



NABHA POWER LIMITED

Mailing Address: Aspire Tower, 4th floor, Plot No.55, Industrial and Business Park, Phase-I,
Chandigarh-160 002

Phone: 0172 4646846 • Fax: 0172 4646802

SEC/URD/NCD/2020

April 15, 2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra (East), Mumbai – 400051.

Dear Sir,

Sub:- Intimation to the Exchange pursuant to Regulation 57(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

Pursuant to Regulation 57(2) of the LODR Regulations we wish to inform that all documents and intimations required to be submitted to the debenture trustees have been provided to them in accordance with the terms of the Trust Deed and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Please take note of the above.

Thanking You.

Yours faithfully
For **NABHA POWER LIMITED**

(G.V. VIJAYA RAGHAV)
COMPANY SECRETARY
M.No – A10154



NABHA POWER LIMITED

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SEC/URD/NCD/20120

April 15, 2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra (East), Mumbai – 400051.

Dear Sir,

Sub:- Intimation to the Exchange pursuant to Regulation 52(1), 52(3)(a) and 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”).

Pursuant to Regulation 52(1), 52(3)(a) and 52(4) of the LODR Regulations we attach herewith:

- 1) Statement showing the Audited Financial Results of the Company for the financial year ended March 31, 2020.
- 2) Declaration for Unmodified Opinion of the Auditors
- 3) Auditors report on the Audited Financial Results.

Please take note of the above.

Thanking You.

Yours faithfully
For **NABHA POWER LIMITED**


(G.V. VIJAYA RAGHAV)
COMPANY SECRETARY
M.No – A10154



NABHA POWER LIMITED

Registered Office : PO Box No.28, Near Village Nalash, Rajpura, Punjab - 140401
CIN No: U40102PB2007PLC031039

(Rs. Cr)

Audited Financial Results for the year ended 31st March, 2020

| Particulars | | 6 Months ended 31-03-2020 | 6 Months ended 31-03- | Year ended 31- 03-2020 | Year ended 31-03-2019 |
|-------------|--|------------------------------|--------------------------|---------------------------|--------------------------|
| | | Unaudited | Unaudited | Audited | Audited |
| 1 | Net Income from sales/services | 1,679.32 | 1,941.65 | 3,766.66 | 3,950.74 |
| 2 | Expenditure | | | | |
| | (a) Consumption of raw materials/components | 1,155.26 | 1,460.01 | 2,741.91 | 3,009.01 |
| | (b) Employee Costs | 23.93 | 21.04 | 46.44 | 40.75 |
| | (c) Depreciation and Amortisation expense | 1.29 | 0.78 | 2.43 | 1.39 |
| | (d) Operating Interest | 269.49 | 301.39 | 562.20 | 599.51 |
| | (e) Other expenditure | 114.50 | 131.87 | 193.31 | 200.33 |
| | (f) Total (a to e) | 1,564.47 | 1,915.09 | 3,546.29 | 3,850.99 |
| 3 | Profit from Operations before Other Income, Interest and Exceptional Items (1-2) | 114.85 | 26.56 | 220.37 | 99.75 |
| 4 | Other Income | 14.22 | 4.93 | 29.05 | 21.28 |
| 5 | Operating Profit before interest and Exceptional Items (3+4) | 129.07 | 31.49 | 249.42 | 121.03 |
| 6 | Interest | | | - | - |
| 7 | Exceptional Items | | | - | - |
| 8 | Profit (+)/Loss (-) from Ordinary Activities before tax (5)- (6+7) | 129.07 | 31.49 | 249.42 | 121.03 |
| 9 | Tax Expense (Net) | 2.68 | 7.29 | 6.38 | 24.61 |
| 10 | Net Profit (+)/ Loss (-) from Ordinary Activities after tax (8-9) | 126.39 | 24.20 | 243.04 | 96.42 |
| 11 | Extraordinary items (net of tax expense) | | | - | - |
| 12 | Profit (+)/Loss(-) for the period/year (10-11) | 126.39 | 24.20 | 243.04 | 96.42 |
| 13 | Other Comprehensive Income | 20.76 | (8.53) | 15.74 | 1.11 |
| 14 | Total Comprehensive Income (12-13) | | | | |
| | | 147.15 | 15.67 | 258.78 | 97.53 |
| 15 | Paid-up equity share capital (Face value of Rs.10/- each) | 2,325.00 | 2,325.00 | 2,325.00 | 2,325.00 |
| 16 | Paid-up 10% Non-cumulative optionally convertible redeemable preference shares (Face value of Rs.2/- each) | 72.60 | 72.60 | 72.60 | 72.60 |
| 17 | Outstanding Debts | 7,220.15 | 7,549.31 | 7,220.15 | 7,549.31 |
| 18 | Reserves excluding Revaluation Reserves (as per balance sheet) of previous accounting year (Other Equity) | | | 1,178.85 | 920.07 |
| 19 | Debenture Redemption Reserve (Refer note 6) | | | 554.53 | 554.53 |
| 20 | Earning per Share of Rs.10 /-each (not annualised for six months) | | | | |
| | Basic EPS (Rs.) | 0.54 | 0.10 | 1.05 | 0.41 |
| | Diluted EPS (Rs.) | 0.51 | 0.10 | 0.98 | 0.39 |
| 21 | Debt Equity Ratio | 2.07 | 2.33 | 2.07 | 2.33 |
| 22 | Debt Service Coverage Ratio (DSCR) (Refer note (1) below) | 0.06 | 0.04 | 0.11 | 0.10 |
| 23 | Asset Coverage Ratio | 1.07 | 1.03 | 1.07 | 1.03 |
| 24 | Interest Service Coverage Ratio (ISCR) (Refer note (2) below) | 1.48 | 1.11 | 1.44 | 1.20 |
| 25 | Net Worth (Refer note (3) below) | 3,485.42 | 3,242.53 | 3,485.42 | 3,242.53 |

(1) DSCR = (Earnings before Interest and Tax + Operating Interest)/ (Interest+Operating Interest + Principal Repayment)

(2) ISCR = (Earnings before Interest and Tax + Operating Interest) /(Interest + Operating Interest).

(3) Net worth is as per section 2(57) of the Companies Act 2013

- The above audited financial results for the year ended 31st March, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 15th April, 2020.
- The Statutory Auditors, B. K. Khare & Co. have expressed an unmodified opinion on these audited financial results.
- The Company has opted for the tax regime announced under Section 115BAA of the Income Tax Act,1961 from the financial year 2019-20.
- The Company has retained its credit rating of "ICRA AAA(CE)(Stable)" on Unsecured Non-Convertible Debentures.
- The Company has adopted Ind AS 116 "Leases" with effect from 01st April 2019 and the adoption of the Standard did not have any material impact on the financial results for the year ended 31st March 2020.
- As per notification no G.S.R. 574(E) dated 16th August 2019, published in The Gazette of India, the Company is not required to create Debenture Redemption Reserve (DRR) any further.
- Details of repayment of Principal/Interest on Non-Convertible Debentures (NCD) made during year and details of repayment due in the next one year are as given below:

| Sr. No. | Particulars | Previous Due Date | | | | Next Due Date | | | |
|---------|--------------------------------|---------------------------------------|---------|------------|----------|---------------------------------------|---------|------------|---------|
| | | (1st April 2019 till 31st March 2020) | | | | (1st April 2020 till 31st March 2021) | | | |
| | | Interest | Rs. Cr. | Principal | Rs. Cr. | Interest | Rs. Cr. | Principal | Rs. Cr. |
| a) | 7.81% Nabha Power Limited 2017 | 16-08-2019 | 46.86 | 16-08-2019 | 600 | | | | |
| b) | 8.50% Nabha Power Limited 2017 | 04-04-2019 | 0.82 | 04-04-2019 | 500 | | | | |
| c) | 8.30% Nabha Power Limited 2019 | 05-07-2019 | 39.32 | 05-07-2019 | 475 | | | | |
| d) | 7.90% Nabha Power Limited 2020 | 05-06-2019 | 47.4 | | | 05-06-2020 | 47.4 | 05-06-2020 | 600 |
| e) | 8.75% Nabha Power Limited 2020 | 28-02-2020 | 109.43 | 28-02-2020 | 1,250.00 | | | | |
| f) | 8.12% Nabha Power Limited 2021 | 23-03-2020 | 48.72 | | | 23-03-2021 | 48.72 | | |
| g) | 8.06% Nabha Power Limited 2021 | | | | | 15-04-2020 | 71.46 | | |
| h) | 7.40% Nabha Power Limited 2022 | | | | | 20-04-2020 | 15.48 | | |
| i) | 7.40% Nabha Power Limited 2022 | | | | | 20-04-2020 | 26.04 | | |

Interest and Principal have been paid on the due dates

8. The figures for the half year ended 31st March, 2020 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures for the half year ended September 30, 2019.

9. The previous period/ year figures have been regrouped and reclassified, wherever necessary, to make them comparable with current period/year figures.

For NABHA POWER LIMITED

Place :
Date : 15th April, 2020

Shailendra Roy
Director
DIN - 02144836

YVS Sravankumar
Director
DIN - 01080060



NABHA POWER LIMITED

Registered Office : PO Box No.28, Near Village Nalash, Rajpura, Punjab - 140401

CIN No: U40102PB2007PLC031039

(Rs. Cr)

Statement of Assets and Liabilities as on 31st March 2020

| Particulars | As at 31-03-2020 (Audited) | As at 31-03-2019 (Audited) |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Non- current assets | | |
| Property, plant and equipment | 13.32 | 10.25 |
| Capital-work-in-progress | 76.17 | 76.36 |
| Intangible assets | 0.45 | 0.48 |
| Financial assets | | |
| Loans | 4.16 | 3.95 |
| Loans towards financing activities | 8,351.45 | 8,450.96 |
| Other Financial Assets | 24.51 | 3.43 |
| | 8,380.12 | 8,458.34 |
| Deferred tax assets (net) | - | 3.50 |
| Other non-current assets | 15.00 | 13.20 |
| Total Non -Current Assets | 8,485.06 | 8,562.13 |
| Current assets | | |
| Inventories | 483.77 | 319.68 |
| Financial assets | | |
| Trade receivables | 1,654.23 | 1,912.84 |
| Cash and cash equivalents | 193.47 | 2.27 |
| Other bank balances | 6.97 | 5.81 |
| Loans towards financing activities | 174.74 | 203.70 |
| Other financial assets | 6.92 | 1.04 |
| | 2,036.33 | 2,125.66 |
| Other current assets | 232.57 | 261.34 |
| Total Current Assets | 2,752.67 | 2,706.68 |
| Total Assets | 11,237.73 | 11,268.81 |
| EQUITY AND LIABILITIES: | | |
| EQUITY | | |
| Equity share capital | 2,325.00 | 2,325.00 |
| Other equity | 1,178.85 | 920.07 |
| Total Equity | 3,503.85 | 3,245.07 |
| LIABILITIES: | | |
| Non- current liabilities | | |
| Financial liabilities | | |
| Borrowings | 3,382.23 | 1,508.98 |
| Other financial liabilities | 4.00 | 0.93 |
| | 3,386.23 | 1,509.91 |
| Total Non -Current Liabilities | 3,386.23 | 1,509.91 |
| Current liabilities | | |
| Financial liabilities | | |
| Borrowings | 3,038.17 | 3,050.77 |
| Current Maturities of Long term Borrowings | 799.75 | 2,989.56 |
| Trade payables | | |
| Total outstanding dues of Micro and Small Enterprises | 1.46 | 5.96 |
| Total outstanding dues of Creditors other than Micro and Small Enterprises | 149.55 | 235.31 |
| Other financial liabilities | 74.61 | 33.58 |
| | 4,063.54 | 6,315.18 |
| Other current liabilities | 280.25 | 195.97 |
| Provisions | 3.86 | 2.68 |
| Total Current Liabilities | 4,347.65 | 6,513.83 |
| Total Liabilities | 7,733.88 | 8,023.74 |
| Total Equity and Liabilities | 11,237.73 | 11,268.81 |

For NABHA POWER LIMITED

Place :

Date : 15th April , 2020

Shailendra Roy

Director

DIN - 02144836

YVS Sravankumar

Director

DIN - 01080060



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**DECLARATION PURSUANT TO REGULATION 52(3)(a) OF SEBI (LISTING
OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015**

We, Nabha Power Limited, a company within the provisions of the Companies Act, 2013 do hereby state and declare that the Auditors Report on the Financial Statements for the year ended March 31, 2020 is with an unmodified opinion.

For NABHA POWER LIMITED

G.V. Vijaya Raghav
Company Secretary
(M. No – A10154)

INDEPENDENT AUDITOR'S REPORT

To the Members of
Nabha Power Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Nabha Power Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and notes to the Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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India

| Measurement, presentation, and disclosures of Capital Work-in Progress related to Unit-III | |
|---|--|
| <p>The Company had incurred Rs.76 Crores on Unit-III during the construction of the plant and no further expenditure is being incurred on this (Refer Note 3 (i)).</p> <p>In view of the management, there are no indicators of impairment based on its assessment of the facts and the future course of action planned in this regard.</p> <p>Considering the amount involved and construction activities yet to commence, this matter has been considered as a key audit matter.</p> | <p>The audit procedures included:</p> <ul style="list-style-type: none"> • Assessment of the Company's plan for implementing Unit III after obtaining the requisite approvals. • Reviewing the documents and correspondences including Terms of Reference (TOR) issued by the MOEF. • Assessment of the validity and correctness of the management's representations regarding the present status of the project. |
| Trade Receivables – Appropriateness of Classification of receivables in dispute as Good | |
| <p>Trade Receivables include certain disputed receivables aggregating to Rs 1,157 Cr {Refer Note 31 (XVI)} which are in litigation before various judicial forums.</p> <p>The management is confident of successful outcome in the litigations and assessed these receivables as good and recoverable. Accordingly, no additional provision for the same is considered necessary.</p> <p>As the realisation of these amounts depend on successful outcome of the various pending litigations, this has been considered as a Key Audit Matter.</p> | <p>The Auditor's procedures included:</p> <ul style="list-style-type: none"> • Discussions with the management to understand the nature of these claims and its present status • Review the Power Purchase Agreement and assessment of tenability of management claims and contentions in terms of the Agreement • Review of Company's appeals and supporting documents, all Court Orders and judgements passed by various authorities / statutory / regulatory bodies with reference to these dues • Discussing and understanding the of management actions to recover the disputed Receivables • Reviewing the minutes of the meetings of the Board of Directors with reference to the status of these claims and action to be considered by the Company • Obtained direct legal confirmation from the Attorneys representing the Company in these cases |



Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Board of Directors report including Annexures, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standards on Auditing specified under Section 143 (10) of the Act 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 Ind AS 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 Ind AS 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 Act, 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS 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 misstatements in the Ind AS 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 Ind AS 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 ("CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, 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 give in "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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 including other comprehensive income, statement of changes in equity, and the statement of cash flows 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 Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



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

- i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)



P. Shankar Raman
Partner
(Membership No. 204764)
UDIN: 20204764AAAAAT2623

Chennai, April 15, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "2 (f)" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Nabha Power Limited** ("the Company") as of March 31, 2020 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 over Financial Reporting

The Board of Directors of the Company 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 issued by the Institute of Chartered Accountants of India. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 the Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, to the best of our information and according to the explanations given to us, 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 operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting 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 Institute of Chartered Accountants of India.



For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)


P. Shankar Raman

Partner

(Membership No. 204764)
UDIN: 20204764AAAAAT2623

Chennai, April 15, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets / Property, Plant and Equipment (PPE),
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE.
- (b) PPE (excluding the assets given on lease and accounted as right to use) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all PPE at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the immovable properties of the Company have been mortgaged with the lenders and the original title deeds are deposited with the lender's Trustee. Based on the confirmation given by the Trustees and verification of the related details as provided to us in respect of immovable properties, which are shown as Lease Receivables in the Ind AS financial statements, we confirm that these are held in the Company's name.

(ii) In respect of its inventories:

In our opinion and according to the information and explanations given to us, having regard to the nature of inventories, the physical verification of the inventories has been conducted at reasonable intervals by external specialists appointed by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate. Based on the verification of the records and documents provided to us, we note that the discrepancies noticed on such physical verification were not material and were properly dealt with in the books of accounts.

- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clauses 3(iii)(a), (b) and (c) of CARO 2016 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly clause 3(v) of CARO 2016 is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act for generation of electricity. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs and any other statutory dues to the appropriate authorities.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of customs other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) There are no outstanding dues as on March 31, 2020 on account of disputes.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or to debenture holders. The Company did not have any outstanding loans or borrowing dues to government during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause 3 (ix) of CARO 2016 is not applicable.
- (x) During the course of our examination of the 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 instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not paid / provided any managerial remuneration and accordingly reporting under clause (xi) of CARO 2016 is not applicable.



- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.



For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman

Partner

(Membership No. 204764)
UDIN: 20204764AAAAAT2623

Chennai, April 15, 2020