NABHA POWER LIMITED

ANNUAL REPORT FOR 2020-21

Contents

Nabha Power Limited (NPL) owns and operates a 2X700 MW supercritical thermal power plant at Village Nalash, Rajpura, Punjab- 140401. The entire power generated from this plant is sold to Punjab State Power Corporation Limited (PSPCL) under a 25 year Power Purchase Agreement (PPA). The plant is built on supercritical technology from Mitsubishi, Japan.

The plant sources its fuel from South Eastern Coalfields Ltd. (a subsidiary of Coal India Limited) under a Fuel Supply Agreement (FSA). The Bhakra-Nangal distributary is the perennial source of water for the plant, under an allocation by the State Government. The plant is operated by an in-house team of experienced operations and maintenance professionals.

NPL is a wholly owned subsidiary of L&T Power Development Limited and the ultimate holding company is Larsen and Toubro Limited.

❖ Board of Directors

Mr. D.K. Sen	Non-Executive Director
Mr. Y. V. S. Sravankumar	Non-Executive Director
Mr. Ajit Samal	Non-Executive Director
Mr. Pradeep Singh	Independent Director
Ms. Vijaya Sampath	Independent Director

❖ Registered Office

P.O. Box No. 28, Near Village Nalash, Rajpura, Distt. Patiala - 140401

❖ Statutory Auditors

M/s BK Khare & Co.

Performance Review FY 21

Business Environment

The Covid-19 lockdown marginally impacted India's average electricity demand by 0.99% in FY 2020-21. During the months of April - June 2020, Punjab also witnessed a significant drop in demand from ~5100 MW to 3200 MW due to Covid-19. However, as the restrictions were gradually lifted, the demand picked up significantly, taking the average for the year 3% higher (6705 MW) compared to last year (6490 MW). Punjab witnessed a net capacity addition of 156 MW during FY 2020-21, all of which was contributed by renewables. Further, in the second half of the year, NPL faced challenges due to the Rail Roko agitation (farmer protest) and was forced to shut down both units for 34 station days due to depletion of coal stocks. Upon lifting of the rail blockade, coal rake movement resumed and NPL quickly built up its plant stocks. As per its notification dated May 21, 2020, the Ministry of Environment Forest Climate Change (MoEFCC) has removed the restrictions of ash % while transporting coal to thermal power plants located beyond 1000 km from the mine source. During the year, NPL was able to maximise the availability of domestic coal from various CIL subsidiaries, such as ECL, NCL and CCL, in order to ensure that the adequate quality and quantity are available at the plant.

Major Achievements

- Highest continuous operating station days achieved: 119 days (Previous best: 76 days)
- First ever Unit 1 Capital overhaul completed
- Sustained Operational Performance - Annual PLF: 65% v/s All-India thermal average of 54%
- Ensured domestic coal adequacy for FY 2020-21
- Significant collection of receivables from PSPCL pursuant to a favourable order from the Hon'ble Supreme Court
- Commencement of construction of Flue Gas Desulphurisation (FGD) Project

Environment Health & Safety

NPL is committed to generating reliable and environment friendly power under safe working conditions. A policy on Quality, Environment, Health and Safety has been put in place. Emphasis is laid on continual improvement of its processes and practices to achieve improved environmental, health and safety performance. Training on HSE for employees and stakeholders is undertaken on a regular basis to foster a culture of health and safety. During the lockdown, NPL, being a provider of essential service, maintained business continuity, while ensuring the health and safety of all its employees and workers. Various steps were undertaken, including all Covid-19 protocols and Standard Operating Procedures (SOPs). Vigorous efforts were made to ensure the safe movement of employees and workers during the lockdown.

Human Resources

NPL has built a committed team of 288 professionals experienced in the field of operations and maintenance of power plants. Special emphasis is laid on training and development of the workforce through various training programmes. In addition to competency building programmes, NPL also focusses on soft skills and leadership development.

Risk & Concerns

As a private power producer, NPL's major risk is financial, mainly being (a) delay in collections from the state-owned Discom and (b) interest rate risk on the NPL's borrowings. Further it also has exposure to regulatory risks in terms of changes in environmental rules, delays in clearances, changes in government policies, etc. Operational risks pertain mainly to availability and quality of coal, availability of rakes, disruptions in the supply chain, local disturbances, etc. The Risk Management Policy of NPL provides for a robust risk management framework which involves risk identification, assessment, evaluation, strategy, mitigation, monitoring and review mechanisms. NPL has implemented multiple measures in each of the risk areas to ensure a proactive approach and timely mitigation.

Outlook

In FY 2021-22, the average demand in the state is likely to remain ~7000 MW (peak 14000 MW) and, as a result, NPL is expected to be scheduled at a high Plant Load Factor (PLF) of 80% being at the top of merit order among the thermal power producers within the state. The per capita consumption continues to promise robust long-term demand. On the fuel side, coal supply continues to be challenging. Variable scheduling by Discoms due to flexibilization is likely to worsen, with rapid integration of renewables for balancing demand due to the variability, intermittent nature and geographically confined concentration of renewable energy.

The major focus areas for NPL during FY 2021-22 would be maximising plant availability, improving operational efficiency, securing adequate quality and quantity of coal, implementation of FGD, and resolution of pending litigations.

Dear Members,

The Directors have pleasure in presenting their 14th Annual Report and Audited Accounts for the year ended 31st March 2021.

1. Financial Results

Particulars	FY-21	FY-20
	Rs Cr	Rs Cr
Profit before Exceptional items, Depreciation and Tax	286.19	251.85
Less: Depreciation and amortization	1.70	2.43
Profit before Exceptional items and Tax	284.49	249.42
Less: Exceptional items	120.63	-
Less: Provision for tax	-	6.38
Profit for the period carried to the balance sheet	163.86	243.04
Add: Balance brought forward from previous year	242.89	-
Add: Gain/(Loss) on remeasurement of the net defined benefit plans	0.11	(0.15)
Balance available for disposal	**406.86**	**242.89**
Add: Transfer from Debenture Redemption Reserve	129.53	-
Balance to be carried forward	**536.39**	**242.89**

2. State of Company Affairs

The Total Income for the financial year under review was Rs 3411.51 Cr as against Rs 3,795.71 Cr for the previous financial year. The profit before exceptional items and tax was Rs 284.49 Cr and profit after tax (PAT) was Rs 163.86 Cr from continuing operations for the financial year under review against PBT Rs 249.42 Cr and PAT of Rs 243.04 Cr for the previous financial year. There were exceptional items during the financial year (Refer Note 32 in Financial Statements).

Capital & Finance

The Company refinanced its Non-Convertible Debentures to the extent of Rs 1400 Cr and Commercial Papers to the extent of Rs 7500 Cr during the year. As on 31 March 2021, the borrowing profile of the Company was as follows:

Nature of the Debt	Principal Amount (Rs Cr)
Non-Convertible Debentures	4,500
Commercial Papers	1,100
Working Capital Demand Loans	600
External Commercial Borrowing	272
Inter Corporate Borrowing	22
Working Capital Limits: Cash Credit	7
Total Gross Debt	**6,501**

Working Capital Borrowing

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

Credit Rating

The Company has retained its credit rating of "[ICRA] AAA (CE) (Stable)" on Non-Convertible Debentures and "ICRA A1+" & "CRISIL A1+" on Commercial Papers. NCD's are secured by way of a corporate guarantee from the ultimate holding Company - Larsen & Toubro Limited.

The Long-term Bank Facilities (External Commercial Borrowings, Working Capital Limits and Bank Guarantees) availed by the Company are rated "CARE A; Stable". The Short-term Bank Facilities (Letter of Credit/Bank Guarantee) are rated "CARE A1".

Financial Lease Asset Receivables

As at March 31, 2021 the financial lease asset receivables of the Company stood at Rs 8351.70 Cr (FY20: Rs 8526.19 Cr).

Property, Plant and Equipment

The net tangible and intangible assets of the Company, including Capital work-in-progress stood at Rs 16.92 Cr (FY20: Rs 89.94 Cr). During the year additions to the extent of Rs 4.87 Cr were made to the same. An impairment provision of Rs 76.17 Cr has been made in respect of Capital work-in-progress (Unit 3).

Capital Expenditure on FGD Project

Capital expenditure of Rs 54.20 Cr was incurred towards implementation of the Flue Gas Desulfurization (FGD) project during the year in compliance with the revised norms issued by the Ministry of Environment, Forest and Climate Change (MoEFCC).

3. 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 "Notes forming part of accounts" reference: 39.

4. Particulars of Contracts or Arrangements with related parties

The Company has a process in place to periodically review, approve and monitor the related party transactions. There were no materially significant related party transactions that may conflict with the interest of the Company. The related party transactions as disclosed in Note 39 to the Financial Statements were in the ordinary course of business and were negotiated on an arm's length basis.

5. Dividend

The Directors do not recommend any dividend for the year 2020-21.

6. 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.

7. 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.

8. 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 "A" forming part of this Report.

9. Risk Management Policy

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

10. 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, 2021, 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.

11. Corporate Social Responsibility

NPL endeavors to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity.

The CSR objective of the Company is to improve the quality of life of the communities in its vicinity through long term value creation, inclusive growth and empowerment.

The Company has reconstituted the CSR committee in the Meeting of the Board held on April 15, 2020. The Committee now comprises of Mr. Y.V.S. Sravankumar, Ms. Vijaya Sampath and Mr. Pradeep Singh as the Members.

As per the approved CSR policy of the Company, following are the major CSR initiatives being undertaken by the Company:

a) Rural Development
b) Water and Sanitation
c) Education and Sports
d) Health and Environment
e) Skill Development

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 4.35 Cr on CSR activities during FY-21. However, the Company has spent an amount of Rs 4.42 Cr during FY-21.

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 “B” to the Directors’ Report.

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

The present Directors of the Company are Mr. Dip Kishore Sen, Mr. Y.V.S. Sravankumar, Mr. Ajit Samal, Ms. Vijaya Sampath and Mr. Pradeep Singh.

Mr. Ajit Samal liable to retire by rotation and being eligible offers himself for re-appointment. Ms. Vijaya Sampath was re-appointed as Independent Women Director of the Company for a period of 3 years w.e.f. from January 14, 2020 up to and including January 13, 2023. Mr. Pradeep Singh was appointed as Independent Director of the Company for a period of 3 years w.e.f. from April 15, 2020 up to and including April 14, 2023.

The notice convening the AGM includes the proposal for their re-appointment.

Mr. Shailendra Roy resigned as the Director of the Company w.e.f. July 08, 2020.

Mr. Ravinder Singh was appointed as the Manager, Mr. Subrahmanyeswara Rao Movva as the Chief Financial Officer and Ms. Ishrat Kaur as the Company Secretary of the Company under the Companies Act, 2013 respectively w.e.f. June 10, 2020. Mr. G.V.

Vijaya Raghav resigned as the Manager, Chief Financial Officer and Company Secretary of the Company under the Companies Act, 2013 w.e.f. June 10, 2020.

13. 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 five meetings were held on April 15, 2020, June 10, 2020, July 10, 2020, October 24, 2020 and January 15, 2021.

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.

14. 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 Committee was reconstituted on April 15, 2020 and now includes Mr. Y.V.S. Sravankumar, Ms. Vijaya Sampath and Mr. Pradeep Singh as the Members.

During the year under review, the Committee met four times on April 15, 2020, July 10, 2020, October 24, 2020 and January 15, 2021.

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.

15. 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 Committee was reconstituted on July 10, 2020 and now includes Mr. Dip Kishore Sen, Mr. Y.V.S. Sravankumar, Ms. Vijaya Sampath and Mr. Pradeep Singh as the Members.

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 two meeting of the Committee were held on April 15, 2020 and June 10, 2020.

16. 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.

17. 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.

18. 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 15, 2021, 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.

19. 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	 - - No increase* No increase# No increase$
c. Percentage increase in the median remuneration of employees in the financial year;	0.00%
d. Number of permanent employees on the rolls of company;	291 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 and the managerial personnel for FY-21 was nil.
f. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

*Mr. G.V. Vijaya Raghav resigned as the Company Secretary, Manager and CFO of the Company on June 10, 2020. Mr. Subrahmanyeswara Rao Movva has been appointed as the CFO w.e.f. June 10, 2020.

Ms. Ishrat Kaur has been appointed as the Company Secretary w.e.f. June 10, 2020.

$ Mr. Ravinder Singh has been appointed as the Manager w.e.f. June 10, 2020.

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 challenging times due to COVID pandemic.

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 the Act and will be provided to the shareholders on request.

20. 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 'C' to this Annual Report.

21. Auditors Report

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

22. Auditors

The Auditors, M/s B.K. Khare & Co., hold office until the conclusion of the 17th Annual General Meeting of Company.

23. 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, 2022 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, 2021 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 2021-22 is placed before the shareholders for consideration.

24. Extract of Annual Return

As per the provisions of Section 92(3) of the Companies Act, 2013 a copy of the Annual Return will be placed on the website of the Company.

25. 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.

26. 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.

27. 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.

28. 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.

The Company has complied with the requirement of an Internal Complaints Committee as stipulated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consisting of six members. There were no cases of sexual harassment reported to the Company during 2020-21.

29. Other Disclosures:

MSME

The Ministry of Micro, Small and Medium Enterprises vide their notification dated 2nd November, 2018, has instructed all the Companies registered under the Companies Act, 2013, with a turnover of more than Rupees Five Hundred Crore to get themselves onboarded on the Trade Receivables Discounting System Platform (TReDS), set up by the Reserve Bank of India. In compliance with this requirement, the Company has registered itself on TReDS through Receivables Exchange of India Limited (RXIL).

The Company has been complying with the requirement of submitting a half yearly return to the Ministry of Corporate Affairs within the prescribed timelines.

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

Sd/-	Sd/-
Director	Director
DIN No. 03554707	DIN No. 01080060
Mr. Dip Kishore Sen	Mr. Y.V.S. Sravankumar

Annexure "A"

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:

The major steps taken towards Energy Conservation are described as under: -
Improving Energy effectiveness/ efficiency of Manufacturing Processes:

i. **Improvements and Energy Saving Initiative taken in BTG areas:**

a. **Minimization of throttling losses Turbine Governing valves:** By providing (-) bias in MS pressure throttling losses reduced by further opening of the HP governing valves.
Benefit in Station Heat Rate: Approx. 1 to 1.5 Kcal/kWh (124 lakhs)

b. **Servicing of High energy valves during opportunity shutdown** : HP bypass valves & HP heater common bypass valves serviced during opportunity shutdown. The combined effect of this has resulted in improvement in turbine heat rate (Unit-2).
Benefit in Station Heat Rate: Approx.4 to 5 Kcal/kWh (496 lakhs)

c. CW pump internal coating: CW pump-1B internal coating carried out with polyglass and corroglass to improve pump efficiency and corrosion resistance.
Energy Saving: Approx.1370 MWhr/Annum (44 lakhs). Cost Incurred: 30 Lakhs.

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

i. **Additional investments made during FY 2020-21:**

a. **LED lights installation:** 160 Nos. of LED light replaced in CHP tunnel area. It saved **262 MWh/Annum (9 Lakh);** cost incurred: 9 Lakh.

b. **Optimization of RO booster pump operation:** RO booster pump bypass provided connecting the 2nd stage with 3rd stage of RO recovery line which has resulted in a power saving of 32 MWh/Annum (1 lakh); without any cost incurred.

c. **Optimization of LDO forwarding pump operation:** Electric heat tracing lines installed on LDO pump suction lines which has avoided pump operation during winters to meet flowability requirements. This has resulted in a power saving of 72 MWh/Annum (2.3 lakh); Cost incurred:

Rs. 4.7 Lakh.

d. **Optimization of HP lube pump operation:** HP lube oil pumps (2 Nos) of one of the Pulverizer kept off, in case 2 Nos of Pulverizer are in stand-by condition during low load operation. This has resulted in a saving of 12 MWh/Annum (0.4 Lakh); without any cost incurred.

e. **Optimization of CHP potable water pump operation:** CHP potable water pump completely stopped by utilizing main potable water pump pressure to fill CHP potable water tank. This has resulted in a power saving of 12 MWh/Annum (0.4 lakh), without any cost incurred.

f. **Optimization of AHP sump pump operation:** An interconnection is taken from CMB discharge line to PT sludge pump discharge line to stop AHP sump pump operation during unit startup, resulted in a power saving of 15 MWh/Annum (0.5 lakh) without any cost incurred.

ii. Auxiliary Power Consumption reduction Proposals for FY 2021-22:

a. **SCAPH modification:** By modification of SCAPH from static to rotary in unit#02 FY 22 APH to reduce pressure drop across SCAPH will result in FD fan energy saving.
Expected Energy Saving: Approx.513 MWh/Annum (16 lakhs); Projected Cost: 13 Lakhs.

b. **CW pump internal coating:** CW pump 2B internal coating is planned in unit#02 FY 22 AOH with polyglass and corroglass to improve pump efficiency and corrosion resistance.
Expected Energy Saving: Approx.1080 MWh/Annum (36 lakhs); Projected Cost: 30 Lakhs.

c. **Replacement of conservative lights with LED:** Total 1176 Nos. of LED light installation planned for FY22. Zones are identified for replacement of conservative lights with LED for FY-22.

d. **LT Drive VFD installation:** VFD installation in Ash Water Recovery Pump to reduce energy consumption.

iii. Heat rate Improvement Proposals for FY 2021-22:

a. **Unit 02 Turbine Overhauling:** Major work planed in FY 22 AOH that are HP/IP and LPT 01 & 02 seal replacement/repairing.
Expected Benefit in Station Heat Rate: Approx.08 to 10 Kcal/kWh (568 lakhs).

b. **TDBFP 1A & 2B Feed water pump** cartridge replacement to improve pump performance.
Expected Benefit in Station Heat Rate: Approx.04 to 06 Kcal/kWh (284 lakhs).

c. **Replacement of high energy drains valves**: Replacement of 04 Nos. high energy drain valves with better design valves in FY22 AOH. The combined effect of this will result in a subsequently improvement in turbine heat rate.
Expected Benefit in Station Heat Rate: Approx.04 to 05 Kcal/kWh (284 lakhs).

d. **Servicing of Turbine valves:** To reduce valve passing by servicing of existing valves during FY22 AOH.
Expected Benefit in Station Heat Rate: Approx.06 to 08 Kcal/kWh (426 lakhs).

e. **Unit 02 Boiler Overhauling:** Major work planned in boiler during Unit 02 FY 22 AOH are boiler chemical cleaning which will reduce pressure drop across the pressure parts and boiler efficiency will improve. APH basket removal and water washing will improve the effectiveness of APH and reduction in APC.
Expected Benefit in Station Heat Rate: Approx.02 Kcal/kWh (142 lakhs).

C. Impact of the measures at (A) 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 4.90% for FY-21 (FY-20: APC 5.06%).

D. Technology Absorption & Foreign Exchange Earnings and Outgo:

Technology absorption Proposed for FY-22:

RAPH basket design modification for efficient operations.

E. Foreign Exchange Earnings and Outgo:

There were no Foreign Exchange earnings during the year.

The Foreign Exchange outgo during the year stood at Rs. 62.38 Cr.

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ANNEXURE "B"

THE BOARD REPORT FOR THE FINANCIAL YEAR 2020-21

CSR ACTIVITIES FOR 2020-21

a) **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:**

NPL endeavours to conduct its business responsibly, mindful of its social accountability, respecting applicable laws and with regard for human dignity.

The CSR objective of the Company is to improve the quality of life of the communities in its vicinity through long term value creation, inclusive growth and empowerment.

The Company will primarily focus on the following verticals as a part of its CSR programme viz:

- **Rural Development:** Shall include but not be limited to construction and renovation of roads, EWS housing, park development, open gym, rain shelters, pathways, boundary walls, fencing, drains, toilets, water tanks, community centres, bus stops, health centres, skill training centres, sports and other infrastructure, crematoriums and graveyards.

- **Water & Environment:** Shall include but not be limited to support for programmes making clean drinking water available, rainwater harvesting, facilitating irrigation, conservation and purification of water, support for wastewater treatment projects, cleaning, rejuvenation of ponds, natural drains and solid waste management projects, agri-residue management projects, ground water management, plantation and afforestation, promoting renewable sources of energy, conserving biodiversity, crop diversification, promoting organic farming and promoting awareness about environmental issues.

- **Education & Sports:** Shall include but not be limited to construction, renovation of schools, ITI's, anganwadi's, libraries, laboratories, provision of other educational infrastructure including books, computers and teaching material, furniture, teaching support to educational institutions, financial support for educational programmes, organizing sports programmes.

- **Health:** Shall include but not be limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps, tele medicines and outreach programmes, centres for elderly / disabled, support to HIV / AIDS/ Cancer detection programme, financial support for medical equipments, kits, furniture, capacity building, awareness programs for health workers, etc.

- **Skill Development & Entrepreneurship Development:** Shall include but not be limited to vocational training, skill building, computer training, other job oriented training/courses, entrepreneurship development, support to ITIs/CSTIs, support to differently abled persons, infrastructure/financial support for skill development/improving employability/entrepreneurship, financial support and capacity building programs for Self Help Groups.

- **Disaster Management:** Shall include but not limited to extending relief measures during times of natural disasters, undertaking and supporting rehabilitation measures post disasters and contribution to the Prime Minister's National Relief Fund/ other eligible relief funds.

b) Composition of the CSR Committee:

The CSR Committee of the Board was re-constituted on April 15, 2020. It comprises of two Independent Directors and one Non-Executive Director. The Company Secretary acts as Secretary to the Committee.

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Y.V. S. Sravankumar	Non-Executive Director	1	1
2.	Mr. Pradeep Singh	Independent Director	1	1
3.	Ms. Vijaya Sampath	Independent Director	1	1

Ms. Ishrat Kaur acts as the Secretary of the Committee.

c) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.

https://www.nabhapower.com/sustainability-csr/csr/

d) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

e) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

S.No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
	NA	NA	NA
	TOTAL		

f) Average net profit of the company as per section 135(5).

Rs. 2,17,64,34,944/-

g) **(a) Two percent of average net profit of the company as per section 135(5)** - Rs. 4,35,28,698/-

(b)Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - NOT APPLICABLE

(c) Amount required to be set off for the financial year, if any - NOT APPLICABLE

(d) Total CSR Obligation for the financial year (7a+7b+7c) - Rs. 4,35,28,698/-

h)

a. Amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).**		
	Amount	**Date of transfer**	**Name of the Fund**	**Amount**	**Date of transfer**
Rs. 4,41,96,320	NIL	None	None	NIL	None

b. Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.												
2.												
3.												
	TOTAL											

c. **Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	**CSR Project or activity identified**	**Item from the list of activities in schedule VII to the Act**	**Local Area (Yes/ no)**	**Location of the Project**		**Amount spent for the project (in lakhs)**	**Mode of implementation - Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1	**Rural Development** • Construction of rural roads • Housing for the families from Economically Weaker Sections • Construction of community sheds • Development of low-lying areas • Park Development • Shagun Scheme for the girls from poor families on their marriage • Fixed Deposit for the newly born girl child	Developing rural development projects, women empowerment, equality of gender	Yes	Punjab	Patiala & Fatehgarh Sahib	217.38	Yes	N/A	N/A
2	**Skill Development** • Skill Development Centers for women • Formation of Self-Help Groups	Promote vocational skills, livelihood	Yes	Punjab	Patiala & Fatehgarh Sahib	37.19	Yes	N/A	N/A

	• Advanced Beautician Training for girls/women • Technical Training for rural youths from NSIC a reputed Govt Agency • Support to needy girls/women from poor families to sustain their livelihood through SEED money	enhancement projects							
3	**Education & Sports** • School Adoption Program • Contingency Supports Program • Scholarships for meritorious girls from poor families for GNM Course • Learning Enrichment Program • Distribution of Dictionaries for students of govt schools • Sports intervention in 3 Govt schools	Promotion of education especially among children	Yes	Punjab	Patiala & Fatehgarh Sahib	95.00	Yes	N/A	N/A
4	**Water & Sanitation** • Pond Development Project • Cleaning of pond & natural drains • Construction of concrete drains	Ensure environmental sustainability, ecological balance	Yes	Punjab	Patiala & Fatehgarh Sahib	49.98	Yes	N/A	N/A
5	**Health & Environment** • Health Camps • Vaccination/awareness Drive (Covid 19 Outbreak)	Promote health projects	Yes	Punjab	Patiala & Fatehgarh Sahib	34.81	Yes	N/A	N/A

	• Distribution of relief materials (Ration, Immunity boosters medicines, Facemasks) to village communities and Village Health Workers								
	TOTAL					**434.36**			

d. **Amount spent in Administrative Overheads :** 7.60

e. **Amount spent on Impact Assessment, if applicable :** NIL

f. **Total amount spent for the Financial Year (8b+8c+8d+8e): 441.96 (Rs in lakh)**

g. **Excess amount for set off, if any**

i) **(a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.							
2.							
3.							
	TOTAL						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.)**	**Amount spent on the project in the reporting Financial Year (in Rs)**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project - Completed/ Ongoing**
1.								
2.								
3.								
	TOTAL							

j) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) Not Applicable

a) Date of creation or acquisition of the capital asset(s)

b) Amount of CSR spent for creation or acquisition of capital asset

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

k) Reasons for not spending the amount during the financial year – Not Applicable

Director	Chairman – CSR Committee
Mr. YVS Sravankumar	Mr. Pradeep Singh
DIN No.03554707	DIN No. 00304825

CSR INITIATIVES

Initiatives taken during the COVID crisis

In the time of the pandemic, when the entire humanity was battling against an unseen enemy and people staying at home, Nabha Power Limited (NPL) stepped out and took several initiatives to help people in its neighbourhood during this crisis. NPL scaled up efforts of covid management at its plant and surrounding areas.

It supported the government's efforts by providing contingency support to the residents of 50 villages surrounding the Plant at Nalash village. Several initiatives like mask distribution, setting up of oxygen plant, providing oxygen concentrators to the district health department, ration distribution to around 3500 needy people during the lockdown and covid awareness programme helped the local communities sail through the pandemic.

1. **Hand Washing and Personal Hygiene**
   Realising that maintaining hygiene can help reduces the spread of disease the CSR team of Nabha Power took initiative to guide the villagers and distributed 17000 pieces of soap in nearby villages.

2. **Awareness Drive in Villages** Around 200 flex were placed at strategic locations in 49 villages to generate awareness amongst the locals about symptoms & necessary precautions that can be taken to keep COVID at bay.

3. **Distribution of Ration during Pandemic**
   During the COVID period, most labourers lost their jobs and the employment rate went down. It became difficult for local people to sustain their living. Around this time, NPL provided ration to 3450 needy families in 49 villages covered under its CSR initiatives.

4. **Mask Distribution**
   Under its CSR initiatives, NPL distributed around 9,000 triple layers cloth masks free of cost to workers, residents of nearby villages, police officials, Anganwari workers, Asha workers, and local administration. These marks had been made stitching centres supported by Nabha Power.

Rural Development

1. **Ensuring Community Participation in Development Work**
NPL engages village panchayats and local people by organising regular meetings to discuss the ongoing CSR projects and to gather valuable feedback and suggestions. This feedback is used in planning future projects under the CSR initiatives. It is a collaborative platform that enables NPL to understand the needs and aspirations of the local communities and make an effort to formulate sustainable solutions.

2. **Bringing Significant Transformation in Rural Areas**
Under rural development initiatives, NPL has been engaged in improving the quality of life and economic well-being of people living in rural areas. This is one of the top priorities. NPL is contributing to the development of basic infrastructure in rural areas, which are usually not undertaken at the panchayat level because of the shortage of funds. These include roads, community sheds, culverts, drains, health centres, community centres, etc.

These works benefit the locals and bring significant change in the overall ambience of the villages.

3. **Connecting Villages with Roads**

Under the rural development initiative, Nabha Power has been developing all-weather internal roads that provide safe passage to commuters. These efforts improve the connectivity in the villages and provide hassle-free travel.

4. **Housing for Weaker Sections**

In villages, which are being covered under CSR intervention, NPL identified around 150 families that were either living in temporary sheds or lacking proper housing. Through the EWS Housing Scheme, NPL not only provided houses for economically weaker families but also reaffirmed its commitment towards sustainable development of people and the villages.

5. **Female Child Scheme**

NPL has launched two schemes for the protection of the girl child-Girl Child Scheme and Shagun Scheme. The schemes aim at enhancing the social status of girls in society as well as in the family, ensuring proper education to make the girls self-reliant, ensuring their economic security and protecting them from discrimination and deprivation.

6. **Shagun Scheme**
NPL started the shagun scheme to provide financial assistance to needy families at the time of the marriage of their daughters. The scheme has so far benefited many families which were able to meet the wedding-related liabilities through the financial assistance provided by Nabha Power.

Water & Environment

1. **Safe Roads: Sensitising People**
To bring down the number of road accidents, NPL conducts various Road and Safety Awareness Drives in collaboration with the traffic police, village panchayats, and schools. NPL remains committed to undertaking these drives at various levels to minimise road accidents, especially during the winter season, when fog reduces visibility.

2. **Improving Sanitation by providing Safe Drinking Water**
To improve the sanitation conditions in the villages, NPL is providing adequate support for the construction of drains to eject the wastewater which gets accumulated on the streets and is a major source of vector-borne diseases.

In FY 20-21, NPL constructed drainage networks in two villages which maintained the natural drains in five villages. The impact of this initiative is visible in local villages as 7,000 community members were benefitted from this initiative. It has changed the lives of the village communities by making these villages becoming cleaner.

3. **Encouraging Village Hygiene Through Pond Development**

Underwater and sanitation project, development of ponds is a major initiative undertaken by Nabha Power.

Ugani Village was adopted by Nabha Power where the village pond was cleaned and desilted. After strengthening its bund to increase storage and deepening its bed, it was handed over to the village panchayat. The cleaned water in this pond is now being used for irrigation, fisheries, and other allied activities.

4. **Increasing the Green Cover**
NPL is actively engaged in enhancing green cover in areas covered under CSR for which it conducts plantation drives from time to time. During these drives saplings of various trees are distributed in schools and villages. So far, more than 1 lakh trees have been planted in schools, panchayat spaces, open areas and along the roads. The green covers have reported temperature reduction and are also promoting the sense of general wellbeing of the local communities.

Education & Sports

Education

NPL is running a Learning Enrichment Programme for students in rural areas. The objective of the programme is to help the students develop reading, writing and understanding skills in the subjects of Mathematics and English. Nabha Power arranges tutors, who help students improve their comprehension and reading skills. Students undergoing this programme can express themselves more confidently.

1. **Spreading Happiness Through Education**
Under the scholarship programme, NPL has provided grants to meritorious students from economically backward classes to help them pursue higher studies. Students are selected through an elaborate process after which NPL bears the

entire cost of their higher education.

2. **Enriching the Learning Experience**
The learning enrichment programme started by NPL for students in rural areas is helping them develop reading, writing and understanding capabilities in subjects like Mathematics and English. This helps students express themselves more confidently and also improve their comprehension and reading skills. Nabha Power has also donated books to the students to improve their proficiency in reading.

development of playgrounds, updating libraries and promoting science projects.

3. **Developing 'Model Anganwadis'**
   Anganwadis play a crucial role in the physical and mental development of a child. They not only ensure and take care of children's health but also addresses the health issues of pregnant and lactating mothers by supplying nutritional support. NPL is covering around 60 Anganwadi centres with an enrollment of 1,200 kids from newborn to five years of age.

4. **Upgrading Infrastructure**
   With only 40 per cent anganwadis in the region having proper infrastructure, NPL decided to chip in to create the infrastructure to run these facilities. It provided permanent space, utensils for children, learning tools and toys to support these centres.

   NPL has constructed 'Model Anganwadis' in many villages. At these centres, other than giving a new look to the infrastructure, furniture and various learning tools were also provided by NPL.

5. **Infrastructural Support to Government Schools**
   NPL has supported several schools by meeting their infrastructural requirements, including furniture for classrooms, equipment to enhance the safety and security of students, development of playgrounds, updating libraries and promoting science projects.

6. **Adopting Schools for Holistic Development**
   NPL has taken a novel initiative of adopting the Government Primary School at Jansua and Government Middle School at Bhagrana village, located in Rajpura, Punjab. These schools have been adopted as a pilot project to improve the level of education in rural areas. NPL is working for the overall development of government schools under its 'Adopt A School Initiative'. It aims at bringing a positive change to the current set-ups in the government schools, which at times lack basic amenities.

Sports

In order to promote sports culture in rural areas and to encourage Youth towards sports, Nabha Power carried out construction of Sports grounds which equipped with all around fenced Basketball court, Volleyball court and open ground.

1. **Promoting Rural Sports**
   Sports play an integral role in the development of a well-rounded personality. NPL is encouraging village youth to come and play sports like basketball and football, kabaddi to leverage this chance and engage them in

activities that would provide mental and emotional stimuli. In line with such initiatives, NPL has started an annual sports event titled Nabha Power Cup. Through this sporting event, Nabha Power has been successful in mobilizing more than 2,000 youth volunteers annually.

2. **Development of Sports Infrastructure**
   To promote Sports culture in rural areas and to encourage youth to take up games as a way of life, NPL has carried developed playgrounds, basketball courts, and volleyball courts. These areas have been provided with all-around fencing and basic infrastructure which can be used by the rural youths to take up various sports.

Health

1. **Encouraging Voluntary Blood Donation**
   NPL regularly collaborates with major blood banks and government hospitals to educate people and raise their awareness about voluntary blood donation. NPL's team also aligns with blood banks and participates in workshops and blood donation camps to motivate local communities to voluntarily come forward for blood donation.

2. **Improving the Quality of Healthcare in Rural Areas**
   Every individual, no matter rich or poor, deserves quality and holistic healthcare.
   NPL has been striving towards providing better healthcare facilities for the village communities by upgrading the medical facilities at the existing centres. This ensures that healthcare is available to every individual

Skill Development & Entrepreneurship Development

1. **Skill Development Transforming Lives of Rural Women**
   Skilled manpower is a basic requirement for the development of any area. Correspondingly, skill improvement and qualitative training for the youth are vital to ensure that they can get better employment opportunities. NPL is running several programmes and supporting government-run institutions by upgrading infrastructure and providing required equipment to run copious training courses. These courses are run in collaboration with the government as well as private institutes.

2. **Making the Young Girls Self-reliant**
   The courses being run by NPL are helping young women to evolve into masters of different trades like stitching, embroidery, knitting and beauty. They have also encouraged to start income-generating activities with the help of self-help groups (SHGs). Many girls in the villages, who were either dependent on their families or doing odd jobs to sustain a living or lend a helping hand to their families, have become self-reliant and are now earning respectable money either by engaging in the manufacturing of jute bags, face masks, creating designer suits or by running successful beautician and wellness centres.

3. **Excelling in making of Designer Bags**
   The centre was started in August 2019. At first, it just appeared a vague idea to the local girls, but as NPL started working on jute bags, the curiosity of trainees started to grow. Initially, the girls struggled against lengths of jute, learning to cut the hard fabric and stitch it together to make simple bags.

   But just one year down the line, the same girls are now producing one designer bag after another and meeting the large orders that we have started receiving.

4. **Addressing the Problem of Poverty**
   NPL provides savings and income generation activities for the underprivileged women hailing from villages around its location to address the problem of poverty and to uplift the social status of women in the community. As part of the initiative, self-help groups (SHGs) have been formed mainly to empower women and address issues related to them. The programme follows the self-help group guidelines and objectives that include savings, credit, thrifts, ensuring livelihood, income generation activities and social mobilisation.

Alwyn Jay & Co.
Company Secretaries
[Firm Registration No: P2010MH021500] [Peer Review Certificate No.621/2019]

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**: 022-79629822 ; **Mob**: 09820465195; 09819334743
Email : alwyn@alwynjay.com Website:www.alwynjay.com

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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 our 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, 2021** 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, 2021** 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;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(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 amended from time to time - 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, 2018 - **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;**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company;**

i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - **Not applicable to the Company;**

j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(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 with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors/members 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 on 28th September, 2020 for Issuance of secured/unsecured redeemable non-convertible 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.

Place : Mumbai
Date : 12th April, 2021

ALWYN JAY & Co.
Company Secretaries

<u>Office Address :</u>
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Jay D'Souza FCS.3058]
(Partner)
[Certificate of Practice No.6915]
[**UDIN : F003058C000064372**]

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To

The Members,

Nabha Power Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Nabha Power Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 12th April, 2021

ALWYN JAY & Co.
Company Secretaries

<u>Office Address :</u>
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Jay D'Souza FCS.3058]
(Partner)
[Certificate of Practice No.6915]
[**UDIN : F003058C000064372**]

INDEPENDENT AUDITORS' REPORT

To the Members of
Nabha Power Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Nabha Power Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, 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 including a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the 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, 2021, 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 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 Auditors' 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 45 of the financial statements regarding recognition of and accounting for capacity charges invoiced for the period from April 1, 2020 to May 22, 2020. As detailed in the said note, the customer Punjab State Power Corporation Limited (PSPCL) claimed force majeure citing Covid 19 pandemic and denied its obligation to pay the said capacity charges. We have relied on management representation supported by legal opinion and accordingly considered the invoiced amount as good and fully recoverable.

Our report is not qualified in respect of this matter.

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.

Trade Receivables – Appropriateness of Classification of receivables in dispute as Good	
Trade Receivables include certain receivables aggregating to Rs 231.01 Cr (Net of ECL provision of Rs 44.75 Cr) {Refer Note 46} which are in litigation before various judicial forums. 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. As the realisation of these amounts depend on successful outcome of the various pending litigations, this has been considered as a Key Audit Matter.	The Auditor’s procedures included: • 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 dues • 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 Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

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

In connection with our audit of the financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 for the 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 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.

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 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, 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.

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

Auditors’ Responsibilities for the audit of the 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 auditors’ 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 financial 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 the 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 auditors’ 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 auditors’ 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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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, 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to financial statements 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 with reference to financial statements.

(g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year and hence provisions of Section 197 of the Companies Act, 2013 are not applicable.

(h) With respect to the other matters to be included in the Auditors' 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.

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 Number 105102W)

P. Shankar Raman
Partner
(Membership No. 204764)
UDIN: 21204764AAAAAV7714

Chennai, April 15, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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 with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Nabha Power Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the 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 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 the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Act, 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements 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 Number 105102W)

P. Shankar Raman
Partner
(Membership No. 204764)
UDIN: 21204764AAAAAV7714

Chennai, April 15, 2021

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 Property, Plant and Equipment:

(a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme for physical verification of its property, plant and equipment. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified substantial part of its property, plant and equipment during the year and 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 these immovable properties, which are shown as Lease Receivables in the financial statements, we confirm that these are held in the Company’s name.

(ii) In respect of its inventories:

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 procedures of such verification by the management is appropriate. Based on the verification of the records and documents provided to us, we note that no material discrepancies were noticed on such physical verification between physical inventory and book records.

(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 Act. Accordingly, the provisions of Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

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(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) According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Cess and other material statutory dues as on the last day of the 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 on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Provident Fund, Employees State Insurance, Cess and other material statutory dues as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

(c) There are no outstanding dues as on March 31, 2021 on account of disputes.

(viii) According to the information and explanations given to us and on the basis of our examination of records of the Company, 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 dues to government during the year.

(ix) 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 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 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 material 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 the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under clause (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures.

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

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence provisions of Section 192 of the Act are not applicable. Accordingly, the reporting under Clause 3(xv) of the Order 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. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

P. Shankar Raman
Partner
(Membership No. 204764)
UDIN: 21204764AAAAAV7714

Chennai, April 15, 2021

NABHA POWER LIMITED

CIN: U40102PB2007PLC031039

Balance Sheet as at March 31, 2021

Particulars	Note	As at 31-03-2021		As at 31-03-2020	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
ASSETS:					
Non-current assets					
Property, plant and equipment	3(i)		16.30		13.32
Capital work-in-progress	3(i)		-		76.17
Intangible assets	3(ii)		0.62		0.45
Financial assets					
Loans	4	3.94		4.16	
Loans towards financing activities	5	8,204.35		8,351.45	
Other financial assets	6	-		24.51	
			8,208.29		8,380.12
Other non-current assets	7		67.87		15.00
Total Non-Current Assets			8,293.08		8,485.06
Current assets					
Inventories	8		474.50		483.77
Financial assets					
Investments	9	335.02		-	
Trade receivables	10	1,040.37		1,375.52	
Cash and cash equivalents	11	510.88		187.28	
Other bank balances	12	17.12		13.16	
Loans towards financing activities	13	147.35		174.74	
Other financial assets	14	0.03		6.92	
			2,050.77		1,757.62
Other current assets	15		240.92		232.57
Total Current Assets			2,766.19		2,473.96
Total Assets			11,059.27		10,959.02
EQUITY AND LIABILITIES:					
EQUITY					
Equity share capital	16	2,325.00		2,325.00	
Other equity	17	1,325.03		1,178.85	
Total Equity			3,650.03		3,503.85
LIABILITIES:					
Non-current liabilities					
Financial liabilities					
Borrowings	18	3,040.07		3,382.23	
Other financial liabilities	19	5.23		4.00	
			3,045.30		3,386.23
Total Non-Current Liabilities			3,045.30		3,386.23
Current liabilities					
Financial liabilities					
Borrowings	20	1,701.95		3,038.17	
Current Maturities of long term borrowings	21	2,027.55		799.75	
Trade payables:	22				
Total outstanding Dues of Micro and Small Enterprises		2.87		1.46	
Total outstanding Dues of Creditors other than Micro and Small Enterprises		273.69		199.18	
Other financial liabilities	23	349.80		24.98	
			4,355.86		4,063.54
Other current liabilities	24		3.71		1.54
Provisions	25		4.37		3.86
Total Current Liabilities			4,363.94		4,068.94
Total Liabilities			7,409.24		7,455.17
Total Equity and Liabilities			11,059.27		10,959.02
Notes forming part of the Financial Statements	1-51				

Interms of our report attached

For B.K. Khare & Co.

Chartered Accountants

Firm Registration No: 105102W

P. Shankar Raman

Partner

Membership No: 204764

Place : Chennai

Date: April 15, 2021

For and on behalf of Board of Directors

Director: D.K. Sen

DIN: 03554707

Director: YVS Sravankumar

DIN: 01080060

Athar Shahab

Chief Executive

Subrahmanyeswara Rao M

Chief Financial Officer

Ishrat Kaur

Company Secretary

M No. A46885

Place :

Date: April 15, 2021

NABHA POWER LIMITED

CIN: U40102PB2007PLC031039

Statement of Profit and Loss for the Year ended March 31, 2021

Particulars	Note	Year ended 31-03-2021		Year ended 31-03-2020	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
INCOME:					
Revenue from operations	**26**		**3,391.08**		3,766.66
Other income	**27**		**20.43**		29.05
Total Income			**3,411.51**		3,795.71
EXPENSES:					
Manufacturing, construction and operating expenses	**28**				
Cost of raw materials and components consumed		**2,331.99**		2,741.91	
Stores, spares and tools consumed		**25.98**		43.50	
Sub-contracting charges		**84.49**		52.37	
Other manufacturing, construction and operating expenses		**58.96**		39.21	
Finance costs		**486.32**		571.19	
			2,987.74		3,448.18
Employee benefits expenses	**29**		**46.93**		47.15
Sales, administration and other expenses	**30**		**90.65**		48.53
Depreciation and amortisation expenses	**31**		**1.70**		2.43
Total expenses			**3,127.02**		3,546.29
Profit before exceptional items and tax			**284.49**		249.42
Exceptional items (net)	**32**		**120.63**		-
Profit before tax			**163.86**		249.42
Current tax		**-**		-	
Provision for Income tax - earlier years		**-**		2.88	
Deferred Tax		**-**		3.50	
Tax expenses			**-**		6.38
Profit after tax			**163.86**		243.04
Other comprehensive income					
A. Items that will not be reclassified to profit or loss					
Gain/(Loss) on Remeasurement of defined benefit plan			**0.11**		(0.15)
B. Items that will be reclassified to profit or loss					
Gain/(Loss) on cash flow hedge instruments			**(17.79)**		15.89
Total other comprehensive (loss) / income			**(17.68)**		15.74
Total comprehensive income			**146.18**		258.78
Basic earnings per equity share (₹)	**40**		0.70		1.05
Diluted earnings per equity share (₹)			0.66		0.98
Face value per equity share (₹)			10.00		10.00
Notes forming part of the Financial Statements	**1-51**				

Interms of our report attached
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

P. Shankar Raman
Partner
Membership No: 204764

Place : Chennai
Date: April 15, 2021

For and on behalf of Board of Directors

Director: D.K. Sen
DIN: 03554707

Director: YVS Sravankumar
DIN: 01080060

Athar Shahab
Chief Executive

Subrahmanyeswara Rao M
Chief Financial Officer

Ishrat Kaur
Company Secretary
M No. A46885

Place :
Date: April 15, 2021

NABHA POWER LIMITED

CIN: U40102PB2007PLC031039

Statement of Cash Flows for the Year ended March 31, 2021

	Particulars	Year ended 31-03-2021	Year ended 31-03-2020
		₹ Crore	₹ Crore
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding exceptional items)	**284.49**	249.42
	Adjustments for:		
	Depreciation and amortisation expenses	**1.70**	2.43
	Allowance for doubtful debts and advances	**38.00**	14.15
	Bad debts Written off	**16.58**	-
	Unrealised Exchange (Gain) / Loss [Net]	**(3.53)**	8.99
	Finance cost	**489.85**	562.20
	Interest and dividend income	**(13.34)**	(16.41)
	Excess provisions written back	**(1.15)**	-
	Provision for obsolescence on stores and spare parts	**0.97**	-
	Operating profit before working capital changes	**813.57**	820.78
	Adjustments for:		
	(Increase) / Decrease in other current assets	**(19.47)**	0.47
	Decrease in Other Loans and Advances	**0.22**	15.53
	Decrease in other advances	**14.13**	21.17
	Decrease in Trade Receivables	**558.60**	244.46
	Decrease / (Increase) in Inventories	**8.30**	(164.09)
	Increase in trade / other payables and provisions	**83.32**	39.30
	Cash generated from operations before financing activities	**1,458.67**	977.62
	Decrease in loans and advances towards financing activities	**174.49**	128.47
	Cash generated from operations	**1,633.16**	1,106.09
	Interest Paid	**(342.04)**	(519.42)
	Direct taxes refund received / (paid) [Net]	**0.09**	(2.88)
	Net cash from operating activities	**1,291.21**	583.79
B.	**Cash flow from investing activities:**		
	Capital expenditure including capital advances	**(55.44)**	(5.28)
	Interest and dividend received	**13.34**	16.41
	Purchase of current investments	**(335.02)**	-
	Investments in Fixed deposits (Other bank balances)	**(3.96)**	(7.34)
	Net cash (used in) / from investing activities	**(381.08)**	3.79
C.	**Cash flow from financing activities:**		
	Proceeds from long term borrowings	**1,422.31**	2,500.00
	Repayment of long term borrowings	**(654.28)**	(2,878.17)
	Repayment of Short term borrowings [Net]	**(1,354.56)**	(24.40)
	Net cash used in financing activities	**(586.53)**	(402.57)
	Net increase in cash and cash equivalents (A+B+C)	**323.60**	185.01
	Cash and cash equivalents at beginning of the year	**187.28**	2.27
	Cash and cash equivalents at end of the year (Refer note 11)	**510.88**	187.28

Statement of cash flows has been prepared under the indirect method as per Ind AS 7 “Statement of Cash Flows”.

Interms of our report attached

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

P. Shankar Raman
Partner
Membership No: 204764

Place : Chennai
Date: April 15, 2021

For and on behalf of Board of Directors

Director: D.K. Sen
DIN: 03554707

Director: YVS Sravankumar
DIN: 01080060

Athar Shahab
Chief Executive

Subrahmanyeswara Rao M
Chief Financial Officer

Ishrat Kaur
Company Secretary
M No. A46885

Place :
Date: April 15, 2021

NABHA POWER LIMITED

CIN: U40102PB2007PLC031039

Statement of Changes in Equity for the Year ended March 31, 2021

EQUITY SHARE CAPITAL

₹ Crore

	As at 01-04-2019	Changes during 2019-20	As at 31-03-2020	Changes during 2020-21	As at 31-03-2021
Equity shares of ₹ 10 each	**2,325.00**	**-**	**2,325.00**	**-**	**2,325.00**

OTHER EQUITY

₹ Crore

Particulars	**Reserves and surplus (A)**				**Items of other comprehensive income (B)**	**Total other equity (A) + (B)**
	Equity component of Preference Share Capital	**Securities Premium**	**Debenture Redemption Reserve (DRR)**	**Retained earnings**	**Hedging reserve**	
Balance as at 01-04-2019	72.60	290.40	554.53	-	2.54	**920.07**
Profit for the year	-	-	-	243.04	-	**243.04**
Other comprehensive income / (loss)	-	-	-	(0.15)	15.89	**15.74**
Total comprehensive income for the year	-	-	-	242.89	15.89	**258.78**
Balance as at 31-03-2020	**72.60**	**290.40**	**554.53**	**242.89**	**18.43**	**1,178.85**
Balance as at 01-04-2020	72.60	290.40	554.53	242.89	18.43	**1,178.85**
Profit for the year	-	-	-	163.86	-	**163.86**
Other comprehensive income / (loss)	-	-	-	0.11	(17.79)	**(17.68)**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	163.97	(17.79)	**146.18**
Transfers on redemption of debentures	-	-	(129.53)	129.53	-	**-**
Balance as at 31-03-2021	**72.60**	**290.40**	**425.00**	**536.39**	**0.64**	**1,325.03**

Notes forming part of the Financial Statements 1-51

Interms of our report attached
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

P. Shankar Raman
Partner
Membership No: 204764

Place : Chennai
Date: April 15, 2021

For and on behalf of Board of Directors

Director: D.K. Sen
DIN: 03554707

Director: YVS Sravankumar
DIN: 01080060

Athar Shahab
Chief Executive

Subrahmanyeswara Rao M
Chief Financial Officer

Ishrat Kaur
Company Secretary
M No. A46885

Place :
Date: April 15, 2021

Nabha Power Limited - Notes forming part of the Financial Statements as at and for the year ended March 31, 2021

1. Corporate Information

Nabha Power Limited (“NPL”/“The Company”) owns and operates 2X700 MW coal based supercritical thermal power plant at Village Nalash, Rajpura, Punjab- 140401. NPL sells entire power generated from its plant to Punjab State Power Corporation Limited (“PSPCL”) under a 25 years Power Purchase Agreement (PPA).

NPL sources its fuel from South Eastern Coalfields Ltd. (“SECL”), a subsidiary of Coal India Limited, under a 20-year Fuel Supply Agreement (“FSA”). The Bhakra-Nangal distributary is the perennial source of water for the plant under an allocation by the Punjab State Government.

NPL is a wholly owned subsidiary of L&T Power Development Limited and the ultimate holding company is Larsen and Toubro Limited.

2. Basis of preparation and Significant accounting policies

A. Basis of preparation

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 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by Section 133 of the Companies Act, 2013. In addition, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (“ICAI”) are also applied except where compliance with other statutory promulgations require a different treatment. These financial statements were approved for issue by the Board of Directors at its meeting held on April 15, 2021.

II) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention except for certain assets and liabilities that are measured at fair value in accordance with Ind AS.

Fair value measurements are categorised as below, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

b) Level 2 inputs are other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless there is a change in the circumstances warranting such transfer.

III) Presentation of Financial Statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "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, 2015 as amended.

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

IV) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is:

a) Expected to be realized or intended to be sold or consumed in normal operating cycle;
b) Held primarily for the purpose of trading;
c) Expected to be realized within twelve months after the reporting period; or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) It is expected to be settled in normal operating cycle;
b) It is held primarily for the purpose of trading;
c) It is due to be settled within twelve months after the reporting period; or
d) There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for Finance lease of Power Generating Assets including Operation & Maintenance and duration of the project in case of Engineering & construction services.

B. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

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.

a) 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 of a specialised nature 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.

b) 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 to yield an implicit rate of return on the net investment in the lease.

c) Capital items essential for efficiency and longevity of the plant are added to the finance lease receivable and the IRR is changed prospectively over the residual term of the PPA.

d) Some assets are classified as short term or low value as per the Ind AS 116 and accordingly lease accounting has not been applied to them.

II) Revenue

For the assets 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 recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the 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.

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:

Capacity Charges: The lease payments received in the form of non-escalable and escalable capacity charges are accounted as under:

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

- Finance income is recognised over the lease term based on a pattern reflecting a constant periodic 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'.

- Escalation on escalable capacity charges being variable lease payments is not included in the net investment in the lease and is recognised directly in the statement of Profit and Loss on accrual basis as 'Finance Lease Income'.

Energy Charges: Charges towards recovery of fuel and related costs, 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

- Interest income on investments and loans is accrued on a time basis by reference to the principal outstanding and the effective interest rate including interest on investments classified as fair value through Profit or Loss or through Other Comprehensive Income. Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realisation.

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

- 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.

III) Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the financial statements.

IV) Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. All directly attributable costs related to the acquisition of PPE and borrowing costs in case of qualifying assets are capitalised in accordance with the Company's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using the straight-line method and as per the useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, as per the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

PPE is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition is recognised in the Statement of Profit and Loss in the same period.

The estimated useful lives of the assets are as per Schedule II of the Companies Act 2013 is as follows:

Asset Category	**Useful Life (Years)**
Buildings other than Factory buildings	60
Office Equipment	5-15
Electrical Installations	10
Furniture and Fixtures	10
Laptops and Desktops	3
Servers and networks	6

The estimated useful lives of the below assets are as per management estimates and different from those prescribed in the Companies Act'2013.

Asset Category	**Useful Life (Years)**
General Plant and Machinery	21
Motor Vehicles	7

V) Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortized on straight-line basis over the estimated useful life.

Computer software / Licences are amortised over 3 years.

VI) Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, capital work in progress and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and value in use.

The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset, which may vary based on the future performance of the Company and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

VII) Borrowing costs

Borrowing costs consist of (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments' (b) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction and production of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When the company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of all borrowings that are outstanding during the period and used for the acquisition, construction and production of the qualifying asset. However, borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset, are excluded from this calculation, until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

Income earned on temporary investment made out of the borrowings pending utilization for expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

VIII) 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.

A financial asset is primarily derecognized when:

a) the right to receive cash flows from the asset has expired, or

b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a)the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognized in Profit or Loss.

The Company recognizes impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed based on historical credit loss experience as permitted under Ind AS 109. For all other financial assets, expected credit losses are measured at an amount equal to twelve months expected credit losses or at an amount equal to lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks of foreign currency loans. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Company designates certain hedging instruments, such as derivatives, embedded derivatives and 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 head as the 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.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

IX) Inventories

Inventories of Raw materials, consumables, fuel, stores and spares and loose tools are valued at lower of weighted average cost or net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The diminution in the value of obsolete, unserviceable, surplus and non-moving items of stores and spares is ascertained on review and provided for.

X) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

XI) Foreign Currency transactions and translation

(i) The functional currency and presentation currency of the Company is Indian Rupee.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for:

a. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to finance costs on those foreign currency borrowings; and

b. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(iii) Exchange rate as of the date on which the non-monetary asset or non-monetary liability is recognised on payment or receipt of advance consideration is used for initial recognition of related asset, liability, expense or income.

XII) Employee Benefits

(i) Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

(ii) Post-employment benefits:

a. Defined contribution plans: The Company's state governed provident fund scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under such schemes is recognised during the period in which the employee renders the related service.

b. Defined benefit plans: The employees' gratuity fund scheme managed by board of trustees established by the Company represents defined benefit plans. The Present Value of the obligation under benefit plans is determined based on actuarial valuation using the Projected Unit credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in Other Comprehensive Income and is reflected in Retained earnings and the same is not eligible to be reclassified to Profit or Loss.

Defined benefit costs comprising current service cost, past service cost, interest cost on defined benefits and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long-term benefits such as compensated absences, long service award etc. is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii)(B) supra.

XIII) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period. The Company has opted for the tax regime announced under section 115BAA of the Income Tax Act, 1961 from the financial year 2019-20.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

XIV) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using 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.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. 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 possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

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

XV) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a. estimated contracts remaining to be executed on capital account and not provided for;
b. other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

XVI) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax excluding exceptional items for the effects of:

(i) changes during the period in inventories and operating receivables and payables, transactions of a non-cash nature;

(ii) non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

XVII) Earnings per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

XVIII) Operating segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. Segment revenue and expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Segment assets and liabilities include those directly identifiable with the respective segments.

XIX) Key Sources of Estimation

The preparation of the Financial Statements in conformity with Ind AS 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit loss, future obligations in respect of retirement benefit plans, deferred taxes recognition, expected cost of completion of contracts, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Note 3 (i) Property Plant and Equipment and Capital work in Progress

₹ Crore

Class of Assets	Cost				Depreciation				Book value	
	As at 01-04-2020	Additions	Deductions	As at 31-03-2021	As at 01-04-2020	For the period	Deductions/ adjusments	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
Buildings	4.97	0.14	-	**5.11**	0.71	0.14	(0.59)	**0.26**	**4.85**	4.26
Plant and Equipment	5.11	2.50	-	**7.61**	0.50	0.27	-	**0.77**	**6.84**	4.61
Aircondition and Refrigeration	0.27	0.04	-	**0.31**	0.10	0.04	-	**0.14**	**0.17**	0.17
Electrical Installations	0.16	-	-	**0.16**	0.16	-	-	**0.16**	**-**	0.00
Computers	2.28	0.97	(0.02)	**3.23**	1.20	0.60	(0.02)	**1.78**	**1.45**	1.08
Office equipments	4.15	0.62	-	**4.77**	1.68	0.79	-	**2.47**	**2.30**	2.47
Furniture and fixtures	1.12	0.13	-	**1.25**	0.41	0.16	-	**0.57**	**0.68**	0.70
Vehicles	0.05	-	-	**0.05**	0.03	0.01	-	**0.04**	**0.01**	0.02
Total	**18.11**	**4.40**	**(0.02)**	**22.49**	**4.79**	**2.01**	**(0.61)**	**6.19**	**16.30**	**13.32**
Previous Year	**12.97**	**5.23**	**0.09**	**18.11**	**2.72**	**2.16**	**0.09**	**4.79**	**13.32**	**10.25**
Add: Capital work-in-progress									**76.17**	76.17
Less: Impairment provision [refer note 32 (a)]									**(76.17)**	-
Total									**16.30**	**89.49**

Note 3(ii) Intangible assets

₹ Crore

Class of Assets	Cost				Amortisation				Book value	
	As at 01-04-2020	Additions	Deductions	As at 31-03-2021	As at 01-04-2020	Additions	Deductions/ adjusments	As at 31-03-2021	As at 31-03-2021	As at 31-03-2020
Computer software	1.16	0.47	-	**1.63**	0.71	0.30		**1.01**	**0.62**	0.45
Total	**1.16**	**0.47**	**-**	**1.63**	**0.71**	**0.30**	**-**	**1.01**	**0.62**	**0.45**
Previous Year	0.92	0.24	-	1.16	0.44	0.27	-	0.71	**0.45**	0.48

Both PPE and Intangible assets are pledged as collateral against borrowings (refer note 18).

Nabha Power Limited
Notes forming part of the Financial Statements as at and for the Year ended March 31, 2021

Note 4
Non-current assets: Financial Assets - Loans

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Unsecured Security deposits - considered good	**3.94**	4.16
	3.94	4.16

Note 5
Non-current assets: Financial Assets - Loans towards financing activities

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Unsecured Finance Lease Receivable - considered good	**8,204.35**	8,351.45
	8,204.35	**8,351.45**

Note 6
Non-current assets: Other financial assets

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Forward Contracts Receivable	-	24.51
	-	24.51

Note 7
Other non-current assets

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Capital Advances ^		**58.80**		8.20
Amounts paid under protest		**2.52**		-
Income Tax Receivables (net)				
Current Year Income Tax	**0.98**		1.66	
IncomeTax Prior Years*	**1.73**		1.14	
		2.71		2.80
Financial Guarantee Asset		**3.84**		4.00
		67.87		15.00

^ covered by bank guarantee Rs. 50.86 Cr as at March 31, 2021.
*Net of provision for tax Rs. 26.48 Cr as on March 31, 2021 and March 31, 2020.

Note 8
Current Assets: Inventories (at cost or net realisable value whichever is lower)

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Raw Materials*	**307.00**		376.30	
Raw Materials in Transit	**71.60**		10.82	
		378.60		387.12
Stores and spare parts		**95.90**		96.65
		474.50		483.77

*includes oil Rs. 3.42 Cr as at March 31, 2021 and Rs. 4.19 Cr as at March 31, 2020. Refer Note 28 for consumption details.

Note 9
Current Assets: Financial Assets-Investments

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Mutual Funds (Axis Liquid Fund - Direct Growth: 14,66,296.44 units)	**335.02**	-
	335.02	-

Note 10
Current Assets: Financial Assets-Trade receivables

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Considered good - Unsecured ^ (refer note 46)	**1,182.90**	1,413.67
Less : Allowance for expected credit loss (ECL)	**142.53**	38.15
	1,040.37	1,375.52

^ net off Rs. 360.71 Cr (Rs. 278.71 Cr as on March 31, 2020) being unrecognized revenue in respect of mega status claim. The matter is sub-judice before the Hon'ble Supreme Court of India.

Note 11
Current Assets: Financial Assets - Cash and cash equivalents

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Balances with Scheduled Banks in Current Accounts	**167.85**	187.25
Cash on Hand	**0.01**	0.03
Fixed deposits with banks (original maturity less than 3 months)	**343.02**	-
	510.88	187.28

Note 12
Current Assets: Financial Assets - Other bank balances

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Fixed deposit with banks including interest accrued thereon Maturity more than three months and within one year*	**17.12**	13.16
	17.12	13.16

*earmarked as detailed below

Debt Service Reserve Account (3 months interest on ECB)	6.49	6.19
LC margin money	6.34	3.33
BG margin money	3.79	3.64
Others	0.50	-

includes interest accrued thereon Rs. 0.29 Cr as on March 31, 2021 (Rs. 0.36 Cr as on March 31, 2020).

Note 13
Current Assets: Financial Assets - Loans towards financing activities

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Unsecured Finance Lease Receivable considered good	**147.35**	174.74
	147.35	174.74

Note 14
Current Assets: Other financial assets

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Forward Contracts Receivable	**-**	6.91
Advances to Employees	**0.03**	0.01
	0.03	6.92

Note 15
Other current assets

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Contract Assets - Construction and project related activity (FGD)		**55.48**		1.23
Advances recoverable other than in cash				
Advances to Suppliers	157.98		197.40	
Prepaid Expenses	12.71		12.58	
IGST ITC Receivable	5.74		12.29	
		176.43		222.27
Financial Guarantee Asset		**9.01**		9.07
		240.92		232.57

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Note 16
Equity share capital

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
	No of shares	Amount	No of shares	Amount
Authorised Equity share capital				
Equity shares of ₹ 10 Each	3000000000	3,000.00	3000000000	3,000.00
Issued, Subscribed and Paid up:				
Equity shares of ₹ 10 Each	2325000000	2,325.00	2325000000	2,325.00
		2,325.00		2,325.00

(i) Reconciliation of the number of equity shares and amount outstanding as at beginning and at the end of the reporting year:

Particulars	No of shares	Amount	No of shares	Amount
Shares outstanding at the beginning of the year	2325000000	2,325.00	2325000000	2,325.00
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	2325000000	2,325.00	2325000000	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 :

Particulars	As at 31-03-2021	As at 31-03-2020
L&T Power Development Limited (L&T PDL), the Holding Company and its nominees.	2325000000	2325000000

(iv) Shareholders holding more than 5% shares in the company:

Name of Shareholder	As at 31-03-2021		As at 31-03-2020	
	No of shares	%	No of shares	%
L&T Power Development Limited (L&T PDL), the Holding Company and its nominees.	2325000000	100%	2325000000	100%

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Note 17
Other equity

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Equity component of Preference Share Capital*	**72.60**	72.60
Securities Premium*	**290.40**	290.40
Debenture Redemption Reserve (DRR) **	**425.00**	554.53
Retained earnings	**536.39**	242.89
Hedging reserve (net of tax)	**0.64**	18.43
	1,325.03	1,178.85

*The company has issued 36,30,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference Shares of face value Rs. 2 each fully paid up, at a premium of Rs. 8 per share, to its holding company (L&T Power Development Limited) on January 14, 2015. The tenor of Preference shares is fifteen years. The preference shares will be redeemed at face value of Rs. 2 per share with a premium of Rs. 8 per share. An option of conversion vests with both Investor and the Issuer at any time before the redemption. The conversion would be for every five preference shares of face value Rs. 2 each, entitlement will be two equity shares of face value of Rs. 10 each. The face value is shown as Equity component of Preference Share Capital and premium component is shown as securities premium.

** DRR was created up to March 31, 2019 to the extent of free reserves available. As per MCA notification G.S.R. 574(E) dated 16-08-2019, DRR creation for listed companies is no longer required. Thus, the Company has not created DRR thereafter. During the year, DRR to the extent of Rs. 129.53 Cr has been transferred to retained earnings on redemption of certain debentures.

Note 18
Non-Current Liabilities: Financial Liabilities - Borrowings

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Long term Secured Term Loans - From Banks ^	**217.76**	282.23
Long term unsecured redeemable non-convertible fixed rate debentures *	**2,800.00**	3,100.00
Long term Unsecured Loan from related party**	**22.31**	-
	3,040.07	3,382.23

The Company has not defaulted in the repayment of loans and interest thereon as at balance sheet date.

^ External commercial borrowing in USD; secured by first ranking pari passu charge on both the present and future immovable and movable property of the company. Interest rate is three months USD LIBOR+1.97%. Loan is repayable in 24 equal half yearly installments, started from September 2014.

*Summary of Unsecured Redeemable Non-Convertible Fixed Rate Debentures
Issued at Face Value Rs. 10 Lakhs each (Interest is payable annually) on private placement basis and listed at NSE; guaranteed by Larsen & Toubro Limited. These NCD's are redeemable at face value.

Particulars	Units	Date of Issue	Repayable on
8.12% NCD (classified as current maturities of long term borrowings)	2150	23-Mar-18	23-06-2021
8.12% NCD (classified as current maturities of long term borrowings)	3850	23-Mar-18	28-04-2021
8.06% NCD (classified as current maturities of long term borrowings)	11000	25-Jun-19	15-04-2021
7.41% NCD	5000	19-Nov-19	20-04-2022
7.41% NCD	4500	29-Nov-19	20-04-2022
7.41% NCD	4500	29-Nov-19	20-04-2022
7.80% NCD	2000	23-Apr-20	23-04-2023
7.80% NCD	2500	23-Apr-20	23-04-2023
7.80% NCD	500	23-Apr-20	23-04-2023
7.20% NCD	1000	28-May-20	28-04-2023
7.15% NCD	3000	11-Jun-20	11-06-2022
7.35% NCD	5000	16-Jun-20	16-06-2023

**Funding for FGD project from Larsen&Toubro Limited @10% p.a., repayable in 48 equal quarterly installments, starting from March 2023.

Note 19
Non-Current Liabilities: Other financial liabilities

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Charges payable on Financial Guarantee Contracts	**3.84**	4.00
Forward Contracts payable	**1.39**	-
	5.23	4.00

Note 20
Current Liabilities: Financial Liabilities - Borrowings

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Secured				
Cash Credits*		**6.70**		335.98
Unsecured				
Inter corporate borrowings **	**0.17**		377.59	
Commercial Papers***	**1,095.08**		2,324.60	
Loans repayable on demand from banks^	**600.00**		-	
		1,695.25		2,702.19
		1,701.95		3,038.17

The Company has not defaulted in the repayment of loans and interest thereon as at balance sheet date.
*secured by first pari passu security on both the present and future immovable and movable property of the company.
** From Larsen & Toubro Limited @ 8.25% p.a and payable on demand (includes interest accrued Rs. 0.003 Cr as an March 31, 2021 and Rs. 2.14 Cr as on March 31, 2020).
*** From financial institutions, listed at BSE having average tenor of 90 days (average interest rate 3.76%) as on March 31, 2021 and 101 days (average interest rate 6.27%) as on March 31, 2020. Letter of comfort issued by Larsen & Toubro Limited.
^ working capital demand loans (interest rate @ 4%). Letter of comfort issued by Larsen & Toubro Limited.

Note 21
Current Liabilities: Financial Liabilities - Current maturities of long term borrowings

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Secured				
Term Loans Loans from Banks*	**54.67**		56.34	
Unsecured				
Redeemable non-convertible Fixed rate debentures (refer note 18)^	**1,972.88**		743.41	
		2,027.55		799.75
		2,027.55		799.75

* Secured by way of first charge having pari passu rights on the immovable and movable properties of the company both present and future.
^ includes interest accrued but not due Rs. 272.88 Cr as on March 31, 2021 and Rs. 143.41 Cr as on March 31, 2020.

Note 22
Current Liabilities: Financial Liabilities - Trade payables

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Acceptances	**38.22**	-
Due to Related Parties*	**36.62**	71.49
Due to Micro and Small Enterprises (refer note 47)	**2.87**	1.46
Due to Others	**198.85**	127.69
	276.56	200.64

*includes Rs. 24.61 Cr payable on account of FGD project as on March 31, 2021 (Nil as on March 31, 2020)

Note 23
Current Liabilities: Other financial liabilities

₹ Crore

Particulars	As at 31-03-2021		As at 31-03-2020	
Due to Others				
Security Deposit and EMD Received	**12.18**		12.40	
Salaries Payable	**4.86**		3.51	
Other Payables*	**322.79**		0.00	
		339.83		15.91
Charges payable on Financial Guarantee Contracts		**9.01**		9.07
Forward Contracts payable		**0.96**		-
		349.80		24.98

*includes a prudential provision of Rs. 322.49 Cr towards Mega Status Benefits Claim which is pending adjudication before the Hon'ble Supreme Court of India. [refer note 32 (b)]

Note 24
Other current liabilities

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Statutory Dues	**3.71**	1.54
	3.71	**1.54**

Note 25
Provisions

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Compensated absences	**4.25**	3.86
Gratuity (refer note 38)	**0.12**	-
	4.37	3.86

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Nabha Power Limited

Notes forming part of the Financial Statements as at and for the Year ended March 31, 2021

Note 26

Revenue from operations

₹ Crore

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
Income from financing activity				
Finance lease Income from Power Plant*	**1,027.20**		1,045.22	
Fees for Operation and Maintenance of Power Plant**	**2,267.90**		2,682.29	
		3,295.10		3,727.51
Other Operational Income:				
Sale of operational waste	**41.78**		34.40	
Late payment surcharge	**-**		4.54	
		41.78		38.94
Sale of services				
Construction and project related activity^		**54.20**		0.21
		3,391.08		3,766.66

*Capacity charges and **Energy charges billed under PPA with PSPCL. The Fees for Operation and Maintenance of Power Plant for the year ended is low due to lower Plant Load Factor (PLF) on account of COVID-19 and Rail Roko by farmers in the State of Punjab (refer note 45).

^ relates to installation of Fuel Gas Desulphurization (FGD) project in the plant in compliance with the Ministry of Environment, Forest and Climate Change directions.

Rs. 54.20 Crore (previous year Rs. 0.21 Cr) is recognized over a period of time and Rs. 2,309.68 crore (previous year Rs. 2,721.23) is recognized at a point in time as per Ind AS 115.

Note 27

Other Income

₹ Crore

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Income from Investments	**13.34**	16.41
Miscellaneous Income*	**5.94**	12.64
Excess provisions written back	**1.15**	-
	20.43	29.05

*includes sale of material rejects (Rs. 5.26 Cr for the year ended March 31, 2021 & Rs. 12.63 Cr for the year ended March 31, 2020)

Note 28

Manufacturing, construction and operating expenses

₹ Crore

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
Materials consumed				
Raw materials and components	**2333.37**		2,743.05	
Less: scrap sales	**1.38**		1.14	
		2,331.99		2.741.91
Stores, spare parts and tools consumed		**25.98**		43.50
Sub-contracting charges*		**84.49**		52.37
Other manufacturing, construction and operating expenses:				
Power and fuel	**6.78**		2.67	
Hire charges - Equipment and others	**0.32**		0.28	
Engineering, technical and consultancy fees	**0.12**		0.01	
Insurance	**13.63**		8.71	
Rent	**0.33**		0.38	
Water charges	**16.47**		3.73	
Travelling and conveyance	**3.49**		4.21	
Rates and Taxes	**3.08**		3.95	
Security charges	**2.67**		2.98	
Repairs to plant and equipment	**3.74**		4.13	
Miscellaneous expenses	**8.33**		8.16	
		58.96		39.21
Finance cost:				
Interest on Inter Corporate Borrowings^	**16.12**		21.72	
Interest on other Borrowings	**470.20**		549.47	
		486.32		571.19
		2,987.74		3,448.18

*includes Rs. 52.92 Cr and ^Rs. 0.22 Cr: incurred for installation of FGD project (figures Nil for the year ended March 31, 2020).

Note 29
Employee benefits expense*

₹ Crore

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
Salaries, wages and bonus				
Salaries	**40.23**		38.52	
Deputation Cost	**2.96**		4.29	
Leave Encashment	**0.56**		1.20	
		43.75		44.01
Contribution to and provision for:				
Provident funds and pension fund	**1.04**		0.98	
Gratuity fund	**0.34**		0.30	
		1.38		1.28
Staff welfare expenses		**1.29**		1.24
Training and Development expenses		**0.51**		0.62
		46.93		47.15

*includes Rs. 1.06 Cr incurred for installation of FGD project (Nil for the year ended March 31, 2020).

Note 30
Sales, administration and other expenses

₹ Crore

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Professional fees	**5.43**	7.87
Overheads charged by Ultimate Holding Company	**17.42**	17.20
Audit fees (refer note 49)	**0.14**	0.12
Directors sitting fees	**0.09**	0.09
Bank charges (includes LC & BG charges)	**4.56**	1.50
Information Technology Services	**2.91**	2.86
Corporate social responsibility (refer note 48)	**4.42**	4.40
Donations	**0.11**	0.04
Provision for obsolescence on stores and spare parts	**0.97**	-
Bad Debts and Advances Written off	**16.58**	-
Allowance for doubtful debts and advances	**38.00**	14.15
Exchange loss (net)	**0.02**	0.30
	90.65	48.53

Note 31
Depreciation and amortisation expenses

₹ Crore

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Depreciation	**1.40**	2.16
Amortisation - Intangible assets	**0.30**	0.27
	1.70	2.43

Note 32
Exceptional items for the year ended March 31, 2021 represent:

a) impairment of asset being capital work in progress relating to an additional unit of 700 MW: Rs. 76.17 Cr.

b) prudential provision in respect of a claim raised by PSPCL to pass on the benefits available to the power plant as a Mega Power Project: Rs. 388.87 Cr (including ECL Rs. 66.38 Cr). The matter is sub-judice before the Hon'ble Supreme Court of India.

c) estimated interest income accrued on delayed payment of energy charges by PSPCL pursuant to decision of the Hon'ble Supreme Court of India in favour of the Company: Rs. 344.41 Cr.

Note 33
A. Contingent liabilities

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
a) Claims against the company not acknowledged as debts^	**0.56**	100.60
b) Contingent liabilities in respect of other claims*	**43.38**	216.00
	43.94	316.60

^ compensation imposed by CPCB and subsequently the matter was stayed by Hon'ble Supreme Court of India.

*During the year ended March 31, 2021, Corporate Guarantee of Rs. 43.38 Cr was issued by the holding company to The Commercial Court, Patiala on behalf of the company against amount recovered from PSPCL in one of the disputed matter.

*For the year ended March 31, 2020, Bank Guarantee issued by Larsen & Toubro Limited on behalf of the company to the PSPCL in one of the disputed matters. During the year, a prudential provision was created towards the said matter [refer note 32 (b)].

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash outflows, if any, as the matters are pending for adjudication.

B. Commitments

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Estimated amount of contracts remaining to be executed on capital account and not provided for*	**588.19**	643.02
Less: Advances paid	**(50.86)**	-
	537.33	643.02

*includes Rs. 588.19 Cr pertaining to installation of FGD project as on March 31, 2021 (Rs. 640.60 Cr as on March 31, 2020).

Other Commitments - NPL has entered into a long-term FSA with SECL, for supply of coal to the plant for a period of twenty years. The Company has a commitment to lift 75% of the total Annual Contracted Quantity under the FSA, subject to quantity offered by SECL.

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Note 34

Disclosure pursuant to Ind AS 108 “Operating Segments”

The Company has identified two business segments i.e. Finance Lease of Power Generating Assets including Operation & Maintenance and Engineering and Construction Services, in accordance with Indian Accounting Standard 108 “Operating Segments”, these are regularly reviewed by the chief operating decision making body to make decisions for performance assessment and resource allocation.

i. Primary Segment (Business Segment):

₹ Crore

Particulars	Finance Lease of Power Generating Assets including Operation & Maintenance		Engineering & Construction Services		Total	
	2020-21	**2019-20**	**2020-21**	**2019-20**	**2020-21**	**2019-20**
External revenue	3,357.31	3,795.50	54.20	0.21	3,411.51	3,795.71
Add / (less) : Inter segment revenue	-	-	-	-	-	-
Total segment revenue	**3,357.31**	**3,795.50**	**54.20**	**0.21**	**3,411.51**	**3,795.71**
Segment results	284.49	249.42	-	-	284.49	249.42
Less: Exceptional Items (refer note 32)	120.63	-	-	-	120.63	-
Profit before tax	**163.86**	**249.42**	**-**	**-**	**163.86**	**249.42**
Less: Tax expense	-	6.38	-	-	-	6.38
Profit for the year	**163.86**	**243.04**	**-**	**-**	**163.86**	**243.04**
Segment assets	10,952.93	10,957.79	106.34	1.23	11,059.27	10,959.02
Segment liabilities	7,384.63	7,455.17	24.61	-	7,409.24	7,455.17
Additions to Non-current Assets	4.86	5.47	105.06	-	109.92	5.47
Depreciation and amortization included in segment expenses	1.70	2.43	-	-	1.70	2.43

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 single customer (PSPCL) for sale of Power is Rs. 3,295.10 Cr (Rs. 3,727.51 Cr for the year ended March 31, 2020).

Note 35

Disclosure pursuant to Ind AS 1 “Presentation of financial statements”

A. Current Assets expected to be settled within twelve months and after twelve months from the reporting date:

₹ Crore

Particulars	As at 31-03-2021			As at 31-03-2020		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Inventories	474.50	-	474.50	483.77	-	483.77
Investments	335.02	-	335.02	-	-	-
Trade receivables	1,040.37	-	1,040.37	1,375.52	-	1,375.52
Loans towards financing activities	147.35	-	147.35	174.74	-	174.74
Other financial assets	0.03	-	0.03	6.92	-	6.92
Other current assets	185.44	55.48	240.92	231.34	1.23	232.57

B. Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:

Particulars	As at 31-03-2021			As at 31-03-2020		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Trade payables:						
Due to micro enterprises and small enterprises	2.87	-	2.87	1.46	-	1.46
Due to others	273.69	-	273.69	199.18	-	199.18
Other financial liabilities	27.31	322.49	349.80	24.98	-	24.98
Other current liabilities	3.71	-	3.71	1.54	-	1.54
Provisions	0.47	3.90	4.37	0.57	3.29	3.86

Note 36

Disclosures pursuant to Ind AS 7 "Statement of Cash flows" - Changes in liability arising from Financing Activities

₹ Crore

Particulars	Long term Borrowings*	Short term Borrowings	Total
Balance as on April 1, 2019	**4,498.55**	**3,050.77**	**7,549.32**
Changes from Financing Cash flows	(378.17)	(24.40)	(402.57)
The effect of changes in foreign exchanges rates (net)	30.62	-	30.62
Movement in Interest accrued but not due (considered in interest paid under operating activities)	30.98	11.80	42.78
Balance as on March 31, 2020	**4,181.98**	**3,038.17**	**7,220.15**
Changes from Financing Cash flows	768.03	(1,354.56)	(586.53)
The effect of changes in foreign exchanges rates (net)	(11.86)	-	(11.86)
Movement in Interest accrued but not due (considered in interest paid under operating activities)	129.47	18.34	147.81
Balance as on March 31, 2021	**5,067.62**	**1,701.95**	**6,769.57**

* Includes current maturities of non-current borrowings and interest accrued thereon.

Note 37

Disclosure pursuant to Ind AS 12 “Income Taxes”

A. Tax Expenditure

₹ Crore

Description	2020-21	2019-20
Income tax		
Current tax	-	-
Prior years	-	2.88
Deferred tax asset written off	-	3.50
Total	-	**6.38**

The company has adopted tax regime under Section 115 BAA of the Income Tax Act, 1961 from the financial year 2019-20.

B. Calculation of effective tax rate

Particulars	2020-21	2019-20
Profit before tax (a)	163.86	249.42
Corporate tax rate as per Income Tax Act, 1961 (b)	25.17%	25.17%
Tax on accounting profit (c)=(a)*(b)	**41.24**	**62.78**
Tax on Expenses not allowable as deduction	128.24	6.49
Tax on Finance Lease Asset Recoveries	43.92	51.49
Tax effect on depreciation admissible under Income Tax Act, 1961	(93.45)	(78.01)
Tax on exempted Incomes	(0.12)	-
Total effect of Tax adjustments (d)	**78.59**	**(20.03)**
Tax effect on set off of unabsorbed depreciation [(c) + (d)]	119.83	42.75
Tax expense recognized during the year (e)	-	-
Effective tax Rate (e/a)	-	-

C. Unused tax losses for which no deferred tax asset is recognized

Particulars	As at 31-03-2021	As at 31-03-2020
Unabsorbed Depreciation	3,808.92	4,285.22

Note 38

Disclosures pursuant to Ind AS 19 “Employee Benefits”

A. Defined benefit plans:

Expense recognized in Statement of Profit and Loss:

₹ Crore

Particulars	2020-21	2019-20
Current Service Cost	0.34	0.26
Interest cost	(0.01)	0.04
Total amount charged to Statement of Profit and Loss	**0.33**	**0.30**

Amount Recognised in Other Comprehensive Income (OCI):

Particulars	2020-21	2019-20
Opening amount recognized in OCI	0.17	0.02
Re-measurements during the period due to		
Change in Financial assumptions	-	0.21
Experience adjustments	(0.12)	0.02
Actual return on plan assets less interest on plan Assets	0.01	(0.08)
Closing amount recognized in OCI	**0.06**	**0.17**

Amounts recognized in Balance Sheet

Particulars	As at 31-03-2021	As at 31-03-2020
Present Value of Funded Obligations	2.08	1.80
Fair Value of Plan Assets	(1.96)	(1.89)
Net defined benefit recognized as a current liability / (asset)	**0.12**	**(0.09)**

Reconciliation of Net Liability/(Asset)

Particulars	2020-21	2019-20
Opening net defined benefit liability / (asset)	(0.09)	0.55
Expenses charged to Statement of Profit and Loss	0.33	0.30
Amount recognized outside Statement of Profit and Loss	(0.11)	0.15
Employer contributions	-	(1.09)
Closing net defined benefit liability / (asset)	**0.12**	**(0.09)**

Movement in Benefit Obligations:

Particulars	2020-21	2019-20
Opening defined benefit obligation	1.80	1.27
Current Service Cost	0.34	0.26
Interest on defined benefit obligation	0.12	0.10
Re-measurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	-	0.21
Actuarial loss/(gain) arising on account of experience changes	(0.12)	0.02
Benefits paid	(0.05)	(0.06)
Closing defined benefit obligation	**2.08**	**1.80**

Movement in the present value of plan assets

Particulars	2020-21	2019-20
Opening fair value of plan assets	1.89	0.72
Employers contribution	-	1.08
Interest on plan assets	0.13	0.06
Re-measurements due to		
Actual return on plan assets less interest on plan assets	(0.01)	0.08
Benefits paid	(0.05)	(0.06)
Closing fair value of plan assets	**1.96**	**1.89**

Disaggregation of Plan Assets

₹ Crore

Particulars	As at 31-03- 2021	As at 31-03- 2020
Insurer managed funds		
Quoted value	-	-
Non- Quoted value	1.96	1.89
Total	**1.96**	**1.89**

A split of Defined Benefit Obligation (DBO): vested and non-vested

Particulars	As at 31-03-2021	As at 31-03-2020
DBO in respect of non-vested employees	0.21	0.24
DBO in respect of vested employees	1.87	1.56
Total defined benefit obligation	**2.08**	**1.80**

Change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	As at 31-03-2021	As at 31-03-2020
Impact of change in salary growth rate		
Effect of 1% increase	0.30	0.26
Effect of 1% decrease	(0.25)	(0.22)
Impact of change in discount rate		
Effect of 1% increase	(0.25)	(0.22)
Effect of 1% decrease	0.30	0.26

Principal actuarial assumptions at the balance sheet date:

Particulars	2020-21	2019-20
Discounting Rate (p.a.)	6.85%	6.85%
Salary Escalation Rate (p.a.)	6.00%	6.00%

Attrition Rate: varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

B. Provision for leave encashment Rs. 4.25 Cr (Previous year Rs. 3.86 Cr) is made based on actuarial valuation. During the current year Rs. 0.56 Cr is charged to the Statement of Profit and Loss. (Previous year Rs. 1.20 Cr)

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Note 39

Disclosure of related parties and related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a. List of related parties who exercise control

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

b. List of related parties with whom transactions were carried out during the year

S.No	Name of the Related Party	Nature of Relationship
1	Larsen & Toubro Limited (L&T)	Ultimate Holding company
2	L&T Power Development Limited	Holding Company
3	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary Company
4	L&T Construction Equipment Limited	Fellow Subsidiary Company
5	L&T Valves Limited	Fellow Subsidiary Company
6	L&T Infotech Limited	Fellow Subsidiary Company
7	L&T MHI Power Turbine Generators Private Limited (formerly known as L&T-MHPS Turbine Generators Private Limited)	Joint Venture of L&T
8	L&T Sargent & Lundy Limited	Joint Venture of L&T
9	L&T MHI Power Boilers Private Limited (formerly known as L&T - MHPS Boilers Private Limited)	Joint Venture of L&T
10	L&T Howden Private Limited	Joint Venture of L&T

c. Name of post-employment benefit plans (Gratuity trust) with whom transactions were carried out during the year

Nabha Power Limited Employees' Group Gratuity Assurance Scheme

d. Name of key management personnel

S.No	Name of key management personnel	Nature of Relationship
1	Mr. Ravinder Singh **	Manager*
2	Mr. Subrahmanyeswara Rao M	Chief Financial Officer*
3	Ms. Ishrat Kaur	Company Secretary*
4	Mr. G. V. Vijaya Raghav	Chief Financial Officer, Manager & Company Secretary^

**on deputation from Larsen & Toubro Limited (L&T); * appointed w.e.f June 10, 2020; ^ ceased w.e.f June 10, 2020

e. Disclosure of related party transactions: ₹ Crore

S.No	Name/Relationship/Nature of transaction^	2020-21	2019-20
I	**Ultimate Holding company (L&T)**		
	Expenses reimbursed	3.94	6.97
	Deputation charges	2.43	3.43
	Purchase of Goods and Services	72.78	28.41
	Interest paid on Inter Company Borrowings	16.12	21.72
	Interest income on Inter Company Deposits	11.78	0.38
	Inter Company Borrowings/(deposits) [net]	(381.23)	(21.41)
	Corporate guarantees issued on behalf of the company	1,400.00	2,500.00
II	**Holding company (L&T Power Development Limited)**		
	Corporate guarantee issued on behalf of the company	43.38	-
	Guarantee charges	0.08	-
III	**Purchase of Goods and Services fom fellow Subsidiary companies**		
1	L&T Infotech Limited	1.26	1.02
2	L&T Hydrocarbon Engineering Limited	0.04	0.03
3	L&T Construction Equipment Limited	0.02	0.04
4	L&T Valves Limited	0.13	0.32
IV	**Purchase of Goods and Services fom Joint Ventures of L&T**		
1	L&T MHI Power Turbine Generators Private Limited	4.54	51.92
2	L&T MHI Power Boilers Private Limited	3.43	28.33
3	L&T Howden Private Limited	0.04	2.08
4	L&T Sargent & Lundy Limited	0.68	0.02
V	**Towards employer's contribution to gratuity fund trusts**		
1	Nabha Power Limited Gratuity Fund	-	0.55
VI	**Compensation paid to key management personnel**		
	Short term employee benefits	0.37	0.46
	For KMP on deputation, deputation charges have been paid to Larsen & Toubro Limited (L&T)		
	All transactions without GST		

f. Amount due to and due from related parties:

₹ Crore

S.No	Particulars	As at 31-03-2021		As at 31-03-2020	
		Due to	Due From	Due to	Due From
I	**Ultimate Holding company (L&T)**				
	Trades Payables	34.75	-	11.36	-
	Inter Corporate Borrowings	22.48	-	377.59	-
	Capital Advance	-	50.86	-	-
	Commitments and guarantees				
	Project related Capital commitment (FGD)	588.19	-	640.61	-
	Corporate guarantees issued on behalf of the company	4,500.00	-	3,700.00	-
	Bank guarantees issued on behalf of the company	216.00	-	216.00	-
II	**Holding company (L&T Power Development Limited)**				
	Corporate guarantee issued on behalf of the company	43.38	-	-	-
	Guarantee charges	0.09	-	-	-
III	**Fellow Subsidiary Companies (Trade Payables)**				
1	L&T Infotech Limited	0.20	-	0.24	-
2	L&T Hydrocarbon Engineering Limited	0.04	-	0.03	-
3	L&T Valves Limited	0.14	-	0.38	-
4	L&T Construction Machinery Limited	0.01	-	-	-
IV	**Joint Venture of L&T (Trades Payables)**				
1	L&T MHI Power Boilers Private Limited	0.04	-	27.79	-
2	L&T MHI Power Turbine Generators Private Limited	1.06	-	29.49	-
3	L&T Sargent & Lundy Limited	0.29	-	-	-
4	L&T Howden Private Limited	-	-	2.21	-

Note 40

Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings per Share":

₹ Crore except per share

Particulars	2020-21	2019-20
Basic		
Profit after tax	163.86	243.04
Weighted average number of equity shares outstanding	232.50	232.50
Basic EPS (₹)	**0.70**	**1.05**
Diluted		
Profit after tax	163.86	243.04
Weighted average number of equity shares outstanding	232.50	232.50
Number of equity shares to be allotted on conversion of Preference Shares	14.52	14.52
Weighted average number of equity shares outstanding for the diluted EPS	247.02	247.02
Diluted EPS (₹)	**0.66**	**0.98**

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Note 41
Disclosures related to Financial Instruments & Fair Value measurements

A. Category wise classification of Financial Assets

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
I. Measured at Amortized Cost:		
Loans	3.94	4.16
Loans towards financing activities	8,351.70	8,526.19
Trade Receivables	1,040.37	1,375.52
Other Financials assets	0.03	0.01
Cash and cash equivalents	510.88	187.28
Other Bank Balances	17.12	13.16
Sub Total (I)	**9,924.04**	**10,106.32**
II. Measured at FVTPL:		
Invesment in Mutual Funds	335.02	-
III. Measured at Fair Value through Other Comprehensive Income (FVTOCI):		
Forward Contracts Receivable	-	31.42
Total Financial Assets (I+II+III)	**10,259.06**	**10,137.74**

B. Category wise classification of Financial Liabilities

Particulars	As at 31-03-2021	As at 31-03-2020
I. Measured at Amortized Cost:		
Borrowings	6,769.57	7,220.15
Trade payables	276.56	200.64
Other financial liabilities	339.83	15.91
Sub Total (I)	**7,385.96**	**7,436.70**
II. Measured at Fair Value through Other Comprehensive Income (FVTOCI):		
Forward Contracts Payable	2.35	-
III. Financial Guarantee contracts:		
Premium Payable on Financial Guarantee Contracts	12.85	13.07
Total Financial Liabilities (I+II+III)	**7,401.16**	**7,449.77**

C. Items of income, expense, gains or losses related to financial instruments:

Particulars	2020-21	2019-20
I. Measured at fair value through Profit or Loss and amortised cost:		
A. Financial assets measured at amortised cost:		
(i) Allowance for expected credit loss during the year in the Statement of Profit or Loss	104.38	14.15
(ii) Bad debts written off	16.58	-
Sub-total A	**120.96**	**14.15**
B. Financial liabilities measured at amortised cost:		
(i) Exchange (gains)/losses on revaluation or settlement of items denominated in foreign currency (trade payables and borrowings)	(11.39)	31.97
(ii) Spot to spot MTM (Exchange (gains)/losses on revaluation or settlement of forward contracts)	7.86	(22.97)
(iii) Unclaimed credit balances written back	1.15	-
Sub-total B	**(2.38)**	**8.99**
Total [I] = (A+B)	**118.58**	**23.14**
II. Measured at fair value through Other comprehensive income:		
Gains/(losses) on fair valuation or settlement of forward contracts designated as cash flow hedges	(17.79)	15.89
III. Other income/(expenses):		
(i) Dividend income from investments measured at FVTPL	0.50	-
(ii) Interest income on financial assets measured at amortised cost	357.47	16.65
(iii) Interest expense on Financial liabilities that are measured at amortised cost	(481.92)	(552.29)
(iv) Premium amortised on forward contracts designated as cash flow hedges	(7.95)	(9.91)
Total [III]	**(131.90)**	**(545.55)**

D. Hedge Accounting

i. Outstanding Hedge Instruments

Particulars	As at 31-03-2021			As at 31-03-2020		
	up to 12 months	more than 12 months	Total	up to 12 months	more than 12 months	Total
Average forward rate (USD/INR)	79.24	79.24		77.66	77.66	
Cash flow hedges - USD forward contracts (in INR Crores)	59.00	126.54	**185.54**	57.47	181.72	**239.19**

ii. Carrying amounts of Hedge instruments

Particulars	As at 31-03-2021		As at 31-03-2020	
	Non-Current	Current	Non-Current	Current
Forward contracts				
Assets	-	-	24.51	6.91
Liabilities	1.39	0.96	-	-

iii. Balance and movement of Cash flow Hedge Reserve

Particulars	2020-21	2019-20
Opening Balance	18.43	2.54
Add: Difference between forward to forward MTM	(17.79)	15.89
Closing Balance	**0.64**	**18.43**

E. Fair value hierarchy of financial assets and liabilities measured at fair value:

Particulars	As at 31-03-2021			As at 31-03-2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Investments at FVTPL - Mutual Funds	335.02	-	-	-	-	-
Derivatives designated as cash flow hedges	-	-	-	-	31.42	-
Financial liabiities :						
Derivatives designated as cash flow hedges	-	2.35	-	-		-

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets - Finance Lease receivables	8,351.70	8,351.70	8,526.19	8,526.19
Financial liabiities - Non-convertible debentutres	4,772.88	4,879.16	3,843.41	3,886.74
Fair value hierarchy		Level 2		Level 2

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables are considered to be the same as their fair values due to their short term nature. The carrying amounts of borrowings taken for short term or at floating rate of interest are considered to be close to the fair value. Accordingly, these items have not been included in the above table.

Note 42
Capital Management

The Company's objectives when managing capital is to safeguard continuity, provide adequate return to shareholders and maintain an appropriate capital structure of debt and equity. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans. The funding requirements are met through a combination of equity, internal accruals and borrowings. To maintain optimum borrowing cost, the company has flexible debt structures consisting NCD's, CP's, ECB, ICB and Working Capital loans . The Company monitors capital based on debt to equity ratio.
The following table summarizes the capital of the Company:

₹ Crore except ratios

Particulars	As at 31-03-2021	As at 31-03-2020
Gross Debt	**6,769.57**	**7,220.15**
Less: Cash and Cash equivalents	510.88	187.28
Less: Other bank balances	17.12	13.16
Less: Short term investments	335.02	-
Net Debt	**5,906.55**	**7,019.71**
Equity	**3,649.39**	**3,485.42**
Gross Debt to Equity	**1.85**	**2.07**
Net Debt to Equity	**1.62**	**2.01**

Note 43
Financial Risk Management

The company's business is subject to various risks and uncertainties including financial risks. Risks are identified through a formal risk management programme with active involvement of senior management. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee at their periodic meetings.

The Company's financial assets include finance lease, trade and other receivables, cash & cash equivalents, short-term deposits and investments that derive directly from its operations. The Company's financial liabilities comprise borrowings mainly in the domestic currency along with a small portion of foreign correncý loan, trade payables and other payables. The Company has forward contracts that are used exclusively for cash flow hedging purposes. The Company is exposed to Credit risk, Liquidity risk and Market risk.

A. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, cash and cash equivalents and deposits with banks and financial institutions.

The Company limits its exposure to credit risk by investing its short term surplus funds only with banks, financial institutions and other counterparties that have a high credit rating.

Trade Receivables

The Company sells its entire power generated to PSPCL, a state utility owned by Punjab State Government, leading to significant concentration of credit risk. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by its customer.

The Company is making provisions on overdue trade receivables based on the simplified approach which prescribes measurement of loss allowance at an amount equal to lifetime Expected Credit Losses, involving use of a provision matrix constructed based on historical credit loss experience by taking into account the time value of money. The reconciliation of ECL is as follows:

Particulars	2020-21	2019-20
Opening Balance as at April 1	38.15	24.00
Provision/(reversal) of allowance for expected credit loss*	104.38	14.15
Closing Balance as at March 31	**142.53**	**38.15**

*includes Rs. 66.38 Cr considered as part of Exceptional items [refer note 32 (b)]

B. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Company's profitability. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The principle market risk is foreign currency risk. The Company has a USD ECB loan which is exposed to exchange rate fluctuations. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Company has forward contracts to hedge its currency risk for the scheduled principal repayments.

Particulars of hedged and unhedged foreign currency exposure (ECB loan) ₹ Crore

Particulars	Amount	
	As at 31-03-2021	As at 31-03-2020
Hedged	171.43	234.03
Un-hedged	101.00	104.54

Sensitivity ₹ Crore

Particulars	Impact on Profit after tax	
	2020-21	2019-20
INR/USD -Increase by 10%	(7.56)	(7.82)
INR/USD -Decrease by 10%	7.56	7.82

C. Liquidity Risk

Liquidity risk is the difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company ensures sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and refinancing as and when required.

Tariff as per the PPA inter-alia includes recovery of capital cost, energy charges, operations and maintenance expenses and interest on capital requirements. Since billing is done on monthly basis, the Company maintains sufficient liquidity to service financial obligations and to meet its operational requirements.

The Company had access to undrawn working capital facilities of Rs. 261 Cr at the end of the reporting period.

Maturity Profile ₹ Crore

Contractual maturities of financial liabilities	As at 31-03-2021			As at 31-03-2020		
	Upto 12 months	More than 12 months	Total	Upto 12 months	More than 12 months	Total
1. Non-Derivative Liabilities						
Borrowings	3,729.50	3,040.07	6,769.57	3,837.92	3,382.23	7,220.15
Trade payables	276.56	-	276.56	200.64	-	200.64
Other financial liabilities	26.35	326.33	352.68	24.98	4.00	28.98
Total Non-Derivative Liabilities	**4,032.41**	**3,366.40**	**7,398.81**	**4,063.54**	**3,386.23**	**7,449.77**
2. Derivative Liabilities						
Forward Contract Payable	0.96	1.39	2.35	-	-	-
Total derivative liabilities	**0.96**	**1.39**	**2.35**	**-**	**-**	**-**

Note 44
Disclosure Pursuant to Ind As 116 "Leases"

₹ Crore

a) Gross investment in finance lease and the present value of minimum lease payments receivable is as under:

Particulars	As at 31-03-2021	As at 31-03-2020
Receivable not later than 1 year	1,115.97	1,162.34
Receivable later than 1 year and not later than 2 years	1,225.98	1,115.97
Receivable later than 2 year and not later than 3 years	1,511.97	1,225.98
Receivable later than 3 year and not later than 4 years	1,289.63	1,511.97
Receivable later than 4 year and not later than 5 years	1,017.77	1,289.63
Receivable later than 5 years	13,439.98	14,457.74
Total	**19,601.30**	**20,763.63**
Less: Future Finance Lease Investment	-	-
Gross investment in lease	**19,601.30**	**20,763.63**
Less: Unearned finance income	11,249.60	12,237.44
Present value of receivables	**8,351.70**	**8,526.19**

b) Unguaranteed residual value accruing to the company is Rs. 990.36 Cr (Previous Year: Rs. 990.36 Cr).

c) The accumulated provision for uncollectible minimum lease payments receivable is Nil.

d) Finance lease income recognised in the Statement of Profit and Loss during the year amounts to Rs 1027.20 crore (Rs. 987.86 Cr is on the net investment in finance lease and Rs. 39.34 Cr is on variable lease payments, which is not included in the net investment in finance lease).

e) Reconciliation of carrying amount of net investment in finance lease receivables is as under:

Particulars	2020-21	2019-20
Opening balance (a)	8,526.19	8,654.66
Additions (b)	-	76.10
Finance income recognised during the year (c)	987.86	1,012.92
Lease rental received during the year (d)	1,162.35	1,217.49
Closing balance (a+b+c-d)	**8,351.70**	**8,526.19**

f) Long Term and Short -Term categorization of the finance lease receivables is as follows:-

Particulars	As at 31-03-2021	As at 31-03-2020
Long Term Lease receivables	8,204.35	8,351.45
Short Term Lease receivables	147.35	174.74
Total Lease Receivables	**8,351.70**	**8,526.19**

g) The Company has not applied the requirements of Ind AS 116 to short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. Amount recognized in Statement of Profit and Loss on account of short term / low value leases is Rs. 2.47 Cr (Rs. 2.49 Cr for the year ended March 31, 2020).

Note 45

The customer, PSPCL issued a notice dated March 29, 2020 citing the lockdown imposed by the Government of India and Government of Punjab as a force majeure event under the PPA. It denied its liability to pay capacity charges and directed the Company not to declare availability under the PPA. The Company asserted its right to declare availability and be entitled to receive the capacity charge on that basis. A writ petition filed in the Punjab & Haryana High Court on June 01, 2020 to have the notice declared invalid was admitted. PSPCL rescinded the Force Majeure on May 23, 2020 and resumed scheduling of power offtake.

Supported by legal opinion that it has a defendable case, the Company accounted for a sum of Rs. 166.52 Cr being capacity charge invoiced to PSPCL for the period April 1, 2020 to May 22, 2020.

Note 46
Trade receivables include:

a) Claim amounting to Rs. 451.68 Cr towards reimbursement of actual coal costs (coal washing and related aspects) billed as energy charges along with applicable interest/surcharge.

Hon'ble Supreme Court had upheld the claim for Coal washing charges and other dues on October 5, 2017. However, only a part payment was made by PSPCL. The Company filed a Contempt Petition before the Hon'ble Supreme Court, for recovery of the balance dues from PSPCL. Hon'ble Supreme Court upheld the Company's claim on August 9, 2019 and ordered PSPCL to make the balance payment. PSPCL paid only Rs. 421 Cr during the Financial Year ended March 31, 2020. Accordingly, a second contempt petition was filed by the company to recover the balance dues. Hon'ble Supreme Court vide order dated March 9, 2021 again upheld the company's claim and directed PSPCL to make the balance payment along with interest/surcharge in two instalments i.e. first instalment by March 31, 2021 and second by May 31, 2021. Based on the Supreme Court order, estimated interest income has been recognised [refer note 32 (c)]. PSPCL has paid Rs. 675 Cr in March 2021.

b) Claim amounting to Rs. 89.12 Cr towards reimbursement of the actual cost of imported coal incurred by the company. After considering the actual requirement of coal and the coal available from domestic sources, the Company had to import and consume 3.55 Lakh MTs of coal in FY 2017-18. PSERC has partially passed the Company's claim, which is yet to be received by the Company. Appeal before APTEL has been filed by the Company for the recovery of the balance claim and is confident of recovering the same.

Note 47
The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2021. The disclosure pursuant to the said act is as under :

₹ Crore

Particulars	As at 31-03-2021	As at 31-03-2020
Principal amount due to suppliers under MSMED Act, 2006	2.87	1.39
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	9.25
Interest paid to suppliers under MSMED Act (Section 16)	0.02	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	0.07
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable even in the succeeding years	-	-

Note 48
Corporate Social Responsibility expenses

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year as per the Companies Act 2013 is Rs. 4.35 Cr (previous year: Rs. 2.12 Cr). The Company has spent on various CSR programmes and the details are:

₹ Crore

Particulars	2020-21	2019-20
Rural Development	2.17	2.08
Skill Development	0.45	0.45
Education and Sports	0.95	0.63
Water and Sanitation	0.50	0.23
Health and Environment	0.35	1.01
Total	**4.42**	**4.40**

Note 49
Auditors' remuneration

₹ Crore

Particulars	2020-21	2019-20
Statutory Audit and limited Review Fees	0.11	0.08
Other Matters	0.01	0.01
Tax Audit fees	0.02	0.02
Reimbursement of expenses	-	0.01
Total	**0.14**	**0.12**

Note 50

Assessment of the impact of COVID-19 by the Company is based on the internal and external information as also the economic outlook and forecasts available as on the date of approval of the financial statements.

The Company has taken into consideration such assessment in its revenue recognition and in determining the recoverability of receivables, valuation of inventories and the effectiveness of its hedges. The Company expects to recover the carrying amount of assets as recognized in its financial statements as at and for the Year ended March 31, 2021. Given the uncertainties around COVID-19, the assessment is a continuing process. The Company shall continue to conduct an assessment of the impact of COVID-19 on its business during financial year 2021-22.

Note 51

There are no material events or transactions that occurred subsequent to March 31, 2021.

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

For and on behalf of Board of Directors

Director: D.K. Sen
DIN: 03554707

Director: YVS Sravankumar
DIN: 01080060

Athar Shahab
Chief Executive

Subrahmanyeswara Rao M
Chief Financial Officer

Ishrat Kaur
Company Secretary
M No. A46885

Place :
Date: April 15, 2021

Awards & Recognitions

National Energy Leader Award 2020 by CII

Excellent Energy Efficient Unit Award 2020 by CII

Gold Recognition at CII's Outstanding Managers Competition. Theme of the competition was Power of Forecasting

Golden Peacock CSR Award 2020 - Institute of Directors

Finalist at S&P Global Platts Global Energy Awards – 2020 under the category "Award of Excellence-Power"

Independent Power Producers of the year 2020

Certificate of Merit by Government of India under National Energy Conservation Award 2020