12th

ANNUAL REPORT

2018-19

NABHA POWER LIMITED

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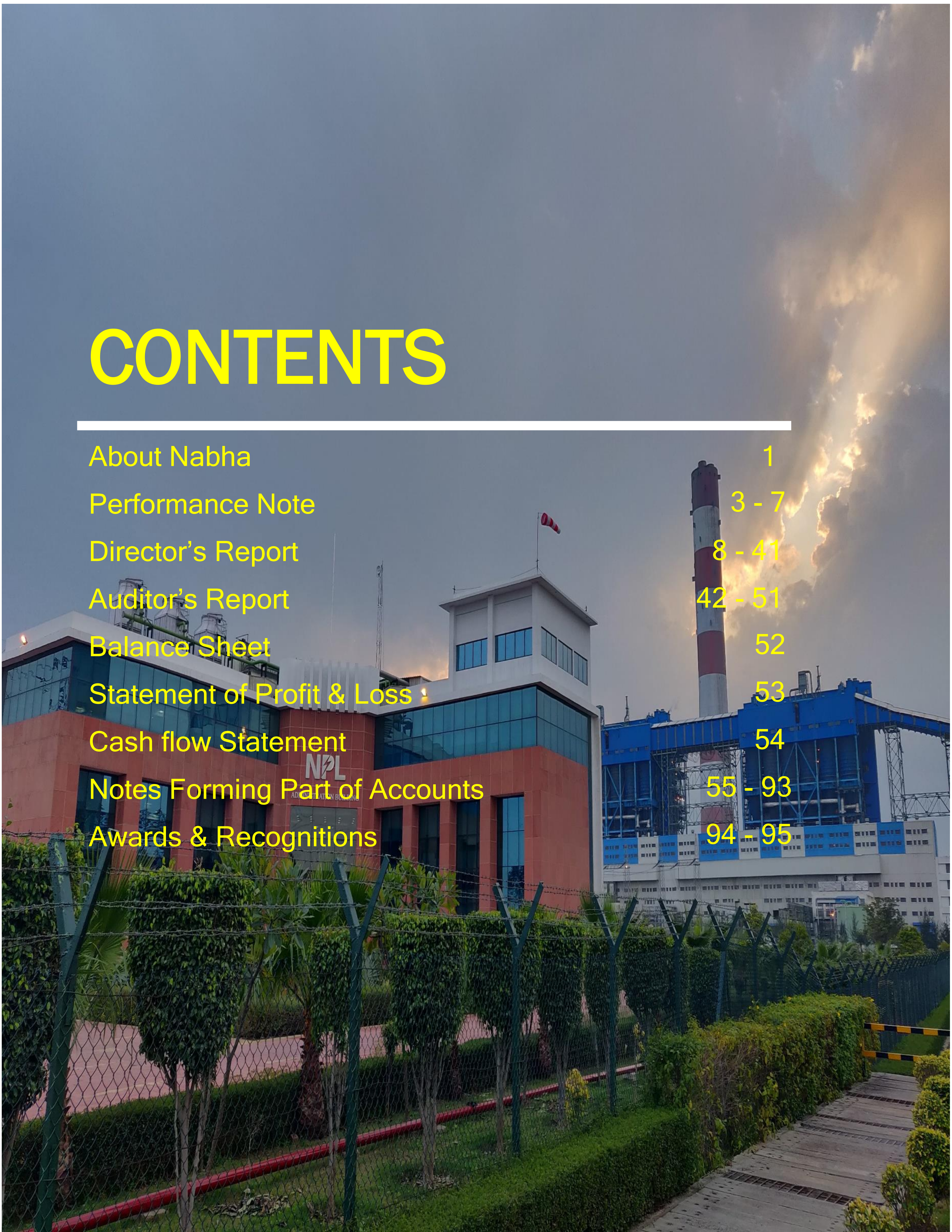

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Nabha Power Limited (NPL) has set up a 2 X 700 MW Coal based Supercritical Thermal Power Plant at Rajpura, Punjab. NPL has signed a Power Purchase Agreement with Punjab State Power Corporation Limited (formerly, Punjab State Electricity Board) for sale of 100% power generated from the plant for a period of twenty five years. NPL has also entered into a long term Fuel Supply Agreement (FSA) with South Eastern Coalfields Limited (SECL), a subsidiary of Coal India Limited for supply of fuel (coal) to the plant for a period of twenty years.

- **Board of Directors**

Mr. Shailendra Roy
Mr. Y. V. S. Sravankumar
Mr. Ajit Samal
Mr. S Balasubramanian
Ms. Vijaya Sampath — Independent Directors

- **Registered Office**

Nabha Power Limited, PO Box No 28, Near Village Nalash, Rajpura, Distt. Patiala 140401

- **Auditors**

Statutory Auditor: M/s Sharp & Tannan
Cost Auditor: M/s R. Nanabhoy & Co.

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Financial Performance Review FY 19

Business Environment

Plant performance highlights - FY 19

- Full recovery of Capacity Charges in FY 19 despite significant headwinds.
- Operated at high PLF: 74% (all India thermal average 61%)
- SHR: 2310 Kcal/ Kwh in FY19 (Previous best: 2328 Kcal/kwh, FY17) despite rise in start-ups.
- Highest ever permission secured for Imported Coal: 9.5 Lakh MT for the paddy season
- Collected 396 Cr including 20 Cr interest towards arrears of Washing related
- Achieved interest rate on borrowings at 7.91%

All India Electricity Generation at 4% in FY19. Renewable capacity addition surpassed the thermal capacity addition third year consecutively. 86 GW (12.48%) capacity addition of renewable energy against 34 GW (1.51%) of thermal in FY19. All India Thermal PLF at 61% (60% in FY18). PLF of central & state generating companies increased by 1.7% and 4.39 % respectively Y-o-Y however PLF of IPPs remained same in FY19

NPL was able to achieve the normative availability in the state, with PAF at 86%, whereas TSPL and GVK had an availability of 81% & 66% respectively, thereby making NPL the most reliable source of power in the state.

Further, NPL operated at a high PLF in comparison to its peers (NPL 74%, TSPL 61% & GVK 52%). Due to its high efficiency NPL has been scheduled to the maximum as it has remained at the top of the merit order

Generation in Punjab increased 6% Y-o-Y (FY 19 26364 MU, FY18 24728 MU)

Coal Supply shortage to Power Plants is leading to higher merchant power rates. Due to higher purchase of power on IEX by Gujarat due non-approval of imported coal IEX prices went high, as a result PSPCL was able to sell 17780 MU's in the off-peak period at Rs 3.82/unit.

Fuel Scenario

Coal India Limited, for the first time, has breached the 600 Million Tonne (MT) mark in coal production and off-take ending FY 2019, clocking growth of 7% and 4.8% respectively.
The Maharatna Coal mining plant had has produced and supplied 607 MTs and 608 MTs of coal during 2018-19 almost reaching its MoU target of 610 MTs.

Thermal Coal Imports increased 9.3% Y-o-Y for FY19 (61.66 MT FY19, 56.41 MT FY18)
NPL undertook two shutdowns during the year on account of coal shortage. First shut down was undertaken between 4 Apr to 14 Apr 2018 on account of delay in permission of Imported Coal from Standing Committee Meeting. Subsequently, Plant was shut down between 3 June to 11 June on account shortage of coal due to congestion in Katni.

NPL received a highest ever permission for use of 9.5 Lakh Tons from Standing Committee to ensure fuel availability in FY19. Further, a permission of 3.5 LMT was secured for Q1FY20. In addition to this, additional allocation to the tune of 14.4 Lakh Ton received from CCL/ BCCL. Materialisation at 88% of ACQ. Further, NPL actively participated in the committee constituted for revision of Consumption Norms. NPL is the only private party in the committee constituted by CEA. Complete coverage by CIMFR at SECL was achieved through intense efforts.

Statement of Profit & Loss – FY 19

Description	FY 19 Actual	FY 18 Actual
Finance Income (Capacity Charges)	1066	1099
Fees for O&M (Energy Charges)	2857	2671
Sale of Fly Ash & Other Income	83	46
Rebate	-35	-42
Construction Revenue	1	5
Reversal of ECL Provision	-	135
Total Revenue	**3972**	**3914**
Construction Cost	1	5
Coal Cost	3009	2557
O&M Cost (including Oil)	186	175
Bad Debts	48	243
Provision for ECL	2	22
Operating Interest	605	628
Total Cost	**3851**	**3630**
EBIDTA	**122**	**283**
Depreciation	1	1
(-) Other Comprehensive Income	1	-4
Profit Before Tax	120	286
Tax	25	37
Profit After Tax	**95**	**249**

YoY Performance

The Company earned a Gross Revenue of Rs 3972 Cr for FY 19 as against Gross Revenues of Rs 3914 Crores in FY 18, registering a growth of 1.48% over FY 19 mainly on account of higher energy charges amounting to 193 Cr due to higher coal cost, interest from PSPCL of 20 Cr and sale of coal rejects of 17 Cr. These have offset the financial implication of lower capacity charge per unit. (FY 19 Rs 1.45/Kwh & FY 18 Rs 1.51/ Kwh.

During the FY 19, the Company recorded Profit After Tax of Rs 95 Cr, as against profit of Rs 249 Crores after Tax for the corresponding period in the previous year, mainly due to accruals related to washing pertaining to FY17 and Reversal of Net ECL Provision of Rs 113 Cr in FY18.

Revenue

- Average Tariff FY18: 4.75/unit (Capacity Charges: 1.45, Energy Charges: 3.30)
- Non-accrual of Capacity Charge (Mega Status Benefits) resulted in lower Finance Income (FY19: 94 Cr)
- Fees for O&M is higher against the FY 18 due to higher coal cost
- Other income includes interest of 20 Cr, paid by PSPCL on disputed dues of washing charges

Costs

- Higher use of Import coal resulted into higher Coal Cost in propoxate to PLF in FY 19
- Interest cost at 7.91%. Interest Cost at 605 Cr for FY 19
- Claim towards Washing 48 Cr –Written off as per affidavit submitted in SC

Balance Sheet

Description	31.03.2019	31.03.2018
Equity	2325	2325
Other Equity	920	823
Non-Current Financial Liabilities	1510	2577
Current Financial Liabilities	6494	5360
Other Current Liabilities	17	9
Provisions	3	2
Total Liabilities	**11269**	**11096**
Property, Plant, Equipment	87	85
Non-Current Financial Assets	8458	8659
Other Non-Current Assets	8	11
Current Assets - Inventory	320	114
Current Financial Assets	2126	2055
Other Current Assets	270	172
Total Assets	**11269**	**11096**

Liabilities

- Other Equity includes Rs 73 Cr towards Preference Capital, Rs 555 Cr towards Debenture reserve, Rs 290 Crores towards Securities Premium Account. The Balance is the Retained Earnings, being the Net Profit for the Period was Rs 96 Cr which has been transferred to Debenture Redemption Reserve as referred above.

- Total Borrowings stood at Rs 7573 Cr as per details given below: -

Description	31.03.2019
NCDs	4137
ECB	361
Commercial Papers	2663
ICBs	380
Cash Credit	8
Total Borrowings	7549

- Current Financial Liabilities include Trade Payables Rs 241 Cr & Non- Accrual of Mega 192 Cr

Assets

- Property, Plant, Equipment includes Capital WIP Rs 76 Cr towards cost incurred towards Unit 3

- Non-Current Financial Assets include Rs 8451 Cr Lease Receivable. Principal recovery in Lease Rs 266 Cr during the FY18.

- Current Financial Assets includes Rs 1913 Cr Trade receivable (net of ECL: Rs 24 Cr) and Rs 204 Cr as current portion of Lease Receivable

- Other current assets include supplier advance of Rs 247 Cr (Fuel supply).

Working Capital

Parameter	March 19 Actual	March 18 Actual
Debtors	1913	1781
Inventory	320	114
Advances/Oth. Assets	260	175
Cash & Bank Balance	8	5
Gross WC	**2510**	**2075**
Trade Payables	241	249
Current Liabilities	40	21
Unearned Income Liability	192	99
Net Working Capital	**2037**	**1706**

Major Figures for March 19 are given below: -

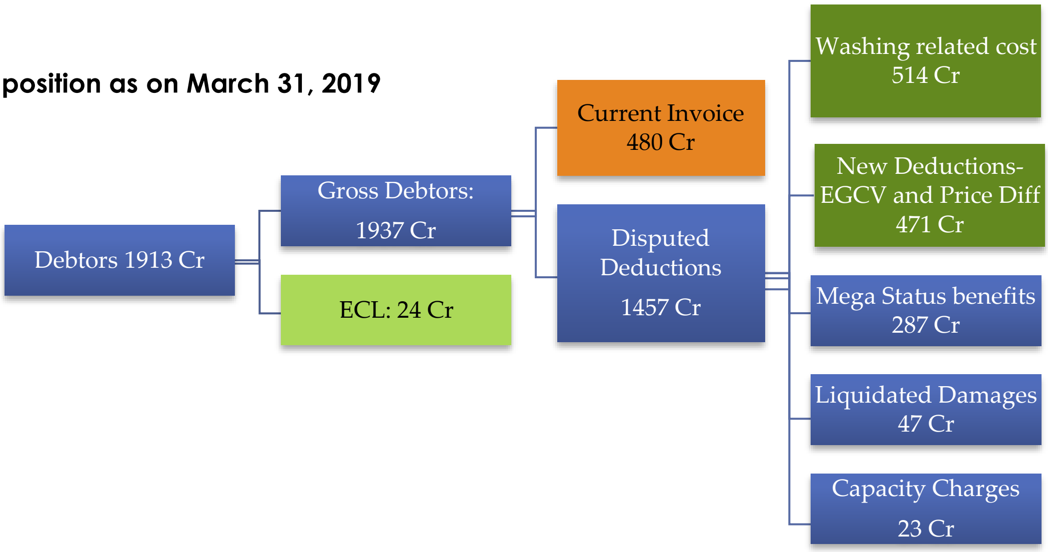
- Debtors include 1465 Cr towards disputes under litigation and details are given below

- Unearned Income Liability is towards Rs 192 Cr towards Mega Status Benefits which is subjudice

- ICB from Parent Company was Rs 380 Crores

Debtors

Debtors position as on March 31, 2019



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Nabha Power Limited

Dear Members,

The Directors have pleasure in presenting their 12th Annual Report and Audited Accounts for the year ended 31st March 2019.

1. Financial Highlights

Particulars	2018-19	2017-18
	Rs. In Crores	Rs. In Crores
Profit Before Depreciation, exceptional and extra ordinary items & Tax	122.42	283.41
Less: Depreciation, amortization and obsolescence	1.39	0.93
Add: Transfer from Revaluation Reserve	-	-
Profit before exceptional and extraordinary items and tax	121.03	282.48
Add: Exceptional Items	-	-
Profit before extraordinary items and tax	121.03	282.48
Add: Extraordinary items	-	-
Profit / (Loss) before tax	121.03	282.48
Less: Provision for tax	24.61	37.31
Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	96.42	245.17
Other Comprehensive Income (after tax)	(1.11)	3.62
Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	-	-
Profit for the period carried to the balance sheet	95.31	248.79
Add: Balance brought forward from previous year	-	-
Less: Dividend paid for the previous year (Including dividend distribution tax)	-	-
Balance available for disposal (which directors appropriate as follows)	95.31	248.79
Debenture Redemption Reserve as on year end	554.53	458.11
Proposed dividend	-	-
Dividend Tax	-	-
General Reserve	-	-
Balance carried to Balance Sheet	-	-
Dividend	-	-

Capital & Finance

The Company issued non-convertible debentures amounting to Rs.1850 Cr during the year to reduce its interest cost. In addition, the Company also issued commercial papers amounting to Rs. 15,600 Cr.

Working Capital Borrowing

The Company has maintained its overall Working Capital borrowing within the approved overall limit of Rs.1000 Cr comprising both fund based and non-fund based sources.

Credit Rating

The INR denominated Non-Convertible Debentures issued by the Company were reaffirmed a rating of "ICRA AAA (SO)/Stable" (pronounced "ICRA triple A Structured Obligation with stable outlook") by ICRA. Non-Convertible Debentures are secured by way of a corporate guarantee from the ultimate holding Company - Larsen & Toubro Limited.

The Long-term Bank Facilities (External Commercial Borrowings), Long-term facilities (Working Capital Limits) and the Long-term Bank Facilities (Bank Guarantee) availed by the Company were reaffirmed as CARE A; Stable by CARE Ratings. The Short-term Bank Facilities (Letter of Credit/Bank Guarantee) were reaffirmed as CARE A1 by CARE Ratings.

Capital Expenditure

As at March 31, 2019 the gross tangible and intangible assets stood, including Capital work-in-progress at Rs. 89.77 Cr and the net tangible and intangible assets, including capital work-in-progress at Rs. 87.09 Cr. Capital expenditure during the year amounted to Rs. 3.73 Cr.

2. Particulars of loans given, investments made, guarantees given or security provided by the Company

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in "Other notes forming part of accounts" reference: 33.VII (d)(I).

3. Particulars of Contracts or Arrangements with related parties

The Audit Committee has approved the actual Related Party Transactions for the financial year 2018-19 and the estimated transactions for the financial year 2019-20.

All the related party transactions were in the ordinary course of business and at arm's length.

The material related party transactions entered by the Company are attached as Annexure 'A' to this report.

4. State of Company Affairs

The Total Revenue (Sales and other income) for the financial year under review was Rs. 3,972.02 Cr as against Rs. 3,913.56 Cr for the previous financial year registering an increase of 1.49 %. The profit before tax from continuing operations was Rs. 121.04 Cr and profit after tax from continuing operations was Rs. 96.43 Cr for the financial year under review (against profit of Rs. 245.17 Cr for the previous financial year). There were no extraordinary and exceptional items during the financial year.

5. Amount to be carried to Reserves

The Company has transferred Rs. 96.43 Cr to Debenture Redemption Reserves in accordance with Section 71 of the Companies Act, 2013 and the Rules made thereunder.

6. Dividend

The Directors do not recommend any dividend for the year 2018-19.

7. Deposits

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

8. Material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report

There are no material changes that have taken place in the Company between the date of the Balance sheet and the date of the Directors' Report.

9. Conservation of Energy, Technology absorption, foreign exchange earnings and outgo

Information as per Rule 8 of the Companies (Accounts) Rules,2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure "B" forming part of this Report.

10. Risk Management Policy

The Company has a risk management policy and framework to identify, mitigate and review the risks, which in the opinion of the Board may threaten the existence of the Company. A mechanism is in place to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

11. Adequacy of Internal Financial Control

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2019, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

12. Corporate Social Responsibility

The Company realizes its responsibility to its stakeholders, especially to the society at large and has taken several initiatives towards repaying to the society.

The Company has constituted a CSR committee currently comprising Mr. Y.V.S. Sravankumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath as the Members.

The Company has formulated a CSR policy.

Following are some of the major CSR initiatives being undertaken by the Company:

a) Rural Infrastructure
b) Water and Sanitation
c) Education and Sports
d) Health programs
e) Skill building and development programs

The Company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years on its CSR activities as per the provision of Companies Act, 2013. Accordingly, the Company was required to spend an amount of Rs. 2,79,80,064 on CSR activities during the financial year 2018-19. However, the Company has contributed an amount of Rs. 4.40 Cr. during the financial year 2018-19 as required under the Environmental clearance issued by the Ministry of Environment, Forest & Climate Change.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure "C" to the Directors' Report.

13. Details of Directors and Key Managerial Personnel appointed/resigned during the year

The present Directors of the Company are Mr. Shailendra Roy, Mr. Y.V.S. Sravankumar, Mr. Ajit Samal, Ms. Vijaya Sampath and Mr. S. Balasubramanian.

Mr. Y.V.S. Sravankumar liable to retire by rotation and being eligible offers himself for re-appointment. The notice convening the AGM includes the proposal for his re-appointment.

Mr. G.V. Vijaya Raghav is the Manager and Chief Financial Officer of the Company under the Companies Act, 2013. Mr. Sameer Godbole resigned as the Manager of the Company with effect from May 05, 2018. Mr. G.V. Vijaya Raghav was appointed as the Manager of the Company in his place.

Mr. G.V Vijaya Raghav is also the Company Secretary of the Company.

14. Number of Meetings of the Board of Directors

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four meetings were held on May 05, 2018, July 21, 2018, October 11, 2018 and January 17, 2019.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. Audit Committee

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprised of one Non-Executive Director and two Independent Directors. The current members of the Committee are Mr. Y.V.S. Sravankumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath.

During the year under review, the Committee met four times on May 05, 2018, July 21, 2018, October 11, 2018 and January 17, 2019.

In accordance with the requirements of the Companies Act, 2013, the Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies

Act, 2013.

16. Company Policy on Director Appointment and Remuneration

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprises of two Non-Executive Directors and two Independent Directors. The current members of the Committee are Mr. Shailendra Roy, Mr. Y.V.S. Sravankumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

During the year under review one meeting of the Committee was held on May 05, 2018.

17. Declaration of Independence

The Company has received Declarations of Independence from its Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of Independence.

18. Directors Responsibility Statement

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

19. Performance evaluation of the Board, its Committees and Directors

The Nomination and Remuneration Committee has approved the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors scheduled on April 17, 2019, as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

20. Disclosure of Remuneration

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are as below:

a. Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	-
b. Percentage increase in remuneration of the following KMPs in the financial year; a) Directors b) CEO c) CFO d) CS e) Manager	 - - 1.68% - *
c. Percentage increase in the median remuneration of employees in the financial year;	7.86%
d. Number of permanent employees on the rolls of company;	267 employees
e. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase made in the salaries of employees other than the managerial personnel for the year 2017-18 was 7.62% whereas there is increase in the managerial remuneration by 4.27%.
f. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

* Mr. G.V. Vijaya Raghav is the Manager and CFO of the Company and he draws salary as stated above in the capacity of CFO. He is also the Company Secretary of the Company.

The Board of Directors wishes to express its appreciation to all the employees for their outstanding contribution to the operations of the Company during the year.

List of employees in the Company in respect of whom the disclosure is required to be made in accordance with Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as per and will be provided to the shareholders on request.

21. Secretarial Audit Report

The Secretarial Audit Report to the shareholders does not contain any qualification or reservation which has any material adverse effect on the functioning of the Company.

The Secretarial Audit Report issued by M/s Alwyn Jay & Co., Practicing Company Secretary is attached as Annexure 'D' to this Annual Report.

22. Auditors Report

The Auditors' report to the shareholders does not contain any qualification, observation or comment or remark(s).

23. Auditors

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the 13th Annual General Meeting of Company.

24. Cost auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors had appointed M/s R. Nanabhoy & Co., Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2020 at a remuneration of Rs. 93,000 (plus GST and out of pocket expenses). The appointment has been approved by the Central Government. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2019 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration payable to the Cost Auditor for the financial year 2019-20 is placed before the shareholders for consideration.

25. Extract of Annual Return

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure 'E' to this Report.

26. Details of Significant and Material orders passed by the regulators or courts or tribunals

The Company is involved in various ongoing litigations. However, currently, none of them are likely to have an adverse impact on the functioning of the Company.

27. Debenture Trustee

M/s IDBI Trusteeship Services Limited, having their office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 have been appointed as the Debenture Trustees in respect of Non-Convertible Debentures issued by the Company.

28. Compliance with Secretarial Standards on Board and Annual General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

29. Protection of Women at Workplace

The parent Company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment reported to the Company during 2018-19.

30. Acknowledgement

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Banks and Regulatory Authorities, employees of the Company and management of the Parent Company.

For and on behalf of the Board

Director	Director
Mr. Shailendra Roy	Mr. Ajit Kumar Samal
DIN No. 02144836	DIN No. 05180802

Date: April 17, 2019
Place: Faridabad

NPL
Nabha Power Limited

Annexure "A"

Form No.AOC -2 for disclosure of particulars of contracts/arrangements entered into by the company with related parties

Pursuant to Clause (h) of sub-section (3) of Scetion 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules,2014

1 - Details of contracts or arrangments or transactions not at arm's length basis - NIL

2- Details of material contracts or arrangement or transactions at arm's length basis

S.No.	Name of Related Party	Nature of Relationship	Nature of Contracts/Arrangements/Transactions	Amount (Rs.)	Salient Terms of contracts or arrangements or transactions	Duration
1	Larsen & Toubro Ltd.	Ultimate Holding	**Purchase of Goods & Services**			
			Stores & Spares- Stock (Thermocouple Card & Drive Rod Ass)	19,26,680	Comparable Uncontrolled Price	Three months
			Stores & Spares- Stock (Electrical Consumables)	12,853	Comparable Uncontrolled Price	Three months
			VCB Services for U#2 AOH	20,08,800	Comparable Uncontrolled Price	Three months
			•Deputation Cost	4,49,11,883	At Cost	Yearly
			•Cost of Shared Services	59,72,104	At Cost	Yearly
			•Commission	6,61,68,986	Rate Equivalent to arm's length compensation	Yearly
			•Administration & Management Expenses	14,19,20,112	Corporate Allocation on Turnover basis	Yearly
			Reimbursement of Expenses	8,00,56,069	At Cost	Case to case basis mutual agreement
			Financial Transactions			
			•Placement of ICD	44,52,89,18,926	Total Transaction value	Short Term
			•ICB	42,09,99,81,242	Total Transaction value	Short Term
			•ICB Interest	28,39,78,298	Market Rate	

Annexure "B"

A. Conservation of energy, technology absorption and foreign exchange earnings and outgo as per the companies' (disclosure of particulars in the report of the board of directors) rules, 1988:

Energy Conservation Measures taken:

The major steps taken towards Energy Conservation are described as under:-

Improving Energy effectiveness/ efficiency of Manufacturing Processes:

i. **Energy Meter Installation in major Drives of BTG areas**: In order to further establish the footprints of energy consumption and improve the energy monitoring, 42 nos. of energy meters were installed in main plant area during the FY-19. A total of 150 nos. energy meters are now available for energy monitoring.

ii. **Energy Management System (EnMS) Software:** The energy meters installed in 400 KV export lines, 11 KV/3.3 KV Feeders and switchgear Incomers will be integrated with EnMS software. The software will provide detailed overview and zone wise consumption patterns along with instantaneous trending for further analysis and improvement. The software has inbuilt logical analytics and is also capable to perform logical analysis in a user defined manner. Cost Incurred: Rs.25 Lakh.

iii. **Improvements and Energy Savings Initiative taken in BTG area:**

1. **Replacement/Servicing of high energy drains valves:** Continuous reduction in valve passing by servicing of existing valves during O/H and replacement of 4 no. high energy drain valve with better design zero passing quarter turn ball valves. It has resulted in reduced passing through turbine side drain valves and subsequently improvement in turbine heat rate.
   Expected benefit in Heat Rate: Approx. 10 Kcal/kWh (Inclusive of Cycle make-up and heat loss)

2. **Online SCAPH cleaning In-house innovation:** During routine operation, the SCAPH (Steam coil Air Pre-heater) heat exchange area gets accumulated with dust over months of operation, thereby increasing the loading on Forced draft fans. As these fans deliver the combustion air and drives on 11 KV feeders, they consume high amount of energy during operation. In order to reduce the clogging of SCAPH without hampering generation, a new system has been designed in-house. The system consists of nozzles through which pressurized air will be supplied inside the SCAPH during operation, thereby reducing the clogging of SCAPH and improving the performance of FD fan.

3. Duct flange joint welding done covering a span of 1500 meter in Unit-1 and 2001 meter in Unit-2 in AOH (arrest the air ingress and leakages from ducts), thus

improving the performance of Induced Draft fans.

4. Boiler insulation of 6447.19 sqm has been completed in AOH (on critical piping and burner panel area) resulting in reduction of radiant heat lost from boiler skin to the atmosphere.

iv. **Modified design for LP Bypass warming up system:** LP by-pass valves should always be kept in warm-up condition during normal operation. The existing system for warm-up contained lines with an orifice through which more than required amount of high energy steam was getting dumped into condenser. In the modified design the warming line flow was routed through a set of control valve and steam trap to condenser, controlling the warm-up flow to minimum while achieving the required warming up temperature of LP bypass valves.
Net Savings: 4 Kcal/kWh; Cost Incurred: 56.5 Lakhs

Improving Energy effectiveness/ efficiency of Equipment:

v. **Compressed Air System:** Zero air/ Energy loss automatic condensate drain valves installed in Plant air compressor system at Air-drier after-cooler, desiccant tower and After-filter drains. These drain SOV will allow only condensate to flow out from compressed air system without allowing any of high energy compressed air to drain out from the system.
Annual savings: 0.04 MU; Cost Incurred: 2 Lakhs

vi. **CT make-up by gravity line In-house Innovation:** Taking advantage of head available in HRSC clarifier (+3.5 meter), the water is directly fed to the NDCT basin by gravity. System design changed by modified piping and valve layout up to NDCT basin. This completely stopped the requirement of 2 No. CT make-up pumps of 110 kW each, which were running periodically to maintain the forebay level.
Annual savings: 0.75 MU; Cost incurred: 52 Lakhs

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

i. Additional investments made during FY 2018-19:

a. **Photo Cell & Occupancy sensor installation**: A total of 54 Photocell and 20 Infrared presence sensors were installed during the FY-19 in various significant energy consuming areas. Cost Incurred: Rs.1 Lakh.

b. **LT Drive VFD installation:** LT drive VFD compatibility study completed and two VFD drive system is procured in the last quarter of FY-19. The VFD will be installed to respective drive motors.
Expected Annual savings from installation: 0.35 MU; Investment made: 5 Lakhs

c. **Retrofit LED & High mast light:** LED lights of 28,18 and 14 W were replaced with 16, 8 and 9 W respectively with retrofit models. It saved 45 MWh annually with an investment of 3 Lakhs. 400 W flood lights were replaced with 200 W retrofit models there by saving 0.02 MU annually with an investment of 3.3 Lakhs during the FY.

d. **LED Street light installation:** 150 W street lights were replaced with 90 W retrofits thereby saving 0.03 MU annually with an investment of 5.3 Lakhs during the FY.

ii. APC reduction Proposals for FY 2019-20:

a. **Replacement of conservative lights with LED:** Zones are identified for replacement of conservative lights with LED for FY-20.
b. LT Drives for VFD installation is identified and project feasibility study to be completed.
c. **Split AC and HVAC temperature control:** Currently the AC and HVAC system runs on user defined temperature, which is proposed to be restricted in range of 24 – 25 Deg, there by reducing the energy consumption of all AC/HVAC system. This drive is initiated by BEE in a national level.

iii. Heat rate Improvement Proposals for FY 2019-20:

a. **Replacement of existing WDC MOV**: These MOV's are parallel slide gate valves which connects to condenser, whereas the upstream pressure at WDC MOV is very high. The present MOV's are not sustaining the pressure to the extend required, therefore some steam gets directly dumped to condenser through passing. Thus, reducing the heat rate. The present WDC MOV's (4 No.) will be replaced with better design MOV's in phased manner during planned overhauling of respective units.
Net savings expected: 5 Kcal/KWh after replacement of 4 MOV's

C. Impact of the measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production:

- Reduction in specific coal consumption
- Reduced auxiliary power consumption
- Heat Rate improvement

All the above measures collectively resulted in achieving station auxiliary power consumption 5.10 % at 74.4% PLF for FY-19 (FY-18 APC 5.08% at 74.3% PLF).

D. Technology Absorption & Foreign Exchange Earnings and Outgo:

No technology absorption during the FY-19.

Technology absorption Proposed for FY-20: Ultrasound technology (based on acoustics) for Condition based monitoring of Mechanical and Electrical equipments.

E. Foreign Exchange Earnings and Outgo:

There were no Foreign Exchange earnings during the year. The Foreign Exchange outgo during the year was Rs. 69.86 Cr.

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Annexure - "C"

NABHA POWER LIMITED

CSR ACTIVITIES FOR 2018-19

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company will primarily focus on the following activities as a part of its CSR Programme viz.

- **Rural Development** - may include but not limited to construction and renovation of roads, pathways, drains, toilets, water tanks, community centres, health centres, skill training centres, sports and other infrastructure in the surrounding villages.

- **Water** – may include but not limited to support for programmes making clean drinking water available, rain water harvesting, facilitating irrigation, conservation and purification of water.

- **Education** - may include but not limited to construction and renovation of schools, libraries, science laboratories and education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

- **Health** - may include but not limited to support for community health centres mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

- **Skill Development** - may include but not limited to vocational training, skill building, computer training, women empowerment, support to ITI & CSTI, support to specially abled, infrastructure support, providing employability skills at project sites, creating training centres.

Governance & Technology would be the Key drivers across all these verticals.

2. Composition of the CSR Committee

The CSR Committee of the Board was re-constituted on January 14, 2015. It comprises two Independent Directors and one Non-Executive Director. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. YVS Sravankumar, Mr. S Balasubramanian and Ms. Vijaya Sampath as members and Mr. G.V. Vijaya Raghav as the Secretary of the Committee.

Nabha Power Limited

3. **CSR Budget and Utilization**

   CSR Budget shall be allocated for each financial year with the approval of the Board and shall be utilized on approved projects in accordance with the CSR policy. The company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years on its CSR activities as per the provision of Companies Act, 2013.

4. **Average net profit of the Company for the last three financial years**

   The average net profit of the Company for the last three financial years is Rs. 1,39,40,03,210/-

5. **Prescribed CSR expenditure (two percent of the amount as in item 3 above) under the Companies Act 2013**

   The Company is required to spend an amount of Rs. 2,78,80,064/- on CSR activities during the financial year 2018-19.

6. **Details of CSR spent under the Companies Act 2013, during the financial year:**

a. **Total amount to be spent for the financial year - Rs. 2,78,80,064/-**

b. **Amount unspent, if any - N.A**

c. **Manner in which the amount was spent in the financial year is detailed below:**

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (Rs.)	Amount spent on the projects or programs Subheads: (1) Direct Expenditure on projects or programs. (2)Overheads	Cumulative expenditure upto to the reporting period. (Rs.)	Amount spent: Direct or through implementing agency
1	- Construction of Village Roads, Road markings - Construction of Community Centre - Construction of Children Home - Shagan Scheme - Female Child Birth Scheme	Rural Development	Local Area: Fatehgarh,Punjab Patiala, Punjab	1,88,00,000	Entire amount is direct project expenditure	2,81,01,520	Direct
2	- Construction/ Renovation of Classroom - Library facilities - Sitting desks and Almirahs for schools - Cycle stands in schools - Sports Tournament	Education & Sports	Local Area: Patiala, Punjab	1,00,00,000	Entire amount is direct project expenditure	87,39,593	Direct
3	- Medical Assistance - Upgradation of Sub Health Centre	Health	Local Area : Patiala, Punjab	61,00,000	Entire amount is direct project expenditure	36,33,651	Direct
4	Training Centre - Embroidery & Knitting machines - Training to students	Skill Development	Local Area: Fatehgarh,Punjab Patiala, Punjab	41,00,000	Entire amount is direct project expenditure	32,46,818	Direct
5	- Submersible Boring	Water	Local Area: Fatehgarh,Punjab Patiala, Punjab	50,00,000	Entire amount is direct project expenditure	4,22,676	Direct
	TOTAL			**440,00,000**		**44,144,258**	

7. Reasons for not spending the amount during the financial year – N.A

8. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

Director	Chairman – CSR Committee
Mr. Shailendra Roy	Ms. Vijaya Sampath
DIN No. 02144836	DIN No. 00641110

Annexure "D"

Alwyn Jay & Co.

Company Secretaries

Annex-103, Dimple Arcade, Asha Nagar, Kandivali (East),Mumbai-400101.
Branch Office: B-002, Gr. Floor, Shreepati-2, Royal Complex, Behind Olympia Tower, Mira Road (E), Thane-401107; **Tel**:022-28125781 ; **Mob**: 09820465195; 09819334743
Email : alwyn.co@gmail.com Website:www.alwynjay.com

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Nabha Power Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nabha Power Limited** (CIN: U40102PB2007PLC031039) (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not Applicable to the Company)**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(Not Applicable to the Company)**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **as applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') - **As applicable to the Company with respect to its listed debentures** -

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company)**;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable to the Company)**;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company)**;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company)**;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company)**; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company)**.

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the Electricity Act, 2003, Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder, Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975, Environment Protection Act, 1986 and the rules, notifications issued thereunder, Factories Act, 1948, the terms of power purchase agreement and the other applicable general laws, rules, regulations and guidelines..

We have also examined compliance with the applicable clauses of the following:-

i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India ; and

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent of listed debentures.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that the Board of Directors of the Company is duly constituted. The Company, being a Wholly Owned Subsidiary Company of L&T Power Development Limited, is exempted from the appointment of Independent Directors vide MCA Notification dated 5th July, 2017. No changes in the composition of the Board of Directors took place during the financial year.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Approval of Shareholders has been obtained for Issuance of secured/unsecured redeemable non-convertible/perpetual debentures, in one or more series /tranches /currencies, within the overall borrowing limit of the Company of Rs. 14,400 Crores on Private Placement basis.

2. Issue and Allotment of 6,000 7.90% Listed, Unsecured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 10,00,000/- each aggregating to Rs. 600 Crores on 6th April, 2018.

3. Issue and Allotment of 12,500 7.90% Listed, Unsecured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 10,00,000/- each aggregating to Rs. 1250 Crores on 10th December, 2018.

Sd/-
Alwyn Jay & Co.
Mumbai
[Jay D'Souza FCS 3058]

Annexure "E"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2019
[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	: U40102PB2007PLC031039
ii)	Registration Date	: 09/04/2007
iii)	Name of the Company	: Nabha Power Limited
iv)	Category / Sub-Category of the Company	: Public Limited Company
v)	Address of the Registered office and contact details	: P.O. Box No. 28, Near Village Nalash, Rajpura, Punjab - 140401. Tel. No. - 0172 - 4646846 Fax No. - 0172 - 4646802
vi)	Whether listed company	: Yes (Debentures on WDM of NSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Power generation from Coal based thermal power plant	35102	100%
2	Construction and maintenance of Power plant	42201	0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary /associate	% of Shares held	Applicable Section
1	L&T Power Development Limited	U40101MH2007PLC174071	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 32				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)	2687999994	6	2688000000	100	2687999994	6	2688000000	100	NIL
d) Bodies Corp.									
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1): -	2687999994	6	2688000000	100	2687999994	6	2688000000	100	NIL
(2) **Foreign**									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									

Sub-total (A) (2): - **Total shareholding of Promoter (A) = (A)(1)+(A)(2)**	2687999994	6	2688000000	100	2687999994	6	2688000000	100	NIL
B. Public Shareholding 1.**Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-** 2. **Non-Institutions** a) Bodies Corp. i) Indian ii) Overseas					NIL				

b)Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) **Sub-total (B)(2):-** Total Public Shareholding (B)=(B)(1)+ (B)(2)					NIL				
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	2687999994	6	2688000000	100	2687999994	6	2688000000	100	NIL

(ii)***Shareholding of Promoters***

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of	% of total	% of Shares	No. of	% of total	% of Shares	% change

		Shares	Shares of the company	Pledged / encumbered to total shares	Share	Shares of the company	Pledged / encumbered to total shares	in share holding during the year
1	L&T Power Development Limited	2688000000	100	51*	2688000000	100	51	100
	Total	2688000000	100	51	2688000000	100	51	100

* Pledge is not created on 36.30 crore preference shares

(iii) ***Change in Promoters' Shareholding (please specify, if there is no change)***

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	2688000000	100	2688000000	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)		NIL		
	At the End of the year	2688000000	100	2688000000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase/ Decrease in Share holding during the Year specifying the reasons for increase /decrease (e.g.allotment / transfer /bonus / sweat equity etc):			NIL	
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	**Shareholding at the beginning of the year**			**Cumulative Shareholding during the year**	
	For Each of the Directors and KMP	No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/ Decrease in	NIL	NIL	NIL	NIL

	Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment / transfer /bonus/ sweat equity etc)				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,88,25,79,030	72,97,67,12,101	-	76,85,92,91,131
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	46,25,730	1,41,84,73,831	-	1,42,30,99,561
Total (i+ii+iii)	**3,88,72,04,760**	**74,39,51,85,932**	**-**	**78,28,23,90,692**
Change in indebtedness during the financial year				
Addition	-	-	-	-
Reduction	27,62,97,804	2,22,28,55,984	-	2,49,91,53,789
Net Change	**27,62,97,804**	**2,22,28,55,984**	**-**	**2,49,91,53,789**
Indebtedness at the end of the financial year				
i) Principal Amount	3,60,47,13,227	71,04,79,59,741	-	74,65,26,72,968
ii) Interest due but not paid				-
iii) Interest accrued but not due	61,93,729	1,12,43,70,207	-	1,13,05,63,936
Total (i+ii+iii)	**3,61,09,06,956**	**72,17,23,29,948**	**-**	**75,78,32,36,903**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Directors and/or Manager:*

Sl. No.	Particulars of Remuneration	Name of the Manager	Name of the Company Secretary	Total Amount
		Mr. G.V. Vijaya Raghav	*Mr. G.V. Vijaya Raghav#*	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		*48,59,000*	*48,59,000*
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others, specify			
5.	Others, please specify			
	Total (A)		*48,59,000*	*48,59,000*
	Ceiling as per the Act	*1,20,00,000*	*1,20,00,000*	*1,20,00,000*

 # Mr. G.V. Vijaya Raghav was appointed as Manager of the Company with effect from May 05, 2018 and his salary includes remuneration drawn in capacity as CFO and Company Secretary also.

B. Remuneration to other directors:

Sl. No.	**Particulars of Remuneration**	**Name of Directors**				**Total Amount**
		Mr. S. Balasubramanian	*Ms. Vijaya Sampath*			
1.	Independent Directors • Fee for attending board /committee meetings	3,50,000	3,50,000			*7,00,000*

	• Commission • Others, please specify					
	Total (1)	3,50,000	3,50,000			*7,00,000*
		Mr. Shailendra Roy	*Mr. Y.V.S. Sravankumar*	*Mr. Ajit Samal*		
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify		NIL			
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	*NA*				

B. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO*	Total
1.	Gross salary (a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit	NIL	NIL	NIL	NIL

	- others, specify				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

*Mr. G.V. Vijaya Raghav is the Manager, CFO and Company Secretary of the Company and he draws salary as stated above in the capacity of Manager, CFO and Company Secretary

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			*NIL*		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

To the Members of Nabha Power Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Nabha Power Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Capital WIP	
Key audit matter description	The Company had incurred a capital expenditure of Rs.76.17Crores on Unit-III during the period of construction of the plant. The other two units (Unit I and Unit II) were capitalized in the year 2014 and have started generating electricity. The Company had discontinued incurring any further expenditure on Unit-III since then. There has been no movement in the Capital WIP from the date of Commercial Production.
How the scope of our audit responded to the key audit matter	**Evaluating Management Assessment:-** Considered the Company's plans of implementing Unit 3, after getting all the clearances **Assessing Management's representation:-** Assessing the validity and correctness of the management's representations regarding the present status of the project **External Evidence:-**Terms of Reference (TOR) issued by the MOEF.
Our Conclusions	We considered the Company's assessment of recognition of Capital Expenditure on Unit III and is acceptable as of 31st March 2019. The Company has disclosed this as Capital WIP in Schedule 1.
2. Alternate Coal Usage in Power Plant and Concerned Permissions	
Key audit matter description	Nabha Power Limited has alinkageof5.55 Million Tonnes per annum for which Fuel Supply Agreement (FSA) has been entered into by it with South Eastern Coal fields Limited (SECL)/Coal India Limited (CIL).As per the management, the Power Plant is operating at a PLF (Plant Load Factor) of around 75% for which the aforesaid linkage coal would not be sufficient and thus, there is a need to procure alternate coal. Under those circumstances, NPL approaches the Standing committee, comprising the Power Secretary (Punjab Govt), CMD (PSPCL) and Chief Executive (NPL), for approval of alternate coal which is the imported coal. As per the management, Nabha Power Limited's sole customer-Punjab State Power Corporation Limited (PSPCL) is regularly paying the Energy Charges considering the aforesaid imported coal and there are no deductions on this account in the current financial year (2018-2019). However, for theFY2017-18(previous financial year), PSPCL has not paid the Imported coal cost component of the Energy Charges (amongst others) and is still appearing as Debtors to the tune of Rs. 115 Crores.

How the scope of our audit responded to the key audit matter	**Evaluating Management Assessment**:- Considered the Company's actions in getting reimbursement of the claim from the regulatory authorities. **Assessment Management representation:-** Assessing the validity and correctness of the management actions to get the reimbursement from PSPCL. **External Evidence:-**Company filed Petition in PSERC considering the PPA entered into with PSPCL.
Our Conclusion	We considered the Company's actions and noted that the company has disclosed these amounts under Trade Receivables-(Note No. 30 (XXII (b)) and consider to be acceptable as on 31st March 2019.

Information other than the Ind AS Financial Statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the director's report including annexures thereto, management discussion and analysis and annual business responsibility report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of 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 auditor's 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in the aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the standalone financial statements.

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, related safeguards.

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 auditor's 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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and 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 so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flow and the statement of changes in equity dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;

   (e) on the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company doesn't have any pending litigations which would impact its financial position in its financial statements; (Refer contingent liability note No. 5)

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date : 17th April, 2019

Annexure – A to the Auditors' Report

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the books records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly, Paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account and records maintained by the Company specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of production of electricity and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues on account of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2019 which have not been deposited on account of a dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government or dues to debenture holders.

(ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company does not have any Employee/Director qualifying to be paid and provided as managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date : 17th April, 2019

Annexure – B to the Auditors' Report

We have audited the internal financial controls over financial reporting of **Nabha Power Limited** (the 'Company') as of 31st March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place: New Delhi
Date: 17th April, 2019

NABHA POWER LIMITED

Balance sheet as at March 31, 2019

Nabha Power Limited

Particulars	Note	As at 31-03-2019		As at 31-03-2018	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
ASSETS					
Non- current assets					
Property, plant and equipment	1		10.25		8.21
Capital-work-in-progress	1		76.36		76.31
Intangible assets	1		0.48		0.20
Financial assets					
Loans	2	3.95		4.27	
Loans towards financing activities	3	8,450.96		8,654.63	
Other Financial Assets	4	3.43		-	
			8,458.34		8,658.90
Deferred tax assets (net)			3.50		5.25
Other non-current assets	5		5.00		5.57
			8,553.93		8,754.44
Current assets					
Inventories	6		319.68		113.91
Financial assets					
Trade receivables	7	1,912.84		1,780.93	
Cash and cash equivalents	8	2.27		215.39	
Other bank balances	9	5.81		5.45	
Loans towards financing activities	10	203.70		265.88	
Other financial assets	11	1.04		2.29	
			2,125.66		2,269.94
Other current assets	12		269.54		172.81
			2,714.89		2,556.66
TOTAL ASSETS			11,268.82		11,311.10
EQUITY AND LIABILITIES:					
EQUITY					
Equity share capital	13	2,325.00		2,325.00	
Other equity	14	920.07		822.54	
			3,245.07		3,147.54
LIABILITIES:					
Non- current liabilities					
Financial liabilities					
Borrowings	15	1,508.98		2,572.88	
Other financial liabilities	16	0.93		4.34	
			1,509.91		2,577.22
			1,509.91		2,577.22
Current liabilities					
Financial liabilities					
Borrowings	17	3,050.77		3,562.69	
Current Maturities of Long term Borrowings	18	2,989.56		1,654.78	
Trade payables					
Total outstanding dues of Micro and Small Enterprises		5.96		3.84	
Total outstanding dues of Creditors other than Micro and Small Enterprises	19	235.32		244.84	
Other financial liabilities	20	212.46		109.63	
			6,494.07		5,575.78
Other current liabilities	21		17.09		8.47
Provisions	22		2.68		2.09
			6,513.84		5,586.34
TOTAL EQUITY AND LIABILITIES			11,268.82		11,311.10

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No.000452N
by the hand of

Mr. Shailendra Roy
DIN: 02144836

Mr. Ajit Kumar Samal
DIN: 05180802

Pavan K. Aggarwal
Partner
Membership No. 091466

Athar Shahab
Chief Executive

G. V. Vijaya Raghav
Chief Financial Officer & Company Secretary

Place : New Delhi
Date: April 17 , 2019

Place : Faridabad
Date: April 17 , 2019

Nabha Power Limited

NABHA POWER LIMITED

Statement of profit and loss for the year ended March 31, 2019

Particulars	Note	For the year ended March 31, 2019		For the year ended March 31, 2018	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
INCOME					
Revenue from operations	23		3,968.04		3,778.15
Other income	24		3.98		135.41
Total income			3,972.02		3,913.56
EXPENSES					
Manufacturing, construction and operating expenses	25				
Cost of raw materials and components consumed		3,009.01		2,556.51	
Excise duty		-		0.17	
Stores, spares and tools		33.13		33.25	
Sub-contracting charges		39.18		40.60	
Other manufacturing, construction and operating expenses		35.17		37.13	
Finance cost on Finance lease		599.51		635.81	
			3,716.00		3,303.47
Employee Benefit expenses	26		40.75		37.76
Sales, administration and other expenses	27		92.85		288.92
Depreciation, amortisation and obsolescence expenses			1.39		0.93
Total expenses			3,850.99		3,631.08
Profit before exceptional items and tax			121.03		282.48
Exceptional items			-		-
Profit before tax			121.03		282.48
Tax expenses:					
Current tax / MAT		24.61		34.60	
Provision for Income tax - Earlier Years		-		2.71	
			24.61		37.31
Profit after tax			96.42		245.17
Other comprehensive income					
A. Items that will be reclassified to profit or loss					
Gains and losses on hedging instruments in cash flow hedges		(1.11)		3.62	
Income tax relating to gains and losses on hedging instruments in cash flow hedges		-	(1.11)	-	3.62
Total comprehensive income			95.31		248.79

Contingent liabilities and commitments 28

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No.000452N
by the hand of

Mr. Shailendra Roy
DIN: 02144836

Mr. Ajit Kumar Samal
DIN: 05180802

Pavan K. Aggarwal
Partner
Membership No. 091466

Athar Shahab
Chief Executive

G. V. Vijaya Raghav
Chief Financial Officer & Company Secretary

Place : New Delhi
Date: April 17 , 2019

Place : Faridabad
Date: April 17 , 2019

NABHA POWER LIMITED

NPL Nabha Power Limited

Cash flow statement for the year ended March 31, 2019

		For the year ended March 31, 2019 ₹ Crore	*For the year ended March 31, 2018 ₹ Crore*
A.	<u>**Cash flow from operating activities**</u>		
	Profit before tax	**121.03**	*282.48*
	Adjustments for:		
	Depreciation, amortisation and obsolescence expenses	**1.39**	*0.93*
	Exchange difference on items grouped under financing / investing activities	**4.92**	*0.22*
	Interest expense	**599.51**	*627.53*
	Interest income	**(3.98)**	*(0.09)*
	Items grouped under other comprehensive income	**(1.11)**	*3.62*
	Operating profit before working capital changes	**721.75**	*914.69*
	Adjustments for:		
	(Increase)/decrease in other current assets	**(95.49)**	*(10.22)*
	(Increase)/decrease in Other Loans & Advances	**0.32**	*(0.02)*
	(Increase)/decrease in other advances (Non current)	**2.32**	*(0.11)*
	(Increase)/ decrease in Debtors	**(131.91)**	*(397.56)*
	(Increase)/ decrease in Inventories	**(205.77)**	*15.26*
	Increase/(decrease) in other payables	**101.23**	*38.06*
	<u>**Cash generated from operations before financing activities**</u>	**392.45**	*560.10*
	(Increase)/decrease in loans and advances towards financing activities	**265.85**	*240.07*
	Cash generated from operations	**658.30**	*800.17*
	Direct taxes refund/(paid) - net	**(24.61)**	*(68.39)*
	Net cash (used in)/from operating activities	**633.69**	*731.78*
B.	<u>**Cash flow from investing activities**</u>		
	Purchase of fixed assets	**(2.37)**	*(4.08)*
	Purchase of non-current investments	**(3.43)**	*-*
	Interest received	**3.98**	*0.09*
	Net cash (used in)/ from investing activities	**(1.82)**	*(3.99)*
C.	<u>**Cash flow from financing activities**</u>		
	Proceeds from long term borrowings	**271.72**	*(1,464.90)*
	Proceeds from Short term borrowings	**(511.92)**	*1,580.52*
	Translation Reserve on ECB Loan	**(4.92)**	*(0.22)*
	Interest paid	**(599.51)**	*(627.53)*
	Net cash (used in)/ from financing activities	**(844.63)**	*(512.15)*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(212.76)**	**215.64**
	Cash and cash equivalents at beginning of the period	**220.84**	*5.20*
	Cash and cash equivalents at end of the period	**8.08**	**220.84**

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements
2. Cash and cash equivalents are reflected in the balance sheet as follows:

` Crore

	For the year ended March 31, 2019	*For the year ended March 31, 2018*
(a) Cash and cash equivalents disclosed under current financial assets	**8.08**	*220.84*
(b) Cash and cash equivalents disclosed under non current financial assets	**-**	*-*
	8.08	*220.84*

3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No.000452N
by the hand of

Mr. Shailendra Roy
DIN: 02144836

Mr. Ajit Kumar Samal
DIN: 05180802

Athar Shahab
Chief Executive

G. V. Vijaya Raghav
Chief Financial Officer
& Company Secretary

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date: April 17 , 2019

Place : Faridabad
Date: April 17 , 2019

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 1 (i)

₹ Crore

Property, plant and equipment	**Cost**				**Depreciation/amortisation**				**Net book value**	
	As at 01-04-2018	**Additions / Regroupings**	**Disposal of assets**	**As at 31-03-2019**	**As at 01-04-2018**	**Additions / Regroupings**	**Disposal of assets**	**As at 31-03-2019**	**As at 31-03-2019**	**As at 01-04-2018**
Buildings	2.18	0.09	-	2.28	0.02	0.04	-	0.06	2.22	2.16
Plant and equipment *	3.11	1.01	-	4.12	0.10	0.17	-	0.27	3.84	3.01
Aircondition and Refrigeration	0.23	0.04	-	0.26	0.06	0.03	-	0.09	0.18	0.17
Electrical Installations	0.33	(0.17)	-	0.16	0.12	0.02	-	0.14	0.02	0.21
Computers	1.45	0.60	-	2.06	0.56	0.27	-	0.84	1.22	0.89
Office equipments	1.56	1.51	-	3.07	0.37	0.64	-	1.01	2.06	1.19
Furniture and fixtures	0.75	0.23	-	0.98	0.21	0.09	-	0.30	0.68	0.54
Vehicles	0.06	(0.00)	-	0.05	0.01	0.01	-	0.02	0.03	0.04
Total	**9.67**	**3.30**	**-**	**12.97**	**1.45**	**1.27**	**-**	**2.72**	**10.25**	**8.21**
Add: Capital work in progress									76.36	76.31
Total - Tangible assets									**86.61**	**84.53**

* Includes Solar PV Module

Note 1 (ii)

Intangible assets	**Cost**				**Depreciation/amortisation**				**Net book value**	
	As at 01-04-2018	**Additions**	**Disposal of assets**	**As at 31-03-2019**	**As at 01-04-2018**	**Additions**	**Disposal of assets**	**As at 31-03-2019**	**As at 31-03-2019**	**As at 01-04-2018**
Computer software	0.50	0.42		0.92	0.31	0.14		0.44	0.48	0.20
Total- Computer software	**0.50**	**0.42**	**-**	**0.92**	**0.31**	**0.14**	**-**	**0.44**	**0.48**	**0.20**
Total - Intangible assets									**0.48**	**0.20**

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 2

Loans

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Security deposits - Unsecured considered good		
Security deposits	**3.95**	4.27
	3.95	*4.27*

Note 3

Loans towards financing activities

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Lease Receivable - Unsecured*	**8,450.96**	*8,654.63*
	8,450.96	*8,654.63*

*Represents Non-Current portion of Lease receivables towards the finance lease in accordance with INDAS 17

Note 4

Other Financial Assets

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Derivative Assets	**3.43**	-
	3.43	-

Note 5

Other non-current assets

	As at 31-03-2019		As at 31-03-2018	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Non-current assets for current tax				
Current Year Income Tax (Net)	**(23.00)**		*34.59*	
Current tax assets	**26.59**		*(34.57)*	
IncomeTax Prior Years	**0.48**		*1.21*	
		4.07		*1.23*
Financial Guarantee Asset		**0.93**		4.34
		5.00		*5.57*

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 6
Inventories (at cost or net realisable value whichever is lower)

	As at 31-03-2019		As at 31-03-2018	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Raw Materials	201.11		60.79	
Raw Materials in Transit	29.29		12.57	
		230.40		73.36
Stores and spares	89.28		40.55	
Stores Spares parts in Transit	-		-	
		89.28		40.55
		319.68		113.91

*Raw Material Inventory includes ₹ 227.35 Cr towards coal and ₹ 3.05 Cr towards fuel oil.

Note 7
Trade receivables

	As at 31-03-2019		As at 31-03-2018	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Considered good - Unsecured	1,912.84		1,780.93	
Receivables which have significant increase in credit risk	24.00		22.00	
		1,936.84		1,802.93
Less :Allowance for doubtful debts *		24.00		22.00
		1,912.84		1,780.93

*Represents the provision for Expected Credit Loss towards delays in accordance with INDAS 107
Refer note no 30 (XXII)

Note 8
Cash and cash equivalents

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Balances with banks		
Balance with Schedule Banks Current Account	2.27	215.39
Cash on Hand	-	-
	2.27	215.39

Note 9
Other bank balances

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Fixed deposit with banks including interest accrued thereon		
Maturity more than 3 months and less than 12 months *	5.81	5.45
	5.81	5.45

* Includes interest accrued ₹ 0.24 Cr up to March 31, 2019

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 10
Loans towards financing activities

Particulars	As at 31-03-2019	*As at 31-03-2018*
	₹ Crore	*₹ Crore*
Unsecured considered good		
Lease Receivable - Unsecured *	**203.70**	*265.88*
	203.70	*265.88*

*Represents Current portion of Lease receivables towards the finance lease in accordance with INDAS 17

Note 11
Other financial assets

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Advance recoverable in cash or kind				
Insurance Claims Recoverable	**-**		*2.28*	
Derivative Assets	**1.03**		-	
Advances to Employees	**0.01**		*0.01*	
		1.04		*2.29*
		1.04		*2.29*

Note 12
Other Current Assets

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Due from customers (construction and project related activity)		**1.03**		-
Advance recoverable other than in cash				
Advances to Suppliers	246.85		*146.82*	
Prepaid Insurance	5.87		*7.71*	
Prepaid Expenses	2.01		*0.66*	
Service Tax Recoverable	-		*0.33*	
ITC IGST Receivable	9.15		*15.30*	
		263.88		170.82
Financial Guarantee Asset		**4.63**		*1.99*
		269.54		*172.81*

Nabha Power Ltd - Notes forming part of the Financial Statements

13. Equity share capital	As at 31-03-2019 No of shares in Crore	As at 31-03-2019 ₹ Crore	As at 31-03-2018 No of shares in Crore	As at 31-03-2018 ₹ Crore
Authorised				
3000000000 Equity share of ₹ 10 Each	300.00	3,000.00	300.00	3,000.00
Issued:		3,000.00		3,000.00
Subscribed and Paid up Equity Share Capital				
2325000000 Equity Shares of ₹ 10 Each	232.50	2,325.00	232.50	2,325.00
		2,325.00		2,325.00
Subscribed and Paid up:				
Subscribed and Paid up Equity Share Capital	232.50	2,325.00	232.50	2,325.00
2325000000 Equity Shares of ₹ 10 Each				
		2,325.00		2,325.00

(i) Reconciliation of the number of equity shares and share capital :

Issued,Subscribed & Fully paid-up equity shares outstanding at the beginning of the period	232.50	2,325.00	232.50	2,325.00
Add : Shares issued during the year as fully paid	-	-	-	-
Issued,Subscribed & Fully paid-up equity shares outstanding at the end of the period	232.50	2,325.00	232.50	2,325.00

(ii) Terms/Rights attached to Equity Shares :

The Company has Equity shares having a par value of ₹ 10 per share.Each holder of equity shares is entitled to one vote per share.

The Shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

(iii) Shares held by Holding Company and/or their Subsidiaries/Associates :

	Relationship	As at 31-03-2019	As at 31-03-2018
L&T Power Development Ltd. (L&T PDL),the Holding Company and its nominees.			
Equity Shares of ₹ 10 Each fully paid up	Holding Company	232.50	232.50

(iv) Shareholders holding more than 5% shares in the company as at the year end:

Name of Sharesholders	As at 31-03-2019 No of shares in Crore	As at 31-03-2019 % age	As at 31-03-2018 No of shares in Crore	As at 31-03-2018 % age
Equity Shares				
L&T Power Development Ltd. (L&T PDL),the Holding Company and its nominees.	232.50	100%	232.50	100%

Note 14
Other equity

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Equity component of Preference Share Capital	72.60	72.60
Retained earnings	(0.00)	(0.00)
Hedging reserve (net of tax)	2.54	1.43
Securities Premium Account	290.40	290.40
Debenture Redemption Reserve *	554.53	458.11
	920.07	822.54

* Debenture Redemption Reserve has been created to the extent of free reserves available for distribution.

Note 15
Borrowings

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Long Term Secured Term Loans		
^ From Banks *	308.98	339.73
Long Term Unsecured Debentures		
Redeemable non-convertible fixed rate debentures **	1,200.00	2233.15
	1,508.98	2,572.88

^ Loans from Bank (In USD) are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

*Loan is repayable in 24 equal Half yearly installments started from Sep 2014.

** Non Convertible Debentures issued by company are secured by Corporate Gurantee from Larsen & Toubro Ltd.(Ultimate holding Company).Non Covertible Debentures are listed on National Stock Exchange.

Note 16
Other financial liabilities

	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
Premium Payable on Financial Guarantee Contracts	0.93	4.34
	0.93	4.34

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 17

Borrowings

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Secured				
Loans from Banks - Cash Credits *		**7.67**		-
Unsecured				
Inter corporate borrowings	**379.80**		*594.29*	
Commercial Papers	**2,663.30**	**3,043.10**	*2,968.40*	*3,562.69*
		3,050.77		*3,562.69*

Note:
*Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

Note 18

Current maturities of long term borrowings

Particulars	*As at 31-03-2019*		*As at 31-03-2018*	
	₹ Crore	*₹ Crore*	*₹ Crore*	*₹ Crore*
Secured				
Term Loans Loans from Banks - Current portion *	**52.12**		48.53	
Unsecured				
Redeemable non-convertible Fixed rate debentures - Current portion	**2,937.44**	**2,989.56**	1,606.25	1,654.78
		2,989.56		*1,654.78*

* Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

Note 19

Trade payables

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Due to Related Parties		**14.81**		*29.18*
Due to Others				
Liability for Revenue Goods	**9.61**		*5.67*	
Unclaimed Credit Balances	**0.15**		*0.03*	
Suppliers Ledger - Revenue goods / services	**210.75**		*209.94*	
Foreign Ledger Balance	-		*0.02*	
		220.51		*215.66*
		235.32		*244.84*

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 20

Other financial liabilities

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Due to Others				
Security Deposit Received	12.88		*4.11*	
Salaries Payable	2.65		*2.59*	
Other Payables *	192.30		*98.52*	
Derivative liability	-		*2.42*	
		207.83		*107.64*
Premium Payable on Financial Guarantee Contracts		4.63		*1.99*
		212.46		*109.63*

* Other payables includes non accrual of revenue towards disputed litigations

Note 21

Other current liabilities

Particulars	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Other Payables	17.09	17.09	8.47	8.47
		17.09		*8.47*

Note 22

Provisions

	As at 31-03-2019		*As at 31-03-2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Provision for employee benefits				
Compensated absences	2.68		*2.09*	
		2.68		*2.09*
		2.68		*2.09*

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 23
Revenue from operations

Particulars	For the year ended March 31, 2019		*For the year ended March 31, 2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Sale of products				
Manufacturing activity		**53.65**		*40.74*
Sale of services				
Construction and project related activity		1.03		*5.19*
Income from financing activity/annuity based projects				
Finance lease Income from Power Plant *	**1,066.26**		*1,099.38*	
Fees for Operation and Maintenance of Power Plant **	**2,821.67**		*2,628.68*	
		3,887.93		*3,728.06*
Other Operational Income:				
Miscellaneous income	**25.43**		*4.16*	
		25.43		*4.16*
		3,968.04		*3,778.15*

* Represents revenue recognised towards Capacity charges billed under long term Power Purchase Agreement with Punjab State Power Corporation Limited

** Represents revenue recognised towards Energy charges billed under long term Power Purchase Agreement with Punjab State Power Corporation Limited

Note 24
Other Income

Particulars	For the year ended March 31, 2019	*For the year ended March 31, 2018*
	₹ Crore	*₹ Crore*
Income from Other Investments	**3.98**	*0.41*
Provision no longer required written back	-	*135.00*
	3.98	*135.41*

Nabha Power Limited

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 25
Manufacturing, construction and operating expenses

Particulars	For the year ended March 31, 2019		*For the year ended March 31, 2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Materials consumed				
Raw materials and components	3,010.11		2,556.81	
Less: scrap sales	1.10		0.30	
		3,009.01		*2,556.51*
Excise duty		-		0.17
Stores,spares and tools consumed		33.13		33.25
Sub-contracting charges		39.18		40.60
Other manufacturing ,construction and operating expenses:				
Power and fuel	0.02		0.66	
Hire charges - plant and equipment and others	0.26		0.17	
Engineering, technical and consultancy fees	0.35		3.96	
Insurance	9.34		12.25	
Rent	0.31		0.29	
Rates and taxes	1.53		1.67	
Travelling and conveyance	4.22		3.70	
Security services at site	2.98		2.77	
Repairs to plant and equipment	3.82		1.61	
Miscellaneous expenses	12.34		10.05	
		35.17		*37.13*
Finance cost of financial services business				
Interest Paid on Inter Corporate Borrowings	39.36		65.11	
Interest Lease Finance	560.15		570.70	
		599.51		*635.81*
		3,716.00		*3,303.47*

Note 26
Employee Benefit Expenses

Particulars	For the year ended March 31, 2019		*For the year ended March 31, 2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Salaries, wages and bonus				
Salaries	33.00		*29.19*	
Deputation Cost	4.95		*6.44*	
Leave Encashment Provision	0.59		*0.36*	
		38.54		*35.99*
Contribution to and provision for:				
Provident funds and pension fund	0.83		*0.74*	
Gratuity provision	0.49		*0.23*	
		1.32		*0.97*
Staff welfare expenses		0.43		*0.22*
Training & Development expenses		0.46		*0.58*
		40.75		*37.76*

Nabha Power Ltd - Notes forming part of the Financial Statements

Note 27
Sales, Administration and Other Expenses

Particulars	For the year ended March 31, 2019		*For the year ended March 31, 2018*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Professional fees		**12.23**		*13.81*
Overheads charged by Holding Company		**16.75**		*20.23*
Audit fees including tax audit, others,etc		**0.13**		*0.14*
Directors Fees		**0.08**		*0.08*
Bank charges		**1.60**		*9.16*
IT Services		**2.35**		*2.96*
Corporate social responsibility		**4.42**		*4.42*
Donations		**0.08**		*0.02*
Bad debts and advances written off	**48.29**		*249.09*	
Less:Allowance for doubtful debts and advances written back	**-**		(6.00)	
		48.29		*243.09*
Allowance for doubtful debts and advances		**2.00**		*22.00*
Exchange (gain) /loss (net)		**4.92**		*(26.99)*
		92.85		*288.92*

Note 28
Contingent liabilities and commitments
A. Contingent liabilities

Particulars	As at 31-03-2019	As at 31-03-2018
	₹ Crore	₹ Crore
(a) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company	-	8.53
(b) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	-	0.05
(c) Contingent liabilities in respect of other claims	316.60	359.34

Notes:
1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (c) above pending resolution of the appellate proceedings.

B. Commitments

Particulars	As at 31-03-2019	As at 31-03-2018
Estimated amount of contracts remaining to be executed on capital account		
Pending capital orders	41.15	0.73
Less: Advances paid	5.99	-
Total	**35.15**	**0.73**

Corporate Information:

Nabha Power Limited (NPL) has set up a 2 X 700 MW Coal based Supercritical Thermal Power Plant at Rajpura, Punjab. NPL has signed a Power Purchase Agreement with Punjab State Power Corporation Limited (formerly, Punjab State Electricity Board) for sale of 100% power generated from the plant for a period of twenty-five years. NPL has also entered into a long-term Fuel Supply Agreement (FSA) with South Eastern Coalfields Limited (SECL), a subsidiary of Coal India Limited for supply of fuel (coal) to the plant for a period of twenty years.

29) Significant accounting policies:

I) Statement of Compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 and sub-section (1) of Section 210A of the Companies Act, 1956.

II) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS.
Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

III) Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (Ind AS) 3 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations.

IV) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

i. Assets given under leases where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Where under a contract, the Company has agreed to manufacture/construct an asset and convey, in substance, a right to the beneficiary to use the asset over a major part of its economic life, for a pre-determined consideration, such arrangement is also accounted as finance lease.

ii. Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease income is recognized over the period of the lease so as to yield an implicit rate of return on the net investment in the lease.

V) Revenue Recognition

Wherever the asset is constructed by the company and given on finance lease, the fair value of the asset, representing the net investment in the lease, is recognized as contract revenue in accordance with the company's revenue recognition policy for construction contracts when the asset is under construction, which is as follows:

Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date to the total estimated contract costs. Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

a. For finance lease, the revenue recognition is as under:

The amounts received under the long-term Power Purchase Agreement (PPA) are classified under two heads in the following manner:

<u>Capacity Charges</u>

The payments received in the form of non-escalable capacity charges are treated as lease rentals and split into two components as under:

- Repayment of principal i.e. capital recovery towards net investment in the lease is adjusted against Finance lease receivable; and

- Finance income over the period of the lease so as to yield an implicit rate of return on the net investment in the lease. This is being recognized in the statement of profit and Loss on accrual basis as 'Finance Lease Income'

Energy Charges

Energy Charges received under the provisions of the PPA, which are towards recovery of fuel and related costs, are recognized in the statement of Profit and Loss on accrual basis as 'Fees for Operation and Maintenance of Power Plant'

b. Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

c. Other income

1) Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

2) Dividend income is accounted in the period in which the right to receive the same is established.

3) Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

VI) Property, Plant and Equipment (Fixed Assets)

Gross carrying amount of an asset is its cost or other amount substituted for the cost in the books of accounts, without making any deduction for accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other Accounting Standards.

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated depreciation losses.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the Company; and

(b) the cost of the item can be measured reliably.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as “capital work-in-progress”.

For transition to Ind AS, the carrying value of Property, Plant and Equipment under I-GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Depreciation

Depreciation on assets has been provided on straight line method on the basis of useful life as prescribed in Schedule II to the Companies Act, 2013.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful life is:

(a) the period over which an asset is expected to be available for use by an enterprise; or

(b) the number of production or similar units expected to be obtained from the asset by an enterprise.

The estimated useful lives of the assets are as follow:

Asset Category	Useful Life (Years)
Buildings other than Factory buildings	60
General Plant and Machinery	21
Office Equipment	5- 15
Electrical Installations	10
Furniture and Fixtures	10
Motor Vehicles	8
Laptops, Desktops	3
Specialised software / Licences	3

Depreciation for, additions/deductions is calculated *pro rata* from/to the month of additions/deductions.

VII) Impairment

The carrying amount of assets is reviewed at each Balance Sheet date. Where there is any indication of impairment based on internal/external indicators, an impairment loss is recognized in the Statement of Profit and Loss where the carrying amount exceeds the recoverable amount. The impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

VIII) Inventories

Inventories of Raw materials, consumables, supplies, fuel, stores and spares and loose tools are valued at lower of cost (on weighted average basis) or net realizable value whichever is lower.

IX) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

1) The Company has a present obligation as a result of a past event.
2) A probable outflow of resources is expected to settle the obligation and
3) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
b) a present obligation when no reliable estimate is possible; and
c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

X) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of such asset till such time as the asset is ready for the intended use. In addition to Interest charges, borrowing costs also include amortized ancillary costs incurred in connection with the arrangement of borrowings, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use.

XI) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortized cost or fair value.

Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at Fair Value Through Profit or Loss (FVTPL) are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of the underlying asset subject to the guarantee and the amount recognized less cumulative amortization. All other financial liabilities including loans and borrowings are measured at amortized cost using Effective Interest Rate (EIR) method applied retrospectively in accordance with Accounting Standards

In respect of transactions occurring on or after the date of transition, a financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges.

(i) **Fair value hedges**: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting in respect of fair value hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

(ii) **Cash flow hedges:** The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the heading of hedging reserve. The gain or loss relating to the ineffective portion, if any, is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to the effective portion as described above, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting in respect of cash flow hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

XII) Foreign Currency Transactions, foreign operations, forward contracts and derivatives

a. The reporting currency of the Company is Indian rupee

b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.

c. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognized as income or expense.

d. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

e. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Ind AS 21 “The effects of changes in foreign exchange rates”.

f. Gains and losses arising on account of roll over/ cancellation of forward contracts are recognized as income/expense of the period in which such roll over/cancellation takes place.

g. All other forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognized in the financial statement at fair value as on the Balance sheet date as per Ind AS 109 “Financial Instruments”

h. The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life of the contract.

XIII) Cash Flow Statement

Cash Flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under Indirect method, the profit is adjusted for effects of:

a) Transactions of non-cash nature

b) Any deferrals or accruals of past or future operating cash receipts of payments
c) Items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of Balance sheet are included under this category with specific disclosure.

30) Other Notes forming part of accounts

I. The Balance Sheet as at 31st March 2019 and the Statement of Profit and Loss for the year ended 31stMarch 2019 are drawn and presented as per the Schedule III to the Companies Act, 2013.

II. Disclosures pursuant to Ind AS 2 on "Inventories"

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
i. Raw Materials	230.40	73.36
ii. Stores, Spares and Consumables	89.28	40.55

Note: Amounts recognized in Profit or Loss
a. Written downs of inventories to net realizable value amounted to ₹ Nil (31 March 18: Nil).

III. Disclosures pursuant to Ind AS 115 on "Revenue from Contracts with Customers"

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
i. Contract Revenue recognized for the Financial year	1.03	5.19
ii. Aggregate amount of Contract costs incurred as at end of Financial year for all contracts in progress as at that date	1.03	-
iii. Amount of customer advances outstanding for contracts in progress as at end of the Financial year	-	-
iv. Retention amounts due from customers for the contracts in progress as at end of the Financial year	-	-

IV. Disclosure pursuant to Ind AS 19 on "Employee Benefits"

a. Provision for Gratuity ₹ 0.49 Cr (Previous year ₹ 0.23 Cr) as per the provisions of Payment of Gratuity Act,1972 is made on actuarial basis as follows:

Amounts recognized in Balance Sheet:

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Present Values of Funded Obligations	1.27	0.98
Present Values of Unfunded Obligations	-	-
Fair Value of Plan Assets	(0.72)	(0.75)
Net Liability	**0.55**	**0.23**
Net defined benefit liability/ (Asset) recognized in balance sheet	-	-
Amount in Balance Sheet	0.55	0.23
Current Liabilities	-	-
Non-Current Liabilities	0.55	0.23

Expense recognized in statement of Profit & Loss Account:

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Current Service Cost	0.23	0.21
Past service cost	-	-
Administrative expenses	-	-
Interest on net defined benefit liability /(Asset)	0.01	0.02
Gain/ Loss on settlement	-	-
Total amount charged to P&L account	**0.24**	**0.23**

Amount Recorded in Other Comprehensive Income:

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Opening amount recognized in OCI outside P&L a/c	(0.06)	(0.01)
Re-measurements during the period due to		
Change in Financial assumptions	-	(0.05)
Change in demographic assumptions	-	-
Experience adjustments	0.05	(0.03)
Actual return on plan assets less interest on plan Assets	0.03	0.03
Adjustment to recognize the effect of asset ceiling	-	-
Closing amount recognized in OCI outside the P&L account	**0.02**	**(0.06)**

Movement in the Planned Assets

Reconciliation of the plan assets during the inter-valuation period is given below

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Opening fair value of plan assets	0.75	0.47
Employers contribution	-	0.30
Interest on plan assets	0.06	0.04
Administrative expenses	-	-
Re-measurements due to	-	-
Actual return on plan assets less interest on plan assets	(0.03)	(0.03)
Benefits paid	(0.06)	(0.03)
Closing amount recognized in OCI outside the P&L account	**0.72**	**0.75**

A split of the Defined Benefit Obligation (DBO) as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below

	Period ended March 31, 2019 (₹ Cr.)	Period ended March 31, 2018 (₹ Cr.)
DBO in respect of non-vested employees	0.26	0.38
DBO in respect of vested employees	1.01	0.60
Total defined benefit obligation	1.27	0.98

The following table summarizes the impact in percentage terms on the reported Defined Benefit Obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

	Period ended March 31, 2019		Period ended March 31, 2018	
	Discount rate	Salary Escalation rate	Discount rate	Salary Escalation rate
Impact of increase in 100 bps on DBO	-11.79%	14.46%	-11.77%	14.50%
Impact of decrease in 100 bps on DBO	14.43%	-12.07%	14.38%	-12.06%

Reconciliation of Net Liability/ Asset

Particulars	Period Ended	
	31-Mar-19 ₹ Cr.	31-Mar-18 ₹ Cr.
Opening net defined benefit liability / (asset)	0.23	0.35
Expenses charged to P&L account	0.24	0.23
Amount recognized outside P&L account	0.08	(0.05)
Employer contributions	-	(0.30)
Impact of liability assumed or (settled)*	-	-
Closing net defined benefit liability/ (asset)	**0.55**	**0.23**

*On account of business combination or inter group transfer

Movement in Benefit Obligations:

Particulars	Period Ended	
	31-Mar-19 ₹ Cr.	31-Mar-18 ₹ Cr.
Opening of defined benefit obligation	0.98	0.82
Current Service Cost	0.23	0.21
Past Service Cost	-	-
Interest on defined benefit obligation	0.07	0.06
Re-measurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	-	(0.05)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	0.05	(0.03)
Benefits paid	(0.06)	-
Liabilities assumed/(settled)*	-	(0.03)
Liabilities extinguished on settlements	-	-
Closing of defined benefit obligation	1.27	0.98

Disaggregation of Plan Assets

A split of plans asset between various asset classes as well as segregation between quoted and unquoted values is presented below:

	Period ended March 31, 2019		
	Quoted value ₹ Cr.	Non-Quoted value ₹ Cr.	Total ₹ Cr.
Insurer managed funds	-	0.72	0.72
Total	-	**0.72**	**0.72**

Principal actuarial assumption at the balance sheet date:

Particulars	2018-19	2017-18
(i) Discounting Rate (p.a.)	7.80%	7.80%
(ii) Salary Escalation Rate (p.a.)	6.00%	6.00%

(iii) Discount Rate: The discount rate is based on the prevailing market yields of Indian government securities as at March 12, 2019 for the estimated term of the obligations.

(iv) Salary Escalation Rate: The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic Assumptions at the Valuation Date:

(v) Retirement Age: The employees of the Company are assumed to retire at the age of 58 years.

vi) Mortality: Published rates under the Indian Assured Lives Mortality (2012-14) Ult table. Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates
18	0.000874
23	0.000936
28	0.000942
33	0.001086
38	0.001453
43	0.002144
48	0.003536
53	0.006174
58	0.009651

(vi) Leaving Service: Rates of leaving service at specimen ages are as shown below

Age (Years)	Rates
21-25	3%
26-35	6%
36-45	2%
46-57	1%

(vii) Disability: Leaving service due to disability is included in the provision made for all causes of leaving service.

b. Provision for leave encashment ₹ 2.68 Cr (Previous year ₹ 2.09 Cr) is made on actuarial basis. During the current year ₹ 0.59 Cr is charged to the Profit and Loss account (Previous year ₹ 0.36 Cr)

V. Disclosure pursuant to Ind AS on "Operating Segments"

The Business segments have been identified as reportable primary segments in accordance with Indian Accounting Standard 108 "Operating Segments" taking into account the organizational and internal reporting structure as evaluation of risk and return for these segments. Segment reporting policies are in line with the accounting policies of the company.

(i) Primary Segment (Business Segment):

(₹ Cr.)

Particulars	Finance Lease of Power Generating Assets including Operation & Maintenance		Engineering & Construction Services		Total Business	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
External revenue	3970.99	3908.38	1.03	5.19	3972.02	3913.57
Add / (less) : Inter segment revenue						
Total	3970.99	3908.38	1.03	5.19	3972.02	3913.57
Segment results	121.03	282.48	-	-	121.03	282.48
Add: Interest income	-	-	-	-	-	-
Less: Interest expenses	-	-	-	-	-	-
Less: Other unallocable expenditure (Net of unallocable income)	-	-	-	-	-	-
Profit / (loss) before tax	121.03	282.48	-	-	121.03	282.48
Less: Tax expense	24.61	37.31	-	-	24.61	37.31
Profit / (loss) for the year	**96.42**	**245.17**	**-**	**-**	**96.42**	**245.17**
Capital employed:						
Segment assets	11268.82	11311.10	-	-	11268.82	11311.10
Unallocable corporate assets	-	-	-	-	-	-
Total assets	**11268.82**	**11311.10**	**-**	**-**	**11268.82**	**11311.10**
Segment liabilities	11268.82	11311.10	-	-	11268.82	11311.10
Unallocable corporate liabilities	-	-	-	-	-	-
Total liabilities	**11268.82**	**11311.10**	**-**	**-**	**11268.82**	**11311.10**
Capital expenditure	3.72	4.08	-	-	3.72	4.08
Depreciation and amortization included in segment expenses	1.39	0.93	-	-	1.39	0.93

(ii) Secondary Segments (Geographical Segments):
The company's operations are confined within India and as such there are no reportable geographical segments.

iii) Secondary Segments (Customer wise Segment):
Revenue from Punjab State Power Corporation Ltd, the only customer for the Company for sale of Power is 3887.93 Cr

iv) All Non-Current Assets of the Company are related Finance Lease of Power Generating Assets including Operation & Maintenance

VI. Disclosure pursuant to Ind AS on "Leases"

NPL
Nabha Power Limited

a. **The total gross investment in lease as on 31st March 2019 and the present value of minimum lease payments receivable as on 31st March 2018 is as under:**

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Receivable not later than 1 year	1217.49	1307.81
Receivable later than 1 year and not later than 5 years	5016.26	4721.77
Receivable later than 5 years	15739.77	17251.74
Total (1+2+3)	21973.51	23281.32
Less: Future Finance Lease Investment	-	-
Gross investment in lease	21973.51	23281.32
Less: Unearned finance income	13318.85	14360.81
Present value of receivables	8654.66	8920.51

b. Unearned finance income as at 31st March 2019 is ₹ 13318.85 Cr (Previous Year: ₹ 14360.81 Cr)

c. Unguaranteed Residual Value accruing to the benefit of the Company is ₹ 9857.51 (Previous Year: ₹ 9827.51 Cr).

d. The accumulated provision for uncollectible minimum lease payments receivable is **NIL.**

e. Contingent rents recognized in the statement of profit and loss for the year ended 31st March 2019 is ₹ 24.30 **Cr** (Previous Year: ₹ 19.57 Cr).

f. Long Term Lease Receivables are ₹ 8450.95 Cr and Short-Term Lease Receivables are ₹ 203.70 Cr

VII) Disclosure pursuant to Ind AS on "Related party disclosures"

a. List of related parties who can exercise control:

Sr.No.	Name of Related Party	Relationship
1	Larsen &Toubro Limited (L&T)	Ultimate Holding Company
2	L&T Power Development Limited	Holding Company

b. Name of related party with whom transactions were carried out during the year and description of relationship:

Sr.No.	Name of the Related Party	Relationship
1.	Larsen & Toubro Limited (L&T)	Ultimate Holding company
2.	L&T Power Development Limited (L&T PDL)	Holding company
3.	L&T Sargent & Lundy Ltd	Joint Venture of L&T
4.	L&T InfoTech Limited	Fellow Subsidiary Company
5.	L&T MHPS Turbine Generators Pvt. Ltd	Joint Venture of L&T
6.	L&T - MHPS Boilers Private Limited	Joint Venture of L&T
7.	L&T Howden Pvt. Limited	Joint Venture of L&T
8.	EWAC Alloys Limited	Fellow Subsidiary Company (upto November 16, 2017)
9.	L&T Realty Ltd.	Fellow Subsidiary Company
10.	L&T Hydrocarbon Engineering Ltd.	Fellow Subsidiary Company
11.	L&T Construction Equipment Ltd.	Fellow Subsidiary Company

c. Names of the Key Management Personnel and their relatives with whom transactions were carried out during the year:

1. Mr. Sameer R Godbole, Chief Financial Officer & Manager (up to May 05, 2018)
2. Mr. G.V. Vijaya Raghav, Company Secretary (Appointed as Company Secretary w.e.f. October 28, 2017 and Chief Financial Officer & Manager w.e.f May 05, 2018)

d. Disclosure of related party transactions:

Sl.No.	Name/Relationship/Nature of transaction	2018-19 ₹ Cr.	2017-18 ₹ Cr.
I	**Ultimate Holding company**		
	Larsen & Toubro Limited		
	Expenses reimbursed	8.01	6.16
	Purchase of Goods & Services	25.99	40.88
	Inter Company Borrowings	4210	7411.07
	Interest on Inter Company Borrowings	28.4	56.83
	Inter Company Deposits	4452.89	8393.66
	Interest on Inter Company Deposits	-	-
II	**Holding company**		
	L&T Power Development Limited		
	Purchase of Goods & Services		1.2

NPL
Nabha Power Limited

Sl.No.	Name/Relationship/Nature of transaction	2018-19 ₹ Cr.	2017-18 ₹ Cr.
III	**Fellow Subsidiary company**		
	L&T Sargent & Lundy Limited Purchase of Goods & Services	0.06	0.18
	L&T Himachal Hydropower Limited Reimbursement of expenses	0.02	-
	L&T InfoTech Limited Purchase of Goods & Services	1.37	2.1
	L&T MHPS Turbine Generators Pvt. Ltd Purchase of Goods & Services	29.21	9.61
	L&T - MHPS Boilers Private Limited Purchase of Goods & Services	6.30	3.32
	L&T Howden Private Limited Purchase of Goods & Services	-	0.05
	EWAC Alloys Limited Purchase of Goods & Services	-	0.03
	L&T Hydrocarbon Engineering Ltd. Purchase of Goods & Services	0.03	0.04
	L&T Construction Equipment Ltd. Purchase of Goods & Services	0.01	0.19

e. Amount due to and due from related parties:

Sl. No.	Particulars	As at 31.03.2019 ₹ Cr.		As at 31.03.2018 ₹ Cr.	
		Due to	Due from	Due to	Due from
	Larsen & Toubro Limited (Ultimate Holding Company) Trades Payable Advance Inter Corporate Borrowing	 9.29 - 379.80		 25.98 - 594.29	 - - -
	L&T Power Development Limited (Holding Company) Inter Corporate Borrowings	-		1.92	
	Fellow Subsidiary Company:				
	L&T Sargent & Lundy Ltd. Trades Payable	0.01		0.03	
	L&T MHPS Boilers Private Ltd Trades Payable	2.05		0.12	
	L&T InfoTech Limited				

Sl. No.	Particulars	As at 31.03.2019 ₹ Cr.		As at 31.03.2018 ₹ Cr.	
		Due to	Due from	Due to	Due from
	Trades Payable	0.22		0.65	
	L&T MHPS Turbine Generators Pvt. Ltd Trades Payable	3.20	5.99	0.42	
	L&T Howden Private Limited Trades Payable	-		0.01	
	L&T Hydrocarbon Engineering Limited Trades Payable	0.03		0.03	
	L&T Construction Equipment Ltd. Trades Payable	-	0.02	0.03	-

f. Key Management Personnel:

Payment of Salaries/Perquisites:	2018-19 ₹ Cr	2017-18 ₹ Cr
Mr. Sameer R Godbole	-	0.45
Mr. G.V. Vijaya Raghav	0.49	0.13
Total	**0.49**	**0.59**

VIII) Basic and diluted earnings per share (EPS) computed in accordance with Accounting Standard on "Earnings per Share"

Particulars	2018-19	2017-18
Basic		
Profit as per profit and loss account (₹ Cr.) -	96.42	245.17
Average number of equity shares outstanding -	232.50	232.50
Basic EPS (₹)	0.41	1.05
Diluted		
Profit as per profit and loss account (₹ Cr.)-	96.42	245.17
Average number of equity shares outstanding-	232.50	232.50
Average number of equity shares to be allotted on conversion of advance towards equity to equity -	-	-

Average number of equity shares to be allotted on conversion of Convertible Preference Shares-	14.52	14.52
Average number of equity shares to be outstanding -	-	-
Diluted EPS (₹) -	0.39	0.99

IX) Contingent Liabilities:

Claims against the company ₹ 316.60 Cr are in relation to disputes related to power purchase agreement with its customer Punjab State Power Corporation Limited. The company has filed petitions/appeals towards these disputes with appropriate authorities. The aforesaid claim includes amount to be received on Mega status benefits as below

Financial year	Billed Amount in Cr	Received Under Disputed (In Cr)	Net Due (In Cr)
2013-14	6.13	-	6.13
2014-15	75.52	8.84	66.68
2015-16	97.67	97.67	-
2016-17	101.16	76.21	24.95
2017-18	96.80	-	96.80
2018-19	94.06	-	94.06
Total	471.34	182.72	288.62
Less: Non-Accrual of Revenue	192.28	-	192.28
Add: BG given for Interest on Amount received	33.00	-	-
Contingent liabilities	312.06	182.72	96.34

X) The company has taken Inter Corporate Borrowing from its ultimate holding company- Larsen & Toubro Ltd. Balance as on 31st March 2019 of ₹ 379.80 (Previous year ₹ 594.29) @8.25 % interest rate.

XI) As on 31st March 2019, amounts of ₹ 5.96 Cr (Previous Year: ₹ 3.84 Cr) are due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.The interest accrued and due of ₹ 0.02 Cr (Previous Year₹ 0.01 Cr) to suppliers under MSMED Act, 2006 is included in the above amount.

XII) Estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31st March 2019 is ₹ 35.15 Cr (Previous year: ₹ 0.73 Cr)

XIII) Expenditure in foreign currency:
Foreign Travel: Nil (Previous Year: ₹ Nil)
Purchase of Goods& Services: ₹ 1.43 Cr (Previous Year: ₹ 0.92 Cr)

XIV) Investments as on 31st March 2019 is ₹Nil (Aggregate values of quoted investments- Previous Year: ₹ Nil)

XV) Disclosures related to Financial Instruments & Fair Value measurements

A. Classification:

i. Financial Assets

Particulars	31.03.2019 ₹ Cr.	31.3.2018 ₹ Cr.
Loans (Non-Current)	3.95	4.27
Forward Contracts Receivable (Non-Current)	3.43	-
Forward Contracts Receivable (Current)	1.03	-
Loans towards financing activities (Non-Current)	8450.96	8654.63
Loans towards financing activities (Current)	203.70	265.88
Trade Receivables	1912.84	1780.93
Other Financials assets	0.01	2.29
Cash and cash equivalents	2.27	215.39
Other Bank Balances	5.81	5.45
Total Financial Assets	**10584.00**	**10928.84**

ii. Financial Liabilities

Particulars	31.3.2019 ₹ Cr.	31.3.2018 ₹ Cr.
Measured at Fair value through Profit &Loss (FVTPL)		
Forward Contract Payable (Current)	-	2.42
Borrowings (Non-Current)	1508.98	2572.87
Borrowings (Short Term)	3050.77	3562.69
Borrowings (Current Maturities of Long Term)	2989.56	1654.78
Trade payables	241.28	248.68
Other financial liabilities	207.83	105.22
Financial liabilities at Fair value through OCI		
Derivative Instruments designated as		-
Financial Guarantee contracts		
Premium Payable on Financial Guarantee Contracts (Non-	0.93	4.34
Premium Payable on Financial Guarantee Contracts	4.63	1.99
Total Financial Liabilities	**8003.98**	**8152.99**

B. Net Gain/ (losses) on financial assets and financial liabilities

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Net gain / (losses) on financial assets and financial liabilities		
Mandatorily measured at fair value through P&L	17.94	27.21
Financial liabilities measured at amortized cost		-

Total	17.94	27.21

C. Hedge Accounting

i. Outstanding Hedge Instruments

Particulars	Nominal Amount	Average Rate (USD/INR)	Timing	
			Up to 12 months	> 12 months
Currency exposure				
Foreign currency forward covers Payable Hedges				
US Dollar (in Cr)	3.83	69.16	0.74	3.09

ii. Carrying amounts of Hedge instruments

Particulars	Currency Exposure ₹ Cr.
Forward contracts	
Current	
Assets - Other financial liabilities	1.03
Non-Current	
Assets - Other financial liabilities	3.43

iii. Breakup of Hedge Reserve balance

Particulars	Cash flow ₹ Cr.
Balance towards continuing	2.54
Portion for which no hedge accounting	-

iv. Movement of Hedge Reserve

Hedge Reserve	Amount ₹ Cr.
Opening Balance (31 March 2018)	(1.43)
Add: Difference between forward to forward MTM and spot to spot MTM	(1.11)
Closing Balance (31 March 2019)	(2.54)

Note: Other Comprehensive Income Note is same as above.

D. Fair Value Measurements as at March 2019

Financial assets and liabilities measured at fair value recurring	Notes	Level 1	Level 2	Level 3	Total (₹ Cr.)
Financial Liabilities					
Designated as at Fair Value Through Other Comprehensive Income					
Derivative financial instruments designated as cash flow hedges*	Valuations of derivative instruments using observable market data		(2.54)		(2.54)
Total Financial Liabilities			-		-

*Represents Forward Covers taken against External Commercial Borrowing routed through Other Comprehensive Income

XVI) Financial Risk Management

A. Credit Risk

i. Expected Credit Loss (ECL)

a. The Company is selling power to a single customer i.e. Punjab State Power Corporation Limited (PSPCL). The Company has created Expected Loss provision in the current year towards delay in receipt of disputed receivables. The disputed receivables as on 31 March 2019 is ₹ 97.77 Cr

b. Under this approach, recognition of impairment loss for trade receivables or any contractual right to receive cash or another financial asset that result from transactions within the scope of Ind AS 115 is based on lifetime ECL at each reporting date.

c. The lifetime ECL means the entire amount of loss expected on the financial asset during its lifetime as on the date of balance sheet.

d. The level of provisioning has been carried in books against the age-wise profile of the debtors after they have become past due.

e. The company has discontinued the recognition of Expected credit losses (ECL)on washing charges and related cost after favourable judgement from Hon'ble Supreme Court since the judgement allows interest @12% p.a which is greater than the company's borrowing cost.

f. The expected delays in payment is based on age-wise profile of the debtors and quantum of provision is as under:

Aging	0-6 months	6-12 months	12-24 months	24-36 months	Beyond 36 months
Gross Carrying amount (₹ Cr.)	-	-	24.95	-	72.82
Expected loss rate	0.00%	3.40%	13.20%	21.10%	28.30%
Expected Credit losses (Rounded off to ₹ Cr)	-	-	3	-	21

B. Liquidity Risk

The liquidity risk management is covered by a Treasury policy of the Company. The policy is put in place to ensure that the short term and long-term fund requirements of the company are met on a timely and cost-effective basis. Further, it also covers investment of any interim fund surpluses with an objective to optimize returns. The liquidity management policy covers:

a. Obtaining accurate cash flow forecasts from divisions and central service departments like taxation etc.
b. Frequent review of expiring debt
c. Decision on proportion of foreign currency debt
d. Ensure availability of a range of short-term funding alternatives including overdraft, commercial paper, debentures and other forms of trade credit including in foreign currency by rolling over those debts and active management of the same.
e. Stand-by facilities maintained with banks
f. Tracking financial markets and networking
g. Raising of Capital in advance of projected requirement
h. Optimal investment of cash surpluses pending utilization.

Maturity Profile

Contractual maturities of financial liabilities 31 March 2019	Up to 12 month (₹ Cr.) 1	More than 12 month (₹ Cr.) 2	Total (₹ Cr.) 3=1+2
1. Non-Derivative Liabilities			
Borrowings	6040.33	1508.98	7549.31

Trade payables	241.28	-	241.28
Other financial liabilities	212.46	0.93	213.39
Total Non-Derivative Liabilities			
2. Derivative Liabilities			
Forward Contract Payable	-	-	-
Total derivative liabilities			

The company has flexible structures for its debt requirement i.e., Non-Convertible Debentures, Commercial Papers, External commercials Borrowings, Inter Corporate Borrowings and Working Capital loans. The debt to equity ratio is tabulated under:

Particulars	**31-03-2019**	**31-03-2018**
Net Debt (₹)	7549.31	7790.35
Equity (₹)	3245.07	3147.54
Net debt to equity ratio (%)	**233%**	**248%**

<u>Loan covenants</u>

a. The company is required to maintain three months interest on External Commercial Borrowing as Debt service reserve account, to comply with the same the company has deposited three months interest as fixed deposit with ICICI bank

b. Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

c. Non-Convertible Debentures are listed on National Stock Exchange and are complying with SEBI (Listing obligations and disclosure requirements) Regulations.

C. Market Risk

The principle market risk is currency risk. The currency risk is covered by a Treasury Policy of the Company. The objective of foreign risk management policy is to protect the Company's profitability from material adverse movements and undesired volatility due to exchange rate changes by undertaking controlled management of the currency structure of borrowings and imports, and through appropriate hedging strategies.

a. The Company is mainly exposed to exchange rate fluctuations in US Dollar (USD) against INR.

b. The Company manages foreign exchange risks arising at various junctures through separate approaches comprising the Hedge book, as follows:
   i. Foreign currency payable risks: The Company seeks to hedge at appropriate hedge ratio for each currency risk after taking into account natural hedges.

ii. Foreign currency loans: The Company seeks to hedge at appropriate hedge ratio for foreign currency risks arising out of loans (Short term and long term)

c. Borrowing & Investment decisions in foreign currency are influenced by the composition of existing portfolio, costs of borrowing and availability of funds

i. The financial risks mainly related to changes in exchange rates are hedged by entering into forward contracts.

Particulars of Forward Contracts entered for hedging purpose outstanding as at March 31, 2019:

Particulars	Amount of exposure hedged	
	As at 31-03-2019 (₹ Cr.)	As at 31-03-2018 (₹ Cr.)
i. Forward Contracts for payables towards firm commitments and highly probable forecasted transactions.	-	-
ii. Forward Contracts for repayment of Foreign-currency Loan (ECB).	264.93	297.75

iii. Un-hedged Foreign Currency Exposure

Payables including firm commitments and highly probable forecasted transactions:

a. Firm commitment ₹ Nil (Previous year ₹ Nil)
b. ECB ₹ 95.55 Cr (Previous year ₹ 89.90 Cr)

iv. Sensitivity

Particulars	Impact on profit after tax Mar-19 (₹ Cr.)	Impact on other components of equity Mar-19 (₹ Cr.)
INR/USD -Increase by 10% (31 March 2019)	(7.50)	(9.55)
INR/USD -Decrease by 10% (31 March 2019)	7.50	9.55

XVII) Deferred Tax Assets

The Balance comprises temporary differences attributable to

Details	31/03/2019	31/03/2018
Retained earnings	9.62	9.62
Property, plant and equipment (PPE)	-	-
Intangible assets (IA)	-	-
Financial Assets at fair value through P&L(FVTPL)	(6.12)	(4.37)
Financial assets at FVOCI		
Other items		
Total deferred tax Assets	3.50	5.25
set off deferred tax liabilities pursuant to set off provision	-	-
Net Deferred Tax Assets	3.50	5.25

Note:

a. Deferred Tax asset to be utilized entirely in the next two years

b. No Deferred Tax Asset and MAT credit created as the Company shall not have income tax profits in the next ten years on account of depreciation

XVIII)

a) Tax Expenditure

Description	31/03/2019	31/03/2018
Tax Expense	24.61	37.31
Deferred tax	-	-
Total	**24.61**	**37.31**

b) Calculation of effective tax rate

S. no	Particulars	2018-19	2017-18
A	**Profit before tax**	121.04	282.48
B	Corporate tax rate as per Income Tax Act, 1961	34.94%	34.61%
C	Tax on accounting profit (c)=(a)*(b)	42.30	97.77

D	Tax effect of previously unrecognized tax losses used to reduce tax expense	17.69	60.46
E	Tax expense recognized during the year (e)=(c)+(d)	24.61	37.31
F	Effective tax Rate (f)=(e)/(a)	20%	13%

c) Unused tax losses and unused tax credits for which no deferred tax asset is recognized in Balance Sheet

Particulars	31-03-2019		31-03-2018	
	₹ Cr.	Expiry year	₹ Cr.	Expiry year
Tax losses (revenue loss on which no tax asset is created)				
Amount of losses having expiry	2.18	AY 2025-26	126.63	AY 2025-26
Amount of losses having no expiry	5070.39	-	5125.95	-
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognized]	24.61	AY 2034-35	37.31	AY 2033-34

XIX) Auditors' remuneration

Particulars	2018-19 ₹ Cr.	2017-18 ₹ Cr.
Audit Fees	0.10	0.08
Other Matters	0.02	0.02
Tax Matters	0.01	0.01
Reimbursement of expenses	0.01	0.00
Total	**0.14**	**0.11**

XX) Corporate Social Responsibility expenses

The Company has spent 4.42 Cr (Previous Year 4.42 Cr) towards various schemes of Corporate Social Responsibility. The details are:

Sr. No.	Particulars	2018-19 (In Cr)	2017-18 (In Cr)
1	Rural Infrastructure	2.36	3.02
2	Education & Sports	1.10	0.75
3	Health	0.40	0.24
4	Skill Development	0.32	0.28
5	Water & Sanitation	0.23	0.13
	Total	**4.42**	**4.42**

XXI) Secured/ Unsecured Non-convertible fixed rate debentures:

S. No.	Secured/ Unsecured	Issue Date	Face Value (₹ Cr.)	Application Amount (₹ Cr.)	Repayment Year	Interest rate
			Long Term Debentures			
1	Unsecured	06-04-2018	0.10	600.00	2020-2021	7.90%
2	Unsecured	23-03-2018	0.10	215.00	2021-2022	8.12%
3	Unsecured	23-03-2018	0.10	385.00	2021-2022	8.12%
				1200.00		
			Short Term Debentures			
1	Unsecured	28-03-2016	0.10	500.00	2019-2020	8.50%
2	Unsecured	07-07-2016	0.10	475.00	2019-2020	8.30%
3	Unsecured	16-08-2016	0.10	600.00	2019-2020	7.81%
4	Unsecured	10-12-2018	0.10	1250.00	2019-2020	8.75%
				2825.00		

XXII)

a) Hon'ble Supreme Court had upheld the Claim for Washing Charges and other Dues on 5th October 2017 and the Company has received around Rs 376 Cr upto 31st March 2019.

NPL has filed a Contempt Petition before the Hon'ble Supreme Court for recovery of the balance dues amounting to 514 Cr from PSPCL. The interest on the same is recognized on receipt basis. Further, NPL has included the new deductions of 443 Cr on account of GCV and Grade Slippage in the same Contempt Petition.

b) Post facto approval from PSERC for reimbursement of cost of 3.55 Lakh MTs of imported coal aggregating to an amount of Rs 115 Cr is the subject matter of the petition filed by the Company in the Punjab State Electricity Regulatory Commission (PSERC), for recovery of the same and the company is confident of realization.

XXIII) Ministry of Environment, Forest and Climate Change (MoEFCC) had issued directions on 11.12.2017 to NPL to comply with the prescribed emission norms relating to SOX and NOX's, as notified by way of an amendment to the Environment (Protection) Rules, 1986 on 07.12.2015. Compliance with these new norms requires installation of Flue Gas Desulphurization (FGD) and Selective Non-Catalytic Reduction (SNCR) System for SOX and NOX respectively.

NPL filed a petition in the PSERC to approve the reimbursement of Incremental cost, for setting up of the FGD, under the Provisions of the "Change in Law" as per the PPA. The Petition has been heard and PSERC has not accepted NPL view and ordered that it is not a change in Law. NPL has filed an appeal to APTEL against the same and is coming up for hearing.

Figures for the previous year have been regrouped / reclassified wherever necessary

As per our report attached
SHARP & TANNAN

Chartered Accountants
ICAI Registration No.000452N
by the hand of

Pavan K. Aggarwal

Partner
Membership No. 091466

Place: New Delhi
Date: April 17, 2019

Director: Mr. Shailendra Roy
DIN: 02144836

Director: Mr. Ajit Kumar Samal
DIN: 05180802

Athar Shahab
Chief Executive

G. V. Vijaya Raghav

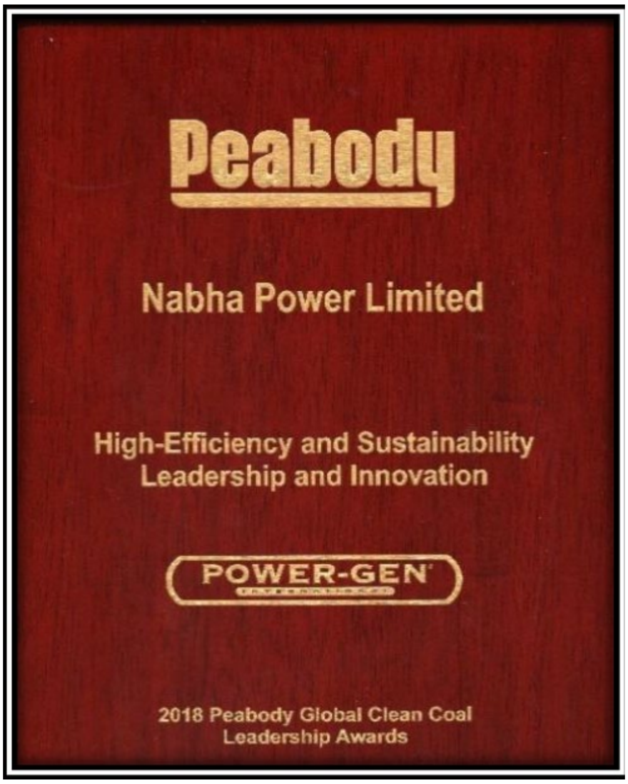
Chief Financial Officer
& Company Secretary

Place: Faridabad
Date: April 17, 2019

Awards & Recognitions

Greentech Safety "Platinum award"

Greentech CSR "Gold award"



"High-Efficiency, Sustainability Leadership and Innovation"

"The Best Thermal Power Generator" for 2018

"Excellent Energy Efficient Unit & Innovation Awards"

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Corporate Office: L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001

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