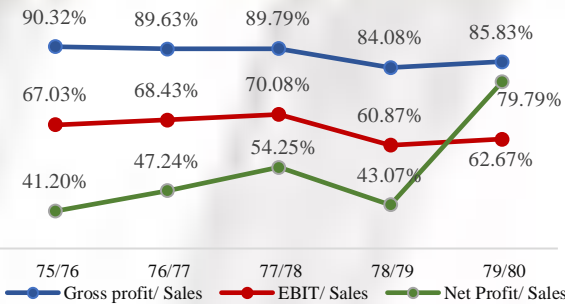
**Dividend History**



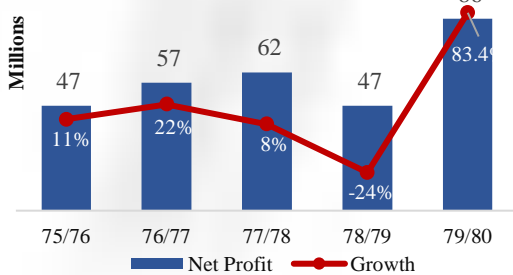
**Revenue (Q3)**



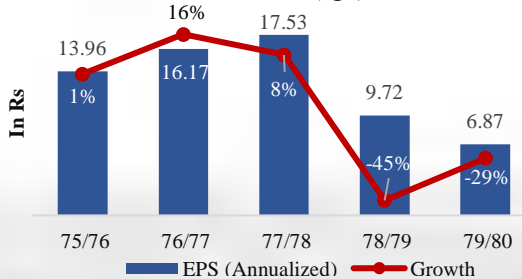
**Profit/ Sales**



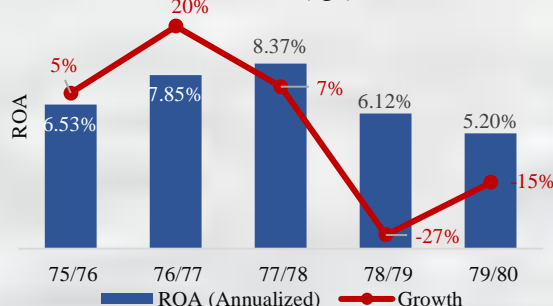
**Net Profits (Q3)**



**EPS (Q3)**



**ROA (Q3)**



Rs. 953.6 million has already been raised through Right issue in 2079. RADHI has also extended corporate guarantee of combined Rs. 724.76 million for Dordi and Rapti Hydro which will expire between 2033 - 2035 AD.

**Rights proceeds not yet allotted to Kasuwa Khola:** The proceeds amounting to Rs.953.6 million following the issue of Right share for the purpose of its subsidiary company Kasuwa Khola Hydropower Ltd. 45MW project has not yet been disbursed and the money is put under Term deposit of current nature.

**Balance sheet scrutiny:** As of Q3 79-80, the company’s balance sheet’s size is Rs. 2.2 billion, 116% higher than last year as company’s paid-up capital increased by 159% to Rs. 1.7 billion due to issuance right shares. Equity comprises 90% of the balance sheet (75% paid-up capital and 15% reserves). Debt portion has been downsizing and constitutes 5% of the total balance sheet i.e., Rs 117 million vs 16% last year. Term deposits that count 51% of the total assets is basically due to Right proceeds; last year it records 3% only. Fixed assets and investments in associates and subsidiary constitute 20% each of the total assets.

**Profitability scrutiny:** Company is consistent in generating approx. Rs.43 million revenues on average (5 years) from electricity sale in Q1. There is an increment of avg. 90% revenues in Q2 which then have decreased to almost half i.e. 40% and 25% avg. revenue increment in Q3 and Q4 from preceding quarter. On avg. company yields Rs. 140 million core revenues from electricity, despite in recent period it has fell down to Rs.130 million tentative figures. In Q3 it has reported Rs.108.29 million energy sale proceeds. Gross profit margin is approx. 88% reckoning 12% cost of production. Administrative expenses is around 12% of core revenue; while operating profit margin is approx. 78% and net profit margin approx. 47%. Due to the interest income from term deposits (Rights proceeds), a significant higher net profit margin is pictured in Q3 (80%) and in Q2 (69%). Q3 report a massive Rs.86.4 million net profit, an increment of 83.4% from last year Q3.

**Key financial metrics:** As on Q3 79-80, EPS, BVPS, ROE and ROA of the company stand at Rs. 6.87, Rs. 120.10, 5.7% and 5.4% respectively. Despite 3 years CAGR of EPS, BVPS, ROE and ROA have all decreased by 25%, 4%, 22%, and 13% respectively, the companies’ standing among 77 hydro’s in the sectors is relatively above the average, ranking 7<sup>th</sup> on both BVPS and ROA while 17<sup>th</sup> on EPS and ROE. Further, current ratio and quick ratio are at around 15x while debt to equity ratio and debt to assets are at approx. 9.5%.

**Q4 projections:** We anticipate approx. 22% increment in revenue in Q4 (from Q3) to Rs. 132.1 million, 2% drop from previous Q4. Production halt at last week of Q4 likely to sever the energy revenue (approx. 2%). Gross profit margin, operating profit margin and net profit margin are expected to be 83.5%, 73%, and 82% (interest on Right proceed) respectively. EPS is projected to fall to Rs. 6.48 and ROE to 5.1% from Rs.7.88 and 6.5% respectively. BVPS is expected to rise to Rs. 126.72 from Rs. 120.68 of corresponding previous period.

*Note: The implementation of IFRIC 12 “Service Concession Arrangement” could materially change the Equities of the company.*

**Subsidiary Company:****Kasuwa Khola Hydropower Ltd. – 60% stake**

|   |                               |
|---|-------------------------------|
| Project Name                              | Kasuwa Khola HEP              |
| Project Site                              | Sankhuwasabha                 |
| Project Type                              | Peaking ROR                   |
| Installed Capacity                        | 45 MW                         |
| Avg. Annual Energy                        | 258.10 GWh                    |
| Wet Season Energy                         | 180.58 GWh                    |
| Dry Season Energy                         | 38.75 GWh                     |
| Generation License Issue date             | 6 <sup>th</sup> Poush, 2074   |
| Gross / Net Head                          | 555m / 536m                   |
| Transmission Line & Interconnection Point | 132 kV, Tumlingtar Substation |
| Construction to start in                  | 2080-81                       |

*In order to boost the income source, Radhi aim to provide the Operational management Services to different other hydropower projects. Accordingly, it has extended its Operational management services to its three associate company's i.e. UPCL, RHGCL, and DORDI.*

**Associate Company:****1. Universal Power Company Ltd, (Ticker: UPCL)**

With paid up capital of Rs. 2.1 billion, UPCL's net profit stood at Rs. 64 million in Q3 2079-80. It reported EPS of Rs. 4.32 and BVPS of Rs. 112.41 in the same quarter. It is eligible for 100% tax exemption from the date of commercial production for 10 years and 50% exemption for another 5 years. *RADHI has invested Rs. 55.6 million owning 2.65% shares in the company.*

**2. Rapti Hydro & General Construction Ltd. (Ticker: RHGCL)**

With paid up capital of Rs. 612.8 million, RHGCL reported net profit of Rs 1.3 million in Q3 2079-80 while EPS and BVPS stood at Rs. 0.28 and Rs. 103.47 respectively. *RADHI has invested Rs. 129 million owning 40.48% shares of RHGCL. Further, it has provided the corporate guarantee of Rs. 366.34 million to RHGCL.*

**3. Dordi Khola Jal Bidyut Company Ltd. (Ticker: DORDI)**

The company has paid up capital of Rs.1.05 billion and it posted net profit of Rs. 15.39 million in Q3 2079-80. EPS and BVPS as per Q3 79-80 stands at Rs. 1.95 and Rs. 103.21 respectively. DORDI is conducting feasibility study of two projects i.e., Myagdi Khola (30 MW) and Idkhu Khola (24.41 MW). RADHI has 15.60% shares of the company i.e. investment of Rs. 164.5 million. Further, it has provided the corporate guarantee of Rs. 358.42 million to Dordi.

***Associate's Projects Details***

|   | <b>Universal Power Company Ltd.</b><br><i>(2.65% Stake)</i> | <b>Rapti Hydro and General Construction Ltd.</b><br><i>(40.48% stake)</i> | <b>Dordi Khola Jal Bidyut Company Ltd.</b><br><i>(15.60% stake)</i> |
|---|---|---|---|
| Project Name                              | Tallo Khare Khola Hydropower                                | Rukum Gad Hydropower Project  | Dordi-1 Hydroelectric Project                                       |
| Incorporation Date (public ltd)           | 16 Chaitra 2067   | 5 Kartik 2065   | 14 Falgun 2066  |
| <b>Installed Capacity (MW)</b>            | <b>11</b>   | <b>5</b>  | <b>12</b>   |
| Project License Period                    | 19/03/2069 – 18/03/2104                                     | 9/03/2072 – 8/03/2107   | 12/10/2069 – 11/10/2104   |
| Commercial operation date                 | 6 Poush 2078  | 28 Chaitra 2079   | 17 Ashoj 2079   |
| District                                  | Dolakha   | Rukum East  | Lamjung   |
| Name of River                             | Khare Khola   | Rukum Gad   | Dordi Khola   |
| Project cost (per MW)                     | 265 million   | 267 million   | 225 million   |
| <b>Annual Energy (GWh)</b>                | <b>62.73</b>  | <b>28.58</b>  | <b>65.22</b>  |
| Wet Season Energy (GWh)                   | 51.2  | 23.50   | 55.03   |
| Dry Season Energy (GWh)                   | 11.53   | 5.08  | 10.19   |
| Dividend History                          | None  | None  | None  |
| Gross Head                                | 140.5m  | 75m   | 132m  |
| Transmission Line & Interconnection Point | 132 kV Singati Substation                                   | 33/11 kV, Musikot Substation  | 132 kV Kritipur Substation  |
| LTP (3/8/2023)                            | Rs. 206   | Rs. 230   | Rs. 233   |

## Technical Outlook



### Technical Indicator (03/08/2023)

|                       |        |                                      |           |
|-----------------------|--------|--------------------------------------|-----------|
| RSI                   | 31.80  | Exponential Moving Average (12 Day)  | 221.97    |
| MACD line             | -6.96  | Exponential Moving Average (26 Day)  | 228.92    |
| Signal line           | -5.80  | Exponential Moving Average (50 Day)  | 235.61    |
| Bollinger Upper Band  | 245.63 | Exponential Moving Average (200 Day) | 246.76    |
| Bollinger Middle Band | 228.35 | Volumes                              | 13.678 K  |
| Bollinger Lower Band  | 211.07 | On Balance Volumes                   | 366.954 K |
| ADX                   | 18.29  | Super trend                          | 235.33    |

### Technical Overview:

The stock ended with a bearish candle-stick in the fourth week of Shrawan, indicating the sellers' higher presence. After 11 weeks of trade, the candle has also broken the strong immediate support and created a new low. Bearish momentum and a bearish channel pattern are still the dominant trends. The formation of lower low and lower high have corroborated Dow Theory of bearish trend. The stock is currently trading at the lower Bollinger band while facing middle band as immediate resistance. The declining Volume, despite at below average level, in bearish market is positive as it signifies decrease in seller's dominance. In the longer time frame, we can see the formation of falling wedge pattern in RADHI, signaling a trend reversal. The current weekly RSI is trading at 38.76. Between the RSI and the stock, no divergence has ever formed. Likewise, Both MACD line and signal line are facing towards negative zone which further support for fall in the price of stock. The price level (215) is well below the 12D EMA/SMA, 26D EMA/SMA, 50D EMA/SMA, and 200D EMA/SMA, indicating the bearish momentum of the stock. Our medium-term support and resistance take of the stock is Rs. 196 and Rs.255 respectively.

**Appendix: 1**

| <b>Profit and Loss Statements Modelling</b>      |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| <i>(All numbers in NPR Rs, unless specified)</i> | 2077-78 A     | 2078-79 A     | 2079-80 P     | 2080-81 P     | 2081-82 P     | 2082-83 P     |
| Revenue from Generation                          | 129.70        | 134.96        | 135.65        | 135.65        | 135.65        | 135.65        |
| Generation Expenses                              | 16.79         | 22.24         | 22.79         | 23.79         | 24.84         | 25.94         |
| <i>Gross profit</i>                              | <i>112.91</i> | <i>112.72</i> | <i>112.86</i> | <i>111.86</i> | <i>110.81</i> | <i>109.71</i> |
| Depreciation                                     | 19.65         | 19.59         | 19.59         | 18.98         | 19.50         | 19.46         |
| Other Income                                     | 4.62          | 4.45          | 3.54          | 3.75          | 3.97          | 4.20          |
| Administrative & Other Op. Exp.                  | 12.69         | 19.14         | 19.66         | 20.29         | 20.94         | 21.63         |
| Loss on disposal of Dep. Assets                  | -             | (0.12)        | -             | -             | -             | -             |
| <i>Profit from Operation</i>                     | <i>85.18</i>  | <i>78.32</i>  | <i>77.15</i>  | <i>76.34</i>  | <i>74.34</i>  | <i>72.83</i>  |
| Finance Income                                   | 2.65          | 3.49          | 2.82          | 2.82          | 2.82          | 2.82          |
| Finance Costs                                    | 23.51         | 21.26         | 16.78         | 11.02         | 5.70          | 5.70          |
| Profit Before Bonus and Tax                      | 64.32         | 60.56         | 63.18         | 68.14         | 71.46         | 69.95         |
| Staff Bonus                                      | 1.26          | 1.19          | 1.24          | 1.34          | 1.40          | 1.37          |
| <i>Profit Before Tax</i>                         | <i>63.06</i>  | <i>59.37</i>  | <i>61.94</i>  | <i>66.80</i>  | <i>70.06</i>  | <i>68.57</i>  |
| Income tax provision                             | 1.91          | 7.43          | 7.47          | 8.00          | 15.04         | 14.74         |
| <i>Profit for the year</i>                       | <i>61.15</i>  | <i>51.94</i>  | <i>54.47</i>  | <i>58.80</i>  | <i>55.02</i>  | <i>53.83</i>  |

| <b>Revenue from Electricity Sale Modelling</b> |              |        |                       |                    |                        |        |               |
|--|--------------|--------|-----------------------|--------------------|------------------------|--------|---------------|
| S.N.   | Months       | Season | Contract Energy (GWh) | Average Efficiency | Projected Energy (GWh) | Tariff | Revenues      |
| 1  | Shravan      | Wet    | 3.08                  | 90.92%             | 2.80                   | 4.80   | 13.44         |
| 2  | Bhadra       | Wet    | 3.08                  | 92.33%             | 2.84                   | 4.80   | 13.65         |
| 3  | Ashwin       | Wet    | 3.08                  | 97.35%             | 3.00                   | 4.80   | 14.39         |
| 4  | Kartik       | Wet    | 2.98                  | 99.23%             | 2.96                   | 4.80   | 14.19         |
| 5  | Mangsir      | Wet    | 1.64                  | 126.79%            | 2.08                   | 4.80   | 9.97          |
| 6  | Posh         | Dry    | 1.39                  | 111.86%            | 1.55                   | 8.40   | 13.05         |
| 7  | Mag          | Dry    | 1.19                  | 113.77%            | 1.36                   | 8.40   | 11.39         |
| 8  | Falgun       | Dry    | 1.23                  | 93.08%             | 1.15                   | 8.40   | 9.63          |
| 9  | Chaitra      | Dry    | 1.28                  | 85.22%             | 1.09                   | 8.40   | 9.16          |
| 10   | Baishakh     | Wet    | 1.71                  | 81.35%             | 1.39                   | 4.80   | 6.66          |
| 11   | Jestha       | Wet    | 2.44                  | 83.99%             | 2.05                   | 4.80   | 9.83          |
| 12   | Ashadh       | Wet    | 3.18                  | 67.49%             | 2.15                   | 4.80   | 10.30         |
|  | <b>Total</b> |        | <b>26.27</b>          | <b>92.89%</b>      | <b>24.40</b>           |        | <b>135.65</b> |

| <b>Tariff Rate</b> |                             | <b>Escalation @ 3% for 5 Years from the Operation Date</b> |      |      |      |      |      |             |
|--------------------|-----------------------------|--|------|------|------|------|------|-------------|
|                    | Season / Years of Operation | 2071   | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 - 2103 |
| 1                  | Wet Season (8 Months)       | 4.80   | 4.94 | 5.09 | 5.25 | 5.40 | 5.56 | 4.80        |
| 2                  | Dry Season (4 Months)       | 8.40   | 8.65 | 8.91 | 9.18 | 9.45 | 9.74 | 8.40        |

| <b>Royalty Charges</b> |  |               |                |
|------------------------|--|---------------|----------------|
| S.N.                   | Legal Provisions for Project Capacity of 3 - 10 MW | Upto 15 Years | After 15 Years |
| 1                      | Capacity Royalty / KW (Rs.)                        | 100.00        | 1,000.00       |
| 2                      | Energy Royalty on Net Revenues (Rs.)               | 1.75%         | 10%            |

*Note: The complete Financial Modelling of the subject company could not be performed due to data and information limitation. Thus, the Balance Sheet Modelling is not displayed herewith. We acknowledge any deviation and errors in our modelling.*

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