

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual report and Accounts for the year ended March 31, 2010.

CHANGE OF OWNERSHIP

Your Company's entire equity share capital has been acquired by L&T Power Development Limited as on January 18, 2010. Consequently, the management control vests with L&T Power Development Limited with effect from January 18, 2010.

FINANCIAL RESULTS

Your Company's project is under implementation and accordingly the Company carried forward the eligible project expenditure as Construction Work in Progress – at cost Rs. 5,09,65,18,478. The Company earned income of Rs. 69,62,012 being interest on Fixed Deposit.

DIVIDENDS / APPROPRIATIONS

There were no appropriations to any reserve during the year, nor any declaration of dividend.

CAPITAL EXPENDITURE

The Company has gross block of Rs. 5,71,130. Depreciation & Amortization of Rs. 1,04,894 is charged upto March 31,2010.

AUDITORS' REPORT

The Auditors Report to the Shareholders does not contain any qualifications.

PERFORMANCE OF THE COMPANY

The Directors are satisfied with the progress so far in implementing the project.

DEPOSITS

The Company has not accepted any deposits from the public.

MATERIAL CHANGES, IF ANY, BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' 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.

DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy

As the operations of the Company are yet to commence, there are no particulars required to be disclosed under this head.

Technology Absorption & Foreign Exchange Earnings and Outgo

There was no Technology Absorption and no earning or outgo of any foreign currency during the year 2009-2010.

PARTICULARS OF EMPLOYEES U/S 217(2A)

There are no employees covered by the provisions of the Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANIES

Your Company does not have any subsidiary Company.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the Directors 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 as at March 31, 2010 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis; and
- v. that proper systems are in place to ensure compliance of all laws applicable to the Company.

DIRECTORS

Pursuant to the change in ownership of the Company with effect from January 18, 2010, Mr. Anurag Agarwal, Mr. Mahesh Mittal and Mr. Hussan Lal, Directors of the Company representing Punjab State Electricity Board submitted their resignation and Mr. A. K. Chhatwani, Mr. R. K. Sharma and Mr. Y. V. S. Sravankumar representing L&T Power Development Limited were appointed.

NABHA POWER LIMITED

Mr. Jatinder Kumar Goyal resigned from the Board of the Company with effect from March 17, 2010. The Board of Directors places on record its appreciation of the contributions made by Mr. Anurag Agarwal, Mr. Mahesh Mittal, Mr. Hussan Lal and Mr. Jatinder Kumar Goyal during their tenure as Directors.

Mr. A. K. Chhatwani retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs and it is in the process of implementing many of the suggestions. Our compliance with the said guidelines is given below –

A] INDEPENDENT DIRECTORS

All the members of the Board of the Company are independent in the sense that none of them are involved in the day-to-day management of the Company. The Directors are updated about their role, responsibilities and liabilities.

Number of Companies in which an Individual may become a Director

The Directors of the Company comply with the requirements of the maximum number of other directorship prescribed under the Guidelines.

B] STATUTORY AUDITORS

The statutory auditors, M/s. Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time. However, the signing partners are rotated at regular frequency.

C] INTERNAL AUDITORS

The Corporate Audit Services department of Larsen & Toubro Limited provides internal audit services to all its group companies.

D] INTERNAL CONTROL

The Board ensures the effectiveness of the Company's system of internal controls.

E] SECRETARIAL AUDIT

The Secretarial Audit of the Company is handled by the Corporate Secretarial department of Larsen & Toubro Limited, which has competent professionals to carry out the said authority.

F] RELATED PARTIES TRANSACTION

As required under the Voluntary Corporate Governance Guidelines, 2009, the Board hereby states that the details of all the related party transactions form part of the accounts as required under Accounting Standard 18 and the same forms part of this Annual report.

ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the employees of the Company and management of the parent company.

For and on behalf of the Board

Place : Mumbai
Date : April 27, 2010

A. K. CHHATWANI
Director

R. K. SHARMA
Director

Y. V. S. SRAVANKUMAR
Director

AUDITORS' REPORT

TO THE MEMBERS OF NABHA POWER LIMITED

We have audited the attached Balance Sheet of NABHA POWER LIMITED as at March 31, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (1) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to on Paragraph (1) above, we report that
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) on the basis of the written representations received from Directors of the Company as on March 31, 2010, & taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956; and
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule K and note no. 4 regarding treatment of Power Purchase Agreement as Leases and note no. 13 regarding change in method and rate of depreciation and other notes forming part of accounts in Schedule L, give in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

1. (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of all fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management. In our opinion, the physical verification is reasonable and no material discrepancies were noticed on such verification.
(c) The Company has not disposed off any substantial part of its fixed assets during the year, so as to affect its going concern status.
2. (a) As explained to us, the inventories have been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable.
(b) As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firm and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable to the Company.

NABHA POWER LIMITED

- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firm and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(f) and (g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under clause (d) of sub Section (1) of Section 209 of the Companies Act, 1956 (G.S.R. No. 913(E) dt. December 21, 2001, as amended vide G.S.R. 709 (E) Dated December 7, 2005 & G.S.R. 387(E) dated June 27, 2006). The Company will generate electricity from thermal power and the plant is under construction, therefore cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 are not maintained by the Company.
9. (a) According to the information and explanations given to us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues like Income Tax, Wealth Tax, Service Tax and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts were in arrears as at March 31, 2010, for a period of more than six months from the date they became payable.
- (b) As per information and explanations furnished to us and the records of the Company examined by us there were no dues of Income Tax, Wealth Tax, Service Tax & Cess which have not been deposited on account of any dispute.
10. The Company has been registered for a period less than 5 years and is yet to commence its commercial operations and hence reporting under clause 4(x) of the Companies (Auditor's Report) Order, 2003, regarding accumulated losses and cash losses does not arise.
11. According to the information and explanations given to us, the Company has not availed any loan from bank or debenture holders. Hence reporting on default in payment of dues under clause 4(xi) of the Companies (Auditor's Report) Order, 2003 does not arise. The Company has not availed any loans from financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / Societies.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments in mutual funds have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by associates and others, from banks or financial institutions during the year.
16. The Company has not availed term loan hence reporting on the purpose for which they were raised under clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 does not arise.
17. The Company has not raised funds on short term basis during the year hence reporting under clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 does not arise.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act, during the year under audit hence reporting under clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 does not arise.
19. The Company has not issued any debentures during the year. Hence, reporting on paragraph 4(xix) of the Order pertaining to creation of security or charge for debentures does not arise.
20. The Company has not raised any money through a public issue during the year; accordingly, paragraph 4(xx) of the Order is not applicable to the Company.
21. During the course of our examination of books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		500,000		500,000
Advance towards Equity			7,321,597,253		–
Reserves & Surplus			1,270,588		
Loan Funds					
Unsecured Loans	B		–		4,595,866,192
TOTAL			7,323,367,841		4,596,366,192
APPLICATION OF FUNDS					
Fixed Assets					
Tangible Assets					
Gross Block		571,130		745,033	
Less: Depreciation		104,894		212,396	
Net Block		466,236		532,637	
Capital Work-in-Progress		–		3,900,000,000	
			466,236		3,900,532,637
Pre operative Exp.	D		–		386,045,194
Investments	E		20,002,312		–
Current Assets, Loans & Advances					
Cash and Bank Balances		332,561,856		323,042,224	
Inventory		5,096,518,478		–	
Loans & Advances		1,887,049,872		4,857,044	
		7,316,130,206		327,899,268	
Less: Current Liabilities & Provisions					
Current Liabilities	G	13,230,913		18,149,731	
Provisions		–		2,600	
		13,230,913		18,152,331	
Net Current Assets			7,302,899,293		309,746,937
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses			–		41,424
TOTAL			7,323,367,841		4,596,366,192
SIGNIFICANT ACCOUNTING POLICIES					
NOTES ON ACCOUNTS					

The Schedules referred to above and the notes attached form an integral part of the Financial Statements.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

A. K. CHHATWANI
Director

Place : Mumbai
Date : April 27, 2010

R. K. SHARMA
Director

Y. V. S. SRAVANKUMAR
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedule</u>	<u>2009-2010 Rupees</u>
SALES & SERVICES		
Construction WIP at Cost		5,096,518,478
Other Income	H	6,962,012
TOTAL		<u>5,103,480,490</u>
EXPENDITURE		
Construction expenses	I	5,096,518,478
Selling, Administration and Other Expenses	J	5,050,000
TOTAL		<u>5,101,568,478</u>
Profit / (Loss) for the period		1,912,012
Provision for Taxes		
Current Tax		600,000
Profit / (Loss) after Tax		1,312,012
Prior period adjustment		
Preliminary Expenses written off		41,424
Balance carried to Balance Sheet		<u>1,270,588</u>
Basic Earning per share		25.41
Diluted Earning per share		0.01
Face Value per Share		10
SIGNIFICANT ACCOUNTING POLICIES	K	
NOTES ON ACCOUNTS	L	

The Schedules referred to above form part of Profit & Loss Account.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE

Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

A. K. CHHATWANI

Director

Place : Mumbai
Date : April 27, 2010

R. K. SHARMA

Director

Y. V. S. SRAVANKUMAR

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010 Rupees	2008-2009 Rupees
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax & extraordinary items	1,912,012	-
Adjustment for		
Dividend received	-	-
Depreciation and Amortization	-	-
Translation reserve	-	-
Unrealized foreign exchange difference - net (gain) / loss	-	-
Interest Expenses	-	-
Interest Income	-	-
(Profit) / Loss on sale of investments (net)	-	-
(Profit) / Loss on sale of fixed assets (net)	-	-
Provision for diminution of value of investments	-	-
Operating Profit before Working Capital changes	1,912,012	-
Adjustments for		
(Increase) / Decrease in Trade and other receivables	-	-
(Increase) / Decrease in Inventories	(810,365,244)	-
(Increase) / Decrease in Loans and Advances	(1,882,792,828)	(4,808,003)
Increase / (Decrease) in Trade payables	(4,921,418)	13,251,418
Cash generated from Operations	(2,696,167,478)	8,443,415
Direct taxes paid	-	-
Net Cash inflow from Operating Activities (A)	(2,696,167,478)	8,443,415
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(41,640)	(4,200,220,357)
Interest received	-	-
Purchase of investments	(20,002,312)	-
Sale of Fixed Assets	-	-
Dividend received from other investments	-	-
Net Cash used in Investing Activities (B)	(20,043,952)	(4,200,220,357)
C. Cash Flow from Financing Activities		
Issue of Equity shares and advance against share capital	7,321,597,253	-
(Repayment) / Proceeds from other borrowings	(4,595,866,192)	-
Proceeds from Borrowings	-	4,511,403,192
Interest paid	-	-
Net Cash from Financing Activities (C)	2,725,731,061	4,511,403,192
Net increase in Cash and Cash Equivalents (A+B+C)	9,519,632	319,626,250
Cash and Cash Equivalents as at the beginning	323,042,224	3,415,974
Cash and Cash Equivalents as at the end	332,561,856	323,042,224

NOTES

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard AS (3) - 'Cash Flow Statements issued under the Companies (Accounting Standard) Rules, 2006.
- Cash and Cash Equivalents represent Cash and Bank Balances.
- Previous period's figures have been regrouped / reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE

Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

A. K. CHHATWANI

Director

Place : Mumbai
Date : April 27, 2010

R. K. SHARMA

Director

Y. V. S. SRAVANKUMAR

Director

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
1,00,000 Equity Shares of Rs. 10 each	1,000,000	1,000,000
Issued, Subscribed & Paid-up		
50,000 Equity Shares of Rs. 10 each fully paid-up (Previous Year: 50,000 equity shares of Rs. 10 each)	500,000	500,000
(All the shares are held by L&T Power Development Limited-the Holding Company and its nominees as on March 31, 2010, in previous year held by Punjab State Electricity Board)		
TOTAL	500,000	500,000

Note:- The Company is in the process of increasing its authorised capital to Rs. 2,500 Crores.

SCHEDULE - B		
UNSECURED LOANS		
Unsecured loans		
Loans from PSEB	-	4,595,866,192
TOTAL	-	4,595,866,192

SCHEDULE - C										
FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009 Rupees	Additions during the year Rupees	Deduction / Adjustments / for the year Rupees	As at 31.03.2010 Rupees	Up to 31.03.2009 Rupees	Depreciation for the year Rupees	Deduction / Adjustments for the year Rupees	Up to 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Tangible Assets -										
Furniture & Fixtures	227,612	-	-	227,612	61,000	22,761	(36,952)	46,809	180,803	166,612
Office Equipment	103,052	-	-	103,052	14,212	8,323	(7,341)	15,193	87,859	88,840
Computers	315,865	23,000	(215,543)	123,322	115,422	19,214	(109,219)	25,417	97,905	200,443
Electrical Equipment	23,328	-	-	23,328	10,192	1,556	(7,950)	3,798	19,530	13,136
Air conditioner	75,176	18,640	-	93,816	11,570	5,737	(3,631)	13,677	80,139	63,606
TOTAL	745,033	41,640	(215,543)	571,130	212,396	57,591	(165,093)	104,894	466,236	532,637
Previous Year	435,571	309,462	-	745,033	63,915	148,481	-	212,396		
Capital Work in Progress									-	3,900,000,000

Refer Note No. 13.

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.2010	As at 31.03.2009
	Rupees	Rupees
SCHEDULE - D		
PRE-OPERATIVE EXPENSES		
Advertisement Expenses	-	5,760,504
Audit Fees	-	22,266
Bank Charges	-	150
Books, Newspaper & Periodicals	-	14,394
Consultancy Fees	-	111,112,999
Depreciation	-	212,396
Electricity Charges	-	80,921
Employees Cost	-	9,074,537
Fee for Statutory Clearance - CIL & PSERC	-	761,754
Fringe Benefit Tax	-	146,578
Hospitality Expenses	-	107,330
Insurance	-	1,485
Land Acquisition Expenses / Security	-	141,006
Office Administration & General Expenses	-	240,968
Office Rent	-	553,657
Office Support Services	-	981,328
Professional & Legal Fee	-	330,600
Stationery and Printing Expenses	-	63,883
Telephone & Communication Expenses	-	187,519
Vehicle Running Expenses	-	1,805,261
Interest (net)	-	254,445,658
Total Pre-Operative expenses pending allocation	-	386,045,194
SCHEDULE - E		
INVESTMENTS		
Current Investments		
Mutual Funds		
<i>LIC Mutual Fund</i> (LIC MF Liquid Fund - Savings Plus Fund Daily Dividend)	10,000,781	-
<i>ICICI Mutual Fund</i> (ICICI Prudential Flexible Income Plan - Daily Dividend)	10,001,531	-
TOTAL	20,002,312	-

Details of Investment Purchased and Sold during the Year

Particulars	As at 31.03.2010		As at 31.03.2009	
	Units	Rs.	Units	Rs.
ICICI Prudential Liquid Super Institutional Plan - Daily Div.				
Purchase	99,993.21	10,001,531	-	-
Sale	99,993.21	10,001,531	-	-
LIC MF Liquid Fund - Dividend Reinvestment				
Purchase	9,10,809.62	10,000,781	-	-
Sale	9,10,809.62	10,000,781	-	-

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - F				
CURRENT ASSETS, LOANS & ADVANCES				
Cash and Bank Balances				
Cash on hand	-		-	
Balances with scheduled banks				
On Current Account	8,489,449		56,102	
On Fixed Deposits (including interest accrued thereon Rs. 77,22,407, Previous year Rs. 66,36,122) (Pledged with Bank as security for Bank Guarantee)	324,072,407		322,986,122	
		332,561,856		323,042,224
Inventory				
Due from Customer				
Work-in-Progress				
Construction related work in progress - At Cost		5,096,518,478		-
Loans and Advances				
Unsecured, Considered good				
Advances recoverable in cash or in kind or for value to be received				
From Ultimate Parent	1,878,786,571		-	
From others	8,263,301		4,857,044	
		1,887,049,872		4,857,044
TOTAL		7,316,130,206		327,899,268
SCHEDULE - G				
CURRENT LIABILITIES & PROVISIONS				
Liabilities				
Sundry Creditors				
Due from Micro Small and Medium Enterprises	-		-	
Due to Ultimate Holding Company - Larsen & Toubro Limited	8,187,051		-	
Due to Holding Company - L&T Power Development Limited	1,242,057		-	
Due to Fellow subsidiaries	-		-	
Others	3,801,805		18,149,731	
		13,230,913		18,149,731
Provisions For				
Fringe benefit tax	-		2,600	
				2,600
TOTAL		13,230,913		18,152,331

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	As at 31.03.2010	<i>As at 31.03.2009</i>
	Rupees	<i>Rupees</i>
SCHEDULE - H		
OTHER INCOME		
Interest Income	6,959,700	-
Dividend Income	2,312	-
TOTAL	6,962,012	-
SCHEDULE - I		
CONSTRUCTION EXPENSES		
Land	4,116,731,045	-
Pre operative Expenses	386,045,194	-
Advertisement Expenses	1,546,274	-
Audit Fees	50,000	-
Bank Charges	1,996,223	-
Books, Newspaper & Periodicals	17,353	-
Consultancy Fees	30,166,800	-
Depreciation	(107,502)	-
Electricity Charges	50,301	-
Employees Cost	12,837,678	-
Fee for Statutory Clearance-CIL &PSERC	3,000,000	-
Hospitality Expenses	61,486	-
Land Acquisition Expenses / Security	712,324	-
Office Administration & General Expenses	8,559,230	-
Office Rent	409,740	-
Office Support Services	838,786	-
Professional & Legal Fee	3,702,870	-
Stationery and Printing Expenses	84,102	-
Telephone & Communication Expenses	63,813	-
Vehicle Running Expenses	1,298,984	-
Computer written off	215,543	-
Interest(net of interest Income upto 17th January, 2010)	528,238,234	-
TOTAL	5,096,518,478	-
SCHEDULE - J		
SELLING ADMINISTRATIVE AND OTHER EXPENSES		
Community Welfare Expenses	5,050,000	-
TOTAL	5,050,000	-

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - K

Brief description of the Company

Nabha Power Limited (NPL) was formed by Punjab State Electricity Board (PSEB) for the purpose of setting up a 1320 MW Power plant at Rajpura, Punjab.

L&T Power Development Limited (L&T PDL) has emerged as the successful bidder to develop the project and supply the entire electricity to PSEB. On January 18, 2010, L&T PDL has acquired at par the 100% shareholding in NPL from PSEB and signed the Power Purchase Agreement for 25 years. It also paid PSEB the costs incurred by PSEB upto January 18, 2010 on developing the project.

NPL has since increased the capacity of the project to 1400 MW and placed letter of intent for the construction of the power plant.

Significant Accounting Policies

a. Basis of accounting

The Company maintains accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ["GAAP"], in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements.

b. Revenue Recognition

Contract revenue comprising the total value of construction work performed during the year is recognized on a percentage of completion basis. The percentage of completion is determined on the basis of progress of each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. No profit is recognized until a contract has progressed to the point where the ultimate realizable profit can be reasonably determined.

c. Fixed Assets

Fixed assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation.

d. Depreciation

Depreciation on assets has been provided on straight line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. However, in respect of furniture and fixtures, office equipment, electrical equipment and Air conditioner, the depreciation is provided at higher rates in line with their estimated useful life. With effect from accounting year 2009-2010, the Company adopted Straight Line method of depreciation as against Written Down Value method followed upto previous Accounting year. The rates considered for current year are as follows :

Asset Category	%
Furniture & Fixtures	10.00%
Office Equipment	6.67%
Computers	16.21%
Electrical Equipment	6.67%
Air Conditioner	8.33%

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

e. Investments

Current investments are carried at lower of cost or market value.

f. Taxes on income

Taxes on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of assessments / appeals.

g. Provisions, Contingent Liabilities and Contingent Assets

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

- the Company has a present obligation as a result of a past event.
- a probable outflow of resources is expected to settle the obligation and
- 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.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Contingent Liability is disclosed in the case of

- 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.
- a present obligation when no reliable estimate is possible; and
- 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.

h. 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. A qualifying asset is an asset that necessarily required substantial period of time to get ready for its intended use.

i. 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

Finance leases

- 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.
- Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Wherever the asset is manufactured / constructed by the Company, the fair value of the asset, representing the net investment in the lease, is recognised as sales revenue in accordance with the Company's revenue recognition policy. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

SCHEDULE - L

NOTES FORMING PART OF ACCOUNTS

- The Company has not yet commenced the generation of power and hence, disclosure of information under paragraph 4C of Part II of Schedule VI of the Companies Act, 1956 is not applicable.
- The Company has drawn a Profit & Loss Account to comply with the provisions of Companies Act, 1956, though commercial operations have not commenced. Being first year of preparing the Profit & Loss Account, figures for the previous year are not available.
- The 100% shareholding in the Company was acquired by L&T Power Development Limited (L&T-PDL) on January 18, 2010 from Punjab State Electricity Board (PSEB).
- The Company has entered into Power Purchase Agreement (PPA) with PSEB for supply of electricity for 25 years. PSEB has undertaken to purchase the available net capacity of the power generation facilities for a period of 25 years with various agreed terms and conditions as specified in the PPA. Since the fulfillment of this arrangement is dependent on use of power generation and PSEB will take more than insignificant amount of the output that will be produced, the provision of such power generating facilities would constitute finance lease transaction upon commencement of power generation. The activity of construction of power generating facilities (to be given on finance lease) by the Company constitutes a "construction contract" which has been accounted in accordance with Accounting Standard (AS) 7 "Construction Contracts". Accordingly, the costs incurred (net) for construction of power generation facilities till date of Rs. 509.65 Crore has been reflected as construction expenses and corresponding revenue has been recognized as "construction revenue".
- The amount of Rs. 428.60 Crore incurred for construction of power plant in the previous years has been reclassified from Capital Work-in-Progress Rs. 390 Crore and pre-operative expenses Rs. 38.60 Crore to construction expenses in accordance with accounting policy for leases as per note (i) of Schedule K.
- Advance towards equity amounting to Rs. 732.16 Crore comprises the amount paid by the Holding Company to pay off the cost incurred by Punjab State Electricity Board upto the date of acquisition and thereafter advance to contractors and other expenses.
- The Company does not have any contingent liabilities.
- The Company does not have taxable wealth under the provisions of Wealth Tax Act, 1952.
- Disclosures pursuant to Accounting Standard (AS7) (Revised) "Construction Contracts"

Particulars	2009-2010 Rupees	2008-2009 Rupees
i) Contract Revenue recognized for the Financial year	5,09,65,18,478	-
ii) Aggregate amount of Contract costs incurred as at end of Financial year for all contracts in progress as at that date	5,09,65,18,478	-
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	-	-

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

10. There are no amounts due to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

11. Auditors' remuneration (excluding service tax)

Particulars	2009-2010 Rupees	<i>2008-2009 Rupees</i>
Audit Fees	50,000	10,000
Other Matters	1,50,000	-
Reimbursement of expenses	45,206	-
TOTAL	2,45,206	<i>10,000</i>

12. Employee Benefits included in Construction expenses are relating to mainly persons deputed from PSEB and persons on contract employment prior to the acquisition by L&T-PDL. The Company does not have any employees as on March 31, 2010.

13. During the year, the Company has changed depreciation method from Written Down Value method to Straight Line method. Accordingly, the depreciation for the previous period has been recalculated and adjusted in the current year accounts. The change in policy has resulted into lower amount of depreciation by Rs. 1,25,940 which is reduced from construction expenses.

14.1 Related party disclosures

List of related parties who exercise control and over which control exists

S. 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 Limited	Fellow Subsidiary Company

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

S. 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 Limited	Fellow Subsidiary Company

14.3 Disclosure of related party transaction

S. No.	Name / Relationship / Nature of transaction	2009-2010 Rupees	<i>2008-2009 Rupees</i>
I	Ultimate Holding Company - Larsen & Toubro Limited		
	Advance - EPC contract	187,87,86,571	-
	Expenses reimbursed	72,34,137	-
II	Holding Company - L&T Power Development Limited		
	Expenses reimbursed	12,42,057	-
III	Fellow Subsidiary Company - L&T-Sargent & Lundy Limited		
	Professional Fees	9,52,914	-

14.4 Amount due to and due from related parties

S. No.	Name / Relationship / Nature of transaction	2009-2010 Rupees		<i>2008-2009 Rupees</i>	
		Due to	Due from	<i>Due to</i>	<i>Due from</i>
I	Due to Ultimate Holding Company				
	Larsen & Toubro Limited	81,87,051	-	-	-
II	Due to Holding Company				
	L&T Power Development Limited	12,42,057	-	-	-

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

15. Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2010 is Rs. NIL (*Previous year Rs. NIL*).

16. Basic and diluted earnings per share (EPS)

Particulars	2009-2010	2008-2009
Basic		
Profit as per Profit and Loss Account (Rupees)	12,70,588	–
Average number of equity shares outstanding	50,000	–
Basic EPS (Rupees)	25.41	–
Diluted		
Profit as per Profit and Loss Account (Rupees)	12,70,588	–
Average number of equity shares outstanding	50,000	–
Average number of equity shares to be allotted on conversion of advance towards equity to equity	11,51,93,315	–
Average number of equity shares to be outstanding	11,52,43,315	–
Diluted EPS (Rupees)	0.01	–

17. Exposure in Foreign Currency: Rs. NIL.

18. Preliminary expenses amounting to Rs. 41,424 representing filing fees paid to Registrar of Companies have been charged to Profit & Loss Account.

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

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Advance towards Equity

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets (Including Preoperative Expenses)

Investments

Net Current Assets / (Liabilities)

Misc. Expenditure

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income)

Total Expenditure

+ - Profit / Loss Before Tax

+ - Profit / Loss After Tax

+ - Earning Per Share in Rs. (Basic)

Dividend Rate %

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code:

Product Description

Signature to Schedule A to L and Notes

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(ICAI Registration No. 000452N)
By the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Place : New Delhi
Date : April 27, 2010

A. K. CHHATWANI
Director

Place : Mumbai
Date : April 27, 2010

R. K. SHARMA
Director

Y. V. S. SRAVANKUMAR
Director