

Empowering Punjab
Lighting Lives, Spreading **Smiles**



ANNUAL REPORT 2021-22

NABHA POWER LIMITED



Vision



To be recognized as the world's premier power company delivering sustainable value to all stakeholders.



Nabha Power Limited

Mission



To provide reliable
environment-friendly and
affordable power under safe
working conditions, driven
by world-class technologies
and best practices.



Nabha Power Limited

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NPL SNAPSHOT



NPL owns and operates a 2X700 MW supercritical thermal power plant at Rajpura, Punjab. The entire power generated from this plant is sold to Punjab State Power Corporation Limited (PSPCL) under a 25-year Power Purchase Agreement (PPA) which is effective till 2039.

The plant sources its fuel from South-Eastern Coalfields Ltd. (SECL) and Northern Coalfields Ltd. (NCL), subsidiaries of Coal India Limited, under a 20-year Fuel Supply Agreement (FSA). The FSAs are for a total annual contracted quantity of 52.4 Lakh MT. The Company also has a mechanism to arrange coal from alternate sources to make up for any shortfall in the supply of coal under the FSA. 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.

The power plant is running successfully for over eight years with an average availability of over 85%. The plant has been a reliable source of power for the State of Punjab and has supported its requirements with uninterrupted supply during peak seasons. NPL also happens to be the lowest cost coal-based power producer within Punjab with the best operational efficiency.

**2x700MW
Supercritical
Thermal
Power Plant**

**Highly Reliable
Japanese
Technology**

**Amongst the
Largest Private
Investments
in Punjab**

**Ensuring
States
Energy
Security ever
Since its
Inception**

**Lowest Cost Power Producer
Amongst all TPPs of Punjab**

**100% Power
Tied Up with
The State
of Punjab**

**96% Availability
During Paddy
Season Over
the Last
Five Years**

**Support to
49 Villages
Under CSR
Initiatives**

**Has Always
Remained on
the Top of the
Merit Order
in Punjab TPP's**

CORPORATE INFORMATION

BOARD OF DIRECTORS (as on July 14, 2022)

Mr. D. K. Sen

Chairman & Non-Executive Director

Mr. Y. V. S. Sravankumar

Non-Executive Director

Mr. A. R. Soni

Non-Executive Director

Ms. Vijaya Sampath

Independent Director

Mr. Pradeep Singh

Independent Director

Mr. A. K. Jha

Independent Director

Registered Office

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

CIN: U40102PB2007PLC031039

Tel: +91-1762-277252

Fax: +91-1762-277251

Email: corpcom-npl@larsentoubro.com

Website: www.nabhpower.com

Statutory Auditors

M/s B. K. Khare & Co.

Secretarial Auditors

M/s Bhumika & Co.

Cost Auditors

M/s R. Nanabhoy & Co.

Debenture Trustee

IDBI Trusteeship Services Limited
Axis Trustee Services Limited



Chief Executive

Mr. Suresh Kumar Narang

Chief Financial Officer

Mr. Subrahmanyeswara Rao M

Company Secretary

Mr. Freddy Rodrigues
(w.e.f. July 14, 2022)

BOARD OF DIRECTORS



Director Since 2020



MR. D. K. SEN

CHAIRMAN & NON-EXECUTIVE DIRECTOR

Whole-time Director and Senior EVP (Development Projects) in Larsen & Toubro Ltd; Director in other L&T Group Companies; Chairman of the Board of Construction Skill Development Council of India (CSDCI)

Civil Engineering graduate from IIT Kharagpur and a Post Graduate in Business Management from XLRI, Jamshedpur



Director Since 2015



MR. Y. V. S. SRAVANKUMAR

NON-EXECUTIVE DIRECTOR

EVP - Corporate Accounts & Taxation in Larsen & Toubro Ltd; Director in other L&T Group Companies; experienced finance professional in Infrastructure and EPC industry

Commerce Graduate, Chartered Accountant, Cost & Management Accountant and Company Secretary



Director Since 2022



MR. A. R. SONI

NON-EXECUTIVE DIRECTOR

Vice President - Corporate Affairs of Larsen & Toubro; 30 years experience in Infrastructure domain

Mechanical Engineer from NIT Allahabad



MS VIJAYA SAMPATH
INDEPENDENT DIRECTOR

Director Since 2015



Advocate for over 37 years; Independent Director in other reputed public listed companies

English literature Graduate from Madras University; Law degree from Mysore University; Company Secretary; Advanced Management Program in Harvard Business School and Strategic Alliances Program in Wharton Business School



MR. PRADEEP SINGH
INDEPENDENT DIRECTOR

Director Since 2020



Former IAS Officer with 40 years of experience; Pioneer of commercialized infrastructure development in PPP model; Leadership roles in public policy formulation and implementation; Institution builder

MSc (Physics) from Punjabi University, MBA from Punjab University, Rotary International Graduate Fellow from Stanford University and Master of Public Administration from Harvard University



MR. A. K. JHA
INDEPENDENT DIRECTOR

Director Since 2022



Former CMD and Director (Technical) of NTPC, with 44 years of experience in Power Industry; former member of the MP Electricity Regulatory Commission

Mechanical Engineer from Ranchi University, Law graduate from Delhi University and Dip. In Management from IGNOU

COMMITTEES

●	●	●	●	●
AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	RISK MANAGEMENT COMMITTEE

C CHAIRPERSON **M** MEMBER

(as on July 14, 2022)

CHAIRMAN'S STATEMENT

MR. D. K. SEN

It gives me immense pleasure to write to you after another year of remarkable performance and resilience shown against challenges faced during the year.

As a Company, we have always believed that we must create lasting value beyond financial returns for our stakeholders. In spite of the challenges faced, we continue our journey towards creating sustainable value for all our stakeholders by becoming the world's premier power generator.

We are led by our mission of powering Punjab's economic growth and equitable development through access to reliable energy. We continued to deliver uninterrupted power supply to the State of Punjab even in a year marked by a coal crisis. NPL continues to be the most economical source of power within Punjab's own thermal power generation and this is evident by Plant Load Factor (PLF) of 79% during the year, the highest in our history.

Since our inception, ensuring the safety and well-being of our employees, communities, customers and other stakeholders has been our priority. This is also clear from the fact that no LTI was reported during FY 22 and reinforces our focus and commitment towards a safe workplace.

I'm also happy to announce that NPL was able to successfully complete the Capital Overhaul of Unit #2 in January 2022 and was still able to maintain plant availability of 90% during the year. In FY22, our Profit after Tax (PAT) was higher by 84% compared to the previous year attributed to high operational efficiencies apart from lower interest rates. Further, the previous year's profita-



bility was lower on account of one-time exceptional items.

Throughout the reporting year, we sharpened our focus on our community engagements and CSR endeavours by implementing various projects in 49 villages near to the plant.

We will continue looking for opportunities to strengthen our existing practices and explore new ways to grow and improve. I express my gratitude to our stakeholders for their trust and faith in NPL and L&T. With your support, we are firmly placed to take our Company forward on a path of progress and a sustainable future.



MESSAGE FROM THE CHIEF EXECUTIVE**MR. SURESH KUMAR NARANG**

While FY 22 was a difficult one for the businesses across all sectors, it was especially tough on the energy sector due to multiple reasons viz. elevated commodity prices, bottlenecks in the supply chain and unpredictable power demand scenario. In India's context, this upheaval severely impacted the power generation business as well, which has further accentuated the importance of energy security for economic growth and sustainability.

Despite the unprecedented challenges that we witnessed during the year, it gives me immense pleasure to inform you that through sheer resilience and our relentless endeavour to provide reliable and affordable power, NPL was able to ensure business continuity along with efficient operations and continued to remain as the backbone of the power sector in the State of Punjab.

During the crucial Paddy Season, NPL maintained 100% availability and registered its name in the top ten thermal power plants of the country for the highest PLF (90%) during the period April – August 2021. Even during the nationwide coal crisis and other plants operating at sub-optimal coal stock levels, with the relentless efforts of our team and the support of CIL, GoP and GoI, NPL ensured operational continuity and supplied uninterrupted power to the State of Punjab.

NPL continues to be the most economical source of power within Punjab's own thermal



power generation. I'm happy to inform you that while NPL constitutes ~25% of the total installed thermal generation capacity, it has contributed ~40% to the thermal energy generated within Punjab by supplying ~9189 million units (MUs) during the financial year.

We are working in a structured and systematic framework to ensure a secured and safe workplace environment for all our employees and associates. Our focus on elements like Hazard Identification & Risk Assessment, Planned Inspections, Induction & Training etc. play a vital role towards realising our Vision of 'Zero Harm'.

We received several prestigious awards & recognition for exceptional performance during the year such as 'National Energy Leader' for the 3rd consecutive year by CII and 'Golden Peacock Award for CSR'. We shall strive to replicate this success in the upcoming years as well.

Even as we waded through difficult waters, we continue to remain vigilant towards our sustainability practices and community development. Various CSR initiatives were implemented in the areas of rural infrastructure, education, sports, skill building, entrepreneurship development, health and environment for the benefit of 49 villages in the plant vicinity.

Owing to an excellent operational performance, the major milestones achieved during the year FY 2021-22 are:

- Zero Loss-Time Injury (LTI) during the year, which cements NPL's commitment towards health and safety.
- Highest ever Plant Load Factor (PLF) of 79% since inception, ranked 11th among IPPs in India.
- Collection of receivables after resolution of long pending litigations.
- Record profit after tax (PAT) of 302 Cr in NPL history, attributed to better operating margins and lower interest cost.
- Continuous station operation days of 126 (174 days for Unit#1 and 184 days for Unit#2).
- Successfully completed Capital Overhaul (COH) of Unit #2 in Jan'22.
- Adjudged as the 'Best Operating Thermal Power Generator' by IPPAI.

Outlook

As we embark on our journey for the upcoming year, our primary focus areas would continue to remain Health, Safety and Environment coupled with process improvement initiatives to uplift the overall business performance. Various efficiency improvement and digitization initiatives undertaken during the year would empower us to adapt better to the ever-changing energy landscape.

For the next year, we expect the demand in Punjab to follow a rising trajectory. On the fuel front, coal supply continues to be a challenge owing to the continued coal crisis in the country and the global geopolitical situation resulting in high imported coal prices. The major focus areas for NPL would be to secure adequate coal supplies, maximizing the availability and maintaining efficient & safe plant operations to continue to serve the people of Punjab with uninterrupted and cost-effective power.

Our experiences from FY 2021-22 are sure to help us tide over the upcoming challenges and perform better in the forthcoming fiscal and beyond, for they have us better prepared and more determined to grow and deliver value to all our stakeholders, who continue to remain our invaluable pillars of strength. I look forward to your continued support in our journey towards setting new performance benchmarks in the Power Sector, while maintaining the highest level of safety and reliability.



HIGHLIGHTS 2021-22

89%

PLANT AVAILABILITY
FACTOR

79%

PLANT LOAD
FACTOR

9189

MILLION UNITS
DISPATCHED

100%

ASH UTILIZATION

4147 CR

REVENUE

302 CR

PAT

Business Environment

India's average electricity demand has gone up by 7.85% in FY 2021-22 (y-o-y) as the economy rebounded post ease in COVID restrictions. The electricity demand in Punjab picked up during the year and the average demand has been higher by 7.5% (7205 MW) compared to last year (6705 MW). Punjab witnessed a net capacity addition of 113 MW during FY 2021-22, all of which was contributed by renewable sources.

The annual Plant Load Factor (PLF) of NPL stood at 79%, the highest in the operational history of NPL and also achieved a 20% higher PLF than the national average for FY 2021-22. Out of the total power demand of Punjab state, 15% was met by NPL.

The drop in coal production due to extended monsoon and increase in imported coal price, led to severe shortage in coal supplies. NPL made all efforts to secure coal from various CIL subsidiaries and

signed FSA with Northern Coalfields Limited (NCL) for transfer of coal linkage from SECL.

Major Achievements

- Zero Lost Time Injury (12.08 million cumulative safe working man-hours).
- Highest continuous operating station days achieved: 126 days (Previous best 119 days).
- Sustained Operational Performance – Annual PLF: 79% v/s all India thermal average: 59%.
- Ensured domestic coal adequacy for FY 2021-22.
- Capital Overhaul (COH) of Unit 2 completed.
- Collection of receivables from PSPCL in a disputed matter pursuant to favourable order from Hon'ble Supreme Court.

Outlook

In FY 2022-23, demand in Punjab is expected to remain around ~8000 MW (Peak 15000 MW) and as a result, NPL is expected to schedule a high PLF of ~82% and remain at the top of merit order among the thermal power producer within the state.

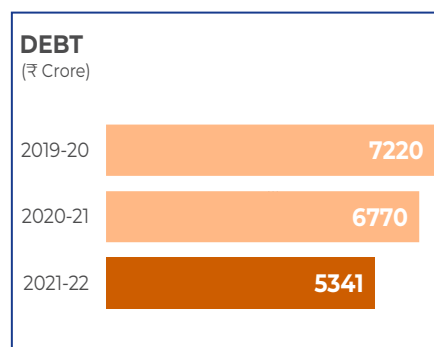
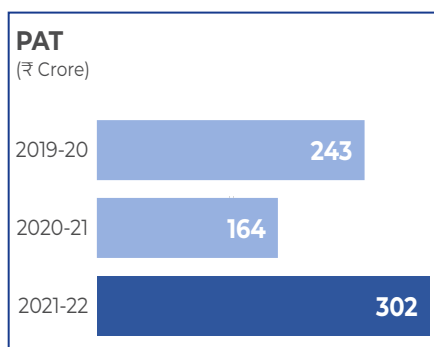
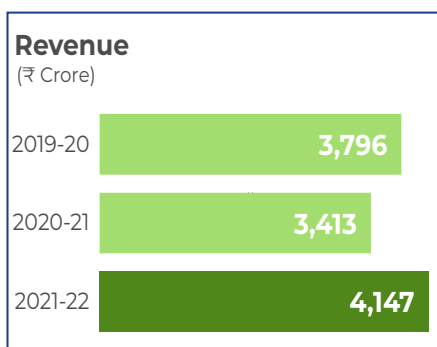
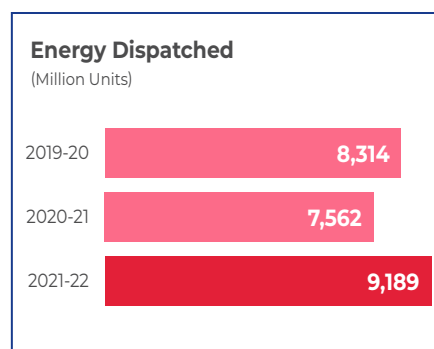
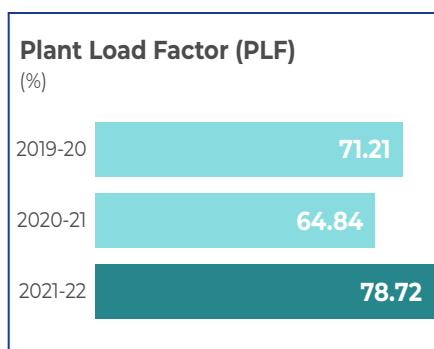
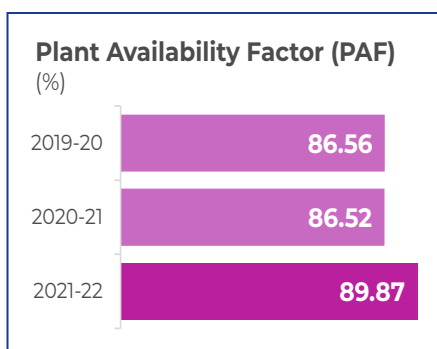
The increase in per capita energy consumption continues to promise robust long-term demand. However, domestic fuel supply and transportation challenges continue to linger and impacted coal prices is likely to remain elevated due to various geopolitical issues.

The GoI appointed Commission for Air Quality Management (CAQM) has directed power plants within 300 kms of the Delhi-NCR region to co-fire up to 5-10% biomass, to address the concern of stubble burning.

The company faces operation & fuel related risk such as fuel quality, fuel availability, supply chain logistics and regulatory and government policies. The company has implemented multiple measures in each of the risk areas to ensure a proactive approach and timely mitigation.

NPL expects to commission Flue Gas Desulphurisation (FGD) system in FY 2023-24 which is a mandatory requirement under the environmental norms notified by GoI.

Major focus areas for NPL during FY 2022-23 would be ensuring plant availability, completion of FGD, resolution of long pending litigations, improving operational efficiency, securing adequate coal quality and quantity, cost management and digitalisation initiatives.



BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 15th Annual Report and Audited Accounts for the year ended March 31, 2022.

1. Financial Results:

Particulars	Rs Cr	
	FY-22	FY-21
Profit before Exceptional items, Depreciation and Tax	304.90	286.19
Less: Depreciation and amortization	3.08	1.70
Profit before Exceptional items and Tax	301.82	284.49
Less: Exceptional items	-	120.63
Less: Provision for tax	-	-
Profit for the period carried to the balance sheet	301.82	163.86
Add: Balance brought forward from previous year	536.39	242.89
Add: Gain/(Loss) on remeasurement of the net defined benefit plans	(0.01)	0.11
Balance available for disposal	838.20	406.86
Add: Transfer from Debenture Redemption Reserve	25.00	129.53
Balance to be carried forward	863.20	536.39

2. State of Company Affairs:

The gross sales and other income for the financial year under review was Rs 4,147.44 Cr as against Rs 3,412.89 Cr for the previous financial year. The profit before exceptional items and tax was Rs 301.82 Cr and profit after tax (PAT) was Rs 301.82 Cr from continuing operations for the financial year under review against profit before exceptional items and tax of Rs 284.49 Cr and PAT of Rs 163.86 Cr for the previous financial year.

3. Capital & Finance:

The Company refinanced its Non-Convertible Debentures to the extent of Rs 1200 Cr and Commercial Papers to the extent of Rs 4950 Cr during the year. As on March 31, 2022 the borrowing profile of the Company was as follows:

Nature of the Debt	(Rs Cr)
	Principal
Non-Convertible Debentures	4,000
Commercial Papers	700
Working Capital Demand Loans	250
Inter Corporate Borrowing	145
Working Capital Limits	5
Total Gross Debt	5,100

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, “ICRA A1+”

& “CRISIL A1+” on Commercial Papers and “ICRA A1+” on Working Capital Demand Loan. NCD's are secured by way of a corporate guarantee from the ultimate holding Company - Larsen & Toubro Limited.

The Long-term Bank Facilities (Working Capital Limits and Bank Guarantees) availed by the Company are rated “CARE A+; Stable”.

Financial Lease Asset Receivables

As at March 31, 2022 the financial lease asset receivables of the Company stood at Rs. 8209.07 Cr (FY 21: Rs. 8351.70 Cr).

Property, Plant and Equipment

The net tangible and intangible assets of the Company, including Capital work-in-progress stood at Rs 70.96 Cr (FY21: Rs 16.92 Cr).

4. Capital Expenditure :

Capital expenditure of Rs 217.92 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).

During the year additions to the extent of Rs 2.78 Cr & Rs 54.34 Cr were made to PPE & Capital work in progress respectively.

5. 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.

6. Depository System :

As on March 31, 2022, 99.99% of the Company's total paid up capital representing 2,32,49,99,994 shares are in dematerialized form.

7. 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 “Note 39 forming part of the financial statements.

8. 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. The Audit Committee approved all the related party transactions for the FY 2021-22 as required under the provisions of Section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

9. Dividend :

The Directors do not recommend any dividend for the year 2021-22.

10. 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.

11. 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.

12. Risk Management Policy:

The Company has constituted a Risk Management Committee comprising of:

- Ms. Vijaya Sampath
- Mr. Y.V.S. Sravankumar
- Mr. Ajit Samal

The Company has a risk management policy and frame work to identify, mitigate and review various risks (including Cyber Security and ESG 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 frame-work.

The details of the same are given in Annexure B-Report on Corporate Governance forming part of this Report.

13. 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 CSR Committee comprises of:

- Ms. Vijaya Sampath
- Mr. Y.V.S. Sravankumar
- Mr. Pradeep Singh

During the year under review, one meeting of the CSR Committee was held on April 15, 2021.

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 Environment
- c) Education and Sports
- d) Health
- e) Skill Development & Entrepreneurship Development
- f) Disaster Management

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 3.60 Cr on CSR activities during FY-22 and the same has spent during FY-22.

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

The Chief Financial Officer of the Company has certified that CSR funds disbursed for the projects have been utilized for the purposes and in the manner as approved by the Board.

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

The present Directors of the Company are

- Mr. D.K. Sen
- Mr. Y.V.S. Sravankumar
- Mr. Ajit Samal
- Ms. Vijaya Sampath
- Mr. Pradeep Singh
- Mr. A.K. Jha.

Mr. Y.V.S. Sravankumar is liable to retire by rotation and being eligible offers himself for re-appointment.

Based on the recommendation of the Nomination & Remuneration Committee (NRC), the Board at its meeting held on January 22, 2022 approved the appointment of Mr. A. K. Jha as an Independent Director for a term of three years from January 22, 2022 upto and including January 21, 2025.

The NRC evaluated the skills, knowledge and experience required on the Board while considering the appointment of

Mr. Jha and was of the opinion that he possesses the requisite skill, knowledge and expertise required for the role. The Board was also of the opinion that his association would be of immense benefit to the Company, and it is desirable to avail services of Mr. Jha as an Independent Director.

The terms and conditions of appointment / re-appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations and are placed on the website of the Company at <https://www.nabhapower.com/investors/corporate-governance/>.

The Company has also disclosed on its website at <https://www.nabhapower.com/investors/corporate-governance/details-of-the-familiarization-programs-formulated-to-educate-the-independent-directors-regarding-their-roles-rights-and-responsibilities-in-the-company-and-the-nature-of-the-industry-in-which-the-company-operates-the-business-model-of-the-company-etc>.

15. Number of Meetings of the Board of Directors:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, four meetings were held on April 15, 2021, July 13, 2021, October 18, 2021 and January 21, 2022.

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.

16. Audit Committee :

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 and regulation 18 of the SEBI Listing Regulations. The terms of reference of the Committee are in line with the Companies Act, 2013 and the SEBI Listing Regulations.

The details of the same are given in Annexure B - Report on Corporate Governance forming part of this Report.

17. Vigil Mechanism / Whistle Blower Policy:

In accordance with the requirements of the Companies Act, 2013 and regulation 22 of the SEBI Listing Regulations, the Company has formulated Whistle Blower Policy for directors, employees and other stakeholders to report genuine concerns. The details of the same are given in Annexure B - Report on Corporate Governance forming part of this Report.

18. 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 and the SEBI Listing Regulations. The terms of reference of the Committee are in line with the Companies Act, 2013 and the regulation 19 of the SEBI Listing Regulations.

The details of the same are given in Annexure B-Report on Corporate Governance forming part of this Report.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and senior management personnel and the criteria for determining qualifications, positive attributes and independence of a director. The Nomination and Remuneration Policy is disclosed on the Company's website at <https://www.nabhapower.com/investors/corporategovernance/>.

19. Stakeholders Relationship Committee:

The Company has constituted a Stakeholders' Relationship Committee having terms of reference in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 20 of the SEBI Listing Regulations. The details of the same are given in Annexure B - Report on Corporate Governance forming part of this Report.

20. 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 and regulation 25(8) of the SEBI Listing Regulations confirming that they meet the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Independent Directors of the Company have registered themselves on the Independent Director's Databank maintained by Indian Institute of Corporate Affairs (IICA) in terms of Section 150 (in contribution) of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014.

21. 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, 2022, 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.

22. Directors Responsibility Statement :

The Board of Directors of the Company confirms:

- ❖ In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ❖ The Directors have selected such accoun-

ting 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.

- ❖ 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.
- ❖ The Directors have prepared the Annual Accounts on a going concern basis.
- ❖ 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.

23. 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 questionnaire 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. This questionnaire also covers specific criteria and the grounds on which all Directors in their individual capacity would be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on April 18, 2022, 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.

24. Compliance with Secretarial Standards on Board and General Meetings:

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

25. 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 FY 2021-22.

26. Auditors Report :

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

which has/have an adverse effect on the functioning of the Company.

27. Auditors :

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

28. 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 Bhumika & Co., Practicing Company Secretaries is attached as Annexure 'D' to this Annual Report.

29. Cost auditors :

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors have 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, 2023 at a remuneration of Rs 1,11,600/- (plus GST and out of pocket expenses). 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, 2022 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 2022-23 is placed before the shareholders for consideration.

30. 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.

31. Annual Return:

As per the provisions of Section 92(3) of the Companies Act, 2013 a copy of the draft Annual Return (in form MGT-7) of the company for the financial year 2021-22 is placed on the website of the Company at <https://www.nabhapower.com/investors/annual-reports/>

32. Debenture Trustee:

M/s IDBI Trusteeship Services Limited, having their office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 and M/s. Axis Trustee Services Limited having their office at the Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai- 400 028 have been appointed as the Debenture Trustees in respect of Non-Convertible Debentures issued by the Company.

33. Other Disclosures:

MSME: The Ministry of Micro, Small and Medium Enterprises vide their notification

dated November 2, 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.

Corporate Governance: Pursuant to Regulation 34 of the SEBI Listing Regulations, a Report on Corporate Governance along with a certificate obtained from the Secretarial Auditors confirming compliance, is provided in Annexure 'B' forming part of this Report.

Reporting of Frauds: The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

34. Acknowledgement:

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

For and on behalf of the Board

Mr. D. K. Sen
Director
DIN No. 03554707

Mr. Ajit Kumar Samal
Director
DIN No. 05180802

Annexure "A"

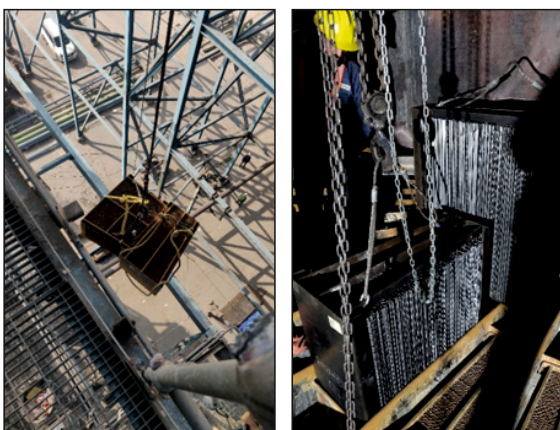
A. Information as required to be given under section 134 (3) (m) read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

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 BTC areas:

- a. RAPH Basket replacement with better design & utilization of available basket height:** By replacing RAPH basket design (in one unit) to HC11 from HS8 and increasing basket height by 125 mm resulted in improvement of boiler efficiency by 0.56 % (Unit-2). **Benefit in Station Heat Rate:** Approx. 6 Kcal / kWh (792 lakhs/ Annum) **Cost Incurred:** Rs. 1,315 Lakhs.



b. Replacement of High Energy Drain Valves with better design:

16 Nos. of high energy drain valves replaced by better design (Ball valve) in Unit-2 & 11 Nos in Unit-1 resulted in improvement in Turbine Cycle heat rate.

Benefit in Station Heat Rate: Approx. 5 Kcal / kWh (660 lakhs / Annum)

Cost Incurred: Rs. 154 Lakhs.



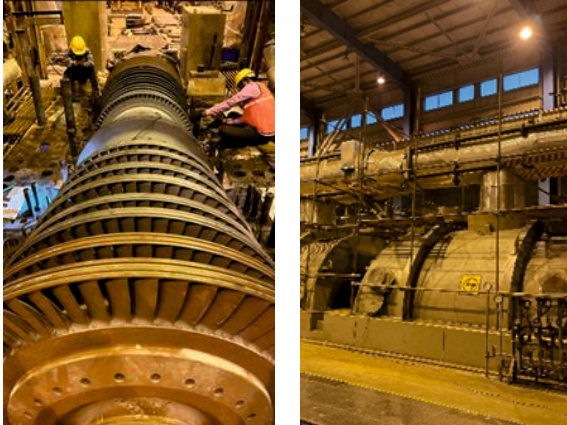
- c. HIP turbine overhauling:** Unit-2 HIP turbine repairing & seal replacement in IP turbine resulted in turbine cylinder efficiency

improvement by 1.16%.

Benefit in Station Heat Rate:

Approx. 2Kcal / kWh (264 lakhs/ Annum)

Cost Incurred: Rs.110 Lakhs.



- d. Boiler Chemical Cleaning:** Unit-2 boiler chemical cleaning carried out during overhaul to reduced pressure drop across boiler resulted in improvement in turbine cycle heat rate.

Benefit in Station Heat Rate:

Approx. 0.5 Kcal / kWh (66 lakhs/ Annum)

Cost Incurred: Rs.100 Lakhs.



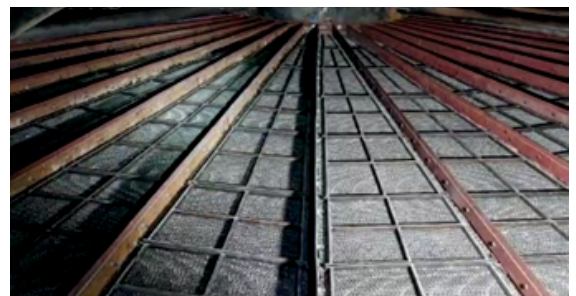
- e. ID/FD/PA fans energy consumption reduction:** RAPH leakage arresting, seal replacement and

reduction in pressure drop across RAPH basket by design change resulted in reduced ID/FD/PA fans energy consumption in Unit2.

Benefit in Station Heat Rate:

Approx. 2 Kcal / kWh (264 lakhs/ Annum)

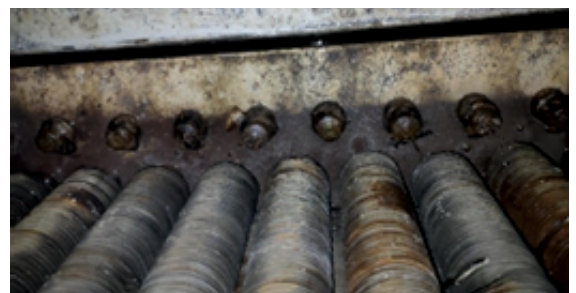
Cost Incurred: Rs.18.88 Lakhs.

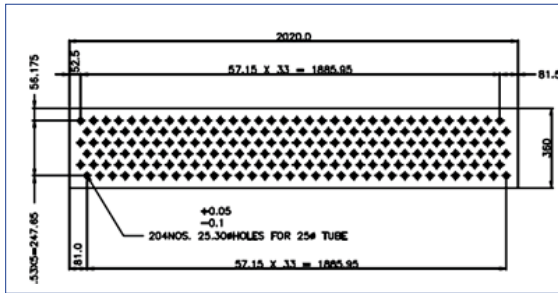


- f. SCAPH modification:** By removing 01 out of 06 Nos. of tube rows in U-2 which reduced pressure drop across SACPH resulted in FD fan

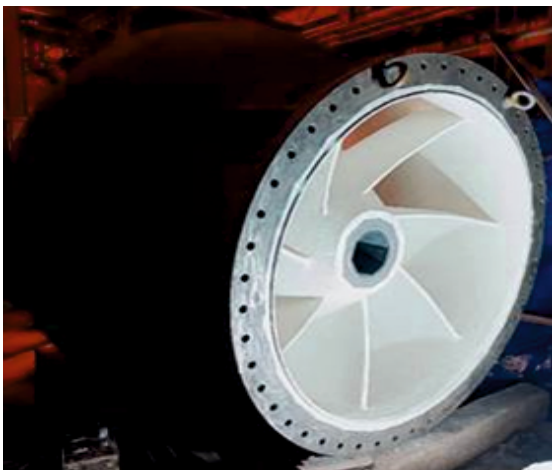
Power saving of 268 MWh / Annum (8.4 lakh);

Cost incurred: Rs.1 Lakh.





- g. CW-2A pump internal coating:** CW pump-2A internal coating carried out with polyglass and corroglass resulted in improvement in pump efficiency by 4.9%.
Energy Saving: Approx. 229 MWhr/Annum (7 lakhs/Annum);
Cost Incurred: Rs. 8.5 Lakhs.



- h. CW-2B pump impeller replacement & internal coating:** CW pump-2B impeller replaced & internal coating carried out with polyglass and corroglass resulted in improvement in pump efficiency by 14.7%.

Energy Saving: Approx. 773 MWhr/Annum (24 lakhs/Annum);
Cost Incurred: Rs. 8.5 Lakhs.



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

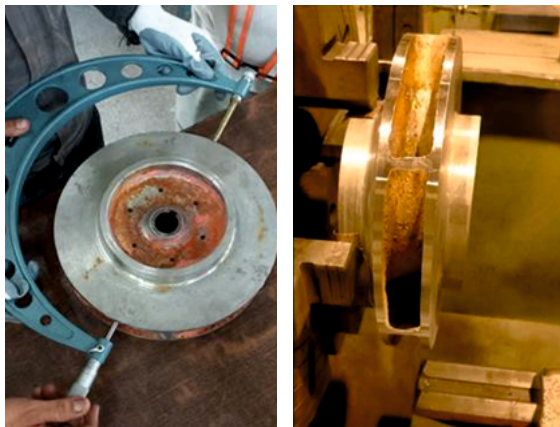
- i. Additional investments made during FY 2021-22:**

- a. LED lights installation :** 1411 Nos. of LED light replaced in BTG, BOP & CHP area. It saved 468 MWh / Annum (14.6 Lakh);
cost incurred: Rs. 19 Lakh.





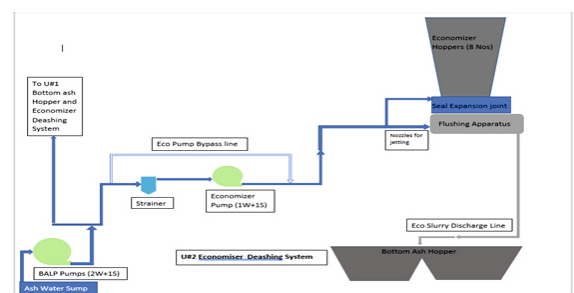
- b. Optimization of RO feed to DMF pump operation:** RO feed pump impeller trimming done to reduce pressure with respective operational/design flow which has resulted in a power saving of 135 MWh/Annum (4.23 lakh);
Cost incurred: Rs.0.12 Lakh.



- c. Optimization of RO LP pump operation:** RO LP pump impeller trimming done to reduce pressure with respective operational/design flow which has resulted in a power saving of 97 MWh/ Annum (3.02 lakh);

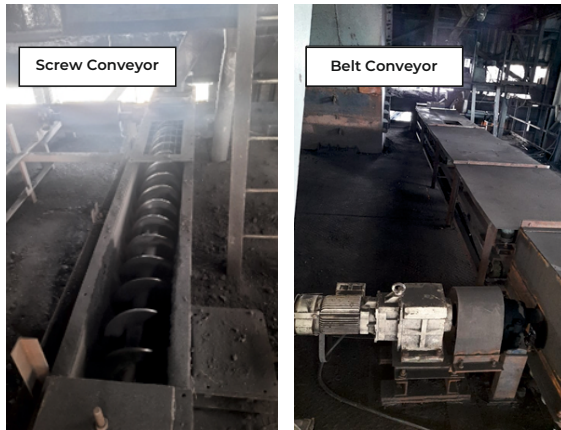
Cost incurred: Rs. 0.09 Lakh.

- d. BALP pump operation optimization:** Previously, to fill boiler bottom ash hopper one additional BALP pump was required. During optimization one BALP is sufficient to cater the requirement, hence additional BALP pump stopped resulted in power saving of 108 MWh / Annum (3.4 lakh); cost incurred: NIL.
- e. Optimization of Eco hopper deashing water requirement:** BALP pump discharge pressure is sufficient for Eco hopper deashing, Eco pump bypass line provided to directly feed water to Eco hopper through BALP pump discharge resulted in complete stoppage of Eco pump & power saving of 295 MWh/Annum; cost incurred :0.4 Lakhs.



- f. Replacement of Coal Sampling Unit-2 screw conveyor with reject belt conveyor:** To improve reliability of sampling belt & reduce power consumption, screw conveyor replaced with reject belt conveyor in CSU-2. This

has resulted in a power saving of 5 MWh/Annum (0.15 Lakh); cost incurred : Rs. 1 Lakh.



g. Optimization of CHP Service Water Pump operation: CHP service water pump completely stopped by providing supply line from dust separation header. This has resulted in a power saving of 37 MWh/Annum (1.2 lakh); cost incurred : NIL.



ii. Auxiliary Power Consumption Reduction Proposals for FY 2022-23:

a. CW-1A pump internal coating: CW pump-1A internal coating to be carried out with polyglass and

corroglass would result in expected improvement in pump efficiency by 4%.

Expected Energy Saving: Approx. 187 MWhr / Annum (5.9 lakhs/Annum);
Projected Cost: Rs. 8.5 Lakhs.

b. Optimization of Mill seal air fan operation: By replacing manual fixed type IGV control to remote operated IGV control will result in Mill seal air fan energy saving.

Expected Energy Saving: Approx. 145 MWh / Annum (4.5 lakhs);
Projected Cost : Rs.20 Lakhs.

c. SCAPH modification: By removing 01 out of 06 Nos. of tube rows in U-1 SCAPH which will reduce pressure drop across SACPH and FD fan energy saving.

Expected Energy Saving: Approx. 268MWh / Annum (Rs. 8.4 lakhs);
Projected Cost : Rs. 2 Lakhs.

d. Replacement of conservative lights with LED: Total 802 Nos. of LED light installation planned for FY22. Zones are identified for replacement of conservative lights with LED for FY-23.

Expected Energy Saving: Approx. 448 MWh/Annum (14 lakhs);
Projected Cost : Rs.38.7 Lakhs.

iii. Heat rate Improvement Proposals for FY 2022-23:

a. Replacing TDBFP Recirculation valves internals with better design valve:

TDBFP recirculation valves will be replaced with better design to arrest passing which would result in improvement of Turbine heat rate.

Expected Benefit in Station Heat Rate : Approx. 1 Kcal/kWh (132 lakhs/Annum)

Projected Cost: Rs.51 Lakhs.

b. Replacing of High Energy Drain Valves with better design valves :

05 Nos. of high energy drain valves replacement with better design (Ball valve) in Unit-1 will result in improvement of Turbine heat rate.

Expected Benefit in Station Heat Rate: Approx. 1Kcal/kWh (132 lakhs/Annum)

Projected Cost: Rs.28 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 4.82% for FY-22 (FY-21: APC 4.90%).

D. Technology Absorption & Foreign Exchange Earnings and Outgo:

Technology absorption Proposed for FY-23:

DRAG trim design for TDBFP Recirculation valves.

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. 275.70 Cr

REPORT ON CORPORATE GOVERNANCE**A. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY**

The Company believes that sound Corporate Governance is critical for enhancing and retaining stakeholder trust and always seeks to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

B. THE GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company comprises of the Board of Directors, various committees of the Board and the Senior Management.

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensuring its effectiveness and enhancement of shareholder value. The Board also provides strategic direction, reviews and approves management's business objectives, plans and oversees risk management including review of financials, quarterly/yearly performance, revenue and capital budget, etc.

The Non-Executive Directors / Independent directors play a critical role in enhancing balance to the Board processes with their independent judgment on issues of performance, resources, standards of conduct, safety, etc., besides providing the Board with valuable inputs.

The Committees constituted by the Board provide focused attention and in-depth attention to certain specific matters in accordance with the terms of reference of the respective Committee. The details of the various Board Committees and their roles and functions are provided in subsequent paragraphs of this report.

The Senior Management Personnel contribute to the strategic management of the Company's businesses within Board approved direction and framework. They assume

overall responsibility for strategic management of business and functions including its governance processes and top management effectiveness. The CE is fully accountable to the Board for the Company's business development, operational excellence, business results, leadership development and other related responsibilities.

The governance structure, besides ensuring greater management accountability and credibility, facilitates performance discipline and development of business leaders, leading to increased public confidence.

C. BOARD OF DIRECTORS

a. Composition of the Board:

The Company's policy is to have an appropriate mix of Non-Executive & Independent Directors. As on March 31, 2022, the Board comprised of 3 Non-Executive Directors and 3 Independent Directors, including one Independent Woman Director. The composition of the Board, as on March 31, 2022, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

b. Meetings of the Board:

The Meetings of the Board are generally held at the Larsen & Toubro Limited, Near Sarai Khwaja Chowk, 12/4 Delhi Mathura Road, Faridabad, Haryana – 121003. However, in view of the COVID 19 pandemic and the restrictions on movement imposed by the government authorities, during FY 2021-22 all the Board Meetings were held through video conferencing. The Meetings of the Board have been held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 4 meetings were held on April 15, 2021, July 13, 2021, October 18, 2021 and January 22, 2022.

The Independent Directors met on 15th April 2021 to discuss, inter alia, the performance evaluation of the Board as a whole and assess the quality, quantity and timeliness of flow of information between the management and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman/Chief Executive and circulates the same in advance to the Directors. The Board meets at least once every quarter, inter alia, to review the quarterly results. Additional meetings are held, whenever necessary. Presentations are made on business operations to the Board by the Chief Executive. The respective Chairman of the Board Committees apprise the Board

Members of the important issues and discussions in the Committee Meetings. Minutes of Committee meetings are also circulated to the Board.

The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. The minutes are approved and entered in the minutes book within 30 days of the Board meeting. Thereafter, the minutes are signed and dated by the Chairman of the Board at the next meeting. The following is the composition of the Board of Directors as on March 31, 2022. The Directors strive to attend all the Board / Committee meetings. Their attendance at the Meetings during the year and at the last Annual General Meeting is as under:

Name of Director	Category	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM
Mr. D. K. Sen	NEC	4	4	No
Mr. Y.V. S Sravankumar	NED	4	4	No
Mr. Ajit Kumar Samal	NED	4	3	No
Ms. Vijaya Sampath	ID	4	4	No
Mr. Pradeep Singh	ID	4	4	No
Mr. A. K. Jha*	ID	1	1	NA

Meetings held during the year are expressed as number of meetings eligible to attend.

**Appointed as an Independent Director w.e.f. January 22, 2022*

NEC - Non-Executive Chairperson

NED - Non-Executive Director

ID - Independent Director

- None of the above Directors are related inter-se.
- None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 17A of the SEBI LODR Regulations.

As on March 31, 2022, the number of other Directorships & Memberships / Chairmanships of Committees of the Board of Directors along with the names of the listed entities (whose equities securities are listed) wherein the Director holds directorships are as follows:

Name of Director	No. of other company Director -ships	No. of Committee Member -ship	No. of Committee Chairman -ship	Names of other equity Listed entities where he/she holds Directorship	Category of Directorship
Mr. D. K. Sen	8	0	0	Larsen & Toubro Limited	Whole Time Director
Mr. Y.V.S Sravankumar	8	3	1	None	None
Mr. Ajit Kumar Samal	5	1	0	None	None
Ms. Vijaya Sampath	9	7	1	Safari Industries (India) Limited Eris Lifesciences Limited Intellect Design Arena Limited Ingersoll -Rand (India) Limited Varroc Engineering Limited VA Tech Wabag Limited Craftsman Automation Limited	Independent Director
Mr. Pradeep Singh	0	0	0	NIL	NIL
Mr. A.K. Jha [^]	0	0	0	NIL	NIL

[^]appointed as an Independent Director w.e.f. January 22, 2022

Notes:

- Other Company Directorships includes directorships in all public limited companies and excludes private limited companies, foreign companies and Section 8 companies
- The details of Committee Chairmanships / Memberships are disclosed as per Regulation 26 of the SEBI LODR Regulations.

c. Board Skill Matrix:

The matrix setting out the skills / expertise/competence of the Board of Directors, as identified by the Boar in the context of the Company's business is given below:

Sr. No	Experience / Expertise / Attribute	Description
1	Business Leadership	Leadership experience including in areas of business development, strategic planning, driving change and long-term growth and guiding the Company and its senior management towards its vision and values. Be a thought leader and a role model in good governance and ethical conduct of business.
2	Sector / Industry Knowledge & Experience, Research & Development and Innovation	Understanding of the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates. Ability to leverage developments in the area of Company's area of business.
3	Financial, Regulatory / Legal & Risk Management	Ability to understand and assess the key risks to the organization, legal compliances and ensure that appropriate policies and procedures are in place to effectively manage risk. Ability to understand financial policies, accounting statements and disclosure practices and contribute to the financial/risk management policies/ practices of the Company and contribute to shaping of government policies.
4	Corporate Governance & ESG	Experience in implementing good corporate governance practices, reviewing compliance and governance practices for a sustainable growth of the Company.

The mapping of the Skill Matrix for FY 2021-22 for all Directors is as follows:

Name of the Director	Business Leadership	Sector / Industry Knowledge & Experience, Research & Development and Innovation	Financial, Regulatory / Legal & Risk Management	Corporate Governance & ESG
Mr. DK Sen	✓	✓	✓	✓
Mr. YVS Sravankumar	✓	✓	✓	✓
Mr. Ajit Kumar Samal	✓	✓	✗	✓
Ms. Vijaya Sampath	✓	✓	✓	✓
Mr. Pradeep Singh	✓	✓	✓	✓
Mr. AK Jha	✓	✓	✓	✗

Note: Absence of any skill does not necessarily mean that the Director does not possess that skill.

D. BOARD COMMITTEES

The Board currently has 5 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders' Relationship Committee, 4) Corporate Social Responsibility Committee and 5) Risk Management Committee. The terms of reference of the Board Committees are in compliance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and are also reviewed by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the Company Secretary in consultation with the respective Committee Chairperson. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

1) Audit Committee

i) Terms of reference:

The role of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Recommendation for appointment, remuneration and terms of appointment of cost auditors of the Company.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing, with the management, the annual financial statements and the audit report before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by

management.

- iv. Significant adjustments made in the financial statements arising out of audit findings.
- v. Compliance with listing and other legal requirements relating to financial statements.
- vi. Disclosure of any related party transactions.
- vii. Modified opinion(s) in the draft audit report.
 - Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - Discussion with internal auditors of any significant findings and follow up there on.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - To look into the reasons for substantial defaults in the payment to, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
 - To review the functioning of the whistle blower/vigil mechanism.
 - Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - Approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;
 - Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company.

ii) Composition:

As on March 31, 2022, the Audit Committee comprised of two Independent Directors and one Non-executive Director.

iii) Meetings:

During the year ended March 31, 2022, 4 meetings of the Audit Committee were held on April 15, 2021, July 13, 2021, October 18, 2021 and January 22, 2022.

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings held during the year	No. of Meetings Attended
Mr. YVS Sravankumar	Member	4	4
Ms. Vijaya Sampath	Member	4	4
Mr. Pradeep Singh	Member	4	4

Meetings held during the year are expressed as number of meetings eligible to attend.

During the year the Committee did not have a regular Chairperson and the Chairperson was elected at every meeting.

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The Chief Executive & Chief Financial Officer are invitees to the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

2) **Nomination & Remuneration Committee (NRC)**

i) Terms of reference:

- Directors, Key Managerial Personnel and senior management.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board a policy relating to, the remuneration of the Directors, Key Managerial Personnel and senior management.
- Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended shall have the capabilities identified in such description.
- Formulate criteria for evaluation of performance of individual Directors, Chairman, Board and the Board Committees.
- Devise a policy on diversity of Board of Directors.

ii) Composition:

As at March 31, 2022, the Committee comprised of 2 Independent Directors and 2 Non-Executive Directors.

iii) Meetings:

During the year ended March 31, 2022, 2 meetings of the Nomination & Remuneration Committee were held on April 15, 2021 and January 22, 2022.

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings held during the year	No. of Meetings Attended
Mr. DK Sen	Member	2	2
Mr. YVS Sravankumar	Member	2	2
Ms. Vijaya Sampath	Member	2	2
Mr. Pradeep Singh	Member	2	2

Meetings held during the year are expressed as number of meetings eligible to attend.

During the year the Committee did not have a regular Chairperson and the Chairperson was elected at every meeting.

iv) Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance.

The Independent Directors are paid remuneration by way of sitting fees. The Company paid sitting fees of Rs. 50,000/- per meeting of the Board and Rs. 25,000/- for Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee meetings during the year to the Independent Directors.

As required by the provisions of Regulation 62 of the SEBI LODR Regulations, the criteria for payment to Independent Directors is made available on the investor page of our corporate website <https://www.nabhapower.com/investors/corporate-governance/>

v) Performance Evaluation Criteria for Independent Directors:

The performance evaluation questionnaire covers qualitative/subjective criteria's with respect to the structure, Board processes and selection, effectiveness of the Board and Committees, strategic decision making, functioning of the Board and Committees, Committee composition, information availability, remuneration framework,

familiarization program, succession planning, adequate participation, etc. It also contains specific criteria for evaluating the Chairman and individual Directors. An external consultant is engaged to receive the responses of the Directors and consolidate/analyze the responses.

The Chairman of the Company discusses the performance evaluation results with the Members of the NRC and interacts with all the Non-Executive Directors & Independent Directors. The NRC Chairman interacts with the Non-Executive Directors.

vii) Details of remuneration paid / payable to Directors for the year ended March 31, 2022:

The Company does not pay any remuneration to its Non-executive non-Independent Directors. The details of remuneration paid / payable to the Independent Directors for the year 2021-22 is as follows:

(Rs. In Lakhs)

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Ms. Vijaya Sampath	1.50	1.75	-	3.25
Mr. Pradeep Singh	2.00	1.75	-	3.75
Mr. AK Jha [^]	0.50	-	-	0.50

[^]appointed as an Independent Director w.e.f. January 22, 2022

3) Stakeholders' Relationship Committee:

i) Terms of reference:

The terms of reference of the Stakeholders' Relationship Committee are as follows:

- Resolving the grievances of the security holders of the Company.
- Review of various measures taken for timely payment of interest on debentures and redemption amount of Debentures.
- Review of measures taken by the company for timely receipt of annual report, notices and other information by the security holder.

ii) Composition:

As on March 31, 2022 the Stakeholders' Relationship Committee comprised of 2 Non-Executive Director and 1 Independent Director.

iii) Meetings:

During the year ended March 31, 2022, no meeting was held as the Committee was constituted on January 22, 2022. The members of the Committee are as follows:

Name	Status
Ms. Vijay Sampath	Member
Mr. Y V S Sravankumar	Member
Mr. Ajit Kumar Samal	Member

The Committee does not have a regular Chairperson and the Chairperson is elected at every meeting.

Ms. Ishrat Kaur, Company Secretary is the Compliance Officer.

4) Corporate Social Responsibility Committee:

i) Terms of reference:

The terms of reference of the Corporate Social Responsibility are as follows:

- i. Formulate and recommend to the Board a Corporate Social Responsibility Policy and suggest any changes thereto.
- ii. Provide guidance for the development of annual CSR Action Plan.
- iii. Formulate and recommend to the Board the CSR annual budget for approval.
- iv. Monitor the implementation of the CSR Action Plan of the Company from time to time.

ii) Composition:

As on March 31, 2022, the CSR Committee comprised of 2 Independent Directors and 1 Non-Executive Director.

iii) Meetings:

During the year ended March 31, 2022, one meeting of the CSR Committee was held on April 15, 2021.

The Members at the Committee are as follows

Name	Status	No. of meetings held during the year	No. of Meetings Attended
Mr. YVS Sravankumar	Member	1	1
Ms. Vijaya Sampath	Member	1	1
Mr. Pradeep Singh	Member	1	1

Meetings held during the year are expressed as number of meetings eligible to attend.

The Committee does not have a regular Chairperson and the Chairperson is elected at every meeting.

iv) **CSR Activities & Impact Assessment:**

The Company, through its CSR Committee, is committed to improve the social infrastructure / fabric of the country. The Company 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.

The Company has launched programs towards holistic development in the following areas based on need assessment:

- **Water & Sanitation:** For the availability of safe drinking water and proper sanitation facilities
- **Education:** To improve access to education (increased enrollment in pre-school, children attending neighborhood schools), improving quality of learning (better school infrastructure, better teaching-learning process) and learning (English and Math) subjects with fun and hands on experiments
- **Health:** Improvement in access to quality health care (expanding infrastructure of health centres, increased number of people availing quality health care)
- **Skill development:** Enhancing employability of youth (enhancing training capacity, improved infrastructure of skill development centres).
- **Rural Development:** renovation of roads, EWS housing, park development, open gym, pathways, boundary walls, fencing, community centres.

The detailed disclosures of CSR spending during the year has been given in Annexure 'C' forming part of the Board Report.

5) Risk Management Committee:

i) Terms of reference:

The terms of reference of the Risk Management Committee are as follows:

- Formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
 - Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
 - Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
 - Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
 - Evaluate risks related to cyber security and ensure appropriate measures are taken to mitigate these risks.

ii) Composition:

As on March 31, 2022, the Risk Management Committee comprised of 1 Independent Director and 2 Non-Executive Directors.

iii) Meetings:

During the year ended March 31, 2022, no meeting was held as the Committee was constituted on January 22, 2022. The members of the Committee are as follows:

Name	Status
Ms. Vijay Sampath	Member
Mr. Y. V. S. Sravankumar	Member
Mr. Ajit Kumar Samal	Member

The Committee does not have a regular Chairperson and the Chairperson is elected at every meeting.

E. OTHER INFORMATION

a) Directors' Familiarization Program:

All our directors are aware and are also updated as and when required, of their role, responsibilities & liabilities.

The Company holds Board meetings virtually.

Presentations are made regularly to the Board / NRC / Audit Committee (AC) (minutes of AC, NRC, SRC and CSR Committee are circulated to the Board), where Directors get an opportunity to interact with senior management. Presentations, inter alia, cover business strategies, management structure & development, quarterly and annual results, budgets, review of internal audit, risk management framework, etc.

Independent Directors have the freedom to interact with the Company's Management. Interactions happen during Board / Committee meetings, when senior company personnel are asked to make presentations to the Board.

These details of the familiarisation programmes imparted to Independent Directors is also available on the website of the Company [https:// www.nabha.com/investors/corporate-governance/](https://www.nabha.com/investors/corporate-governance/)

b) Vigil Mechanism / Whistle Blower Policy:

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013 and Regulation 22 of LODR listing Regulations 2015. This policy provides for adequate safeguards against victimization of persons who complain under the mechanism and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the functioning of the Whistle Blower Policy.

Members can view the details of the whistle blower policy of the Company on its website <https://www.nabhapower.com/investors/corporate-governance/>.

c) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the

Company <https://www.nabhapower.com/investors/corporate-governance/>. The declaration of the Chief Executive is given below:

To the Shareholders of Nabha Power Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and Senior Management Personnel.

Suresh Kumar Narang
Chief Executive

Date: April 18, 2022

Place: Rajpura

d) General Body Meetings:

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Venue	Time
2020-2021	August 31, 2021	Nabha Power Limited, Rajpura	11.00 a.m.
2019 -2020	September 31, 2020	Nabha Power Limited, Rajpura	11.00 a.m.
2018-2019	September 28, 2019	Nabha Power Limited, Rajpura	10.00 a.m.

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on August 31, 2021:

- To approve issuance of secured/unsecured redeemable debentures Rs. 14,400 crore.

Annual General Meeting held on September 28, 2020:

- To approve issuance of secured/unsecured redeemable debentures Rs. 14,400 crore.
- Re-appointment of Ms. Vijaya Sampath (DIN: 00641110) as an Independent Director of the Company

Annual General Meeting held on September 20, 2019:

- To approve issuance of secured/unsecured redeemable debentures Rs. 14,400 crore.

Note : The resolution relating to raising of finances have been taken at each of the above AGMs since the validity of the resolution is one year.

e) Disclosures:

1. During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries that had potential conflict with the interests of the Company.
2. Details of all related party transactions form a part of the accounts as required under IND AS 24 and the same are given in Note No. 39 forming part of the financial statements.
3. The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.
4. There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges on any matter related to the capital markets, during the last three years.
5. Details of risk management including foreign exchange risk, commodity price risk and hedging activities form a part of the Directors Report. Please refer to page A of this Annual Report.
6. As required under the provisions of SEBI Listing Regulations, a certificate confirming that none of the Directors on the Board have been debarred or disqualified by the Board/Ministry of Corporate Affairs or any such statutory authority obtained from M/s Bhumika & Co., Company Secretaries is a part of the Corporate Governance report.
7. Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 form a part of the Board Report. There were no cases of sexual harassment reported to the Company during 2021-22.

f) Means of communication:

Financial Results and other Communications	Quarterly & Annual Results are published in prominent daily newspapers viz. The Financial Express. The results are also posted on the Company's website: www.nabhapower.com
Website	The Company's website www.nabhapower.com provides information about its business operations. The entire Annual Report and Accounts of the Company are available in downloadable formats. The entire Annual Report and Accounts of the Company would also be made available on the websites of the Stock Exchanges.
Filing with Stock Exchanges	Information to Stock Exchanges is now being also filed online on NEAPS for NSE and BSE online for BSE
Annual Report and Annual General Meeting	Annual Report is circulated to all the members and all others like auditors, etc. The Annual Report for FY 2021 -22 will also be circulated to the debenture holders of the Company. The Annual Report would also be made available on the website of the Company.
SEBI Complaints Redress System (SCORES):	Investor complaints are processed at SEBI in a centralized web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaints and their current status.

F. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company will be convened during the month of Aug-Sep 2022 at the registered office address.

b) Listing of debentures/Commercial Papers on Stock Exchanges:

The Non-convertible Debentures of the Company are listed the National Stock Exchange of India Limited (NSE) and the Commercial Papers on BSE Limited (BSE).

c) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2022-23 to BSE & NSE in April 2022 and May 2022 respectively.

d) Custodial Fees to Depositories:

The fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) shall be paid on the receipt of their invoice.

e) Registrar and Share Transfer Agents (RTA):

NSDL Database Management Limited
Unit: Nabha Power Limited
4th Floor, A Wing, Trade World,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai - 400013.

f) Distribution of Shareholding as on March 31, 2022:

Sl. No.	Name of the Shareholder	No. of Shares
1	L&T Power Development Limited	2,32,49,99,994
2	L&T Power Development Limited along with its nominees	6
	Total	2,32,50,00,000

Detail of Preference Shareholders as on March 31, 2022

Name of the Shareholder	Shares Held
L&T Power Development Limited	36,30,00,000
Total	36,30,00,000

g) Dematerialization of shares & Liquidity:

The Company's Shares are required to be in dematerialized form.

The number of shares held in dematerialized and physical mode as on March 31, 2022 is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	232,49,99,994	99.99
Physical	6	0.01
Total	232,50,00,000	100.00

h) Debenture Trustees (for privately placed debentures):

IDBI Trusteeship Services Limited
 Ground Floor, Asian Building
 17, R. Kamani Marg
 Ballard Estate
 Mumbai – 400 001

Axis Trustee Services Ltd,
 The Ruby, 2nd Floor (SW)
 29, Senapati Bapat Marg,
 Dadar West, Mumbai – 400 028

i) Credit Rating:

The Company has obtained rating from CRISIL Limited and ICRA Limited during the financial year 2021-22. There has been no revision in credit ratings during the financial year 2021-22.

Rating Agency	Type of Instrument	Rating
CRISIL Limited	Commercial Paper	'CRISIL A1+'
ICRA Limited	Non-Convertible Debentures Commercial Paper	'[ICRA] AAA (CE)(Stable)' 'ICRA A1+'

j) Plant Locations:

The Company's thermal power plant is based at the registered office ie Rajpura.

k) Address for correspondence:

Nabha Power Limited,
 PO Box 28, Near Village Nalash,
 Rajpura 140 401.
 Tel. No. (01762) 277238,
 Fax No. (01762) 277252

l) Investor Grievances:

The Company has designated an exclusive e-mail id viz. Ishrat.kaur@larsentoubro.com to enable investors to register their complaints, if any.

m) Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013, M/s. Bhumika & Co., Company Secretaries, conduct the secretarial audit of the compliance of applicable statutory provisions and the adherence of good corporate practices by the Company.

Pursuant to the SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8th February 2019, the Company has obtained an annual secretarial compliance report from M/s. Bhumika & Co., Company Secretaries and shall submit the same to the Stock Exchanges within the prescribed timelines.

CERTIFICATE OF COMPLIANCE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

(Pursuant to Schedule V Para E of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
NABHA POWER LIMITED
CIN: U40102PB2007PLC031039
Po Box No-28, Near Village Nalash,
Rajpura PB 140401 IN

I, Bhumika Sidhpura, Secretarial Auditor of Nabha Power Limited ("Company") have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 31, 2022 as stipulated in Regulations 17 to 27 and para C and D of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time.

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

In my opinion and to the best of my information and according to the verifications as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that the Company has complied with all the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2022.

My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Bhumika & Co
Company Secretaries

Date: 18.04.2022
Place: Mumbai

Bhumika Sidhpura
Proprietor
Membership No.: A37321
Certificate of Practice No.: 19635
Peer Review No.: 1272/2021
UDIN: A037321D000082069

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
NABHA POWER LIMITED
CIN: U40102PB2007PLC031039
Po Box No-28, Near Village Nalash,
Rajpura PB 140401 IN

We have examined the following documents:

- a. Declaration of non-disqualification as required under Section 164 of the Companies Act, 2013 ('the Act') and
- b. Disclosure of concern or interests as required under Section 184 of the Act (hereinafter referred to as the relevant documents)

as submitted by the Directors of the Nabha Power Limited ("the Company") having CIN: U40102PB2007PLC031039 and having registered office at Po Box No-28, Near Village Nalash, Rajpura PB 140401 to the Board of Directors of the Company for the Financial Year 2021-22 and 2022-23 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/Statutory Authorities.

It is the responsibility of the Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility of the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on our verification.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered

necessary and explanations furnished to us by the Company & its Officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of the Director	DIN	Date of Appointment
1.	PRADEEP SINGH	00304825	15/04/2020
2.	VIJAYA SAMPATH	00641110	14/01/2015
3.	SRAVANKUMAR VENKATA SATYA YELESWARAPU	01080060	14/01/2015
4.	DIP SEN KISHORE	03554707	02/07/2020
5.	ANIL KUMAR JHA	03590871	22/01/2022
6.	AJIT KUMAR SAMAL	05180802	19/07/2013

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

The certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report for the Financial Year ended March 31, 2022.

For Bhumika & Co
Company Secretaries

Bhumika Sidhpura
Membership No: A37321
Certificate of Practice No.19635
Peer Review No: 1272/2021
UDIN: A037321D000081981

Place: Mumbai
Date: 18.04.2022

**To,
The Board of Directors
Nabha Power Limited**

Dear Sirs,

CEO / CFO Certificate - Compliance Certificate

We certify as follows in respect of Nabha Power Limited

We have reviewed the financial statements, read with the statement of cash flows for the period ended March 31, 2022 and that to the best of our knowledge and belief, we state that;

- a.
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. There are no litigations which are likely to have a material impact on the financials of the Company apart from those disclosed under contingent liabilities.
- d. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

- e. We have not initiated any forensic audit into the affairs of the Company and to the best of our knowledge, no forensic audit has been ordered by any Regulatory or Enforcement Agency.
- f. We have indicated to the Auditors and the Audit Committee:
 - i. that there were no significant changes in internal controls over financial reporting during the period; and
 - ii. that there were no significant changes in accounting policies made during the period and
 - iii. that there were no instances of significant fraud of which we have become aware.

Yours sincerely,

Subrahmanyeswara Rao M
Chief Financial Officer

Suresh K Narang
Chief Executive

Place: Rajpura
Date: April 14, 2022

CSR ACTIVITIES FOR 2021-22

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 comprises of two Independent Directors and one Non-Executive Director.

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.178,10,25,028/-
- g) (a) Two percent of average net profit of the company as per section 135(5)- Rs.3,56,20,501/-
- (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.3,56,20,501/-
- 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. 3,61,58,740	NIL	None	None	NIL	None

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

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

NOT APPLICABLE

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

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 <ul style="list-style-type: none"> Construction of rural roads Housing for the families from Economically Weaker Sections Construction of community sheds Development of low-lying areas 	Developing rural development projects, women empower ment equality of gender	Yes	Punjab	Patiala & Fatehgarh Sahib	₹ 9.63	Yes	N/A	N/A
2	Skill Development <ul style="list-style-type: none"> Skill Development Centres for women Production Centres Support to needy girls/women from poor families Enrolment of youth in career courses ITI and NSIC 	Promote vocational skills, livelihood enhancement projects	Yes	Punjab	Patiala & Fatehgarh Sahib	34.72	Yes	N/A	N/A

3	<p>Education & Sports</p> <ul style="list-style-type: none"> Integrated School Development Contingency to govt schools support programs Scholarships for meritorious girls from poor families for GNM Course Learning Enrichment Program Sports intervention in Govt schools 	Promotion of education especially among children	Yes	Punjab	Patiala & Fatehgarh Sahib	69.41	Yes	N/A	N/A
4	<p>Water & Sanitation</p> <ul style="list-style-type: none"> Pond Development Project Cleaning of pond & natural drains Construction of concrete drains 	Ensure environmental sustainability, ecological balance	Yes	Punjab	Patiala & Fatehgarh Sahib	26.37	Yes	N/A	N/A
5	<p>Health & Environment</p> <ul style="list-style-type: none"> Cancer screening Health Camps Installation of oxygen plant in Govt hospital with power backup Provision of oxygen concentrators, masks, sanitisers Vaccination/awareness Drive (Covid 19 Outbreak) Infra support to Covid ward of Civil Hospital 	Promote health projects	Yes	Punjab	Patiala & Fatehgarh Sahib	107.78	Yes	N/A	N/A
	TOTAL					357.90			

d. Amount spent in Administrative Overheads : Rs. 3.69 Lakhs

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

f. Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 361.59 Lakhs

g. Excess amount for set off, if any: Rs. 5.38 Lakhs

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) (inRs.)	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	Date of transfer	
NOT APPLICABLE						

(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 (inRs.)	Amount spent on the project in the reporting Financial Year (inRs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed/ Ongoing
NOT APPLICABLE								

- 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**

Mr. Ajit Samal
Director
DIN No.:05180802

Mr. Pradeep Singh
Chairman – CSR Committee
DIN No.: 00304825

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2022

[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 conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also 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 March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and 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 March 31, 2022 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;
- (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: -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently SEBI (Prohibition of Insider Trading) Regulations, 2015;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;**
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **presently Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013, **presently together read as Securities and Exchange Board of India (Issue and Listing of Non – convertible Securities) Regulations, 2021, as applicable to the Company with respect to its listed Non- Convertible Debentures and Commercial Papers;**
 - 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;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, **presently the Securities and Exchange Board of India**

(Delisting of Equity Shares) Regulations, 2021;

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **presently SEBI (Buyback of Securities) 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 on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **to the extent of listed Non-Convertible Debentures.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors, Independent Directors and Woman Director. 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. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings 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.

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, standards, etc. like :-

- (i) Public/Right/Preferential issue of shares/debentures/sweat equity, etc.-
 - ❖ **Approval of Shareholders has been obtained on 31st August, 2021 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.**
 - ❖ **12,000 Unsecured, Redeemable, Non-Convertible Debentures of Face Value Rs. 10,00,000/- each aggregating to Rs.1200 Crore were allotted during the year.**
- (ii) Redemption /~~buy-back~~ of securities. –
 - ❖ **17,000 Non-Convertible debentures of Face Value Rs. 10,00,000/- each aggregating to Rs. 1700 Crore were redeemed during the year.**
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013. – NIL;
- (iv) Merger/amalgamation/reconstruction, etc. – NIL;

(v) Foreign technical collaborations. – NIL.

(vi) Any other events:

❖ **Commercial papers of Face Value Rs. 5,00,000/- each of various coupon rates aggregating to Rs. 700 Crore were issued during the year.**

❖ **Commercial papers of Face Value Rs. 5,00,000/- each aggregating to Rs. 5350 Crore of various coupon rates were redeemed during the year.**

For Bhumika & Co
Company Secretaries

Bhumika Sidhpura
Membership No: A37321
Certificate of Practice No. 19635
Peer Review No: 1272/2021
UDIN: A037321D000082157

Place: Mumbai

Date: 18.04.2022

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

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 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.

For Bhumika & Co
Company Secretaries

Bhumika Sidhpura
Membership No: A37321
Certificate of Practice No. 19635
Peer Review No: 1272/2021
UDIN: A037321D000082157

Place: Mumbai
Date: 18.04.2022

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Nabha Power is committed to promoting a culture of care, trust, and continuous learning while meeting the expectations of all stakeholders. As a responsible corporate citizen, Nabha Power has undertaken various initiatives that have contributed to community empowerment and all-around social development. With strategic social investments in key areas like healthcare, water & sanitation, skill development, rural infrastructure, sports promotion, and education, among others, Nabha Power has fostered long-term sustainable community development and has driven various growth initiatives that aim to make a meaningful impact on the lives of its neighborhood community.

Key Impact

The company's CSR initiatives leverage its core capabilities and strengths to build social infrastructure in 49 neighbourhood villages impacting more than 45000 lives.

Leveraging CSR to achieve SDGs

At Nabha Power we believe that the attainment of the country's commitment to 17 Sustainable Development Goals (SDGs) and 169 targets would only be possible through sustained cooperation between the government, the private sector and civil society. All our CSR projects are aligned with the SDGs.



RURAL DEVELOPMENT

Nabha Power is improving the quality of life and economic well-being of people living in rural areas through the development of basic infrastructures such as roads, community centres, and affordable housing for economically weaker sections.

Projects:

- Roads developed in 8 villages
- 8 Houses for EWS families
- Community shed constructed at village Akbarpur



Road Development project at Village Bakshiwala



EWS House built at Village Bhappal



Community Shed at Village Akbarpur

EDUCATION & SPORTS

Nabha Power is committed to promoting education and strengthening the sporting culture in the impact area by developing school infrastructures, promoting quality education in primary schools, supporting students pursuing higher education and professional courses & organising sports tournaments.

Projects:

- Learning enrichment programme
- School Infrastructure Development
- Contingency support to government schools
- Scholarships for meritorious students for GNM and ITI courses

Villages Covered
49

Impacted Population
3500



Learning Enrichment Programme at GPS Sural Kalan



School Development Project at Village Ugani Sahib



Inauguration of new classrooms at GSS Village Ugani Sahib



Inauguration of second batch of GNM Scholars

SKILL & ENTREPRENEURSHIP DEVELOPMENT

Nabha Power has been running skills development centres in various villages to help young women acquire vocational skills that can help them earn a respectable income. These Skill Training Centres are playing the role of an enabler. Nabha Power has also provided in-kind support (latest equipment and set-up to encourage entrepreneurship) to women’s start-ups hailing from underprivileged sections of society.

In FY 22, NPL achieved a milestone of successfully training and nurturing women from socially backward communities of 12 villages.

Projects:

- Phulkari training and production
- Stitching and tailoring centres
- Jute Production centre
- Beautician training centres



Phulkari centre at Village Kotla



Stitching centre at Village Sural Kalan



Jute Production Centre at Village Nalash khurd



Health, Wellness and Beautician centre Village Kharola

WATER AND SANITATION

Nabha Power is implementing pond development projects in nearby villages by carrying out desilting and removing the vegetation and any illegal construction of side bunds of the pond thus increasing the water storage capacity of ponds. Additionally, two more projects cleaning of ponds and reclamation of low-lying areas are also underway.

Ponds Rejuvenation Projects Undertaken
02

Villages Covered
02

Pond Cleaning & Land reclamation projects
10

Lives impacted
3400



The ongoing pond development project at Village Urrna



Drain Cleaning Project at Village Rangian

HEALTH CARE

Nabha Power is striving toward providing better healthcare facilities for the village communities by upgrading the existing health centres and supporting health workers at the grass root level. In FY 22, NPL has impacted 6 villages by upgrading the basic health care facilities, organising health check-up camps and distributing health equipment to health workers.



CE NPL Mr Suresh Kumar Narang at the Cancer Screening Camp



NPL being felicitated by Village Panchayat for organising health check-up camp



Health check-up camp at Village Dadumajra

DISASTER MANAGEMENT

Nabha Power supported government efforts to reach out to the local communities and mitigate the impact during the COVID crisis, by providing rations and other support to the health department & for the people in need.

Projects:

- Installation of oxygen plant at Civil Hospital, Raikot in Ludhiana,
- Ration Distribution
- Mask production and distribution to frontline COVID warriors and students

Village Covered

49

Population impacted

9200



Oxygen Plant installed at civil hospital, Raikot, Ludhiana



Masks being produced for distribution during the COVID crisis.

ENVIRONMENTAL EFFORTS



NABHA POWER's Green Project Adds 1 Lakh More Trees to Punjab's Green Cover

- The Green Project launched by NPL added one lakh more to the state's tree cover in the last four years.
- The project was started to enhance the existing green cover in and around the NPL plant. It soon became a community based endeavour after we got an overwhelming response from the local panchayats.
- Besides, improving the air quality in a large number of villages in Patiala and Fatehgarh Sahib districts, the increased green cover has provided a natural habitat for the local bird species and is also attracting Siberian migratory birds.
- To make it a success, Nabha Power employee volunteers encouraged local farmers, and teachers and also roped in schoolchildren to plant the maximum number of fruit-bearing and timber value trees. Other than improving the quality of soil, the green cover is also helping to stabilise the groundwater level in the area.
- After launching the project, it was made a part of the CSR initiatives so that local communities could also be involved in the drive to convert large chunks of vacant land in villages around the plant into green covers.
- Nabha Power's Power Plant is a zero liquid discharge facility.



FINANCIAL STATEMENTS

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, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of 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, 2022, its profit and total comprehensive income, its 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 49 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 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 for 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 matter described below to be the key audit matter to be communicated in our report:

Trade Receivables – Appropriateness of Classification of receivables in dispute as Good	
<p>Trade Receivables include certain disputed receivables aggregating to Rs. 105.54 Crores (Net of ECL provision of Rs.18.27 Crores) [Refer Note 50 of the Financial Statements] which are in litigation before various judicial forums.</p> <p>The management is confident of successful outcome in the litigations and assessed these receivables as good and recoverable. Accordingly, no additional provision for the same is considered necessary.</p> <p>As the realisation of these amounts depend on successful outcome of the pending litigations, this has been considered as a Key Audit Matter.</p>	<p>The Auditor's procedures included:</p> <ul style="list-style-type: none"> • Discussions with the management to understand the nature of these claims and its present status. • Review the Power Purchase Agreement and assessment of tenability of management claims and contentions in terms of the Agreement. • Review of Company's appeals and supporting documents, all Court Orders and judgements passed by various authorities / statutory / regulatory bodies with reference to these dues. • Discussing and understanding the of management actions to recover the disputed Receivables. • Reviewing the minutes of the meetings of the Board of Directors with reference to the status of these claims and action to be considered by the Company. • Obtained 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 year and are therefore the key audit matters. We describe these matters in our auditors' 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we 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, the 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) The Company has not paid/provided any remuneration to managerial personnel as defined in the Act. Accordingly, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable to the Company.
 - (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 has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 33 to the Financial Statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and
- (v) The Company has not declared/paid/declared and paid any dividend during the year.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Himanshu Goradia

Partner

Membership No. 045668

UDIN: 22045668AHHAQC8708

Place: Mumbai

Date: April 18, 2022

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, 2022 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, 2022, 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 Registration No.105102W

Himanshu Goradia

Partner

Membership No. 045668

UDIN: 22045668AHHAQC8708

Place: Mumbai

Date: April 18, 2022

Annexure B to the Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date]

- (i) (a) (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) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a programme designed to cover all the items every year. 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 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 Trustees. 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 have been disclosed as Lease Receivables in the Financial Statements, we are of the opinion that the title deeds of the immovable properties are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued any of its property, plant and equipment or intangible assets or both during the year.
- (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) According to the information and explanations given to us, the inventory comprising of raw materials and stores and spare parts has been physically

verified at reasonable intervals by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification between the physical inventory and the book records.

- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of inventory and trade receivables during the year. The inventory and trade receivables statements filed by the Company with banks on a quarterly basis are materially in agreement with the unaudited books of account as certified by the management.
- (iii) (a) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. During the year, the Company has granted unsecured loans to its ultimate holding company. The aggregate amount of loans granted during the year and balance outstanding at the Balance Sheet date is Rs. 5,977.14 crores and Rs. 83.98 crores respectively.
- (b) According to the information and explanations given to us, the terms and conditions of the loans granted by the Company to its ultimate holding company are not prejudicial to the Company's interest.
- (c) According to the information and explanations given to us, the ultimate holding company has been regular in repayment of principal amounts and payments of interest as per the stipulated terms.
- (d) According to the information and explanations given to us, for a loan as mentioned above, there is no amount overdue for more than 90 days.
- (e) According to the information and explanations given to us, the loans granted to the ultimate holding company mentioned in paragraph (a) above have fallen due during the year but have not been renewed or extended nor fresh loans were granted to settle any overdues of existing loans given to the same party.
- (f) According to the information and explanations given to us, the Company has granted a loan as mentioned in paragraph (a) above which is repayable on demand, the details of which are as under:

Particulars	Related Party (Ultimate Holding Company)
Aggregate of loans:	
Repayable on demand	Rs. 83.98 crores
Percentage of loans to the total loans	100%

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to loans granted. The Company has not provided any guarantees or made any investments or provided any security to the parties covered under Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 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) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

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 outstanding statutory dues in respect of Goods and Services Tax, Provident fund, Employees'

State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and 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, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at March 31, 2022, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.
- (ix)
 - (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.
 - (c) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
 - (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long- term purposes as at the Balance Sheet date.
 - (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has no subsidiaries, associates or joint ventures. Accordingly, the reporting under Clause 3(ix)(e) of the Order is not applicable to the Company.

- (f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has no subsidiaries, associates or joint ventures. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) 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) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) 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 noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(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 specified under Section 133 of the Act.

- (xiv) (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.
- (xv) 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, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) 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)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) and 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and

based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, there are no projects other than ongoing projects. Accordingly, the reporting under Clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, in respect of ongoing projects, the Company has no unspent amount which needs to be transferred to a special account in compliance with sub-section (6) of Section 135 of the Act.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Himanshu Goradia

Partner

Membership No. 045668

UDIN: 22045668AHHAQC8708

Place: Mumbai

Date: April 18, 2022

NABHA POWER LIMITED Balance Sheet as at March 31, 2022					
Particulars	Note	As at 31-03-2022		As at 31-03-2021	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
ASSETS:					
Non-current assets					
Property, plant and equipment	3(i)		16.24		16.30
Capital work-in-progress	3(i)		54.34		-
Intangible assets	3(ii)		0.38		0.62
Financial assets					
Loans towards financing activities	4	7,927.15		8,204.35	
Other financial assets	5	4.60		4.44	
			7,931.75		8,208.79
Other non-current assets	6		64.21		67.87
			8,066.92		8,293.58
Total Non-Current Assets					
Current assets					
Inventories	7		345.50		474.50
Financial assets					
Investments	8	-		335.02	
Trade receivables	9	597.60		1,040.37	
Cash and cash equivalents	10	47.82		510.88	
Short-term loans and advances	11	83.98		-	
Other bank balances	12	16.91		16.62	
Loans towards financing activities	13	281.92		147.35	
Other financial assets	14	0.01		0.03	
			1,028.24		2,050.27
Other current assets	15		536.45		240.92
			1,910.19		2,765.69
Total Current Assets					
Total Assets					
			9,977.11		11,059.27
EQUITY AND LIABILITIES:					
EQUITY					
Equity share capital	16	2,325.00		2,325.00	
Other equity	17	1,626.20		1,325.03	
			3,951.20		3,650.03
Total Equity					
LIABILITIES:					
Non-current liabilities					
Financial liabilities					
Borrowings	18	2,445.43		3,040.07	
Other financial liabilities	19	0.85		5.23	
			2,446.28		3,045.30
Total Non-Current Liabilities					
Current liabilities					
Financial liabilities					
Borrowings	20	952.03		1,701.95	
Current Maturities of long term borrowings	21	1,943.61		2,027.55	
Trade payables:	22				
Total outstanding Dues of Micro and Small Enterprises		68.15		2.87	
Total outstanding Dues of Creditors other than Micro and Small Enterprises		218.87		273.69	
Other financial liabilities	23	40.10		27.31	
			3,222.76		4,033.37
Other current liabilities	24		4.36		3.83
Provisions	25		352.51		326.74
			3,579.63		4,363.94
Total Liabilities					
Total Equity and Liabilities					
			9,977.11		11,059.27
Notes forming part of the Financial Statements					
1-56					
In terms of our report attached For B.K. Khare & Co. Chartered Accountants Firm Registration No: 105102W			For and on behalf of Board of Directors		
Himanshu Goradia Partner Membership No: 045668			Director: D.K. Sen DIN: 03554707		Director: YVS Sravankumar DIN: 01080060
Place : Date: April 18, 2022			Suresh K Narang Chief Executive		Subrahmanyeswara Rao M Chief Financial Officer
			Ishrat Kaur Company Secretary M No. A46885		Place : Date: April 18, 2022

NABHA POWER LIMITED
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note	Year ended 31-03-2022		Year ended 31-03-2021	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
INCOME:					
Revenue from operations	26		4,128.88		3,391.08
Other income	27		18.56		21.81
Total Income			4,147.44		3,412.89
EXPENSES:					
Manufacturing, construction and operating expenses	28				
Cost of raw materials and components consumed		2,919.29		2,333.37	
Stores, spares and tools consumed		51.34		25.98	
Sub-contracting charges		264.63		84.49	
Other manufacturing, construction and operating expenses		75.90		58.96	
Finance costs		362.15		486.32	
			3,673.31		2,989.12
Employee benefits expenses	29		51.76		46.93
Sales, administration and other expenses	30		117.47		90.65
Depreciation and amortisation expenses	31		3.08		1.70
Total expenses			3,845.62		3,128.40
Profit before exceptional items and tax			301.82		284.49
Exceptional items (net)	32		-		120.63
Profit before tax			301.82		163.86
Tax expenses			-		-
Profit after tax			301.82		163.86
Other comprehensive income					
A. Items that will not be reclassified to profit or loss					
Gain/(Loss) on Remeasurement of defined benefit plan			(0.01)		0.11
B. Items that will be reclassified to profit or loss					
Gain/(Loss) on cash flow hedge instruments			(0.64)		(17.79)
Total other comprehensive (loss) / income			(0.65)		(17.68)
Total comprehensive income			301.17		146.18
Basic earnings per equity share (₹)	40		1.30		0.70
Diluted earnings per equity share (₹)			1.22		0.66
Face value per equity share (₹)			10.00		10.00
Notes forming part of the Financial Statements	1-56				

In terms of our report attached

For B.K. Khare & Co.

Chartered Accountants
Firm Registration No: 105102W

Himanshu Goradia

Partner
Membership No: 045668

Place :

Date: April 18, 2022

For and on behalf of Board of Directors

Director: D.K. Sen
DIN: 03554707

Director: YVS Sravankumar
DIN: 01080060

Suresh K Narang
Chief Executive

Subrahmanyeswara Rao M
Chief Financial Officer

Ishrat Kaur

Company Secretary
M No. A46885

Place :

Date: April 18, 2022

NABHA POWER LIMITED		
Statement of Cash Flows for the year ended March 31, 2022		
Particulars	Year ended 31-03-2022 ₹ Crore	Year ended 31-03-2021 ₹ Crore
A. Cash flow from operating activities:		
Profit before tax (excluding exceptional items)	301.82	284.49
Adjustments for:		
Depreciation and amortisation expenses	3.08	1.70
Unrealised Exchange (Gain) / Loss [Net]	-	(3.53)
Finance cost	362.15	489.85
Interest and dividend income	(9.77)	(13.34)
Excess provisions written back	(0.95)	(1.15)
Provision for obsolescence on inventories	0.42	0.97
Bad debts Written off	43.75	16.58
Allowance for doubtful debts and advances	18.60	38.00
Other provisions	25.79	-
Operating profit before working capital changes	744.89	813.57
Adjustments for:		
(Increase) / Decrease in other current assets	(74.53)	34.79
(Increase) / Decrease in other advances	(0.16)	14.35
Decrease in Trade Receivables	363.14	575.88
Decrease in Inventories	128.58	8.30
(Decrease) / Increase in trade / other payables and provisions	(89.37)	58.70
Cash generated from operations before financing activities	1,072.56	1,505.59
Decrease in loans and advances towards financing activities	147.36	174.49
Cash generated from operations	1,219.92	1,680.08
Interest Paid	(389.41)	(342.04)
Direct taxes refund received / (paid) [Net]	(3.04)	(17.19)
Net cash from operating activities	827.47	1,320.85
B. Cash flow from investing activities:		
Capital expenditure including capital advances	(149.03)	(85.08)
Interest and dividend received	9.77	13.34
Sale / (Purchase) of current investments	335.02	(335.02)
Investments in Fixed bank deposits (Other bank balances)	(0.29)	(3.96)
Inter-corporate deposit given	(83.98)	-
Net cash (used in) / from investing activities	111.48	(410.72)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	1,323.12	1,422.31
Repayment of long term borrowings	(1,972.97)	(654.28)
Repayment of Short term borrowings [Net]	(752.17)	(1,354.56)
Net cash used in financing activities	(1,402.01)	(586.53)
Net increase in cash and cash equivalents (A+B+C)	(463.06)	323.60
Cash and cash equivalents at beginning of the year / period	510.88	187.28
Cash and cash equivalents at end of the year / period	47.82	510.88
(Refer note 10)		
Statement of cash flows has been prepared under the indirect method as per Ind AS 7 "Statement of Cash Flows".		
In terms of our report attached	For and on behalf of Board of Directors	
For B.K. Khare & Co.	Director: D.K. Sen	Director: YVS Sravankumar
Chartered Accountants	DIN: 03554707	DIN: 01080060
Firm Registration No: 105102W	Suresh K Narang	Subrahmanyeswara Rao M
Himanshu Goradia	Chief Executive	Chief Financial Officer
Partner	Ishrat Kaur	
Membership No: 045668	Company Secretary	Place :
Place :	M No. A46885	Date: April 18, 2022
Date: April 18, 2022		

NABHA POWER LIMITED

CIN: U40102PB2007PLC031039

Statement of Changes in Equity for the Year ended March 31, 2022

EQUITY SHARE CAPITAL		₹ Crore			
	As at 01-04-2020	Changes during 2020-21	As at 31-03-2021	Changes during 2021-22	As at 31-03-2022
Equity shares of ₹ 10 each	2,325.00	-	2,325.00	-	2,325.00
OTHER EQUITY					
Particulars	Reserves and surplus (A)			Items of other comprehensive income (B)	
	Equity component of Preference Share Capital	Securities Premium	Debt Redemption Reserve (DRR)	Retained earnings	Hedge reserve
Balance as at 01-04-2020	72.60	290.40	554.53	242.89	18.43
Profit for the year	-	-	-	163.86	-
Other comprehensive income / (loss)	-	-	-	0.11	(17.79)
Total comprehensive income for the year	-	-	-	163.97	(17.79)
Transfer on redemption of debentures	-	-	(129.53)	129.53	-
Balance as at 31-03-2021	72.60	290.40	425.00	536.39	0.64
Balance as at 01-04-2021	72.60	290.40	425.00	536.39	0.64
Profit for the period	-	-	-	301.82	-
Other comprehensive income / (loss)	-	-	-	(0.01)	(0.64)
Total comprehensive income / (loss) for the period	-	-	-	301.81	(0.64)
Transfers on redemption of debentures	-	-	(25.00)	25.00	-
Balance as at 31-03-2022	72.60	290.40	400.00	863.20	1,626.20

Notes forming part of the Financial Statements 1-56

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

For and on behalf of Board of Directors

Himanshu Goradia Partner Membership No: 045668	Suresh K Narang Chief Executive
Ishrat Kaur Company Secretary M No. A46885	Subrahmanyeswara Rao M Chief Financial Officer

Place : _____ Date: April 18, 2022

Place : _____ Date: April 18, 2022

Nabha Power Limited - Notes forming part of the Financial Statements as at and for the year ended March 31, 2022

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-year Power Purchase Agreement (PPA).

NPL sources its fuel from South Eastern Coalfields Ltd. (“SECL”) and Northern Coalfields Ltd. (“NCL”), subsidiaries of Coal India Limited, under a 20-year Fuel Supply Agreement (“FSA”). The Bhakra-Nangal distributary canal is the perennial water source 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 thereto issued by the Ministry of Corporate Affairs under 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 18, 2022.

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 Rupee in crore [1 crore = 10 million] rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee 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.

V) Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022 MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 and those applicable to the Company are as below:

Ind AS 16 - Property, Plant and equipment (Proceeds before intended use) - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets (Onerous contracts - Costs of fulfilling a contract) - The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract' either be incremental costs or an allocation of other costs.

Ind AS 109 - Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The effective date for adoption of the above amendments is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendments and there is no material impact on its financial statements.

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	4-15
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.

XII) 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

Class of Assets	Cost				Depreciation			Book value	
	As at 01-04-2021	Additions	Deductions/ adjustments	As at 31-03-2022	As at 01-04-2021	Additions	Deductions/ adjustments	As at 31-03-2022	As at 31-03-2021
Buildings	5.11	0.40	-	5.51	0.26	0.18	-	0.44	4.85
Roads	-	1.07	-	1.07	-	0.21	-	0.21	-
Plant and Equipment	7.61	2.15	(2.13)	7.63	0.76	0.33	-	1.09	6.85
Aircondition and Refrigeration	0.31	0.01	-	0.32	0.14	0.03	-	0.17	0.17
Electrical Installations	0.16	-	-	0.16	0.16	-	-	0.16	-
Computers	3.23	0.43	(0.01)	3.65	1.78	0.94	-	2.72	1.45
Office equipments	4.77	0.52	-	5.29	2.47	0.89	-	3.36	2.30
Furniture and fixtures	1.25	0.15	-	1.40	0.57	0.14	-	0.71	0.68
Vehicles	0.05	0.06	-	0.11	0.04	0.01	-	0.05	0.01
Total	22.49	4.79	(2.14)	25.15	6.18	2.73	-	8.91	16.30
Previous Year	18.11	4.40	(0.02)	22.49	4.79	2.01	(0.61)	6.19	13.32
Add : Capital work in progress*									76.17
Less: Impairment provision									(76.17)
Total								70.58	16.30

*In the year ending March 31, 2021, impairment provision of Rs. 76.17 Cr was created on the CWIP relating to an additional unit of 700 MW. During the year, the said CWIP is written off after reviewing the future expected economic benefits.

Note 3(ii) Intangible assets

Class of Assets	Cost				Amortisation			Book value	
	As at 01-04-2021	Additions	Deductions/ adjustments	As at 31-03-2022	As at 01-04-2021	Additions	Deductions/ adjustments	As at 31-03-2022	As at 31-03-2021
Computer software	1.63	0.11	-	1.74	1.01	0.35	-	1.36	0.62
Total	1.63	0.11	-	1.74	1.01	0.35	-	1.36	0.62
Previous Year	1.16	0.47	-	1.63	0.71	0.30	-	1.01	0.45

Note:

a) Both PPE and Intangible assets are pledged as collateral against Working Capital borrowings (refer note 20).

b) Refer Note 47 for Ageing and expected completion schedules for CWIP.

Nabha Power Limited
Notes forming part of the Audited Financial Statements as at and for the Year ended
March 31, 2022

Note 4

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

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Unsecured Principal component of Finance Lease Receivable -considered good	7,927.15	8,204.35
	7,927.15	8,204.35

Note 5

Non-current assets: Other financial assets

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Unsecured Security deposits - considered good	4.07	3.94
Fixed deposits with banks (maturity more than 12 months)	0.53	0.50
	4.60	4.44

includes interest accrued thereon Rs. 0.03 Cr as on March 31, 2022.

Note 6

Other non-current assets

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Capital Advances ^	37.76	58.80
Amounts paid under protest	2.52	2.52
Income Tax Receivables (net)		
Current Year Income Tax	4.58	0.98
IncomeTax Prior Years*	18.50	1.73
	23.08	2.71
Financial Guarantee Asset	0.85	3.84
	64.21	67.87

^ Rs. 32.45 Cr covered by bank guarantee as at March 31, 2022 (Rs. 50.86 Cr as at March 31, 2021).

*Net of provision for tax - Nil as on March 31, 2022 (Rs. 26.48 Cr as on March 31, 2021).

Note 7

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

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Raw Materials*	177.54	307.00
Raw Materials in Transit	56.94	71.60
	234.48	378.60
Stores and spare parts	111.02	95.90
Stores Spares parts in Transit	-	-
	111.02	95.90
	345.50	474.50

*includes oil Rs. 5.15 Cr as at March 31, 2022 (Rs. 3.42 Cr as on March 31, 2021). Refer Note 28 for consumption details.

Note 8
Current Assets: Financial Assets-Investments

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Mutual Funds (Axis Liquid Fund - Direct Growth: 14,66,296.44 units)	-	335.02
	-	335.02

Note 9
Current Assets: Financial Assets - Trade receivables

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Considered good - Unsecured ^ (refer note 50)	758.73	1,182.90
Less : Allowance for expected credit loss (ECL)	161.13	142.53
	597.60	1,040.37

^ net off Rs. 438.92 Cr being unrecognized revenue in respect of mega status claim (Rs. 360.71 Cr as on March 31, 2021). The matter is sub-judice before the Hon'ble Supreme Court of India.

Refer Note 45 for ageing schedule

Note 10
Current Assets: Financial Assets - Cash and cash equivalents

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Balances with Scheduled Banks in Current Accounts	47.82	167.85
Cash on Hand*	-	0.01
Fixed deposits with banks (original maturity less than 3 months)	-	343.02
	47.82	510.88

*Rs. 47,001/- as on March 31, 2022 and Rs. 66,664/- as on March 31, 2021 rounded off.

Note 11
Current Assets: Financial Assets - Short-term loans and advances

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Inter Corporate Loans*	83.98	-
	83.98	-

*To Larsen & Toubro Limited @ 4.75% p.a and collectable on demand.

Note 12
Current Assets: Financial Assets - Other bank balances

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Fixed deposit with banks including interest accrued thereon Maturity more than three months and within one year*	16.91	16.62
	16.91	16.62

*earmarked as detailed below

LC margin money	13.01	6.34
BG margin money	3.90	3.79
Debt Service Reserve Account (3 months interest on ECB)	-	6.49

includes interest accrued thereon Rs. 0.22 Cr as on March 31, 2022 (Rs. 0.29 Cr as on March 31, 2021).

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

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Unsecured Principal component of Finance Lease Receivable -considered good	281.92	147.35
	281.92	147.35

Note 14
Current Assets: Other financial assets

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Advances to Employees	0.01	0.03
	0.01	0.03

Note 15
Other current assets

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Contract Assets - Construction and project related activity (FGD)	273.40	55.48
Advances recoverable other than in cash		
Advances to Suppliers	238.89	157.98
Prepaid Expenses	12.80	12.71
IGST ITC Receivable	3.24	5.74
	254.93	176.43
Financial Guarantee Asset	8.12	9.01
	536.45	240.92

Note 16
Equity share capital

₹ Crore

Particulars	As at 31-03-2022		As at 31-03-2021	
	No of shares	Amount	No of shares	Amount
Authorised Equity share capital				
Equity shares of ₹ 10 Each	300.00	3,000.00	300.00	3,000.00
Issued, Subscribed and Paid up:				
Equity shares of ₹ 10 Each	232.50	2,325.00	232.50	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 period:

Particulars	No of shares	Amount	No of shares	Amount
Shares outstanding at the beginning of the year	232.50	2,325.00	232.50	2,325.00
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	232.50	2,325.00	232.50	2,325.00

(ii) Terms/Rights attached to Equity Shares :

The Company has Equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

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

Particulars	As at 31-03-2022	As at 31-03-2021
L&T Power Development Limited (L&T PDL), the Holding Company and its nominees.	232.50	232.50

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

Name of Shareholder	As at 31-03-2022		As at 31-03-2021	
	No of shares	%	No of shares	%
L&T Power Development Limited (L&T PDL), the Holding Company and its nominees.	232.50	100%	232.50	100%

(v) Shares held by promoters at the end of the year

Name of Promoter	No of shares	% of total shares	% Change during the year
L&T Power Development Limited (L&T PDL), the Holding Company	232.50	100%	No Change

**Note 17
Other equity**

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Equity component of Preference Share Capital*	72.60	72.60
Securities Premium*	290.40	290.40
Debenture Redemption Reserve (DRR) **	400.00	425.00
Retained earnings	863.20	536.39
Hedge reserve (net of tax)	-	0.64
	1,626.20	1,325.03

*The company has issued 36.30 Crores 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 15 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 recognised as Equity component of Preference Share Capital and premium component is recognised as securities premium.

** DRR is maintained @10% of the outstanding NCD's as on March 31, 2022.

**Note 18
Non-Current Liabilities: Financial Liabilities - Borrowings**

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Long term Secured Term Loans - From Banks ^	-	217.76
Long term unsecured redeemable non-convertible fixed rate debentures *	2,300.00	2,800.00
Long term Unsecured Loan from related party**	145.43	22.31
	2,445.43	3,040.07

There are no defaults in the repayment of debt obligations.

^ External commercial borrowing (ECB) in USD; secured by first ranking pari passu charge on both the present and future immovable and movable property of the company. Interest rate was three months USD LIBOR+1.97%. ECB has been fully repaid during the year ended March 31, 2022.

*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
7.41% NCD	5000	19-11-2019	20-04-2022
7.41% NCD	4500	29-11-2019	20-04-2022
7.41% NCD	4500	29-11-2019	20-04-2022
7.15% NCD	3000	11-06-2020	11-06-2022
7.80% NCD	2000	23-04-2020	23-04-2023
7.80% NCD	2500	23-04-2020	23-04-2023
7.80% NCD	500	23-04-2020	23-04-2023
7.20% NCD	1000	28-05-2020	28-04-2023
5.40% NCD	12000	15-04-2021	15-05-2023
7.35% NCD	5000	16-06-2020	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 31-03-2022	As at 31-03-2021
Financial Guarantee Liability	0.85	3.84
Forward Contracts payable	-	1.39
	0.85	5.23

Note 20

Current Liabilities: Financial Liabilities - Borrowings

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Secured		
Cash Credits*	4.70	6.70
Unsecured		
Inter corporate borrowings**	-	0.17
Commercial Papers***	697.33	1,095.08
Loans repayable on demand from banks^	250.00	600.00
	947.33	1,695.25
	952.03	1,701.95

There are no defaults in the repayment of debt obligations.

*secured by first pari passu security on both the present and future immovable & movable property of the company.

** From Larsen & Toubro Limited @ 8.25% p.a and payable on demand.

*** From financial institutions, listed at BSE having average tenor of 48 days (average interest rate 4.80% as on March 31, 2022 and 3.76% as on March 31, 2021).

^ working capital demand loans (interest rate @ 5%). Letter of comfort issued by Larsen & Toubro Limited.

Note 21

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

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Secured		
Term Loans from Banks	-	54.67
Unsecured		
Redeemable non-convertible Fixed rate debentures (refer note 18)^	1,943.61	1,972.88
	1,943.61	2,027.55
	1,943.61	2,027.55

^ includes interest accrued but not due Rs. 244.21 Cr as on March 31, 2022 (Rs. 272.88 Cr as on March 31, 2021).

Note 22
Current Liabilities: Financial Liabilities - Trade payables

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Acceptances	-	38.22
Due to Related Parties*	97.19	36.62
Due to Micro and Small Enterprises	68.15	2.87
Due to Others	121.68	198.85
	287.02	276.56

*includes Rs. 88.69 Cr payable on account of FGD project as on March 31, 2022 (Rs. 24.61 Cr as on March 31, 2021).

Refer Note 46 for ageing schedule

Note 23
Current Liabilities: Other financial liabilities

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Due to Others		
Security Deposit and EMD Received	25.99	12.18
Salaries Payable	5.67	4.86
Other Payables	0.32	0.30
	31.98	17.34
Financial Guarantee Liability	8.12	9.01
Forward Contracts payable	-	0.96
	40.10	27.31

Note 24
Other current liabilities

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Statutory Dues	4.01	3.71
Liability towards gratuity fund	0.35	0.12
	4.36	3.83

Note 25
Provisions

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Compensated absences	4.23	4.25
Other provisions*	348.28	322.49
	352.51	326.74

*prudential provision towards Mega Status Benefits Claim which is pending adjudication before the Hon'ble Supreme Court of India.

Note 26
Revenue from operations

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Income from financing activity		
Finance lease Income from Power Plant	1,019.03	1,027.20
Fees for Operation and Maintenance of Power Plant	2,804.94	2,267.90
	3,823.97	3,295.10
Other Operational Income:		
Sale of operational waste	61.41	41.78
Interest on debtors	25.58	-
	86.99	41.78
Sale of services		
Construction and project related activity ^	217.92	54.20
	4,128.88	3,391.08

^ 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. 217.92 Cr (Rs. 54.20 Cr for the year ended March 31, 2021) is recognized over a period of time and Rs. 2,891.93 (Rs. 2,309.68 Cr for the year ended March 31, 2021) is recognized at a point in time as per Ind AS 115.

Note 27
Other Income

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Income from Investments	9.77	13.34
Miscellaneous Income (includes scrap sales)	7.84	7.32
Excess provisions written back	0.95	1.15
	18.56	21.81

Note 28
Manufacturing, construction and operating expenses

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Raw materials and components consumed	2,919.29	2,333.37
Stores, spare parts and tools consumed	51.34	25.98
Sub-contracting charges*	264.63	84.49
Other manufacturing, construction and operating expenses:		
Power charges	-	6.78
Hire charges - Equipment and others	0.78	0.32
Engineering, technical and consultancy fees	-	0.12
Insurance	14.12	13.63
Rent	0.30	0.33
Water charges	16.55	16.47
Travelling and conveyance	4.27	3.49
Rates and Taxes	1.73	3.08
Security charges	2.96	2.67
Repairs to plant and equipment	26.52	3.74
Miscellaneous expenses	8.67	8.33
	75.90	58.96
Finance cost:		
Interest on Inter Corporate Borrowings^	8.62	16.12
Interest on other Borrowings	353.53	470.20
	362.15	486.32
	3,673.31	2,989.12

*includes Rs. 210.59 Cr (Rs. 52.92 Cr for the year ended March 31, 2021) and ^Rs. 5.98 Cr (Rs. 0.22 Cr for the year ended March 31, 2021) incurred for installation of FGD project.

Note 29
Employee benefits expense*

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Salaries, wages and bonus		
Salaries	46.27	40.23
Deputation Cost	1.44	2.96
Leave Encashment	0.51	0.56
	48.22	43.75
Contribution to and provision for:		
Provident funds and pension fund	1.11	1.04
Gratuity fund	0.35	0.34
	1.46	1.38
Staff welfare expenses	1.75	1.29
Training and Development expenses	0.33	0.51
	51.76	46.93

*includes Rs. 1.35 Cr incurred for installation of FGD project (Rs. 1.06 Cr for the year ended March 31, 2021).

Note 30
Sales, administration and other expenses

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Professional fees	10.35	5.43
Overheads charged by Ultimate Holding Company	3.50	17.42
Audit fees	0.15	0.14
Directors sitting fees	0.09	0.09
Bank charges (includes LC & BG charges)	8.35	4.56
Information Technology Services	2.85	2.91
Corporate social responsibility	3.62	4.42
Donations	-	0.11
Provision for obsolescence on stores and spare parts	0.42	0.97
Bad Debts and Advances Written off	43.75	16.58
Allowance for doubtful debts and advances	18.60	38.00
Other provisions*	25.79	-
Exchange loss (net)	-	0.02
	117.47	90.65

*prudential provision towards Mega Status Benefits Claim which is pending adjudication before the Hon'ble Supreme Court of India.

Note 31
Depreciation and amortisation expenses

₹ Crore

Particulars	Year ended 31-03-2022	Year ended 31-03-2021
Depreciation	2.73	1.40
Amortisation - Intangible assets	0.35	0.30
	3.08	1.70

Note 32

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

- impairment of asset being capital work in progress relating to an additional unit of 700 MW: Rs. 76.17 Cr.
- 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.
- 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	Year ended 31-03-2022	Year ended 31-03-2021
a. Claims against the company not acknowledged as debts [^]	0.56	0.56
b. Contingent liabilities in respect of other claims*	-	43.38
	0.56	43.94

[^]environmental compensation imposed by CPCB which has been 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. Validity of the said guarantee is expired and an application has been filed in the Commercial Court, Patiala to return the same as the judgment is in favour of NPL.

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	Year ended 31-03-2022	Year ended 31-03-2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (installation of FGD project)	378.60	588.19
Less: Advances paid	(32.45)	(50.86)
	346.15	537.33

Other Commitments - NPL has entered into a long-term FSA with SECL & NCL, 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/NCL.

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 decision 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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
External revenue	3,929.52	3,358.69	217.92	54.20	4,147.44	3,412.89
Add / (less) : Inter segment revenue	-	-	-	-	-	-
Total segment revenue	3,929.52	3,358.69	217.92	54.20	4,147.44	3,412.89
Segment results	301.82	284.49	-	-	301.82	284.49
Less: Exceptional Items (refer note 32)	-	120.63	-	-	-	120.63
Profit before tax	301.82	163.86	-	-	301.82	163.86
Less: Tax expense	-	-	-	-	-	-
Profit for the year	301.82	163.86	-	-	301.82	163.86
Segment assets	9,671.26	10,952.93	305.85	106.34	9,977.11	11,059.27
Segment liabilities	5,791.79	7,362.17	234.12	47.07	6,025.91	7,409.24
Additions to Non-current Assets	57.11	4.86	-	-	57.11	4.86
Depreciation and amortization included in segment expenses	3.08	1.70	-	-	3.08	1.70

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. 3,823.97 Cr (Rs. 3,295.10 Cr for the year ended March 31, 2021)

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 31-03-2022			As at 31-03-2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Inventories	345.50	-	345.50	474.50	-	474.50
Investments	83.98	-	83.98	335.02	-	335.02
Trade receivables	597.60	-	597.60	1,040.37	-	1,040.37
Loans towards financing activities	281.92	-	281.92	147.35	-	147.35
Other financial assets	0.01	-	0.01	0.03	-	0.03
Other current assets	263.05	273.40	536.45	185.44	55.48	240.92

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

Particulars	As at 31-03-2022			As at 31-03-2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Trade payables:						
Due to micro enterprises and small enterprises	68.15	-	68.15	2.87	-	2.87
Due to others	218.87	-	218.87	273.69	-	273.69
Other financial liabilities	40.10	-	40.10	27.31	-	27.31
Other current liabilities	4.36	-	4.36	3.83	-	3.83
Provisions	0.33	352.18	352.51	0.35	326.39	326.74

Note 36

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

₹ Crore

Particulars	Long term Borrowing	Short term Borrowing	Total
Balance as on April 1, 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 operation activities)	129.46	18.35	147.81
Balance as on March 31, 2021	5,067.61	1,701.96	6,769.57
Changes from Financing Cash flows	(649.85)	(752.17)	(1,402.02)
The effect of changes in foreign exchanges rates (net)	-	-	-
Movement in Interest accrued but not due (considered in interest paid under operation activities)	(28.72)	2.24	(26.48)
Balance as on March 31, 2022	4,389.04	952.03	5,341.07

* 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	2021-22	2020-21
Income tax		
Current tax	-	-
Prior years	-	-
Total	-	-

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

B. Calculation of effective tax rate

Particulars	2021-22	2020-21
Profit before tax (a)	301.82	163.86
Corporate tax rate as per Income Tax Act, 1961 (b)	25.17%	25.17%
Tax on accounting profit (c)=(a)*(b)	75.97	41.24
Tax on Expenses not allowable as deduction	12.23	128.24
Tax on Expenses allowable as deduction	(19.17)	-
Tax on Finance Lease Asset Recoveries	37.09	43.92
Tax effect on depreciation admissible under Income Tax Act, 1961	(77.34)	(93.45)
Tax on exempted Incomes	-	(0.12)
Total effect of Tax adjustments (d)	(47.19)	78.59
Tax effect on set off of unabsorbed depreciation [(c) + (d)]	28.78	119.83
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 31-03-2022	As at 31-03-2021
Unabsorbed Depreciation	3,689.28	3,808.92

Note 38

Disclosures pursuant to Ind AS 19 "Employee Benefits"

A. Defined benefit plans:

Expense recognized in Statement of Profit and Loss:

₹ Crore

Particulars	2021-22	2020-21
Current Service Cost	0.35	0.34
Interest cost	-	(0.01)
Total amount charged to Statement of Profit and Loss	0.35	0.33

Amount Recognised in Other Comprehensive Income (OCI):

Particulars	2021-22	2020-21
Opening amount recognized in OCI	0.06	0.17
Re-measurements during the period due to		
Change in Financial assumptions	(0.12)	-
Experience adjustments	0.09	(0.12)
Actual return on plan assets less interest on plan Assets	0.04	0.01
Closing amount recognized in OCI	0.07	0.06

Amounts recognized in Balance Sheet

Particulars	As at 31-03-2022	As at 31-03-2021
Present Value of Funded Obligations	2.39	2.08
Fair Value of Plan Assets	(2.04)	(1.96)
Net defined benefit recognized as a current liability / (asset)	0.35	0.12

Reconciliation of Net Liability/(Asset)

Particulars	2021-22	2020-21
Opening net defined benefit liability / (asset)	0.12	(0.09)
Expenses charged to Statement of Profit and Loss	0.36	0.33
Amount recognized outside Statement of Profit and Loss	0.01	(0.11)
Employer contributions	(0.13)	-
Closing net defined benefit liability / (asset)	0.36	0.12

Movement in Benefit Obligations:

Particulars	2021-22	2020-21
Opening defined benefit obligation	2.08	1.80
Current Service Cost	0.35	0.34
Interest on defined benefit obligation	0.14	0.12
Re-measurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	(0.12)	-
Actuarial loss/(gain) arising on account of experience changes	0.09	(0.12)
Benefits paid	(0.15)	(0.05)
Closing defined benefit obligation	2.39	2.08

Movement in the present value of plan assets

Particulars	2021-22	2020-21
Opening fair value of plan assets	1.96	1.89
Employers contribution	0.13	-
Interest on plan assets	0.14	0.13
Re-measurements due to		
Actual return on plan assets less interest on plan assets	(0.04)	(0.01)
Benefits paid	(0.15)	(0.05)
Closing fair value of plan assets	2.04	1.96

Disaggregation of Plan Assets

Particulars	As at 31-03-2022	As at 31-03-2021
Insurer managed funds		
Quoted value	-	-
Non- Quoted value	2.04	1.96
Total	2.04	1.96

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

Particulars	As at 31-03-2022	As at 31-03-2021
DBO in respect of non-vested employees	0.27	0.21
DBO in respect of vested employees	2.12	1.87
Total defined benefit obligation	2.39	2.08

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

Particulars	As at 31-03-2022	As at 31-03-2021
Impact of change in salary growth rate		
Effect of 1% increase	0.32	0.30
Effect of 1% decrease	(0.27)	(0.25)
Impact of change in discount rate		
Effect of 1% increase	(0.27)	(0.25)
Effect of 1% decrease	0.32	0.30

Principal actuarial assumptions at the balance sheet date:

Particulars	2021-22	2020-21
Discounting Rate (p.a.)	7.25%	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 as on March 31, 2022 amounting to Rs. 4.23 Cr (Previous year Rs. 4.25 Cr) is based on the actuarial valuation. During the current year Rs. 0.51 Cr (Previous year Rs. 0.56 Cr) is charged to the Statement of Profit and Loss.

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 period

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 period

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	Year ended 31-03-2022	Year ended 31-03-2021
I	Ultimate Holding company (L&T)		
	Deputation charges	1.63	2.43
	Purchase of Goods and Services	194.63	72.78
	Interest paid on Inter Company Borrowings	8.62	16.12
	Interest income on Inter Company Deposits	8.68	11.78
	Inter Company Borrowings / (deposits) [net]	(84.15)	(377.42)
	Long term Unsecured Loan received for FGD Project	123.12	22.31
	Corporate guarantees issued on behalf of the company	1,200.00	1,400.00
II	Holding company (L&T Power Development Limited)		
	Corporate guarantee issued on behalf of the company	-	43.38
	Guarantee charges	0.15	0.08
III	Purchase of Goods and Services from fellow Subsidiary companies		
1	L&T Infotech Limited	0.57	1.26
2	L&T Hydrocarbon Engineering Limited	0.03	0.04
3	L&T Construction Equipment Limited	0.04	0.02
4	L&T Valves Limited	0.11	0.13
IV	Purchase of Goods and Services from Joint Ventures of L&T		
1	L&T MHI Power Turbine Generators Private Limited	11.62	4.54
2	L&T MHI Power Boilers Private Limited	8.39	3.43
3	L&T Howden Private Limited	11.51	0.04
4	L&T Sargent & Lundy Limited	0.77	0.68
V	Towards employer's contribution to gratuity fund trusts		
	Nabha Power Limited Gratuity Fund	0.12	-
VI	Compensation paid to key management personnel		
	Short term employee benefits	0.52	0.37
	Note:		
	a) For KMP on deputation, deputation charges have been paid to Larsen & Toubro Limited (L&T)		
	b) All transactions without GST		

f. Amount due to and due from related parties:

₹ Crore

S.No	Particulars	As at 31-03-2022		As at 31-03-2021	
		Due to	Due From	Due to	Due From
I	Ultimate Holding company (L&T)				
	Trades Payables	95.95	-	34.75	-
	Inter Corporate Borrowings	145.43	-	22.48	-
	Inter Corporate Deposit	-	83.98	-	-
	Capital Advance	-	32.45	-	50.86
	Commitments and guarantees				
	Project related Capital commitment (FGD)	378.60	-	588.19	-
	Corporate guarantees issued on behalf of the company	4,000.00	-	4,500.00	-
	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	0.08	-	0.09	-
III	Fellow Subsidiary Companies (Trade Payables)				
1	L&T Infotech Limited	-	-	0.20	-
2	L&T Hydrocarbon Engineering Limited	0.04	-	0.04	-
3	L&T Valves Limited	-	-	0.14	-
4	L&T Construction Equipment Limited	-	-	0.01	-
IV	Joint Venture of L&T (Trades Payables)				
1	L&T MHI Power Boilers Private Limited	0.53	-	0.04	-
2	L&T MHI Power Turbine Generators Private Limited	-	0.14	1.06	-
3	L&T Sargent & Lundy Limited	0.04	-	0.29	-
4	L&T Howden Private Limited	0.56	0.72	-	-

Note 40
Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings per Share":

₹ Crore except per share

Particulars	As at 31-03-2022	As at 31-03-2021
Basic		
Profit after tax	301.82	163.86
Weighted average number of equity shares outstanding	232.50	232.50
Basic EPS (₹)	1.30	0.70
Diluted		
Profit after tax	301.82	163.86
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 diluted EPS	247.02	247.02
Diluted EPS (₹)	1.22	0.66

Note 41
Disclosures related to Financial Instruments & Fair Value measurements
A. Category wise classification of Financial Assets

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
I. Measured at Amortized Cost:		
Loans towards financing activities	8,293.05	8,351.70
Trade Receivables	597.60	1,040.37
Other Financials assets	4.61	4.47
Cash and cash equivalents	47.82	510.88
Other Bank Balances	16.91	16.62
Sub Total (I)	8,959.99	9,924.04
II. Measured at FVTPL:		
Investment in Mutual Funds	-	335.02
III. Measured at Fair Value through Other Comprehensive Income (FVTOCI):		
Total Financial Assets (I+II+III)	8,959.99	10,259.06

B. Category wise classification of Financial Liabilities

Particulars	As at 31-03-2022	As at 31-03-2021
I. Measured at Amortized Cost:		
Borrowings	5,341.07	6,769.57
Trade payables	287.02	276.56
Other financial liabilities	31.98	17.34
Sub Total (I)	5,660.07	7,063.47
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	8.97	12.85
Total Financial Liabilities (I+II+III)	5,669.04	7,078.67

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

Particulars	2021-22	2020-21
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	18.60	104.38
(ii) Bad debts written off	43.75	16.58
Sub-total A	62.35	120.96
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)	0.77	(11.39)
(ii) Spot to spot MTM (Exchange (gains)/losses on revaluation or settlement of forward contracts)	(2.87)	7.86
(iii) Unclaimed credit balances written back	0.95	1.15
Sub-total B	(1.15)	(2.38)
Total [I] = (A+B)	61.20	118.58
II. Measured at fair value through Other comprehensive income:		
Gains/(losses) on fair valuation or settlement of forward contracts designated as cash flow hedges	(0.64)	(17.79)
III. Other income/(expenses):		
(i) Dividend income from investments measured at FVTPL	0.22	0.50
(ii) Interest income on financial assets measured at amortised cost	9.66	357.47
(iii) Interest expense on Financial liabilities that are measured at amortised cost	(362.84)	(481.92)
(iv) Premium amortised on forward contracts designated as cash flow hedges	(1.40)	(7.95)
Total [III]	(354.36)	(131.90)

D. Hedge Accounting
i. Outstanding Hedge Instruments

Particulars	As at 31-03-2022			As at 31-03-2021		
	up to 12 months	more than	Total	up to 12 months	more than 12 months	Total
Average forward rate (USD/INR)	-	-		79.24	79.24	
Cash flow hedges - USD forward contracts (in INR Crores)	-	-	-	59.00	126.54	185.54

ii. Carrying amounts of Hedge instruments

Particulars	As at 31-03-2022		As at 31-03-2021	
	Non-	Current	Non-	Current
Forward contracts				
Liabilities	-	-	1.39	0.96

iii. Balance and movement of Cash flow Hedge Reserve

Particulars	2021-22	2020-21
Opening Balance	0.64	18.43
Add: Difference between forward to forward MTM	(0.64)	(17.79)
Closing Balance	-	0.64

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

Particulars	As at 31-03-2022			As at 31-03-2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Investments at FVTPL - Mutual Funds	-	-	-	335.02	-	-
Financial liabilities :						
Derivatives designated as cash flow hedges	-	-	-	-	2.35	-

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

Particulars	As at 31-03-2022		As at 31-03-2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets - Finance Lease receivables	8,209.07	8,209.07	8,351.70	8,351.70
Financial liabilities - Non-convertible debentures	4,243.61	4,303.48	4,772.88	4,879.16
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, 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 31-03-2022	As at 31-03-2021
Gross Debt	5,341.07	6,769.57
Less: Cash and Cash equivalents	47.82	510.88
Less: Other bank balances	16.91	16.62
Less: Short term investments	83.98	335.02
Net Debt	5,192.36	5,907.05
Equity	3,951.20	3,649.39
Gross Debt to Equity	1.35	1.85
Net Debt to Equity	1.31	1.62

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 Risk Management Committee and 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 in the domestic currency, trade payables and other payables. 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:

₹ Crore

Particulars	2021-22	2020-21
Opening Balance as at April 1	142.53	38.15
Provision/(reversal) of allowance for expected credit loss*	18.60	104.38
Closing Balance as at March 31	161.13	142.53

*includes Rs. 66.38 Cr considered as part of Exceptional items [refer note 32 (b)] in the year ended March 31, 2021.

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 was foreign currency risk. The Company had a USD ECB loan which was exposed to exchange rate fluctuations, the same has been repaid during the year.

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

₹ Crore

Particulars	Amount	
	As at 31-03-2022	As at 31-03-2021
Hedged	-	171.43
Un-hedged	-	101.00

Sensitivity

₹ Crore

Particulars	Impact on Profit after tax	
	2021-22	2020-21
INR/USD -Increase by 10%	-	(7.56)
INR/USD -Decrease by 10%	-	7.56

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. 267.56 Cr at the end of the reporting period.

Maturity Profile of Financial Liabilities (undiscounted values):

₹ Crore

Particulars	As at 31-03-2022			As at 31-03-2021		
	Upto 12 months	More than 12 months	Total	Upto 12 months	More than 12 months	Total
1. Non-Derivative Liabilities						
Borrowings	2,944.08	2,677.91	5,621.99	3,781.62	3,350.90	7,132.52
Trade payables	287.02	-	287.02	276.56	-	276.56
Other financial liabilities	40.10	0.85	40.95	27.31	3.84	31.15
Total Non-Derivative Liabilities	3,271.20	2,678.76	5,949.96	4,085.49	3,354.74	7,440.23
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 31-03-2022	As at 31-03-2021
Receivable not later than 1 year	1,225.98	1,115.97
Receivable later than 1 year and not later than 2 years	1,511.97	1,225.98
Receivable later than 2 year and not later than 3 years	1,289.63	1,511.97
Receivable later than 3 year and not later than 4 years	1,017.77	1,289.63
Receivable later than 4 year and not later than 5 years	1,008.68	1,017.77
Receivable later than 5 years	12,431.30	13,439.98
Total	18,485.33	19,601.30
Less: Future Finance Lease Investment	-	-
Gross investment in lease	18,485.33	19,601.30
Less: Unearned finance income	10,276.26	11,249.60
Present value of receivables	8,209.07	8,351.70

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

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

c) Finance lease income recognised in the Statement of Profit and Loss during the year amounts to Rs 1019.03 Cr (Rs. 968.64 Cr is on the net investment in finance lease and Rs. 50.39 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

Particulars	2021-22	2020-21
Opening balance (a)	8,351.70	8,526.19
Additions (b)	4.73	-
Finance income recognised during the year (c)	968.64	987.86
Lease rental received during the year (d)	1,116.00	1,162.35
Closing balance (a+b+c-d)	8,209.07	8,351.70

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

Particulars	As at 31-03-2022	As at 31-03-2021
Long Term Lease receivables	7,927.15	8,204.35
Short Term Lease receivables	281.92	147.35
Total Lease Receivables	8,209.07	8,351.70

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. 4.17 Cr (Rs. 2.47 Cr for the year ended March 31, 2021).

Note - 45
Trade Receivables ageing schedule from due date of receivables

₹ Crore

Particulars	As at 31-03-2022						Total
	Not Due	Less Than 6 Months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 years	
(a) Undisputed - Considered good - Gross	350.85	-	-	-	-	-	350.85
(b) Allowance for expected credit loss (ECL)	-	-	-	-	-	-	-
(A) Undisputed-Considered good-Net (a-b)	350.85	-	-	-	-	-	350.85
(B)Undisputed - considered doubtful - Net	-	-	-	-	-	-	-
(c) Disputed - Considered good - Gross	-	7.24	38.16	152.38	4.13	205.97	407.88
(d) Allowance for expected credit loss (ECL)	-	(1.11)	(1.91)	(20.43)	(4.13)	(133.55)	(161.13)
(C) Disputed - Considered good - Net (c-d)	-	6.13	36.25	131.95	-	72.42	246.75
(D) Disputed - considered doubtful - Net	-	-	-	-	-	-	-
Total Net Trade Receivables (A+B+C+D)							597.60

Particulars	As at 31-03-2021						Total
	Not Due	Less Than 6 Months	6 months - 1 year	1-2 Years	2-3 Years	More than 3 years	
(a) Undisputed - considered good - Gross	700.20	30.59	38.05	39.36	-	-	808.20
(b) Allowance for expected credit loss (ECL)	-	-	-	-	-	-	-
(A) Undisputed - considered good - Net (a-b)	700.20	30.59	38.05	39.36	-	-	808.20
(B)Undisputed - considered doubtful - Net	-	-	-	-	-	-	-
(c) Disputed - considered good - Gross	-	3.48	157.99	4.13	8.26	200.84	374.70
(d) Allowance for expected credit loss (ECL)	-	-	(11.37)	(4.13)	(8.26)	(118.77)	(142.53)
(C) Disputed - considered good - Net (c-d)	-	3.48	146.62	-	-	82.07	232.17
(D) Disputed - considered doubtful - Net	-	-	-	-	-	-	-
Total Net Trade Receivables (A+B+C+D)							1,040.37

Note - 46
Trade Payables ageing from due date of Payment

₹ Crore

Particulars	As at 31-03-2022						Total
	Unbilled Dues	Not Due	Less than - 1 year	1-2 Years	2-3 Years	More than	
(i) MSME	-	68.15	-	-	-	-	68.15
(ii) Others	30.18	186.10	0.56	-	-	2.03	218.87
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed - Others	-	-	-	-	-	-	-

Particulars	As at 31-03-2021						Total
	Unbilled Dues	Not Due	Less than - 1 year	1-2 Years	2-3 Years	More than	
(i) MSME	-	2.87	-	-	-	-	2.87
(ii) Others	22.14	249.52	-	-	-	2.03	273.69
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed - Others	-	-	-	-	-	-	-

Note - 47
(a) CWIP ageing as on March 31, 2022

₹ Crore

CWIP	As at 31-03-2022				
	Less than - 1 year	1-2 Years	2-3 Years	More than	Total
Projects in progress	54.34	-	-	-	54.34
Projects temporarily suspended	-	-	-	-	-

CWIP as on March 31, 2021 - NIL

(b) CWIP Completion schedule as on March 31, 2022

CWIP	As at 31-03-2022 - CWIP to be			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years
Electro Static Precipitator Upgradation	54.34	-	-	-

CWIP as on March 31, 2021 - NIL

Note - 48
Disclosure of Ratios as per Schedule III of Companies Act, 2013

Particulars	As at 31-03-2022	As at 31-03-2021	% Change YoY
(a) Current Ratio [Current Assets/Current Liabilities (excl. current maturities of long-	1.17	1.18	(1)
b) Debt Equity Ratio (Total debt/Total Equity)	1.35	1.85	(27)
c) Debt Service Coverage Ratio [PBIT/(Finance Cost + Long term debt repayments)]	0.38	0.71	(47)
(d) Return on Equity Ratio (Profit after Tax/Average Shareholder's Equity)	7.94%	4.58%	73
e) Inventory Turnover [Cost of goods sold (TTM)/Average Inventory]	7.25	4.92	47
f) Debtors Turnover [Sales (TTM)/Average Gross Trade Receivables]	4.03	2.57	57
(g) Trade payables turnover ratio (Total Purchases (manufacturing, Construction and operating expenses)/Average Trade payables)	10.54	9.89	7
(h) Net capital turnover ratio (Revenue from operation/Average working capital)	2.53	1.67	52
(i) Net Profit Margin (%) (PAT after exceptional items/Revenue from operations)	7.68%	4.88%	57
(j) Return on Capital employed (Profit after tax + Finance Cost) / (Average Equity+	6.92%	6.26%	10

Note 49

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 defensible 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 50
Trade receivables include:

a) Rs. 33 Cr towards pending reimbursement of coal washing costs etc., against which dispute notice has been raised by PSPCL.

b) Energy Charges amounting to Rs. 89.12 Cr towards pending reimbursement of imported coal cost incurred by the Company in FY 2017-18. PSERC has partially allowed the Company's claim. Aggrieved on the PSERC order, the Company has filed an appeal before the APTEL and the same is pending for adjudication.

Backed by the legal opinion, management is confident on recoverability of the above amounts, hence considered as good.

Note 51

Post payment of the outstanding energy charges dues as per the Hon'ble SC order dated 09-03-2021, PSPCL has filed a petition in the PSERC during the year for refund of Rs. 386.80 Cr along with applicable surcharge on contention that excess energy charges have been billed and recovered by NPL from PSPCL. Backed by the legal opinion, management is of the view that issues raised by PSPCL in the petition have been already settled by Hon'ble SC in favour of the Company. This matter is pending for adjudication at the PSERC.

Note 52

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2022. The disclosure pursuant to the said act is as under :

₹ Crore

Particulars	As at 31-03-2022	As at 31-03-2021
Principal amount due to suppliers under MSMED Act, 2006	0.10	-
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	-	0.02
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
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 53

Corporate Social Responsibility expenses (CSR)

a. Amount required to be spent by the Company on CSR activities during the year as per the Companies Act is Rs. 3.56 Cr (previous year: Rs. 4.35 Cr).

b. The Company has spent Rs. 3.61 Cr on CSR during the year ending March 31, 2022 as detailed below:

₹ Crore

Particulars	2021-22	2020-21
Rural Development	1.20	2.17
Skill Development	0.28	0.37
Education and Sports	0.69	0.95
Water and Sanitation	0.26	0.50
Health and Environment	1.08	0.35
Administrative expenses	0.10	0.08
Total	3.61	4.42

c. There is no shortfall in the amount which is required to be spent on CSR during the year (Total of previous years shortfall is NIL).

d. There are no related party transactions in relation to CSR expenditure during the year.

Note 54

Auditors' remuneration

₹ Crore

Particulars	2021-22	2020-21
Statutory Audit and limited Review Fees	0.11	0.11
Tax Audit fees	0.02	0.02
Other Matters (Certification Fees)	0.02	0.01
Reimbursement of expenses*	-	-
Total	0.15	0.14

*Rs. 6,280 for the year ended March 31, 2022, rounded off.

Note 55

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 and inventories. 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, 2022. 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 2022-23.

Note 56

There are no material events or transactions that occurred subsequent to March 31, 2022. Previous year figures have been reclassified to make them comparable with the current year figures.

For and on behalf of Board of Directors**Director: D.K. Sen**

DIN: 03554707

Director: YVS Sravankumar

DIN: 01080060

Suresh K Narang

Chief Executive

Subrahmanyeswara Rao M

Chief Financial Officer

Ishrat Kaur

Company Secretary

M No. A46885

Place :

Date: April 18, 2022

AWARDS

Twin awards from CII



- National Energy Leader for its progressive performance for second consecutive year in Energy Management (3rd time in a row)
- Excellent Energy Efficiency Unit award for outstanding achievements in Energy Efficiency (5th time in a row)



Won Golden Peacock Award for CSR in power generation category



'Best Operating Thermal Power Generator - Commissioned after 2008' by IPPAI



Won first ever L&T Process Improvement (PI) Award in the Service Category, 2021 for Coal Planning to Firing Model

Nabha Power registers its name in the top 10 thermal power plants of the Country for Highest PLF in the period of April 2021 – August 2021

EMPLOYEE ENGAGEMENT

NPL DAY 2022



DIWALI MELA



SPORTS EVENTS



REWARDS & RECOGNITION



LADIES CLUB



RENDEZVOUS



FLUE GAS DESULPHURISATION (FGD) PROGRESS



***Propelling the
Industrial and Commercial
Growth of Punjab***



Nabha Power Limited

(CIN: U40102PB2007PLC031039)

Regd. Office: P.O. Box No. 28, Near Village Nalash,
Rajpura, Distt. Patiala – 140401, Tel No: +91-1762-277252, Fax No: +91-1762-277251
Email: corpcom-npl@larsentoubro.com; Website: www.nabhapower.com