SJVN Lower Arun Power Development Company Pvt.Ltd.

Auditor's Report & Financial Statements for the year ended March 31, 2025

Deoki Bijay & Co.
Chartered Accountants

Deoki Bijay & Co.
Chartered Accountants

"Kalyan Shree Kunj"
Pannahiti Marg, Sifal
Ward No.7, Kathmandu, Nepal
PO Box: 25041
Tel : +977-1-4580065
email: info@dbcnepal.com
www.dbcnepal.com

Independent Auditors' Report to the Directors of SJVN Lower Arun Power Development Company Private Limited

Opinion

We have audited, the accompanying Special Purpose Financial Statements (SPFS) of M/s SJVN Lower Arun Power Development Company Private Limited (hereinafter referred to as 'the Company') which comprise the Balance Sheet as at March 31, 2025, 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, 2006, 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, 2025, 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, 2006 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.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

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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.

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

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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, 2006 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.

CA. Om Narayan Mahato
Partner
For: Deoki Bijay & Co.
Chartered Accountants
UDIN: 250523CA01929BPkJe

Kathmandu
Date: May 23, 2025

DEOKI BIJAY & CO. ★ CHARTERED ACCOUNTANTS ★ KATHMANDU

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT LTD
BALANCE SHEET AS AT MARCH 31, 2025
Standalone

(INR Lakh)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non - current assets			
Property, plant and equipment	3	5649	34
Capital work-in-progress	4	7050	6130
Investment Property		-	-
Right-of-use assets			
Intangible Assets	5	10	16
Intangible assets under development		-	-
Financial Assets			
Investments		-	-
Trade receivables		-	-
Loans		-	-
Other financial assets		-	-
Deferred tax assets (net)		-	-
Other non-current assets		-	-
Total non- current assets		12709	6180
Current assets			
Inventories		-	-
Financial assets			
Investment		-	-
Trade receivables		-	-
Cash and cash equivalents	6	1513	255
Bank balance other than cash and cash equivalents	7	30	4180
Loans	8	5	4
Other financial assets	9	-	56
Other current assets	10	794	-
Total current assets		2342	4495
TOTAL ASSETS		**15051**	**10675**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11	-	-
Share Application Money Pending Allotment	11	10000	-
Other Equity	12	262	161
Total Equity		10262	161
INTERUNIT ACCOUNT		-	-
Liabilities			
Non- current liabilities			
Financial liabilities			
Current liabilities			
Financial liabilities			
Borrowings	13	4188	-
Total outstanding dues of creditors other than micro and small enterprises	14	1	-
Other financial liabilities	15	577	10470
Other current liabilities	16	7	24
Provisions	17	16	20
Total current liabilities		4789	10514
TOTAL EQUITY AND LIABILITIES		**15051**	**10675**

The accompanying notes from 1 to 19 form an integral part of the financial statements.

For and on behalf of the Board of Directors

Bhupendra Gupta
Chairman

Onkar Dev Chaudhary
Chief Financial Officer

Prashant Sharma
Chief Executive Officer

Sujit Jha
Company Secretary

Place: Kathmandu
Date: May 23, 2025

As per our attached report of even date

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

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
Authorized Signatory

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

Standalone

(INR Lakh)

Particulars	Note No.	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Income			
Revenue from Operations		-	-
Other Income	18	136	267
Total Income		**136**	**267**
Expenses			
Other Expenses	19	1	52
Total		1	52
Less: Allocation of Corporate Expenses to Projects		-	-
Total Expenses		**1**	**52**
Profit/ (Loss) before exceptional items and tax		**135**	**215**
Exceptional Items		-	-
Profit before net movement in regulatory deferral account balance and tax		**135**	**215**
Tax Expenses:			
- Current Tax		34	54
-Adjustments relating to earlier years		-	-
- Deferred Tax		-	-
Profit before regulatory deferral account balances		101	161
Net movement in regulatory deferral account balances (net of tax)		-	-
Profit for the year		**101**	**161**
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		**101**	**161**

The accompanying notes from 1 to 19 form an integral part of the financial statements.

For and on behalf of the Board of Directors

Bhupendra Gupta
Chairman

Onkar Dev Chaudhary
Chief Financial Officer

Place: Kathmandu
Date: May 23, 2025

Prashant Sharma
Chief Executive Officer

Sujit Jha
Company Secretary

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
Authorized Signatory
एस.जे.भी.एन. लोअर अरुण पावर डेभलपमेन्ट कम्पनी प्रा.लि.

As per our attached report of even date

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

DEOKI BIJAY & CO.
KATHMANDU
CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT LTD
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2025

(INR Lakh)

Particulars	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Cash flow from operating activities		
Profit before net movement in regulatory deferral account balance and tax	135	215
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	**135**	**215**
Adjustment for:		
Depreciation, amortisation & impairment expense		-
Interest income from banks and subsidiaries	(136)	(267)
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		-
	(136)	(267)
Adjustment for assets and liabilities		
Inventories		
Trade receivable and unbilled revenue		
Loans, other financial assets and other assets	(795)	(60)
Trade payable	1	
Other financial liabilities and other liabilities	25	10473
Regulatory deferral account debit balance	-	
Provisions	(4)	20
	(773)	10433
Cash generated from operating activities	**(774)**	**10381**
Income tax paid	(34)	(40)
Net cash generated by operating activities	**(808)**	**10341**
Cash flow from investing activities:		
Net expenditure on Property, Plant & Equipment and CWIP including advances for capital works	(6443)	(6173)
Term deposits with bank (having maturity more than three months)	4150	(4180)
Interest income from banks and subsidiaries	192	267
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		-
Net cash used in investing activities	**(2101)**	**(10086)**
Cash flow from financing activities:		
Repayment of borrowings		
Proceed from borrowings	4188	
Payment of lease liabilities	-	
Interest and finance charges	(21)	
Dividend Paid	-	
Cash used in financing activities	**4167**	**-**
Net increase in cash and cash equivalents	**1258**	**255**
Opening balance of cash & cash equivalents (refer note 1 and 2 below)	**255**	
Closing balance of cash & cash equivalents (refer note 1 and 2 below)	**1513**	**255**
Restricted cash balance		
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged deposits	30	117
Total	30	117

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 6	1513	255
Bank overdraft as per note 13	-	-
Cash & Cash Equivalents as per statement of cash flows	1513	255

3. Refer note 2.40 for details of undrawn borrowings facilities.

4. Refer note 2.61 for amount spent on CSR activities.

For and on behalf of the Board of Directors

As per our attached report of even date

Bhupendra Gupta
Chairman

Prashant Sharma
Chief Executive Officer

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

Onkar Dev Chaudhary
Chief Financial Officer

Sujit Jha
Company Secretary

Place: Kathmandu
Date: May 23, 2025

Authorized Signatory

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025

A. **Equity Share Capital**

For the Year Ended March 31, 2025

Particulars	Amount (INR 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	-

For the Year Ended March 31, 2024

Particulars	Amount (INR Lakh)
Opening Balance as at April 1,2023	-
Changes in Equity Share Capital due to prior period errors	-
Restated Balance as at April 1,2023	-
Changes in equity share capital during the year	-
Closing Balance as at March 31, 2024	-

B. **Other Equity**

For the Year Ended March 31, 2025 (INR 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			**101**	**101**
Dividends				
Final Dividend Paid for 2023-24			-	-
Interim Dividend Paid for 2024-25			-	-
Closing Balance as at March 31, 2025	-	-	**262**	262

For the Year Ended March 31, 2024 (INR Lakh)

Particulars	Reserves and Surplus			Total Other Equity
	Capital Redemption Reserve	Securities Premium	Retained Earnings	
Opening Balance as at April 1,2023	-	-	-	-
Profit for the Period			161	161
Other Comprehensive Income			-	-
Total Comprehensive Income			**161**	161
Dividends				
Final Dividend Paid for 2022-23			-	-
Interim Dividend Paid for 2023-24			-	-
Closing Balance as at March 31, 2024	-	-	**161**	161

For and on behalf of the Board of Directors

Bhupendra Gupta
Chairman

Onkar Dev Chaudhary
Chief Financial Officer

Place: Kathmandu
Date: May 23, 2025

Prashant Sharma
Chief Executive Officer

Sujit Jha
Company Secretary

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
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As per our attached report of even date

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

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

SJVN LOWER ARUN Power Development Company Pvt. Ltd.
Notes forming part of the Accounts as on March 31, 2025

1. **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 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 Municipality, Chichila, Silichong, Shadananda, Saplasilichho Municipality 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.

2. **Significant Accounting Policies**

2.1 **Statement of Compliance**

The financial statements have been prepared on a going concern basis in accordance with the Nepal Financial Reporting Standards (NFRS) prepared 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.

2.2 **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.

2.3 **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) effective as on 13 September 2013.

2.4 **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.

S.J.V.N. Lower Arun Power Development Company (P) Ltd. Authorized Signatory

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

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 assets.

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 contingent events has been made on the basis of best judgment by management regarding probable outflow of economic resources. Such an estimation can change on occurrence of unforeseeable developments.

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

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
- There is no unconditional right to defer the 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 flow 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.

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
Authorized Signatory

DEOKI BIJAY & CO.
KATHMANDU
CHARTERED ACCOUNTANTS

2.6 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.

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 NPR 8,000 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.

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
Authorized Signatory

DEOKI BIJAY & CO.
KATHMANDU
CHARTERED ACCOUNTANTS

2.7 Intangible Assets and intangible assets under development

a) Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are recognized if:

   i. It is probable that the expected future economic benefits 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.

2.8 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.

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.

2.9 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.

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

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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 36 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.

2.10 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

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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 it 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.

2.11 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 assets. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost using an 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 (refer note 2.4).

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

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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 amounts 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.

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

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2.12 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.

2.13 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).

2.14 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.

2.15 Provisions, Contingent Liabilities and Contingent Assets

a) A provision is recognized when:

   i. the Company has present legal or constructive obligations as a 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 obligation.

b) If the effect of the time value of money is material, provisions 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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.

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Contingent assets are 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 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.

2.16 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.

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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.

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.

2.17 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 2024), 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 assets 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.

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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.

2.18 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 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 (refer note 2.5).

2.19 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.

2.20 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.

2.21 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.

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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.

2.22 **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.

2.23 **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.

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3 Property, Plant & Equipment

As at March 31, 2025

(INR Lakh)

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	As at April 1, 2024	For the year	Deduction	As at March 31, 2025	As at March 31, 2025	As at March 31, 2024
1	Land										
	Freehold (including development expenses) (refer footnote (a) below)	13	5617	-	5630	-	-	-	-	5630	13
	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	-	-	-	-	1	-
8	Electrical Works	-	-	-	-	-	-	-	-	-	-
9	Electrical Equipment	-	4	-	4	-	1	-	1	3	-
10	Office Equipment	-	-	-	-	-	-	-	-	-	-
11	Data processing Equipment	22	3	-	25	1	9	-	10	15	21
12	Transmission Lines	-	-	-	-	-	-	-	-	-	-
	Total	35	5625	-	5660	1	10	-	11	5649	34

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4 Capital Work-in-progress

As at March 31, 2025

(INR Lakh)

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	-	-	-	-	-	-
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	4287	16	-	4303	-	4303
8	Expenditure on Compensatory Afforestation/CAT Plan	-	-	-	-	-	-
9	Expenditure Attributable to Construction (Note 4.1)	1843	904	-	2747	-	2747
10	Sub-station	-	-	-	-	-	-
11	Transmission Lines	-	-	-	-	-	-
	Total	**6130**	**920**	-	**7050**	-	**7050**

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

As at March 31, 2025

(INR 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					**7050**

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4.1 Expenditure Attributable to Construction (INR Lakh)

Particulars		For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Employee Benefit Expenses:			
Salaries, Wages, Allowances and Benefits	409		369
Contribution to Provident and Other Funds	21		22
Leave Salary and Pension Contribution *	-		-
Welfare Expenses	254		230
		684	621
Repair and Maintenance:			
Buildings	-		-
Plant & Machinery	-		-
Office Equipment & Furniture	-		-
Civil 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		15	22
Training and Recruitment Expenses	-		-
Less:- Cost of Application Forms Received	-		-
		-	-
Legal Expenses		-	-
Professional and Consultancy Charges		7	54
Communication Expenses		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		2	-
EDP Expenses		1	-
Hiring of Vehicles		47	29
Entertainment Expenses		-	-
Expenses on Transit Camps		1	-
Books & Periodicals		-	-
Business Promotion Expenses		3	-
Fees and subscription		33	
Environment & Ecology Expenses		-	-
Tender Expenses	-		-
Less: Receipts from Sale of Tenders	-		-
		-	-
Interest on arbitration awards		-	-
Miscellaneous Expenses **		5	4
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		16	3
Transmission and load dispatch centre charges		-	-
Other finance charges		85	-
Total Expenses (A)		904	733
Less: Recovery and Receipts:			
Interest Income:			
Banks			
Contractors		-	-
Misc. Income		-	1
Total (B)		-	1
Net expenditure attributable to construction Projects (A-B)		904	732
Less: Allocation of Corporate Expenditure Attributable to Construction Projects			
Less: Allocation of Corporate Expenditure Attributable to Construction Projects		-	-
Total expenditure attributable to construction Projects		904	732

S.J.V.N. Lower Arun Power Development Company (P) Ltd. Authorized Signatory

Deoki Bijay & Co. Kathmandu Chartered Accountants

Standalone

5 Intangible Assets

As at March 31, 2025

(INR Lakh)

Sl.No.	Particulars	Gross Block				Amortisation				Net Block
		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	As at March 31, 2025
1	Software	18	-	-	18	2	6	-	8	10
	Total:	18	-	-	18	2	6	-	8	10

S.J.V.N. Lower Arun Power Development Company (P) Ltd. Authorized Signatory

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

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

Notes Forming Part of the Financial Statement as at March 31, 2025

6 Cash and Cash Equivalents

(INR Lakh)

Particulars		As At March 31, 2025	As At March 31, 2024
Balances with Banks			
Current Accounts	1513		59
Term Deposits (having original maturity of up to 3 months)	-		196
		1513	255
Cheques & Drafts in hand		-	-
Cash on Hand		-	-
Remittances in Transit		-	-
Total		**1513**	**255**

7 Others Bank Balances

(INR Lakh)

Particulars	As At March 31, 2025	As At March 31, 2024
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged deposits	30	117
Other Term Deposits(having original maturity of more than 3 months and maturing within 12 months)	-	4063
Total	**30**	**4180**

8 Loans

(INR Lakh)

Particulars		As At March 31, 2025	As At March 31, 2024
Other Advances:			
Unsecured considered good			
-Directors	-		-
-Officers of the Company	-		-
-Other Employees	5		4
		5	4
Total Loans		**5**	**4**

9 Other Financial Assets

(INR Lakh)

Particulars	As At March 31, 2025	As At March 31, 2024
Interest Accrued but not due on deposits with Banks	-	56
Unbilled Revenue	-	-
Amount Recoverable from Contractors & Suppliers	-	-
Amount Receivable from Subsidiaries/ Joint Ventures *	-	-
Amount Receivable from Others	-	-
Total Other Financial Assets	**-**	**56**

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT LTD
Notes Forming Part of the Financial Statement as at March 31, 2025

10 **Other Current Assets** (INR Lakh)

Particulars		As At March 31, 2025	As At March 31, 2024
Other Advances			
Advances to other employees of the Company	1		-
		1	-
Advance to Suppliers and Contractors			
- 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**	-

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
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KATHMANDU
CHARTERED ACCOUNTANTS

11 Equity Share Capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount (INR Lakh)	No. of Shares	Amount (INR Lakh)
AUTHORISED Equity Shares of par value ₹ 10/- each				
ISSUED, SUBSCRIBED AND FULLY PAID UP Equity Shares of par value ₹ 10/- each fully paid up	-	-	-	-
Share Application Money Pending Allotment	-	10000	-	-
Total		**10000**		-

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

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
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CHARTERED ACCOUNTANTS
KATHMANDU

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

Notes Forming Part of the Financial Statement as at March 31, 2025

12	Other Equity		(INR Lakh)
	Particulars	**As At March 31, 2025**	**As At March 31, 2024**
A	**Capital Redemption Reserve ***		
	Opening Balance	-	-
	Closing Balance	-	-
B	**Retained Earnings**		
	Opening Balance	161	-
	Add: Profit for the Year as per Statement of Profit and Loss	101	161
	Add: Other comprehensive income during the year	-	-
	Less: Dividends		
	Final Dividend Paid	-	-
	Interim Dividend Paid	-	-
	Closing Balance	**262**	**161**
	Total Other Equity(A+ B)	**262**	**161**

S.J.V.N. Lower Arun Power Development Company (P.) Ltd.
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KATHMANDU
CHARTERED ACCOUNTANTS

13 Borrowings (INR Lakh)

Particulars	As At March 31, 2025	As At March 31, 2024
Loans repayable on demand		
From banks		
Unsecured		
Bank overdrafts	-	-
Other loans		
Unsecured		
Short term loan from banks	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	**4188**	-

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

14 Trade Payables (INR Lakh)

Particulars	As At March 31, 2025	As At March 31, 2024
Total Outstanding Dues of Micro and Small Scale Enterprises	-	-
Total Outstanding Dues of Creditors Other than Micro and Small Enterprises	1	-
Total	**1**	-

S.J.V.N. Lower Arun Power Development Company (P) Ltd. Authorized Signatory

DEOKI BIJAY & CO. CHARTERED ACCOUNTANTS KATHMANDU

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

Notes Forming Part of the Financial Statement as at March 31, 2025

15 Other Financial Liabilities-Current

(INR Lakh)

Particulars		As At March 31, 2025	As At March 31, 2024
Interest Accrued but not due on:			
- Short Term Loan	-		-
- Non- Convertible Bonds	-		-
- Foreign Currency Loans : World Bank	-		-
: Others	-		-
- Rupee Term Loans	64		-
- Loan from Holding Company	-		-
		64	-
Interest Accrued and Due		-	-
Dividend Payable (Declared)		-	-
Tax on Declared Dividend		-	-
Unpaid Dividend		-	-
Others Payables:			
Liability for Employees' Remuneration and Benefits		-	-
Liability for Purchase/Construction of Fixed Assets:			
- Micro and Small Enterprises		-	-
- Other than Micro and Small Enterprises		8	7
Amount Payable to Holding Company		418	10411
Amount Payable to Sister Concern SAPDC		63	29
Deposits, Retention Money from Contractors and Others		11	9
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	-		-
		-	-
Provision for Income tax		88	54
Less:			
Tax Deducted at Source		64	32
Advance Tax		11	8
		13	14
Total		**577**	**10470**

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
Authorized Signatory

DEOKI BIJAY & CO. KATHMANDU CHARTERED ACCOUNTANTS

S.J.V.N. LOWER ARUN POWER DEVELOPMENT COMPANY PVT LTD
Notes Forming Part of the Financial Statement as at March 31, 2025

16	Other Current Liabilities		(INR Lakh)
	Particulars	**As At March 31, 2025**	**As At March 31, 2024**
	Revenue Received in Advance:		
	Advance against Depreciation	-	-
	Advance Against Consultancy	-	-
	Advance from Customers	-	-
	Other Advances		
	TDS and Other Taxes Payable	7	24
	Others	-	-
	Total	**7**	**24**

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CHARTERED ACCOUNTANTS
KATHMANDU

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

Notes Forming Part of the Financial Statement as at March 31, 2025

17 **Current -Provisions**

(INR Lakh)

Particulars	As At March 31, 2025	As At March 31, 2024
Unfunded Employee Benefits	-	-
Pay Revision	-	-
Performance Related Pay	16	20
Interest on Arbitration Awards	-	-
Local Area Development Expenses	-	-
Others*	-	-
Total	**16**	**20**

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
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DEOKI BIJAY & CO.
KATHMANDU
CHARTERED ACCOUNTANTS

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

Notes Forming Part of the Financial Statement as at March 31, 2025

18 Other Income (INR Lakh)

Particulars		For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Interest Income			
Banks	136		267
Employees	-		-
Contractors	-		-
Others (refer footnote to note no. 2.34	-		-
		136	267
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		-	-
Gain on transfer of Shares in Joint Venture (refer footnote to note no.0)		-	-
Miscellaneous Income #		-	-
Total		**136**	**267**

# Details of Miscellaneous Income:	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
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	-	-

S.J.V.N. Lower Arun Power Development Company (P) Ltd.
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KATHMANDU
CHARTERED ACCOUNTANTS

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

Notes Forming Part of the Financial Statement as at March 31, 2025

19 Other Expenses (INR Lakh)

Particulars		For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Repair and Maintenance:			
Buildings	-		-
Roads	-		-
Plant & Machinery	-		-
Office Equipment & Furniture	-		-
Civil Works	-		-
Electro Mechanical Works	-		-
Vehicles	-		-
Others	-		-
		-	-
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 (refer note no. 2.60)		1	-
Advertisement & Publicity		-	-
EDP Expenses		-	-
Hiring of Vehicles		-	-
Entertainment Expenses		-	-
Expenses on Transit Camps		-	-
Books & Periodicals		-	-
Donation to PM CARES Fund		-	-
Corporate Social Responsibility Expenses (refer note 2.61)		-	-
Loss on Disposal/Write off of Fixed Assets		-	-
Debts/ Advances written Off		-	-
Directors Sitting Fees		-	-
Business Promotion Expenses		-	-
Fees and subscription		-	52
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		1	52

Authorized Signatory

Standalone

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, 2025

20. Other Explanatory Notes:

20.1 Contingent Liability

There is no contingent liability as on date except that the company has submitted BG amounting NPR 9.27 Crore issued by M/s Everest Bank Limited in terms of Clause of PDA.

20.2 Contingent Assets

There are no contingent assets as on date.

20.3 Public Interest Litigation

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

20.4 Related Party Transactions and balances

A. Details of Related Party and Relationship:

Related Party	Nature of Relationship
SJVN Ltd.	Parent company
Fellow Subsidiary Company-Sister Concern	SJVN Thermal Pvt Ltd
Fellow Subsidiary Company-Sister Concern	SJVN Lower Arun Power Development Company Pvt Ltd
Directors and Key Management Personnel:	
Sh. Bhupendra Gupta	Chairman & Managing Director (w.e.f 1st April 2025)
Sh. R.K. Chaudhary	Chairman & Managing Director (cease to be CMD on 31st March 2025)
Sh. Geeta Kapoor	Chairman & Managing Director (cease to be CMD on 30th April 2024)
Sh. R. P. Goyal	Director Finance (W.e.f. 01st Jan 2025)
Sh. Akhileshwar Singh	Director Finance (Cease to be DF w,e,f 01st Jan 2025)
Sh. Ajay Sharma	Director Personal
Sh. Sushil Kumar Sharma	Director Projects
Sh. Arun Dhiman	CEO (Cease to be CEO w.e.f 02.10.2024)
Sh. Prashant Sharma	CEO (Assumed charge w.e.f. 02.10.2024)
Sh. Nabin Kumar Jha	CFO (Ceases to be CFO w.e.f 02.08.24)
Sh. Onkar Dev Chaudhary	CFO (Assumed charged from 02.08.2024)
Sh. Sujit Jha	Company Secretary

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, 2025

B. Shareholding Pattern:

Name of Holding Entity	Principal Activity/Business	Share holding pattern	
		As at 31.03.2025	As at 31.03.2024
SJVN Limited	Power Generation	100%	100%

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

Amount in INR Crore

Sr. No.	Name of Bank	Amount outstanding	Rate of Interest per Annum
1	NABIL BANK	41.875	Fixed rate of 7.26% /Base rate (Rolling average of last 3 months) plus .050% p.a. (more than 6 months)

Detail of bank wise outstanding and maturities

Amount in INR Crore

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	NABIL BANK	41.875		

20.6 Event after reporting period

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

DEOKI BIJAY & CO. * CHARTERED ACCOUNTANTS * KATHMANDU