



Smart decisions. Lasting value.

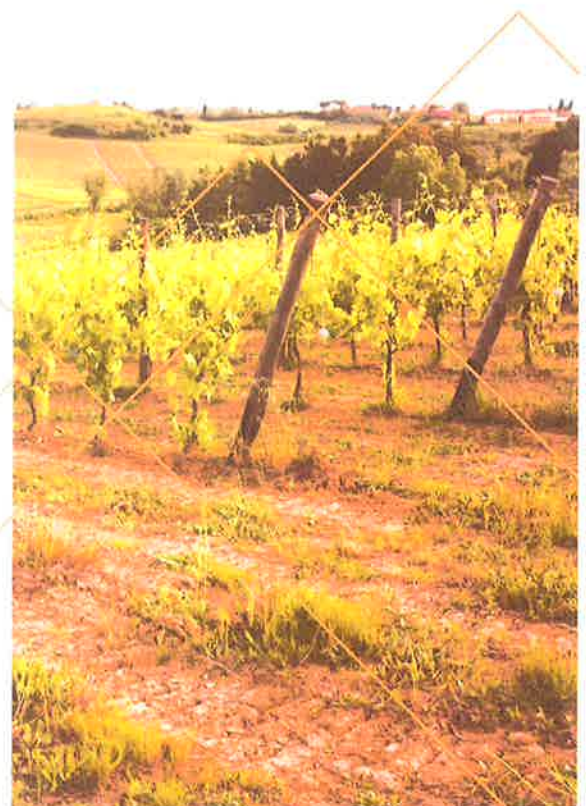
**SJVN Arun-III Power Development
Company Private Limited**

**Auditor's Report & Financial Statements
for the year ended March 31, 2026**

B.K. AGRAWAL & CO.
Chartered Accountants

Member Crowe Global

Audit / Tax / Advisory



Independent Auditors' Report to the Directors of SJVN Arun-3 Power Development Company Pvt. Ltd.

Opinion

We have audited, the accompanying Special Purpose Financial Statements (SPFS) of M/s SJVN Arun-3 Power Development Company Pvt. Ltd. (hereinafter referred to as 'the Company') which comprise the Balance Sheet as at March 31, 2026, and the Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid SPFS read together with Notes forming part of the SPFS give the information required by the provisions of Nepal Companies Act, 2063, as amended ("the Act") in the manner so required and, give a true and fair view in conformity with the Nepal Financial Reporting Standards, of the state of affairs of the Company as at March 31, 2026, its profit/loss, other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Nepal Standards on Auditing (NSA). 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 Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the *Financial Statements* under the provisions of the Companies Act, 2063 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The company's Management and Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statement, the respective management and Board of Directors are responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Special Purpose Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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 SPFS, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- 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.
- Evaluate the overall presentation, structure and content of the SPFS, including the disclosures, and whether the SPFS represent the underlying transactions and events in a manner that achieves fair presentation.

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 considered to bear on our independence, and where applicable, related safeguards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion. Further we report that:

Report on Other Legal and Regulatory Requirements

- a. We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- c. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, Other Comprehensive Income, Statement of Changes in Equity and statement of Cash flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information dealt with by this report are in compliance with the provisions of the Company Act, 2063 and are in agreement with the books of account maintained by the company;
- d. In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e. To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the company.

Limitation of Use

This report is issued by us, pursuance to specific request made by the Company, in regard to the consolidation of the company's financial statements with the Parent Company M/s SJVN Limited, India. Therefore, this report should be used for the above specific purpose only and not for any other purpose without our prior competition.

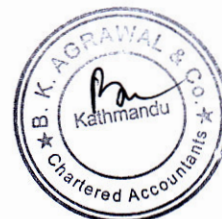
Kathmandu
Date: May 8, 2026



B.K. Agrawal, FCA
Managing Partner

For: B.K. Agrawal & Co.
Chartered Accountants

UDIN: 260514CA00018HdJTv



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Balance Sheet as at 31st March, 2026

(₹ Lakh)			
Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non - current assets			
Property, plant and equipment	2.1	30,717	31,086
Capital work-in-progress	2.2	653,915	552,863
Investment Property		-	-
Right-of-use assets		-	-
Intangible Assets	2.3	-	1
Intangible assets under development		-	-
Financial Assets:			
Investments		-	-
Trade receivables		-	-
Loans	2.4	21	29
Other financial assets	2.5	-	-
Deferred tax assets (net)		-	-
Other non-current assets	2.6	25,061	20,351
Total non- current assets		709,714	604,330
Current assets			
Inventories		-	-
Financial assets:			
Investment		-	-
Trade receivables		-	-
Cash and cash equivalents	2.7	787	83
Bank balance other than cash and cash equivalents	2.8	2,207	2,207
Loans	2.9	13	29
Other financial assets	2.10	309	77
Other current assets	2.11	100	103
Total current assets		3,416	2,499
TOTAL ASSETS		713,130	606,829
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.12	210,541	210,541
Other Equity	2.13	3,700	3,831
Total Equity		214,241	214,372
Liabilities			
Non- current liabilities			
Financial liabilities:			
Borrowings	2.14	443,418	341,177
Lease liabilities	2.15	926	957
Total non-current liabilities		444,344	342,134
Current liabilities			
Financial liabilities:			
Borrowings	2.16	2,500	2,500
Lease liabilities	2.17	102	106
Trade payables:			
Total outstanding dues of micro and small enterprises	2.18	-	-
Total outstanding dues of creditors other than micro and small enterprises	2.18	284	495
Other financial liabilities	2.19	51,142	46,804
Other current liabilities	2.20	359	260
Provisions	2.21	158	158
Total current liabilities		54,545	50,323
Regulatory deferral account credit balance		-	-
TOTAL EQUITY AND LIABILITIES		713,130	606,829

The accompanying notes from 1 to 3 form an integral part of the financial statements.

For and on behalf of the Board of Directors

Bhupender Gupta
Chairman

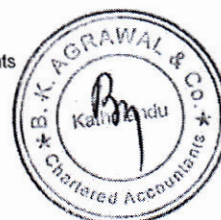
Rajeev Bohroo
Chief Financial Officer

Pankaj Chaudhary
Chief Executive Officer

Sujit Jha
Company Secretary

As per our attached report
of even date

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants



Place: Kathmandu, Nepal
Date: May 8, 2026

Standalone

SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st March, 2026

(₹ Lakh)

Particulars	Note No.	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Income			
Revenue from Operations		-	-
Other Income	2.22	118	225
Total Income		118	225
Expenses			
Employee Benefits Expense	2.23	44	56
Finance Costs	2.24	197	209
Depreciation, Amortisation & Impairment Expense	2.25	-	-
Other Expenses	2.26	8	9
Total		249	274
Less: Allocation of Corporate Expenses to Projects		-	-
Total Expenses		249	274
Profit/ (Loss) before exceptional items and tax		(131)	(49)
Exceptional Items		-	-
Profit before net movement in regulatory deferral account balance and tax		(131)	(49)
Tax Expenses:			
- Current tax		-	-
- Adjustments relating to earlier years		-	-
- Deferred Tax		-	-
Profit before regulatory deferral account balances		(131)	(49)
Net movement in regulatory deferral account balances (net of tax)		-	-
Profit for the year		(131)	(49)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
-Remeasurement of the net defined benefit liability/asset		-	-
-Income tax on above item		-	-
Total		-	-
Total Comprehensive Income for the period		(131)	(49)

The accompanying notes from 1 to 3 form an integral part of the financial statements.

For and on behalf of the Board of Directors

Bhupender Gupta
Chairman

Rajeev Dohroo
Chief Financial Officer

Place: Kathmandu, Nepal
Date: May 8, 2026

Pankaj Chaudhary
Chief Executive Officer

Sujit Jha
Company Secretary

As per our attached report
of even date

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Statement of Cash Flows for the year ended 31st March, 2026

Particulars	(₹ Lakh)	
	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Cash flow from operating activities		
Profit before net movement in regulatory deferral account balance and tax	(131)	(49)
Add: Net movement in regulatory deferral account balances (net of tax)	-	-
Add: Tax on net movement in regulatory deferral account balances	-	-
Profit before tax including movement in regulatory deferral account balances	(131)	(49)
Adjustment for:		
Depreciation, amortisation & impairment expense	-	-
Interest income on term deposits	(67)	(103)
Interest received from contractor	(51)	(122)
Finance cost	197	209
Loss on disposal/ write off of fixed assets	-	-
Gain on transfer of Shares in Joint Venture	-	-
Late Payment Surcharge From Beneficiaries	-	-
Profit on sale of fixed assets	-	-
	79	(16)
Adjustment for assets and liabilities		
Inventories	-	-
Trade receivable and unbilled revenue	-	-
Loans, other financial assets and other assets	(206)	74
Trade payable	(211)	494
Other financial liabilities and other liabilities	931	3,860
Regulatory deferral account debit balance	-	-
Provisions	-	(29)
	514	4,399
Cash generated from operating activities	462	4,334
Income tax paid	-	(59)
Net cash used by operating activities	462	4,275
Cash flow from investing activities:		
Net expenditure on Property, Plant & Equipment and CWIP including advances for capital works	(63,911)	(80,763)
Term deposits with bank (having maturity more than three months)	-	313
Interest income on term deposits	69	103
Late Payment Surcharge From Beneficiaries	-	-
Dividend from subsidiary / associate / joint venture	-	-
Investment in subsidiaries and joint ventures	-	-
Share application money paid to subsidiaries/ joint ventures	-	-
Loans to subsidiaries	-	-
Interest on Contractor Advances	50	122
Investment in other companies	-	-
Net cash used in investing activities	(63,792)	(80,225)
Cash flow from financing activities:		
Buyback of Equity Shares (including Premium on Buyback and Buyback Expenditure)	-	-
Repayment of borrowings	-	-
Proceed from borrowings	102,241	101,944
Payment of lease liabilities	(115)	1
Interest and finance charges	(38,092)	(26,237)
Dividend Paid	-	-
Tax on Dividend	-	-
Cash used in financing activities	64,034	75,708
Net increase in cash and cash equivalents	704	(242)
Opening balance of cash & cash equivalents (refer note 1 and 2 below)	83	325
Closing balance of cash & cash equivalents (refer note 1 and 2 below)	787	83
Restricted cash balance		
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged deposits	2,070	2,070
Total	2,070	2,070

The accompanying notes form an integral part of the financial statements.

1. Cash and Cash equivalents consist of Cash in hand, cheques/drafts in hand, Bank Balances including Short Term Deposits having original maturity upto three months and bank overdraft.

2. Reconciliation of Cash and Cash Equivalents:

Cash and Cash equivalents as per note 2.7	787	83
Bank overdraft as per note 2.16	-	-
Cash & Cash Equivalents as per statement of cash flows	787	83

For and on behalf of the Board of Directors

Bhupender Gupta
Chairman

Rajeev Bohroo
Chief Financial Officer

Pankaj Chaudhary
Chief Executive Officer

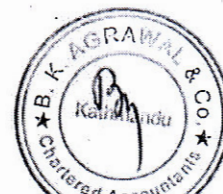
Sujit Jha
Company Secretary

As per our attached report
of even date

B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants

Place: Kathmandu, Nepal
Date: May 8, 2026

Standalone



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Statement of Changes in Equity for the year ended 31st March, 2026

A. Equity: Share Capital

For the Year Ended March 31, 2026

Particulars	Amount (₹ Lakh)
Opening Balance as at April 1, 2025	210,541
Changes in Equity Share Capital due to prior period errors	-
Restated Balance as at April 1, 2025	210,541
Changes in equity share capital during the year	-
Closing Balance as at March 31, 2026	210,541

For the Year Ended March 31, 2025

Particulars	Amount (₹ Lakh)
Opening Balance as at April 1, 2024	210,541
Changes in Equity Share Capital due to prior period errors	-
Restated Balance as at April 1, 2024	210,541
Changes in equity share capital during the year	-
Closing Balance as at March 31, 2025	210,541

B. Other Equity

For the Year Ended March 31, 2026

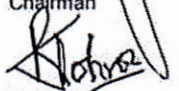
Particulars	Reserves and Surplus			(₹ Lakh)
	Capital Redemption Reserve	Securities Premium	Retained Earnings	Total Other Equity
Opening Balance as at April 1, 2025	-	-	3,831	3,831
Profit for the Period	-	-	(131)	(131)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	(131)	(131)
Dividends	-	-	-	-
Final Dividend Paid for 2024-25	-	-	-	-
Interim Dividend Paid for 2025-26	-	-	-	-
Closing Balance as at March 31, 2026	-	-	3,700	3,700

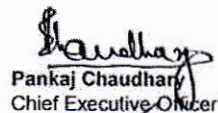
For the Year Ended March 31, 2025

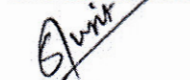
Particulars	Reserves and Surplus			(₹ Lakh)
	Capital Redemption Reserve	Securities Premium	Retained Earnings	Total Other Equity
Opening Balance as at April 1, 2024	-	-	3,880	3,880
Profit for the Period	-	-	(49)	(49)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	(49)	(49)
Dividends	-	-	-	-
Final Dividend Paid for 2023-24	-	-	-	-
Interim Dividend Paid for 2024-25	-	-	-	-
Closing Balance as at March 31, 2025	-	-	3,831	3,831

For and on behalf of the Board of Directors


Bhupender Gupta
Chairman

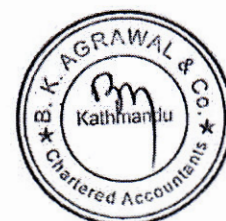

Rajeev Dohroo
Chief Financial Officer


Pankaj Chaudhary
Chief Executive Officer


Sujit Jha
Company Secretary

As per our attached report
of even date


B.K. Agrawal, FCA
Managing Partner
B.K. Agrawal & Co.
Chartered Accountants



Place: Kathmandu, Nepal
Date: May 8, 2026

Standalone

SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

1. Company's Information and Significant Accounting Policies

A. General Information

SJVN ARUN-3 Power Development Company Pvt. Ltd. ("SAPDC" or "Company") was incorporated as private limited company under the Company Act 2063 of Nepal on 25th April 2013 which is duly floated by single shareholder company SJVN Limited (a joint venture of Government of India and Government of Himachal Pradesh) with an aim to plan, promote, organize and execute Arun-3 Hydroelectric Project on BOOT basis, to be operated by SJVN for 25 years after construction and thereafter transfer back to Government of Nepal. The authorized share capital of the company is INR 2714.35 crore. The registered address of the Company is SAPDC Office Complex, Tumlingtar, Sankhuwasabha Nepal.

The Company is developing the Arun-3 Hydroelectric Project with capacity of 900 MW ("the Project") identified in Arun Khola by utilizing the water of Arun River located in Num, Diding, Pathivara and Yaphu Village Development Committee (VDC) of Sankhuwasabha district to generate, transmit and sell electricity. The project is a run-of the river scheme with 4 hours peaking and will generate 3924 MU of energy.

The Project was techno-economically appraised by CEA, GoI on 09th June 2014. On 25th November 2014, the Company entered into Project Development Agreement (PDA) with GON represented by the Investment Board of the Government of Nepal with defined terms and condition to execute the project activities for the development of 900 MW ARUN-3 Hydro Power Project. As per PDA, it is scheduled to be completed in 5 years reckoned from financial closure. Financial Closure of Arun-3 was achieved on Feb 06, 2020. However, due to unforeseen geological surprises, covid & flood at DAM site project schedule has been revised for further period of 3 years.

Government of India has accorded investment approval for generation component of the project at an estimated cost of INR 5723.72 Crores at May 2015 price level. Investment Board of Nepal (IBN) vide its letter no.640/074-075(640/2017-18) dated May 04, 2018, has issued the Generation Licence to SAPDC. Further, Department of Electricity Development (GoN) vide its letter no. 075/76-1066 dated February 12th 2019 has issued the 400 Kv transmission license to SAPDC.

The Company has entered into lease agreement with Government of Nepal, Ministry of Forest and Soil Conservation, Department of Forest, Department of National Parks and Wildlife Conservation on 23rd August 2017. The Company has complied with certain requirements of the PDA and believes that it will comply with the remaining requirements as well to finalize the Power Purchase Agreement (PPA) and achieve other milestones within the stipulated time frame. As per PDA, GoN granted to the Company the right to generate, sell and supply electrical energy and make capacity available from the Power Station.

Company has issued Letter of award for all major works details as under: -

Civil Package-1 i.e., Dam area civil works plus 3.1 km HRT was awarded to M/s Jaiprakash Associates Limited on 22nd September, 2017. Work is under progress at various fronts. River diverted through Diversion tunnel in Jan-21. HRT excavation under this package is in progress. Benching and Lining in HRT is under process and DAM Concreting has been started.

Civil Package - 2 i.e., Power House civil works plus 8.6 km HRT was awarded on 19th March, 2018 to M/s Patel Engineering Limited and contract agreement signed on 29.03.2018. Work at all fronts is under progress.

Hydro Mechanical Package-3 was awarded on 11th April, 2018 to M/s OM metals Infra projects Limited. Contractor has supplied few components of the requirement of project and few other are in the process of manufacturing at their workshop which will be further transported to Site for erection.

Construction power: The work for 46.5 km long construction power line from Tirtire sub-station to project site has nearly completed and charging of the same is under process.

Power Evacuation System: Power Evacuation system consists of 253 km long 400 kV DC transmission line from Diding (project area) in Nepal through Dhalkebar (Nepal Border) to Sitamarhi, India. Out of this, Nepal portion of 217 km from Arun-3 powerhouse (Diding) to Bathnaha (Nepal Border) is being constructed by SAPDC along with 400Kv GIS Substation at Dalkebar.

Government of India accorded investment approval amounting to INR 1236.13 Crores at Price level of June 2017 for the Nepal portion of transmission line to be constructed by SAPDC on 28th February, 2019. For diversion of forest land, case for all 7 districts is under process of forest approval. Resettlement Action Plan of all districts has been submitted to Investment Board of Nepal and same is under approval. Land verification completed in all districts. Land acquisition is under progress.

The Company has also entered an agreement with M/s PowerGrid Corporation of India Limited for Project Management Consultancy in respect of its 400KV Transmission line. The work for supply and erection of Towers (TW-1 and TW-2) and Sub-station have been awarded to M/s KEC International Limited, India and M/s GE T & D respectively. The Conductor supply package for CD-1 has been awarded to M/s Apar Industries Limited and conductor for CD-2 package to M/s Litmus Industries.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

The total cost of Project, is INR 5723.72 Crore for generation part & the cost of transmission line is INR 1236.13 Cr. Hence the total cost of project is INR 6959.85 Cr. The project is to be financed at a Debt Equity Ratio of 70:30. SAPDC has arranged a debt of INR 6333.48 Cr. (including stand by line of credit amounting of INR 1420.86 Cr.) from Nepalese and Indian Lenders led by State Bank of India. Financial Closure of the project has been achieved on 06th February, 2020 and drawl of instalments of term loan has been started in financial year 2021-22 after infusion of 100% upfront equity of INR 2105.41 Cr. The outstanding balance of term Loan as on 31.03.2026 is INR 4495.075 Cr PPA for Project has been signed with UPPCL, UP India on 30.06.2025.

B. Significant Accounting Policies

1.1 Statement of Compliance

The financial statements have been prepared on a going concern basis in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board, Nepal (ASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and the applicable group accounting policies followed by SJVN Limited.

1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except financial instruments and net defined benefit asset/liability in the accounting policies below. The term NFRS, which includes all the standards, and the related interpretations is consistently used.

This section describes the critical accounting judgment that the Company has identified as having potentially material impact on the financial statements and sets out the significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The Company's accounting policies require the management to exercise judgement in making accounting estimates.

1.3 Accounting Pronouncements

The Company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal (ICAN).

1.4 Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in relevant section below, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimated useful life of property, plant & equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flow from the asset.

Employee benefits obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with **NAS 37**, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgment by management regarding probable outflow of economic resources. Such estimation can change on occurrence of unforeseeable developments.

1.5 Presentation

The financial statements are prepared and presented in NPR which is the Company's functional and reporting currency and converted into Indian rupee with the multiplying factor of 1:0.625 for the purpose of consolidation of such books of accounts with the annual accounts of holding company.

The figures for previous years are rearranged and reclassified wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or

All other liabilities are non-current. The operating cycle has been defined as twelve-month period.

The statement of cash flows has been prepared using indirect method. Cash flows from operating activities includes, in addition to the adjustments from profit for non-cash and non-operating activities, movements in working capital, interest and taxes.

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial.

1.6 Property, plant and equipment (PPE)

Property, plant and equipment (PPE) are tangible items that are held for use in the production or supply of electricity and ancillary to it, or for administrative purpose; and are expected to be used for more than one period. PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of PPE is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. An item of PPE that qualifies for recognition as an asset is measured at its cost. Subsequent expenditure is capitalized only if when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their estimated residual values over their estimated useful lives using the straight-line method. The estimated useful lives, 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.

As item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation

Freehold land is not depreciated. Depreciation is provided on all other items of PPE so as to write off their carrying value over the expected useful economic lives.

Depreciation is charged on following items of PPE on straight line method based on the estimated useful life of such PPE:

Class of PPE	Estimated Useful Life (In Years)	Depreciation Rate	Estimated Residual value
Buildings	30	3.34%	10% of cost except computers whose estimated residual value are nil.
Plant and Machinery	18	5.28%	
Furniture, Fixtures and Equipment	5-15	6.33% to 20%	
Electrical Works			
Electrical Equipment			
Office Equipment			
Data Processing Equipment	2 years in case of mobile phone	50%	
	3 years in case of Computer & Hardware etc.	33.33%	
Intangible Assets (Software)	3	33.33%	Estimated residual value are nil.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

Depreciation is provided on prorata basis from the month in which the assets become available for use. Depreciation on assets declared unserviceable/obsolete is provided till the end of the month in which such declaration is made. Assets costing INR 5,000 or less are depreciated fully in the year of acquisition. Upon review of useful life, the depreciation is adjusted prospectively, wherever required.

Depreciation on additions to /deductions from Property, Plant & Equipment during the year is charged on pro-rata basis from / up to the month on which the asset is available for use / disposed.

1.7 Intangible Assets and intangible assets under development

- a) Intangible assets are identifiable non-monetary asset without physical substance. Intangible assets are recognized if:
 - i. It is probable that the expected future economic benefit that are attributable to the asset will flow to the entity; and
 - ii. the cost of the asset can be measured reliably
- b) Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.
- c) Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.
- d) Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortization and impairment losses, if any.
- e) An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition 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.
- f) Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to & has sufficient resources to complete development and to use or sell the asset.
- g) Expenditure incurred which are eligible for capitalization under intangible assets are carried as intangible assets under development till they are ready for their intended use.

1.8 Capital Work in Progress

Capital Work in Progress (CWIP) are assets which are not ready for their intended use and are carried at cost; comprising direct cost, related incidental expenses and attributable interest.

Expenditure incurred on assets under construction (a project) is carried at cost under CWIP. Such cost comprises of purchase price of asset including other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

CWIP includes construction of access road, bridge, staff quarters for project staff, consideration paid to Government of Nepal for takeover of project and expenses directly attributable to the development of the project.

Cost directly attributable to CWIP include costs of employee benefits, depreciation on PPE, consultancy charges relating to project, rental expenses and other cost if attributable to construction and development of project. Based on judgement and evaluation, management has considered all expenses incurred during the period as directly attributable cost incurred for development of the project and capitalized under CWIP except the followings which has been charged to statement of profit or loss.

- A. 100% remuneration to Company Secretary and 10% remuneration in case of CEO and CFO
- B. Audit fee and Audit expenses.
- C. Donation, advisory fee and loss due to fire related to project.

Expenditure against "Deposit Works" is accounted for on the basis of statement of account received from the concerned agency and acceptance by the company. However, provision is made wherever considered necessary.

Claims for price variation/ exchange rate variation in case of contracts are accounted for on acceptance.

1.9 Lease

The Company mainly has lease arrangements for land and building for Dam sites and the offices.

Lease is a contract that conveys the right to control the use of identified asset for a period of time in exchange for consideration.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (i) the contract involves use of an identified assets, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a lessee

At the date of commencement of lease, the company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which underlying asset is of low value, the company recognizes the lease payments on the straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liability includes these options when it is reasonably certain that they will be exercised.

The right-to-use assets are initially recognized at cost, which comprises the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of lease along with the initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-to-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability. The Company applies NAS 16 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in accounting policy 1.9 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 1.14 on "Borrowing Cost".

Lease liability and ROU assets have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

1.10 Impairment of non-financial assets

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 in order 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 group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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.

Recoverable amount is the higher of fair value less costs to sell 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 or cash-generating unit.

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 recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, 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. Reversal of an impairment loss is recognised immediately in the statement of profit or loss.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

1.11 Financial Instrument

A. Financial Assets

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. It includes loans and advances, accounts receivable, and marketable securities (bonds, notes, shares).

According to the NFRS, a financial asset can be:

- Equity instruments of another entity,
- Contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity,
- A contract that will or may be settled in the entity's own equity instruments and is either a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or a derivative that will or may be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through income statement, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost using effective interest method.

The Company currently holds only financial assets subsequently measured at amortized cost mainly comprises of advances and deposit.

Advances and deposits

Advances are initially measured at their carrying value which is approximate to their fair value and subsequently measured at amortized cost. These advances are both interest and non-interest bearing and are expected to be settled in the normal course of operations.

B. Financial Liabilities

A Contractual Obligation:

- a) to deliver cash or another financial asset to another entity; or
- b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

A contract that will or may be settled in the entity's own equity instruments and is:

- a) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or
- b) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include: instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments; puttable instruments classified as equity or certain liabilities arising on liquidation classified by NAS 32 as equity instruments.

Initial Recognition and Measurement

All financial liabilities are initially recognized at fair value plus or minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Financial liability of the Company comprises of advances from related parties, Security/retention money payable, consultancy fee payable, audit fee payable and salary and other payables.

Advance and other payables

Advance and other payables are recognized at carrying amount which are approximate to their fair value.

C. Subsequent measurement of financial asset and liabilities

Currently, financial asset and financial liabilities consist of only loans and receivables, cash and cash equivalents and other payables which are subsequently measured at amortized cost using effective interest method, less any impairment.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

D. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial instrument

E. Impairment of financial assets

Financial assets, being loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

F. De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset only when the contractual right to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with bank, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value. Further, margin money kept as fixed deposit for opening of LC/Bank Guarantee has been considered as restricted balance.

1.13 Share capital and Retained Earnings

The Company's equity shares are classified as equity instruments. Share capital represents the nominal value (NPR 100 equivalent to INR 62.5) of ordinary and retained earnings includes all current and prior period profit/ (loss).

1.14 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 interest expense on lease liabilities recognized in accordance with NFRS 16 'Leases' and exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction/erection or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. All other borrowing costs are expensed in the period in which they occur.

Income earned on temporary investment made out of the borrowings pending utilization for expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

1.15 Provisions, Contingent Liabilities and Contingent Assets

a) A provision is recognized when:

- i. the Company has present legal or constructive obligation as result of past event;
- ii. it is probable that an outflow of economic benefits will be required to settle the obligation; and
- iii. a reliable estimate can be made of the amount of the obligation.

b) If the effect of the time value of money is material, provision are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

c) The amount recognized as provision is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

- d) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
- e) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
- f) Liability for claims against the Company is recognized on acceptance by the Company/ receipt of award from the Arbitrator and the balance claim, if disputed/ contested by the contractor is shown as contingent liability. The claims prior to arbitration award stage are disclosed as contingent liability.

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 company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgement of management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

1.16 Employee Benefits

Employee benefits consist of short-term benefits, post-retirement benefits and terminal benefits such as salaries and allowances, provident fund, pension, gratuity, post-retirement medical facilities, leave benefits and other terminal benefits.

All cost relating to employee benefits are considered as directly attributable cost of the project and capitalized under CWIP except 100% remuneration of Company Secretary and 10% remuneration in case of CEO and CFO (Refer Note 2.2.1 & 2.23).

a. Short-term employee benefits:

Short-term employee benefits include benefits which are provided on periodic basis during year for the service rendered by employees such as salaries and allowances. A liability is recognized for the amount expected to be paid if the Company has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Post-retirement benefits:

Defined Contribution Plan

- i) A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trust and will have an obligation for contributions into separate trust and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the periods during which services are rendered by employees.
- ii) The Company also contributes to National Pension Scheme for providing pension benefit to its employees. Its obligation is to contribute the extent of amount not exceeding 30% basic pay and dearness allowance less employer contributions towards provident fund, gratuity, and post-retirement medical facility. The liability for the same is recognized on accrual basis. M/s SBI private limited has been appointed as Pension fund manager.

Defined Benefit Plan

- i) A defined benefit plan is a post-employment plan other than a defined contribution plan.
- ii) The Company pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the fund in permitted securities. The obligations of the Company are limited to such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.
- iii) The gratuity scheme is funded by the company and is managed by a separate trust. Company's liability is determined by the qualified actuary using the projected unit credit method at the year ending 31 March and any shortfall in the fund size maintained by the trust is additionally provided for by the company.
- iv) The company has a retired employee health scheme under which retired employees, spouse and eligible parents of retired employees are provided medical facilities in the company hospitals/empanelled hospitals. They can also avail treatment as out-patient subject to a ceiling fixed by the Company.
- v) The Company also has other benefit plans i.e., leave encashment, allowance on retirement/ death and moments on superannuation.
- vi) The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The liability is ascertained at the year ending 31 March by the qualified actuary using the projected unit credit method.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

c. Terminal Benefits

Expense incurred on terminal benefits in the form of ex-gratia payments and notice pay on voluntary retirement schemes, if any, are charged to the profit or loss in the year of incurrence of such expense.

The above employee benefits (post-retirement benefits and terminal benefits) are applicable to employees deputed in the Company on secondment basis from holding company.

The employee benefits in respect of employee recruited by SAPDC are provided as per terms of employment and applicable laws.

1.17 **Taxation**

Income Tax expenses represent the sum of the current tax and deferred tax.

a. **Current Tax**

Current tax, which comprises expected tax payable, is based on taxable profit or loss for the year based on Nepalese tax laws and including adjustment to the tax payable or receivable in respect of previous years, if any. The Company's liability for tax is computed on the basis of rates as prescribed by Income Tax Act and Finance Act issued thereto from time to time.

Current tax assets and liabilities are offset if certain criteria are met.

Tax Holiday

Under Section 11 (3 gha) (ka) of the Income Tax Act, 2002 (as amended by the Finance Act 2021), 100% of the income from the hydropower project for the first 15 years from the date of commercial operation is exempted and additionally 50% tax rebate will be provided on income for subsequent 6 years if financial closure has been achieved before Chaitra end, 2082. The temporary differences that reverse during a tax holiday period are not recognized.

b. **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred Tax Liabilities (DTL) are generally recognized for all taxable temporary differences. Deferred Tax Assets (DTA) are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of DTA is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

DTL and DTA are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of DTL and DTA reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

DTA and DTL are offset if certain criteria are met.

Deferred tax asset on taxable loss is not recognized as it is highly unlikely that Company will be able to utilize the carried forward losses as they can only be carried forward for 12 years and will therefore expire before it is liable to pay income taxes, given the income tax holiday period of 15 years from the commercial operations date on 100% and thereafter on 50% of the income for further 6 years.

1.18 **Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a noncash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the company are segregated. The cash flow statement is separately attached with the financial statements of the Company.

Cash and cash equivalents comprise of short-term deposit with bank for the cash flow statement purpose (refer Note 2.12).

1.19 **Capital Management**

The Company manages its capital to ensure that Company will be able to continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of its equity (comprising issued capital and accumulated losses). The Company is not subject to any externally imposed capital requirements.

The Company's Management reviews its capital structure on a regular basis. As part of this review, Management considers the cost of capital and the risk associated with capital. In case of Hydro Projects, 30:70 is considered as appropriate capital mix of Equity and Debts.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

1.20 Material Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which error occurred. If the error occurred before the earliest period presented, opening balances of assets, liabilities and equity for the earliest period presented, are restated.

As the commercial operations are yet to start, it has been earning income only from the advances given (out of equity) to contractors as per contract conditions and earning of bank interest on surplus equity funds/FD (equity) pledged as margin. However, Interest earned from Contractor and Bank on borrowed capital is adjusted from the interest expenses.

1.21 Financial risk management objectives

The Company's operations expose it to various risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit and liquidity risk.

Risk Management Frameworks

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management framework is intended to ensure that risks are managed with due diligence and care.

The Company's risk management policies are established to identify and analyse the risks it faces, 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 its activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a. Market risk

Since the company has started drawing Loan from the Banks therefore the Company currently is exposed primarily to the financial risks of changes in interest rates.

b. Foreign currency risk management

The Company's functional currency is NPR. The Company has certain transaction denominated in foreign currencies. As of the reporting date, Management has analysed the impact of the exposure to foreign currency balances and the impact is NIL.

c. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in financial loss to the Company. At the reporting date, the Company is not exposed to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the Company who have established an appropriate liquidity risk management framework for the management of the Company's short term, medium term and long term funding and liquidity management requirements.

1.22 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured and when recognition criteria related to sale i.e. when the significant risks and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue is measured at fair value of consideration received or receivable.

Revenue from the sale of energy shall be recognized in the statement of profit or loss on accrual basis in accordance with the provisions of the power purchase agreement after commercial operation, which is yet to be started.

1.23 Expenses

Expenses incurred which are not directly attributable to the development of the project are recognized in Statement of Profit or loss on accrual basis. Such expenses include audit and advisory fee and 100% remuneration of Company Secretary and 10% remuneration in case of CEO and CFO.





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.1 Property, Plant & Equipment
As at March 31, 2026

Sl.No.	Particulars	Gross Block		Depreciation, amortisation & Impairment			Net Block	
		As at April 1, 2025	Additions during the year	Deductions/ Adjustments	As at March 31, 2026	For the year	As at March 31, 2026	As at March 31, 2026
1	Land							
	Freehold (including development expenses)	12,156	309	1	12,464	-	-	12,464
	Right of use	468	-	-	468	18	143	325
2	Buildings							
	Freehold	6,068	152	-	6,220	206	1,076	5,144
	Right of use	618	-	-	618	72	179	439
3	Roads and Bridges	12,909	-	-	12,909	428	1,499	11,410
4	Plant and Machinery	120	-	-	120	6	31	89
5	Generating Plant and Machinery	-	-	-	-	-	-	-
6	Hydraulic Works(Dams, Tunnel, etc.)	-	-	-	-	-	-	-
7	Vehicles	-	-	-	-	-	-	-
	Owned	-	-	-	-	-	-	-
	Right of use	-	-	-	-	-	-	-
8	Furniture, Fixture and Equipment	758	5	1	762	50	289	473
9	Electrical Works	130	-	-	130	44	49	81
10	Electrical Equipment	278	11	5	284	25	106	178
11	Office Equipment	114	1	-	115	32	39	76
12	Data processing Equipment	165	10	4	171	35	133	38
13	Right of use- Solar Park	-	-	-	-	-	-	-
14	Transmission Lines	-	-	-	-	-	-	-
	Total	33,784	488	11	34,261	852	3,544	30,717

Sl.No.	Particulars	Gross Block		Depreciation, amortisation & Impairment			Net Block	
		As at April 1, 2024	Additions during the year	Deductions/ Adjustments	As at March 31, 2025	For the year	As at March 31, 2025	As at March 31, 2025
1	Land							
	Freehold (including development expenses)	12,062	94	-	12,156	-	-	12,156
	Right of use	468	-	-	468	18	125	343
2	Buildings							
	Freehold	5,974	94	-	6,068	202	869	5,199
	Right of use	618	-	-	618	72	107	511
3	Roads and Bridges	12,909	-	-	12,909	428	1,071	11,838
4	Plant and Machinery	120	-	-	120	6	24	96
5	Furniture, Fixture and Equipment	738	20	-	758	50	242	516
6	Electrical Works	130	-	-	130	7	44	86
7	Electrical Equipment	245	33	-	278	24	83	195
8	Office Equipment	70	44	-	114	5	32	82
9	Data processing Equipment	116	53	4	165	35	101	64
	Total	33,450	338	4	33,784	847	2,698	31,086





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.2 Capital Work-in-progress
As at March 31, 2026

Sl.No.	Particulars	As at April 1, 2025	Additions during the year	Transfers/ Adjustments	Total WIP as at March 31, 2026	Capitalised during the year	As at March 31, 2026
1	Building	96	586	-	693	152	541
2	Civil Works	298,173	33,656	-	331,829	-	331,829
3	Roads, Bridges & Culverts	10,445	213	-	10,658	-	10,658
4	Plant and Machinery	-	-	-	-	-	-
5	Electrical Works	2,376	-	-	2,376	-	2,376
6	Electro Mechanical Works	27,192	4,994	-	32,186	-	32,186
7	Pre-construction, Survey and Investigation Expenses	5,176	-	-	5,176	-	5,176
8	Expenditure on Compensatory Afforestation/CAT Plan	-	-	-	-	-	-
9	Expenditure Attributable to Construction (Note 2.2.1)	123,351	48,734	-	172,084	-	172,085
10	Sub-station	13,503	(1,616)	-	11,887	-	11,887
11	Transmission Lines	72,551	14,626	-	87,177	-	87,177
	Total	552,863	101,193	-	654,066	152	653,915

As at March 31, 2025

Sl.No.	Particulars	As at April 1, 2024	Additions during the year	Transfers/ Adjustments	Total WIP as at March 31, 2025	Capitalised during the year	As at March 31, 2025
1	Building	63	126	-	189	93	96
2	Civil Works	253,381	44,792	-	298,173	-	298,173
3	Roads, Bridges & Culverts	10,445	-	-	10,445	-	10,445
4	Plant and Machinery	-	-	-	-	-	-
5	Electrical Works	2,376	-	-	2,376	-	2,376
6	Electro Mechanical Works	21,150	6,042	-	27,192	-	27,192
7	Pre-construction, Survey and Investigation Expenses	5,176	-	-	5,176	-	5,176
8	Expenditure on Compensatory Afforestation/CAT Plan	86,988	36,363	-	123,351	-	123,351
9	Sub-station	13,082	421	-	13,503	-	13,503
10	Transmission Lines	67,319	5,232	-	72,551	-	72,551
	Total	459,980	92,976	-	552,956	93	552,863





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

2.2 (a) Capital-Work-in Progress (CWIP) aging schedule

As at March 31, 2026		Amount in CWIP for a period of				(₹ Lakh)
CWIP		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress		101,193	92,976	95,759	363,987	653,915
Total						653,915

As at March 31, 2025		Amount in CWIP for a period of				(₹ Lakh)
CWIP		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress		92,977	95,759	142,650	221,477	552,863
Total		92,977	95,759	142,650	221,477	552,863





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.2.1 Expenditure Attributable to Construction

	(₹ Lakh)	
	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Employee Benefit Expenses:		
Salaries, Wages, Allowances and Benefits	3,961	3,847
Contribution to Provident and Other Funds	311	167
Leave Salary and Pension Contribution *	-	-
Welfare Expenses	2,092	2,399
	6,364	6,413
Leave Salary and Pension Contribution is on account of retirement benefits of deputationists working in the company payable to their parent organisations. Disclosures as per NAS 19 'Employee benefits' are provided in Note No. 1,16		
Repair and Maintenance:		
Buildings	33	112
Roads	10	-
Plant & Machinery	29	16
Office Equipment & Furniture	2	10
Civil Works	-	-
Electro Mechanical Works	-	-
Vehicles	-	-
Others	133	113
	207	251
Other Expenses:		
Rent	56	67
Rates & Taxes	-	2
Insurance	16	16
Security Expenses	246	281
Electricity Charges	132	76
Less:- Recovered from Employees & Contractors	-	-
	132	-
Research and Development	3	-
Travelling & Conveyance	99	132
Training and Recruitment Expenses	2	32
Less:- Cost of Application Forms Received	-	-
	2	-
Legal Expenses	2	7
Professional and Consultancy Charges	875	1,085
Communication Expenses	47	54
Printing & Stationery	20	8
Payment to Auditors:		
As Auditor		
- Statutory Auditor	-	-
- Limited Review	-	-
-Tax Audit	-	-
For other Services	-	-
Reimbursement of Expenses	-	-
Payment to Auditors	-	-
Advertisement & Publicity	2	14
EDP Expenses	218	49
Hiring of Vehicles	654	760
Entertainment Expenses	-	-
Expenses on Transit Camps	102	81
Books & Periodicals	-	-
Donations	-	-
C.S.R / Sustainable Development Expenses	-	-
Stores Written Off	-	-
Loss on Disposal/Write off of Fixed Assets	5	-
Debts/ Advances written Off	-	-
Directors Sitting Fees	-	-
Foundation Stone Laying Ceremony Expenses	-	-
Business Promotion Expenses	5	20
Fees and subscription	26	-
Environment & Ecology Expenses	41	109
Tender Expenses	6	2
Less: Receipts from Sale of Tenders	1	2
	5	-
Interest on arbitration awards	-	-
Miscellaneous Expenses **	121	175
Exchange Rate Variation	-	-
Expenditure on Catchment Area Treatment	-	-
Wealth Tax	-	-
Expenses on Regulated Power	-	-
Less: Regulated Power Adjustment - Sales	-	-
	-	-
Rehabilitation Expenses	255	14
Local Area Development Expenses	385	178
Depreciation and Amortization Expense	853	847
Transmission and load dispatch centre charges	-	-
Interest and Finance Charges:		
Interest on Non- Convertible Bonds	-	-
Foreign currency Loans	-	-
Interest on rupee term loans	37,948	25,675
Interest on commercial papers	-	-
Finance charges on lease liabilities	80	82
Guarantee fees to Government of India	-	-
Exchange differences regarded as adjustment to borrowing costs	-	-
Other finance charges	15	10
Total expenses (A)	48,784	36,438
Less: Recovery and Receipts:		
Interest Income:		
Banks	-	-
Contractors	-	-
Misc. Income	50	75
Total (B)	50	75
Net expenditure attributable to construction Projects (A-B)	48,734	36,363
Less: Allocation of Corporate Expenditure Attributable to Construction Projects	-	-
Less: Allocation of Corporate Expenditure Attributable to Construction Projects	-	-
Total expenditure attributable to construction Projects	48734	36363





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.3 Intangible Assets

As at March 31, 2026		Gross Block				Amortisation		Net Block	
Sl.No.	Particulars	As at April 1, 2025	Additions during the year	Deductions/ Adjustments	As at March 31, 2026	As at April 1, 2025	For the year	Deduction	As at March 31, 2026
1	Software	186	-	-	186	185	1	-	186
Total:		186	-	-	186	185	1	-	186

As at March 31, 2025		Gross Block				Amortisation		Net Block	
Sl.No.	Particulars	As at April 1, 2024	Additions during the year	Deductions/ Adjustments	As at March 31, 2025	As at April 1, 2024	For the year	Deduction	As at March 31, 2025
1	Software	185	1	-	186	125	60	-	185
Total:		185	1	-	186	125	60	-	185





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.4 Loans

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Other Advances:		
Unsecured considered good		
-Directors	-	-
-Officers of the Company	-	-
-Other Employees	21	29
Total	21	29

2.5 Other financial assets

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Security Deposits	-	-
Bank Deposits with more than 12 months maturity (including interest accrued)	-	-
Interest Accrued but not due on deposits with Banks	-	-
Share application money pending allotment:		
Subsidiary companies		
SJVN Thermal Pvt. Ltd.	-	-
SJVN Arun-3 Power Development Company Pvt. Ltd.	-	-
SJVN Green Energy Limited	-	-
Joint venture companies		
Kholongchhu Hydro Energy Ltd	-	-
Cross Border Transmission Company	-	-
Total	-	-
* Pledged with banks for bank guarantee. Letter of Credit etc.		
Total Financial Assets - Non Current	21	29





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

2.6 Other Non - current Assets

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Capital Advances		
Advances to Suppliers and Contractors		
Secured by hypothecation of Equipment/Material	10,606	15,524
Unsecured considered good		
-Covered by Bank Guarantees	1,695	1,695
-Others	14	2,161
Advances to Govt Departments	12,745	971
Less: Provision for Expenditure	-	-
	12,745	971
Total - Capital Advances	25,060	20,351
Other Advances		
Security Deposits	-	-
Advances to Officers of the Company	-	-
Advances to other employees of The Company	-	-
Advance to Suppliers and Contractors		
- Secured Considered Good	-	-
- Unsecured, considered good	-	-
- Doubtful	-	-
Less Provision for Doubtful Advances	-	-
Accrued Interest on Advances to Contractors	1	-
Less: Provision For Bad/Doubtful Debts/Advances	-	-
	1	-
Advance Tax		
Tax Deducted at Source	-	-
Less: Provision for Tax	-	-
	-	-
Total - Other Advances	1	-
Others		
Material at Site (Capital)	-	-
Prepaid Expenses	-	-
Deferred Employee Benefits Expense	-	-
Total - Others	-	-
Total Other Non Current Assets	25,061	20,351



**SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.**

Notes forming part of the Financial Statement as at 31st March, 2026

2.7 Cash and Cash Equivalents		(₹ Lakh)	
	As At March 31, 2026	As At March 31, 2025	
Balances with Banks			
Current Accounts	570		83
Term Deposits (having original maturity of up to 3 months)			-
		570	83
Cheques & Drafts in hand	-		-
Cash on Hand	-		-
Remittances in Transit	217		-
Total	787		83

2.8 Others Bank Balances		(₹ Lakh)	
	As At March 31, 2026	As At March 31, 2025	
Earmarked Balance (Unpaid Dividend)	-		-
Margin Money for BG/ Letter of Credit and Pledged deposits	2,070		2,070
Other Term Deposits(having original maturity of more than 3 months and maturing within 12 months)	137		137
Total	2,207		2,207

2.9 Loans		(₹ Lakh)	
	As At March 31, 2026	As At March 31, 2025	
Other Advances:			
Unsecured considered good			
-Directors	-		-
-Officers of the Company	-		-
-Other Employees	13		29
		13	29
Total Loans	13		29

2.10 Other Financial Assets		(₹ Lakh)	
	As At March 31, 2026	As At March 31, 2025	
Interest Accrued but not due on deposits with Banks	11		13
Unbilled Revenue	-		-
Amount Recoverable from Contractors & Suppliers	199		1
Amount Receivable from Subsidiaries/ Joint Ventures *	99		63
Amount Receivable from Others	-		-
Total Other Financial Assets	309		77





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.11 Other Current Assets

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Advances other than Capital Advances		
Other Advances		
Advances to Officers of the Company	-	-
Advances to other employees of the Company	3	3
		3
Advances to Others		
-Secured Considered Good	-	-
- Unsecured, considered good	1	1
-Doubtful	-	-
	1	1
Less Provision for Doubtful Advances	-	-
		1
Others		
Advance Tax	36	66
Tax Deducted at Source	97	76
	133	142
Less: Provision for Tax	46	46
		96
Prepaid Expenses		87
Deferred Employees Benefits Expense		9
		3
Amount Recoverable from Ex-Employees	-	-
Less: Provisions	-	-
		-
Other		
		-
Total	100	103





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

2.12 Equity Share Capital

	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount (₹ Lakh)	No. of Shares	Amount (₹ Lakh)
AUTHORISED				
Equity Shares of par value NPR 100/- each (equivalent to INR 62.5/- each)	434,296,000	271,435	434,296,000	271,435
ISSUED, SUBSCRIBED AND FULLY PAID UP				
Equity Shares of par value ₹ 62.50/- each fully paid up	336,865,600	210,541	336,865,600	210,541
Total		210,541.00		210,541.00

The Company has only one class of equity shares having par value of NPR 100/- per share.

2.12.1 Details of shareholders holding more than 5% shares in the Company :

Name of the shareholder	As at March 31, 2026		As at March 31, 2025	
	No. of shares	%	No. of shares	%
SJVN Ltd	336,865,600	100.00	336,865,600	100.00

2.12.2 Details of shareholding of promoters : As at March 31, 2026

Promoter Name	As at March 31, 2026		
	No. of shares	% of total shares	% Change during the year
SJVN Ltd	336,865,600	100.00	-

As at March 31, 2025

Promoter Name	As at March 31, 2025		
	No. of shares	% of total shares	% Change during the year
SJVN Ltd	336,865,600	100.00	-

2.12.3 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount (₹ Lakh)	No. of Shares	Amount (₹ Lakh)
Number of shares at the beginning (Share of INR 62.50 Each)	336,865,600	210,541	336,865,600	210,541
Number of shares at the end (Share of INR 62.50 Each)	336,865,600	210,541	336,865,600	210,541





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

2.13 Other Equity

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
A Retained Earnings		
Opening Balance	3,831	3,880
Add: Profit for the Year as per Statement of Profit and Loss	(131)	(49)
Add: Other comprehensive income during the year	-	-
Less: Utilisation for Buyback of shares and related expenses	-	-
Less: Dividends		
Final Dividend Paid	-	-
Interim Dividend Paid	-	-
Less: Tax on Dividend:		
On Final Dividend	-	-
On Interim Dividend	-	-
Closing Balance	<u>3,700</u>	<u>3,831</u>
Total Other Equity (A)	<u>3,700</u>	<u>3,831</u>





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.14 Borrowings

(₹ Lakh)

		As At March 31, 2026	As At March 31, 2025
A	Bonds/ Debentures		
	Total (A)	-	-
B	Term Loans		
	From Banks:		
	Secured		
	Rupee Term Loans		
	State Bank of India	152,688	120,366
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (MCLR with annual reset+.30%) interest rate of 9.30% p.a. as on 31.03.2026		
	Export Import Bank Ltd.	53,798	38,505
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (MCLR with annual reset+.30%) interest rate of 9.30% p.a. as on 31.03.2026		
	Union Bank of India	31,279	21,712
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (UBI 1 year MCLR or SBI 1 year MCLR +.30% which ever is higher with annual reset) interest rate of 9.30% p.a. as on 31.03.2026		
	Canara Bank	65,062	53,000
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (Canara 1 year MCLR or SBI 1 year MCLR +.30% which ever is higher with annual reset) interest rate of 9.30% p.a. as on 31.03.2026		
	Punjab National Bank	73,016	55,907
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (PNB 1 year MCLR or SBI 1 year MCLR with annual reset+.30% which ever is higher) interest rate of 9.30% p.a. as on 31.03.2026		
	Everest Bank	42,553	31,761
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (Quarterly Base Rate +0.34% P.a. with Quarterly reset) interest rate of 6.95% p.a. as on 31.03.2026		
	NABIL Bank	25,828	20,890
	Repayable in quarterly instalments from July 2027 to Jan 2041 at floating (Quarterly Base Rate +0.70% P.a. with Quarterly reset) interest rate of 6.95% p.a. as on 31.03.2026		
	Unsecured		
	Foreign Currency Loans	-	-
	Rupee Term Loans	-	-
	From others:		
	Secured	-	-
	Rupee Terms Loans	-	-
	Unsecured	-	-
	Foreign Currency Loans	-	-
	Loan from Holding Company (Unsecured)	-	-
	Total (B)	444,224	342,141
	Total (A+B)	444,224	342,141
	Less: Current maturities of long term debts:		
	Rupee term loans from banks- secured	-	-
	Rupee term loans from banks- unsecured	-	-
	Foreign Currency loans from world bank- Unsecured	-	-
	Foreign Currency loans from others- Unsecured	-	-
	Less: Interest accrued but not due on:		
	Bonds	-	-
	Rupee term loans from banks- secured	806	964
	Rupee term loans from banks- unsecured	-	-
	Foreign Currency loans from world bank- Unsecured	-	-
	Foreign Currency loans from others- Unsecured	-	-
		443,418	341,177

2.15 Lease Liabilities

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Balance at the beginning of the year	957	-
Additions during the year	-	-
Deletions during the year	-	-
Finance cost accrued during the year	-	-
Payment of lease liabilities during the year	(31)	957
Lease liabilities - Non current	926	957





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.16 Borrowings

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Other loans		
Secured		
Unsecured		
Commercial paper	-	-
Short term loan from banks	-	-
Short term loan from holding company	2500	2500
Current Maturities of Long Term debt		
Secured		
- Rupee Term Loans from banks	-	-
Unsecured		
- Foreign currency loans from world bank (Guaranteed by GOI)	-	-
- Foreign Currency Loans from others	-	-
- Rupee Term Loans from banks	-	-
Total	2500	2500

There has been no defaults in repayment of any of the loans or interest thereon at the end of the year.

Details in respect of rate of interest and terms of repayment of secured and unsecured current maturities of long term debt indicated above are disclosed in Note 2.14

2.17 Lease Liabilities

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Balance at the beginning of the year		
Additions during the year		
Deletions during the year		
Finance cost accrued during the year		-
Payment of lease liabilities during the year	102	
Lease liabilities- current	102	106

Disclosure as per accounting Standard has been given under note no. 1.9

2.18 Trade Payables

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Total Outstanding Dues of Micro and Small Scale Enterprises	-	-
Total Outstanding Dues of Creditors Other than Micro and Small Enterprises	284	495
Total	284	495

All trade payable appearing as due are remaining to be paid and outstanding less than one year





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.19 Other Financial Liabilities-Current

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Current Maturities of Long Term debt		
Secured		
- Rupee Term Loans		
Unsecured		
- Foreign Currency Loans (Guaranteed by GOI)		
Interest Accrued but not due on:		
- Short Term Loan	-	-
- Non- Convertible Bonds	-	-
- Foreign Currency Loans : World Bank	-	-
: Others	-	-
- Rupee Term Loans	806	964
- Loan from Holding Company	245	19
	1,051	983
Interest Accrued and Due	-	-
Dividend Payable (Declared)	-	-
Tax on Declared Dividend	-	-
Unpaid Dividend	-	-
Others Payables:		
Liability for Employees' Remuneration and Benefits	75	45
Liability for Purchase/Construction of Fixed Assets:		
- Micro and Small Enterprises	-	-
- Other than Micro and Small Enterprises	24,869	21,431
Amount Payable to Holding Company	3,398	3,663
Amount Payable to Subsidiaries	-	-
Deposits, Retention Money from Contractors and Others	21,743	20,676
Amount Payable to Customers	-	-
Amount Payable for Subscribed Capital of Subsidiaries	-	-
Amount Payable to Gratuity/Post Retirement Medical Trust	-	-
Pension Benefits payable to Trust		
TDS and Other Taxes Payable		
Others	6	6
Claim filed with Insurance Company	-	-
Less: Amount Received from Insurance Company included in Schedule-15	-	-
	-	-
Total	51,142	46,804

All liabilities for purchase/Construction of Fixed Assets appearing as due are remaining to be paid and outstanding since less than one year

2.20 Other Current Liabilities

(₹ Lakh)

	As At March 31, 2026	As At March 31, 2025
Revenue Received in Advance:		
Advance against Depreciation	-	-
Advance Against Consultancy	-	-
Advance from Customers	-	-
Other Advances		
TDS and Other Taxes Payable	359	260
Others	-	-
Total	359	260





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement as at 31st March, 2026

2.21 Current -Provisions

(₹ Lakh)		
Particulars	As At March 31, 2026	As At March 31, 2025
Unfunded Employee Benefits	-	-
Pay Revision	-	-
Performance Related Pay	158	158
Corporate Social Responsibility/SD	-	-
Interest on Arbitration Awards	-	-
Local Area Development Expenses	-	-
Others	-	-
Total	158	158
Previous Year	158	

Movement in Provisions (Current Year)

Balance as on 31.03.2025	158
Addition	158
Writeback/Transfer	50
Utilization	108
	158

Movement in Provisions (Previous Year)

Balance as on 31.03.2024	187
Addition	158
Writeback/Transfer	-
Utilization	187
	158





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement for the year ended 31st March, 2026

2.22 Other Income

(₹ Lakh)

	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Interest Income		
Banks	67	103
On Foreign FDRs		
Employees	-	-
Contractors	51	122
Others (refer footnote to note no. 2.24)	-	-
	118	225
Other Non-Operating Income		
Interest on Income Tax Refund	-	-
Late Payment Surcharge From Beneficiaries	-	-
Receipt of Maintenance of ICF	-	-
Dividend from Subsidiary / Associate / Joint Venture	-	-
Government Grant	-	-
Foreign Currency Fluctuation Adjustment	-	-
Sale of Scrap	-	-
Sales of Carbon Credit	-	-
Net Gains (Losses) n Fair Value Changes	-	-
Gain on transfer of Shares in Joint Venture	-	-
Miscellaneous Income #	-	-
Total	118	225
# Details of Miscellaneous Income:		
Hire Rental Charges from Contractor	-	-
Profit on Sale of Fixed Assets	-	-
Rent Recovery from Staff/Others	-	-
Excess Provision Written Back	-	-
Liquidated Damages (LD) recovered	-	-
Claim Received from Insurance Company	-	-
Other Misc. Receipts	-	-
Total	-	-





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement for the year ended 31st March, 2026

2.23 Employee Benefits Expense

(₹ Lakh)

	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Salaries, Wages, Allowances and Benefits	40	36
Contribution to Provident and Other Funds	2	3
Leave Salary and Pension Contribution	-	-
Welfare Expenses	2	17
	44	56
Less: Transferred to C.S.R. Expenses (Note No 2.26)	-	-
	44	56





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement for the year ended 31st March, 2026

2.24 Finance Costs

(₹ Lakh)

	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Interest cost on financial liabilities measured at amortized cost:		
Non- Convertible Bonds	-	-
Working Capital Loan	-	-
Foreign Currency Loans	-	-
Rupee Term Loans	197	209
Commercial Papers	-	-
	<u>197</u>	<u>209</u>
Exchange differences regarded as adjustment to borrowing costs.	-	-
Other Borrowing Costs		
LC Charges on Electricity Bills	-	-
Guarantee fees to Government of India	-	-
Finance charges on lease liabilities	-	-
Other finance charges	-	-
Rebate to Customers	-	-
Exchange Rate Variation(Net)	-	-
Total	<u>197</u>	<u>209</u>

2.25 Depreciation, Amortization and Impairment Expense

(₹ Lakh)

	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
On property, plant and equipment (Note 2.1)*	852	847
On intangible assets (Note 2.3)	1	-
Less: Depreciation attributable to Construction (Note 2.2.1)	853	847
Less: Depreciation written back	-	-
Depreciation Charged to Statement of Profit & Loss	<u>-</u>	<u>-</u>
* Includes depreciation/ amortization of ROU assets	<u>90</u>	<u>90</u>





SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement for the year ended 31st March, 2026

2.26 Other Expenses

(₹ Lakh)

	For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Repair and Maintenance:		
Buildings	-	-
Roads	-	-
Plant & Machinery	-	-
Office Equipment & Furniture	-	-
Civil Works	-	-
Electro Mechanical Works	-	-
Vehicles	-	-
Others	-	-
Less: Claims Received from Insurance Companies	-	-
Rent	-	-
Rates & Taxes	-	-
Insurance	-	-
Security Expenses	-	-
Electricity Charges	-	-
Less:- Recovered from Employees & Contractors	-	-
Research and Development	-	-
Travelling & Conveyance	-	-
Training and Recruitment Expenses	-	-
Less:- Cost of Application Forms Received	-	-
Legal Expenses	-	-
Professional and Consultancy Charges	-	-
Communication Expenses	-	-
Printing & Stationery	-	-
Less: Receipts from Sale of Tenders	-	-
Payment to Auditors:		
As Auditor		
- Statutory Auditor	6	6
- Limited Review	-	-
-Tax Audit	-	-
For other Services	-	-
Reimbursement of Expenses	2	3
Payment to Auditors	8	9
Advertisement & Publicity	-	-
EDP Expenses	-	-
Hiring of Vehicles	-	-
Entertainment Expenses	-	-
Expenses on Transit Camps	-	-
Books & Periodicals	-	-
Donation to PM CARES Fund	-	-
Corporate Social Responsibility Expenses	-	-
Stores Written Off	-	-
Loss on Disposal/Write off of Fixed Assets	-	-
Debts/ Advances written Off	-	-
Directors Sitting Fees	-	-
Foundation Stone Laying Ceremony Expenses	-	-
Business Promotion Expenses	-	-
Fees and subscription	-	-
Environment & Ecology Expenses	-	-
Tender Expenses	-	-
Less: Receipts from Sale of Tenders	-	-
Interest on Arbitration / Court cases	-	-
Interest to Beneficiaries	-	-
Miscellaneous Expenses	-	-
Exchange Rate Variation	-	-
Expenditure on Catchment Area Treatment	-	-
Project Inauguration Expenses	-	-
Expenses on Regulated Power	-	-
Less: Regulated Power Adjustment - Sales	-	-
Rehabilitation Expenses	-	-
Local Area Development Expenses	-	-
Transmission and load dispatch centre charges	-	-
Total	8	9



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement for the year ended 31st March, 2026

3 Other Explanatory Notes:

3.1 Contingent Liability

Lease Agreement with "Department of Forest" and "Department of National Park and Wildlife Conservation"

The Company has entered into agreements with Forest Department, National Park and Wildlife Conservation Department, Ministry of Forest and Soil Conservation, Government of Nepal, on 2074.05.07 (23 August 2017) and 2074.10.23 (06 February 2018). As per the agreements, a total of 123.218 hectare of forest land has been leased for project construction by GoN. Out of this 123.218 hectare, 79.04 hectare lies in 9 community forests of District Forest area while remaining 44.178 hectare lies in 8 community forests of Makalu Barun National Park area. The company had cleared 8272 trees in 123.218 hectare of forest land for which compensatory afforestation has to be done by the company. The cost of such plantation has been provisioned in the EMP plan is INR 1.85 Cr. The actual cannot be estimated reliably as on date.

3.2 Contingent Assets

There are no contingent assets as on date.

3.3 Public Interest Litigation

There is no pending litigation by/against the Company as on date.

3.4 Related Party Transactions and balances

A. Details of related party and relationship

Related Party	Nature of Relationship
SJVN Ltd.	Parent company
Fellow Subsidiary Company	SJVN Thermal Pvt.Ltd. SJVN Arun-3 Power Development Co. Pvt. Ltd. SJVN Green Energy Ltd.
Directors and Key Management Personnel:	
Sh. Bhupender Gupta	Chairman & Managing Director (CMD) w.e.f. 01.05.2025.
Sh. Raj Kumar Chaudhary	Chairman & Managing Director (CMD) w.e.f. 28.11.2024 and upto 30.04.2025.
Sh. Ajay Kumar Sharma	Director (Personnel) w.e.f. 26.09.2024.
Sh Parthajit De	Director (Finance) w.e.f 19.03.2026
Sh. Sipan Kumar Garg	Director (Finance) w.e.f. 01.09.2025 and up to 17.03.2026.
Sh. Sushil Kumar Sharma	Director (Projects). Also held the additional charges of Chairman & managing Director (CMD) w.e.f. 01.05.2024 to 31.10.2024 and additional charge of Director (Personnel) w.e.f. 01.05.2024 to upto 31.07.2024.
Sh. Rajendra Prasad Goyal	Director (Finance) w.e.f. 06.01.2025 and upto 31.08.2025.
Sh. Rajesh Kumar Chandel	CEO w.e.f. 17.10.2025 and upto 17.03.2026
Sh. Pankaj Chaudhary	CEO w.e.f, 18.03.2026
Sh. Prashant Sharma	CEO w.e.f. 02.10.2024 and upto 31.05.2025.
Sh. Rakesh Sehgal	CEO w.e.f. 01.06.2025 and upto 15.10.2025.
Sh. Onkar Dev Chaudhary	CFO w.e.f. 03.08.2024 to 31.05.2025.
Sh. Rajeev Dohroo	CFO w.e.f. 01.06.2025 to date
Sh. Sujit Jha	Company Secretary



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement as at 31st March, 2026

B. Shareholding Pattern:

Name of Holding Entity	Principal Activity/Business	Share holding pattern	
		As at 31.03.2026	As at 31.03.2025
SJVN Limited	Power Generation	100%	100%

C. Transactions and Balances with holding Company

Amount in INR Lakhs

Sr No	Particulars	F.Y 2025-26	F.Y 2024-25
1	Loan outstanding-SJVN Ltd	2,500.00	2,500.00
2	Consultancy Service received from SJVN Ltd (during the year)	637.36	597.08
3	Interest accrued and payable on loan (During the year)	226.18	223.13
4	Outstanding Interest accrued and payable on loan	245.29	19.11
4	Consultancy Payable	414.98	452.35
5	Other Outstanding Balance payable	3,398.26	3,662.73

D. Remunerations to Key Management Personnel

Amount in INR Lakhs

Particulars	FY 2025-26	FY 2024-25
Salary	297	241
Contribution to Provident Fund & Pension	8	14
Other Benefits	13	154
Total *	318	409

*Out of above 100% remuneration of Company Secretary and 10% remuneration in case of CEO and CFO have been charged in Profit & Loss Account statement.

E. Transaction with Government and the related parties under the control of the same government:

Amount in INR Lakhs

Sr No	Name of Related Party	Nature of Transaction	FY 2025-26	F.Y 2024-25
1	BHEL	Supply of Goods and Services	7,232.07	5,394
2	Power Grid Corporation of India Ltd	Consultancy	8,203.25	466

F. Outstanding Balance of Key Managerial Persons:

Amount in INR Lakhs

Loan to KMPs	Current Year	Previous Year
At the beginning of the Year	7.09	29.73
Loan Advanced	8.50	8.125
Loan repayment received/transferred	14.9	30.78
Interest Charged	-	0.02
At the end of the year	0.69	7.09

The above outstanding balance are kept in the books of SJVN Ltd (holding company) except INR 6.77 Lakh (P/Y INR 5.74) as detailed in schedule 2.19.



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.
Notes forming part of the Financial Statement for the year ended 31st March, 2026

3.5 Details of bank wise outstanding and terms of Loan (Absolute Term)

Amount in INR Lakhs

Sr. No.	Name of Bank	Amount outstanding	Rate of Interest per Annum
1	State bank of India, India	153,599	SBI 1 year MCLR + 0.30%
2	Punjab National Bank, India	73,432	PNB 1 year MCLR or SBI 1 year MCLR + 0.30%, whichever is higher
3	Canara Bank, India	65,434	Canara 1 year MCLR or SBI 1 year MCLR + 0.30%, whichever is higher
4	Exim Bank, India	54,091	Exim 1 year GSEC Plus Spread/Premium (minimum 260 bps) equivalent to SBI 1 year MCLR+ .30 bps whichever is higher
5	Union Bank of India, India	31,457	UBI 1 year MCLR or SBI 1 year MCLR + 0.30%, whichever is higher
6	Everest Bank Limited, India	40,996	Quarterly Base Rate+0.34%
7	Nabil Bank Limited, India	25,697	Quarterly Base Rate+0.70%

Detail of bank wise outstanding and maturities

Amount in INR Lakhs

Sr. No.	Name of Bank	Maturities of Loan within 1 year	Maturities of Loan within 2-3 year	Maturities of Loan within beyond 3 years
1	State Bank of India	-	17,142	136,457
2	Punjab National Bank	-	8,195	65,237
3	Canara Bank	-	7,302	58,132
4	Exim Bank	-	6,037	48,054
5	Union Bank of India	-	3,511	27,946
6	Everest Bank Limited	-	4,575	36,422
7	Nabil Bank Limited	-	2,868	22,830

Status of outstanding Loan to be drawn as on 31.03.2026:

Amount in INR Lakhs

Sr. No.	Name of Bank	RTL-1	RTL-2
1	State bank of India, India	16,401	52,000
2	Punjab National Bank, India	7,168	15,000
3	Canara Bank, India	5,066	25,000
4	Exim Bank, India	4,477	18,000
5	Union Bank of India, India	1,243	15,000
6	Everest Bank Limited, India	9,792	14,692
7	Nabil Bank Limited, India	2,409	2,394
	Total	46,556	142,086

3.6 Capital Commitment and Financial Exposure

Estimated amount of contracts remaining to be executed on capital account and not provided for is INR 1526.29 Cr. (PY 1230 Cr).

Exposure of company for Bank Guarantees provided to GoN for performance as per PDA and Bank Guarantees submitted to Ministry of Finance, Department of Custom for Import of machineries by the contractor is INR 87.25 Cr (PY 121.62 Cr).

Exposure of company against letter of credit opened in favour of contractor and on behalf of contractor (for purchase of machineries for the project) has been calculated as INR 4.89 Crore (PY INR 14.90 Cr).



SJVN ARUN-3 POWER DEVELOPMENT COMPANY PVT. LTD.

Notes forming part of the Financial Statement for the year ended 31st March, 2026

3.7 Other disclosures for Leases

1. The Company has adopted NFRS 16-Leases effective 1st Shrawan, 2078 (17.07.2021), using the modified retrospective method. On the date of initial application, the lease liability has been measured at the present value of the remaining lease payments and right of use assets has been recognised at an amount equal to the lease liabilities.
2. Practical expedients applied as per NFRS 16
 - a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
 - b. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
 - c. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
3. The incremental borrowing rate has been applied to discount the lease liabilities.
4. The details of the contractual maturities of lease liabilities as at March 31, 2026 on an undiscounted basis are as follows:

Amount in INR Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Less Than one year	101.67	105.98
One to Five Years	689.32	617.11
More than 5 years	236.28	339.82

3.8 Event after reporting period

No major events have occurred after balance sheet which required to be reported.

3.9 Comparative Information and rounding off

Previous Year figures have been regrouped/rearranged wherever necessary.

Though the books of accounts have been maintained in paisa, figures in the financial statement have been rounded off to the nearest rupees.

