SJVN Lower Arun Power Development Company Pvt.Ltd.

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

Deoki Bijay & Co.
Chartered Accountants

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

Opinion

We have audited, the accompanying Special Purpose Financial Statements (SPFS) of M/s SJVN Lower Arun 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.

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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.

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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.

Omahato

CA. Om Narayan Mahato
Partner
For: Deoki Bijay & Co.
Chartered Accountants
UDIN: 260514CA01929bmvpK

Kathmandu
Date: May 8, 2026

DEOKI BIJAY & CO.
KATHMANDU
★CHARTERED ACCOUNTANTS★

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.

BALANCE SHEET AS AT MARCH 31, 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	5660	5649
Capital work-in-progress	2.2	8171	7050
Investment Property		-	-
Right-of-use Assets			
Intangible Assets	2.3	4	10
Intangible Assets under Development		-	-
Financial Assets			
Investments	2.4	-	-
Loans	2.5	1	-
Other Financial Assets	2.6	-	-
Deferred Tax Assets (Net)		-	-
Other Non-Current Assets	2.7	3051	-
Total Non- Current Assets		**16887**	**12709**
Current Assets			
Inventories		-	-
Financial Assets			
Trade Receivables		-	-
Cash and Cash Equivalents	2.8	313	1513
Bank Balance other than Cash and Cash Equivalents	2.9	30	30
Loans	2.10	-	5
Other Financial Assets	2.11	1	-
Other Current Assets	2.12	-	794
Total Current Assets		**344**	**2342**
Assets held-for-Sale		-	-
Regulatory Deferral Account Debit Balance		-	-
TOTAL ASSETS		**17231**	**15051**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.13	10000	-
Share Application Money Pending Allotment		-	10000
Other Equity	2.14	269	262
Total Equity		**10269**	**10262**
INTERUNIT ACCOUNT		-	-
Liabilities			
Non- Current Liabilities			
Financial Liabilities			
Borrowings	2.15	-	-
Lease Liabilities	2.16	-	-
Other Financial Liabilities	2.17	-	-
Provisions		-	-
Deferred Tax Liabilities (Net)			
Other Non- Current Liabilities		-	-
Total Non-Current Liabilities		-	-
Current Liabilities			
Financial Liabilities			
Borrowings	2.18	6250	4188
Lease Liabilities		-	-
Trade Payables			
Total Outstanding dues of Micro and Small Enterprises	2.19	-	-
Total Outstanding dues of Creditors	2.19	4	1
Other Financial Liabilities	2.20	674	577
Other Current Liabilities	2.21	16	7
Provisions	2.22	18	16
Total Current Liabilities		**6962**	**4789**
Regulatory Deferral Account Credit Balance		-	-
TOTAL EQUITY AND LIABILITIES		**17231**	**15051**

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

Pankaj Chaudhary
Chief Executive Officer

Rajeev Dohre
Chief Financial Officer

Sujit Jha
Company Secretary

As per our attached report
of even date

CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

DEOKI BIJAY & CO. ★ KATHMANDU ★ CHARTERED ACCOUNTANTS

Place: Kathmandu, Nepal
Date: May 8, 2026

Standalone

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 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	2.23	12	136
Total		12	136
Less: Allocation of Corporate Income to Projects		-	-
Total Income		**12**	**136**
Expenses			
Purchase of Electricity for Trading		-	-
Employee Benefits Expense		-	-
Finance Costs		-	-
Depreciation, Amortisation & Impairment Expenses		-	-
Other Expenses	2.24	3	1
Total		3	1
Less: Allocation of Corporate Expenses to Projects		-	-
Total Expenses		**3**	**1**
Profit/ (Loss) before Exceptional Items and Tax		**9**	**135**
Exceptional Items		-	-
Profit before net movement in regulatory deferral account balance and tax		**9**	**135**
Tax Expenses:			
- Current Tax		2	34
- Adjustments relating to earlier years		-	-
- Deferred Tax		-	-
Profit before regulatory deferral account balances		7	101
Net movement in regulatory deferral account balances (net of tax)		-	-
Profit for the Year		**7**	**101**
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		**7**	**101**

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

Pankaj Chaudhary
Chief Executive Officer

Rajeev Dohroo
Chief Financial Officer

Sujit Jha
Company Secretary

Place: Kathmandu, Nepal
Date: May 8, 2026

As per our attached report of even date

CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

DEOKI BIJAY & CO. ★ CHARTERED ACCOUNTANTS ★ KATHMANDU

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2026

(₹ Lakh)

Particulars	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	9	135
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	**9**	**135**
Adjustment for:		
Depreciation, amortisation & impairment expense	-	-
Interest income from banks and subsidiaries	(12)	(136)
Dividend from Subsidiary / Associate / Joint Venture	-	-
Finance cost	-	-
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	-	-
	(12)	(136)
Adjustment for assets and liabilities		
Inventories	-	-
Trade receivable and unbilled revenue	-	-
Loans, other financial assets and other assets	798	(795)
Other Non Current Assets	-	
Trade payable	3	1
Other financial liabilities and other liabilities	80	25
Regulatory deferral account debit balance	-	
Provisions	2	(4)
	883	(773)
Cash generated from operating activities	**880**	**(774)**
Income tax paid	(2)	(34)
Net cash used by operating activities	**878**	**(808)**
Cash flow from investing activities:		
Net expenditure on Property, Plant & Equipment and CWIP including advances for capital works	(3813)	(6443)
Term deposits with bank (having maturity more than three months)	-	4150
Interest income from banks and subsidiaries	11	192
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	-	
Transfer of shares in subsidiaries/ joint ventures	-	-
Investment in other companies	-	-
Net cash used in investing activities	**(3802)**	**(2101)**
Cash flow from financing activities:		
Buyback of Equity Shares (including Premium on Buyback and Buyback Expenditure)	-	-
Repayment of borrowings	-	-
Proceed from borrowings	2062	4188
Payment of lease liabilities	-	
Interest and finance charges	(338)	(21)
Dividend Paid	-	
Tax on Dividend		-
Cash used in financing activities	**1724**	**4167**
Net increase in cash and cash equivalents	**(1200)**	**1258**
Opening balance of cash & cash equivalents (refer note 1 and 2 below)	**1513**	**255**
Closing balance of cash & cash equivalents (refer note 1 and 2 below)	**313**	**1513**
Restricted cash balance		
Earmarked Balance (Unpaid Dividend)	-	-
	30	30
Margin Money for BG/ Letter of Credit and Pledged deposits		
Total	**30**	**30**

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 2.8	313	1513
Bank overdraft as per note 2.18	-	-
Cash & Cash Equivalents as per statement of cash flows	313	1513

For and on behalf of the Board of Directors

Bhupender Gupta
Chairman

Pankaj Chaudhary
Chief Executive Officer

Rajeev Dohroo
Chief Financial Officer

Sujit Jha
Company Secretary

As per our attached report of even date

CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

Place: Kathmandu, Nepal
Date: May 8, 2026

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2026

A. Equity Share Capital

For the Year Ended March 31, 2026

Particulars	Amount (₹ Lakh)
Opening Balance as at April 1, 2025	-
Changes in Equity Share Capital due to prior period errors	-
Restated Balance as at April 1, 2025	-
Changes in equity share capital during the year	10000
Closing Balance as at March 31, 2026	10000

For the Year Ended March 31, 2025

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

B. Other Equity

For the Year Ended March 31, 2026 (₹ Lakh)

Particulars	Reserves and Surplus			Total Other Equity
	Capital Redemption Reserve	Securities Premium	Retained Earnings	
Opening Balance as at April 1, 2025	-	-	262	262
Profit for the Period			7	7
Other Comprehensive Income			-	-
Total Comprehensive Income			**7**	**7**
Dividends				
Final Dividend Paid for 2024-25			-	-
Interim Dividend Paid for 2025-26			-	-
Closing Balance as at March 31, 2026	-	-	**269**	**269**

For the Year Ended March 31, 2025 (₹ Lakh)

Particulars	Reserves and Surplus			Total Other Equity
	Capital Redemption Reserve	Securities Premium	Retained Earnings	
Opening Balance as at April 1, 2024	-	-	161	161
Profit for the Period			101	101
Other Comprehensive Income			-	-
Total Comprehensive Income			**262**	**262**
Dividends				
Final Dividend Paid for 2023-24			-	-
Interim Dividend Paid for 2024-25			-	-
Closing Balance as at March 31, 2025	-	-	**262**	**262**

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

CA. Om Narayan Mahato
Partner
Deoki Bijay & Co.
Chartered Accountants

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

Place: Kathmandu, Nepal
Date: May 8, 2026

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

A. General Information:

S.J.V.N. Lower Arun Power Development Company Pvt Ltd (SLPDC) ("SLPDC" or "Company") was incorporated as private limited company under the Company Act 2063 on 26th May 2023 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 Lower Arun Hydroelectric Project on BOOT basis, to be operated by SJVN for 25 years after construction and thereafter transfer back to Government of Nepal. The authorised share capital of the company is INR 1737.71 crore. The registered address and the address of project office of the Company is Arun Sadan, SAPDC Complex, Ward No 9, Tumlingtar, Khandbari, Sankhusabha, Nepal.

The Company is developing the Lower Arun Hydroelectric Project with capacity of 669 MW ("the Project") identified in Arun Khola by utilizing the water of Arun-3 Project situated in Arun River located in Khandbari Muncipality, Chichila, Silichong, Shadananda, Saplasilichho Muncipality to generate, transmit and sell electricity. The project is a run-of the river scheme with 4 hours peaking and will generate 2901 MU of energy.

The Project was techno-economically appraised by CEA, GoI on 31st Oct 2022. On 01st June 2023, 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 669 MW Lower Arun Hydro Power Project. As per PDA, it is scheduled to be completed in 5 years reckoned from financial closure. Government of India has accorded investment approval for generation component of the project at an estimated cost of INR 5792.36 Crores at cost to completion basis. The project is to be financed at a Debt Equity Ratio of 70:30.

1. 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 judgement 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.

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KATHMANDU
CHARTERED ACCOUNTANTS

1.5 Presentation

The financial statements are prepared and presented in Indian Rupees (INR) solely for the purpose of consolidation with the holding company's annual financial statements. The functional currency of the Company is Nepalese Rupees (NPR). For consolidation, the financial statements are converted from NPR to INR using a multiplying factor of 1:0.625.

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
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

- 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 Financial periods

The Company prepares financial statements in accordance with the Indian financial year using Indian calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Indian Calendar Date/Period	Gregorian Calendar Date/Period
SFP* Date	31 March 2026	31 March 2026
Current Reporting Period	01-April 2025 - 31 March 2026	01-April- 2025 - 31 March 2026

* Statement of Financial Position

1.7 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 to be 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 mobile phones and computers whose estimated residual value are nil.
Plant and Machinery	18	5.28%	
Furniture, fixtures and equipment	Depreciated over 5 to 15 years	6.33%-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.

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

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

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.

1.9 Financial Instrument

A. Financial Assets

Definition

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 to be 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 to be classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost using effective interest method.

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

Advances and deposits

Advances are to be 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

Definition

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 IAS 32 as equity instruments.

Initial Recognition and Measurement

All financial liabilities are to be 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.

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.

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.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

1.10 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.

1.11 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).

1.12 **Provisions**

A provision is recognized in the statement of financial position, when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation and the obligation can be measured reliably. Provision includes provision for wage revision and ex-gratia / bonus.

1.13 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) of the Income Tax Act, 2002 (as amended by the Finance Act 2023), 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 March end, 2026. 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.

1.14 Cash Flow Statement

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 of future cash receipts of 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.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

1.15 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.

As the commercial operations are yet to start, the Company is earning interest income only from the earning of bank interest on surplus equity funds/FD pledged as margin.

1.16 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 it's 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.

1.17 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.

1.18 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.

DEOKI BIJAY & CO. ★ CHARTERED ACCOUNTANTS ★ KATHMANDU

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 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	As at April 1, 2025	For the year	Deduction	As at March 31, 2026	As at March 31, 2026
1	Land									
	Freehold (including development expenses) (refer footnote (a) below)	5630	14	-	5644	-	-	-	-	5644
	Right of use	-	-	-	-	-	-	-	-	-
2	Buildings									
	Freehold (refer footnote (b) below)	-	-	-	-	-	-	-	-	-
	Right of use	-	-	-	-	-	-	-	-	-
3	Roads and Bridges	-	-	-	-	-	-	-	-	-
4	Plant and Machinery	-	-	-	-	-	-	-	-	-
5	Generating Plant and Machinery (refer footnote (c) below)	-	-	-	-	-	-	-	-	-
6	Hydraulic Works(Dams, Tunnel, etc.) (refer footnote (d) below)	-	-	-	-	-	-	-	-	-
7	Furniture, Fixture and Equipment	1	1	-	2	-	-	-	-	2
8	Electrical Works	-	-	-	-	-	-	-	-	-
9	Electrical Equipment	4	4	-	8	1	1	1	1	7
10	Office Equipment	-	-	-	-	-	-	-	-	-
11	Data processing Equipment	25	1	1	25	10	8	-	18	7
12	Transmission Lines	-	-	-	-	-	-	-	-	-
	Total	**5660**	**20**	**1**	**5679**	**11**	**9**	**1**	**19**	**5660**

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

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

(₹ Lakh)

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	-	-	-	-	-	-
2	Civil Works	-	-	-	-	-	-
3	Roads, Bridges & Culverts	-	-	-	-	-	-
4	Plant and Machinery	-	-	-	-	-	-
5	Electrical Works	-	-	-	-	-	-
6	Electro Mechanical Works	-	-	-	-	-	-
7	Pre-construction, Survey and Investigation Expenses	4303	-	-	4303	-	4303
8	Expenditure on Compensatory Afforestation/CAT Plan	-	-	-	-	-	-
9	Expenditure Attributable to Construction (Note 2.2.1)	2747	1121	-	3868	-	3868
10	Railway siding	-	-	-	-	-	-
10	Sub-station	-	-	-	-	-	-
11	Transmission Lines	-	-	-	-	-	-
	Total	**7050**	**1121**	**-**	**8171**	**-**	**8171**

2.2 (a) Capital-Work-in Progress (CWIP) aging schedule
As at March 31, 2026

(₹ Lakh)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1121	920	6130	-	8171
Projects temporarily suspended *					
Total					**8171**

As at March 31, 2025

(₹ Lakh)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	920	6130			7050
Projects temporarily suspended *					-
Total	920	6130	-	-	7050

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.2.1 Expenditure Attributable to Construction

(₹ Lakh)

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Employee Benefit Expenses:			
Salaries, Wages, Allowances and Benefits	376		409
Contribution to Provident and Other Funds	30		21
Leave Salary and Pension Contribution *	-		-
Welfare Expenses	232		254
		638	684
Repair and Maintenance:			
Buildings	-		-
Roads	-		-
Plant & Machinery	-		-
Office Equipment & Furniture	-		-
Civil Works	-		-
Electro Mechanical Works	-		-
Vehicles	-		-
Others	-		2
		-	2
Other Expenses:			
Rent		-	-
Rates & Taxes		-	-
Insurance		-	-
Security Expenses		-	-
Electricity Charges	-		-
Less:- Recovered from Employees & Contractors	-		-
		-	-
Research and Development		-	-
Travelling & Conveyance		4	15
Training and Recruitment Expenses	-		-
Less:- Cost of Application Forms Received	-		-
		-	-
Legal Expenses		-	-
Professional and Consultancy Charges		18	7
Communication Expenses		3	1
Printing & Stationery		-	1
Payment to Auditors:			
As Auditor			
- Statutory Auditor			
- Limited Review	-		-
-Tax Audit	-		-
For other Services	-		-
Reimbursement of Expenses	-		-
Payment to Auditors		-	-
Advertisement & Publicity		11	2
EDP Expenses		-	1
Hiring of Vehicles		60	47
Entertainment Expenses		-	-
Expenses on Transit Camps		-	1
Books & Periodicals		-	-
Donations		-	-
C.S.R./ Sustainable Development 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		-	3
Fees and subscription		-	33
Environment & Ecology Expenses		5	-
Tender Expenses	-		-
Less: Receipts from Sale of Tenders	-		-
		-	-
Interest on arbitration awards		-	-
Miscellaneous Expenses **		3	5
Exchange Rate Variation		-	-
Expenditure on Catchment Area Treatment		-	-
Wealth Tax			
Expenses on Regulated Power	-		-
Less: Regulated Power Adjustment - Sales	-		-
		-	-
Rehabilitation Expenses		-	1
Local Area Development Expenses		-	-
Depreciation and Amortization Expense		15	16
Transmission and load dispatch centre charges		-	-
Interest and Finance Charges:			
Interest on Non- Convertible Bonds		-	-
Foreign currency Loans		-	-
Interest on rupee term loans		-	-
Interest on commercial papers		-	-
Finance charges on lease liabilities		-	-
Guarantee fees to Government of India		-	-
Exchange differences regarded as adjustment to borrowing costs.		-	-
Other finance charges		364	85
Total expenses (A)		1121	904
Less: Recovery and Receipts:			
Interest Income:			
Banks			
Contractors		-	-
Misc. Income		-	-
Total (B)		-	-
Net expenditure attributable to construction Projects (A-B)		**1121**	**904**
Less: Allocation of Corporate Expenditure Attributable to Construction Projects		-	-
Less: Allocation of Corporate Expenditure Attributable to Construction Projects			
Total expenditure attributable to construction Projects		**1121**	**904**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.3 **Intangible Assets**

As at March 31, 2026

(₹ Lakh)

Sl.No.	Particulars	Gross Block				Amortisation				Net Block
		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	As at March 31, 2026
1	Software	18	-	-	18	8	6	-	14	4
	Total:	18	-	-	18	8	6	-	14	4

DEOKI BIJAY & CO. ★ CHARTERED ACCOUNTANTS ★ KATHMANDU

Financial Assets- Non Current

2.4 Investments (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Investment in Equity instruments		
Non Trade-Unquoted (at cost)		
(a) Subsidiary Companies		
0(P.Y:0) Equity Shares of ₹10/- each in SJVN Thermal Pvt. Ltd.	-	-
0(P.Y:0) Equity Shares of ₹62.50/- each in Arun-3 Power Development Company Pvt. Ltd.	-	-
0(P.Y:0) Equity Shares of ₹10/- each in SJVN Green Energy Limited	-	-
0(P.Y:0) Equity Shares of ₹10/- each in SJVN Assam Renewal Energy Limited	-	-
(b) Joint Venture Companies		
20343700 (P.Y:12612473) Equity Shares of ₹10/- each in Cross Border Power Transmission Company Ltd.	-	-
NIL (P.Y:0) Equity Shares of ₹10/- each in Bengal Birbhum Coal Fields Ltd *	-	-
0(P.Y:0) Equity Shares of ₹100/- each in Kholongchhu Hydro Energy Ltd*	-	-
(c) Others		
0 (P.Y:0) Equity Shares of ₹1/- each in Hindustan Power Exchange Limited (Formerly Pranurja Solution Limited)	-	-
Total Investment in Equity Instruments	-	-
Other Investment		
60 Fully Paid up Ordinary shares of ` 50/-each in NJP Employees Consumer Co-operative Store, Jhakri (` 3000/-)	-	-
Total Other Investment	-	-
Total Investments	-	-

During the year, the company has incorporated a wholly owned subsidiary SJVN Lower Arun Power Development Company Private Limited (SLAPDC) to plan, promote, oragnise and execute Lower Arun Hydro Electric Project alongwith other hydro electric project and renewal energy projects . However, no equity contribution has been made during the year.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.5 Loans

(₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Loans to Related Parties			
Loans to Directors			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful	-		
		-	-
Loans to Other Related Parties (Including Accrued interest)			
Subsidiaries:			
- Secured considered good			
- Unsecured considered good	-		-
- Doubtful	-		-
		-	-
Other Loans			
Loan to officers of the company			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful	-		
		-	-
Loans to other Employees			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful	-		
		-	-
Interest Accrued on Employee Loans			
- Secured considered good			
- Unsecured considered good			
- Considered doubtful			
		-	-
Other Advances:			
Unsecured considered good			
-Directors	-		-
-Officers of the Company	-		-
-Other Employees	1		-
		1	-
Total		1	-

Loans to relatives of related party

2.6 Other financial assets

(₹ Lakh)

Particulars	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.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

2.7 Other Non - current Assets (₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Capital Advances			
Advances to Suppliers and Contractors			
Secured by hypothecation of Equipment/Material		-	-
Unsecured considered good			
-Covered by Bank Guarantees		-	-
-Others		-	-
Advances to Govt Departments	3051		-
Less: Provision for Expenditure	-		-
		3051	-
Total - Capital Advances		3051	-
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	-		-
Less: Provision For Bad/Doubtful Debts/Advances			
		-	-
Advance Tax			
Tax Deducted at Source			
	-		-
Less: Provision for Tax			
		-	-
Total - Other Advances		-	-
Others			
Prepaid Expenses		-	-
Deferred Employee Benefits Expense		-	-
Total - Others		-	-
Total Other Non Current Assets		**3051**	**-**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.8 Cash and Cash Equivalents (₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Balances with Banks			
Current Accounts	313		1513
Term Deposits (having original maturity of up to 3 months)	-		-
		313	1513
Cheques & Drafts in hand		-	-
Cash on Hand		-	-
Remittances in Transit		-	-
Total		**313**	**1513**

2.9 Others Bank Balances (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged deposits	30	30
Other Term Deposits(having original maturity of more than 3 months and maturing within 12 months)	-	-
Total	**30**	**30**

2.10 Loans (₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Loans to Related Parties			
Loans to Directors			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful			
		-	-
Loans to Other Related Parties (Including Accrued interest)			
Subsidiaries:			
- Secured considered good			
- Unsecured considered good	-		-
- Doubtful	-		-
		-	-
Other Loans			
Loan to officers of the company:			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful			
		-	-
Loans to other Employees			
- Secured considered good	-		-
- Unsecured considered good	-		-
- Doubtful			
		-	-
Interest Accrued on Employee Loans			
- Secured considered good			
- Unsecured considered good			
- Considered doubtful			
Other Advances:			
Unsecured considered good			
-Directors	-		-
-Officers of the Company	-		-
-Other Employees	-		5
		-	5
Total Loans			**5**

2.11 Other Financial Assets

(₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Security Deposits	-	-
Interest Accrued but not due on deposits with Banks	1	-
Unbilled Revenue	-	-
Amount Receivable for Late Payment Surcharge	-	-
Claims Receivable from Insurance Company	-	-
Amount Recoverable from Contractors & Suppliers	-	-
Amount Receivable from Subsidiaries/ Joint Ventures *	-	-
Amount Receivable from Others	-	-
Accrued Interest on Advances to Others	-	-
Dividend Receivable	-	-
Total Other Financial Assets	**1**	**-**

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.12 Other Current Assets (₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Advances other than Capital Advances			
Security Deposits			
Advances to related Parties			
Advances to Subsidiaries			
-Secured Considered Good			
- Unsecured, considered good	-		-
-Doubtful			
		-	-
Other Advances			
Advances to Officers of the Company	-		-
Advances to other employees of the Company	-		1
		-	1
Advance to Suppliers and Contractors			
-Secured Considered Good	-		-
- Unsecured, considered good	-		-
-Doubtful	-		-
	-		-
Less Provision for Doubtful Advances	-		-
		-	-
Accrued Interest on Advances to Contractors		-	-
Advances to Govt Departments			
-Secured Considered Good	-		793
- Unsecured, considered good			-
-Doubtful *	-		-
	-		793
Less Provision for Doubtful Advances	-		-
		-	793
Advance Tax			
Tax Deducted at Source	-		-
Tax Deducted at Source	-		-
Less: Provision for Tax			
	-		-
	-		-
		-	-
Others			
Surplus Stores/Equipment	-		-
Less: Provision for Shortage/ Obsolescence	-		-
		-	-
Prepaid Expenses		-	-
Deferred Employees Benefits Expense		-	-
Amount Recoverable from Ex-Employees	-		-
Less: Provisions	-		-
		-	-
Other		-	-
Total		-	**794**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

2.13 Equity Share Capital

Particulars	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 ₹ 10/- each NPR 2780,33,76,000/-		**173771**		**173771**
ISSUED, SUBSCRIBED AND FULLY PAID UP Equity Shares of par value ₹ 10/- each fully paid up	**100000000**	10000	-	-
Share Application Money Pending Allotment	-	-	-	10000
Total		**10000**		-

Note :- The allotment of shares against the share application money to SJVN limited (The holding company) have been made upon the receipt of approvals from the Invetment Board of Nepal (IBN) And Nepal Rastra Bank (NRB).

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

2.14 Other Equity (₹ Lakh)

	Particulars	As At March 31, 2026	As At March 31, 2025
A	**Capital Redemption Reserve ***		
	Opening Balance	-	-
	Closing Balance	-	-
B	**Retained Earnings**		
	Opening Balance	262	161
	Add: Profit for the Year as per Statement of Profit and Loss	7	101
	Add: Other comprehensive income during the year	-	-
	Less: Utilisation for Buyback of shares and related expenses	-	-
	Less: Dividends		
	Final Dividend Paid	-	-
	Interim Dividend Paid	-	-
	Closing Balance	**269**	**262**
	Total Other Equity (A+B)	**269**	**262**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

2.15 Borrowings (₹ Lakh)

	Particulars	As At March 31, 2026	As At March 31, 2025
A	**Bonds/ Debentures**		
	Unsecured		
	6.10% p.a. unsecured non-convertible redeemable bonds of `10,00,000/- each redeemable at face value on September 29, 2026 (Series 1)	-	-
	Total (A)	-	-
B	**Term Loans**		
	From Banks:		
	Secured		
	Rupee Term Loans		
	Punjab National Bank (refer footnote (a) below)	-	-
	Repayable in quarterly instalments from June 2024 to March 2035 at floating (MCLR with annual reset).		
	Prepayment of full loan amount (P.Y. 12381) has been made during the year.		
	HDFC Bank Limited (refer footnote (a) below)	-	-
	Repayable in quarterly instalments from September 2020 to January 2024, carrying interest @ Repo plus 1.90% p.a.		
	Himachal Pradesh State Co-operative Bank Limited (refer footnote (b) below)	-	-
	Repayable in quarterly instalments from June 2027 to March 2042, carrying interest @ 3 Months declared MCLR of SBI plus 0.06% p.a.		
	State Bank of India (refer footnote (c) below)	-	-
	Repayable in quarterly instalments from June 2027 to March 2045, carrying interest @ 3Months MCLR plus 0.25% p.a.		
	REC Limited (refer footnote (d) below)	-	-
	Repayable in quarterly instalments from .... to ...., carrying interest @		
	State Bank of India (refer footnote (e) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Export Import Bank Ltd. (f)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Canara Bank (refer footnote (g) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	State Bank of India (refer footnote g) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Union Bank of India (refer footnote (h) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Canara Bank (refer footnote (i) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Punjab National Bank (refer footnote (j) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Everest Bank (refer footnote (k) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	NABIL Bank (refer footnote (l) below)	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Deutsche Bank	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
	Punjab National Bank	-	-
	Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

Unsecured		
Foreign Currency Loans		
Punjab National Bank, GIFT City, Gujarat	-	-
Repayable after 5 years from the date of drawl starting w.e.f. September 2026 carrying interest @ 6M SOFR+spread 1.60% p.a.		
Punjab National Bank, GIFT City, Gujarat	-	-
Repayable after .... years from the date of drawl starting w.e.f. ...... carrying interest @ ... SOFR+spread ......% p.a.		
Rupee Term Loans		
Bank of Baroda (refer footnote (d) below)	-	-
Repayable in monthly instalments from April 2023 to September 2037 carrying interest @ overnight MCLR plus spread of 0.25% p.a.		
Bank of Baroda (refer footnote (e) below)	-	-
Repayable in monthly instalments from April 2024 to September 2039 carrying interest @ overnight MCLR plus spread of 0.02% p.a.		
From others:		
Secured		
Rupee Terms Loans		
IIFCL Ltd. (refer footnote (j) below)	-	-
Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
PFC Ltd. (refer footnote (k) below)	-	-
Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
REC Ltd. (refer footnote (l) below)	-	-
Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
IREDA Ltd. (refer footnote (m) below)	-	-
Repayable in ...... instalments from ...... interest rate of ...... p.a. as.....		
Unsecured		
Foreign Currency Loans		
World Bank (IBRD) (Guaranteed by Govt of India)	-	-
Repayable in 30 half yearly instalments from May 2013 to November 2027, carrying interest@ SOFR+variable spread)		
Japan Bank for International Cooperation, Japan (JBIC) (refer footnote (f) below)	-	-
Repayable in 21 half yearly instalments from March 2025 to March 2035, carrying interest@ 6M TORF+spread of 1.10 % p.a.		
Japan Bank for International Cooperation, Japan (JBIC) (refer footnote (....) below)	-	-
Repayable in .... half yearly instalments from .... to ...., carrying interest@....TORF+spread of ..... % p.a.		
Loan from Holding Company (Unsecured)	-	-
Total (B)	-	-
Total (A+B)	-	-
	-	-
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		-
Rupee term loans from banks- unsecured		
Foreign Currency loans from world bank- Unsecured	-	-
Foreign Currency loans from others- Unsecured	-	-
	-	-

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

(a) Secured by equitable mortgage/hypothecation of all present and future fixed assets and book debts as first charge of Rampur HPS.

(b) Secured by mortgage/hypothecation of all assets of Dhaulasidh Hydro Electric Project.

(c) Secured by first charge by way of mortgage/hypothecation/ assignment or otherwise on all assets of Luhri Hydro Electric Project Stage-1.

(d) Collateral security by way of first charge on Escrow Account, debt service reserve and on future cash flow of the company related to the PPAs of NJHPS with Haryana, Chandigarh and Delhi.

(e) Collateral security by way of hypothecation on Escrow Account opened by company for depositing the return on equity of NJHPS for next 174 months.

(f) During the year, the company has availed borrowings from JBIC for the construction of two projects being executed by SJVN Green Energy Limited (SGEL), a wholly owned subsidiary of the company. Since, the loan has been availed for the construction of projects of SGEL, the same is being provided to SGEL on the same terms and conditions, and has been shown under Non-current Financial Assets (note no.2.5). Borrowing costs incurred on this loan have been included in Finance Cost (note no.), and the interest receivable on the same from SGEL has been included in Other Income (note no. 2.23) (refer to the footnote to the note no.).

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

2.16 Lease Liabilities (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Balance at the beginning of the year	1181	
Additions during the year		
Deletions during the year		
Finance cost accrued during the year		
Payment of lease liabilities during the year	(1181)	-
Lease liabilities - Non current	-	-

Disclosure as per Ind AS-116 has been given under note no.2.53

2.17 Other Financial Liabilities (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Deposits, Retention Money from Contractors and Others	-	-
Income Received in Advance		
Total	-	-

DEOKI BIJAY & CO. ★ KATHMANDU ★ CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.18 Borrowings (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Loans repayable on demand		
From banks		
Unsecured		
Bank overdrafts	-	-
Other loans		
Unsecured		
Short term loan from banks	6250	4188
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	**6250**	**4188**

2.19 Trade Payables (₹ Lakh)

Particulars	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	4	1
Total	**4**	**1**

Ageing schedule of trade payables has been given in note no.2.54

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT. LTD.
NOTES FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2026

2.20 Other Financial Liabilities-Current (₹ Lakh)

Particulars		As At March 31, 2026	As At March 31, 2025
Interest Accrued but not due on:			
- Short Term Loan	-		-
- Non- Convertible Bonds	-		-
- Foreign Currency Loans : World Bank	-		-
: Others	-		-
- Rupee Term Loans	90		64
- Loan from Holding Company	-		-
		90	64
Interest Accrued and Due		-	-
Dividend Payable (Declared)		-	-
Tax on Declared Dividend		-	-
Unpaid Dividend		-	-
Others Payables:			
Liability for Employees' Remuneration and Benefits		2	-
Liability for Purchase/Construction of Fixed Assets:			
- Micro and Small Enterprises		-	-
- Other than Micro and Small Enterprises		16	8
Amount Payable to Holding Company		442	418
Amount Payable to Sister Concern SAPDC		99	63
Deposits, Retention Money from Contractors and Others		10	11
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		-	-
Claim filed with Insurance Company	-		-
Less: Amount Received from Insurance Company included in Schedule-15	-		-
		659	**564**
Provision for Income tax	90		88
Less:			
Tax Deducted at Source	62		64
Advance Tax	13	15.00	11
Total		**674**	**577**

2.21 Other Current Liabilities (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Advance from Customers	-	-
Other Advances		
TDS and Other Taxes Payable	16	7
Others	-	-
Total	**16**	**7**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

2.22 Current -Provisions (₹ Lakh)

Particulars	As At March 31, 2026	As At March 31, 2025
Unfunded Employee Benefits	-	-
Pay Revision	-	-
Performance Related Pay	18	16
Interest on Arbitration Awards	-	-
Local Area Development Expenses	-	-
Others*	-	-
Total	**18**	**16**

DEOKI BIJAY & CO. * CHARTERED ACCOUNTANTS * KATHMANDU

2.23 Other Income (₹ Lakh)

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
Interest Income			
Banks	12		136
Employees	-		-
Contractors	-		-
		12	136
Total		**12**	**136**

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

2.24 Other Expenses

(₹ Lakh)

Particulars		For the Year Ended March 31, 2026	For the Year Ended March 31, 2025
As Auditor			
- Statutory Auditor	3		1
- Limited Review	-		-
-Tax Audit	-		-
For other Services	-		-
Reimbursement of Expenses	-		-
Payment to Auditors		3	1
Total		**3**	**1**

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

3. Other Explanatory Notes:

3.1 Contingent Liability

There are no contingent liability as on date except that the company has submitted BG amounting INR 5.79 Crore issued by M/s Everest bank Limited in terms of Clause of PDA.

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. 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 Parthajit De	Director (Finance) w.e.f. 18.03.2026
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 and upto 31.05.2025.
Sh. Rajeev Dohroo	CFO w.e.f. 01.06.2025
Sh. Sujit Jha	Company Secretary

**holding additional charge

B. Shareholding Pattern:

Name of Holding Entity	Principal Activity/ Business	Share holding pattern (as at 31.03.2026)
SJVN Limited	Power Generation	100%

3.5 Event after reporting period

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

DEOKI BIJAY & CO.
KATHMANDU
CHARTERED ACCOUNTANTS