DrukGreen
(a dhi company)

ANNUAL REPORT 2025

Powering Bhutan's
Sustainable Future



25 GW
RENEWABLE ENERGY
BY 2040



CLEAN HYDROPOWER
OUR STRENGTH



DIVERSIFIED
ENERGY MIX



SUSTAINABLE GROWTH
NATIONAL PROSPERITY

འབྲུག་སྒྲུར་འབྲུང་གློག་མེ་ལས་འཛིན་ཚད།
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ANNUAL REPORT 2025

DGPC Annual Report 2025

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FORWARD



Energy Sector – Anchoring Bhutan's 21st Century Transformation

Electricity in Bhutan has undergone a profound conceptual evolution. It is no longer viewed merely as an export commodity to generate cross-border revenue, but as the essential foundation for energy security to drive economic growth and technological innovation that are routed in His Majesty The King's vision for the Gelephu Mindfulness City, Bhutan's 21st Century Economic Roadmap, and the DHI 10X Group Roadmap.

The audited financial and operational results for the fiscal year ended December 31, 2025, demonstrate unprecedented financial growth alongside sustained operational discipline across all generating assets. In spite of surging domestic energy consumption, efficient expenditure management and operational uptime yielded a record Profit After Tax of Nu. 10,507.77 million, representing a 21.5% surge compared to 2024. With the endorsement of its shareholder, Druk Holding and Investments, DGPC retained 50% of net profits to support the huge capital expenditure required for upcoming strategic project pipelines. While continuing to prioritize investments in renewable energy projects, 2025 further marked critical operational diversification milestones that broke new ground for Bhutan's power sector through expansion in utility-scale solar and small hydropower projects.

As we look forward, 2026 will mark a decisive strategic pivot toward securing domestic energy security with emphasis on physical project completion, digital modernization, and capacity development. As the primary custodian of the Kingdom's renewable energy resources, DGPC is undertaking a fundamental evolution through active re-anchoring its corporate commitment and transforming from a traditional hydropower utility into a fully integrated clean-energy enterprise. This institutional shift is designed to deliver on an expanded national mandate of building 25,000 MW of renewable energy generation capacity by 2040.

To achieve this long-term national vision, DGPC is executing its overarching Corporate Strategy Plan 2025-2040. The CSP lays down a rigorous blueprint to add 15,000 MW of new hydropower capacity and 5,000 MW of utility solar PV by 2040. To ensure grid stability and staying abreast with evolving technologies, DGPC will also venture into pumped hydropower and battery energy storage systems, and explore evolving geothermal and green hydrogen energy resources.

To achieve the expansion of this magnitude requires an estimated capital investment of of over USD 26 billion through 2040. To fund this without over-leveraging balance sheets, DGPC will need to structure measured debt-equity architectures and consider innovative capital market instruments. Under the National Energy Policy 2025, DGPC will invest in developing new projects through independent corporate execution of both hydropower and solar projects, and strategic public-private partnerships with FDI equity stakes up to 49% in hydropower and 74% in solar.

The scale of the CSP 2025-2040 demands more than financial capital and infrastructure - it requires a complete institutional transformation. For DGPC, this mandate represents a call to transition from maintaining existing assets to leading one of Asia's most dynamic clean energy expansions. Every operational unit and corporate initiative must align with DGPC's core operational pillars of Project Management, Human Capital, Financing, Asset Management and Governance & ESG; with special emphasis on integrating and strengthening Bhutanese private sector implementation and financial capabilities.

The transformation of DGPC is ultimately driven by its people. Meeting the 25,000 MW mandate requires every team member - from plant operators to corporate planners and subsidiary leadership - to abandon complacency, embrace higher standards of accountability, and operate with unyielding dedication - to fulfill its pledge: building a prosperous, resilient, and carbon-neutral Bhutan.

Tashi Delek
DGPC Management

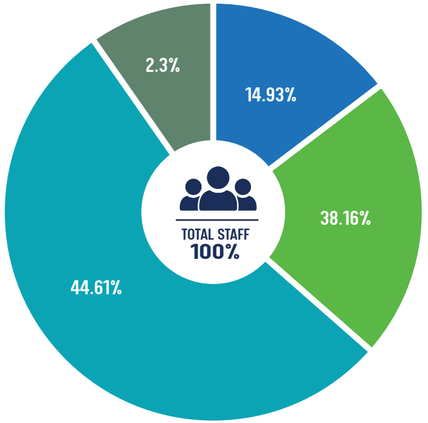
"Guided by Bhutan's national vision for economic transformation and carbon neutrality, DGPC is building on its strong operational and financial foundations to strengthen energy security, accelerate renewable energy expansion, and transform into an integrated clean energy enterprise for a sustainable and prosperous future."

DGPC Annual Report 2025

ABOUT OUR COMPANY

Druk Green Power Corporation Limited (DGPC) is Bhutan's premier renewable energy utility and a wholly owned subsidiary of Druk Holding and Investments Limited. Established in December 2007, DGPC is mandated to promote, develop, and manage Bhutan's renewable energy resources, particularly hydropower, in an efficient, responsible, and sustainable manner.

Today, DGPC manages an installed capacity of 2,471 MW across its major hydropower plants - Chhukha, Basochhu, Kurichhu, Tala, and Mangdechhu - along with Bhutan's growing portfolio of mini/micro hydro, wind, and solar assets.



OUR TEAM

Limited/No Schooling — 38.16 %
Foundational level education

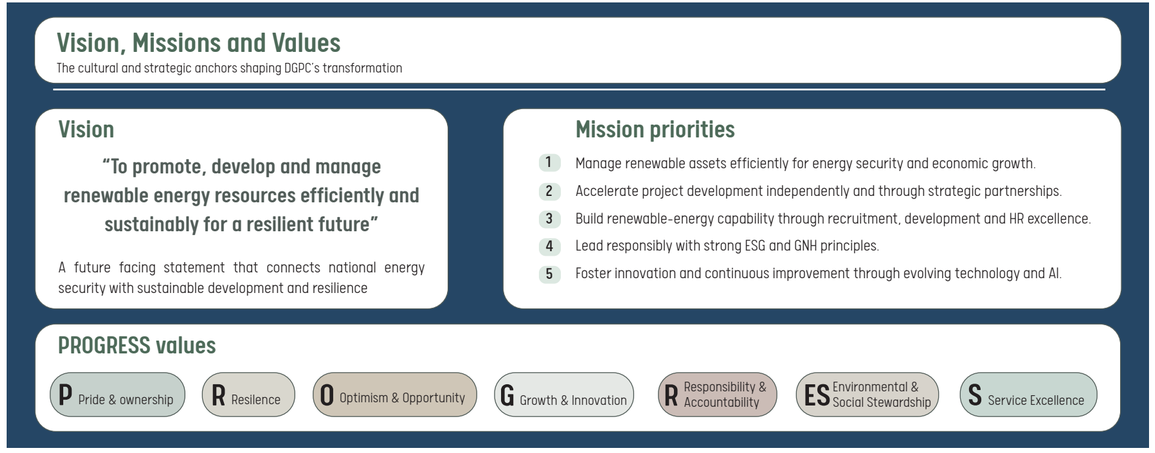
Certificate/Diploma — 44.61%
Technical or vocational qualifications

Graduate — 14.93%
Bachlor's degree or equivalent

Postgraduate — 2.30%
Master's degree or above

EDUCATED. EMPOWERED. EXCELLING TOGETHER.
A skilled and diverse workforce driving DGPC forward

VISION, MISSIONS AND VALUES



DGPC has redefined its vision, missions, and core values to align with Bhutan's evolving national priorities and development vision. Guided by the Royal Government of Bhutan's 21st Century Economic Roadmap and DHI's 10X Group Roadmap, DGPC's renewed vision, missions, and values reflect its steadfast commitment to driving Bhutan's sustainable transformation and building a resilient, inclusive, and future-ready energy sector.

This strategic repositioning reinforces DGPC's role as a catalyst for clean energy development, fostering innovation, and integrating environmental stewardship with mindful economic growth. Every initiative undertaken by DGPC is purposefully aligned to contribute to Bhutan's long-term aspirations for prosperity, sustainability, and carbon neutrality.

VISION

To promote, develop and manage renewable energy resources efficiently and sustainably for a resilient future.

MISSIONS

Effectively and efficiently manage renewable energy assets for energy security to drive economic growth, enable other investments, and maximise value to the shareholder.

Take a lead role in accelerating the development of renewable energy resources independently or through strategic partnerships or any other arrangements to serve domestic and regional energy markets.

Build capacity and sustain expertise in renewable energy through strategic recruitment, development, and HR excellence.

Be a responsible, proactive, and progressive company guided by strong ESG and GNH principles.

To foster a culture of innovation and continuous improvement through the adoption of evolving technology and Artificial Intelligence

VALUES

DGPC's innate Core Values resemble each and every employee to be highly committed, resilient and progressive in taking forward the company's vision and missions with the tremendous prospects for growth - abbreviated as ***PROGRESS***. DGPC believes that every employee embodies these values in realising the ambitious goal of achieving 25 GW by 2040.

This collective commitment ensures that challenges are met with determination, projects are executed with precision, and sustainable growth is achieved in harmony with Bhutan's natural and social environment. Together, the dedicated workforce forms the foundation for DGPC's transformative journey toward a clean, reliable, and prosperous energy future for the nation.

P - Pride & Ownership: Every team member at DGPC takes personal pride and ownership in driving Bhutan's energy future. Achieving 25 GW by 2040 demands commitment beyond routine tasks. It requires proactive engagement, accountability, and a shared sense of mission to power the nation sustainably.

R - Resilience: The journey to 25 GW will encounter tremendous technical, environmental, and market challenges. Resilience empowers DGPC to adapt to evolving circumstances, overcome setbacks, maintain momentum in large-scale infrastructure development, and embrace innovation.

O - Optimism & Opportunity: DGPC's mandate to expand capacity is fuelled by optimism and a forward-looking mindset. Viewing obstacles as opportunities for innovation and growth ensures that the organisation remains agile and motivated to capitalise on emerging technologies and partnerships.

G - Growth & Innovation: Sustainable growth and cutting-edge innovation are critical to meeting the 2040 target. DGPC fosters a culture that encourages continuous learning, and adoption of advanced renewable technologies and creative solutions.

R - Responsibility & Accountability: With a mandate of national significance, DGPC upholds the highest standards of responsibility and accountability. Transparent governance, ethical practices, and rigorous project management ensure that every step toward 20 GW meets regulatory, environmental, and social commitments.

ES - Environmental & Social Stewardship: Expanding Bhutan's clean energy portfolio must harmonise with environmental preservation and community support and welfare. DGPC integrates sustainable practices and stakeholder engagement to protect natural resources, promote inclusive development, support private sector partnerships, and uphold the highest ESG standards.

S - Service Excellence: Delivering reliable, affordable, and high-quality energy services is central to DGPC's mission. Service excellence drives operational efficiency and stakeholder satisfaction, reinforcing Bhutan's reputation as a leader in sustainable renewable energy.

DGPC Annual Report 2025

DGPC TIMELINE

1988

336 MW Chhukha Hydropower Plant

Launch of Bhutan's hydropower journey with its first large-scale generation

2002

60 MW Kurichhu Hydropower Plant

Reliable power for eastern Bhutan and integrating innovative features such as fish ladder for seasonal migration of aquatic species

2004

64 MW Basochhu Hydropower Plant

Strengthening western Bhutan's energy supply through efficient, automated hydropower development

2007

1,020 MW Tala Hydropower Plant

Bhutan's largest hydropower project to drive energy exports, strengthen bilateral cooperation, and significantly enhance GDP & national revenue

2007

Druk Green Power Corporation Limited

Establishment of a unified corporate structure to lead Bhutan's power sector

2008

Dagachhu Hydro Power Corporation Limited

A fully Bhutanese-led project pioneering the first Public-Private Partnership and cross-border CDM, contributing to carbon neutrality and reducing regional carbon footprints through energy exports

2012

Bhutan Hydropower Services Limited

Diversifying beyond hydropower generation through a state-of-the-art manufacturing arm for hydropower components and hydro-mechanical systems

2014

Tangsibji Hydro Energy Limited

Developed under a fully Bhutanese-led project, integrating cascade generation to enhance efficiency and downstream output for Mangdechhu Hydropower Plant

2015

Druk Green Consultancy

DGPC's principal design and engineering arm that provides specialised services such as field investigations, feasibility studies,ESIA, and design and engineering consultancy at the construction stage

2015

Hydropower Research & Development Centre

Advancing hydropower capability by consolidating Centres of Excellence into a specialised R&D centre, strengthening diagnostics and in-house expertise.

2015

Khorlochhu Hydro Power Limited

Advancing large-scale hydropower through a strategic partnership, strengthening cross-border collaboration and future export potential

2017

Bhutan Automation & Engineering Limited

Diversifying beyond hydropower generation through a specialised arm for manufacturing automation systems for hydropower plants.

2019

720 MW Mangdechhu Hydropower Plant

First hydropower project to be commissioned in Central Bhutan

2020

Druk Green Energy Trading

Energy trading centre to support the implementation of the existing PPAs and facilitate sale of power in the Indian short-term energy markets

2021

Druk Hydro Energy Limited

A dedicated project development arm responsible for planning, construction, and commissioning of small and medium hydropower projects, ensuring efficient implementation and timely delivery

2025

18 MW Suchhu Hydropower Plant

First small hydropower project executed by a complete Bhutanese team through Druk Hydro Energy Limited

2025

Wangchhu Hydroelectric Power Limited

First hydropower project to be developed under Public-Private Partnership model with Adani Power, India

2025

Dorjilung Hydro Power Limited

First mega hydropower project to be developed under PPP model with Tata Power, India

DGPC's evolution reflects Bhutan's steady journey toward energy security and sustainable growth. From the commissioning of early hydropower plants such as Chhukha in 1988 to the establishment of DGPC in 2007 and the subsequent expansion of major projects and subsidiaries, the timeline highlights a progressive strengthening of institutional capacity and generation capability. In recent years, the portfolio has further diversified into small hydropower and other renewable energy, aligning with national priorities for renewable energy expansion and carbon neutrality. Together, these milestones demonstrate DGPC's pivotal role as the country's leading clean energy utility, driving innovation, regional cooperation, and long-term economic development in line with Bhutan's ambitious energy and development goals.

DGPC Annual Report 2025

POWER PLANTS



336 MW CHHUKHA HYDROPOWER PLANT

Installed capacity:	4 x 84 MW
Design energy:	1,800 GWh
Project commissioning:	1986 - 1988



60 MW KURICHHU HYDROPOWER PLANT

Installed capacity:	4 x 15 MW
Design energy:	400 GWh
Project commissioning:	2002



64 MW BASOCHHU HYDROPOWER PLANT

	U. STAGE	L. STAGE
Installed capacity:	2 x 12 MW	2 x 20 MW
Design energy:	105 GWh	186 GWh
Project commissioning:	2001	2004

DGPC's Core Generating Stations



720 MW MANGDECHHU HYDROPOWER PLANT

Installed capacity:	4 x 180 MW
Design energy:	2,925 GWh
Project commissioning:	2019



1,020 MW TALA HYDROPOWER PLANT

Installed capacity:	6 x 170 MW
Design energy:	3,962 GWh
Project commissioning:	2006 - 2007

9 MW EMBEDDED GENERATION ASSETS

Mini & micro hydropower and wind sources.



SUBSIDIARIES / JOINT VENTURE COMPANIES

Bhutan Hydropower Services Limited

Business scope:	State-of-the art, repair and manufacturing of hydro turbine runners and associated components
Incorporation:	October 23, 2012
COD:	September 30, 2014
Shareholding:	DGPC (100%)

Dagachhu Hydro Power Corporation Limited

Installed capacity:	2 x 63 MW
Design energy:	515 GWh
Incorporation:	May 13, 2008
COD:	February 2015
Shareholdings:	DGPC (59%), Tata Power (26%), NPPF (15%)

Dorjilung Hydro Power Limited

Installed capacity:	6 x 187.5 MW
Design energy:	4,504 GWh
Incorporation:	December 8, 2025
Scheduled COD:	August 2031
Shareholdings:	DGPC (60%), Tata Power (40%)

Druk Hydro Energy Limited

Business Scope:	To construct and commission small and medium hydropower projects
Incorporation:	December 16, 2021
Shareholding:	DGPC (100%)

OUR GROUP

Powering Bhutan's Clean Energy Future

Bhutan Automation & Engineering Limited

Business Scope:	Manufacturing of automation systems for hydropower plants
Incorporation:	November 8, 2017
Shareholdings:	DGPC (51%), Andritz Hydro (49%)

Wangchhu Hydroelectric Power Limited

Installed capacity:	4 x 142.5 MW
Design energy:	2,213.26 GWh
Incorporation:	October 15, 2025
Scheduled COD:	August 6, 2030
Shareholdings:	DGPC (51%), Adani Power (49%)

Khorlochhu Hydro Power Limited

Installed Capacity:	4x 150 MW
Design Energy:	2,569 GWh
Incorporation:	June 12, 2015
Shareholdings:	DGPC (60%), Tata Power (40%)

Tangsibji Hydro Energy Limited

Installed capacity:	2 x 59 MW
Design energy:	420 GWh
Incorporation:	April 25, 2014
COD:	January 2024
Shareholding:	DGPC (100%)

***** Suchhu Hydropower Plant - First small hydropower plant commissioned in May 2025.**

ANNUAL STATISTICS

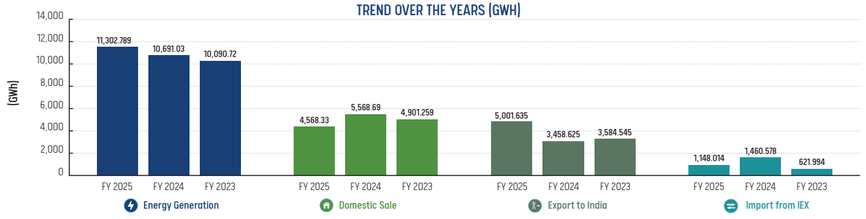
Operational Particulars

Energy Generation (GWh)	
FY 2025	11,302.789
FY 2024	10,691.030
FY 2023	10,090.720

Domestic Sale (GWh)	
FY 2025	4,568.330
FY 2024	5,568.69
FY 2023	4,901.259

Export to India (GWh)	
FY 2025	5,001.635
FY 2024	3,458.625
FY 2023	3,584.545

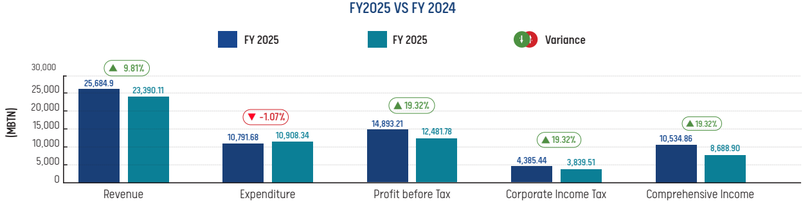
Import from IEX (GWh)	
FY 2025	1,148.014
FY 2024	1,460.578
FY 2023	621.994



In FY 2025, DGPC generated 11,302.789 GWh of energy, with higher exports to India and optimized import from IEX, ensuring a balanced and efficient energy mix.

Financial Performance Overview

PARTICULARS	FY 2025 (MBTN)	FY 2024 (MBTN)	VARIANCE (%)
Revenue	25,684.90	23,390.11	▲ 9.81
Expenditure	10,791.68	10,908.34	▼ -1.07
Profit before Tax	14,893.21	12,481.78	▲ 19.32
Corporate Income Tax	4,385.44	3,839.51	▲ 14.22
Comprehensive Income	10,534.86	8,688.90	▲ 21.25



KEY FINANCIAL RATIOS

OPERATING EFFICIENCY (%)

42.02	46.64	▼ -9.91%
FY 2025	FY 2024	

PROFIT MARGIN (PBT/REVENUE) (%)

57.98	53.36	▲ 8.67%
FY 2025	FY 2024	

In FY 2025, DGPC achieved strong financial growth with higher revenue, improved profitability and efficiency, driven by effective cost management and optimized operational performance.

BOARD OF DIRECTORS



DASHO KARMA TSHERING *(Chairperson)*
Secretary, Ministry of Energy and Natural Resources

- Over 29 years of public service.
- Leads the Ministry of Energy and Natural Resources as Secretary (since 2022).
- Former Secretary, MoEA; Eminent Member of National Council; Former CEO & Chair, Bhutan Electricity Authority.
- MSc Electric Power Engineering (UNSW, Australia).



DASHO CHHEWANG RINZIN
Managing Director, Druk Green Power Corporation Limited

- Over 38 years in Bhutan's power sector.
- Leads DGPC as its first Managing Director (since 2008).
- Former Adviser/Member of Interim Governments; Chair, Second Pay Commission; recipient of Druk Khorlo and Royal recognition.
- BSc & MSc Electrical Engineering (University of Wisconsin, USA).



TSHERING DORJI
Director, Ministry of Finance

- Over 26 years in public finance and macro-fiscal management.
- Leads Macro-Fiscal and Development Finance Department, Ministry of Finance (since 2024).
- Former Advisor to World Bank Executive Director; current Director at Department of Public Accounts; extensive experience in debt management and fiscal policy.
- MBA (Asian Institute of Technology); BCom (Delhi University); CPA Australia.



UJJWAL DEEP DAHAL
Chief Executive Officer, Druk Holding and Investments Limited

- Over 20 years in energy, innovation, and corporate strategy.
- Leads Druk Holding and Investments as CEO (since 2023).
- Former Director, InnoTech DHI; Corporate Strategist, Bhutan Power Corporation; led digital transformation, innovation policy, and national tech initiatives.
- Fulbright Fellow (MIT); MSc Electrical Engineering (University of New Brunswick); BE (India); PMP; EMBA.



MR. BASANT RAJ CHHETRI
Chief Executive, Bhutan Professional Services

- Over 30 years in infrastructure development and project management.
- Leads Bhutan Professional Services and major national construction projects.
- Former Chief Engineer/Joint Director, Ministry of Education; World Bank Consultant; led large-scale education and infrastructure projects.
- MSc Concrete Technology (University of Dundee); BE Civil Engineering (India).



DAWA CHHOEDRON
Chief Engineer, Ministry of Energy & Natural Resources

- Over 20 years in power systems and energy sector development.
- Leads Power Systems & Market Division, Department of Energy (since 2022).
- Former Chief Engineer, MoEA; experience in energy efficiency, power systems, and climate initiatives; member of national and international technical bodies.
- MEng Electrical Engineering (RMIT University); BTech Electrical Engineering (India).

EXECUTIVE MANAGEMENT

DASHO CHHEWANG RINZIN
Managing Director, Druk Green Power Corporation Limited

Dasho Chhewang Rinzin is the Managing Director of Druk Green Power Corporation Limited (DGPC) and has led the company since its establishment in 2007. He holds both Bachelor's and Master's degrees in Electrical Engineering from the University of Wisconsin.

With over 38 years of distinguished service to the Royal Government of Bhutan, he has played a pivotal role in the development of the country's power sector. In recognition of his exemplary contributions, he was awarded the Red Scarf with the title of *Dasho* in 2009 and the *Druk Khorlo* medal in 2014 by His Majesty the King. He also served as an Advisor in Bhutan's Interim Governments in 2013, 2019, and 2023, and chaired the Second Pay Commission in 2013-2014.



UGYEN NAMGYAL
Director, Finance & Investments

- Leads finance and investment functions at DGPC.
- Former CEO, Druk Hydro and Tangsibji Hydro Energy Limited.
- Hydropower development expert with experience in projects including Nikachhu HEP.
- CPA Australia | B.Com (Hons), Sherubtse College | B.Bus, University of South Australia.



SONAM WANGDI
Director, Projects & Contracts Department

- Over 30 years in hydropower development and engineering management.
- Leads Projects & Contracts, overseeing project execution, procurement, and contracts.
- Former Chief Engineer, Kholongchhu Hydroelectric Project.
- B.E. (Civil), VRCE Nagpur | MSc Hydropower Development, NTNU, Norway.



SUJAN RAI
Director, Operations & Maintenance Department

- Over 22 years in hydropower, renewable energy, and infrastructure development.
- Leads Operations & Maintenance of DGPC's hydro assets (since 2025). Former Interim CEO & Deputy Managing Director, Tangsibji Hydro Energy Limited; extensive experience in project management, plant operations, and end-to-end hydropower development.
- MEng Electrical Engineering (Asian Institute of Technology, Thailand); BE Electrical & Electronics Engineering (India).



DECHEN WANGMO
Director, Corporate Services Department

- Over 18 years with DGPC in corporate strategy, business development, and company secretariat.
- Leads Corporate Services at DGPC.
- Also served as Head, Human Resource & Administration (2021, additional charge).
- B.E. (Electrical), University of Wollongong, Australia | MBA, Melbourne Business School, University of Melbourne, Australia.

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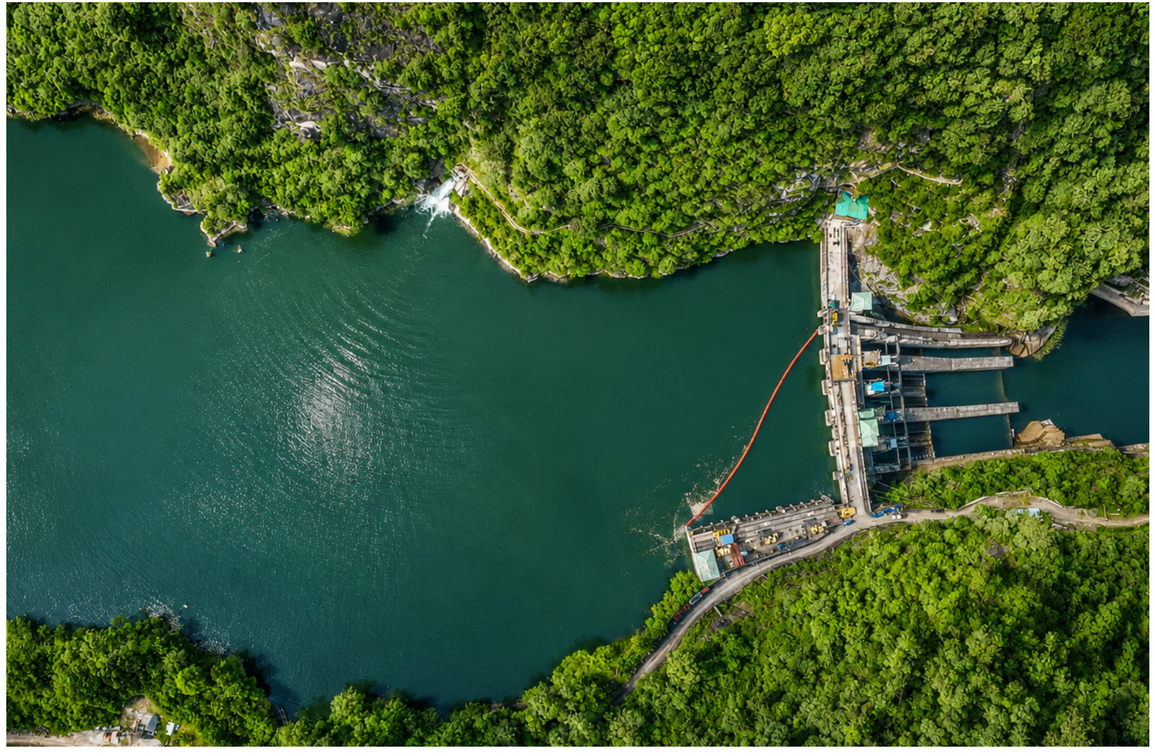


DIRECTORS' STATEMENT



FINANCIAL PERFORMANCE REPORT

Strong growth driven by higher generation
Export optimization, and disciplined cost management

TOTAL INCOME
Nu. 25,684.90 Mn
▲ 9.81%
vs 2024 (Nu. 23,390.11 Mn)

PROFIT FOR THE YEAR
Nu. 14,893.21 Mn
▲ 19.32%
vs 2024 (Nu. 12,481.78 Mn)

COMPREHENSIVE INCOME
Nu. 10,534.86 Mn
▲ 21.25%
vs 2024 (Nu. 8,688.90 Mn)

DIVIDEND (EXPECTED)
Nu. 5,253.89 Mn
50% of Profit after Tax
(2024: Nu. 5,617 Mn | 65%)

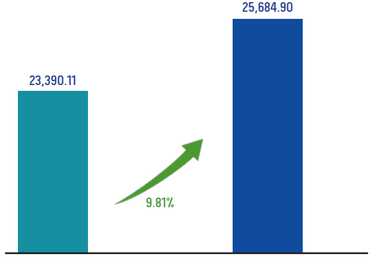
Revenue

DGPC delivered a robust financial return in 2025. Total income increased by 9.81% to Nu. 25,684.90 million from Nu. 23,390.11 million in 2024, reflecting higher generation, improved export volumes, and stable export realisations. Electricity revenue increased by 10.52% from Nu. 22,532.957 million in 2024 to Nu. 24,904.37 million in 2025, highlighting the earnings leverage in the Company's generation portfolio when hydrology and plant availability remain optimistically buoyant.

An additional 369.21 GWh generated by Mangdechhu Hydropower Plant (MHP) due to the tailwater of Nikachhu Hydropower Plant (NHP) contributed Nu. 1,561.78 million in electricity revenue during the year. This revenue, net of royalty and wheeling charges, is shared equally between the two plants for both domestic consumption and energy exported. The arrangement continues to demonstrate the value of integrated basin optimisation and reinforces the strategic importance of coordinated operations across DGPC assets.

It is pertinent to note that, other than in 2025, electricity revenue has in recent years faced some structural moderation as increasing domestic demand has reduced exportable surplus. This dynamic affects realised margins since domestic tariffs remain lower than export tariffs. The increasing trends in imports during lean months do not

TOTAL INCOME (Nu. million)



materially affect DGPC's margins, as imported power is treated as a direct pass-through to Bhutan Power Corporation Limited (BPC) and, ultimately, to the end consumers.

Interest income increased significantly from Nu. 130.28 million in 2024 to Nu. 252.76 million in 2025, primarily due to higher deposits of surplus funds earmarked for corporate income tax and dividend obligations being placed in short-term fixed deposits. Other income, however, declined by Nu. 199.11 million to Nu. 527.77 million, mainly on account of lower recognition of grant income during 2025.

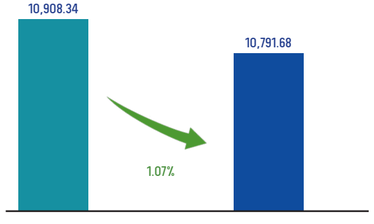
Expenditure

Total expenditure decreased marginally to Nu. 10,791.68 million in 2025 from Nu. 10,908.34 million in 2024, reflecting improved cost discipline and the benefits of proactive financial management. The principal movements in expenditure are summarised below:

i. Wheeling charges increased by Nu. 356.71 million to Nu. 1,153.29 million, reflecting higher transmission usage associated with increased export sales.

ii. Insurance costs remained broadly stable at Nu. 358.89 million.

TOTAL EXPENDITURE (Nu. million)



iii. Running and maintenance expenses decreased by Nu. 75.48 million to Nu. 288.91 million, indicating improved operational efficiency and better maintenance planning.

iv. Employee benefits increased by Nu. 62.42 million to Nu. 1,552.21 million, reflecting annual increments, associated personnel costs, and employee recruitments in the second half of 2024.

v. Finance costs declined by Nu. 374.73 million to Nu. 2,317.81 million, mainly due to a lower interest burden following loan repayments.

vi. Depreciation and amortisation decreased by Nu. 242.52 million to Nu. 4,313.29 million.

vii. Other expenses increased by Nu. 158.84 million to Nu. 807.27 million, primarily due to higher brand management fees, foreign exchange losses, deviation charges under the Grid Discipline Mechanism, and losses on retirement of assets.

Profitability

DGPC achieved strong profitability in 2025, supported by revenue growth, improved operational efficiency, lower finance costs, and higher treasury income. Taken together, these factors strengthened earnings and improved the Company's overall financial resilience.
The Company's profit for the year increased by 19.32% to Nu. 14,893.21 million from Nu. 12,481.78 million in 2024. Similarly, the comprehensive income increased from Nu. 8,688.90 million in 2024 to Nu. 10,534.86 million in 2025, indicating an improvement by 21.25%.

Operating efficiency, measured as the ratio of expenditure to revenue, improved markedly during the year, reflecting tighter cost control and more effective utilisation of resources. The improvement in profit margin similarly demonstrates the Company's strengthened earning capacity relative to revenue and the benefits of disciplined balance sheet management.

Overall, the profitability indicators signal a healthy financial performance and an enhanced ability to generate returns while sustaining investment capacity. This places DGPC in a strong position to fund future growth, absorb sector volatility, and sustain value creation for its Shareholder.

PROFIT OF THE YEAR
(NU. MILLION)
14,893.21
↑ 19.32%
(2024: 12,481.78 MN)

COMPREHENSIVE INCOME
(NU. MILLION)
10,534.86
↑ 21.25%
(2024: 8,688.90 MN)

Dividend

DHI conveyed a dividend expectation of Nu. 5,253.89 million, equivalent to 50% of profit after tax for 2025, compared to Nu. 5,617 million (65% of profit after tax) declared for 2024. This translates to Nu. 115.44 per share for 2025, compared with Nu. 123.60 per share for 2024. The expected payout reflects a balanced capital allocation approach, recognising the need for returns to the Shareholder while retaining adequate financial capacity to support DGPC's expanding investment mandates.

DIVIDEND COMPARISON	2025	2025
Dividend (Nu. million)	5,617.00	5,253.89
Payout Ratio (% of Profit after Tax)	65%	50%
Dividend per Share (Nu.)	123.60	115.44



Sakteng Village, Trashigang, with the river of the Gamri Hydropower Project flowing beyond the valley.



DGPC OPERATIONS

Powering Bhutan through resilent generation, modernization, and diversification

TOTAL GENERATION

11,302.79 Gwh

5.41%

vs 2024: 10,691.03 Gwh

Exceeded annual target by 7.94%

DOMESTIC SUPPLY

4,568.33 Gwh

from 5,568.69 Gwh

Shift in offtake following Puna-II export scheduling

EXPORT ENERGY

5,001.64 Gwh

from 3,458 Gwh

Higher exports strengthened revenue realization

EXPORT IMPORTS

1,148.02 Gwh

27.23%

Reduced imports due to new generation capacity

NEW CLEAN ENERGY

Suchhu HPP + Sephu Solar

Commissioned in 2025

Diversifying Bhutan's energy mix

The total energy generation from DGPC's hydropower plants, Basochhu, Chhukha, Kurichhu, Mangdechhu, Tala, and embedded generation, increased by 5.41% from 10,691.03 GWh in 2024 to 11,302.79 GWh in 2025. The increase was driven largely by improved hydrological inflows during the year. The total generation exceeded the annual target of 10,404.82 GWh by 7.94%. The target is based on historical hydrological flows, generation trends, and planned outages. With global warming and climate change, hydrological patterns are becoming progressively more difficult to predict with precision. The impact of the Tala dam overtopping and major other flood-related damages due to the torrential rains in the first part of October 2025 were expediently managed to ensure immediate restoration of the power plants and minimum generation loss.

Domestic consumption from DGPC power plants decreased from 5,568.69 GWh in 2024 to 4,568.33 GWh in 2025, while exports increased from 3,458.63 GWh to 5,001.64 GWh, excluding royalty energy. The reduction in domestic offtake was attributable to the treatment of power from Punatsangchhu-II Hydroelectric Project as consumed internally till export scheduling commenced on 29 September 2025. From a commercial standpoint, the shift back toward exports was favourable to DGPC's revenue profile because export tariffs were higher than domestic tariffs.

The year also marked notable milestones in capacity additions and diversification milestones. Suchhu Hydropower Project, the first of the small hydropower projects (SHPPs) to be commissioned in April 2025, generated 38.32 GWh, of which 28.38 GWh was supplied to the domestic market and 12.68 GWh was scheduled for export to India. However, the difference of 2.74 GWh was treated under DSM, which resulted in net DSM gain of Nu. 2.79 million. Punatsangchhu-II, which commenced generation in December 2024, generated 3,649.19 GWh in 2025, of which 2,894.60 GWh served the domestic market while 815.05 GWh was scheduled for export to India. The difference of 60.47 GWh between the scheduled export and actual export was treated under DSM, which result in paying net DSM charges of Nu. 105.27 million. In parallel, the Sephu solar project began generation in July 2025 and contributed 12.19 GWh to the domestic market during the year, representing a successful first step in broadening Bhutan's energy mix beyond hydropower.

Although domestic demand growth continues to outpace firm generation capacity during the non-monsoon months, necessitating imports from India, Bhutan's total energy import decreased by 27.23% in 2025. Imports declined from 1,460.58 GWh during January-May and November-December 2024 to 1,148.02 GWh during January-April and November-December 2025. The reduction was mainly due to the commissioning of Punatsangchhu-II project, Suchhu SHPP, and the Sephu solar plant. Imports from Indian energy markets are managed by Druk Green Energy Trading (DGET), a unit of DGPC. These imports are purchased at time-of-day tariffs for every 15-minute time blocks and remain highly dependent on market availability and prevailing market conditions in India.

Renovation, Modernisation and Automation

Alongside the timely completion of annual maintenance of each generating unit and associated equipment, DGPC continued to implement significant restoration, renovation, modernisation, and automation initiatives across its power plants. These investments are central to the Company's asset stewardship strategy, aimed at improving reliability, reducing outage risk, extending asset life, and supporting long-term operational resilience. The major interventions during the year are summarised below:

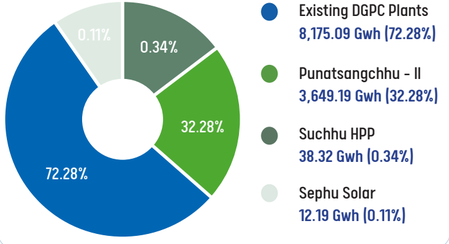
i. Basochhu Hydropower Plant (BHP)

The digital governor systems of both the Upper Stage and Lower Stage were replaced with advanced digital systems offering a faster response, a more reliable, and maintainable platform for engineering, programming, and operations. The excitation systems for both stages were also replaced with modern thyristor-based systems incorporating automatic voltage regulation and sequencer functionality.

ii. Chhukha Hydropower Plant (CHP)

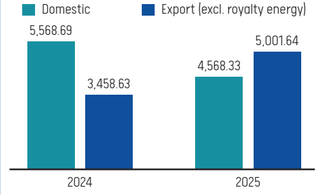
The ancillary systems for three of the four generating units, including the governing system, deflector, and OPU system, were replaced as of May 2025. The remaining works relating to the oil vapour sealing system and baffle ring for Units 3 and 4, and DC leads for Unit 3, are scheduled to be completed during the 2025-2026 annual maintenance period.

GENERATION SOURCES



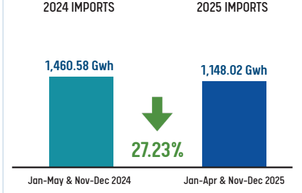
- Existing DGPC Plants 8,175.09 Gwh (72.28%)
- Punatsangchhu - II 3,649.19 Gwh (32.28%)
- Suchhu HPP 38.32 Gwh (0.34%)
- Sephu Solar 12.19 Gwh (0.11%)

ENERGY OFFTAKE MOVEMENT (Gwh)



Export tariffs remained higher than domestic tariffs, positively influencing DGPC's revenue profile.

IMPORT REDUCTION (Gwh)



Reduced imports were supported by commissioning of Puna-II, Suchhu HPP & Sephu Solar.

RESTORATION, MODERNISATION AND AUTOMATION

BASOCHHU HPP

- Digital governor replacement
- Modern excitation systems
- Improved automation reliability

CHHUKHA HPP

- Governing systems upgraded
- OPU & deflector modernization
- Remaining upgrades scheduled for 2026 maintenance

KURICHHU HPP

- Underwater radial gate repair
- Tele-protection commissioning
- Alternative transformer cooling system

MANGDECHHU HPP

- HVAC restoration
- Fire detection rectification
- Turbine & cooling system upgrades

TALA HPP

- SCADA system fully commissioned
- Enhanced monitoring & control
- Modern automated restoration systems after overtopping

iii. Kurichhu Hydropower Plant (KHP)

The key interventions at Kurichhu included underwater repair of the radial gates, which is scheduled for completion by April 2026; testing and commissioning of the tele-protection system and MPLS-TP equipment in coordination with BPSO in June 2025; structural underwater repair of the top seal seat beam of radial gate S2; and commissioning of an alternative cooling water system for the four generating transformers in November 2025.

iv. Mangdechhu Hydropower Plant (MHP)

At Mangdechhu, the HVAC chiller system was restored in July 2025, and the fire detection and alarm system was rectified in November 2025. The annual maintenance of the generating plant, which included levelling and centring of Unit 4, alignment and centring of Unit 2, installation of a digital oil-level monitoring system, and repair of plug-in top oil coolers, was completed by March 2025. Further, a new turbine guide bearing was installed in Unit 2; nozzles were replaced in Unit 3, and service seals were replaced in Units 3 and 4.

v. Tala Hydropower Plant (THP)

The SCADA system for the remaining three generating units was commissioned in April 2025, complementing the works completed in 2024 for the first three units, auxiliaries, dam control, surge shaft monitoring, and switchyard operations. This advancement materially improves plant monitoring and operational control capability. The restoration works following the dam overtopping in October 2025 are adopting improved and modern automated systems.

vi. Third-Party Assessment of Soundness and Safety of Dam Structures and their Appurtenant

A third-party assessment of the soundness and safety of dam structures, appurtenant works, and hydro-mechanical components of DGPC power plants, including Nikachhu and Dagachhu, was completed during 2025, with a submission of the comprehensive findings on dam conditions together with recommendations and a structured way forward for repairs, replacements, upgradations, and automation measures to safeguard long-term reliability and performance.

PROFIT CENTRES



DGPC runs three key profit centres that are integral to the Company's strategy of optimising Bhutan's hydropower potential, deepening technical capability, contributing to the national economy, and expanding Bhutan's presence in the regional energy market. As the power sector expands, these profit centres and others that may be established are expected to play an increasingly important role in innovation, capability development, and commercial diversification.

HYDROPOWER RESEARCH & DEVELOPMENT CENTRE (HRDC)

Strengthening technological capabilities and operational efficiency through research, diagnostics, and advanced technologies to improve performance and health of hydropower plants.

KEY HIGHLIGHTS 2025

- Received accreditation from the National Board for Testing and Calibration Laboratories (NABL), India.
- Introduced 3D scanning service using FARO ARM for accurate profiling of runners, nozzles, and components.
- Profile data integrated with CNC machining processes to support manufacture of new runners and reduce dependence on external providers.

DRUK GREEN CONSULTANCY (DGC) DESIGN AND ENGINEERING ARM

DGPC's principal design and engineering arm providing specialised services for hydropower and renewable energy projects and enabling project origination and preparation in Bhutan.

CORE SERVICES

- Field Investigations
- Feasibility Studies
- Environmental & Social Impact Assessments (ESIAs)
- Detailed Project Reports (DPRs)
- Design & Engineering Consultancy during Construction Stage

DRUK GREEN ENERGY TRADING (DGET) COMMERCIALISATION & TRADING

Responsible for commercialisation and trading of energy from DGPC power plants, ensuring revenue maximisation, regulatory compliance, and energy security while participating in the regional energy market.

2025 PERFORMANCE SNAPSHOT

- **1,618.14 GWh** Managed from Dagachhu, Nikachhu & Puntsangchhu-II power plants
- **11,247.03 GWh** Sold to domestic market & exported to India
- **1,148.02 GWh** Imported from India to meet lean-season deficits
- **230.901 GWh** Untied power traded on Indian Energy Exchange

Key Responsibilities

- Administers DSM & GDM settlements
- Monitors changes in rules, regulations & market design
- Forecasting & scheduling solar generation (emerging role)
- Potential role in carbon credit aggregation & trading

Hydropower Research and Development Centre (HRDC)

HRDC continues to strengthen DGPC's technological capabilities and operational efficiency through research, diagnostics, and the application of advanced technologies to hydropower systems. The Centre's role is to improve the performance of hydropower plants by providing specialised services and developing methodologies that enhance generation efficiency and asset health.

In 2025, HRDC received accreditation from the National Accreditation Board for Testing and Calibration Laboratories of India. This accreditation is important not only because it affirms that HRDC's services meet recognised international standards, but also because it enhances the Centre's visibility and credibility in the region beyond Bhutan. During the year, HRDC also introduced a 3D scanning service using FARO ARM to generate accurate profiles of runners, nozzles, and other components for assessing efficiency losses arising from erosion. The resulting profile data can also be integrated with CNC machining processes to support the manufacture of new runners, thereby strengthening in-house capability and reducing dependence on external providers.

Druk Green Consultancy (DGC)

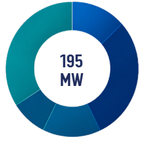
As DGPC's principal design and engineering arm, DGC provides specialised services for hydropower and renewable energy projects, including field investigations, feasibility studies, detailed project reports (DPRs), environmental and Social Impact Assessments (ESIAs), and design and engineering consultancy at the construction stage. Over time, DGC has evolved into a critical enabler of project origination and preparation in Bhutan, with its scope now expanding to support the broader renewable energy agenda.

» **Facilitation in Implementation of Hydropower Projects**

Following completion of the update of the DPR for the 1,125 MW Dorjilung Hydropower Project in 2024 with support from the World Bank, DGC facilitated the construction of access roads to key project components. During 2025, DGC also completed design and engineering, including preparation of tender documents, for the access road for the 570 MW Wangchhu Hydropower Project; the construction of which has been started after a joint due diligence assessment.

SMALL HYROPOWER PROJECTS

Phase II (195 MW)



- Begana Integrated HPP (25 MW): Tendering advanced for award.
- Jomori (94 MW), Gamri II (55 MW), Druk Bindu I & II (26 MW): Design by experienced consultants.
- Engaging Bhutanese consultants & contractors to strengthen industry participation.

Phase III (209 MW)



- Gamri II (55 MW) DPR completed in 2025.
- DPRs in progress for Yumochhu (25 MW), Sharichhu (25 MW), Jigmechhu (54 MW).
- Additional sites identified for next pipeline of bankable projects.

» **Phase II Small Hydropower Projects (195 MW)**

Tendering for the 25 MW Begana Integrated HPP is at an advanced stage for award. NexGen Hydro Consult, a Bhutanese private sector design consultant established by engineers with decades of hydropower experience, has been appointed as the lead consultant for the project. Tata Consulting Engineers has similarly been appointed as lead design consultant for the Jomori (94 MW), Gamri I (54 MW), and Druk Bindu I & II (26 MW) projects. The deliberate engagement of Bhutanese contractors and consultants in these projects is aligned with DGPC's strategy to promote the domestic private sector and strengthen industry participation, and advance the targets under the Renewable Energy Development Roadmap (REDR) 2024 and beyond.

» **Phase III Small Hydropower Projects (209 MW)**

DGC completed preparation of the DPR for the 55 MW Gamri II HPP in 2025 and is currently engaged in DPR preparation for the Yurmochhu (25 MW), Sherichhu (25 MW), and Jigmechhu (64 MW) projects. With interest in small hydropower continuing to grow, DGC is also identifying additional sites through desktop and reconnaissance studies to make ready for implementation the next pipeline of bankable projects.

» **Feasibility Studies for Medium to Large Hydropower Projects**

During the year, DGC initiated DPR preparation for the Khomachhu HPP, with expected completion by September 2026, and submitted the draft DPR for the Dangchhu HPP. The design consultancy for the Gongri-Jeri Pumped Storage Project was awarded to Studio Pietrangeli, with DGC providing ground support for investigations and mapping activities. The draft DPR for Gongri was completed in December 2025, while the DPR for Jeri is expected by the end of the first half of 2026. The DPR for Jongthang HPP was also initiated during 2025, with field mapping and survey works underway and targeted completion by the end of 2026.

DGC additionally initiated DPR preparation for Chamkharchhu II, Chamkharchhu IV, and Punatsangchhu III during 2025 through the procurement of services and preliminary alternatives assessment. New projects, including Amochhu I, Dorokha, Minjay, Phawan, and Gomphu HPPs, have also been identified for DPR preparation starting in 2026, further deepening DGPC's medium-term projects under preparation for development.

» **Update of Existing DPRs**

The update of the DPR for the 770 MW Chamkharchhu I HPP was initiated in 2025 with topographical surveys and procurement of a design consultant. The contract for updating the DPR and ESIA has been awarded to a joint venture of Lahmeyer International GmbH of Germany and ERM-Siam Co. Limited of Thailand in association with Druk Consult International Private Limited of Bhutan.

The draft DPR and ESIA updates for the 180 MW Bunakha Reservoir Project and the 404 MW Nyera Amari I & II HPPs were completed in 2025 through the joint venture of Fichtner of Germany and JADE of Nepal, and SMEC International, respectively. The finalisation of these DPR updates is ongoing, with implementation anticipated to start by the end of 2026.

» **Feasibility Studies for Solar Projects**

Beyond the solar projects already allocated by the Royal Government of Bhutan (RGoB), DGC, with support from HRDC, is undertaking site investigations and preparing feasibility study reports (FSRs) for additional solar projects. The FSR for Tsephu and the second phase of the distributed rooftop solar project were completed in 2025 and are in the process of securing clearances for implementation. Field investigations and mapping for the utility-scale solar sites at Lhadrong, Namthang, Gogona, Dungkar Dowa, Dramthang, and Dungmanma were completed during the year, and design and engineering works are underway. Several additional projects above 50 MWp have also been screened and prioritised for FSR preparation in 2026 to accelerate progress toward achieving the REDR solar targets.

Druk Green Energy Trading (DGET)

DGET is responsible for the commercialisation and trading of energy from DGPC's power plants, including export and import of electricity to and from India and compliance with grid discipline requirements. Its mandate is to maximise revenue, ensure regulatory compliance, enhance Bhutan's energy security, and position DGPC to effectively participate in the evolving regional energy market.

During 2025, DGET managed the sale of 11,247.03 GWh of electricity generated from DGPC power plants to the domestic market as well as the export of the surplus generation to India. DGET also managed the transaction of 1,618.14 GWh of power from Dagachhu, Nikachhu, and Punatsangchhu-II power plants. In addition, during the summer surplus months, DGET traded 230.901 GWh of untied power from Nikachhu, Basochhu, and Suchhu power plants into the Indian Energy Exchange. It also managed the import of 1,148.02 GWh of power from India to meet lean-season deficits.

DGET also administers settlements under the Deviation Settlement Mechanism (DSM) and the Grid Discipline Mechanism (GDM), particularly following the introduction of the GDM Regulation by the Electricity Regulatory Authority (ERA) of Bhutan and the signing of modalities for DSM compliance between Bhutan and India. Beyond operational execution, DGET plays a strategic role in monitoring changes in rules, regulations, and market design relevant to electricity trade in India and the wider region.

With rising solar capacity in Bhutan, DGET is expected to assume additional functions in forecasting and scheduling generation from solar power plants, thereby improving grid reliability and supporting higher renewable penetration. It could also play an important role in future carbon credit transactions by aggregating generation data and supporting the development of market-ready carbon products.

With expansion to deal with the growing domestic and export/import market and the expertise gained, DGET's role is seen to grow beyond being just a facilitator to one of a commercial trader.

ENABLING BHUTAN'S ENERGY FUTURE



Through innovation, technical excellence, and commercial acumen, DGPC's profit centres drive sustainable value creation, strengthen national capabilities, and position Bhutan as a reliable provider of clean, renewable energy in the region.

Optimising Bhutan's hydropower potential

Deepening technical capability

Contributing to the national economy

Expanding Bhutan's presence in the regional energy market



ADVANCING HYDROPOWER AND RENEWABLE ENERGY DEVELOPMENT

DGPC made substantial progress during 2025 in hydropower development, renewable energy expansion, and regional collaboration. Despite challenges such as elevated attrition in critical areas and delays in parts of the construction portfolio, the Company remained focused on strengthening energy security, diversifying the generation mix, and supporting Bhutan's long-term economic growth.

PHASE I SMALL HYDROPOWER PROJECTS 104 MW COMBINED CAPACITY

PROJECT STATUS SNAPSHOT

18 MW Suchhu HPP

- Construction completed in February 2025
- First project commissioned under the Small Hydropower Initiative

32 MW Yungichhu HPP

- Under implementation
- Expected commissioning: March-April 2026

54 MW Burgangchhu HPP

- Under implementation
- Expected commissioning: March-April 2026

DGPC continued implementation of three Phase I Small Hydropower Projects through its subsidiary DHyE, engaging Bhutanese consultants, contractors, and suppliers to strengthen domestic capability and ensure smooth execution of projects.

KEY IMPACTS

- Strengthens grid reliability in remote regions
- Improves national energy security Supports regional power access
- Enhances Bhutanese industry participation





DGPC made substantial progress during the year in hydropower development, renewable energy expansion, and strategic partnership building. Notwithstanding challenges such as elevated attrition in critical areas and delays in parts of the construction portfolio, the Company remained firmly focused on strengthening energy security, diversifying the generation mix, and supporting Bhutan's long-term economic growth.

Phase I Small Hydropower Projects (104 MW)

A major achievement in 2025 was the continued implementation of the three Phase I Small Hydropower Projects with a combined capacity of 104 MW. Of these, the construction of the 18 MW Suchhu HPP was completed in February 2025, becoming the first project to be commissioned under the small hydropower initiative. The remaining two projects,

SOLAR POWER DEVELOPMENT
HYDRO-SOLAR DIVERSIFICATION

DGPC expanded its renewable energy portfolio through major progress in solar development to improve seasonal balancing and reduce hydrology risk.

SOLAR PROJECT PIPELINE

120 MWp JAMJEE SOLAR PV

- Awarded in July 2025
  Currently under construction
- Expected commissioning: Early 2027

35 MW DISTRIBUTED ROOFTOP SOLAR PV

- Phase I implementation commenced in 2025
- Expected commissioning: June 2026

120 MWp WOBTHANG SOLAR PV

- FSR approved under ADB Sector Lending Programme
- Advanced to tendering phase in 2025

STRATEGIC BENEFITS

- Diversifies Bhutan's energy mix
- Reduces seasonal generation vulnerability
- Supports renewable energy transition
- Improves grid balancing capability



32 MW Yungichhu and 54 MW Burgangchhu HPPs, are expected to be commissioned by March-April 2026. Through its subsidiary DHyE, DGPC ensured smooth execution of these projects through the engagement of Bhutanese consultants, contractors and suppliers, except for electro-mechanical equipment. These projects will strengthen the grid in remote regions of Bhutan, improve the reliability of supply, and contribute to energy security.

Solar Power Development

DGPC expanded its renewable energy portfolio through material progress in solar development. The 120 MWp Jamjee Solar PV project was awarded in July 2025 and is currently under construction, with commissioning expected by early 2027. Implementation of the first phase of the 35 MW distributed rooftop Solar PV project commenced in 2025 and is scheduled for commissioning by June 2026. In addition, the FSR for the 120 MWp Wobthang Solar PV project was approved under ADB's sector lending programme in 2025, and the project has moved into the tendering phase for implementation. Collectively, these projects represent an important step in hydro-solar diversification, reducing hydrology risk and improving seasonal balancing in the national power system.

2nd International Conference on Sustainable Hydropower Development in the Himalayas

DGPC, in collaboration with the Central Board of Irrigation and Power and the Indian National Committee on Large Dams, organised the "2nd International Conference on Sustainable Hydropower Development in the Himalayas: India-Bhutan Partnership for a Green Future" on 20-21 November 2025. The two-day conference was held at Dungkar Dzong in Pangbisa, Paro, and provided a valuable platform for knowledge exchange and regional collaboration. Around 200 participants, including government representatives, policymakers, industry leaders, and technical experts from Bhutan, India, and other countries in the region, deliberated on the opportunities and challenges associated with sustainable hydropower development in the Himalayas.



STRATEGIC COLLABORATIONS

During the year, DGPC continued to enter into strategic partnerships to develop Bhutan's hydropower and solar resources, of which the more important ones are:

TATA POWER COMPANY



An Investment cum Shareholders Agreement was signed on 21 November 2025 for the development of the **1,125 MW Dorjilung Hydroelectric Project** in Bhutan.

- **Concession Agreement executed on the same day between the RGoB and the promoters, DGPC and Tata Power.**
- **Builds on the MoU signed on 19 November 2024 for the joint development of 5,000 MW of hydro and solar power projects in Bhutan.**
- **Represents a significant step toward implementation of a key hydropower project under DGPC's portfolio.**

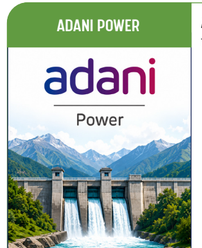
PROJECT SNAPSHOT

- **1,125 MW** Dorjilung Hydroelectric Project
- Run-of-River project
- Promoters: DGPC & Tata Power

PARTNERSHIP HIGHLIGHTS

- Strengthens DGPC's project pipeline
- Leverages Tata Power's global expertise
- Supports Bhutan's clean energy ambitions

ADANI POWER



An Investment cum Shareholders Agreement was signed on 5 September 2025 for the development of the **570 MW Wangchhu Hydroelectric Power Project.**

- **A Concession Agreement was also executed on the same day between the Royal Government of Bhutan and the promoters, DGPC and Adani Power.**
- **This collaboration follows the MoU signed on 8 May 2025 for joint development of a 5,000 MW hydropower project.**
- **Reflects continued progress in advancing large hydropower projects through strategic partnerships.**

PROJECT SNAPSHOT

- **570 MW** Wangchhu Hydroelectric PowerProject
- Run-of-River project
- Promoters: DGPC & Adani Power

PARTNERSHIP HIGHLIGHTS

- Expands DGPC's hydropower portfolio
- Brings operational and technical synergies
- Accelerates Bhutan's energy export potential

GMR ENERGY



The engagement with GMR Energy remains at an early stage

Following the MoU signed on 24 October 2024, discussions have progressed to the level of Shareholders Agreement, with further evaluation and alignment ongoing.

The engagement remains exploratory in nature and subject to completion of requisite studies, approvals, and agreement on key commercial terms.

This engagement forms part of DGPC's broader effort to expand its pool of prospective partners beyond existing collaborations.

ENGAGEMENT STATUS

- **Stage:** Early Engagement
- **Basis:** MoU signed on 24 October 2024
- **Next Step:** Continued evaluation and alignment

FOCUS AREA

- Hydro and solar collaboration
- Exploration of investment opportunities
- Long-term strategic partnership potential

JSW NEO ENERGY



The engagement with JSW Neo Energy is at a preliminary stage

An MoU was signed on 10 October 2025 to explore potential areas of collaboration.

Subsequent activities have been limited to initial assessments, and the engagement remains subject to further studies, approvals, and alignment on structuring and investment terms.

The engagement with JSW Neo Energy, along with DGPC's broader partnership initiatives, reflects the Corporation's continued efforts to identify and evaluate strategic partners to support the development of Bhutan's hydropower and solar resources under REDR 2024.

ENGAGEMENT STATUS

- **Stage:** Preliminary Engagement
- **Basis:** MoU signed on 10 October 2025
- **Next Step:** Further studies, approvals and alignment`

FOCUS AREA

- Exploring collaboration opportunities
- Initial assesment underway
- Alignment on structuring & investment terms

OUR PARTNERSHIP APPROACH

- Strategic Partneship
- Long-term Value Creaton
- Shared Growth
- Sustainable Energy Future
- Strengthening Bhutan's Economy

Through Strategic collaboration, DGPC is building a strong ecosystem of partners to unlock Bhutan's vast potential in clean, renewable energy and create lasting value for future generations.



MULTILATERAL FINANCING ENGAGEMENTS

To meet rising electricity demand and strengthen energy security, Bhutan's REDR 2024 envisages an additional 15,000 MW of hydropower capacity and 5,000 MW of solar capacity. To achieve this target, investments of approximately Nu. 2,200 billion (US$ 25 billion) will be required, of which equity requirements alone are expected to exceed Nu. 660 billion (US$ 8 billion). DGPC is pursuing a diversified financing strategy encompassing multilateral and concessional financing, EXIM financing, commercial debt, corporate and green bonds, and strategic equity partnerships, together with the prudent reinvestment of operating cash flows.

DGPC is advancing a pipeline of small hydropower projects through Bhutanese institutional partnerships with financing participation from the Kuwait Fund, OPEC Fund, and JICA. This blended concessional financing approach is designed to widen access to capital for distributed hydro projects, support rural electrification and grid strengthening, and enable scalable development of the national small hydropower portfolio.

DGPC also continues working on the financing partnerships with the World Bank, Asian Development Bank (ADB) and the European Investment Bank (EIB) to support upcoming hydropower, solar, and renewable energy projects. These engagements broaden access to concessional and climate-linked funding, strengthen project bankability, and improve access to longer-tenor and competitively priced financing aligned with Bhutan's clean energy transition. The status of key financing arrangements is set out below.

Power Finance Corporation (PFC)

The Facility Agreement for a total of INR 57,793 million with the Khorlochhu project, as borrower, and PFC, as lender, and Bank of Bhutan, as security trustee, was signed on 28 September 2025, alongside a Security Trustee Agreement among the three parties.

Asian Development Bank (ADB)

ADB has committed several loans and grants to Bhutan's energy sector. Under the Project Readiness Financing (PRF) modality, ADB committed US$ 5 million, with the subsidiary loan agreement signed between DGPC and the Ministry of Finance on 26 December 2023. Further, as part of the Bhutan Country Partnership Strategy (CPS) 2024, ADB committed US$ 30 million for the development of 35 MW of distributed rooftop solar, and the relevant loan and project agreements have been signed. The Wobthang solar project, and the Bunakha and Nyera Amari I&II hydropower projects are also slated to be financed by ADB.

European Investment Bank (EIB)

A framework loan agreement for EUR 150 million was signed between RGoB and EIB on 12 April 2024 for the development of hydropower and solar projects in Bhutan. Discussions are underway to identify and allocate eligible projects under the framework. Access to funding will depend on meeting requirements such as ESIA compliance with EIB environmental and social standards, project size, allocation decisions, and procurement conditions.

OPEC Fund for International Development (OPEC Fund)

OPEC Fund signed its first loan agreement with Bhutan on 23 October 2024, marking a significant milestone in the partnership. The US$ 50 million loan will support the civil works of Gamri I HPP and Begana Integrated Multipurpose SHPP, both of which are important for strengthening Bhutan's energy security. In December 2025, the OPEC Fund additionally approved a loan of US$ 47.33 million to finance the 55 MW Gamri II HPP.

Kuwait Fund for Arab Economic Development (KFAED)

The loan agreement for KWD 5 million between RGoB and KFAED was signed on 24 April 2025 to finance the Begana Integrated Multipurpose SHPP.

World Bank Group (WBG)

WBG provided US$ 4.3 million for updating the DPR of the 1,125 MW Dorjilung HPP to the standards set out in the "Bhutanese Guidelines for Development of Hydropower Projects (2018)", thereby aligning the project with international good practice and strengthening its bankability for international financing institutions. The DPR has since been approved by the Department of Energy, MoENR, for implementation. The World Bank is the lead financing institution that is helping put together the US$ 1.70 billion for the Dorjilung project.

PERFORMANCE OF DGPC SUBSIDIARY/JOINT VENTURE COMPANIES

DGPC's subsidiaries and joint venture companies continue to play an important role in project delivery, technical capability development, and portfolio diversification. Their performances during the year are summarised below:

Bhutan Automation & Engineering Limited (BHUTAN AUTOMATION)

BHUTAN AUTOMATION earned revenue of Nu. 313.93 million in 2025 compared to Nu. 421.79 million in 2024. The total expenditure amounted to Nu. 221.89 million, including Nu. 143.04 million for consumption of raw materials, Nu. 3.43 million for repair and maintenance expenses, Nu. 43.87 million for employee remuneration, and Nu. 31.55 million in other expenses. The profit after tax stood at Nu. 62.04 million, up from Nu. 49.0 million in 2024. During the year, the company experienced a modest decline in order intake while continuing to see strong demand for its products and services. It secured contracts with a total order intake of Nu. 115 million, including extension of the control and monitoring system of Nikachhu Hydropower Plant, substation automation works for BPC at Kilikhar and Yurmoo, vibration and air-gap monitoring systems for Kurichhu, DHyE Phase I remote control centre implementation for O&MSC, generator shaft current monitoring for Chhukha, and SCADA restoration works for the Tala dam. Order intake nevertheless fell short of the Nu. 756 million target due mainly to the deferment of the Phase II small hydropower projects and the CHP SCADA project to 2026. The loss of the Sunni Dam project and cancellation of the mini-hydro Phase II Hesothangkha project also affected the pipeline, although part of the shortfall was offset by additional orders worth Nu. 100 million from BPC, DHyE, and DGPC plants.

The company continued to face challenges in retaining experienced personnel, resulting in gaps in technical expertise and additional workload on the remaining team. This had an impact on its ability to meet certain timelines. With support from the Board and the Shareholder, the company, however, initiated a recruitment process to strengthen its workforce and improve execution capacity.

Bhutan Hydropower Services Limited (BHSL)

BHSL reported an income of Nu. 1,029.811 million for the year, representing a 39.11% increase from Nu. 740.256 million in 2024. The growth was driven primarily by the execution of hydro-mechanical works for the Phase I small hydropower projects.

The total expenses for 2025 amounted to Nu. 1,003.790 million against Nu. 732.982 million in 2024. The increase was broadly proportionate to the rise in revenue; however, overall expenses were Nu. 155.100 million above the 2025 annual compact target of Nu. 848.69 million. A profit before tax stood at Nu. 26.022 million and comprehensive income at Nu. 27.603 million.

Despite returning to profitability, dividend payments remain unfeasible at present due to accumulated losses of Nu. 595.527 million and continuing repayments of NPPF and inter-corporate loans. Nevertheless, cost-effective inter-corporate loans continue to

support ongoing projects and capacity-building initiatives, which should continue to improve the company's ability to generate distributable returns over time.

To position itself for future hydropower development opportunities, BHSL implemented a five-year investment plan. During the year, two additional rolling machines, a forklift, gantry cranes, and winches were procured for ongoing SHPP Phase II works. The establishment of a fabrication workshop at the Druk Bindu project site is underway to support ferrule fabrication for the Druk Bindu I and II projects. The procurement of an MX5 boring machine is also progressing and is expected to improve production efficiency toward international benchmarks.

The operational performance remained broadly stable in 2025 at 97.47% against a target of 97.94%, a slight increase of 0.47% from 2024. Employee utilisation was 89.08% compared with 110% in 2024, while asset utilisation improved significantly to 132,637 hours from 99,144.92 hours in 2024. BHSL nevertheless continues to face challenges relating to long-term financing, reliance on external consultancy for design and engineering, and a shortage of qualified welders. The management remains focused on addressing these constraints while strengthening the company's role in supporting Bhutan's hydropower ambitions.

Dagachhu Hydropower Corporation (DHPC)

DHPC recorded a revenue of Nu. 1,353.992 million in 2025 from the sale of 364.95 GWh of electricity to Tata Power Trading Company (TPTCL). The actual export after transmission losses amounted to 329.713 GWh, generating Nu. 1,139.97 million in revenues, with the balance sold through upside sharing, best-effort, and deviation settlement mechanisms. The total revenue declined by 6.48% from Nu. 1,447.801 million in 2024, due mainly to the unprecedented flood of 5 October 2025, which caused substantial structural and infrastructure damage that brought the power plant to a total shutdown for the rest of the year. The event materially affected power plant availability (PPA) and water utilisation factor (WUF), which declined to 85.24% and 71.42%, respectively, compared with pre-flood levels of 99.75% and 99.99%, highlighting the severity of the disruption.

The total expenditure increased by 7% from Nu. 1,047.935 million in 2024 to Nu. 1,120.893 million in 2025. While finance charges, operation and management expenses, and operation and maintenance expenses decreased, foreign exchange losses rose significantly from Nu. 87.05 million in 2024 to Nu. 175.145 million in 2025. Depreciation expense remained broadly unchanged.

The company fully liquidated the loans from NPPF and the RZB Euro loan as of January 2025, leaving only outstanding loans with ADB OCR and ADB/MoF. While retained earnings of Nu. 121.868 million were recorded; no dividend payouts are expected, considering the restoration works post the October 2025 floods.

DHPC has also remained active on the climate finance front. The project was registered as a Clean Development Mechanism (CDM) project under the United Nations Framework Convention on Climate Change and has generated certified emission reductions since commissioning. With the transition of international carbon mechanisms under the Paris Agreement, DHPC completed its transition to the Article 6.4 mechanism, thereby preserving continuity in its carbon crediting framework and aligning Bhutan's hydropower sector with the evolving global carbon market architecture.

Dorjilung Hydro Power Limited (DHPL)

DHPL was incorporated to develop the 1,125 MW Dorjilung Hydroelectric Power Project, a run-of-the-river scheme on the Kurichhu River in eastern Bhutan. The project forms an important pillar of Bhutan's long-term strategy to sustainably harness its hydropower potential for economic growth, export earnings, and deeper regional cooperation, particularly with India.

Dorjilung marks a significant milestone in Bhutan's renewable energy pipeline. The project is being jointly developed by DGPC and Tata Power, with the World Bank Group acting as lead financier. This combination of domestic capability, private-sector partnership, and multilateral financing is expected to provide a robust platform for the development of a world-class hydropower asset. The Investment cum Shareholders Agreement and the

Concession Agreement between RGoB and the promoters, DGPC and Tata Power, were signed on 21 November 2025.

Druk Hydro Energy Limited (DHyE)

DHyE was established to take forward the construction of the small hydropower projects. The construction of the 18 MW Suchhu Hydropower Plant in Sombaykha Gewog, Haa, was completed in February 2025, marking Bhutan's first small hydropower project under the Royal initiative. The project was completed in a record 27 months with full in-house design, engineering, and project management by DGPC and its subsidiaries. Beyond adding generation, the project strengthens supply to remote regions and builds domestic technical capacity in small hydro development. The other two projects under SHPP Phase I - the 32 MW Yungichhu in Lhuentse and the 54 MW Burgangchhu in Zhemgang - are expected to be completed and commissioned during March-April 2026. The construction of the SHPP Phase II projects - 26 MW Druk Bindu I & II in Tendruk Gewog, Samtse; 54 MW Gamri I and Bamukparongchhu Integrated HPP in Sakteng Gewog, Trashigang; and 90 MW Jomori HPP in Lauri and Serthi Gewogs, Samdrup Jongkhar - is progressing as planned. The construction of the 25 MW Begana Integrated Multipurpose HPP in Kawang Gewog, Thimphu, is expected to commence in the first part of 2026.

To date, DHyE has received equity investment of Nu. 2,857.50 million from DGPC and secured loans of Nu. 8,476.025 million from a consortium of financial institutions, including the SBI, OPEC Fund and JICA. This financing base provides an important platform for the delivery of the emerging small hydropower portfolio.

Khorlochhu Hydro Power Limited (KHPL)

KHPL moved decisively forward during the year from project preparation into full-scale construction execution. The strategic partnership with India's Tata Power was firmly established, and key foundational agreements were concluded, including the activation of five civil contract packages in January 2025. One of the year's major milestones

Bhutan Automation & Engineering Limited

Revenue (2025)	Profit After Tax
Nu. 313.93 M	Nu. 62.04 M

From Nu. 49.0 M in 2024

- Secured automation and SCADA contracts worth Nu. 115 million
- Continued strong demand despite deferred projects
- Recruitment initiated to strengthen technical capacity

Bhutan Hydropower Services Limited

Revenue (2025)	Profit Before Tax
Nu. 1,029.811 M	Nu. 26.022 M

From Nu. 39.11% from 2024

- Growth driven by SHPP hydro-mechanical works
- Invested in fabrication workshop and machinery
- Operational performance remained stable at 97.47%

Dagachhu Hydro Power Corporation Limited

Revenue (2025)
Nu. 1,353.992 M
Generated 364.95 GWh
PPA: 85.24% | WUF: 71.42%
(impacted by Oct 2025 flood)

- Operations impacted by October 2025 flood
- Plant availability reduced to 85.24%
- Transitioned to Article 6.4 carbon mechanism

Dorjilung Hydro Power Limited

Developing
1,125 MW Dorjilung HPP
on the Kurichhu River

- Joint venture between DGPC and Tata Power
- Supported by World Bank Group financing
- Major agreements signed in November 2025

was the signing of the Loan Facility Agreement and Security Trustee Agreement with India's Power Finance Corporation on 28 September 2025, securing INR 57,793 million and providing the financial underpinning for uninterrupted construction. The financing package comprises a primary Rupee-term loan facility of INR 48,293 million and a standby credit facility of INR 9,500 million.

In response to Board direction, the project management team reassessed the construction schedule, and the project is now on a 54-month schedule. The contractors have also been brought to this revised 54-month target schedule.

The physical progress stood at 9.25% against a planned 12.31%, with the shortfall attributable primarily to adverse geological conditions that differed from those envisaged in the DPR. Rock Class IV and Class V conditions, characterised by highly fractured and weak rock masses requiring intensive support, were encountered at several tunnelling fronts, including the diversion tunnel inlet, adits II, III, IV, and VI to the headrace tunnel, and adits I and II to the intermediate pressure shafts. These conditions materially required extended excavation cycles and necessitated more extensive support than originally planned. In response, the project team undertook a detailed analysis of tunnelling cycle times and introduced process improvements, including the use of lattice girders in place of structural ribs, which helped reduce cycle durations. The hydro-fracture tests at the powerhouse caverns also enabled design rationalisation that is expected to enable faster progress in subsequent stages.

Some delays also arose from equipment mobilisation, supply chain disruption, and manpower. However, targeted mitigation measures are being implemented to ensure project delivery on schedule.

Tangsibji Hydro Energy Limited (THyE)

Nikachhu Hydropower Plant generated 560.807 GWh of energy in its second year of operation since commissioning in January 2024. Of this, 350.136 GWh was exported to India, and 132.568 GWh was supplied to the domestic market. Revenue arising from

Druk Hydro Energy Limited

18 MW Suchhu HPP completed in Feb 2025
Bhutan's first SHPP under Royal Initiative

- Bhutan's first SHPP under Royal Initiative
- SHPP Phase I & II projects progressing nationwide
- Secured loans exceeding Nu. 8.47 billion

Khorlochhu Hydro Power Limited

Secured financing of
INR. 57,793 M
from PFC
Physical Progress: 9.25%
(Planned: 12.31%)

- Loan agreement signed with PFC India
- Construction moved into full-scale execution
- Geological challenges being actively managed

Tangsibji Hydro Energy Limited

Energy Generated (2025)
560.807 GWh
Plant Availability (PPA)
97.26%
Profit After Tax
Nu. 549.234 M

- Strong plant availability of 97.26%
- Significant retained earnings recorded
- Continued infrastructure and monitoring upgrades

Wangchhu Hydroelectric Power Limited

570 MW Wangchhu Hydroelectric Project
Special Purpose Vehicle incorporated on
15 Oct 2025

- Incorporated in October 2025
- Jointly developed by DGPC and Adani Power
- Key shareholder and concession agreements signed

generation at Mangdechhu due to diversion of Nikachhu tailwater continues to be shared equally between the two plants. Plant availability (PPA) was 97.26%, and water utilisation factor (WUF) was 100%, reflecting sound operational performance in the plant's early years.

THyE earned gross income of Nu. 2,583.675 million in 2025, comprising Nu. 2,570.879 million from electricity sales, Nu. 12.478 million from interest on fixed deposits, and Nu. 0.316 million from other income. Total expenditure amounted to Nu. 1,672.485 million, including Nu. 642.606 million for debt servicing, Nu. 550.847 million for depreciation and amortisation, Nu. 247.299 million for foreign exchange losses, Nu. 85.651 million for wheeling charges, Nu. 41.048 million for industrial all-risk insurance, and Nu. 10.164 million for running and maintenance expenses, and fees paid to ERA, BPSO, and others. The profit after tax amounted to Nu. 549.234 million. Following prior-period adjustments, the retained earnings of Nu. 1,315.299 million were recorded, which is proposed to be utilised for the buy-back of shares.

During the year, design, engineering, procurement, and manufacturing for the extension of the control and monitoring system from the Nikachhu powerhouse to the Mangdechhu dam top were completed, with partial dispatch of materials to the site. The tele-protection system and MPLS-TP equipment were tested and commissioned in coordination with BPSO, and remedial works for slope stabilisation at the dam and powerhouse portal, as well as rock-fall protection works, were completed.

Wangchhu Hydroelectric Power Limited (WHPL)

The 570 MW Wangchhu Hydroelectric Project is a major renewable energy initiative under Bhutan's REDR. Located under Chhukha Dzongkhag in south-western Bhutan, the project lies downstream of the existing Tala Hydropower Plant and harnesses the perennial snow-fed flows of the Wangchhu River. The project is aligned with Bhutan's long-term objectives for sustainable energy development and regional power cooperation. WHPL was incorporated as a special-purpose vehicle on 15 October 2025 to develop and implement the project.

The Investment cum Shareholders Agreement and the Concession Agreement between RGoB and the promoters - DGPC and Adani Power - were signed on 5 September 2025, providing the commercial and legal foundation for project advancement.





HUMAN RESOURCES DEVELOPMENT

DGPC's human resources and administration function is committed to strengthening organisational capability, supporting employee development, and addressing critical talent requirements to deliver the Company's expanded mandate and Bhutan's energy future.

The strategic focus of DGPC's human resources and administration function remains on strengthening organisational capability, supporting employee development, and addressing critical talent requirements needed to deliver the Company's expanded mandate. This is particularly important given the national ambition to add 20,000 MW of generation capacity by 2040. The Board and management recognise that delivery of this agenda will depend fundamentally on the depth, quality, and resilience of DGPC's human capital base.

DGPC's workforce has grown from 899 employees at inception in 2008 to 1,885 employees as of 31 December 2025. The current composition comprises 1,357 male employees (71.9%) and 528 female employees (28.1%). During 2025, DGPC recruited 133 new employees, strategically expanding its talent pool to support the broadened mandate and a robust project pipeline.
To leverage specialist expertise and fulfil shareholder responsibilities, DGPC continues to deploy personnel on deputation or transfer to subsidiary companies and hydropower and solar projects under construction. As of year-end 2025, 384 employees were serving in various such assignments. In parallel, the Company maintained a broad-based learning and development programme focused on strengthening technical competencies, building a culture of continuous learning, improving awareness of emerging technologies and contemporary financial and management practices, and addressing critical skills gaps. During the year, DGPC conducted 153 learning and development initiatives with 1,108 employees participating in training programmes, workshops, seminars, and conferences in Bhutan and abroad.

DGPC also supported 20 employees pursuing long-term studies, including seven employees who received full DGPC scholarships for undergraduate engineering degrees and diploma programmes in Bhutan. The total expenditure on human resources development during the year amounted to Nu. 30.668 million. 95 employees separated from DGPC, including 73 voluntary resignations, and the attrition rate improved marginally from 4.79% in 2024 to 3.87% in 2025. While encouraging, talent attraction and retention remain a priority for the management, given the scale of its current operations and the expanded future projects in the pipeline.

The management and organisational structures are being urgently reviewed for implementation to ensure better productivity and enhance the delivery of services within the fast-evolving framework of a shortage of critical management and technical expertise.



STRENGTHENING ORGANISATION FOR THE FUTURE

The management and organisational structures are being urgently reviewed for implementation to ensure better productivity and enhance the delivery of services within the fast-evolving framework of a shortage of critical management and technical expertise.

- Reviewing management and organisational structures
- Improving productivity and operational efficiency
- Enhancing service delivery in a dynamic and resource-constrained environment

CORPORATE SOCIAL RESPONSIBILITY

CSR remains integral to DGPC's vision and mission. We strive to enhance the social, spiritual and environmental well-being of communities around our projects and other communities we engage with.



CSR strengthens social licence, trust and long-term community partnership.

It creates lasting value by supporting social cohesion and reinforcing DGPC's standing as a responsible corporate citizen.

DGPC employees actively participate in volunteer programmes for the Gelephu Mindfulness City.

CSR FOCUS AREAS IN 2025

RELIGIOUS INITIATIVES
Support for religious sites, monasteries and spiritual programmes.

WASTE MANAGEMENT
Promoting clean environment through waste management and clean-up activities.

COMMUNITY SUPPORT
Financial support and assistance to local communities around DGPC power plants.

Nu. 25 million

Allocated for CSR activities in 2025.

Employee Engagement

Active participation in volunteer programmes for GMC.

CSR is not an ancillary activity but an important element of DGPC's social mandate and institutional legitimacy.

Corporate social responsibility (CSR) remains integral to DGPC's vision and mission. The Company's CSR initiatives are intended to make meaningful contributions to the social, spiritual, and environmental well-being of communities residing near its power plants and projects, as well as other communities with which DGPC engages. In a business such as hydropower, social licence, trust, and long-term community partnership are critical foundations of sustainable operations.

Although certain CSR activities may not align directly with DGPC's core commercial operations, they nonetheless create value over time, both tangible and intangible, by strengthening goodwill, supporting social cohesion, and reinforcing the Company's standing as a responsible corporate citizen. The Board therefore views CSR not as an ancillary activity but as an important element of DGPC's broader social mandate and institutional legitimacy.

DGPC set aside Nu. 25 million for CSR activities in 2025. The majority of the budget was directed toward religious initiatives, waste management, and financial support to local communities around DGPC power plants. During the year, DGPC employees also continued to participate in volunteer programmes for the Gelephu Mindfulness City.

CORPORATE GOVERNANCE AND BOARD OVERSIGHT

Strong corporate governance is fundamental to effective management, disciplined execution, integrity in decision-making, and transparency in stakeholder relations. The Board of Directors remains committed to upholding these principles and to ensuring that DGPC's governance arrangements continue to be commensurate with the Company's growing scale, strategic complexity, and public importance.



5 BOARD MEETINGS

The Board met five times during the year, consistently meeting quorum requirements and providing oversight on strategic, financial, operational, and governance matters

BOARD COMMITTEES

BOARD AUDIT COMMITTEE
3 meetings

BOARD-LEVEL TENDER COMMITTEE
3 meetings

BOARD HR COMMITTEE
5 meetings

These committees strengthened scrutiny, improved the quality of decisions, and reinforced accountability

STRATEGIC OVERSIGHT

The Board deliverated on major issues affecting the company and issued timely directives to support sound decision-making and continuity of operations.

Through the combined efforts of the Board and management, DGPC continued to navigate a complex operating environment, reinforce governance structures, and sustain business continuity while advancing the Company's strategic agenda.

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During the year, the Board met five times, consistently meeting quorum requirements and providing oversight on strategic, financial, operational, and governance matters. The Board deliberated on major issues affecting the Company and issued timely directives to support sound decision-making and continuity of operations.

The Board was supported by specialised committees that provided deeper oversight and focused review of key areas. The Board Audit Committee and the Board-Level Tender Committee each met three times during the year, while the Board HR Committee met five times. These committees played an important role in strengthening scrutiny, improving the quality of decisions, and reinforcing accountability in their respective mandates.

Through the combined efforts of the Board and management, DGPC continued to navigate a complex operating environment, reinforce governance structures, and sustain business continuity while advancing the Company's strategic agenda.

RISK MANAGEMENT

Effective risk management remains a critical pillar of DGPC's operating model. It enables the Company to identify, assess, and respond to risks in a structured manner while protecting shareholder interests, supporting sustainable growth, and ensuring compliance with environmental, safety, and regulatory requirements. In a sector characterised by long investment cycles, hydrological uncertainty, construction risks, and evolving market and policy conditions, risk management is integral to resilience.

DGPC's Risk Management Manual provides a comprehensive framework aligned with global good practice in corporate governance. The framework is designed to strengthen resilience across operations and projects, improve preparedness for adverse events, and support informed decision-making. Through ongoing risk assessment and mitigation throughout the year, DGPC remained well-positioned to navigate a dynamic operating environment and capture emerging opportunities where appropriate.

The Tala dam overtopping has been a critical learning experience on the impacts of the hazards due to global warming and climate change. DGPC is implementing mitigation measures for the immediate recovery and long-term sustenance of its hydropower assets through the introduction of new technologies and automation systems, better coordination with other related entities, with emphasis on safety and management of emergencies, and improving hydrological and flood forecasting capabilities.

CHALLENGES AND STRATEGIC RESPONSES

DGPC has made substantial progress in hydropower expansion, renewable energy development, and international collaboration, thereby reinforcing its commitment to Bhutan's long-term energy security. The sector, however, continues to evolve rapidly, and the Company faces strategic and operational challenges that require active management and sustained institutional focus.

A key challenge remains the mobilisation of adequate financing for large-scale hydropower projects, given their long gestation periods and significant capital requirements. While Bhutan has considerable hydropower potential, financing constraints can affect project timing, implementation risk, and ultimately national energy security. DGPC is addressing this challenge by diversifying financing options, including the pursuit of public-private partnerships, blended finance, concessional facilities, capital-market instruments, and other innovative funding structures suited to long-life infrastructure assets.

Timely decision-making and stakeholder coordination are similarly critical to project execution. Extended deliberations among government agencies, financiers, and strategic partners can delay feasibility studies, approvals, and implementation schedules, with attendant cost escalation risk. DGPC continues to work toward more efficient coordination, stronger stakeholder alignment, and more streamlined approvals in order to accelerate project delivery without compromising quality or due process.

Talent retention and specialist capability development remain another priority. Attrition of experienced personnel continues to create gaps in expertise critical to plant operations, project management, and engineering delivery. In response, DGPC is strengthening capacity-building programmes, retention strategies, leadership development, and succession planning to ensure that the organisation continues to build a workforce capable of supporting both current operations and future expansion. Ageing infrastructure also requires sustained attention. Several operating plants require increasing maintenance and targeted modernisation in order to preserve reliability and manage lifecycle costs. DGPC is therefore prioritising plant modernisation, deployment of new technologies, and long-term maintenance planning. At the same time, climate change is affecting hydrology and asset performance, requiring stronger adaptation measures, improved water resource management, and more climate-resilient infrastructure planning.

As the group structure expands, effective management of subsidiaries and alignment with DGPC's overall strategic direction becomes increasingly important. Strengthening governance, clarifying accountabilities, improving coordination, and optimising synergies across entities will be central to improving group-wide performance. Notwithstanding these challenges, DGPC remains well placed to support Bhutan's energy future through disciplined execution, innovation, strategic partnership, and continued investment in human capital and infrastructure.

RISK MANAGEMENT

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DGPC's Risk Management Manual provides a comprehensive framework aligned with global good practice in corporate governance.

Through ongoing risk assessment and mitigation throughout the year, DGPC remained well-positioned to navigate a dynamic operating environment and capture emerging opportunities.

The Tala dam overtopping has been a critical learning experience on the impacts of global warming and climate change. DGPC is implementing mitigation measures for immediate recovery and long-term sustenance of its hydropower assets through:

- **Introduction of new technologies and automation systems**
- **Better coordination with related entities**
- **Emphasis on safety and emergency management**
- **Improved hydrological and flood forecasting capabilities**

STATUARY AUDIT REPORT

In accordance with the Companies Act of Bhutan, 2016, the Royal Audit Authority (RAA) appointed M/s Dilli Yok Associates, Thimphu, as the Statutory Auditor of DGPC for 2025.

The firm conducted the statutory audit of DGPC's accounts from 12 January to 26 February 2026, covering all power plants and the corporate office, including the material management section at Phuentsholing.

The audit was conducted in accordance with the auditing standards prescribed by the Accounting and Auditing Standards Board of Bhutan (AASBB), the general terms of reference for auditors, and the minimum audit reporting requirements prescribed by the RAA under Section 266 of the Companies Act of Bhutan, 2016.

DGPC's standalone financial statements were prepared in full compliance with Bhutanese Accounting Standards (BAS) 2020 and relevant interpretations issued by AASBB, to the extent applicable to companies reporting under BAS, together with the provisions of the Companies Act of Bhutan, 2016. The financial statements have been prepared on the historical cost convention and on an accrual basis, except where otherwise stated.

The audit exit meeting among the Statutory Auditor, RAA, and DGPC was conducted on 11 March 2026.

Auditors' Report

The Annexure to the Auditors' Report for 2025 has no observations or recommendations. The Company has complied with all applicable requirements under Section 266 of the Companies Act of Bhutan, 2016, and all prior-year audit recommendations have been fully implemented.



DISCLOSURE OF COMPENSATION TO THE BOARD OF DIRECTORS & MANAGEMENT

In accordance with the Companies Act of Bhutan, 2016, the remuneration of the Board of Directors and the Managing Director for 2025 vis-à-vis 2024 is disclosed below:

SN	Remuneration	2025	2024
1.	Board Directors (Sitting Fees other than for the Managing Director)	0.62	0.47
2.	Managing Director (Remuneration and Sitting Fee)	6.40	5.98

ACKNOWLEDGEMENTS

The Board of DGPC extends its sincere appreciation to the Royal Government of Bhutan, Druk Holding and Investments Limited, the Ministry of Energy and Natural Resources, the Ministry of Finance, the Electricity Regulatory Authority, the Corporate Regulatory Authority, the Department of Environment and Climate Change National Environment Commission, and all other key stakeholders for their steadfast support, which continues to be instrumental to the Company's success and strategic progress.

The Board also expresses its gratitude to the Managing Director, the DGPC management team, employees, and subsidiary companies for their dedication and valuable contribution to the Company's performance in 2025. As DGPC navigates a period of growth and transformation, the Board encourages the management to continue strengthening governance and management practices so that the Company remains well-positioned to fulfil its mandate and sustain its role as a leading institution in Bhutan's power sector.
Tashi Delek!

For and on behalf of the Board,

Karma Tshering
(Chairperson)

CORPORATE GOVERNANCE REPORT

The company remains committed to maintaining high standards of corporate governance practices based on accountability, transparency, ethical leadership, and long-term shareholder value creation.



COMPLIANCE
Companies Act of Bhutan 2016

ALIGNMENT
CG Code 2019

TRANSPARENCY
Statutory governance requirements

INTEGRITY
Best corporate governance practices

INTRODUCTION

- Committed to high standards of corporate governance practices.
- Following Companies Act of Bhutan 2016, CG Code 2019 and other statutory requirements.
- Adopted in the best interests of the company and its shareholders.

CORPORATE PURPOSE, STRATEGY & CULTURE

Our Vision, Missions and core values guide the development of hydropower projects for energy security and align with our corporate culture

VISION
Become a trusted leader in sustainable hydropower development

MISSIONS
Develop hydropower projects for national energy security.

CORE VALUES
- Integrity
- Accountability
- Teamwork
- Excellence

CULTURE
- Safety
- Innovation
- Collaboration
- Sustainability

BOARD COMPOSITION (As on December 31, 2025)

NAME OF DIRECTOR	POSITION	ORGANIZATION/ADDRESS	DATE OF APPOINTMENT
Dasho Karma Tshering	Non-Independent and Non-Executive	Secretary, MoENR	March 23, 2021, at the 14th AGM
Mr. Ujjwal Deep Dahal	Non-Independent and Non-Executive	CEO, DHI	March 29, 2024, at the 17th AGM
Mr. Josef M. Ullmer	Independent and Non-Executive	International Expert	March 29, 2024, at the 17th AGM
Mr. Basant Raj Chhetri	Independent and Non-Executive	CEO, Bhutan Professional Services	April 14, 2022, at the 15th AGM
Mr. Tshering Dorji	Non-Independent and Non-Executive	Director, DMFDF, MoF	March 28, 2025, at the 18th AGM
Ms. Dawa Chhoedron	Non-Independent and Non-Executive	Chief Engineer, DoE, MoENR	March 29, 2024, at the 17th AGM
Dasho Chhewang Rinzin	Non-Independent and Executive	Managing Director, DGPC	December 6, 2007, at the 1st AGM

BOARD DIRECTORS

BOARD SIZE & COMPOSITION

Total Directors	7
Executive Directors	1
Independent Directors	2
Non-Executive Directors	6

BOARD INDEPENDENCE

Atleast one-third of Directors retire by rotation at each AGM as per the Companies Act of Bhutan 2016.

Independent Directors contribute equally to decision-making and safeguard shareholder interests.

ROLE OF CHAIRPERSON

Dasho Karma Tshering, Secretary, MoENR, is the Chairperson of the Board.

- Provide strategic leadership
- Guide Board direction
- Ensure effective Board functioning
- Facilitate quality decision-making

BOARD & COMMITTEE MEETINGS

MEETING FREQUENCY IN 2025

5 BOARD MEETINGS

3 BOARD AUDIT COMMITTEE (BAC)

5 BOARD HR COMMITTEE (BHRC)

3 BOARD LEVEL TENDER COMMITTEE (BLTC)

ATTENDANCE AT MEETINGS

Name of Director	BM	BAC	BHRC	BLTC	AGM
Dasho Karma Tshering	5/5		4/5		1/1
Mr. Ujjwal Deep Dahal	4/5		5/5	2/3	1/1
Mr. Basant Raj Chhetri	4/5	2/3		3/3	1/1
Ms. Josef M. Ullmer	5/5		5/5		1/1
Ms. Dawa Chhoedron	4/5	1/3		3/3	1/1
Mr. Tshering Dorji	5/5	3/3			1/1
Dasho Chhewang Rinzin	4/5		5/5	3/3	1/1

DIRECTORS' TRAINING & DEVELOPMENT

- Comprehensive induction for newly appointed Directors.
- Updates on business, regulatory requirements and market trends.
- Directors' responsibilities and best practices in corporate governance.

Annual Directorship training conducted by DHI to enhance competency and strengthen governance across the group.

COMMUNICATION & SHAREHOLDER ENGAGEMENT

- Committed to transparent and accountable governance in line with DHI's CG Code.
- Shareholders informed on all matters affecting the company.
- Equal access to information and good faith principle.
- Responsive to shareholder feedback and address concerns.
- Shareholders exercise their rights through the Annual General Meeting.

MECHANISM TO ENSURE INDEPENDENT VIEWS

- At least one-third of Directors are independent as per the Companies Act of Bhutan.
- Independent Directors have equal status and contribute actively.
- All major decisions are made in consultation with the Board and relevant committees.

Independence | **Balance** | **Accountability**

EXECUTIVE MANAGEMENT

The CEO and Management are responsible for:

- Executing Board directives
- Establishing and maintaining internal controls
- Administering operations efficiently
- Reporting critical issues to the Board

BUSINESS CODE OF CONDUCT

- Upholding the highest standards of ethical behaviour in all business activities.
- The Code of Conduct sets out DGPC's values, responsibilities and ethical obligations.

- Guide employees for day-to-day decision making.
- Encourage discussions of ethics and compliance.
- Empower employees to handle ethical dilemmas.
- Provide reference for policies, services and ethical resources.

GOVERNANCE COMPLIANCE MECHANISM

Maintains a compliance checklist to evaluate adherence to governance requirements.

Continuous commitment to comply with laws and regulations.

Laws and regulations communicated and reviewed regularly.

Subsidiary companies required to follow same governance standards as the parent company.

KEY FOCUS AREAS

- Board oversight
- Governance standards
- Transparency & disclosure
- Risk management
- Ethical operations
- Long-term sustainability

INTERNAL CONTROL & RISK MANAGEMENT

Identifying, assessing and mitigating risks are essential for safeguarding shareholder interests and ensuring sustainable growth.

RISK MANAGEMENT PROCESS

IDENTIFY — Recognize Risks → **ASSES** — Evaluate Impact → **MITIGATE** — Develop Action Plan → **MONITOR** — Review & Improve Continuously

Key risks recorded in a Risk Register | Reviewed annually | Reviewed by the Board | Submitted to the Shareholder

EVALUATION OF BOARD OF DIRECTORS & CEO

CEO PERFORMANCE EVALUATION

- Decision-making & interpersonal skills
- Employee engagement & development
- Relationship with the Board
- Integrity & ethical code
- Visioning & strategic planning

Annual confidential online survey

BOARD PERFORMANCE EVALUATION

Professional & ethical attributes

- Dedication & preparedness
- Teamwork
- Contribution

Annual online survey based on established criteria

PROFESSIONAL TEAM



DR. LHENDUP NAMGYAL

General Manager, Hydropower Research & Development Centre

- Over 20 years in hydropower engineering, research, and technical services.
- Leads Hydropower Research & Development Centre (HRDC) at DGPC (since 2015).
- Former Head, Centres of Excellence (CoEVaTA & CoEGIcs); extensive experience in dam safety, hydro-mechanical systems, condition monitoring, and applied research.
- PhD Mechanical Engineering, University of New Brunswick, Canada | MScE Mechanical Engineering, University of New Brunswick | BE Mechanical Engineering, SVRCET, India.



TSHERING WANGCHUK

General Manager, Human Resource & Administration

- Over 10 years in human resource management and corporate strategy.
- Leads HR & Administration functions at DGPC (since 2025).
- Former Manager, Strategic Planning & Analysis; Head, Employee Performance Management and HR & Admin Division; experience in corporate planning, performance management, and policy development.
- MSc Engineering (Technology Management), Seoul National University | BBA, Gedu College of Business Studies.



SONAM CHOEDEN

General Manager, Finance & Accounts

- Over 10 years in finance and accounting within the hydropower sector.
- Leads Finance & Accounts Division under the Finance & Investments Department.
- Former Chief Financial Officer (Construction) and Interim Head, Finance Unit (O&M), Mangdechhu Hydroelectric Project Authority.
- ACCA (UK) | PGCFM, Royal Institute of Management | B.Com (Hons), Sherubtse College.



TSHERING LHAMO

General Manager, Office of the Company Secretary & General Counsel

- 16+ years in legal, governance, and compliance
- Advises boards and leads corporate governance frameworks
- Expert in cross-border transactions, joint ventures, and regulatory affairs
- Experienced in energy sector legal strategy and stakeholder engagement



DHANJIT SINGER

General Manager, Druk Green Consultancy

- Over 10 years in hydropower planning, design, and project management.
- Leads consultancy services for hydropower and solar project development at DGPC (since 2025).
- Former Executive Engineer & Project Manager; experience in feasibility studies, DPR preparation, infrastructure design, and project implementation across multiple hydropower projects.
- Master of Engineering Studies (Civil), University of Auckland | BE Civil Engineering, College of Science and Technology, RUB.



YOUNTEN JAMTSHO

Director, Tala & Chhukha Hydropower Plants

- Over 30 years in hydropower operations, maintenance, and engineering.
- Leads Tala & Chhukha Hydropower Plants as Director (since 2025).
- Former Plant Head, Tala Hydropower Plant; Head, O&M Circle and Maintenance Division; extensive experience in plant operations, major refurbishment, commissioning, and reliability enhancement of hydropower systems.
- BE Electrical & Electronics Engineering (REC Warangal, India) | Diploma & Certificate in Electrical Engineering (Bhutan).



KARMA PHUNTSHO

General Manager, O&M Services Centre

- Over 23 years in hydropower implementation, operations & maintenance, and energy sector development.
- Leads O&M Services Centre under the O&M Department, providing centralized services to hydropower and renewable energy assets.
- Experience in managing Dagachhu, Nikachhu, and Suchhu hydropower plants; also involved in energy trading and clean development mechanism initiatives.
- MSc Energy, Asian Institute of Technology, Thailand | BE Electrical & Electronics Engineering, University of Kerala, India.



SHERAB DORJI

General Manager, Kurichhu Hydropower Plant

- Over 14 years of experience in hydropower operations, maintenance, and research.
- Leads Kurichhu Hydropower Plant as General Manager (since 2024).
- Former O&M Manager, Head of Mechanical Maintenance Unit, and Executive Engineer at the Hydropower Research and Development Centre; extensive experience in plant operations, maintenance planning, reliability enhancement, root cause analysis, and renewable energy research.
- MEng in Renewable Energy, College of Science and Technology, Bhutan | BE in Mechanical Engineering, Visvesvaraya Technological University, India.



UGYEN NAMGYEL

Interim General Manager, Mangdechhu Hydropower Plant

- Over 16 years of experience in hydropower construction, operations, and maintenance.
- Leads the 720 MW Mangdechhu Hydropower Plant as Interim General Manager (since 2025).
- Former Manager, Maintenance Section; Head, Electrical Maintenance Unit; and Project Manager for the successful restoration of Generator No. 3. Played a key role in the construction, commissioning, operation, and maintenance of the Mangdechhu Hydropower Project.
- BE in Electrical Engineering, College of Science and Technology, Royal University of Bhutan.

FINANCIAL REPORT

DGPC Annual Report 2025

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

To the Members of Druk Green Power Corporation Limited ("DGPCL"):

Opinion

We have audited the standalone financial statements of **Druk Green Power Corporation Limited ("the Company")**, which comprise the Statement of Financial Position as at 31 December 2025, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the audit of the financial statements, we have not found any significant issues to be reported under this Para.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with BAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 statements.

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. Our responsibilities are to:

i. Identify and assess the risks of material misstatement of the financial statements, 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

iv. 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 going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit 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; and

v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as a separate section *"report on minimum audit examination requirements"*

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

a. We have obtained all the 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 in so far as it appears from our examination of those books;

c. The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and

d. Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

For Dilli Yok & Associates
Chartered Accountants
Firm Regn No. CRC2625

Partner
CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026

DGPC Annual Report 2025

REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks and test verification of accounts and records as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of the property, plant & equipment in the assets register maintained in SAP to show full particulars including quantitative details and situation of the PPE. The assets have been physically verified by the respective committee members during the year in a periodical manner.

2. The company continues to follow the cost model for the valuating its fixed assets, as such there was no requirement for the revaluation of any fixed assets.

3. The company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs and heads of accounts, commensurate with the size and nature of its business.

4. Procedures of physical verification of inventories (stores and spares) followed by the management are generally adequate and reasonable in relation to the size of the company and the nature of its business;

5. The company has a procedure to determine unserviceable or damaged stores. Provisions have been made in accounts for loss arising out of obsolescence of such stores and spare parts;

6. The Company has reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs.

7. In our opinion and according to the information and explanations given to us, the company is engaged in generation of electricity, quantitative reconciliation is carried out in respect of inventories.

8. In our opinion and according to the information and explanations given to us, obsolete, damaged, slow moving, and surplus goods/inventories has been determined and adequate provisions are made.

9. As of December 31, 2025, the company has disposed of the majority of its obsolete inventory items, with only a few balances items is remaining. The management remains committed to exploring alternative strategies and will continue its efforts to dispose of the remaining obsolete inventory in the coming year.

10. In our opinion and according to the information and explanations given to us, the Company has a system of obtaining approval of Board/appropriate authority for writing off amounts due to material loss/discrepancies in physical/ book balances of inventories including stores and spares.

11. In our opinion, the valuation is fair and proper in accordance with the normally accepted accounting principles. The basis of valuation of inventory is the same as in the preceding year. However, there were some errors during previous year on Net Realisable Value (NRV) and same is not corrected in the SAP system during the current year, for more details see management appraisal report. As submitted in the Management Appraisal Report, the issues relating to Net Realisable Value (NRV) observed in the previous year will be addressed during the implementation of RISE with SAP, which is expected to strengthen system controls and improve the accuracy of inventory valuation going forward.

    Notwithstanding the above, in order to ensure the correctness of NRV recognition for the current year, the inventory items were first generated from the NRV report and subsequently cross-checked with the inventory balances reflected in SAP T-Code MB5B, which is a standard report in SAP used to verify inventory balances. The inventory quantities and values were reconciled with the system balances to ensure accuracy.

    Further, purchase orders that had been placed in foreign currency but were not converted into local currency were also reviewed and manually corrected. After completing these verification and correction procedures, the NRV recognition was carried out accordingly to ensure the accuracy of the valuation.

12. In our opinion and on the basis of information and explanations given to us, the rate of interest and the other terms and conditions of above loans are not prejudicial to the interest of the Company. The Company has secured loans of Nu. 40,903,274,935.09 highlighted under note 6c for long-term borrowing and other financial liabilities highlighted in note 10e amounting to Nu. 4,546,256,989.49

13. In our opinion and according to the information and explanations given to us, the Company has granted unsecured loan to intercorporate companies under the same management/group amounting to Nu. 1,956,321,000.00 (Previous year Nu. 1,823,857,901.92) as of current accounting period.

14. In our opinion and according to the information and explanations given to us, the loans/ advances granted to officers/staff are in keeping with the provisions of service rules and no excessive / frequent advances are granted and accumulation of large advances against particular individual is avoided.

15. In our opinion and according to the information and explanations given to us, the Company has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules, regulations, system and procedures.

16. In our opinion and according to the information and explanations given to us, there is a reasonable system of authorization at proper levels, and an adequate system of internal control commensurate with the size of Company and the nature of its business on issue of stores.

17. In our opinion and according to the information and explanations given to us, having regard to certain exceptions that some of item purchased are of special nature where suitable alternative sources of supply does not exist for obtaining comparable quotations thereof, there is an adequate system of competitive biddings, commensurate with the size of the Company and the nature of its business, for the purchase of goods and services including stores, plant and machinery, equipment and other assets.

18. (a) On the basis of reviewing the books of account and relevant records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not entered into any transaction for purchases and sale of goods and service made in pursuance of contracts or arrangements entered into with the director(s) or any other party(ies) related to the director(s) or with the Company or firms in which the director(s) are directly or indirectly interested except DHI & its subsidiaries, the details of which is duly disclosed in the Related party transactions in notes to accounts to the financial statements.

    (b) The examination of records does not reveal any transaction entered into by the Company which is prejudicial to the interest of the Company wherein directors are directly or indirectly interested.

19. To the best of our knowledge, no personal expenses of employees or directors have been charged to the account other than those payable under contractual obligation/in accordance with generally accepted practice;

20. In our opinion and according to the information and explanations given to us, there are unserviceable or damaged stores, which have been provided for in the books of account.

21. This clause is not applicable to the company.

22. This clause is not applicable to the company.

23. This clause is not applicable to the company.

24. In our opinion and according to the information and explanations given to us, the Company is regular in depositing rates and taxes, duties, royalties, and provident funds with the appropriate authorities.

25. In our opinion and according to the information and explanations given to us, there was no undisputed amount payable in respect of taxes, rates, duties, royalties, provident funds and other statutory deductions outstanding as on the last day of financial year.

26. This clause is not applicable to the company.

27. This clause is not applicable to the company.

28. In our opinion and according to the information and explanations given to us, the Company has a reasonable system of periodical review of tariffs and based on such review and considering the market and economic conditions, the tariff rates are determined and approved by the Electricity Regulatory Authority (ERA). Also, the Company has proper costing system for the purpose of fixation of tariff rates.

29. In our opinion and according to the information and explanations given to us, the credit sales policy of the Company is reasonable, and no credit rating of customers is carried out as the same is not applicable for the Company.

30. This clause is not applicable to the company.

31. In our opinion and according to the information and explanations given to us, the Company has reasonable system of continuous follow-up with debtors and other parties for recovery of outstanding amounts. Also age wise analysis is carried out for management information and follow up action.

32. In our opinion and according to the information and explanations given to us, the management of liquid resources particularly cash/bank and short-term deposits etc. are adequate and that excessive amount are not lying idle in non-interest-bearing accounts and withdrawals of loan amounts are made after assessing the requirement of fund from time to time and no excess amounts is withdrawn leading to avoidable interest burden on the Company.

33. In our opinion and according to the information and explanations given to us, the activities carried out by the Company are lawful and intra-vires the Articles of the Company.

34. In our opinion and according to the information and explanations given to us, the activities /investment decisions are made subject to prior approval of the Board and investments in new projects.

35. In our opinion and according to the information and explanations given to us, the Company has established effective budgetary control system.

36. This clause is not applicable to the company.

37. The details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including spouse(s) and child/children) if any, by the Company directly or indirectly are disclosed in the notes.

38. In our opinion and according to the information and explanations given to us, the management of the Company complies with the directives of the Board of Directors as we have not come across any such incidence where it is not complied.

39. In our opinion and according to the information and explanations given to us, the officials of the Company have not transmitted any price sensitive information which are not made publicly available, unauthorized to their relatives / friends/ associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion on the same and cannot independently verify the same.

40. In our opinion and according to the information and explanations given to us, proper records are kept for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities.

41. In our opinion and according to the information and explanations given to us, the Company has executed agreements properly and the terms and conditions of leases are reasonable.

Computerised Accounting Environment

1. The Company adopted SAP from June 1, 2011 as their system for accounting, payroll, inventory management, and personnel information/management. In our opinion, organizational and system development controls and other internal controls appears to be adequate relative to the size and nature of computer installation of the Company;

2. The Company appears to have adequate safeguard measures and backup facilities commensurate with the size and nature of computer installation;

3. Operational controls in the company are generally found to be adequate to ensure correctness and validity of input data and output information;

4. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate;

5. The Company has a Disaster Recovery Plan (DRP) in place commensurate with the size and nature of business of the Company.

General

1. **Going Concern Problems:** On the basis of the attached Financial Statements as at 31 December 2025 and according to the information and explanations given to us, the financial position of the company is healthy and we have no reason to believe that the Company is likely to become sick in the near future.

2. **Ratio Analysis:** Financial and Operational Ratio Analysis in respect of the Company are as given under ratio analysis section.

3. **Compliance with the Companies Act of Bhutan 2016:** The company has complied with the various provisions of the Companies Act of Bhutan 2016, details are under section **"compliance calendar & checklist."**

4. **Adherence to Laws, Rules and Regulations:** The audit of the Druk Green Power Corporation Limited is governed by the Companies Act of Bhutan 2016, Internal Service manual, and Bhutanese Accounting Standards. The scope of audit is limited to examination and review of the financial statements prepared by the management. During our audit, we have considered the compliance of the provisions of the said Act, rules and regulations as well as the Bhutanese Accounting Standards.

For Dilli Yok & Associates
Chartered Accountants
Firm Regn No. CRC2625

Partner
CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026

Statement of Financial Position as at December 31, 2025

Particulars	Note No.	31-Dec-25	31-Dec-24
ASSETS:			
Non- current assets			
Property, plant & equipment	3a	75,354,402,724.88	76,852,244,451.73
Intangible assets	3b	28,859,592.67	39,648,902.74
Right of Use Assets/Leasehold Properties	3c	24,186,791.85	25,257,163.98
Deferred tax asset	4	189,193,885.54	-
Investments in subsidiaries and joint ventures	5	19,804,338,665.49	19,804,338,665.49
Long-Term Investments	6a	2,239,418,286.61	689,262,296.90
Total non - current assets		**97,640,399,947.04**	**97,410,751,480.84**
Current assets			
Cash and cash equivalents	10c	1,617,676,571.56	9,375,086,204.29
Inventories	7	630,444,878.63	553,970,858.70
Short Term Investments	10a	12,786,817,407.81	1,510,645,609.81
Trade and other receivables	10b	6,131,954,482.61	7,093,693,875.30
Prepayments and advances	8	715,154,639.51	462,753,936.19
		21,882,047,980.12	**18,996,150,484.29**
Assets classified as held for sale	9	63,685,258.88	145,679,463.67
Total current assets		**21,945,733,239.00**	**19,141,829,947.96**
Total assets		**119,586,133,186.04**	**116,552,581,428.80**

Particulars	Note No.	31-Dec-25	31-Dec-24
EQUITY AND LIABILITIES:			
Equity			
Share capital	11	45,507,416,000.00	45,444,626,000.00
General reserves		12,226,974,267.68	9,571,934,643.57
Retained earnings		9,791,213,694.85	7,138,187,801.60
Other comprehensive income		73,717,033.73	46,632,068.30
Total shareholders' equity		**67,599,320,996.27**	**62,201,380,513.48**
Non- current liabilities			
Long- Term Borrowings	6c	41,008,203,095.28	43,859,464,441.00
Deferred tax liability	4	-	25,053,597.39
Employee benefit obligation	12	714,650,622.90	675,142,251.22
Lease Liability	6d	31,080,805.07	31,135,389.68
Other Non-current liabilities	6d	111,603,311.96	173,411,323.70
Total non-current liabilities		**41,865,537,835.21**	**44,764,207,002.94**
Current liabilities			
Trade and other payables	10d	1,666,919,768.44	1,681,044,763.56
Other financial liabilities	10e	4,546,256,989.49	4,804,016,688.92
Deferred lease liability	13	277,010.38	272,513.13
Other current liabilities	13	414,385,300.40	96,789,952.89
Current tax liabilities	14	3,439,584,961.85	2,944,049,193.86
Employee benefit obligation	15	53,850,324.00	60,820,800.02
Total current liabilities		**10,121,274,354.56**	**9,586,993,912.39**
Total liabilities		**51,986,812,189.77**	**54,351,200,915.32**
Total shareholders' equity & liabilities		**119,586,133,186.04**	**116,552,581,428.80**

For Dilli Yok & Associates

CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026
Place: Thimphu, Bhutan

For Druk Green Power Corporation

(Dasho Karma Tshering)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Namgyal)
Director, [FID]

Statement of Comprehensive Income for the year ended on December 31, 2025

Particulars	Note No.	31-Dec-25	31-Dec-24
INCOME			
Electricity revenue	16	24,904,370,118.83	22,532,957,472.85
Interest earned	17	252,760,599.68	130,277,632.15
Other income	18	527,767,437.41	726,878,448.30
		25,684,898,155.92	**23,390,113,553.30**
EXPENDITURE			
Wheeling charges		1,153,292,328.73	796,579,123.65
Insurance		358,893,493.18	360,795,280.18
Running and maintenance expenses	19	288,914,146.14	364,390,488.65
Employees' remuneration and benefits	20	1,552,209,053.52	1,489,788,823.34
Finance cost	21	2,317,810,714.00	2,692,536,402.50
Depreciation/amortisation		4,313,293,814.73	4,555,816,494.95
Other expenses	22	807,271,230.99	648,428,956.46
		10,791,684,781.29	**10,908,335,569.73**

Particulars	Note No.	31-Dec-25	31-Dec-24
Operating profit		**14,893,213,374.63**	**12,481,777,983.57**
Profit before tax		**14,893,213,374.63**	**12,481,777,983.57**
Tax expense	23		
Current tax		4,583,388,145.23	3,813,753,436.58
Deferred tax		-214,247,482.93	24,654,405.94
Income Tax for earlier years		16,297,930.33	1,102,651.09
		4,385,438,592.63	3,839,510,493.61
Profit for the year		**10,507,774,782.00**	**8,642,267,489.96**
Other comprehensive income:			
Remeasurements of post-employment benefit obligations		27,084,965.43	46,632,068.30
Total other comprehensive income for the year		**27,084,965.43**	**46,632,068.30**
Comprehensive income for the year		**10,534,859,747.43**	**8,688,899,558.26**

For Dilli Yok & Associates

CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026
Place: Thimphu, Bhutan

For Druk Green Power Corporation

(Dasho Karma Tshering)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Namgyal)
Director, [FID]

Statement of Cash flows for the year ended on December 31, 2025

Particulars	31-Dec-25	31-Dec-24
Cash flows from operating activities		
Profit before taxation	14,893,213,374.63	12,481,777,983.57
Adjustment for:		
Actuarial gains (losses)	27,084,965.43	46,632,068.30
Depreciation / amortisation	4,313,293,814.73	4,555,816,494.95
Foreign exchange loss	193,374,631.77	92,300,776.85
Loss/(gain) on sale of property plant & equipment	61,153,826.12	24,905,386.60
Investment income	-252,760,599.68	-130,277,632.15
Dividend income	-177,282,409.00	-132,570,799.13
Interest expenses	2,317,810,714.00	2,692,536,402.50
(Increase)/decrease in trade receivables and other receivables	716,156,728.69	-2,326,208,143.62
(Increase)/decrease in inventories	-76,474,019.93	-62,234,010.79
(Increase)/decrease in prepayments and advances	-252,400,703.32	-188,182,687.48
(Increase)/decrease in assets classified as held for sale	81,994,204.79	-5,013,280.98
Increase/(decrease) in trade and other payables	-14,124,995.12	520,241,731.24
Increase/(decrease) in other current liabilities	317,322,834.38	-5,358,535,433.39
Increase/(decrease) in other Non-current liabilities	-204,546,713.33	-187,784,147.30
Increase/(decrease) in employee benefit obligation	32,537,895.66	63,186,483.69
(Increase)/Decrease in Other asset	-	92,385,925.00
Cash generated from Operation	**21,976,353,549.82**	**12,178,977,117.86**
Income tax paid	-4,104,150,307.58	-2,545,172,828.70
Net cash from operating activities	**17,872,203,242.24**	**9,633,804,289.16**
Cash flows from investing activities		
Purchase of PPE & intangibles assets	-2,857,862,912.05	-48,779,056,229.89
Acquisition of PPE-ROU Asset	136,077,807.66	191,948,337.89
Payment for investments in subsidiaries and joint ventures	-	-654,149,478.89
Proceeds from held-to-maturity investments (Fixed Deposits)	-12,700,000,000.00	1,242,040,971.40
Interest received	126,432,811.97	359,447,153.02
Dividend received	177,282,409.00	132,570,799.13
Net cash used in investing activities	**-15,118,069,883.42**	**-47,507,198,447.34**
Cash flows from financing activities		
Issue of share capital	62,790,000.00	12,979,532,592.74
Increase/(Decrease) in Reserve		-302,904.08
Proceeds/(Repayment) of loan	-3,312,386,390.83	39,037,857,316.81
MHP Opening adjustment		368,605,180.11
Cash payment for interest portion of Lease Liability	-2,766,045.53	-4,056,343.31
Interest Proceeds/ (Paid)	-2,305,053,954.56	-1,160,415,780.99
Profit transfer to RGoB (MHP)	-416,859,934.15	-2,000,000,000.00
Refund of BPC portions of ATS loan	1,079,733,333.51	
Dividend paid	-5,617,000,000.00	-4,074,369,222.61
Net cash used in financing activities	**-10,511,542,991.56**	**45,146,850,838.67**
Net increase/(decrease) in cash and cash equivalents	**-7,757,409,632.74**	**7,273,456,680.49**
Cash and cash equivalents at the beginning of the period	**9,375,086,204.29**	**2,101,629,523.67**
Cash and cash equivalents at the end of the period	**1,617,676,571.55**	**9,375,086,204.16**
Component of cash and cash equivalents: -		
Cash in hand	**176,637.66**	**420,023.42**
Balances in current accounts with banks	**1,617,499,933.90**	**9,374,666,180.87**
Total	**1,617,676,571.56**	**9,375,086,204.29**

For Dilli Yok & Associates

CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026
Place: Thimphu, Bhutan

For Druk Green Power Corporation

(Dasho Karma Tshering)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Namgyal)
Director, (FID)

Statement of Changes of Equity for the year ended on December 31, 2025

Particular	Number of Shares	Equity Share Capital	General Reserve	Retained Earnings	Other Comprehensive Income	Total Equity
Balance at December 31, 2023	**32,465,093.41**	**32,465,093,407.26**	**9,098,762,803.38**	**4,675,159,098.42**		**46,239,015,309.06**
MHP Opening adjustment	**15,037,890.00**	**15,037,890,000.00**		**368,605,180.11**		15,406,495,180.11
Net profit for the year 2024						
Net Profit/(Loss) for the year			-	8,642,267,489.96		8,642,267,489.96
Transfer to reserves						
Transfer to/(from) General Reserve			473,171,840.19	-473,474,744.27		-302,904.08
Other Comprehensive Income for the Period					46,632,068.30	46,632,068.30
Transaction with the owners						
Issue/(transfer) of Additional Shares	-2,058,357.41	-2,058,357,407.26		-		-2,058,357,407.26
Profit Transfer to RGoB				-2,000,000,000.00		-2,000,000,000.00
Payment of Dividends			-	-4,074,369,222.61		-4,074,369,222.61
Balance at December 31, 2024	**45,444,626.00**	**45,444,626,000.00**	**9,571,934,643.57**	**7,138,187,801.60**	**46,632,068.30**	**62,201,380,513.48**

Particular	Number of Shares	Equity Share Capital	General Reserve	Retained Earnings	Other Comprehensive Income	Total Equity
Excess domestic revenue adjustment				**-245,582,664.00**		-245,582,664.00
Net profit for the year 2025						
Net Profit/(Loss) for the year			-	10,507,774,782.00		10,507,774,782.00
Refund of BPC portions of ATS loan of Mangdechhu Hydropower Plant for previous years				1,079,733,333.51		1,079,733,333.51
Transfer to reserves						
Transfer to/(from) General Reserve			3,071,899,558.26	-3,071,899,558.26		-
Other Comprehensive Income for the Period					27,084,965.43	27,084,965.43
Transaction with the owners						
Issue/(transfer) of Additional Shares	62,790.00	62,790,000.00		-		62,790,000.00
Profit Transfer to RGoB			-416,859,934.15			-416,859,934.15
Payment of Dividends			-	-5,617,000,000.00		-5,617,000,000.00
Balance at December 31, 2025	**45,507,416.00**	**45,507,416,000.00**	**12,226,974,267.68**	**9,791,213,694.85**	**73,717,033.73**	**67,599,320,996.27**

For Dilli Yok & Associates

CA Dilli Ram Bista
Membership No: 542831
Date: 14/05/2026
Place: Thimphu, Bhutan

For Druk Green Power Corporation

(Dasho Karma Tshering)
Chairman, DGPC

(Dasho Chhewang Rinzin)
Managing Director

(Ugyen Namgyal)
Director, (FID)

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 1: GENERAL CORPORATE INFORMATION

A Nature of Operations

Druk Green Power Corporation Limited ("DGPC" or "the Company") - the public sector generation utility with the vision of "harnessing and sustaining Bhutan's renewable energy resources"- was established in 2008 for the effective and optimal utilization of the abundant water resources, to develop the water - to - wire expertise amongst the Bhutanese, and to lead in accelerating hydropower development in keeping with the Sustainable Hydropower Development Policy.

The company is a wholly owned subsidiary of Druk Holding & Investments (DHI), the holding company for government owned companies and only generation utility in Bhutan. The company has been incorporated and registered under the Companies Act of the Kingdom of Bhutan, 2000 and has registered office located at Thimphu, Bhutan.

DGPC's current hydropower asset including its subsidiaries portfolio comprises of mainly of hydropower plants with a total installed generation capacity of 2,453 MW (1020 Tala; 336 MW Chhukha; 60 MW Kurichhu; 64 MW Basochhu; 720 MW Mangdechhu; 126 MW Dagachhu; 118 MW Nikachhu; and 9 MW in embedded generation [micro hydropower, wind and solar power plants]].

DGPC's key mandates are:

Vision - *"Promote, develop, and manage renewable energy projects, particularly hydropower, in an efficient, responsible and sustainable manner and to maximize wealth and revenues of the nation"*

Strategic Goal - *"Develop additional generation capacity of 15GW of hydropower and 5GW of solar by 2040 to fulfil the energy security in terms of adequacy and reliability".*

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The note provides a list of the significant accounting policies adopted in preparing these financial statements.

i. Basis of Preparation

a. Compliance with BAS/BFRS

The "financial statements "comprising of income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes have been prepared in accordance with Bhutanese Accounting Standard (BAS) and in compliance with the section 244 of Companies Act of Bhutan, 2016 including the Regulation for Accounting and Auditing of Companies in Bhutan,2024.

b. Basis of Measurement

The financial statements have been prepared under the historical cost convention, except for the following:

i. Assets held for sale which are measured at fair value less cost of disposal.

ii. Financial instruments measured at fair value.

iii. Liabilities for defined benefit plans recognized at the net of the total present value of defined benefit obligations less the fair value of the plan's assets.

c. Going Concern

The financial statements have been prepared on a going concern basis. The company has performed an assessment of its financial position as of 31st December 2025 and has prepared forecasts for at least twelve months from the date of authorization of these financial statements (the going concern assessment period and the foreseeable future).

The company has assessed on the monthly basis of the projected cashflows over the going concern assessment period by identifying all the expected cash inflows from the sale of energy, interest income from fixed deposits, from loans and expected cash out flows towards operational expenses, loan repayments, capital expenditures, dividend and CIT payment.

Based on the evaluation described above, management believes that the company has sufficient financial resources available at the date of approval of these financial statements. Furthermore, it expects the company to continue as a going concern in the foreseeable future and for a period of at least twelve months from the date of authorization of these financial statements.

ii. Offsetting

Financial assets and financial liabilities, or income and expenses, are offset, and the net amount is reported in the Statement of Financial Position and the Statement of Comprehensive Income when, and only when, the entity has a legal right to offset the amounts, is permitted by the standard, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business, as well as in the event of default, insolvency, or bankruptcy of the entity or the counterparty.

iii. Functional and Presentation Currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates. The functional currency of DGPC is the Bhutanese Ngultrum (Nu), which is also its presentation currency.

iv. Use of Estimates

The preparation of financial statements in conformity with BAS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the financial statement date, and the recognition of income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations.

A key source of estimation uncertainty at the date of the financial statements, which may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year, relates to:

i. Impairment
ii. The valuation of deferred tax assets
iii. Provisions and contingent liabilities
iv. The fair value measurement of financial instruments, and retirement benefit obligations.

v. Foreign Currency

Transactions in foreign currencies are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognized in profit or loss. Foreign exchange gains and losses related to borrowings are presented within finance costs in the statement of profit or loss statement. All other foreign exchange gains and losses are presented on a net basis within other income or other expenses in the statement of profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency using the exchange rate prevailing on the date the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using the exchange rate prevailing on the transaction date.

vi. Investment in Subsidiaries, Associate and Joint Venture

Investments in subsidiaries, joint ventures, and associates are measured and carried at cost in accordance with BAS 27 - Separate Financial Statements.

vii. Property, Plant and Equipment

a. PPE is initially recognized at cost. The company follows cost model for property, plant and equipment and are stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The company follows the cost model for PPE, stating assets at cost less accumulated depreciation and, where applicable, accumulated impairment losses. Cost includes expenditures directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, as well as the costs of dismantling, removing the items, and restoring the site on which they are located. Costs are recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The cost of software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Freehold land is measured and carried at historical cost.

The Property, plant and equipment are derecognized when no future economic benefits are expected from its use or on disposal.

Gains and losses on the disposal of property, plant, and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within "Other Income" or "Other Expenses" in the Statement of Profit or Loss.

b. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized

in the carrying amount of the item only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of property, plant and equipment are expensed in the year in which they are incurred.

c. Depreciation

The company provides depreciation on property, plant, and equipment using the straight-line method, considering the useful lives of the assets. Land is not depreciated.

Asset	Rates
Civil Structures	3.33%
Electromechanical Equipment's	
	3.33%
	5% (Diesel Generators, Mini/Micro and Wind Power)
	20% (Runners & Spares)
	10% (SCADA)
Fire Fighting and Safety Equipment's	10%
General Assets	20%
Information and Technology Equipment's	20%
Machineries	15%
Office Equipment's	20%
Tools and Plants	10%
Vehicles	15%
Land	0%
Furniture and Fixtures	10%
Solar	4%

The depreciation for the property, plant and equipment purchased/constructed during the year is pro-rated on the basis of actual number of calendar days from the date asset are available for use.

Depreciation is calculated on the acquisition or construction cost, less the residual value.

Depreciation is provided from the date on which the asset is available for use. i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management up to the date of management approval for write-off of the assets due to sale or retirement or classified as held for sale Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or other expenses. Assets costing Nu. 500 and below are considered consumables and are charged off as expenses.

d. General assets include air conditioners, air coolers, fans, heaters, vacuum cleaners, blowers, and other similar items.

viii. Intangible Assets

a. Intangible assets are initially measured at cost and carried at cost under the cost model.

b. Intangible assets having finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures directly attributable to the acquisition of the intangible asset.

Asset	Rates/estimated amortization period
Intangible Asset (Software & Networking)	20%

c. Subsequent Expenditure

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is expensed in the year in which it is incurred.

d. Research and development

Research expenditure are recognized as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique intangible asset controlled by the entity are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use
- Management intends to complete the intangible asset and use or sell it
- There is an ability to use or sell the intangible asset
- It can be demonstrated how the asset will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- The expenditure attributable to the asset during its development can be reliably measured.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

e. Amortization of Intangible Assets with finite useful lives

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the asset.

ix. Capital Work in Progress

Expenditure on materials, labour, contract expenses, and directly attributable costs such as employee costs, overheads, and project management expenses incurred during the construction period for executing a particular project are included in CWIP until they are capitalized.

Indirect expenditure and overheads incurred are expensed and not capitalized

x. Investment Property

Investment properties are land or building held for rental yields and are not occupied by the Company. An investment property is initially measured at its cost and the company has also chosen the cost model for measurement of investment properties after initial recognition at cost.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Investment properties are depreciated using the straight-line method over their estimated useful lives.

xi. Government Grants

Grants from the government and government agencies are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants related to income are recognized in the Statement of Profit or Loss on a systematic basis over the periods in which the entity recognizes expenses and the related costs for which the grants are intended. The unallocated portion of such grant is presented as part of deferred income in the Statement of Financial Position.

Grants related to assets, which are recognized in the Statement of Financial Position as deferred income, are recognized in the Statement of Profit or Loss on a systematic basis over the useful life of the related assets.

A government grant received or that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of providing immediate financial support to the entity with no future related costs, shall be recognized in the Statement of Profit or Loss in the year it is received or becomes receivable.

xii. Leases

The company assesses all lease contracts at inception to determine whether they contain a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-of-use asset and a lease liability are recognized for all future lease payments. The standard provides exemptions for short- term leases i.e. less than 12 months and low- value leases.

Initial Recognition and Measurement.
The lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

The lessee measures right-of-use assets similarly to other non-financial assets (such as Property, Plant and Equipment) and lease liabilities similarly to other financial liabilities. Consequently, the lessee recognizes amortization of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. In most cases, the initial lease asset equals the lease liability.

At the lease commencement, the lessee accounts for two elements:

i. Initially, a right-of-use asset is measured at the amount of the lease liability plus initial direct costs. It is then adjusted for lease payments made before or on the commencement date, lease incentives received, and any estimates of dismantling and restoration costs.

ii. Lease liability: The lease liability represents all payments not made at the commencement date, discounted to present value using the interest rate implicit in the lease or the incremental borrowing rate if the implicit rate cannot be determined. These payments may include both fixed and variable payments.

Subsequent Measurement
After the commencement date, the lessee needs to adjust both elements recognized initially. The lessee accretes the lease liability to reflect interest and reduces the liability to reflect lease payments made. For the subsequent measurement of the right-of-use asset, the standard provides the option to adopt the cost model, revaluation model, or fair value model. The company will use the cost model for subsequent measurement of recognized leases.

Right-of-Use Asset: The lessee shall measure the right-of-use asset using the cost model under BAS 16 - "Property, Plant and Equipment" and depreciate the asset over the lease term on a straight-line basis. The resulting depreciation amount is charged to Profit or Loss.

Lease Liability: The lessee shall recognize interest on the lease liability, and the lease payments are recognized as a reduction of the lease liability. Interest on the lease liability is charged to the Profit or Loss.

xiii. Impairment - Non-Current Assets

The carrying amount of non-current assets, other than long term investment and capital work in progress, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss statement.

Based on review there were no indicators of impairment of non-current assets accordingly for financial year 2024 no impairment loss or reversal have been accounted.

xiv. Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continued use. This condition is met only when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition, and it is marketed at a price that is reasonable in relation to its current fair value. Additionally, the company must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, including those within a disposal group, are not depreciated or amortized while classified as held for sale. However, interest and other expenses related to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets and disposal group assets classified as held for sale are presented separately from other assets on the balance sheet. Similarly, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities on the balance sheet.

xv. Employee Benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the company as detailed below:

a. Defined Contribution Plan (Pension and Provident Fund)

As required by DGPC Service Manual, both the employee and employer make monthly contributions to the provident fund, a Defined Contribution Plan, equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions and bears no legal or constructive obligation to make additional contributions if the Fund does not have sufficient assets to meet all of the employee's entitlements. Obligation for contributions to the plan are recognized as an employee benefit expense in profit or loss when they become due.

b. Defined Benefit Plans (Gratuity)

In accordance with the DGPC Service Manual, the company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan), covering all employees. The Gratuity Plan offers a lump sum payment to vested employees upon retirement or termination of employment, an amount based on their last drawn salary and years of service with the company. The company's net obligation under the Gratuity Plan is calculated by estimating the future benefits employees have earned for their service in the current and prior periods. This benefit is then discounted to its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method and the resulting obligation is recognized in profit or loss and invested in the form of deposits with financial institutions in Bhutan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognized as an employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses resulting from experience adjustments and changes in actuarial assumptions are recognized in the period in which they arise, directly in other comprehensive income, and presented within equity.

Changes in the present value of the defined benefit obligation due to plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

c. Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee provides the related service. The company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense), after deducting any amounts already paid.

d. Other Long-term Benefits

As per company's service manual, employees who have rendered a minimum of five years of service are entitled to a repatriation allowance and a transfer grant each equivalent to one month's basic pay, upon leaving the service. For this purpose, one-month's basic pay is the pay at the time of leaving the service. The company's net obligation for this terminal benefit is determined by estimating the benefits employees have earned for their service in the current and prior periods, which are then discounted to their present value. This calculation is performed annually by a qualified actuary, and the obligation is recognized in profit or loss. The plan is unfunded.

xvi. Provisions

Provisions are recognized if, as a result of a past event, the entity has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A provision for onerous contracts

is recognized when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting entity's obligations under the contract.

xvii. Revenue

Revenue shall be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

a. Electricity Revenue

Revenue from the export of energy is measured at the price at which Power Purchase Agreements (PPAs) has been entered into, while domestic energy sales is measured at the tariff rate determined by Bhutan Electricity Authority. These rates have been considered as fair value for the purpose of measuring the revenue recognized against royalty expense. Revenue is recognized when metered energy units are transmitted to customers.

The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring a promised good or service (i.e., an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. An asset is assumed to be transferred to customer when (or as) the customer obtains control of that asset.

The Company transfers control of the electricity over time, and the customer simultaneously receives and consumes the benefits provided by the seller's performance as it performs; therefore, the Company satisfies its performance obligations and recognizes revenue over time. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of its performance obligation to deliver electricity.

The Company uses the output method to measure its progress in satisfaction of its performance obligation. As a practical expedient under this method, if the Company has the right to consideration from a customer in an amount that directly corresponds with the value to the customer, the Company may recognize revenue in the amount to which it has a right to invoice.

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes and royalty collected on behalf of government.

Incremental cost incurred by the Company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Bilateral contracts between two utilities for exchange of power by purchase and sale (or vice versa) of quantities of energy as per contract are not accounted for as sales as per BFRS 15. Energy balances against SWAP contracts not settled during the same financial year are accounted for as payable/ receivable and included under other current assets/liabilities in statement of financial position.

b. Revenue from Services

The company has experience, expertise and infrastructure about various aspects related to hydropower and hydroelectricity. The Company earns revenue from providing services in the nature of consultancy fee, fee for hydropower research and development testing etc.

Revenue is recorded when the control for the service is transferred to the customer viz. the service is completed and the report/ results are shared with

the customer as that is the point when the Company has a right to payment for the service, transfers the significant risk and rewards of the service and the customer has accepted the output of the services.

Revenue is recognized at transaction price which is mentioned in the contract.

Revenue from deputation of manpower to other entities is recorded over time using the output method to measure its progress in satisfaction of its performance obligation.

c. Interest Income

Interest income comprises interest earned on funds invested. Interest income is recognized on a time proportion basis using effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

d. Dividend Income

Dividends are recognized as revenue when the right to receive payment is established.

e. Other Income

Other Incomes are recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity.

f. Significant financing component

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

xviii. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect

that the liability becomes payable on demand on the reporting date, the entity classify the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach.

xix. Borrowing Costs

Borrowing costs for the purpose of BAS 23 "Borrowing Cost" has been determined as under:

a. Interest and commitment charges on bank borrowings and other short term and long-term borrowings;

b. Amortization of discounts or premiums relating to borrowings;

c. Amortization of ancillary costs incurred in connection with the arrangement of borrowings;

d. Finance charges in respect of assets acquired under finance leases or under other similar arrangements; and

e. Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are added to the cost of those assets until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized as an expense in the period in which they are incurred.

xx. Inventories

a. Inventories consist of stores and spares held mainly for repair & maintenance and are valued at lower of cost or net realizable value.

b. Cost is calculated on Weighted Average Price Method and comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

c. Obsolete and defective items of inventory are identified at the time of physical verification of inventories and where necessary, adjustment is made for the same.

d. Stock of salvaged and scrapped materials has been stated at nil value. The amount realized on disposal of such stock is accounted for under Other Income.

e. As the corporation is engaged in the generation of electricity, there are no finished goods or raw materials.

f. Inventories consists of material and other supplies for use in the production. inventories are valued at cost if the finished products in which they will be incorporated are expected to be sold at above cost.

xxi. Liquidated Damages

Claims for liquidated damages against the suppliers/contractors are taken as income or adjusted with property, plant and equipment when these are probable for recovery as per the contractual terms.

xxii. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax Base).

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary, associate and joint venture where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

xxiii. Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized but disclosed for all possible obligations 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 entity.

Contingent assets are also not recognized but disclosed for all possible assets 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 entity.

xxiv. Operating Segment

BFRS 8 'Operating Segments' requires a disclosure of operating results segment wise for the entity, whose debt or equity instruments are traded in public market or in the process of listing its securities in public market. Since the company's equity is not listed in public market, the standard is not applicable to the company. Further, the company is having the revenue mainly from only one segment i.e. sale of energy, hence, the BFRS 8 is not applicable to the company.

xxv. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks,

other short - term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

xxvi. Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

xxvii. Investments and Other Financial Assets

a. Initial measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

b. Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets of the Company are classified in the following categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- Financial assets measured at fair value through profit and loss (FVTPL)

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Financial assets measured at amortized cost:

A financial asset is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables, bank deposits, security deposits, investment in Government Securities, bonds, cash and cash equivalents and employee loans, etc.

Financial instruments measured at fair value through other comprehensive income:

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- the asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI). Currently, the Company does not have any asset classified under this category.

Financial instruments measured at fair value through profit and loss:
Fair value through profit and loss is the residual category. Any financial instrument which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified at FVTPL. Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements are recorded in statement of profit and loss.

c. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. Impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset.
Loss events are events which have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of loss is recognized in statement of profit or loss

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized only when:

- The rights to receive cash flows from the asset have been transferred, or
- The Company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the asset.

d. Income Recognition

Interest income: Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When

calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

Dividend income: Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

xxviii. Financial Liability

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts.

b. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

c. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

d. Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortization, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

xxix. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

xxx. Contributed Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xxxi. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxxii. Earnings Per Share

a. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

b. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-Income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES 3: PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSET AND CAPITAL WORKS IN PROGRESS

FIXED ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	NET BLOCK
	Opening Balance as at 01.01.2025	Additions	Disposal	Book Adjustments	Gross Block as on 31.12.2025	Opening Balance as at 01.01.2025	During the year	Disposal	Closing balance as at 31.12.2025	Net Block As at 31.12.2025	Net Block As at 31.12.2024
TANGIBLE ASSETS											
Land and Land Development	14,761,138.19	-	-	-	14,761,138.19	-	-	-	-	14,761,138.19	14,761,138.19
Right of Use Assets	32,140,483.73	-	-	-	32,140,483.73	6,883,319.75	1,070,372.13	-	7,953,691.88	24,186,791.85	25,257,163.98
CIVIL STRUCTURES											
Buildings	4,325,835,102.26	18,739,993.65	-6,425,855.28	218,885,401.76	4,557,034,642.39	1,883,753,420.60	173,055,409.66	-3,910,328.48	2,052,898,501.78	2,504,136,140.61	2,442,081,681.66
Walls & Fencings	1,630,111,061.40	8,389,444.76	-	1,115,937.88	1,639,616,444.04	419,732,976.67	54,415,685.19	-	474,148,661.86	1,165,467,782.18	1,210,378,084.73
Road & Culverts	3,841,527,649.58	35,211,765.61	-	1.89	3,876,739,417.08	1,689,740,222.43	128,506,561.12	-	1,818,246,783.55	2,058,492,633.53	2,151,787,427.15
Water Supply & Sanitation	504,389,627.84	7,889,213.88	-485,278.08	6,418,232.67	518,211,796.31	171,247,500.75	16,979,493.37	-176,206.12	188,050,788.00	330,161,008.31	333,142,127.09
Dam Complex-Civil	23,937,423,564.19	22,304,700.00	-	-	23,959,728,264.19	8,620,589,335.25	797,369,552.49	-	9,417,958,887.74	14,541,769,376.45	15,316,834,228.94
Power House Complex- Civil	9,749,170,494.54	-	-	18.21	9,749,170,512.75	3,999,650,455.31	324,565,451.72	-	4,324,215,907.03	5,424,954,605.72	5,749,520,039.23
Transmission Line -Civil	42,464,537.88	-	-	0.16	42,464,538.04	11,066,593.92	1,414,069.12	-	12,480,663.04	29,983,875.00	31,397,943.96
Switch Yard- Civil	1,925,908,973.33	-	-	-	1,925,908,973.33	408,752,816.43	64,132,768.77	-	472,885,585.20	1,453,023,388.13	1,517,156,156.90
Water Conductor System- Power House	41,661,930,567.46	3,633,412.06	-	4,764,488.77	41,670,328,468.29	15,834,927,338.01	1,387,459,511.07	-	17,222,386,849.08	24,447,941,619.21	25,827,003,229.45
Other Civil Structures	171,397,443.29	10,978,925.33	-1,800,404.82	-	180,575,963.80	63,122,509.67	5,763,780.07	-749,932.77	68,136,356.97	112,439,606.83	108,274,933.62
PLANT AND MACHINERY											
Trash Cleaning Equipments	313,306,576.45	-	-386,656.49	-	312,919,919.96	122,390,453.67	10,427,747.05	-212,180.54	132,606,020.18	180,313,899.78	190,916,122.78
Gates	2,307,057,589.10	-	-372,453.95	-	2,306,685,135.15	929,380,791.35	76,097,390.18	-372,452.95	1,005,105,728.58	1,301,579,406.57	1,377,676,797.75
Generators	6,796,759,752.47	11,584,290.78	-	-	6,808,344,043.25	3,261,865,033.76	279,588,922.28	-	3,541,453,956.04	3,266,890,087.21	3,534,894,718.71
Excitation Systems	511,310,280.14	8,172,056.00	-	-	519,482,336.14	358,266,205.60	9,118,979.40	-	367,385,185.00	152,097,151.14	153,044,074.54
Governing Systems	803,871,751.05	26,271,887.68	-10,221,574.43	-	819,922,064.30	283,978,337.38	29,294,649.07	-10,131,965.31	303,141,021.14	516,781,043.16	519,893,413.67
Turbines	5,112,668,959.49	6,150,732.72	-	-	5,118,819,692.21	2,590,738,780.59	168,037,977.11	-	2,758,776,757.70	2,360,042,934.51	2,521,930,178.90
Runners	2,491,653,209.27	160,507,622.59	-	7,266,879.92	2,659,427,711.78	2,278,578,874.68	88,811,846.28	-	2,367,390,720.96	292,036,990.82	213,074,334.59
Oil Handling Systems	1,032,627,478.66	114,120,574.19	-	-	1,146,748,052.85	226,462,449.74	37,437,078.57	-	263,899,528.31	882,848,524.54	806,165,028.92
Control & Conditioning Monitoring Systems	603,818,652.30	1,947,310.32	-736,510.00	-	605,029,452.62	252,191,468.00	23,298,436.36	-369,484.96	275,120,419.40	329,909,033.22	351,627,184.30
Control & Protection Panels	1,589,118,219.57	20,632,719.72	-18,191,263.20	-	1,591,559,676.09	553,465,645.83	47,855,821.97	-17,673,004.29	583,648,463.51	1,007,911,212.58	1,035,652,573.74
Pumps & Motors	669,038,868.81	7,818,801.44	-	-	676,857,670.25	248,195,749.51	27,817,178.34	-	276,012,927.85	400,844,742.40	420,843,119.30
Transformers	2,077,439,436.08	7,911,562.12	-4,837,540.45	-	2,080,513,457.75	817,941,620.60	68,877,271.44	-4,441,154.67	882,377,737.37	1,198,135,720.38	1,259,497,815.48

FIXED ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	NET BLOCK
	Opening Balance as at 01.01.2025	Additions	Disposal	Book Adjustments	Gross Block as on 31.12.2025	Opening Balance as at 01.01.2025	During the year	Disposal	Closing balance as at 31.12.2025	Net Block As at 31.12.2025	Net Block As at 31.12.2024
Shunt Reactors	149,343,160.40	-	-	-	149,343,160.40	67,278,898.57	4,973,127.23	-	72,252,025.80	77,091,134.60	82,064,261.83
Gas Insulated Switch Gears	2,205,150,007.24	-	-	-	2,205,150,007.24	792,332,206.40	78,350,253.73	-	870,682,460.13	1,334,467,547.11	1,412,817,800.84
Valves	1,905,002,921.22	-	-	-	1,905,002,921.22	835,930,452.88	61,518,525.67	-	897,448,978.55	1,007,553,942.67	1,069,072,468.34
Switchyard	125,452,243.38	-	-	-	125,452,243.38	24,598,588.55	4,177,559.66	-	28,776,148.21	96,676,095.17	100,853,654.83
Capital Spares	420,742,736.60	13,643,099.95	-1,551,904.99	-	432,833,931.56	252,907,414.71	12,011,480.05	-928,812.69	263,990,082.07	168,843,849.49	167,835,321.89
Critical Spares	29,074,460.80	2,409,491.58	-	-	31,483,952.38	25,406,250.18	2,017,146.59	-	27,423,396.77	4,060,555.61	3,668,210.62
Embedded Generation	1,010,511,447.83	872,468.11	-	-	1,011,383,915.94	751,015,113.92	28,836,587.58	-	779,851,701.50	231,532,214.44	259,496,333.91
Solar Power	13,784,231.03	-	-	-	13,784,231.03	1,654,107.72	551,369.24	-	2,205,476.96	11,578,754.07	12,130,123.31
Electro-Mechanicals-Others	3,334,750,778.29	10,834,457.30	-249,967.91	-	3,345,335,267.68	1,359,945,931.77	106,297,761.02	-148,144.47	1,466,095,548.32	1,879,239,719.36	1,974,804,846.52
Machinery	481,679,796.04	1,120,823.56	-	-	482,800,619.60	402,809,831.09	36,729,463.65	-	439,539,294.74	43,261,324.86	78,869,964.95
TOOLS & SAFETY EQUIPMENTS											
Tools and Plants	748,721,729.74	45,698,216.94	-15,971,011.07	1,251,220.30	779,700,155.91	478,780,433.46	51,629,585.18	-15,271,626.52	515,138,392.12	264,561,763.79	269,941,296.28
Fire Fighting and Safety Equipment	323,401,920.72	2,069,010.40	-1,377,606.66	0.26	324,093,324.72	204,041,401.62	24,833,034.15	-1,314,252.02	227,560,183.75	96,533,140.97	119,360,519.10
OTHER ASSETS											
Office Equipment	130,161,417.13	5,516,060.30	-6,361,575.87	0.08	129,315,901.64	122,758,372.49	2,874,006.61	-6,276,904.57	119,355,474.53	9,960,427.11	7,403,044.64
Furniture & Fixtures	91,166,897.53	1,929,649.00	-2,151,788.66	131,593.40	91,076,351.27	70,206,478.76	4,451,435.04	-2,073,484.30	72,584,429.50	18,491,921.77	20,960,418.77
Vehicles	365,773,616.88	59,591,521.83	-9,268,703.82	0	416,096,434.89	289,485,779.12	27,604,671.90	-4,501,393.18	312,589,057.84	103,507,377.05	76,287,837.76
Illumination System	280,923,370.43	-	-	-	280,923,370.43	162,748,550.22	9,212,082.66	-	171,960,632.88	108,962,737.55	118,174,820.21
Information and Technology	381,046,605.91	12,701,314.56	-23,635,423.34	3,395,774.47	373,508,271.60	316,755,694.51	21,387,742.95	-23,028,183.55	315,115,253.91	58,393,017.69	64,290,911.40
General Assets	97,175,622.83	11,203,388.32	-3,507,787.19	1,961,603.38	106,832,827.34	80,415,398.30	7,156,467.49	-3,324,910.86	84,246,954.93	22,585,872.41	16,760,224.53
Net Assets	**124,239,594,381.08**	**639,854,514.70**	**-107,533,306.21**	**245,191,153.15**	**125,017,106,742.72**	**51,271,992,803.77**	**4,306,008,253.16**	**-94,904,422.25**	**55,483,096,634.68**	**69,534,010,108.04**	**72,967,601,577.31**
Intangible Assets	284,650,458.12	1,312,414.40	-8,073,997.26	1,060,315.45	278,949,190.71	245,001,555.38	12,650,835.81	-7,562,793.15	250,089,598.04	28,859,592.67	39,648,902.74
Net Assets	**284,650,458.12**	**1,312,414.40**	**-8,073,997.26**	**1,060,315.45**	**278,949,190.71**	**245,001,555.38**	**12,650,835.81**	**-7,562,793.15**	**250,089,598.04**	**28,859,592.67**	**39,648,902.74**
CAPITAL WORKS IN PROGRESS											
Capital Works in Progress	3,766,790,802.36	2,279,755,497.07	-	-223,316,928.16	5,823,229,371.27	-	-	-	-	5,823,229,371.27	3,766,790,802.36
Advance-Capital	138,482,853.74	6,877,873.19	-124,010,689.50	-	21,350,037.43	-	-	-	-	21,350,037.43	138,482,853.74
Net Assets	**3,905,273,656.10**	**2,286,633,370.26**	**-124,010,689.50**	**-223,316,928.16**	**5,844,579,408.70**	**-**	**-**	**-**	**-**	**5,844,579,408.70**	**3,905,273,656.10**
Grand Total	**128,429,518,495.30**	**2,927,800,299.36**	**-239,617,992.97**	**22,934,540.44**	**131,140,635,342.13**	**51,516,994,359.15**	**4,318,659,088.97**	**-102,467,215.40**	**55,733,186,232.72**	**75,407,449,109.41**	**76,912,524,136.15**

NOTE 4: DEFERRED TAX ASSET

Particulars	December 31, 2025	December 31, 2024
Bonus payable	9,261,826.40	7,002,273.03
Employee benefit obligation	(9,418,962.53)	(6,206,861.91)
ADB Loan	365,905,882.78	432,992,111.07
Interest on fixed deposit	1,632,751.34	1,317,166.15
Property, plant & equipment	(178,187,612.45)	(460,158,285.73)
	189,193,885.54	(25,053,597.39)

NOTE 5: INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Particulars	December 31, 2025	December 31, 2024
Investment in subsidiary companies		
Equity investment in Dagachhu Hydropower Corporation Limited.	2,437,880,000.00	2,437,880,000.00
2,437,880 (31 December 2024: 2,437,880) equity shares of Nu. 1000 each, fully paid up.		
Equity investment in Tangsibji Hydro Energy Limited	7,538,758,000.00	7,538,758,000.00
THyE is a wholly owned subsidiary company with a paid-up capital of Nu. 7,538.758 million as of 31.12.2025 (Nu. 7,538,758 million as of 31.12.2024).		
Equity investment in Bhutan Hydropower Services Limited	859,596,538.10	859,596,538.10
10,938,288 (31 December 2024: 10,938,288) equity shares of Nu. 100 each, 7,729,627 shares paid up at Nu. 100 per share and 3,208,661 shares bought at Nu. 27 per share.		
Equity Investment in Druk Hydro Energy Limited	2,857,504,127.39	2,857,504,127.39
DHyE is wholly owned subsidiary with subscribed share capital is Nu. 10,000 million @ Nu. 100/ per share. The paid-up share capital is Nu.2,857.50 million as of 31.12.2025.		
Equity investment in Khorlochhu Hydropower Limited	3,660,000,000.00	1,800,000,000.00
Preference investment in Khorlochhu Hydropower Limited	2,420,000,000.00	4,280,000,000.00
As of December 31, 2025, the capital structure of KHPL is as follows:		
- Paid-up equity share capital of Nu. 3,660.00 million		
- Preference share capital of Nu. 2,420.00 million (Converted to Equity Nu. 1,860.00 million during the year)		
Investment in joint venture companies		
Equity investment in Bhutan Automation & Engineering Limited	30,600,000.00	30,600,000.00
3,060,000 (31 December 2024: 3,060,000) equity shares of Nu. 100 each, fully paid up.		
	19,804,338,665.49	**19,804,338,665.49**

FINANCIAL ASSETS (NON-CURRENT)

NOTE 6A: LONG-TERM INVESTMENTS

Particulars	December 31, 2025	December 31, 2024
Investment in fixed deposits: *- Fixed deposit with bank - (Includes Nu. 1.5 billion maintained as a Debt Service Reserve Account (DSRA) for the SBI loan)*	2,150,430,999.00	650,430,999.00
-Accrued interest on fixed deposit	88,987,287.61	38,831,297.90
Total Held-to-maturity investments	**2,239,418,286.61**	**689,262,296.90**

NOTE 6B: OTHER ASSETS

Particulars	December 31, 2025	December 31, 2024
Loan acquisition costs	-	-
	-	-

FINANCIAL LIABILITY - NON-CURRENT

NOTE 6C: LONG- TERM BORROWINGS

Particulars	December 31, 2025	December 31, 2024
Government of India loan (ROI - 10% & tenure of loan-17 year)	21,512,766,667.76	23,159,559,642.98
Interest accrued on loan	9,007,736,755.05	9,741,836,670.11
Interest accrued but not due on loans	8,392,129,201.28	8,052,711,338.15
Government of Austria loan (ROI-6% & tenure of loan- BHP-LS 20 years & BHP-US 18 years)	-	35,400,000.06
Loan from Asian Development Bank-2464 (ROI - 3.15%, loan tenure-32 year) *	1,772,412,504.39	1,783,345,799.15
Loan from Asian Development Bank-3226 (ROI- 1.5% loan tenure-32 year) *	1,006,009,577.27	1,036,398,837.51
Loan from Asian Development Bank-0421 (ROI- 1.5% loan tenure-32 year) *	1,136,262,179.69	1,120,771,079.75
Loan from State Bank of India	366,556,547.03	1,758,058,301.65
Loan from Bank of Bhutan	58,527,369.99	59,079,553.25
Loan from NPPF	367,890,250.87	380,851,212.48
FEIF NPPF	8,095,361.86	12,721,282.94
FEIF BOBL	1,663,158.56	2,340,741.73
Deferred Grant Income	1,924,410,511.02	1,270,406,670.16
Less: current maturities of long-term debt	(4,546,256,989.49)	(4,554,016,688.92)
	41,008,203,095.28	**43,859,464,441.00**

NOTE 6D: OTHER NON-CURRENT LIABILITIES

Particulars	December 31, 2025	December 31, 2024
Lease liability	31,080,805.07	31,135,389.68
Other Deferred Grant Income	111,603,311.96	173,411,323.65
	142,684,117.03	**204,546,713.33**

NOTE 7: INVENTORIES

Particulars	December 31, 2025	December 31, 2024
Stores & spares	661,542,327.69	606,953,351.64
	661,542,327.69	606,953,351.64
Less: Provision for obsolescence/Losses	**(31,097,449.06)**	**(52,982,492.94)**
	630,444,878.63	**553,970,858.70**

NOTE 7: INVENTORIES

Particulars	December 31, 2025	December 31, 2024
Stores & spares	661,542,327.69	606,953,351.64
	661,542,327.69	606,953,351.64
Less: Provision for obsolescence/Losses	**(31,097,449.06)**	**(52,982,492.94)**
	630,444,878.63	**553,970,858.70**

Amounts recognised in profit or loss

Inventories recognized as an expense during the year ended 31 December 2025 amounted to Nu. 176,663,939.25 (2024 - Nu. 172,693,115.37). These were included in running and maintenance expenses.

NOTE 8: PREPAYMENTS AND ADVANCES

Particulars	December 31, 2025	December 31, 2024
Prepaid expenses	292,408,122.52	273,356,538.90
Staff advance	4,502,231.56	14,795,501.54
Advance to supplier/contractor	418,244,285.43	174,601,895.75
	715,154,639.51	**462,753,936.19**

NOTE 9: ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	December 31, 2025	December 31, 2024
Asset held for disposal	63,685,258.88	145,679,463.67
	63,685,258.88	**145,679,463.67**

a. Description about assets classified as held for sale

When a property, plant and equipment is damaged, impaired, obsolete it is considered for disposal and hence disclosed as 'Assets classified as held for sale' at estimated realizable value as at the balance sheet date. Assets classified as held for sale basically consist of SCADA, furniture, small equipment etc.

b. Fair value measurements

The sale of these assets are expected to be completed by next year of classifying it as 'assets classified as held for sale'. The estimated realizable value of the asset as at the balance sheet date are reassessed based on the market information. Sale of assets disclosed as 'assets classified as held for sale' are expected to be completed within one year of such categorization.

FINANCIAL ASSETS (CURRENT)

NOTE 10A: SHORT TERM INVESTMENTS

Particulars	December 31, 2025	December 31, 2024
Investment in fixed deposits/bonds:		
Investment in fixed deposits	12,700,000,000.00	1,500,000,000.00
Accrued interest on fixed deposits	52,897,599.19	1,064,879.13
Accrued interest on ICL	33,919,808.62	9,580,730.68
	12,786,817,407.81	**1,510,645,609.81**

NOTE 10B: TRADE AND OTHER RECEIVABLES

Particulars	December 31, 2025	December 31, 2024
Trade receivables (Unsecured, Considered good)		
- Bhutan Power Corporation	1,581,459,002.92	1,962,486,970.62
- Power Trading Corporation Limited	1,031,510,774.80	1,277,716,610.22
	2,612,969,777.72	**3,240,203,580.84**
Intercorporate Loan	1,956,321,000.00	1,823,857,901.92
Miscellaneous deposits	6,292,144.83	6,254,872.23
Other receivables	1,556,371,560.06	2,023,377,520.31
	6,131,954,482.61	**7,093,693,875.30**

NOTE 10C: CASH AND CASH EQUIVALENTS

Particulars	December 31, 2025	December 31, 2024
Cash in Hand	176,637.66	420,023.42
Balances with Banks in Current Accounts:		
Bank of Bhutan	1,591,185,385.31	9,337,064,884.19
Bhutan National Bank	9,621,443.02	21,535,453.13
Druk PNB	5,987,103.87	14,712,148.85
Tashi Bank	84,559.93	463,309.93
Central Bank of India	10,621,441.77	890,384.77
	1,617,676,571.56	**9,375,086,204.29**

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

FINANCIAL LIABILITY (CURRENT) - NOTE 10D: TRADE AND OTHER PAYABLES

Particulars	December 31, 2025	December 31, 2024
Security deposit- suppliers & others	192,491,905.07	135,828,315.53
Sundry creditors	1,231,069,243.64	1,217,116,911.21
Outstanding liabilities to contractors	16,341,988.50	112,539,161.92
Outstanding liabilities for expenses	48,443,740.58	62,177,331.85
Provision for Performance Based Variable Allowance	175,174,646.15	151,785,093.71
Sundry liabilities	3,397,744.50	1,597,949.34
	1,666,919,768.44	1,681,044,763.56
	1,617,676,571.56	**9,375,086,204.29**

NOTE 10E: OTHER FINANCIAL LIABILITIES

Particulars	December 31, 2025	December 31, 2024
Intercorporate Loan		250,000,000.00
Government of India Loan	1,799,163,375.22	1,793,302,975.22
Government of Austria Loan	-	35,400,000.06
Loan from Asian Development Bank	248,629,673.60	241,804,148.44
Interest accrued on loan	734,860,307.14	729,896,645.58
Interest accrued but not due on loans	1,763,603,633.53	1,753,612,919.62
	4,546,256,989.49	**4,804,016,688.92**

NOTE 11: SHARE CAPITAL

Particulars	December 31, 2025	December 31, 2024
Authorised share capital		
50,000,000 equity shares@ Nu. 1,000 per share	50,000,000,000.00	50,000,000,000.00
Subscribed and paid -up share capital after adjustment		
45,444,626 equity share @ 1,000 per share	45,507,416,000.00	45,444,626,000.00
	45,507,416,000.00	**45,444,626,000.00**

Movements in ordinary shares:	Number of shares	Par value
Balance 31 December 2023	**32,465,093.41**	**32,465,093,407.26**
Issue of Additional Shares	12,979,532.59	12,979,532,592.74
Balance 31 December 2024	**45,444,626.00**	**45,444,626,000.00**
Issue of Additional Shares	62,790.00	62,790,000.00
Balance 31 December 2025	**45,507,416.00**	**45,507,416,000.00**

NOTE 12: EMPLOYEE BENEFIT OBLIGATION

Particulars	December 31, 2025	December 31, 2024
Gratuity	629,587,944.45	627,840,519.85
Other long-term benefit	85,062,678.45	47,301,731.37
	714,650,622.90	**675,142,251.22**

NOTE 13: OTHER CURRENT LIABILITIES

Particulars	December 31, 2025	December 31, 2024
Sundry liabilities	328,242,858.23	93,962,861.95
Tax deducted at source - payable	17,826,189.80	2,827,090.94
Deferred lease liability	277,010.38	272,513.13
Suspense Account	68,316,252.37	-
	414,662,310.78	**97,062,466.02**

NOTE 14: CURRENT TAX LIABILITIES

Particulars	December 31, 2025	December 31, 2024
Current Tax	4,583,388,145.23	3,813,753,436.58
Less: Advance CIT Paid	935,058,954.21	629,514,007.46
Less: Advance 2% TDS	208,744,229.17	240,190,235.26
	3,439,584,961.85	**2,944,049,193.86**

NOTE 15: EMPLOYEE BENEFIT OBLIGATION

Particulars	December 31, 2025	December 31, 2024
Gratuity	45,977,071.00	54,437,003.24
Other long-term benefit	7,873,253.00	6,383,796.78
	53,850,324.00	**60,820,800.02**

NOTE 16: ELECTRICITY REVENUE

Particulars	December 31, 2025	December 31, 2024
Export & Domestic revenue		
Power Trading Corporation Ltd	17,047,051,869.43	12,992,093,781.87
Bhutan Power Corporation Ltd	7,856,956,817.90	9,538,515,552.98
From staff & other private parties	361,431.50	2,348,138.00
	24,904,370,118.83	**22,532,957,472.85**

NOTE 17: INTEREST EARNED

Particulars	December 31, 2025	December 31, 2024
Interest on deposits	252,760,599.68	130,277,632.15
	252,760,599.68	**130,277,632.15**

NOTE 18: OTHER INCOME

Particulars	December 31, 2025	December 31, 2024
Dividend income	177,282,409.00	132,570,799.13
Grant income	123,135,712.46	362,742,551.02
Miscellaneous receipts	192,310,903.00	199,829,828.44
Liquidity charges	11,609,495.18	9,888,985.10
House rent recovered- employee/others	23,428,917.77	21,846,284.61
	527,767,437.41	**726,878,448.30**

NOTE 19: RUNNING AND MAINTENANCE EXPENSES

Particulars	December 31, 2025	December 31, 2024
R&M Electro-mechanical	140,753,946.26	213,807,504.95
R&M Civil structures	51,930,711.82	55,492,887.14
R&M Vehicles	54,830,961.85	53,259,978.92
R&M-Information Technology	37,295,220.89	35,298,676.28
R&M-Fire Fighting & Safety	4,325,729.41	6,087,558.62
R&M-Office Equipment`s	584,605.02	443,882.74
	289,721,175.25	**364,390,488.65**

NOTE 20: EMPLOYEES' REMUNERATION AND BENEFITS

Particulars	December 31, 2025	December 31, 2024
Salaries and wages	1,004,886,557.99	958,766,448.38
Professional training	33,969,899.47	23,157,065.72
Incentive/honorarium	53,621,154.11	49,255,362.09
Employer's contribution to provident fund	78,610,615.75	75,935,353.78
Leave encashment	49,642,926.28	50,116,501.26
Gratuity expenses	91,339,672.02	101,511,166.61
Performance Based Variable Allowance	175,080,428.16	161,912,113.84
Leave travel concession	26,720,282.23	23,671,285.56
Terminal benefits	10,877,085.36	11,174,177.10
GPA- insurance	3,578,319.89	3,725,376.25
Liveries	14,093,051.08	19,902,943.68
Staff welfare expenses	8,976,847.85	10,319,044.72
Medical expenses	812,213.32	341,984.35
	1,552,209,053.52	**1,489,788,823.34**

NOTE 21: FINANCE COST

Particulars	December 31, 2025	December 31, 2024
Interest to Government of India	2,070,984,835.77	2,378,373,044.08
Interest to Government of Austria	2,035,500.00	8,693,900.58
Interest to Asian Development Bank	148,525,478.94	171,591,034.84
Interest to SBI Bank	12,419,561.37	597,066.00
Interest to Bank of Bhutan	43,584,848.33	32,449,396.22
Interest on current portion of long-term borrowing	-	67,043,940.37
Interest Unwinding	2,766,045.53	4,056,343.31
Financing Cost	37,494,444.06	29,731,677.10
	2,317,810,714.00	**2,692,536,402.50**

NOTE 22: OTHER EXPENSES

Particulars	December 31, 2025	December 31, 2024
Brand Management Fee	197,926,999.81	93,776,764.55
Travel	43,701,278.86	35,766,854.23
Foreign exchange gains/loss	193,374,631.77	92,300,776.85
Grant expense	-	216,531,472.15
License fee	69,107,818.03	111,378,309.92
Profit on sale/discard of assets (net)	61,153,826.12	24,905,386.60
Income from Deviation Settlement Mechanism	159,211,062.20	-
Electricity	15,746,900.08	12,901,474.54
Entertainment	7,568,288.11	5,098,228.72
Corporate social responsibility	23,139,587.11	16,027,013.32
Consultancy charges	11,639,051.33	8,875,200.30
Rent	9,628,538.88	9,033,148.20
Telephone and fax	7,435,894.63	7,336,668.46
Printing and stationery	5,753,676.67	4,675,412.20
Rates and taxes	641,097.90	461,074.60
Advertisement and publicity	3,101,047.25	2,430,131.21
Audit fees & expenses	1,360,889.86	911,168.45
Directors' sitting fees	924,915.00	867,500.00
Bank charges	1,075,978.68	212,915.75
Board meeting expenses	444,982.00	286,409.00
Books & periodicals	217,342.06	257,728.33
Postage and telegram	63,786.02	59,807.96
Other expenses	6,999,438.19	4,335,511.12
	820,217,030.56	**648,428,956.46**

NOTE 23: TAX EXPENSE

Particular	December 31, 2025	December 31, 2024
Components of income tax expense		
Income tax expenses		
Current tax		
Current tax on profit for the year	4,583,388,145.23	3,813,753,436.58
Total current tax expenses	**4,583,388,145.23**	**3,813,753,436.58**
Deferred tax		
(Decrease)/increase in deferred tax liabilities	(214,247,482.93)	24,654,405.94
Total deferred tax expenses	**(214,247,482.93)**	**24,654,405.94**
Income tax expenses	**4,369,140,662.30**	**3,838,407,842.52**

Numerical reconciliation of income tax expense to prima facie tax payable

Particulars	2025	2025	2024	2024
Tax expenses				
- Current tax		4,583,388,145.23		3,813,753,436.58
Total tax expense		4,583,388,145.23		3,813,753,436.58
Reconciliation of tax on accounting profit:				
Profit before tax		**14,893,213,374.63**		**12,481,777,983.57**
Income tax expense calculated at 30% (A)		**4,467,964,012.39**		**3,744,533,395.07**
Non-deductible expense				
- Production incentive/PBVA	100,161,084.02	30,048,325.21	81,139,866.27	24,341,959.88
- Medical expenses	812,092.00	243,627.60	341,974.11	102,592.23
- Donation	23,139,587.11	6,941,876.13	16,027,013.32	4,808,104.00
Total non-deductible expense (B)		**37,233,828.94**		**29,252,656.11**
Adjustment to deferred tax pertaining to ADB Loan				
- Deferred tax effect on forex exchange difference on ADB principal/interest	-70,443,286.26	-21,132,985.88	-59,903,067.11	-17,970,920.13
- ADB Loan (Forex Gain/Loss-unrealised)	272,844,015.62	81,853,204.69	188,954,834.40	56,686,450.32
Net Effect (C)		**60,720,218.81**		**38,715,530.19**
Lease Rent				
Decrease in income	1,142,367.73	342,710.32	1,875,114.61	562,534.38
Net Effect (D)		**342,710.32**		**562,534.38**
Fixed Deposit Interest				
- Excess interest accrued and deferred tax assets booked as on 31.12.2025	3,234,435.22	970,330.57	-6,892,331.75	-2,067,699.53
Net Effect (E)		**970,330.57**		**-2,067,699.53**

Particulars	2025	2025	2024	2024
Impact Due to Depreciation				
Depreciation	-44,666,601.15	-13,399,980.34	3,572,047.92	1,071,614.38
Net Effect (F)		**-13,399,980.34**		**1,071,614.38**
Impact due to Penalties				
Penalties	368.55	110.57	1,269.92	380.98
Net Effect (F)		**110.57**		**380.98**
Adjustment to Gratuity during the year				
Gratuity charged to profit or loss	98,522,456.62	29,556,736.99	5,616,749.97	1,685,024.99
Difference between adjustment to bonus and charged to profit or loss		29,556,736.99		1,685,024.99
Net effect (G)		**29,556,736.99**		**1,685,024.99**
Reconciled with tax expense as above (A+B+C+D+E+F+G)		**4,583,387,968.23**		**3,813,753,436.57**

NOTE 24A: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (GRATUITY)

(Amount in Nu.)

A	Assets/Liabilities	December 31,2025	December 31, 2024
1	DBO at end of prior period	682,277,523.00	680,306,704.77
2	Current service cost	46,620,614.00	53,844,436.03
3	Interest cost on the DBO	52,789,133.00	52,034,123.68
4	Curtailment (credit)/ cost		
5	Settlement (credit)/ cost		
6	Past service cost - plan amendments		
7	Acquisitions (credit)/ cost		
8	Actuarial (gain)/loss - experience	(61,295,533.00)	(44,147,423.78)
9	Actuarial (gain)/loss - demographic assumptions		
10	Actuarial (gain)/loss - financial assumptions		
11	Benefits paid directly by the Company	(44,826,721.00)	(59,760,317.61)
12	Benefits paid from plan assets		
	DBO at end of current period	**675,565,016.00**	**682,277,523.09**

(Amount in Nu.)

B	Statement of Profit & Loss	December 31,2025	December 31, 2024
1	Current service cost	46,620,614.00	53,844,436.03
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	46,620,614.00	53,844,436.03
6	Net interest on net defined benefit liability / (asset)	52,789,133.00	52,034,123.68
7	Immediate recognition of (gains)/losses - other long term employee benefit plans	-	-
	Cost recognized in P&L	**99,409,747.00**	**105,878,559.71**

(Amount in Nu.)

C	Defined Benefit Cost	December 31, 2025	December 31, 2024
1	Service cost	46,620,614.00	53,844,436.03
2	Net interest on net defined benefit liability / (asset)	52,789,133.00	52,034,123.68
3	Actuarial (gains)/ losses recognized in OCI	(61,295,533.00)	(44,147,423.78)
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans		
	Defined Benefit Cost	**38,114,214.00**	**61,731,135.93**

(Amount in Nu.)

D	Development of Net Financial Position	December 31, 2025	December 31, 2024
1	Defined Benefit Obligation (DBO)**	675,565,016.00	682,277,523.09
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(675,565,016.00)	(682,277,523.09)
	Net Defined Benefit Asset	**(675,565,016.00)**	**(682,277,523.09)**

(Amount in Nu.)

E	Reconciliation of Net Balance Sheet Position	December 31, 2025	December 31, 2024
1	Net defined benefit asset/ (liability) at end of prior period	(682,277,523.00)	(680,306,704.77)
2	Service cost	(46,620,614.00)	(53,844,436.03)
3	Net interest on net defined benefit liability/ (asset)	(52,789,133.00)	(52,034,123.68)
4	Amount recognized in OCI	61,295,533.00	44,147,423.78
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	44,826,721.00	59,760,317.61
8	Acquisitions credit/ (cost)	-	-
9	Divestitures	-	-
10	Withdrawals from the Plan Assets	-	-
11	Cost of termination benefits	-	-
	Net defined benefit asset/ (liability) at end of current period	**(682,277,523.00)**	**(680,306,704.77)**

(Amount in Nu.)

F	Other Comprehensive Income (OCI)	December 31,2025	December 31,2024
1	Actuarial (gain)/loss due to liability experience	(61,295,533.00)	(44,147,423.78)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
3	Actuarial (gain)/loss arising during period	(61,295,533.00)	(44,147,423.78)
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	(61,295,533.00)	(44,147,423.78)
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**(61,295,533.00)**	**(44,147,423.78)**

(Amount in Nu.)

G	Expected benefit payments for the year ending	December 31, 2025
1	31-Dec-26	67,356,764.00
2	31-Dec-27	45,977,071.00
3	31-Dec-28	51,376,865.00
4	31-Dec-29	54,534,364.00
5	31-Dec-30	66,569,417.00
6	December 2031 to December 2035	328,848,589.00
(i)	**Expected employer contributions for the period ending 31 December 2025**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**12.49 years**
(iii)	**Significant estimates: actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2025**
	Discount Rate	**8.00%**
	Effect on DBO due to 0.5% increase in Discount Rate	(28,892,236.00)
	Effect on DBO due to 0.5% decrease in Discount Rate	30,999,314.00
b	**Salary escalation rate**	**2025**
	Salary escalation rate	**8.00%**
	Effect on DBO due to 1% increase in Salary escalation rate	63,672,283.00
	Effect on DBO due to 1% decrease in Salary escalation rate	(56,343,706.00)

NOTE 24B: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (CARRIAGE ALLOWANCE)

(Amount in Nu.)

A	Assets/Liabilities	December 31, 2025	December 31, 2024
1	DBO at end of prior period	8,236,864.00	8,808,593.51
2	Current service cost	792,552.00	698,325.00
3	Interest cost on the DBO	609,368.00	648,005.21
4	Curtailment (credit)/ cost		
5	Settlement (credit)/ cost		
6	Past service cost - plan amendments		
7	Acquisitions (credit)/ cost		
8	Actuarial (gain)/loss - experience	2,126,634.00	(501,002.95)
9	Actuarial (gain)/loss - demographic assumptions		
10	Actuarial (gain)/loss - financial assumptions		
11	Benefits paid directly by the Company	(1,239,520.00)	(1,417,056.76)
12	Benefits paid from plan assets		
	DBO at end of current period	**10,525,898.00**	**8,236,864.01**

(Amount in Nu.)

B	Statement of Profit & Loss	December 31, 2025	December 31, 2024
1	Current service cost	792,552.00	698,325.00
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	792,552.00	698,325.00
6	Net interest on net defined benefit liability / (asset)	609,368.00	648,005.21
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	**1,401,920.00**	**1,346,330.21**

(Amount in Nu.)

C	Defined Benefit Cost	December 31, 2025	December 31, 2024
1	Service cost	792,552.00	698,325.00
2	Net interest on net defined benefit liability / (asset)	609,368.00	648,005.21
3	Actuarial (gains)/ losses recognized in OCI	2,126,634.00	(501,002.95)
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	**3,528,554.00**	**845,327.26**

(Amount in Nu.)

D	Development of Net Financial Position	December 31, 2025	December 31, 2024
1	Defined Benefit Obligation (DBO)**	(10,525,898.00)	(8,236,864.01)
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(10,525,898.00)	(8,236,864.01)
	Net Defined Benefit Asset	**(10,525,898.00)**	**(8,236,864.01)**

(Amount in Nu.)

E	Reconciliation of Net Balance Sheet Position	December 31, 2025	December 31,2024
1	Net defined benefit asset/ (liability) at end of prior period	(8,236,864.00)	(8,808,593.51)
2	Service cost	(792,552.00)	(698,325.00)
3	Net interest on net defined benefit liability/ (asset)	(609,368.00)	(648,005.21)
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	(2,126,634.00)	501,002.95
9	Divestitures	-	-
10	Withdrawals from the Plan Assets	-	-
11	Cost of termination benefits	1,239,520.00	1,417,056.76
	Net defined benefit asset/ (liability) at end of current period	**(10,525,898.00)**	**(8,236,864.01)**

(Amount in Nu.)

F	Other Comprehensive Income (OCI)	December 31, 2025	December 31,2024
1	Actuarial (gain)/loss due to liability experience	2,126,634.00	(501,002.95)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
3	Actuarial (gain)/loss arising during period	2,126,634.00	(501,002.95)
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	2,126,634.00	(501,002.95)
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**2,126,634.00**	**(501,002.95)**

(Amount in Nu.)

G	Expected benefit payments for the year ending	December 31,2025
1	31-Dec-26	1,312,736.00
2	31-Dec-27	1,265,885.00
3	31-Dec-28	941,249.00
4	31-Dec-29	1,166,343.00
5	31-Dec-30	1,355,885.00
6	December 2031 to December 2035	5,864,718.00
(i)	**Expected employer contributions for the period ending 31 December 2025**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**10.20 years**
(iii)	**Significant estimates: actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2025**
	Discount Rate	**8.00%**
	Effect on DBO due to 0.5% increase in Discount Rate	(391,647.00)
	Effect on DBO due to 0.5% decrease in Discount Rate	418,694.00
b	**Transportation rate**	**2025**
	Transportation rate	**5.00%**
	Effect on DBO due to 1% increase in Transport rate	221,462.00
	Effect on DBO due to 1% decrease in Transport	(244,660.00)

NOTE 24C: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (REPATRIATION ALLOWANCE BENEFIT SCHEME)

(Amount in Nu.)

A	Assets/Liabilities	December 31, 2025	December 31, 2024
1	DBO at end of prior period	22,724,332.00	22,904,741.54
2	Current service cost	3,011,591.00	1,926,386.79
3	Interest cost on the DBO	1,728,729.00	1,721,085.52
4	Curtailment (credit)/ cost		
5	Settlement (credit)/ cost		
6	Past service cost - plan amendments		
7	Acquisitions (credit)/ cost		
8	Actuarial (gain)/loss - experience	15,970,805.00	(1,045,536.77)
9	Actuarial (gain)/loss - demographic assumptions		
10	Actuarial (gain)/loss - financial assumptions		
11	Benefits paid directly by the Company	(2,230,440.00)	(2,782,345.00)
12	Benefits paid from plan assets		
	DBO at end of current period	**41,205,017.00**	**22,724,332.08**

(Amount in Nu.)

B	Statement of Profit & Loss	December 31, 2025	December 31, 2024
1	Current service cost	3,011,591.00	1,926,386.79
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	3,011,591.00	1,926,386.79
6	Net interest on net defined benefit liability / (asset)	1,728,729.00	1,721,085.52
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	**4,740,320.00**	**3,647,472.31**

(Amount in Nu.)

C	Defined Benefit Cost	December 31, 2025	December 31, 2024
1	Service cost	3,011,591.00	1,926,386.79
2	Net interest on net defined benefit liability / (asset)	1,728,729.00	1,721,085.52
3	Actuarial (gains)/ losses recognized in OCI	15,970,805.00	(1,045,536.77)
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	**20,711,125.00**	**2,601,935.54**

(Amount in Nu.)

D	Development of Net Financial Position	December 31, 2025	December 31, 2024
1	Defined Benefit Obligation (DBO)**	(41,205,017.00)	(22,724,332.08)
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(41,205,017.00)	(22,724,332.08)
	Net Defined Benefit Asset	**(41,205,017.00)**	**(22,724,332.08)**

(Amount in Nu.)

E	Reconciliation of Net Balance Sheet Position	December 31, 2025	December 31, 2024
1	Net defined benefit asset/ (liability) at end of prior period	(22,724,332.00)	(22,904,741.54)
2	Service cost	(3,011,591.00)	(1,926,386.79)
3	Net interest on net defined benefit liability/ (asset)	(1,728,729.00)	(1,721,085.52)
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	(15,970,805.00)	1,045,536.77
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	2,230,440.00	2,782,345.00
12	Benefits paid from plan assets	-	-
	Net defined benefit asset/ (liability) at end of current period	**(41,205,017.00)**	**(22,724,332.08)**

(Amount in Nu.)

F	Other Comprehensive Income (OCI)	December 31, 2025	December 31,2024
1	Actuarial (gain)/loss due to liability experience	15,970,805.00	(1,045,536.77)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
3	Actuarial (gain)/loss arising during period	15,970,805.00	(1,045,536.77)
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	15,970,805.00	(1,045,536.77)
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**15,970,805.00**	**(1,045,536.77)**

(Amount in Nu.)

G	Expected benefit payments for the year ending	December 31, 2025
1	31-Dec-26	3,336,655.00
2	31-Dec-27	3,303,684.00
3	31-Dec-28	2,682,234.00
4	31-Dec-29	3,051,189.00
5	31-Dec-30	3,668,398.00
6	December 2031 to December 2035	19,659,095.00
(i)	**Expected employer contributions for the period ending 31 December 2025**	**Not Applicable**
(ii)	**Weighted average duration of defined benefit obligation**	**12.99 years**
(iii)	**Significant estimates: actuarial assumptions and sensitivity**	
a	**Discount Rate**	**2025**
	Discount Rate	**8.00%**
	Effect on DBO due to 0.5% increase in Discount Rate	(2,074,161.00)
	Effect on DBO due to 0.5% decrease in Discount Rate	2,254,389.00
b	**Salary escalation rate**	**2025**
	Salary escalation rate	**8.00%**
	Effect on DBO due to 1% increase in Salary escalation rate	4,662,121.00
	Effect on DBO due to 1% decrease in Salary escalation rate	(4,020,175.00)

NOTE 24D: DISCLOSURE AS PER IAS 19, 'EMPLOYEES BENEFIT' AS REGARDS DEFINED BENEFIT SCHEME (TRANSFER GRANT BENEFIT SCHEME)

(Amount in Nu.)

A	Assets/Liabilities	December 31, 2025	December 31,2024
1	DBO at end of prior period	22,724,332.00	22,904,741.54
2	Current service cost	3,011,591.00	1,926,386.79
3	Interest cost on the DBO	1,723,255.00	1,716,953.52
4	Curtailment (credit)/ cost		
5	Settlement (credit)/ cost		
6	Past service cost - plan amendments		
7	Acquisitions (credit)/ cost		
8	Actuarial (gain)/loss - experience	16,113,129.00	(938,104.77)
9	Actuarial (gain)/loss - demographic assumptions		
10	Actuarial (gain)/loss - financial assumptions		
11	Benefits paid directly by the Company	(2,367,290.00)	(2,885,645.00)
12	Benefits paid from plan assets		
	DBO at end of current period	**41,205,017.00**	**22,724,332.08**

(Amount in Nu.)

B	Statement of Profit & Loss	December 31, 2025	December 31,2024
1	Current service cost	3,011,591.00	1,926,386.79
2	Past service cost - plan amendments	-	-
3	Curtailment cost / (credit)	-	-
4	Settlement cost / (credit)	-	-
5	Service cost	3,011,591.00	1,926,386.79
6	Net interest on net defined benefit liability / (asset)	1,723,255.00	1,716,953.52
7	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Cost recognized in P&L	**4,734,846.00**	**3,643,340.31**

(Amount in Nu.)

C	Defined Benefit Cost	December 31, 2025	December 31,2024
1	Service cost	3,011,591.00	1,926,386.79
2	Net interest on net defined benefit liability / (asset)	1,723,255.00	1,716,953.52
3	Actuarial (gains)/ losses recognized in OCI	16,113,129.00	(938,104.77)
4	Immediate recognition of (gains)/losses - other long-term employee benefit plans	-	-
	Defined Benefit Cost	**20,847,975.00**	**2,705,235.54**

(Amount in Nu.)

D	Development of Net Financial Position	December 31, 2025	December 31, 2024
1	Defined Benefit Obligation (DBO)**	(41,205,017.00)	(22,724,332.08)
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(41,205,017.00)	(22,724,332.08)
	Net Defined Benefit Asset	**(41,205,017.00)**	**(22,724,332.08)**

(Amount in Nu.)

E	Reconciliation of Net Balance Sheet Position	December 31, 2025	December 31, 2024
1	Net defined benefit asset/ (liability) at end of prior period	(22,724,332.00)	(22,904,741.54)
2	Service cost	(3,011,591.00)	(1,926,386.79)
3	Net interest on net defined benefit liability/ (asset)	(1,723,255.00)	(1,716,953.52)
4	Amount recognized in OCI	-	-
5	Amount recognized in Profit & Loss	-	-
6	Employer contributions	-	-
7	Benefit paid directly by the Company	-	-
8	Acquisitions credit/ (cost)	(16,113,129.00)	938,104.77
9	Divestitures	-	-
10	Withdrawals From the Plan Assets	-	-
11	Cost of termination benefits	2,367,290.00	2,885,645.00
12	**Benefits paid from plan assets**	**-**	**-**
	Net defined benefit asset/ (liability) at end of current period	**(41,205,017.00)**	**(22,724,332.08)**

(Amount in Nu.)

F	Other Comprehensive Income (OCI)	December 31, 2025	December 31, 2024
1	Actuarial (gain)/loss due to liability experience	16,113,129.00	(938,104.77)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
3	Actuarial (gain)/loss arising during period	16,113,129.00	(938,104.77)
4	Return on plan assets (greater)/less than discount rate	-	-
5	Actuarial (gains)/ losses recognized in OCI	16,113,129.00	(938,104.77)
6	Adjustment for limit on net asset	-	-
	Actuarial (Gain) or Loss Recognized via OCI at Current Period End	**16,113,129.00**	**(938,104.77)**

(Amount in Nu.)

G	Expected benefit payments for the year ending	December 31, 2025
1	31-Dec-26	
2	31-Dec-27	3,336,655.00
3	31-Dec-28	3,303,684.00
4	31-Dec-29	2,682,234.00
5	31-Dec-30	3,051,189.00
6	December 2031 to December 2035	3,668,398.00
(i)	**Expected employer contributions for the period ending 31 December 2025**	**19,659,095.00**
(ii)	**Weighted average duration of defined benefit obligation**	**Not Applicable**
(iii)	**Significant estimates: actuarial assumptions and sensitivity**	**12.99 years**
a	**Discount Rate**	
	Discount Rate	**2025**
	Effect on DBO due to 0.5% increase in Discount Rate	8.00%
	Effect on DBO due to 0.5% decrease in Discount Rate	(2,074,161.00)
b	**Salary escalation rate**	**2,254,389.00**
	Salary escalation rate	**2025**
	Effect on DBO due to 1% increase in Salary escalation rate	8.00%
	Effect on DBO due to 1% decrease in Salary escalation rate	4,662,121.00

NOTE 25: EARNINGS PER SHARE

(Amount in Nu.)

Particulars	December 31, 2025	December 31,2024
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company (b/c)	0.23	0.19
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	10,534,859,747	8,688,899,558
(c) Weighted average number of equity shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	45,507,416,000.00	45,444,626,000.00

Note: Diluted earnings per share is same as basic earnings per share.

NOTE 26: FAIR VALUE MEASUREMENTS

Particulars	31-Dec-25			31-Dec-24		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
Financial assets						
Fixed deposit with bank	-	-	14,850,430,999.00	-	-	2,150,430,999.00
Accrued interest on fixed deposit	-	-	141,884,886.80	-	-	39,896,177.03
Trade receivables	-	-	2,612,969,777.72	-	-	3,240,203,580.84
Intercorporate loan	-	-	1,956,321,000.00	-	-	1,823,857,901.92
Accrued interest on investment	-	-	1,763,603,633.53	-	-	1,753,612,919.62
Miscellaneous deposits	-	-	6,292,144.83	-	-	6,254,872.23
Other receivables	-	-	1,556,371,560.06	-	-	2,023,377,520.31
Cash and cash equivalents	-	-	1,617,676,571.56	-	-	9,375,086,204.29
Total financial assets	**-**	**-**	**24,505,550,573.50**	**-**	**-**	**20,412,720,175.24**
Financial liabilities						
Borrowings			45,554,460,084.77			48,663,481,129.92
Security deposit- suppliers & others	-	-	192,491,905.07	-	-	135,828,315.53
Sundry creditors	-	-	1,231,069,243.64	-	-	1,217,116,911.21
Outstanding liabilities to contractors	-	-	16,341,988.50	-	-	112,539,161.92
Outstanding liabilities for expenses	-	-	48,444,240.58	-	-	62,177,331.85
Provision for bonus	-	-	175,174,646.15	-	-	151,785,093.71
Sundry liabilities	-	-	3,397,744.50	-	-	1,597,949.34
Total financial liabilities	**-**	**-**	**47,221,379,853.21**	**-**	**-**	**50,344,525,893.48**

a. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of financial instruments that are (a) recognized and measured at fair value, and (b) measured at amortized cost, for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed by the accounting standard.

Level 1

Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is classified within level 2.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is classified within level 3.

b. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

The fair value of the financial instruments is determined using discounted cash flow analysis.

c. Fair value of financial assets and liabilities measured at amortised cost

(Amount in Nu.)

Particulars	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Fixed deposit and accrued interest	2,239,418,286.61	467,441,966.75	689,262,296.90	467,327,433.89
Deferred lease income				
Total financial assets	**2,239,418,286.61**		**689,262,296.90**	
Financial liabilities				
Borrowings and accrued interest	43,252,400,802.46	35,360,347,565.66	46,747,161,222.61	31,846,267,774.43
Total financial liabilities	**43,252,400,802.46**		**46,747,161,222.61**	

The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature. The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant Estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (b) above.

NOTE 27: FINANCIAL RISK MANAGEMENT

The Company's activities expose it to credit risk, liquidity risk, and market risk (i.e., foreign currency risk, interest rate risk, and price risk). This note explains the sources of risk to which the entity is exposed, how the entity manages these risks, and their impact on the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Aging analysis	Collateral and Guarantees Diversification of customer base Monitoring and Reporting Payment Terms and Conditions
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities Maintain Reserves Diversification of funding sources
Market risk - foreign exchange	Future commercial transactions and recognized financial liabilities not denominated in Bhutanese Ngultrum (Nu.)	Cash flow forecasting Sensitivity analysis	Diversification of liability Hedging
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from various financial institutions

The Board provides oversight of the governance structure, control and management system and risk mitigation measures. Druk Green identifies risks that the Company might be exposed to and to implement the mitigating plans in keeping with the Risk Management Manual that came into effect from January 01, 2012. The first Risk Register was developed in 2013. The Risk Register is an evolving document that is being reviewed and updated on an annual basis. It helps the Company in identifying and managing all risks and opportunities that can affect the achievement of the business objectives of Druk Green.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

» **Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30-90 days credit term. The Company's major debtors are government owned/ government-controlled companies. Further the Company regularly monitors its outstanding customer receivables. The Company has less credit risk as the customer base is distributed both economically and geographically. The aging of trade receivables of the Company are less than 3 months.

The requirement for impairment is analyzed at each reporting date. For impairment, customers are individually accessed. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivable as disclosed above. The Company evaluates the risk as low since majority of the customer are two government owned companies (i.e. Bhutan Power Corporation and PTC India Ltd). No allowance for impairment has been considered based on its past experience and forwarding-looking information.
The Company also makes inter-corporate loans to its group companies as per the Company's policy and reviews the outstanding receivable on a periodic basis.

» **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's Finance & Investment Department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy. The counterparties are accordingly governed by the regulatory authorities to mitigate financial loss during failure to make payment. For banks and financial institutions, only high rated banks/ institutions are accepted. Financial Assets are considered to be of good quality and there is no significant credit risk.

b. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. For the current ongoing projects, DGPC's portions of funds are mostly met through either equity, grant or loan.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows through preparation of "fund gap analysis" monthly. In addition, the Company's liquidity management policy involves projecting cash flows on monthly basis and considering the level of liquid assets necessary to monitor debt service coverage ratio against debt financing requirements and maintaining debt financing plans.

» **Maturities of financial liabilities**

The tables below depict the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31-Dec-25	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	2,051,330,268.04	2,051,330,268.04	6,153,990,804.13	15,309,538,614.29	25,566,189,954.51
Interest	1,844,335,518.12	1,838,639,356.18	5,481,741,096.88	12,684,361,412.37	21,849,077,383.55
Security Deposit-Suppliers & Others	84,559.93	-	-	-	84,559.93
Sundry Creditors	10,621,441.77	-	-	-	10,621,441.77
Outstanding Liabilities to contractors	1,617,676,571.56	-	-	-	1,617,676,571.56
Total financial liabilities	**5,524,048,359.42**	**3,889,969,624.22**	**11,635,731,901.01**	**27,993,900,026.66**	**49,043,649,911.32**

Contractual maturities of financial liabilities December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	2,085,039,569.89	2,051,330,268.04	6,153,990,804.13	17,202,305,222.82	27,492,665,864.88
Interest	1,851,058,352.06	1,844,335,518.12	10,729,696,197.86	14,492,904,051.91	28,917,994,119.95
Security Deposit-Suppliers & Others	135,828,315.53	-	-	-	135,828,315.53
Sundry Creditors	1,217,116,911.21	-	-	-	1,217,116,911.21
Outstanding Liabilities to contractors	112,539,161.92	-	-	-	112,539,161.92
Outstanding Liabilities for expenses	62,177,331.85	-	-	-	62,177,331.85
Provision for Bonus	-	-	-	-	-
Sundry Liabilities	151,785,093.71	-	-	-	151,785,093.71
Total financial liabilities	**5,615,544,736.17**	**3,895,665,786.16**	**16,883,687,001.99**	**31,695,209,274.73**	**58,090,106,799.05**

c. Market Risk

» **Foreign currency risk**

The Company deals with foreign currency loan, trade payables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement. The revenue earned from the export of energy to India is in foreign currency (Indian Rupee) which does not have foreign exchange fluctuation risk since Bhutanese Ngultrum (BTN) is pegged with Indian Rupee (INR). However, company has started sourcing fund from international financial institute for the development of hydro power projects for which the company is exposed to foreign currency risk.

The risk is measured through a forecast of highly probable foreign currency cash flows. Further the Company manages its foreign currency risk other than in Indian Rupee by maintaining its foreign currency exposure, as approved by Board as per established risk management policy.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Nu. are as follows: -

Particulars	December 31, 2025		December 31, 2024	
	USD	INR	USD	INR
Financial assets		1,031,510,774.80		1,277,716,610.22
Financial liabilities	3,914,684,261.35	21,879,323,214.79	3,940,515,716.41	24,917,617,944.63
Net exposure to foreign currency risk	**(3,914,684,261.35)**	**(20,847,812,439.99)**	**(3,940,515,716.41)**	**(23,639,901,334.41)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	December 31, 2025	December 31, 2024
USD sensitivity		
Nu. depreciate by 5% (2024: 5%)	(195,734,213.07)	(197,025,785.82)
Nu. appreciate by 5% (2024: 5%)	195,734,213.07	197,025,785.82

As value of Nu. is constantly equal to the INR, company is not exposed to any foreign currency risk relating to amount receivables/payable in INR.

» **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has only fixed rate borrowings and are carried at amortized cost. Further inter corporate loans given and investment made by the Company also bears fixed rate of interest. Interest income and interest expenses are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

NOTE 28: CAPITAL MANAGEMENT

Risk management

The company's objectives when managing capital are to:

» Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and

» Maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, grants, long term borrowings and short-term borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust its capital structure.

a. Loan Covenants

Under the terms of the major borrowing facilities, the company is required to comply with a financial covenant during the year ending 31 December 2025, specifically the debt service coverage ratio. There were no loan covenants applicable to the Company prior to 31 December, 2024.

The company has complied with these covenants throughout the reporting period. As of 31 December 2025, the coverages are as below:

i. Debt Service Coverage Ratio

(Amounts in Nu.)

Particulars	December 31, 2025
EBITDA	21,524,317,903.36
Debt Service	4,662,103,452.89
Debt service coverage ratio	**1.62**

ii. Debt Service Reserve Account (DSRA)

In accordance with the SBI loan covenant, a reserve is required to be maintained for the DSRA. Accordingly, Nu. 1.5 billion maintained as a DSRA for the SBI loan.

iii. Interest Coverage Ratio

(Amounts in Nu.)

Particulars	December 31, 2025
EBITDA	21,524,317,903.36
Interest Service	2,584,770,804.06
Interest Coverage Ratio	**8.33**

iv. Fixed Asset Coverage Ratio

(Amounts in Nu.)

Particulars	December 31, 2025
Net Fixed Asset (CWIP plus net tangible assets)	75,378,589,516.73
Debt	45,554,460,084.77
Fixed Asset Coverage Ratio	**1.65**

NOTE 29: LEASE-COMPANY AS A LESSEE

The Company applied BFRS 16 from January 1, 2022, using the modified retrospective approach. The carrying amounts of right-of-use assets and lease liabilities as at December 31, 2025, reflect subsequent measurement in accordance with BFRS 16.

i. Right-of-Use Assets and Lease Liabilities

The Company has lease agreements for land with DHI, the Royal Government of Bhutan (RGoB), and private entities. The Company recognizes these leases as Right-of-Use (ROU) Assets on the balance sheet and corresponding lease liabilities under current and non-current liabilities.

The carrying amounts of Right-of-Use Assets and their movements during the year ended December 31, 2025 are as follows:

Particulars	ROU-Land
Balance as at 31st December, 2024	25,257,163.98
Depreciation expense during the year	(1,070,372.13)
Balance as at 31st December,2025	**24,186,791.85**

Set out below are the carrying amount of lease liability recognized and the movement during the year:

Particulars	2025	2024
Opening Lease liability	31,407,902.81	23,519,001.09
Adjustment of lease liability with the increase in lease rate with effect from 2023		8,039,706.69
Adjustment during the year	(50,087.36)	(150,804.97)
Balance as at 31st December	**31,357,815.45**	**31,407,902.81**

Following are the amount recognized as in profit and loss:

Particulars	2025	2024
Depreciation Expenses for Right-of-Use Asset	1,070,372.13	2,116,650.05
Interest on Financial liability	2,766,045.53	4,056,343.31
Total amount recognized in Profit/Loss	**3,836,417.66**	**6,172,993.36**

The maturity analysis of lease liability is disclosed as under:

Particulars	2025	2024
Less than 1 Year	2,816,132.88	2,816,132.88
1 to 5 years	11,686,951.47	11,546,144.82
More than 5 years	62,073,373.71	65,030,313.24
Total amount recognized in Profit/Loss	**3,836,417.66**	**6,172,993.36**

NOTE 30: ADDITIONAL DISCLOSURES

a. The authorized share capital of the Company is Nu. 50 billion (50,000,000 equity share @ Nu. 1,000 per share), and as of the reporting date, the total paid up capital is Nu. 45,507.42 million (45,507,416 equity share @ Nu. 1,000 per share).

b. The Company presents separate financial statements for all the Hydropower Plants and share capital of the company is subdivided amongst the Hydropower Plants for maintenance of information on the performance and financing structure of each Hydropower Plant. The Hydropower Plants operate as profit center of DGPC and does not have a legal existence of their own.

c. The operation and maintenance of the 18 MW Suchhu Hydropower Plant (SHP) was formally handed over from Druk Hydro Energy Limited to Druk Green Power Corporation Limited on July 30, 2025, signifying the transition from the construction and commissioning phase to the operation and maintenance phase.

The project is the first among the small hydropower projects envisioned by His Majesty the King during the COVID-19 pandemic to be commissioned and connected to the national grid.

d. The Licensed and the Installed Capacity of Hydropower Plants under DGPC are as below:

Plants	Licensed Capacity (MW)	Installed Capacity (MW)
Basochhu Hydropower Plant	64	64
Chhukha Hydropower Plant	336	336
Kurichhu Hydropower Plant	60	60
Tala Hydropower Plant	1020	1020
Mangdechhu Hydropower Plant	720	720
Suchhu Hydropower Plant	18	18

e. Dagachhu Hydro Power Corporation Limited is a subsidiary company, in which DGPC holds 2,437,880 equity shares of Nu. 1,000 each, fully paid up, with 59% stake along with 26% held by Tata Power Company Limited and 15% by National Pension & Provident Fund (NPPF).

f. Tangsibji Hydro Energy Limited (THyE) is a wholly owned subsidiary company with a paid-up capital of Nu. 7,538.76 million as of 2025.

g. Bhutan Hydropower Services Limited (BHSL) is a wholly owned subsidiary company, in which DGPC holds 10,938,288 fully paid-up equity shares of Nu. 100 each, with a paid-up capital of Nu. 859.59 million as of 31.12.2025, comprising of 7,729,627 shares paid up at Nu. 100 per share and 3,208,661 shares bought at Nu. 27 per share.

h. Druk Hydro Energy Limited (DHyE) was formed on 16th November 2021 as a wholly owned subsidiary company with authorized capital of Nu. 100,000 million. The subscribed share capital is Nu. 10,000 million @ Nu. 100/ per share. The paid-up share capital is Nu.2,857.50 million as of 31.12.2025.

i. Khorlochhu Hydropower Limited (formerly known as Kholongchhu Hydro Energy Limited (KHEL)) was established as a joint venture between Druk Green Power Corporation (DGPC) and SJVN Limited, a Government of India undertaking, on September 30, 2014, with DGPC and SJVNL each holding an equal 50% equity stake in the company.

Out of the 50,000,000 equity shares valued at Nu. 100 each, DGPC and SJVNL were allotted 25,000,000 shares each. KHPL bought back 25,000,000.00 equity shares from SJVNL at 3,547.11 million which had paid up value of Nu. 2,404.37 million at the time of buy back. The fund of Nu. 3,547.11 million was infused by DGPC upon issuance of corresponding equity shares to DGPC based on the resolution passed during the 25th KHEL Board and Shareholder meeting, along with the 5th Extraordinary General Meeting (EGM) held on December 30,2022.

By 2023, the company's paid-up capital stood at Nu. 5,922.11 million, following an additional capital injection of Nu. 152.78 million. As of December 31, 2023, DGPC held 100% ownership of KHEL.

However, with the recent signing of the Subscription and Shareholders Agreement between Druk Green Power Corporation Limited, Tata Power Company Limited, and Khorlochhu Hydropower Limited, the shareholding pattern with share subscription has been revised as detailed below,

Sl. No	Shareholder Name	Type	No of Securities	Face Value	Contribution by Shareholders	Percentage
1	DGPC	Equity Share	124,200,000.00	100	12,420,000,000	60%
2	TATA Power	Equity Share	82,800,000.00	100	8,280,000,000	40%
	Total		210,000,000.00		20,700,000,000	

Furthermore, to facilitate the entry of a new shareholder, Tata Power Company Limited, and to maintain KHPL's intended 60:40 shareholding structure, approval was granted by the Registrar of Companies through their letter no. MoICE/CRA-201/2024/764 dated 12th November, 2024 for conversion of equity shares amounting to Nu. 4,280.00 million into preference shares as an interim measure and will reduce annually and convert back into equity, reaching zero by 2026 as the equity injection from Tata Power matches to the fund already infused by DGPC.
During the year, preference share capital of Nu. 1,860 was converted into equity share capital.

As of December 31, 2025, the capital structure of KHPL is as follows:

» Paid-up equity shares capital of Nu. 3,660.00 million from DGPC
» Preference shares capital of Nu. 2,420.00 million from DGPC

j. Bhutan Automation and Engineering Limited (BAEL) was formed as a joint venture between DGPC and Andritz Hydro Private Limited, India, vide agreement dated October 16, 2017, with 51% and 49% equity shareholding respectively. DGPC has been allotted fully paid up 3,060,000 equity shares of Nu. 10 each.

k. The domestic tariff for BHP, CHP, KHP and THP has been revised from Nu. 1.42/kWh to Nu. 1.34/kWh and for MHP from Nu. 3.77/kWh to Nu. 3.64/kWh and wheeling charges from Nu. 0.270/kWh to Nu.0.23/kWh with effect from September 1, 2022, to June 30, 2025, vide letter no. BEA/CEO/DGPC/2022-2023/186 dated August 31, 2022, BEA/CEO/MHP/2022-2023/185 dated August 31, 2022 and BEA/CEO/BPC/2022-2023/184 dated August 31, 2022, respectively. The tariff for the SHP is approved for Nu. 5.49/kWh from the date of COD till a new tariff will be decided by the ERA based on the new National Energy Policy 2025.

l. In line with the office memorandum No. 5-11/3/2016-BBMB dated 16th November 2023 issued by Ministry of Power, Government of India. The export tariff of CHP has been revised from Nu. /Rs. 2.55 per unit to Nu. /Rs. 3.00 per unit. The export tariff for Tala and Kurichhu was revised from Nu. /Rs. 2.12/kWh to Nu./Rs. 2.23/ kWh applicable from December 1, 2021, for a five-year period, valid until November 30, 2026. The export tariff for MHP was revised from Nu./Rs. 4.12/kWh to Nu./Rs. 4.48 / kWh applicable from 22nd July, 2024 to 21st July, 2029.

m. With the commissioning of the Nikachhu Project, the Mangdechhu Hydropower Plant was expected to benefit from an additional generation of 324 MU (as per design) due to the inflow of Nikachhu tailwater into the Mangdechhu reservoir. The revenue earned from the sale of energy from this additional generation has been approved for a 50:50 sharing between MHP and NHP, both for domestic and export. And with the commissioning of Nikachhu project with effect from February 2024, MHP could generate additional generation Ex-bus of 369.21MU (2024- 377.02MU) resulting into additional revenue of Nu. 1,561.78 million (2024 - Nu.1,575.31) for the year 2025. As agreed, 50% of the total revenue earned from additional generation, after deducting royalty and wheeling charges, amounting to Nu. 780.89 million (2024- 640.02), was shared with THyE.

n. Income approach, prescribed by BAS 20, has been used to recognize grant. It is fundamental to the income approach that government grants should be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate. DGPC considers the related costs for which the below market rate loan is intended compensate the prevailing market rate interest and accounted accordingly over the loan term

DGPC has received a grant of USD 4.3 Million from the World Bank for the implementation of Sustainable Hydropower Development Project (SHDP) which includes the DPR update of Dorjilung Hydropower Project and other capacity building activities. The grant is funded by two trust funds (SARIC and ESMAP), and accordingly, two bank accounts have been opened with the Bank of Bhutan (SARIC Grant No. TF0B8007 and ESMAP Grant No. TF0B8049).

SHDP comprises following two components:

» Component 1: Preparation Studies/Technical Assistance for DHPP Hydropower Plant and Transmission Lines (funded by SARIC Trust Fund). The grant stands closed as of 31 December, 2024.

» Component 2: Capacity Building for the Sustainable Development of Hydropower (funded by ESMPA Trust Fund). The grant is currently in the grace period for closure and will be closed as of April 30, 2025.

Details of Grant balance as on 31.12.2025

Nature of Grants	Amount (Nu.)
Opening Balance of Deferred Income	51,531,231.49
Adjustments during the year	1,019,800.72
Charge off of depreciation during the year	9,400,476.08
Unspent amount surrendered during the year	9,546,725.87
Restatement of Grant incurred towards the project development of DHPP to Deferred Grant Income	216,531,472.15
Net Balance of Deferred Income	**288,029,706.31**

There are no unfulfilled conditions or contingencies attached to the recognized grants.

Government Grants and Concessional Loans

The benefit arising from the concessional interest rate has been recognized as Deferred Income and is amortized in accordance with the accounting policy for government grants.

Concessional Loan and Grant - Second Green Power Development Project

The Asian Development Bank sanctioned Special Funds Resources Loan No. 3226-BHU(SF) amounting to SDR 16,987,000 and Grant No. 0421-BHU(SF) amounting to USD 25,250,000 for the implementation of the Second Green Power Development Project under a Subsidiary Agreement between the Royal Government of Bhutan and Druk Green Power Corporation dated 12 June 2015.

The loan has a tenor of 32 years, including a grace period of 8 years, with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. The funds were provided for equity injection in Tangsibji Hydro Energy Limited. Repayment of principal commenced on 15 February 2023.

Movement in Deferred Income

Nature of Grants	Amount (Nu.)
Opening Balance of Deferred Income	1,270,406,670.16
Adjustments during the year	92,417,945.78
Net Balance of Deferred Income	**1,177,988,724.38**

There are no unfulfilled conditions or contingencies attached to the recognized grants.

Concessional Loan - Green Power Project Readiness Financing

The Asian Development Bank sanctioned Loan No. 6051-BHU(COL) amounting to USD 5 million for Green Power Project Readiness Financing for the Bunakha and Nyera Amari Hydropower Projects under a Subsidiary Agreement between the Royal Government of Bhutan and Druk Green Power Corporation dated 26 December 2023.

The loan has a tenor of 32 years, including a grace period of 8 years, with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter.

During the year, USD 1.77 million was disbursed. The benefit arising from the concessional interest rate has been recognized as Deferred Income.

Movement in Deferred Income

Nature of Grants	Amount (Nu.)
Opening Balance of Deferred Income	-
Additions during the year	71,653,647.53
Net Balance of Deferred Income	**71,653,647.53**

Concessional Loan - Distributed Solar for Public Infrastructure Project

The Asian Development Bank sanctioned Loan No. 4491-BHU(COL) amounting to USD 30 million for the Distributed Solar for Public Infrastructure Project under a Subsidiary Agreement between the Royal Government of Bhutan and Druk Green Power Corporation dated 3rd December, 2024.

The loan has a tenor of 32 years, including a grace period of 8 years, with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter.

During the year, loan disbursements of USD 1.66 million were availed.

Movement in Deferred Income

Nature of Grants	Amount (Nu.)
Opening Balance of Deferred Income	
Additions during the year	256,078,967.99
Net Balance of Deferred Income	**256,078,967.99**

The Embedded Generation Plants comprising 17 mini/micro hydropower plants, one wind power plant, and one solar power plant, along with seven abandoned/decommissioned mini/micro hydropower plants, were transferred from Bhutan Power Corporation to Druk Green Power Corporation as part of the initiative to consolidate generation assets under DGPC and transmission and distribution assets under BPC, as directed by the Board of BPC and Druk Holding and Investments. The transfer was carried out on an "as is where is" basis, and assets amounting to Nu. 262,383,900.00 and inventories amounting to Nu. 6,393,816.71, as per BPC's

books of accounts as of 31 December 2021, were taken over by DGPC with effect from 1 January 2022, following joint physical verification.

The assets were recognized at their carrying value, and the portion financed through grants was recognized as deferred grant income, which is amortized to the Statement of Profit and Loss over the useful life of the related assets in line with the depreciation charged on those assets.

GFPP Grant No. TFOC8849 - Preparation Grant for Dorjilung Hydropower Power Project (DHPP)

The International Bank for Reconstruction and Development under the World Bank has sanctioned a Grant Facility for Project Preparation of USD 3,000,000.00 (US Dollar Three Million) only, on the date of signing of agreement via Implementation Agreement between the International Bank for Reconstruction and Development and Druk Green Power Corporation Limited dated June, 2025 and closing date for withdrawal period being December 31, 2026.

Movement in Deferred Income

Nature of Grants	Amount (Nu.)
Opening Balance of Deferred Income	121,880,092.16
Adjustment during the year	10,276,780.20
Net Balance of Deferred Income	**111,603,311.96**

o. A loan of Nu. 708,000,000.00 (Ngultrum Seven Hundred Eight Million) and Nu. 1,648,872,940.86 (Ngultrum One Billion Six Hundred Forty-Eight Million Eight Hundred Seventy-Two Thousand Nine Hundred Forty and Chetrum Eighty-Six) was availed through a subsidiary agreement between the Royal Government of Bhutan and the then Basochhu Hydropower Corporation Ltd. (for the Lower Stage and Upper Stage) on October 14, 2004, and August 1, 2006, respectively. The loan tenure was 20 years and 19 years at a fixed interest rate of 6% per annum for each. Of this, the loan of Nu. 1,648,872,940.86 for the Lower Stage stands liquidated in 2024 and loan of Nu. 708,000,000.00 for the upper stage liquidated by December 15, 2025.

p. The Asian Development Bank (ADB) has sanctioned a loan of USD 29,000,000.00(US Dollar Twenty-Nine Million) equivalent to Special Drawing Rights (SDR) of 18,832,000.00 (SDR Eighteen Million Eight Hundred and Thirty-Two Thousand) only, on the date of the signing of agreement via subsidiary agreement between Royal Government of Bhutan and Druk Green Power Corporation dated March 3, 2009 for a period of 32 years including a grace period of 8 years at the interest rate of 3.15% per annum for equity injection in Dagachhu Hydropower Corporation Limited. The repayment of principal has started from April 15, 2017.

q. The Asian Development Bank (ADB) has sanctioned Special Funds resources loan of Special Drawing Rights (SDR), SDR 16,987,000.00 (SDR Sixteen Million Nine Hundred Eighty Seven Thousand) only and grant of US$ 25,250,000.00 (US Dollar Twenty Five Million Two Hundred Fifty Thousand) only for the purposes of implementation of the Second Green Power Development Project, on the date of the signing of agreement via subsidiary agreement between Royal Government of Bhutan and Druk Green Power Corporation dated June 12, 2015 for a period of 32 years including a grace period of 8 years at the interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. The fund was sanctioned for equity injection in Tangsibji Hydro Energy Limited (THyE). The repayment of principal has started from February 15, 2023.

r. The Asian Development Bank (ADB) has sanctioned a loan of USD 5 million towards Green Power Project Readiness Financing for the Bunakha and Nyera Amari Hydropower Projects through a Subsidiary Agreement between the Royal Government of Bhutan and DGPC dated December 26, 2023. The loan has a tenor of 32 years, including a grace period of 8 years, with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. To date, loan disbursements amounting to USD 1.77 million have been availed for the projects.

The Asian Development Bank (ADB) has sanctioned a loan of USD 30 million towards the Distributed Solar for Public Infrastructure Project through a Subsidiary Agreement between the Royal Government of Bhutan and DGPC dated December 2024. The loan has a tenor of 32 years, including a grace period of 8 years, with

an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. To date, loan disbursements of USD 1.66 million have been availed for the project.

t. The Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development has sanctioned a loan of USD 30 million towards the Begana and Gamri-I Hydro Projects through a Subsidiary Agreement between the Royal Government of Bhutan and DGPC dated April 21, 2025. The loan has a tenor of 20 years, including a grace period of 5 years, with an interest rate of 2% per annum. To date, loan disbursements of USD 6.06 million have been availed for the Gamri-I Project.

u. The DGPC Board had approved for sourcing of debt from local financial institutions to finance the Nikachhu component of the Associated Transmission System (ATS). The loan portion of the ATS transferred to BPC has been handed over, while the loan portion of the ATS located within the powerhouse of MHP is retained and recorded in DGPC's books. Below are the loan details of ATS from BOB and NPPF.

SN.	Banks	Payment Date	Interest rate	Interest Type	Loan Principal	Balance Loan as on 31.12.2025
1	BOB	27-Dec-17	7.94%	Floating	62,956,782.77	58,527,370.44
2	BOB FEIF	27-Dec-17	NA	NA	3,168,719.31	1,663,158.59
3	NPPF	29-Sep-22	8.30%	Fixed	326,536,579.45	285,474,471.41
4	NPPF	20-May-22	8.00%	Fixed	67,470,687.00	82,415,779.46
5	NPPF FEIF	28-Sep-22	NA	NA	21,374,835.63	8,095,361.86
	TOTAL				**481,507,604.16**	**436,176,141.76**

v. The company has incurred a loss of Nu.193.37 million (previous year Nu. 92.30 million loss) in 2025 on account of exchange difference arising on the settlement of monetary items and on translating monetary items at rates different from those at which they were translated on initial recognition or in previous financial statements and charged to statement of comprehensive income.

w. Following the sanction of a term loan amounting to Nu/INR 14,000.00 million by the State Bank of India (SBI), through letter no PFSBU/T-09/2023-2023/753 dated September 26, 2023, and after a yearlong, detailed negotiation of the loan agreement between DGPC and SBI, a facility agreement was signed between DGPC and the State Bank of India on October 13, 2024 by securitizing the receivables from the sale proceeds of energy generated by the Tala Hydropower Plant. DGPC availed the first tranche of the loan, amounting to INR 2,000 million, from SBI on December 31, 2024. As of December 31, 2025, DGPC availed INR 4,000 million from the facility and DGPC has incurred transaction expenses during the year totaling Nu. 10,703,606.57.

x. Approval for handing over of Mangdechhu Hydroelectric Project (MHEP) to Druk Green Power Corporation (DGPC), Druk Holding and Investments (DHI) was conveyed by the Cabinet Secretary vide letter no. C-4/2022/1492 dated 22nd December 2022 to the Secretary, Ministry of Economic Affairs with a condition to maintain the profit transfer from the project to Ministry of Finance till 30th June 2023.

However, the modality of profit transfer was changed from 30th June to 31st December 2023 conveyed by the Cabinet Secretary to the Acting Finance Secretary vide cabinet letter no. C-3/147/2023/1704 dated 12th July 2023. Based on these changes, a tripartite meeting was held between DHI, DGPC and MoF on 14th August 2023 on the consolidation of MHP accounts with DGPC for the year 2023. It was decided that due to complexities in the accounting (book entry), the parties agreed to maintain MHEP books on a stand-alone basis for 2023. Since 2019, from the date of the project's commissioning until 2022, the revenue earned from the sale of Mangdechhu power was first received by DGPC and then transferred to MHP. Based on the handing taking over note DGPC had integrated MHP in the ERP SAP as a profit centre from January 2023 onwards and revenue receipts from the sale of Mangdechhu power centrally managed at corporate office, but the decision not to consolidate the accounts of MHP with DGPC came at the later stage.

Accordingly, although the handing over and taking over of Mangdechhu Hydroelectric Project between Mangdechhu Hydroelectric Project Authority and Druk Green Power Corporation Limited took place on December 27, 2022, the integration of MHPA accounts into DGPC accounts is only affected from January 01,2024.

y. In accordance with the repayment schedule for the loan from the Government of India (GoI) for the construction of the 720 MW Mangdechhu Hydroelectric Project, tenth installments have been paid as of December 31, 2025, totaling Nu.20,862,770,240.36 (Nu.2,148,808,581.70 per installment, including principal, IDC, and interest). Since the subsidiary loan agreement between DGPC and BPC has not yet been signed, DGPC is currently making repayments on BPC's portion of the loan, which is recorded as a receivable in DGPC's books. The repayment schedule consists of 34 equal half-yearly installments over 17 years, with the first installment due on January 22, 2021, and the final installment on July 22, 2037.

z. All the balances against debtor, creditors and advances are based on the invoices raised to/ raised from and advances paid respectively, which are not settled as of December 31, 2025. The reconciliation is carried out and confirmation of the balances is obtained for majority of the balances of more than Nu. 1.00 million.

aa. Corporate Guarantees

Corporate Guarantees Extended;

As at 31 December 2025, DGPC had provided corporate guarantees to the following

Sl. No	Recipient	Amount Guaranteed (Nu.)	Nature of Guarantee	Expiry Date
1	Bhutan Automation & Engineering Ltd.	20,345,767.00	In lieu of the 10% Bank Guarantee for the design and installation of CCPS at PHPA-I.	31st December, 2026
		18,685,647.75	In lieu of the 10% Bank Guarantee for the design and installation of CCPS at PHPA-II.	31st January, 2026
		24,462,541.60	In lieu of performance BG for design & installation SCADA at DHyE	28th February, 2027
2	Bhutan Hydropower Services Limited	85,015,865.79	In lieu of the Bank Guarantee for the H&M works of Phase-I small projects	31st December, 2025
		361,267,200.00	For the NPPF Loan Facility	31st December, 2031
		30,560,000.00	In lieu of retention money for the H&M works of Phase-I small projects	31st December, 2025

Corporate Guarantee Availed;

DGPC has availed a corporate guarantee of Nu. 25 million from Druk Holding and Investments (DHI) to support financing arrangements for the replacement work of Unit-II of the Chhukha Hydropower Plant.

ab. The pay and allowances of DGPC employees were revised with effect from October 2023 based on the Remuneration Revision Order 2023. In line with the Order, earned leave (EL) is not carried forward and must be utilized within the same year.

ac. Based on the National Land Commission notification no. NLCS/DoLAM(01)/2023-34/000478 dated 1st Feb 2024, it is stated that for all existing leased land, the old lease rates of 2009 may be applied until 31st Dec 2024. In accordance with this notification, DGPC has calculated the payable amount for leased land using the old rates till 2024 and new rates for 2025.

ad. The company has identified the obsolete inventory and made required provisions during the year.

ae. Quantitative Information of purchase and sale of power:

(Amt: Millions) (Units: Millions)

Particulars	2025		2024	
	Units (kWh)	Amount (Nu)	Units (kWh)	Amount (Nu)
Self-Generation	10,920.89		10,691.03	
Sale:				
Within Bhutan	4,545.75	7,856.96	5,623.11	9,395.18
Export to India	4,900.59	17,047.05	3,403.64	13,125.51
Internal Consumption & Losses	58.16	**2024** 0.36	103.71	0.38
Total	**9,504.50**	**24,904.37**	**9,130.46**	**22,521.06**

af. All existing generation plants (Basochhu, Chhukha, Kurichhu, Mangdechhu and Tala) have to provide 15% of the annual generation as royalty energy to RGoB free of charge. All other generation plants shall provide royalty energy as per the SHDP. RGoB shall have the option to avail the royalty energy either in energy or cash in lieu at the highest off-take rate or pro-rated thereof after adjusting for admissible losses and wheeling charges. Till 2016 Royalty obligation portion were paid on the domestic tariff rate and from January 1, 2017 it has been paid as per the Electricity Subsidy and Royalty Payment Framework 2017. From September 2022, royalty obligation has been paid as per the Electricity Subsidy and Royalty Payment Framework 2022. Royalty Energy of 1,676.43 MU (previous year 1,585.53 MU) amounting to Nu. 4,938.71 million (Net of Wheeling charges) (Previous year Nu. 4,207.54 million) paid in 2025.

ag. The following statutory dues were outstanding and pending to be deposited at respective year ends:

(Amount in million Nu.)

	Particulars	2025	2024
a)	TDS Payable	17.83	2.82
b)	Corporate Income Tax	3,439.58	2,944.10
	Total	**3,457.41**	**2,943.90**

ah. Auditors' remuneration:

(Amount in million Nu.)

	Particulars	2025	2024
a)	Audit Fee	0.73	0.55
b)	Out of pocket expenses	0.63	0.36
	Total	**1.36**	**0.91**

ai. A dividend of Nu. 5,253.89 million only have been proposed for the year ended December 31, 2025, amounting to a dividend of Nu. 115.45 per share. These financial statements do not reflect this dividend proposed.

aj. DGPC reliance on PTC (i.e major external customer) and with trading on IEX and to TATA power for export revenue amount to Nu. 17,047,051,869.43 (i.e 65.82% of total revenue) in 2025.

NOTE 29: LEASE-COMPANY AS A LESSEE

The company is a wholly owned subsidiary of DHI (a Royal Government of Bhutan undertaking). The company for the purpose of disclosure requirement has considered DHI controlled companies/corporations and company's own subsidiaries as related parties for the purpose of disclosures required by BAS 24 as summarized:

Companies	2025	2024
	% of Holding	% of Holding
Parent -		
Druk Holding & Investment	100%	100%
Subsidiaries -		
Dagachhu Hydro Power Corporation Ltd.	59%	59%
Tangsibji Hydro Energy Limited	100%	100%
Bhutan Hydropower Services Ltd.	100%	100%
Druk Hydro Energy Limited	100%	100%
Khorlochhu Hydropower Ltd.	60%	100%
Joint Venture -		
Bhutan Automation Engineering Ltd.	51%	51%

Fellow Subsidiaries under DHI ownership -

1. Bhutan Power Corporation Limited
2. Bank of Bhutan Limited
3. Bhutan Telecom Limited
4. Druk Air Corporation Limited
5. State Trading Corporation of Bhutan Limited
6. Dungsam Cement Corporation Limited
7. Wood Craft Center Limited
8. Construction Development Corporation Limited
9. Bhutan Board Product Limited
10. Dungsam Polymers Limited
11. Penden Cement Authority Limited
12. Natural Resources Development Corporation Ltd.
13. State Mining Corporation Limited
14. Thimphu Tech Private Limited
15. Menjong Sorig Pharmaceutical Corporation Limited

Name of Related Party	Relationship	Nature of transaction with related party	2025	2024
Druk Holding & Investments	Holding Company	a. Payment of Dividend	5,617,000,000.00	4,074,369,222.61
		b. Equity	45,507,416,000.00	45,444,626,000.00
		c. Management & Brand Fee	198,000,755.50	94,076,027.88
		d. Inter Corporate Loan		
		e. Interest expenses on Inter corporate Loan		
		f. Service availed	3,192,316.13	3,915,724.90
		g. Non-trade payable	1,416,109.51	6,000,000.00
		h. Lease Rent		6,400,438.12
Bhutan Power Corporation Limited	Fellow Subsidiary	a. Sale of Electricity	4,588,883,743.12	10,214,291,397.57
		b. Wheeling Charges	1,332,380,015.14	1,044,081,906.50
		c. Consumption of electricity by DGPC	13,399,065.26	12,398,710.99
		d. Receivable on energy sold		
		e. Payable towards wheeling charges	15,023,896.31	
		f. non-trade receivable	1,309,422,083.69	1,487,803,436.20
Bank of Bhutan Limited	Fellow Subsidiary	a. Bank charges	1,075,978.67	272,359.10
		b. Interest expenses on loan	4,748,308.25	4,896,763.93
		c. Long Term Borrowing	60,523,613.57	63,611,286.40
		d. Services availed	500,500.00	500,500.00
		e. Balances with BOBL	2,571,778,280.32	5,872,089,040.07
		f. Interest Income from Deposit	129,358,286.95	
Bhutan Telecom Limited	Fellow Subsidiary	a. Payable towards Telephone, Internet services & Others	5,185,811.48	104,400.08
		b. Data Center services charges	12,868,711.24	
		c. Telephone, Fax, Internet Services & Others	3,483,766.36	23,162,552.26

Name of Related Party	Relationship	Nature of transaction with related party	2025	2024
Druk Air Corporation Limited	Fellow Subsidiary	a. Purchase of Air Tickets and Others	4,229,891.00	3,278,301.00
		b. Receivable commission on Air Ticket		
		c. Interest Income on Inter corporate Loan	20,384,931.51	5,429,644.81
		d. Non-trade receivable		4,814,890.71
		e. Trade Payable	1,155,302.00	326,667.00
		f. Inter Corporate Loan	950,000,000.00	950,000,000.00
State Trading Corporation of Bhutan Limited	Fellow Subsidiary	a. Advance Payment		
		b. Repair and Maintenance of Vehicles	11,447,057.71	24,229,868.92
		c. Trade Payable	301,814.16	3,002,572.60
		d. Services availed related to IT		
		e. Deposit Received		1,579,580.46
Bhutan Hydropower Services Limited	Subsidiary	a. Equity Investment	1,093,828,800.00	859,596,538.10
		b. Services availed related to R&M of EM	91,939,133.56	118,839,514.61
		c. Trade Payable	12,009,059.06	23,354,258.20
		d. Corporate Guarantee Fee income	3,081,957.28	2,693,454.79
		e. Advance payment		242,202.28
		f. Receivable for service provided	524,539.86	
Dagachhu Hydropower Corporation Limited	Subsidiary	a. Equity Investment	2,437,880,000.00	2,437,880,000.00
		b. Income on services provided	11,354,456.69	13,640,914.19
		c. Interest Income on Inter Corporate Loan	606,297.96	
		d. Trade Receivable	1,925,337.90	125,075.00
		e. Non-Trade Payable	1,174,220.89	653,581.63
		f. Dividend Income		132,570,799.13

Name of Related Party	Relationship	Nature of transaction with related party	2025	2024
Tangsibji Hydro Energy Limited	Subsidiary	a. Equity Investment	7,538,758,000.00	7,538,758,000.00
		b. Income on services provided	9,668,449.42	2,126,949.63
		c. Non-Trade Receivable (+Corporate Guarantee Fee)	1,503,183.08	166,416,409.20
		d.Non-Trade payable		247,478,812.10
		e. Corporate Guarantee Fee Income		2,727,271.23
Dungsam Cement Corporation Limited	Fellow Subsidiary	a. Inter-corporate Loan	290,000,000.00	703,346,994.53
		b. Interest income on Loan	9,163,424.65	3,695,355.19
		c. Non-trade receivable		
		d. Income from CoE Services		194,014.00
Khorlochhu Hydro Energy Limited	Subsidiary	a. Equity Investment	3,660,000,000.00	1,800,000,000.00
		b. Loan to Group (ICL)	566,321,000.00	175,276,747.36
		c. Investment in Preference Share	2,420,000,000.00	4,280,000,000.00
		d. Income from Lending and Deposits	16,597,084.04	1,418,845.44
		e. Income from Service Provided	6,891,229.89	
		f. Non-trade receivable	16,415,552.77	1,024,112.98
Natural Resources Development Corporation Ltd	Fellow Subsidiary	a. Procurement of Furniture & Fixture	278,780.00	801,870.00
		b. Payable towards purchase	497,844.73	
		c. Rent payment	30,000.00	68,000.00
		d. Trade Payable	14,000	
		d. Purchase of construction materials		
Bhutan Board Products Limited	Fellow Subsidiary	a. Procurement of Furniture & Fixture		
Bhutan Automation & Engineering Limited	Joint Venture	a. Equity Investment	30,600,600.00	30,600,000.00
		b. Dividend Income	25,500,000.00	25,500,000.00
		c. Interest expenses on Inter corporate Loan		
		d. Trade Payable	9,868,533.17	188,159.00
		e. Capital Work-in-progress		
		f. Trade Receivable	432,050.62	
		g. Advance		4,626,587.60
Thimphu Tech Park Limited	Fellow Subsidiary	a. R&M Services availed	5,099,380.22	9,547,570.79
		b. Trade Payable	300,817.67	601,635.34
		c. Security Deposit	97,810.89	445,031.69
		d. Advance Paid	363,550.68	
Menjong Sorig Pharmaceutical Corporation Limited	Fellow Subsidiary	a. Purchase of product & services		
Druk Hydro Energy Limited	Subsidiary	a. Investment with DHyE	2,857,504,127.39	2,857,504,127.39
		b. CoE and other services	3,942,876.34	3,057,784.69
		c. Revenue from sale of goods	39,718,592.36	11,651,379.83
		d. Trade Receivable	11,623,675.50	93,032,101.18
		e. Trade Payable	100,000	
		d. Trade Receivable	11,623,675.50	93,032,101.18

NOTE 29: LEASE-COMPANY AS A LESSEE

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. As such Key management personnel of the company for the purpose of disclosure of compensation include Board of Directors and Managing Director.

Sl. No.	Particulars	2025	2024
a)	Short- term employee benefits	6.403	6.325
	Total	**6.403**	**6.325**

Sitting fees paid to the Board of Directors (excluding MD, DGPC)

Sl. No.	Particulars	2025	2024
a)	Directors' Sitting Fee	0.621	0.470
	Total	**0.621**	**0.470**

*No separate valuation is done for key managerial personnel (Managing Director and Head of Department) in respect of PEB and OLTB. The same is included in the Note 20: Employee remuneration and benefits.

Recent Accounting Pronouncements

In February 2021, the International Accounting Standards Board (IASB) amended IAS 1, requiring companies to disclose material accounting policies. These amendments are effective for annual reporting periods beginning on or after January 1, 2023. Since the Auditing and Accounting Standards Board (AASB) has not introduced any new amendments to the existing standards applicable to the company, Significant Accounting Policies are disclosed instead of Material Accounting Policies.

POWERING BHUTAN'S SUSTAINABLE FUTURE

Harnessing the strength of our rivers to power progress, enrich lives and build a resilent tomorrow

CLEAN ENERGY | SUSTAINABLE DEVELOPMENT | INNOVATION & EXCELLENCE | PARTNERSHIP FOR PROGRESS



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