



**NATIONAL ENERGY TRADING AND SERVICES LIMITED**

17<sup>th</sup> Annual Report

2016-17

**BOARD OF DIRECTORS (AS ON 02.08.2017)**

- |                                |                        |
|--------------------------------|------------------------|
| 1. Shri MCS Reddy              | - Chairman             |
| 2. Shri N Narasimha Murty Raju | - Whole Time Director  |
| 3. Shri TNKS Murty             | - Independent Director |
| 4. Shri BRK Rao                | - Independent Director |
| 5. Ms. Trina Lakhmani          | - Director             |

**COMPANY SECRETARY**

Shri Mukesh Jain

**CHIEF FINANCIAL OFFICER**

Shri Naval Kishore

**STATUTORY AUDITORS**

M/s Brahmayya & Co.  
Chartered Accountants,  
No.48, Masilamani Road,  
Balaji Nagar, Royapettah,  
Chennai-600014, Tamilnadu

**BANKERS**

Bank of Baroda  
IDBI Bank Limited  
IndusInd Bank Limited  
Yes Bank Limited  
HDFC Bank Limited  
Laxmi Vilas Bank

**REGISTERED OFFICE**

LANCO House,  
Plot #4, Software Units Layout,  
HITEC City, Madhapur  
Hyderabad-500081, Telangana (India)  
Tel: +91-40-40090400  
Fax: +91-40-23116127  
CIN: U40109TG2000PLC033791

**CORPORATE OFFICE**

Lanco House, Plot No. 397, Udyog Vihar,  
Phase-III, Gurugram -122016  
Haryana (India)  
Tel: +91- 124-4741000  
Fax: +91- 124-4741074, 84

## NOTICE

**NOTICE** is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of National Energy Trading And Services Limited will be held on Friday, the 29<sup>th</sup> September, 2017 at 1.00 P.M. at its registered office situated at Plot No.4, Software Units Layout, Hitec City, Madhapur, Hyderabad-500081, Telangana, India, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017 along with Board's Report and Auditors' Report thereon.
2. To appoint a Director in place of Ms. Trina Lakhmani (DIN: 07239967), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and read with Rules framed thereunder, as amended from time to time, M/s. Brahmayya & Co., Chartered Accountants (Firm Registration Number 000511S), subject to the ratification of members of the appointment at every Annual General Meeting (AGM), be and is hereby appointed as Statutory Auditors of the Company to hold office of for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the 22<sup>nd</sup> Annual General Meeting to be held in the year 2022, at a remuneration as may be decided by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. **Re-appointment of Shri Narasimha Murthy Raju Nadimpalli as the Whole-time Director and Key Managerial Personnel of the Company and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded for the re-appointment of Shri. Narasimha Murthy Raju Nadimpalli as the Whole-time Director and Key managerial Personnel of the Company for a period of 5 years with effect from 9th May, 2017, with the following terms of appointment;

- a) entitled for Reimbursement of tour and travel expenditure for his official work of the Company as Whole Time Director of the Company.
- b) entitled for Reimbursement of expenditure relating to accommodation and other allowances, if any.
- c) liable to retire by rotation.
- d) Remuneration is Nil.

**RESOLVED FURTHER THAT** Shri. Narasimha Murthy Raju Nadimpalli, Whole-time Director & Key Managerial Personnel will not be entitled to any sitting fee for attending the meetings of the Board or of any Committee thereof.

**Corporate Office:** Lanco House, Plot # 397, Udyog Vihar, Phase-3, Gurgaon-122 016, New Delhi Region, India.

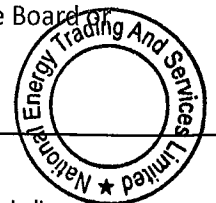
**T:** +91 124 474 1000 **F:** +91 124 4741074/84

**Registered Office:** Lanco House, Plot No. 4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500 081, Telangana, India.

**T:** +91 40 4009 0400 **F:** +91 40 2311 6127

[www.lancogroup.com](http://www.lancogroup.com)

Corporate Identity Number: U40109TG2000PLC033791



**RESOLVED FURTHER THAT** the Directors and Company Secretary of the Company be and is hereby severally authorised to take all actions as may be necessary in regard to appointment of Shri Narasimha Murthy Raju Nadimpalli, Whole-time Director of the Company and to sign and file the necessary e-forms, applications, documents and other papers with the Registrar of Companies and other statutory authorities and to do all such acts, deeds, matters and things as are necessary and are ancillary or incidental thereto."

**5. To appoint Shri Chandrasekhar Reddy Mettipalle as Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** Shri Chandrasekhar Reddy Mettipalle (DIN: 02811755) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 24th July, 2017 and who holds office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose office is liable to be retire by rotation.

**RESOLVED FURTHER THAT** the Directors and Company Secretary of the Company be and are hereby severally authorised to take all actions, as may be necessary in this regard and to file necessary forms, applications, documents and other papers with the concerned Registrar of the Companies and other Statutory Authorities and to do all such acts, deeds, matters and things as are required and are ancillary or incidental thereto."

By Order of the Board of Directors  
FOR NATIONAL ENERGY TRADING AND SERVICES LIMITED



*Mukesh Jain*

MUKESH JAIN  
COMPANY SECRETARY

Place: Gurugram  
Date: 02.08.2017

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution/authorization letter authorising their representative to attend and vote on their behalf at the Meeting.
4. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of special business under Item Nos. 4 and 5 of the Notice, is annexed hereto.
5. All documents referred to in the Notice and Explanatory Statement attached thereto shall be open for inspection at the Registered Office of the Company between 10:00 a.m. to 6:00 p.m. on working days upto the date of ensuing Annual General Meeting of the Company. The Register of Directors & Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, shall be open for inspection for the members during business hours and shall be accessible to any person(s) attending the Meeting.
6. Attendance Slip and Proxy Form are annexed hereto. Members or their Proxy are requested to carry duly filled in and signed Attendance Slip and duly filled in, stamped and signed Proxy Form. The proxy holder shall prove his/her identity at the time of attending the Meeting.
7. Route Map for venue of AGM along with prominent landmarks has been annexed hereto for easy location as prescribed under the Secretarial Standard on General Meeting issued by Institute of Company Secretaries of India.



**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 THE COMPANIES ACT, 2013.**

**Item No.4**

The existing term of Shri. Narasimha Murthy Raju Nadimpalli as Whole-time Director & Key Managerial Personnel of the Company will be completed on 9<sup>th</sup> May, 2017. Accordingly, it is proposed to re-appoint him as Whole-time Director and Key Managerial Personnel of the Company for a period of 5 years (five years), effective from 9<sup>th</sup> May, 2017 without any remuneration.

Shri. Narasimha Murthy Raju Nadimpalli aged about 53 years is an Engineering graduate and has done Executive Program in Business Management from IIM Calcutta. He has about 20 years of work experience in Power sector. He has worked with organizations like Marine & Communication Electronics Ltd, Ferro Alloys Corporation, Jindal Strips Ltd and LVS Power Ltd in the past and has handled responsibilities of Business Development, Project Monitoring, Power Sale, Regulatory, Operations & Maintenance, Unit Head of Captive Power Plant, Manufacturing of Wireless Communication equipment etc.

Shri. Narasimha Murthy Raju Nadimpalli does not hold any shares in the Company and he is not related to the other Directors or Key Managerial Persons of the Company. Shri Narasimha Murthy Raju Nadimpalli holds directorship in Himavat Power Limited and does not hold any membership/chairmanship of Committees.

Except Shri Narasimha Murthy Raju Nadimpalli, No director, Key Managerial Personnel or their relatives, to whom the resolution relates, is interested in the said resolution.

The Board recommends the resolutions set forth in item no. 4 for approval of the members of the company.

**Item No.5**

The Board of Directors has appointed Shri Chandrasekhar Reddy Mettipalle as an Additional Director of the Company w.e.f. 24<sup>th</sup> July, 2017.

Shri Chandrasekhar Reddy Mettipalle, aged about 49 years is a graduate in Electrical & Electronics Engineering and he holds Post Graduation in ME (Power Systems) from Regional Engineering College, Trichy and also Post Graduation in Business Administration and He has over total experience of more than 26 years in the different fields including Power.

He does not hold any shares in the Company and he is not related to the other Directors or Key Managerial Persons of the Company. Shri Chandrasekhar Reddy Mettipalle holds directorship and membership/chairmanship of Committees in the following companies:

S. No.	Name of companies	Directorship	Committee membership/ chairmanship
1.	Lanco Hydro Power Limited	Director	-
2.	Lanco Vidarbha Thermal Power Limited	Director	Member of Audit Committee, Nomination And Remuneration Committee, Chairperson of Corporate Social Responsibility Committee



3.	Lanco Babandh Power Limited	Whole Time Director	-
4.	Lanco Mandakini Hydro Energy Private Limited	Director	Member of Audit Committee, Nomination & Remuneration Committee.
5.	Lanco Anpara Power Limited	Director	-
6.	Lanco Teesta Hydro Power Limited	Director	Member of Audit Committee, Chairperson of Nomination & Remuneration Committee, Corporate Social Responsibility Committee.
7.	Lanco Thermal Power Ltd.	Director	-
8.	Lanco Power Limited	Whole Time Director	-

Pursuant to the provisions of Section 161 of the Companies Act, 2013 Shri Chandrasekhar Reddy Mettipalle will hold office up to the ensuing Annual General Meeting.

The Company has received a written notice under Section 160 of the Companies Act, 2013 along with requisite deposit proposing the candidature of Shri Chandrasekhar Reddy Mettipalle for the office the director of the Company.

The Company has received from Shri Chandrasekhar Reddy Mettipalle (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

The Board also considers it desirable that the appointment of Shri Chandrasekhar Reddy Mettipalle as Director be regularized by their appointment as Director under Section 152 of the Companies Act, 2013 liable to retire by rotation.

No director, Key Managerial Personnel or their relatives, except Shri Chandrasekhar Reddy Mettipalle, to whom the resolution relates, is interested in the said resolution.

The Board recommends the resolutions set forth in item no. 5 for approval of the members of the company.

By Order of the Board of Directors  
FOR NATIONAL ENERGY TRADING AND SERVICES LIMITED

*Mukesh Jain*

MUKESH JAIN  
COMPANY SECRETARY

Place: Gurugram  
Date: 02.08.2017



**NATIONAL ENERGY TRADING AND SERVICES LIMITED**

Corporate Identity Number: U40109TG2000PLC033791

Regd. Office: Plot # 4, Software Units Layout, HITEC City, Madhapur, Hyderabad, Telangana - 500081

**ATTENDANCE SLIP**

**17<sup>th</sup> Annual General Meeting – September 29, 2017**

DP ID*	
Client ID*	

Regd. Folio No.....
---------------------

I certify that I am a Member/Proxy for the Member of the Company. I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company to be held at Lanco House, Plot No.4, Software Units Layout, Hitec City, Madhapur, Hyderabad-500081, Telangana, India at 01.00 PM on Friday, the 29<sup>th</sup> September 2017.

\_\_\_\_\_  
Member's / Proxy's Name in Block Letters \*\*

\_\_\_\_\_  
Member's / Proxy's Signature \*\*

**Note:** Member / Proxy must bring the signed Attendance Slip to the Meeting and hand it over at the registration counter.

\* Applicable for Investors holding shares in Electronic Form.

\*\* Strike out whichever is not applicable.





**NATIONAL ENERGY TRADING AND SERVICES LIMITED**

Corporate Identity Number: U40109TG2000PLC033791

Regd. Office: Plot # 4, Software Units Layout, HITEC City, Madhapur, Hyderabad, Telangana - 500081

FORM NO.MGT 11

**PROXY FORM**

**17<sup>th</sup> Annual General Meeting - September 29, 2017**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration) Rules, 2014)

Name of the Member(s) :  
 Registered Address :  
 E-mail ID :  
 Folio No. / Client ID :  
 DP ID :

I/We, being the member(s) of .....Shares of National Energy Trading And Services Limited, hereby appoint

1) Name: .....Address:.....  
 ..... Email ID : ..... Signature : ....., or failing him

2) Name: .....Address:.....  
 ..... Email ID:..... Signature: ....., or failing him

2) Name: .....Address:.....  
 ..... Email ID:..... Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at the 17<sup>th</sup> Annual General Meeting of the Company, to be held on the Friday, 29<sup>th</sup> September 2017 at 1.00 p.m. at Plot No.4, Software Units Layout, Hitec City, Madhapur, Hyderabad-500081, Telangana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

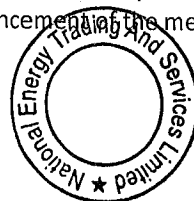
Sr. No.	Resolutions
<b>Ordinary Business</b>	
1	Adoption of the Audited Financial Statements for the financial year ended 31st March, 2017 along with Directors' Report and Auditors' Report thereon.
2	Re-appointment of Ms. Trina Lakhmani who retires by rotation.
3	Appointment of M/s. Brahmayya & Co., Chartered Accountants as Auditors of the Company
<b>Special Business</b>	
4	Re-appointment of Shri Narasimha Murthy Raju Nadimpalli as the Whole-time Director of the Company.
5	To appoint Shri Chandrasekhar Reddy Mettipalle as Director of the Company.

Signed this .....day of ....., 2017

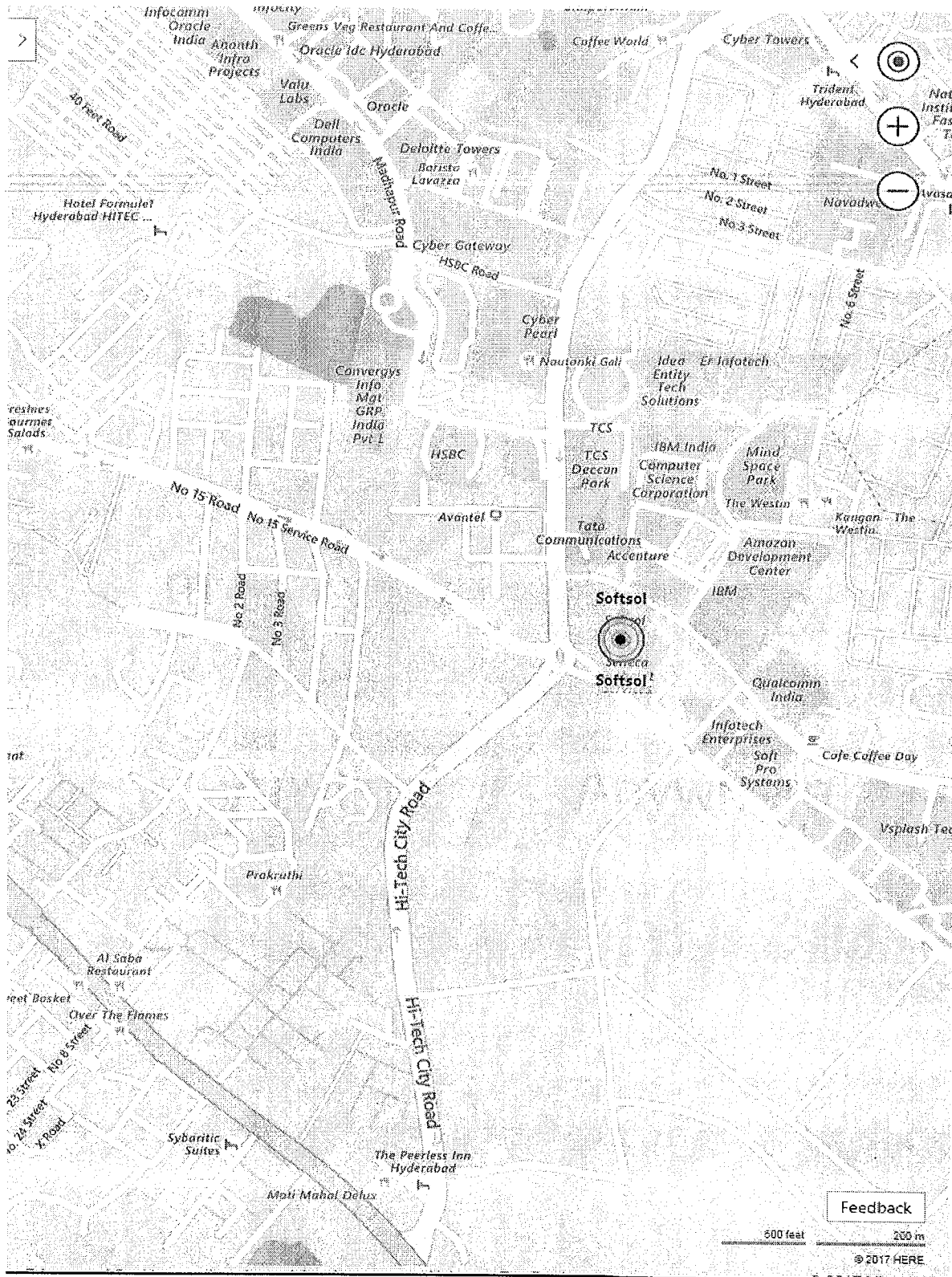
Signature of Member.....

Signature of Proxy 1)..... Proxy 2).....Proxy 3).....

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



# **ROUTE MAP OF ANNUAL GENERAL MEETING VENUE**



**Landmark: Softsol Building**



## BOARD'S REPORT

The Members,  
National Energy Trading And Services Limited

Your Directors have pleasure in presenting the 17<sup>th</sup> Annual Report of National Energy Trading And Services Limited (hereinafter referred to as "Company") on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2017:

### 1. Performance – At a Glance

		(Rs. in Lacs)	
	PARTICULARS	F.Y 2016-17	F.Y 2015-16
	Million Units traded	1094.40	1285.61
I	Sales (Net of Rebate) incl OA	58927.38	65,749.72
II	Purchases (Net of Rebate)	58423.83	65,278.46
III	Income		
	a. Income from Operations (I - II)	503.55	471.26
	b. Other Income	504.82	778.04
	<b>TOTAL</b>	1008.37	1,249.30
IV	Expenses		
	a. Administrative Expenses	346.74	545.24
	b. Staff Cost	217.51	180.79
	c. Interest and Financial Charges	298.61	132.21
	<b>TOTAL</b>	862.86	858.24
V	Depreciation/Written-off	9.28	10.37
VI	Profit Before Exceptional Items & Tax (III - IV - V)	136.23	380.69
VII	Exceptional Items	0	0
VIII	Profit Before Tax (VI+VII)	136.23	380.69
IX	Provision for Taxes	36.22	169.22
X	Profit after Tax ( VIII - IX)	100.01	211.47
XI	Other Comprehensive Income	1.71	-2.58
XII	Total Comprehensive Income(X+ XI)	101.72	208.89
XIII	No. of Shares	36529400	36529400
XIV	EPS (Annualised)-Rs.	0.28	0.57

### 2. Dividend & Reserves

The Board has decided to retain the profits generated during the financial year for future growth and requirements. Consequently your directors do not recommend any dividend for the financial year 2016-17.

During the year under review, no amount was transferred to General Reserve.

### 3. Operational Details

#### TRADED VOLUME

During the reporting year, your Company has traded 1094.40 Million Units (MUs) of energy, against 1285.61 MUs traded during the previous year.



**Corporate Office:** Lanco House, Plot # 397, Udyog Vihar, Phase-3, Gurgaon-122 016, New Delhi Region, India.

T: +91 124 474 1000 F: +91 124 4741074/84

**Registered Office:** Lanco House, Plot No. 4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500 081, Telangana, India.

T: +91 40 4009 0400 F: +91 40 2311 6127

www.lancogroup.com

Corporate Identity Number: U40109TG2000PLC033791

### **EXCHANGE TRADING PLATFORMS**

Your Company, during the year traded power on power exchanges for an aggregate volume of 907.97 MUs with a Turnover of Rs.272.11 crores.

### **MAJOR SUPPLIERS**

Lanco Anpara Power Ltd supplied the maximum quantum of 401.06 MUs followed by Jhabua Power and SBQ Steels Ltd. at 106.00 MUs and 53.94 MUs, respectively.

### **MAJOR BUYERS**

On the other side, TNEB was the highest purchaser of power from Company at 132.49 MUs followed by NCL Industries at 99.91 MUs and Devashree Ispat at 95.32 MUs respectively.

### **OPERATIONAL EFFICIENCY**

Your Company carried out congestion management by re-routing of energy supplies to various utilities through different corridors so as to trade the contracted volumes, thereby facilitating more power flows. The bilateral volume of 186.43 MUs, was traded almost 100% through Firm contracts and there were no Banking transactions. The balance volume of 907.97 MUs was traded through Power Exchanges. Your Company gave an average price realization of Rs.3.00/kWh to its customers during the FY 2016-17, the highest being Rs.8.66/kWh and the lowest at Rs.1.03/kWh.

### **CHANGING MARKET SCENARIO**

Power Exchanges viz., Indian Energy Exchange and Power Exchange of India Ltd. have become more aggressively operational; with a result bilateral trade is taking a hit. This is more because of the transparent and convenient operations. A third Power Exchange has also obtained License from CERC but is unlikely to start operations. With greater transparency in price discovery, suppliers are opting for trades through Power Exchanges. Your Company has traded power on power exchanges from Apr 2016 to March 2017 for volume of 907.97 MUs.

### **LONG & MEDIUM TERM CONTRACTS**

Your Company has, during the year, transacted 132.49 MUs under Long Term/ Medium Term Power contracts.

### **TRADING OF SOLAR POWER EQUIPMENTS**

During the financial year 2016-17, the Company has achieved a turnover of around Rs.209.17 crores as compared to Rs. 59.82 crores during the previous year in the business of trading of solar power equipments including solar panels, inverters, transformers and allied parts & accessories

#### **4. Subsidiary, Joint Ventures & Associate Companies (Disclosure As Per Rule 8(5) Of The Companies(Accounts) Rules, 2014)**

As on March 31, 2017, the Company has a subsidiary i.e. Pragdisa Power Private Limited pursuant to section 2 (87) of the Companies Act, 2013.



However, the Company is not required to prepare consolidated financial statements as the above subsidiaries are not considered in the consolidation as per the applicable accounting standards.

Report on the performance and financial position of each of the subsidiaries has been provided in **Form AOC-1**.

**5. Change in Nature of Business, if any**

There is no change in nature of business of the Company during the year under review.

**6. Capital Structure**

During the year there were no changes in the Share Capital of the Company. As on March 31, 2017, the paid up share capital of the Company was Rs. 36,52,94,000.

**7. Disclosure regarding issue of Equity Shares with Differential Rights Section 43 (Rule 4(4) Of The Companies (Share Capital And Debentures) Rules, 2014)**

Your Company has not issued any Equity Shares with Differential Rights to existing members or any other persons.

**8. Disclosure regarding issue of Employee Stock Options**

Your Company has not offered any securities as the Employee Stock Option to the employees or directors of the Company.

**9. Disclosure regarding issue of Sweat Equity Shares**

Your Company has not issued sweat equity shares during the year under review.

**10. Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are attached as "**Annexure-A**" to this Report.

**11. Directors and Key Managerial Personnel**

During the year under review, there is no change in the details of directors who were appointed or have resigned from the Company.

Since the existing term of Shri. Narasimha Murthy Raju Nadimpalli as Whole-time Director of the Company got completed on 8th May, 2017, hence the Company has re-appointed Shri Narasimha Murthy Raju Nadimpalli as Whole-time Director and Whole Time Key Managerial Personnel of the Company for a period of 5 (Five) years with effect from May 09, 2017 subject to the approval of the members in the Annual General Meeting of the Company.

Subsequent to March 31, 2017, Shri K Raja Gopal has resigned from the Board w.e.f. 17th July, 2017 and Shri MCS Reddy has been appointed as an additional Director of the Company w.e.f.24th July, 2017.



In terms of section 152 of the Companies Act, 2013, Ms. Trina Lakhmani, Director retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

## 12. Independent Directors' Declaration

Your Board has received the declaration from Shri. TNKS Murty & Shri BRK Rao that they both meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

## 13. Board of Directors & Meetings

As on March 31, 2017, the Board comprises of Five Members, comprising of a Non-Executive Chairman, One Whole Time Director, Two Independent Directors and one woman Director.

During the financial year 2016-17 the Board of Directors met four times on: 23<sup>rd</sup> May, 2016; 5<sup>th</sup> August, 2016, 3<sup>rd</sup> November, 2016 and 8<sup>th</sup> February, 2017. The names of the Directors on the Board, their attendance at Board Meetings held during the year are given herein below:

S. No.	Name of Director	No. of meetings held during the tenure	No. of meeting attended	% of attendance	Whether attended last AGM on 27/09/2016 (Y/N/NA)
1.	Shri. K Raja Gopal	4	4	100%	Yes
2.	Shri. N N Murty Raju	4	4	100%	No
3.	Shri TNKS Murty	4	4	100%	Yes
4.	Shri BRK Rao	4	3	75%	No
5.	Ms Trina Lakhmani	4	2	50%	No

## 14. Committees of Board

In compliance with the provision of the Companies Act, 2013, the Board has set up the following Committees assigning specific roles and responsibilities to the said committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee

Details on composition & terms of these committees, including the number of meetings held during Financial Year 2016-17 and the attendance are provided below.

### 1. Audit Committee

The terms of the reference of Audit Committee is in line with the requirement of Section 177 of the Companies Act, 2013 and Rules made thereunder.

The terms of reference of the Committee inter alia, include the following:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;



- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters; and
- (ix) Such other assignments as may be entrusted by the Board

The following is the composition of Audit Committee as on March 31, 2017:

S. No	Name of Director	Designation
1	Shri TNKS Murty	Chairman
2	Shri K. Raja Gopal	Member
3	Shri BRK Rao	Member

Further, subsequent to March 31, 2017, Due to resignation of Shri K Raja Gopal from the Board, the Audit Committee was reconstituted & Shri MCS Reddy was inducted as member of the Audit Committee w.e.f. 24<sup>th</sup> July, 2017 in place of him.

The Audit Committee has met five times during the year under review on 23<sup>rd</sup> May, 2016, 5<sup>th</sup> August, 2016; 3<sup>rd</sup> November, 2016; 8<sup>th</sup> February, 2017;

The details of Audit Committee meeting and its member's attendance during FY 2016-17 are given herein below:-

S. No	Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended	% of attendance
1	Shri TNKS Murty	Chairman	4	4	100%
2	Shri BRK Rao	Member	4	3	75%
3	Shri K. Raja Gopal	Member	4	4	100%

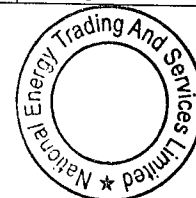
## 2. Nomination & Remuneration Committee

### Terms of reference of Nomination and Remuneration Committee:

- To identify persons who are qualified to become Director(s) and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and other employees and review / modify the same from time to time.
- To develop and recommend to the Board for its approval on annual evaluation process for Independent Directors.
- To devise a Policy on Board diversity.
- To consider and disclose information pertaining to Director/ Key Managerial Personnel, to Shareholders of the Company under the Companies Act, 2013 and
- To take up any other roles and responsibilities delegated by the Board from time to time.

The following is the composition of Nomination & Remuneration Committee as on March 31, 2017

S. No	Name of Director	Designation
-------	------------------	-------------



1	Shri BRK Rao	Chairman
2	Shri K. Raja Gopal	Member
3	Shri TNKS Murty	Member

Further, subsequent to March 31, 2017, Due to resignation of Shri K Raja Gopal from the Board, the Nomination & Remuneration Committee was reconstituted & Shri MCS Reddy was inducted as member of the Nomination & Remuneration Committee w.e.f. 2<sup>nd</sup> August, 2017 in place of him.

The Nomination & Remuneration Committee met twice during the year under review on 23<sup>rd</sup> May, 2016 & 8<sup>th</sup> February, 2017.

The details of Committee meeting and its member's attendance during FY 2016-17 are given herein below:-

S. No	Name of Director	Category	No. of meeting held during the tenure	No. of meetings attended	% of attendance
1	Shri TNKS Murty	Chairman	2	2	100%
2	Shri BRK Rao	Member	2	2	100%
3	Shri K. Raja Gopal	Member	2	2	100%

### 3. Corporate Social Responsibility Committee

In accordance with the requirements laid down in Section 135 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee. The terms of reference of Corporate Social Responsibility Committee:

- To prepare the CSR Policy and to recommend the Board for its approval;
- To recommend the CSR activities to be undertaken by the Company as prescribed under Schedule VII of the Companies Act, 2013;
- To recommend on CSR activities to be undertaken by the Company on its own or in collaboration with Lanco Foundation or any registered trust / society / Company permitted under the law;
- To ensure that the activities as are included in CSR Policy of the Company are implemented by the Company with a transparent monitoring mechanism;
- To report periodically on the CSR activities of the Company to the Board and in the Board's report;
- To seek expert advice on CSR activities of the Company that may be appropriate to discharge its responsibilities; and
- To take up any other roles and responsibilities delegated by the Board from time to time.

The following is the composition of Corporate Social Responsibility Committee of the Company as on March 31, 2017:

S. No	Name of Director	Designation
1	Shri K Raja Gopal	Chairman
2	Shri BRK Rao	Member
3	Shri TNKS Murty	Member

Further, subsequent to March 31, 2017, Due to resignation of Shri K Raja Gopal from the Board, the CSR Committee was reconstituted & Shri MCS Reddy was inducted as Chairman of the CSR Committee w.e.f. 2<sup>nd</sup> August, 2017 in place of him.





The Corporate Social Responsibility Committee met once during the year under review on 23<sup>rd</sup> May, 2016.

The details of CSR Committee meeting and its member's attendance during FY 2016-17 are given herein below:-

S. No	Name of Director	Category	No. of meeting held during the tenure	No. of meetings attended	% of attendance
1	Shri K Raja Gopal	Chairman	1	1	100%
2	Shri BRK Rao	Member	1	1	100%
3	Shri TNKS Murty	Member	1	1	100%

## 15. Auditors

### Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s Brahmayya & Co., Chartered Accountants were appointed as the Company's Statutory Auditors by the shareholders in the 14th AGM held on September 26, 2014, for a period of three years i.e. till the conclusion of 17th AGM.

The above term has been completed and it is proposed to appoint M/s Brahmayya & Co., Chartered Accountants for next term of 5 consecutive years i.e. from FY 2017-18 to FY 2021-22 pursuant to section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014. The said appointment is subject to ratification by the members at every AGM. Accordingly, the appointment of M/s Brahmayya & Co., Chartered Accountants, has been placed for appointment as the Statutory Auditors by the members in the ensuing AGM. The Company has received certificate from the Auditors to the effect that ratification of their appointment, if made, shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Auditor's Report for the financial year ended March 31, 2017 does not have any qualification and is self-explanatory, hence does not call for any comment of Board.

### Secretarial Auditors

The Board has appointed M/s GRNK & ASSOCIATES, Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2016-17 under the provisions of section 204 of the Companies Act, 2013 and rules made thereunder.

The Secretarial Audit Report for the year ended March 31, 2017 are included as "Annexure-B" and forms an integral part of this Report.

The Secretarial Audit Report for the financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark, hence does not call for any comment of Board.

### Internal Auditors



M/s Ravi Rajan; Chartered Accountants performs the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

**16. Risk Management Policy**

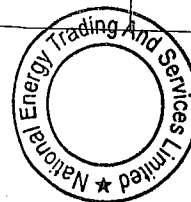
The Lanco Group as whole has adopted voluntarily risk management mechanism to follow the companies within the Group for the implementation of the risk management including identification of elements of risk and risk mitigation plans for the identified risk. The risk register is prepared and is being reviewed by the Audit Committee in every quarterly meeting while reviewing the unaudited/audited financial statements, even before the new Companies Act, 2013. The Audit Committee reviews from time to time to identify the risk and to rate the risk identified as high risk, low risk or medium risk and accordingly the mitigation plans are suggested.

**17. Particulars of Employees and Related Disclosures**

No employee of the Company was in receipt of the remuneration which exceeds the limits as prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Statement of Particulars of Top ten employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name & Designation	Remuneration received (CTC per annum) (Amt. in Rs.)	Qualification & Experience	Date of Commencement of employment	Age (Yrs.)	Particulars of last employment held
Rohit Kumar General Manager	35,24,400	PGDM (MBA)	01-05-2016	41	Lanco Infratech Limited
Naval Kishore, CFO	33,54,275	B.Com, C.A.	17-06-2011	56	Monnet Ispat and Energy Limited
Wasim Ahmed, Asst. General Manager	21,87,907	B. Tech- Electrical	19-04-2007	36	AKP Automation Pvt. Ltd
Navneet Gupta, Sr. Manager	14,92,934	MBA (Finance)	23-04-2012	40	SPICE Digital Limited
Nidhi Kansal, Manager	12,14,583	CA	01-05-2016	32	Lanco Infratech Limited
Sunny Mehta	8,49,997	B.Com, CA	04-01-2016	33	M/s Brahmayya & Co.
Shweta Mehrotra Deputy Manager	7,89,721	Certified Diploma in e-commerce, M.A	01-05-2016	37	Lanco Infratech Limited
Sudarshan Singh Asst. Manager	6,05,000	12 <sup>th</sup>	01-05-2016	36	Lanco Infratech Limited
Mukesh Jain Company Secretary	5,75,000	B. Com, CS	20-07-2015	27	TCI Developers Limited
Shashank Singh, Assistant Manager	5,26,125	BE (EE), MBA (Power Mgt.)	14-09-2009	33	First Employment



**Notes:**

- Nature of employment is permanent for all employees.
- None of the employee holds any Equity shares in the Company.
- None of these employees are related to any Director of the Company.

**18. Policy on Directors' Appointment and Remuneration**

The Board of Directors, in terms of the provisions of Section 178(3) of the Companies Act, 2013, has constituted the Nomination and Remuneration Committee (NRC) and the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company. The NRC Policy adopted by the Board is annexed herewith as "Annexure-C" to this report.

**19. Statement indicating the manner in which Formal Annual Evaluation has been made by the board of its own performance, its Directors, and that of its Committees**

The Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees, and they found it satisfactory.

**20. Significant and material orders passed by the regulations or Courts**

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

**21. Deposits**

During the year under review, the Company has neither invited nor received any deposits from the Public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

**22. Particulars of Loans, Guarantees and Investments Under Section 186 (Disclosure U/s 134(3))**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**23. Statement in respect of adequacy of Internal Financial Control with reference to the financial statements:**

The internal control system comprises of exercising control at various stages and is established in order to provide reasonable assurance for:

- Safeguarding assets and their usage.
- Maintenance of proper accounting records and
- Adequacy and reliability of information used for carrying on business operations.



The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

#### 24. Corporate Social Responsibility

During the year under review, the Board of Directors has approved the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, on the recommendations of the CSR Committee. The CSR Policy outlines the CSR vision of your Company which is based on embedded tenets of trust, fairness and care.

During the financial year 2016-17, the CSR initiatives are undertaken through Lanco Foundation. Lanco Foundation, established in 2000, is a multi-disciplined Public Charitable organization in service of society. Lanco Foundation is involved in welfare activities in the key areas of providing free education, free medical support, free drinking water and free disability assistance.

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as "Annexure-D" to this Report. The Detailed CSR Policy is attached as "Annexure-E", forming part of this annual report.

#### 25. Particulars of Contracts or Arrangements with Related Parties

During the financial year 2015-16, your Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis. All such contracts or agreements have been approved by the Audit Committee under the provisions of section 177 of the Companies Act, 2013, wherever required. No material contracts or arrangements with related parties were entered during the year under review. Accordingly, no transactions are being reported in Form No.AOC-2. Hence, Form No.AOC-2 is not required to be annexed to this report.

#### 26. Details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

As your Company is engaged in the activity of trading of power & solar modules and other related activities, the particulars relating to conservation of energy and technology absorption respectively are not applicable to it.

##### Foreign Exchange Earnings & Outgo:

There are no Foreign Exchange earnings and outgo during the year under review.

#### 27. Material changes and commitments affecting the financial position of the Company.

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

However, a petition has been filed before Hon'ble National Company Law Tribunal, Hyderabad by IDBI Bank Limited against M/s Lanco Infratech Limited (LITL), a Holding Company, for seeking to



initiate a Corporate Insolvency Resolution Process against LITL. The matter is subjudice before Hon'ble National Company Law Tribunal, Hyderabad.

## 28. Vigil Mechanism

During the year under review, the vigil mechanism provisions are not attracted to the Company.

## 29. Disclosures under Sexual Harassment Of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants, whilst dealing with issues related to sexual harassment at the work place towards any woman associates. All women associates (permanent, temporary, contractual and trainees) as well as any woman visiting the Company's office premises or women service providers are covered under this policy.

The following is a summary of sexual harassment issues raised, attended and dispensed during FY16-17:

- No. of complaints received: Nil
- No. of complaints disposed of: Nil
- No. of cases pending for more than 90 days: Nil
- No. of workshops on awareness program against sexual harassment carried out: Nil

## 30. Directors Responsibility Statement:

As required by Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, the applicable accounting standards, have been followed and there are no material departures from the same;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2017 and of the profit of the Company for the financial year ended on that date;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a 'going concern' basis;
- (e) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.



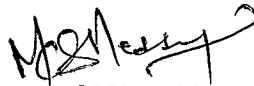
### 31. Acknowledgement

Your Directors express their sincere thanks to the Hon'ble Central Electricity Regulatory Commission, various State Electricity Regulatory Commissions, Ministries of the Central and State Governments, State Electricity Boards, Electricity Utilities, Captive Power Plants, Banks and Officials of the Government of India, State Governments and Customers for their continued support to the Company.

Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels.

Your Directors thank the shareholders for the confidence reposed in the Company and for the continued support and cooperation extended by them.

For and on behalf of the Board of Directors



MCS Reddy  
Director  
DIN: 02811755



N Narasimha Murty Raju  
Whole Time Director  
DIN: 06862293

Place: Gurugram  
Date: 02.08.2017

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON FINANCIAL YEAR ENDED ON 31.03.2017**  
 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

i	CIN	U40109TG2000PLC033791
ii	Registration Date	06.03.2000
iii	Name of the Company	National Energy Trading And Services Limited
iv	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
v	Address of the Registered office & contact details	Plot No.4, Software Units Layout, Hitec City, Madhapur, Hyderabad-500081, Telangana Phone: +91-40-40090400, Fax: +91-40-23116127
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent	M/s Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad-500029, Telangana Phone: +91-40-2763 8111, 2763 4445, Fax : +91-40-27632184 E-Mail: info@aarthiconsultants.com Website: www.aarthiconsultants.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Trading of Electricity	-	63.96%
2	Trading of Solar Modules	-	35.19%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

S. No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Lanco Infratech Limited Plot No.4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500081, Telangana	L45200TG1993PLC015545	Holding	100.00	2(46)
2	Pragdisa Power Private Limited Plot No.4, Software Units Layout, HITEC City, Madhapur, Hyderabad-500081, Telangana	U40100TG2005PTC045442	Subsidiary	99.91	2(87)(ii)

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



**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central/State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corp	36467025	-	36467025	99.83	36467025	61925	36528950	100	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	36467025	-	36467025	99.83	36467025	61925	36528950	100	-
<b>2) Foreign</b>									
f) NRIs-Individuals	-	-	-	-	-	-	-	-	-
g) Other-Individuals	-	-	-	-	-	-	-	-	-
h) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Banks / FI	-	-	-	-	-	-	-	-	-
j) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>36467025</b>	<b>-</b>	<b>36467025</b>	<b>99.83</b>	<b>36467025</b>	<b>61925</b>	<b>36528950</b>	<b>100</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central/State Govt.	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	250	250	0.00	-	450	450	0.00	-
	-	62125	62125	0.17	-	-	-	-	-
c) Others(Specify)	-	-	-	-	-	-	-	-	-





Sub-total(B)(2)	-	62375	62375	0.17	-	450	450	0.00	-
Total Public shareholding (B)=(B)(1)+(B)(2)	-	62375	62375	0.17	-	450	450	0.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>36467025</b>	<b>62375</b>	<b>36529400</b>	<b>100</b>	<b>36467025</b>	<b>62375</b>	<b>36529400</b>	<b>100</b>	<b>-</b>

ii. Shareholding of Promoters

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Lanco Infratech Limited	36467025	99.83	NIL	36528950	100.00	NIL	0.17%
	<b>Total</b>	<b>36467025</b>	<b>99.83</b>		<b>36528950</b>	<b>100.00</b>		<b>0.17%</b>

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

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	36467025	99.83%	36467025	99.83%
2	Date: 20.3.2017 (Increase)	61925	0.17%	61925	0.17%
3	At the end of the year	36528950	100.00%	36528950	100.00%

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

Sl. No	Name of the Shareholder	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	<b>L Rajagopal</b>				
	At the beginning of the year	15625	0.04	15625	0.04
	Date: 20.03.2017 (Decrease)	(15525)	(0.04)	(15525)	(0.04)
	At the end of the year	100	0.00	100	0.00
2	<b>L Madhusudhan Rao</b>				
	At the beginning of the year	15500	0.04	15500	0.04
	Date: 20.03.2017 (Decrease)	(15400)	(0.04)	(15400)	(0.04)
	At the end of the year	100	0.00	100	0.00
3	<b>L Sridhar</b>				
	At the beginning of the year	15500	0.04	15500	0.04
	Date: 20.03.2017 (Decrease)	(15400)	(0.04)	(15400)	(0.04)
	At the end of the year	100	0.00	100	0.00
4	<b>G Bhaskara Rao</b>				



	At the beginning of the year	15500	0.04	15500	0.04
	Date: 20.03.2017 (Decrease)	(15400)	(0.04)	(15400)	(0.04)
	At the end of the year	100	0.00	100	0.00
<b>5</b>	<b>L Padma</b>				
	At the beginning of the year	125	0.00	125	0.00
	Date: 20.03.2017 (Decrease)	(100)	0.00	(100)	0.00
	At the end of the year	25	0.00	125	0.00
<b>6</b>	<b>G Padmavathi</b>				
	At the beginning of the year	125	0.00	125	0.00
	Date: 20.03.2017 (Decrease)	(100)	0.00	(100)	0.00
	At the end of the year	25	0.00	25	0.00

**v. Shareholding of Directors & KMP**

Sl. No	Shareholding at the end of the year	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company
	<b>For Each of the Directors &amp; KMP</b>		
	At the beginning of the year	None of the Directors & KMP of the Company holds any equity shares in the Company.	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		
	At the end of the year		

**V. INDEBTEDNESS**

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,35,00,000	-	-	4,35,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4,35,00,000</b>			<b>4,35,00,000</b>
Change in Indebtedness during the financial year				
- Addition	13,19,04,668	-	-	13,19,04,668
- Reduction	(17,54,04,668)	-	-	(17,54,04,668)
<b>Net Change</b>	<b>(4,35,00,000)</b>			<b>(4,35,00,000)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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



Sl. No.	Particulars of Remuneration	Shri N N Murty Raju	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
2.	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
3.	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	-	-
4.	Stock Option	-	-
5.	Sweat Equity	-	-
6.	Commission - as % of profit - others, specify	-	-
7.	Others, please specify	-	-
8.	Total(A)	-	-
	Ceiling as per the Act		

**B. Remuneration to other directors:**

**1. Independent Directors**

Name of Director	Fee for attending Board/ Committee Meetings	Commission	Others	Total
Shri. TNKS Murty	-	-	-	-
Shri. BRK Rao	-	-	-	-
Total (1)	-	-	-	-

**2. Other Non-Executive Directors**

Name of Director	Fee for attending Board/ Committee Meetings	Commission	Others	Total
Shri. K Raja Gopal (Chairman)	-	-	-	-
Smt. Trina Lakhmani	-	-	-	-
Total(2)	-	-	-	-
Total(1+2)	-	-	-	-
Ceiling as per the Act				

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
1.	<b>Gross salary</b>	Naval Kishore- CFO	Mukesh Jain- Company Secretary	Total
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 35,34,585	Rs. 5,54,921	Rs. 40,89,506
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-



	(c)Profits in lieu of salary under section 17(3)of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as% of profit -others, specify	-	-	-
5.	others, specify	-	-	-
	<b>Total</b>	<b>Rs. 35,34,585</b>	<b>Rs. 5,54,921</b>	<b>Rs. 40,89,506</b>

For and on behalf of the Board of Directors



*MCS Reddy*

**MCS Reddy**  
Director  
DIN: 02811755

*N Narasimha Murty Raju*

**N Narasimha Murty Raju**  
Whole Time Director  
DIN: 06862293

Place: Gurugram  
Date: 02.08.2017



**GRNK & ASSOCIATES**  
COMPANY SECRETARIES

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017**  
*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies*  
*(Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,  
National Energy Trading and Services Limited  
CIN # U40109TG2000PLC033791  
Plot No.4, Software Units Layout,  
HITEC City, Madhapur  
Hyderabad – 500081

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. National Energy Trading and Services Limited (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 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 31<sup>st</sup> March 2017 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 M/s. National Energy Trading and Services Limited for the financial year ended on 31<sup>st</sup> March, 2017 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;



*[Handwritten signature]*

- (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) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- (vi) Payment of Gratuity Act, 1972;
- (vii) Income Tax Act, 1961 and Indirect tax Laws;
- (viii) The Electricity Act, 2003;
- (ix) The Indian Contract Act, 1982
- (x) Andhra Pradesh Value Added Tax Act, 2005 & Central Sales Tax Act, 1956
- (xi) Chapter V of Finance Act, 1994 (Relating to Service Tax and Service Tax Rules, 1994)
- (xii) Chhattisgarh Value Added Tax Act, 2005

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.



Handwritten signature or initials in black ink, appearing to be "Hw".

**We further report that 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.**

**FOR GRNK & ASSOCIATES**  
*Company Secretaries*



A handwritten signature in black ink, appearing to be "N. KUMAR".

**N.KUMAR**  
*Partner*

ACS No.9419 CoP. No.18013

**Date:** 2<sup>nd</sup> August 2017  
**Place:** Chennai

## Nomination and Remuneration Policy

### 1.0 PURPOSE

Pursuant to Section 178 of the Companies Act, 2013 ("Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ("Rules"), all Companies having paid up capital of Rs. 10 Crores or more, or turnover of Rs.100 crores or more, or outstanding loan or borrowing of Rs. 50 Crore or more shall constitute Nomination and Remuneration Committee ("NRC Committee"), to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, Key Managerial Personnel and Senior Management.

### 2.0 APPLICABILITY

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team and other employees of NATIONAL ENERGY TRADING AND SERVICES LIMITED ("Company").

### 3.0 OBJECTIVES

This policy is framed with the following objectives:

- I. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.
- III. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- IV. The relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- V. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- VI. To promote and develop a high performance workforce in line with the Company strategy.
- VII. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- VIII. To determine the remuneration based on the Company's size and financial position and practices in the industry.





#### 4.0 DEFINITIONS

I. **“Act”** means Companies Act, 2013 and rules framed thereunder as amended from time to time.

II. **“Board of Directors”** or **Board**, in relation to the company, means the collective body of the Directors of the Company.

III. **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

IV. **“Company”** means **“NATIONAL ENERGY TRADING AND SERVICES LIMITED”**.

V. **“Managerial Personnel”** means Managerial Personnel or Persons, applicable under section 196 and other applicable provisions of the Companies Act, 2013.

VI. **“Policy”** or **“This policy”** means Nomination and Remuneration Policy.

VII. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

VIII. **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.

IX. **“Key Managerial Personnel” (KMP)** means

- a. The Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-time Director;
- b. The Company Secretary and
- c. The Chief Financial Officer

X. **“Senior Management”** mean personnel of the company who are members of its core management team, excluding Board of Directors.

#### 5.0 POLICY

##### 5.1 CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

This Policy envisages the role and responsibility of the Independent Directors, Constitution of the Nomination and Remuneration Committee, term of appointment of Managerial Personnel, Directors, KMPs, Senior Management, remuneration of the Managerial Personnel, KMPs, Senior Management, Independent Directors, Stock Options to Managerial Personnel, KMPs, Senior Management, other employees, evaluation of Managerial Personnel, Independent Directors, etc.

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that



Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013.

The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy.

The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws. The Committee shall have the authority to call such employee (s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

## **5.2 ROLE AND POWERS OF THE COMMITTEE:**

The Role and Powers of the Committee shall be as under:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who qualify to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meet appropriate performance benchmarks.
- h) To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.
- i) To devise a policy on Board Diversity.
- j) To formulate the Nomination and Remuneration policy of the Company and propose any amendments.
- k) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management.



The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.

### **5.3 APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:**

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.

c) Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013.

### **5.4 TERM / TENURE**

#### **a. Managerial Personnel:**

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **b. Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and Disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

### **5.5 RETIREMENT:**



Any Director other than the Independent Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### **5.6 REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:**

a. The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

c. Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

d. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

e. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

f. Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

g. Increments if declared will be effective from 1st April of each financial year in respect of Managerial Personnel, KMP, Senior Management subject to other necessary approvals from statutory authorities as may be required.

h. Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.



i. Only such employees of the Company and its subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

#### **5.7 REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:**

##### **a. Remuneration / Profit Linked Commission:**

The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

##### **b. Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

##### **c. Limit of Remuneration /Profit Linked Commission:**

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1%/3% of the net profits of the Company respectively.

##### **d. Stock Options:**

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

#### **6.0 MONITORING, EVALUATION AND REMOVAL:**

##### **I. Evaluation:**

The Committee shall carry out evaluation of performance of every Managerial Personnel and Director on yearly basis.

##### **II. Removal:**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

##### **III. Minutes of Committee Meeting:**

Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee Meeting will be



prepared and signed as per applicable provisions of Companies Act and Secretarial Standard and will be circulated at the subsequent Board meeting for noting.

### 7.0 AMENDMENT TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

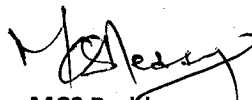
In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.


### 8.0 DISCLOSURE:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website if any and reference drawn thereto in the Annual Report.

For and on behalf of the Board of Directors



  
MCS Reddy  
Director  
DIN: 02811755

  
N Narasimha Murty Raju  
Whole Time Director  
DIN: 06862293

Place: Gurugram  
Date: 02.08.2017

## ANNUAL REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to section 135 of the Companies Act, 2013 & Rules made thereunder]

### 1. Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken

The Board of Directors has approved the CSR Policy of your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company's thrust areas for undertaking CSR activities are in line with the key sectors specified in Schedule VII of Section 135, of the Companies Act, 2013, and changes therein from time to time. The Detailed CSR Policy is attached as Annexure-E forming part of the Annual Report.

### 2. Composition of the CSR Committee

The Composition of the CSR Committee as on 31<sup>st</sup> March, 2017 is as follows:

Name of Member	Nature of Directorship
Shri K Raja Gopal*	Non- Executive Chairman
Shri TNKS Murty	Non-Executive Independent Director
Shri BRK Rao	Non-Executive Independent Director

\*Subsequent to March 31, 2017, Due to resignation of Shri K Raja Gopal from the Board, the CSR Committee was reconstituted & Shri MCS Reddy was inducted as Chairman of the CSR Committee w.e.f. 2<sup>nd</sup> August, 2017 in place of him.

3. Average Net Profit of the company for the last 3 financial years: Rs.763.26 lacs

4. Prescribed CSR expenditure (2% of this amount as in Sr. No. 3 above): Rs.15.27 Lacs

### 5. Details of CSR Spent during the year:

a) Total amount spent for the financial year: Rs. 15.27 Lacs

b) Amount unspent, if any: NIL

c) Manner in which the amount spent during the financial year is detailed below:

S. No	CSR projects / Activities	Sector in which the Project is covered	Location where project is undertaken: State (Local Area/ District)	Amount outlay (budget) Project / Program wise (Rs. in lakhs)	Amount Spent on the Projects or Programs (Rs. in lakhs)	Cumulative Expenditure Up to the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency
1	Providing free primary Health care services with the help of one mobile van equipped with team of medical and para medical professionals.	Health Care	District Gurgaon (Haryana)	15.27	15.27	15.27	Through implementing agency - Lanco Foundation *
	<b>Total</b>			<b>15.27</b>	<b>15.27</b>	<b>15.27</b>	

\*Details of Lanco Foundation: Lanco House, Plot No.397, Phase - 3, Udyog Vihar, Gurgaon-122016, Haryana



6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report- **Not Applicable**
7. The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors



**MCS Reddy**  
Director  
DIN: 02811755



**N Narasimha Murty Raju**  
Whole Time Director  
DIN: 06862293

Place: Gurugram  
Date: 02.08.2017



## Corporate Social Responsibility Policy

### 1.0 PREAMBLE:

Lanco is deeply committed to fulfilling its responsibility as a corporate citizen. It believes in proactively involving communities and those deprived of fruits of development to be equal stakeholders in growth and development in locations that are close to its operations. It is for this reason that Corporate Social Responsibility (CSR) is integrated into the group's core business strategy and the Lanconians are encouraged to internalize this concept and use it in day-to-day work.

### 2.0 PURPOSE:

Pursuant to Section 135 of the Companies Act, 2013 ("Act"), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules"), all Companies having networth of Rs.500 Crores or more or turnover of Rs.1000 Crores or more or net profit of Rs.5 Crores or more during any financial year shall constitute Corporate Social Responsibility Committee ("CSR Committee").

The CSR Policy will meet the statutory requirements as per Clause 135 of the Companies Act 2013 and the Rules framed to implement various social development activities. Besides doing so, the Policy will also covers various broad activities, approaches, methods to be considered in taking forward CSR of Lanco Group in all the four widely recognised domains affecting and impacting– Workplace (employees and their families), Marketplace (clients, customers, contractors, shareholders, secondary stakeholders) Community (neighbourhood communities and society at large) and Environment (sustainable climate change adaptation measures).

### 3.0 CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company / Board constituted a Corporate Social Responsibility Committee ("CSR Committee") comprising of minimum three (3) Directors with at least one Independent Director in the said CSR Committee.

The Board shall reconstitute the CSR Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements.

The meeting of CSR Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy.

### 4.0 CSR ACTIVITIES:

The list of activities to be undertaken by the Company shall be as specified in Schedule VII of the Companies Act, 2013 and amendments thereto from time to time.

In line with the activities prescribed under Schedule VII, some of the focus areas by the Company are as under:

1. Eradicating hunger, poverty and malnutrition



- Provision of food, nutrition supplement, clothes etc for the poor, children and other deprived sections of the society.
  - Promoting sanitation, making available safe drinking water
2. Promoting Health care including Preventive Health care through awareness programmes, health check-ups, provision of medicine & treatment facilities , providing pre-natal & post-natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity. Providing artificial limbs and Fitment of tailor made artificial limb/appliance free of cost to physically disabled
3. Ensuring environmental sustainability and ecological balance through :
- Plantation drives in schools, villages, our manufacturing units & offices/business premises and other areas in general;
  - Reviving endangered plants, promoting agro-forestry;
  - Protection of flora & fauna;
  - conservation of natural resources
  - Maintaining quality of soil, air & water.
  - Adoption of wastelands to cultivate plants;
4. Employment and livelihood enhancing vocational skills and projects including tailoring, beautician, mehendi application, bee keeping, food processing and preservation, vermi-composting and other Life Skill Training and livelihood enhancement projects.
5. Promotion of education especially among children, women, elderly and the differently abled including:
- Non-formal education programmes.
  - Supporting schools with infrastructure like benches, toilets, potable water, fans, school kits, note books etc.
  - Supporting other educational institutions.
  - Improving educational facilities in general.
  - Supporting children for higher education through scholarships
6. Promoting gender equality and empowering women including:
- Adult literacy for women.
  - Promoting and providing credit support to women's self-help and joint liability groups.
  - Training in vocations pursued by women.
  - Setting up homes for women & orphans;
  - Setting up old-age homes & other facilities for senior citizens
  - Setting up hostels for working and student women, day care centers for kids of working women
7. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
8. Rural Development Projects.
9. Other Activities:



- Promotion of Sports with special focus on training for rural sports, nationally recognised sports, Paralympic sports, Olympic sports.
- Welfare for differently disabled persons
- Setting up public libraries
- Reducing inequalities faced by the socially and economically backward groups
- Protection of national heritage, art, culture and handicraft; Restoration of Buildings & sites of historical importance & works of art.
- Welfare of armed forces personnel, war widows and their dependents
- Swatch Bharat
- Ganga Cleaning
- Slum Area Development

10. Such other activities as may be prescribed from time to time.

#### 5.0 IMPLEMENTATION:

The implementation of CSR activities by the Company shall be as under:

- i. CSR activities may be implemented by the Company on its own, or/and
- ii. CSR activities may be implemented by the Company through Lanco Foundation, CSR arm of the Lanco Group (and other Trusts, Foundations and Section 8 companies that may be established by Lanco Group from time to time) or/and
- iii. CSR activities may be implemented through an external trust/society.

#### 6.0 GOVERNANCE STRUCTURE:

CSR Committee is constituted for governance and to oversee the implementation of our CSR Policy and CSR plan.

In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations or as required by the Board.

The total budget for the CSR projects will be decided by the CSR Committee.

Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.

The CSR Committee will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit.

The CSR Committee shall review the implementation of the CSR Programmes at regular intervals and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.

#### 7.0 CSR EXPENDITURE:



In compliance of the Act & Rules and with the approval of the Board of Directors, the CSR Committee shall endeavour to spend at least 2% of the average net profits of the three immediately preceding financial years of the Company on CSR Activities as per the Policy.

In the event of non-availability of profits in any financial year, with the prior approval of the Board of Directors, the CSR Committee shall also endeavour to spend any amount on voluntary basis on CSR Activities as per the Policy.

CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

The following activities shall not form part of the CSR Activities of the Company:-

1. The activities undertaken in pursuance of normal course of business of a company.
2. CSR projects/programs or activities that benefit only the employees of the Company and their families.
3. Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes.
4. Any CSR projects/programs or activities undertaken outside India.

#### 8.0 AMENDMENT TO THE POLICY:

The Board of Directors on the recommendations of CSR Committee can amend this Policy, as and when deemed fit.

#### 9.0 DISCLOSURE:

The details of this Policy shall be disclosed in the Annual Report as part of Board's Report therein and the same shall be put up on the Company's website, if any.

For and on behalf of the Board of Directors



**MCS Reddy**  
Director  
DIN: 02811755

**N Narasimha Murty Raju**  
Whole Time Director  
DIN: 06862293

Place: Gurugram  
Date: 02.08.2017

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013

[Pursuant to First proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014]

(Rs. in Lakh)

Si. No.	Subsidiary Name	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment #	Turnover	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend	% of Shareholding as per Ind AS-110	% of Shareholding as per Companies Act, 2013
1	Pragdisa Power Private Limited	INR	1,066.00	-307.72	758.85	0.57	-	-	-307.73	-	-307.73	-	99.91	

Entities becoming as Subsidiaries as per Companies Act, 2013 which are not considered in the consolidation as per the Accounting Standards

# Investment except investment in subsidiaries, Joint venture and associates

- Names of subsidiaries which are yet to commence operations-NIL
- Names of Subsidiaries which have been liquidated or sold during the year -NIL

## PART "B" : ASSOCIATES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associates	Latest audited Balance Sheet Date	Shares of Associate/Joint ventures held by the company on the year end	No.	Amount of Investment in Associates / Joint Venture (Rs. in lakhs)	Extent of Holding % *	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lakhs)	Profit/Loss for the year						
								Considered in Consolidation (Rs. in lakhs)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated			

NIL

For and on behalf of the Board of Directors of  
National Energy Trading And Services Limited

*Murty*  
N.Narasimha Murthy Raju  
Whole Time Director  
DIN - 06862293

*Mukesh Jain*  
K. Raja Gopal  
Director  
DIN - 00019958



*Mukesh Jain*  
Naval Kishore  
Chief Financial Officer

Mukesh Jain  
Company Secretary

Place: Gurugram  
Date: 17th May, 2017



**NATIONAL ENERGY TRADING AND SERVICES LTD**

**BALANCE SHEET**

**As on 31<sup>st</sup> March 2017**

## INDEPENDENT AUDITOR'S REPORT

To the Members of National Energy Trading and Services Limited

### Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **National Energy Trading and Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other comprehensive income), the Cash Flow Statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information ( hereinafter referred to as Ind AS Financials Statements).

### Management's Responsibility for the Ind AS financial statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design

audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of Sub section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in Paragraphs 3 and 4 of the Order:
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule issued thereunder.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".





- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note no 31 to the Ind AS 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 are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) The company had provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer to Note no. 37 to Ind AS Financial Statement.

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn.No :000511

*N. Venkata Suneel*

N.VenkataSuneel  
Partner  
Membership No. 223688



Place: Gurugram  
Date: May 17, 2017

The "Annexure A" Referred to in Clause 1 of "Report on Other Legal and Regulatory Requirements" Paragraph of the Independent Auditor's Report of even date to the members of National Energy Trading and Services Limited on the Ind AS financial statements as of and for the year ended March 31, 2017.

- i.(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, there are no immovable properties in the name of the Company. Therefore the provision of clause (i) (c) of the paragraph 3 of the Order is not applicable to the company.
- ii. The company does not hold any physical inventories during the year. Therefore, the provision of clause (ii) of the paragraph 3 of the Order is not applicable to the company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has not provided any loans, investments, guarantees, and security to any party covered in section 185 and 186 of the Companies Act, 2013. Therefore, the provision of clause (iv) of the paragraph 3 of the order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- vi. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the activities of the Company.
- vii. (a) The company is regular in depositing the undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed statutory dues payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues with the appropriate authorities which were outstanding on the last day of the financial year concerned for a period of more than six months from the date they became payable

- (b) According to the records of the Company, there are no dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in re-payment of any loans or borrowings from banks
- ix. The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision of clause (ix) of paragraph 3 of the order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the records of the Company examined by us and based on our examination of the records of the Company, the managerial remuneration has not paid or provided. Accordingly the provisions of Section 197 read with Schedule V of the Companies Act 2013 are not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provision of clause (xii) of paragraph 3 of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause (xv) of paragraph 3 of the Order is not applicable.



# Brahmayya & co.

Chartered Accountants

- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934, therefore the provision of clause (xvi) of paragraph 3 of the order is not applicable to the company

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn.No :000511S

*N. Venkata Suneel*

N. VenkataSuneel  
Partner  
Membership No. 223688



Place: Gurugram  
Date: May 17, 2017

The **Annexure B**, referred to in Clause 2 (h) of “**Report on Other Legal and Regulatory Requirements**” Paragraph of the Independent Auditor’s Report of even date to the members of **National Energy Trading and Services Limited** on the Ind AS financial statements as of and for the year ended March 31, 2017

## **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of National Energy Trading and Services Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

Place: Gurugram  
Date: May 17, 2017

For Brahmayya & Co.,  
Chartered Accountants  
Firm's Regn.No :00051185

*N. Venkata Suneel*  
N. VenkataSuneel  
Partner  
Membership No. 223688



National Energy Trading and Services Limited  
Balance Sheet as at March 31, 2017

Rs. Lakhs

Particulars	Note No.	As at	As at
		Mar 31, 2017	Mar 31, 2016
<b>I ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipment	3	10.90	20.25
(b) Other Intangible assets	4	-	-
(c) Financial Assets			
(i) Investments	5	8,611.48	8,611.48
(ii) Loans	6	65.35	65.00
<b>Total Financial Asset</b>		<b>8,676.83</b>	<b>8,676.48</b>
(d) Deferred tax assets (net)	17	53.27	46.23
<b>Total Non Current Assets</b>		<b>8,741.00</b>	<b>8,742.96</b>
<b>(2) Current assets</b>			
(a) Financial Assets			
(i) Trade receivables	7	7,396.13	14,716.66
(ii) Loans	6	2,483.74	1,503.15
(iii) Cash and cash equivalents	10	1,028.50	231.84
(iv) Bank balances	11	771.09	1,118.71
(v) Other financial assets	8	908.91	1,240.83
<b>Total Financial Asset</b>		<b>12,588.37</b>	<b>18,811.19</b>
(b) Current tax assets (Net)	12	101.39	91.53
(c) Other current assets	9	97.63	83.88
<b>Total Current Assets</b>		<b>12,787.39</b>	<b>18,986.60</b>
<b>Total Assets</b>		<b>21,528.39</b>	<b>27,729.56</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A EQUITY</b>			
(a) Equity Share Capital	13	3,652.94	3,652.94
(b) Other Equity		5,366.66	5,264.96
<b>Total Equity</b>		<b>9,019.60</b>	<b>8,917.90</b>
<b>B LIABILITIES</b>			
<b>(1) Non Current Liabilities</b>			
(a) Provisions	16	39.25	18.35
<b>Total Non Current Liabilities</b>		<b>39.25</b>	<b>18.35</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	-	435.00
(ii) Trade payables	14	11,515.12	16,363.42
(iii) Other financial liabilities	15	48.95	487.45
<b>Total Financial Liabilities</b>		<b>11,564.07</b>	<b>17,285.87</b>
(b) Other current liabilities	18	890.33	1,462.92
(c) Provisions	16	11.40	5.95
(d) Current tax liabilities (Net)	20	3.73	38.57
<b>Total Current Liabilities</b>		<b>12,469.53</b>	<b>18,793.31</b>
<b>Total Equity and Liabilities</b>		<b>21,528.39</b>	<b>27,729.56</b>

Summary of Significant Accounting Policies 2.2

The accompanying notes and other explanatory information are an integral part of the Financial Statements.  
As per our report of even date.

For Brahmayya & Co  
Chartered Accountants

Firm Registration No. 000511

N.Venkata Suneel  
Partner  
Membership No. 223688



For and on behalf of the Board of Directors  
National Energy Trading and Services Limited

N.Narasimha Murthy Raju  
Whole time Director  
DIN - 06862293

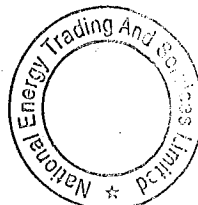
K. Raja Gopal  
Director  
DIN - 00019958

Naval Kishore  
Chief Financial Officer

Mukesh Jain  
Company Secretary

Place: Gurugram  
Date: 17th May, 2017

Place: Gurugram  
Date: 17th May, 2017



National Energy Trading and Services Limited  
Statement of Profit and Loss for the year ended March 31, 2017

Rs. Lakhs

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from Operations	21	58,927.38	65,749.72
II Other Income	22	504.82	778.04
III Total Income (I + II)		59,432.20	66,527.76
<b>IV EXPENSES</b>			
Purchase of stock-in-trade	23	58,423.83	65,278.46
Employee benefits expenses	24	217.51	180.79
Finance cost	25	298.61	132.21
Depreciation and Amortization expense	26	9.28	10.37
Other expenses	27	346.74	545.24
Total Expenses (IV)		59,295.97	66,147.07
V Profit / (Loss) before Exceptional Items and Tax (III - IV)		136.23	380.69
VI Exceptional Items		-	-
VII Profit / (Loss) before Tax (V - VI)		136.23	380.69
VIII Tax Expense			
Current tax / Minimum alternate tax (MAT) payable		43.26	105.55
Relating to previous periods		-	(10.14)
Deferred tax		(7.04)	73.81
Total Tax Expense (VIII)		36.22	169.22
IX Profit / (Loss) for the period (VII - VIII)		100.01	211.47
X Other Comprehensive Income	28		
Items that will not be reclassified to profit and loss		1.71	(2.58)
XI Total Comprehensive Income for the period (IX + X)		101.72	208.89
XII Earnings Per Equity Share	29		
Basic (Rs.)		0.28	0.57
Diluted (Rs.)		0.28	0.57

The accompanying notes and other explanatory information are an integral part of the Financial Statements.  
As per our report of even date.

For Brahmayya & Co  
Chartered Accountants  
Firm Registration No. 000511S

N.Venkata Suneel  
Partner  
Membership No. 223688



For and on behalf of the Board of Directors  
National Energy Trading and Services Limited

N.Narasimha Murthy Raju  
Whole time Director  
DIN - 06862293

K. Raja Gopal  
Director  
DIN - 00019958

Nayal Kishore  
Chief Financial Officer

Mukesh Jain  
Company Secretary

Place: Gurugram  
Date: 17th May, 2017

Place: Gurugram  
Date: 17th May, 2017





National Energy Trading and Services Limited  
Statement of Changes in Equity for the year ended March 31, 2017

Rs. In Lakhs

a. Equity share capital

Particulars	Number of Shares ( In Lakhs)	Amount
Issued and Paid up Capital at April 1, 2015	365.29	3,652.94
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2016</b>	<b>365.29</b>	<b>3,652.94</b>
Changes in equity share capital during the year		
<b>Balance at March 31, 2017</b>	<b>365.29</b>	<b>3,652.94</b>

b. Other Equity

Particulars	Reserves and Surplus	Items of Other comprehensive Income	Total Other equity
	Retained earnings	Remeasurement of Defined Benefit Plans	
<b>Balance as at 01.04.2015</b>	<b>5,052.87</b>	<b>3.21</b>	<b>5,056.07</b>
Profit for the year	211.47		211.47
Other Comprehensive Income for the Period		(2.58)	(2.58)
<b>Balance as at 31.03.2016</b>	<b>5,264.33</b>	<b>0.62</b>	<b>5,264.96</b>
Profit for the year	100.00		100.00
Other Comprehensive Income for the Period		1.71	1.71
<b>Balance as at 31.03.2017</b>	<b>5,364.33</b>	<b>2.33</b>	<b>5,366.66</b>

As per our report of even date.  
For Brahmayya & Co.  
Chartered Accountants  
Firm Registration No. 000511S

N.Venkata Suneel  
Partner  
Membership No. 223688



For and on behalf of the Board of Directors  
National Energy Trading and Services Limited

N.Narasimha Murty Raju  
Whole time Director  
DIN - 06862293

Naval Kishore  
Chief Financial Officer

K. Raja Gopal  
Director  
DIN - 00019958

Mukesh Jain  
Company Secretary

Place: Gurugram  
Date: May 17, 2017

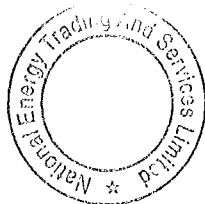
Place: Gurugram  
Date: May 17, 2017



**National Energy Trading and Services Limited**  
**Cash Flow Statement for the year ended March 31, 2017**

	As at Mar 31, 2017	Rs. Lakhs As at Mar 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax	136.22	380.69
<b>Adjustments for:</b>		
Depreciation and Amortization	9.28	10.37
(Profit) / Loss on Sale of PPE, Intangible Assets	0.01	0.24
Liabilities and Provisions no longer required written back	(58.10)	(33.43)
Interest Income	(432.77)	(699.24)
Dividend Income	(7.38)	(42.58)
Interest Expenses	298.61	132.21
<b>Cash Generated Before Working Capital Changes</b>	<b>(54.13)</b>	<b>(251.74)</b>
<b>Movement In Working Capital</b>		
Increase / (Decrease) in Trade Payables	(4,790.20)	7,991.91
Increase / (Decrease) in Provisions	26.35	(17.37)
Increase / (Decrease) in Other Financial Liabilities	(397.41)	(546.52)
Increase / (Decrease) in Other Liabilities	(570.88)	441.00
(Increase) / Decrease in Trade Receivables	7,320.53	(9,292.06)
(Increase) / Decrease in Other Financial Assets	451.21	7,572.36
(Increase) / Decrease in Other Assets	(13.76)	(17.79)
<b>Cash Generated From Operations</b>	<b>1,971.71</b>	<b>5,879.79</b>
Direct Taxes Paid	(87.96)	(123.37)
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>1,883.75</b>	<b>5,756.42</b>
<b>B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of PPE, Intangible Assets and Investment Property	-	(0.23)
Proceeds from Sale of PPE and Intangible Assets	0.06	0.96
Purchase of Non Current Investments		(7,546.48)
Inter Corporate Loans given / (refunded)	(983.00)	710.75
Maturities / (Purchase) of FDs/MMDs (Net)	347.63	(26.99)
Dividend Income received	7.38	42.58
Interest Income Received	315.55	432.76
<b>Net Cash Flow From / (Used in) Investing Activities</b>	<b>(312.38)</b>	<b>(6,386.65)</b>
<b>C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from/(to) Short - Term Borrowings (Net)	(435.00)	435.00
Interest Paid	(339.70)	(91.12)
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(774.70)</b>	<b>343.88</b>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	796.66	(286.35)
Cash and Cash Equivalents at the beginning of the year	231.84	518.19
Cash and Cash Equivalents at the end of the year	<b>1,028.50</b>	<b>231.84</b>

(This Space is left Intentionally blank)



**National Energy Trading and Services Limited**  
**Cash Flow Statement for the year ended March 31, 2017**

	As at Mar 31, 2017	Rs. Lakhs As at Mar 31, 2016
<b>Components of Cash and Cash Equivalents</b>		
Cash and cheques on Hand	0.27	0.37
Balances with Banks		
-On Current Accounts	1,028.23	231.47
-On Deposit Accounts	-	-
Cheques, Drafts on hand	-	-
<b>Cash and cash Equivalent (as per Note 10)</b>	<b>1,028.50</b>	<b>231.84</b>

**Notes:**

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements.
- 2 Previous year's figures have been regrouped and reclassified to conform to those of the current year.

As per our report of even date.

**For Brahmayya & Co**

Chartered Accountants

Firm Registration No. 00051115

*N. Venkata Suneel*

**N.Venkata Suneel**

Partner

Membership No. 223688



**For and on behalf of the Board of Directors**

**National Energy Trading and Services Limited**

*N. Narasimha Murthy Raju*

**N.Narasimha Murthy Raju**

Whole time Director

DIN - 06862293

*K. Raja Gopal*

**K. Raja Gopal**

Director

DIN - 00019958

*Naval Kishore*

**Naval Kishore**

Chief Financial Officer

*Mukesh Jain*

**Mukesh Jain**

Company Secretary

Place: Gurugram

Date: 17th May, 2017

Place: Gurugram

Date: 17th May, 2017



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

### 1. Corporate Information

National Energy Trading and Services Limited (NETS) is a wholly owned subsidiary of Lanco Infratech Limited (LITL). The company is engaged in the business of trading of energy and solar panels and related material. The company holds a Category-I Power Trading License issued by the Hon'ble Central Electricity Regulatory Commission. It sources power from Generators (both internal and external), Distribution Companies, Public and Private sector power utilities and supplies to Public/Private sector Electric utilities, Distribution Companies, Industrial consumers and State Electricity Boards among others. The Company also trades power on the Indian Energy Exchange and Power Exchange of India Limited.

### 2. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules issued there under.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value; and
- Defined benefit plans – plan assets measured at fair value.

#### (iii) Recent accounting pronouncement

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April 2017.

#### Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and its impact on the Ind AS financial statements.

#### Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest.

Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

### 2.1 First Time Adoption of Ind-AS

#### *Transition to Ind AS*

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2.2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's equity and its net profit set out in the Note 35.

#### *Exemptions and Exceptions availed*

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### *Exceptions to retrospective application of other Ind AS (Mandatory Exceptions)*

- (i) **Estimates:** An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.
- (ii) **Ind As 109- Financial Instruments (De recognition of previously recognised financial assets/ financial liabilities):** An entity shall apply the de recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind As. The Company has applied the de recognition requirements prospectively.
- (iii) **Ind AS 109 Financial Instruments (Classification and measurement of Financial assets):** Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

### *Exceptions from retrospective application of other Ind AS (Optional Exemption)*

- (i) Ind AS 16 Property, Plant and Equipment & Ind AS 38 Intangible Assets: An entity may elect to measure an item of property, plant and equipment and Intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of Property, Plant and Equipment, intangibles by applying Ind AS retrospectively or use of the carrying amount under Previous GAAP on the date of transition as deemed cost.

The Company has elected to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition except land class for which fair value on the date of transition has been adopted as deemed cost.

- (ii) Ind AS 27 Separate Financial Statements: An entity is required to account for its investments in subsidiaries, joint ventures and associates either:
- at cost; or
  - in accordance with Ind AS 109.

Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date. The Company has applied this exemption and elected to measure investment at cost determined in accordance with Ind AS 27 i.e. original cost of investment in fellow subsidiaries.

## 2.2 Summary of significant accounting policies

### I. Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgments are described below:

#### ***Use of estimation and assumptions***

In the process of applying the entity's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognised in the financial statements.

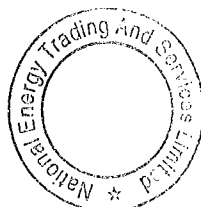
#### ***Income tax***

The company recognizes tax liabilities based upon self-assessment as per the tax laws. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### ***Property, plant and equipment & Intangible Assets***

Key estimates related to long-lived assets (property, plant and equipment) include useful lives, recoverability of carrying values and the existence of any retirement obligations.

As a result of future decisions, such estimates could be significantly modified. The estimated useful lives of long-lived assets is disclosed in Note 2.II, and useful lives is applied as per schedule II of Companies Act, 2013 and estimated based upon our historical experience, engineering estimates and industry information.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

### Employee Benefits- Measurement of Defined Benefit Obligation

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits.

### **Critical judgments made in applying accounting policies**

#### Impairment of plant & equipment and Intangible assets

The company assesses whether plant & equipment and intangible assets have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant & equipment have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates.

#### Expected credit loss

Expected credit losses of the company are based on an evaluation of the collectability of receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

## II. Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, 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.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day to day repairs and maintenance costs are recognized into statement of Profit and Loss as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognised in the profit or loss in the year the asset is derecognized.

### **Depreciation**

Depreciation is provided on Straight Line Method, as per the provisions of schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives in years are as under:

Computers and equipment	3
Furniture & fixtures	10
Vehicles	8
Office equipment	5

In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

### **III. Intangible Assets**

#### **Other Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

The company amortizes Computer software using the straight-line method over the period of 4 years.

### **IV. Financial Assets**

Financial assets comprise of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### **Initial recognition:**

All financial assets are recognised initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the assets.

#### **Subsequent Measurement:**

##### **(i) Financial assets measured at amortised cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortization is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortised cost:

- Trade receivable
- Cash and cash equivalents
- Other Financial Asset

##### **(ii) Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise





## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI.

Fair Value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as at FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognised in other comprehensive income (OCI).

### (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the statement of profit and loss.

### (iv) Investment in Fellow subsidiaries are carried at cost in the financial statements.

#### *Impairment of Financial Assets:*

Financial assets are tested for impairment based on the expected credit losses.

#### (i) Trade Receivables

An impairment analysis is performed at each reporting date. The expected credit losses over life time of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

#### (ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the life time when there is significant increase in credit risk.

#### *De-recognition of financial assets*

A financial asset is derecognized only when:

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the company has not retained control of the financial asset.

## V. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### VI. Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. Deposits with banks subsequently measured at amortized cost and short term investments are measured at fair value through Profit & Loss account.

### VII. Share Capital

Equity shares are classified as equity.

### VIII. Financial Liabilities

#### **Initial recognition and measurement**

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows: -

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

#### **Other financial liabilities**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de recognised, and through the amortization process.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

### ***De recognition***

A financial liability is de recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### **IX. Employee Benefits**

- Employee benefits are charged to the statement of Profit and Loss for the year and for the projects.
- Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are recognised, when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and they are included in retained earnings in the statement of changes in equity in the balance sheet.
- Compensated absences are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.
- The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

### **X. Income Taxes**

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the reporting date.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### XI. Provisions , Contingent Liabilities and Contingent Assets

#### **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and is recorded over the estimated time period until settlement of the obligation. Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

Liquidated Damages / Penalty as per the contracts / Additional Contract Claims under the contract entered into with Vendors and Contractors are recognized at the end of the contract or as agreed upon.

#### **Contingent Liabilities**

Contingent liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company where the probability of outflow of resources is not remote.

#### **Contingent Assets**

Contingent assets are not recognized but disclosed in the financial statements when as inflow of economic benefits is probable.

### XII. Fair Value Measurements

Company uses the following hierarchy when determining fair values:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and,

Level 3 – Inputs for the asset or liability that are not based on observable market data.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value;

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

### XIII. Revenue Recognition

The company collects service tax, sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

#### **Sale of Energy**

Revenue from sale of power is accounted for based on rates agreed with the customer and is inclusive of trading margin.

#### **Sale of Solar Modules**

Revenue is recognized based on the sale of Module to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

#### **Income from Services**

Revenues from services are recognized as and when services are rendered.

#### **Interest**

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### **Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established.



## National Energy Trading and Services Limited

Notes and other explanatory information to financial statements for the year ended March 31, 2017

### XIV. Earnings per Share

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### XV. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments.

### XVI. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.



**National Energy Trading and Services Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**3 Property, Plant and Equipment**

Rs. Lakhs

Particulars	Owned Assets			TOTAL ASSETS
	Furniture and Fixtures	Vehicles	Office Equipment	
<b>Gross Block</b>				
As at April 01, 2015 *	0.82	25.22	5.55	31.59
Additions	-	-	0.23	0.23
Disposals	-	-	1.20	1.20
<b>As at March 31, 2016</b>	<b>0.82</b>	<b>25.22</b>	<b>4.58</b>	<b>30.63</b>
Additions	-	-	-	-
Disposals	-	-	0.11	0.11
<b>As at March 31, 2017</b>	<b>0.82</b>	<b>25.22</b>	<b>4.48</b>	<b>30.52</b>
<b>Depreciation</b>				
Charged For the Period	0.15	7.82	2.40	10.37
On Disposals	-	-	0.01	0.01
<b>As at March 31, 2016</b>	<b>0.15</b>	<b>7.82</b>	<b>2.41</b>	<b>10.38</b>
Charged For the Period	0.15	7.80	1.34	9.29
On Disposals	-	-	0.05	0.05
<b>As at March 31, 2017</b>	<b>0.30</b>	<b>15.62</b>	<b>3.70</b>	<b>19.61</b>
<b>Net Block</b>				
As at March 31, 2016	0.67	17.40	2.18	20.25
As at March 31, 2017	0.52	9.61	0.77	10.90

\* Note : Gross Block as on 01.04.2015 represents deemed cost (Gross Block - Accumulated Depreciation as on 31.03.2015) as per IndAS 101.

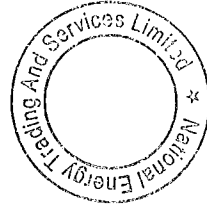


**National Energy Trading and Services Limited**  
**Notes to financial statements for the year ended March 31, 2017**

**4 Other Intangible Assets**

Particulars	Computer Software
<b><u>Gross Block</u></b>	
As at April 01, 2015	-
Additions	-
Disposals	-
<b>As at March 31, 2016</b>	-
	-
Additions	-
Disposals	-
<b>As at March 31, 2017</b>	-
	-
<b><u>Amortisation</u></b>	
As at April 01, 2015	-
Amortised For the Period	-
On Disposals	-
<b>As at March 31, 2016</b>	-
	-
Amortised For the Period	-
On Disposals	-
<b>As at March 31, 2017</b>	-
	-
<b><u>Net Block</u></b>	
As at March 31, 2016	-
As at March 31, 2017	-

Note : Gross Block as on 01.04.2015 represents deemed cost (Gross Block - Accumulated Depreciation) :





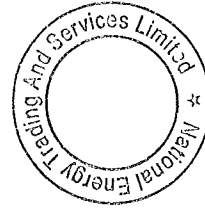
National Energy Trading and Services Limited

Notes to financial statements for the year ended March 31, 2017

5 Non Current Investments

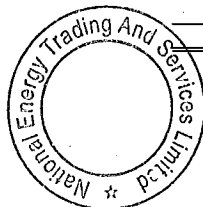
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
	No. In Lakhs	No. In Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>(At Cost)</b>				
<b>(i) Investment in Fellow Subsidiaries Companies</b>				
Lanco Solar Energy Private Limited (Equity Shares of Rs 10 each)	621.63	621.63	7,546.48	7,546.48
<b>(ii) Investments in Preference Shares</b>				
0.001% CCPS Preference Shares in Pragdisa Power Private Limited (Refer Note no. 33)	106.50	106.50	1,065.00	1,065.00
<b>Sub Total</b>			<b>1,065.00</b>	<b>1,065.00</b>
<b>Total Un-Quoted Investments at Cost</b>			<b>8,611.48</b>	<b>8,611.48</b>
<b>Total Non Current Investments</b>			<b>8,611.48</b>	<b>8,611.48</b>

(This Space is left intentionally blank)



National Energy Trading and Services Limited  
Notes to financial statements for the year ended March 31, 2017

7 Trade Receivables	Rs. Lakhs			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Trade Receivables				
Unsecured, Considered Good	-	-	7,396.13	14,716.66
	-	-	7,396.13	14,716.66
<b>6 Loans</b>	<b>Rs. Lakhs</b>			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
<b>Security Deposit</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	65.35	65.00	0.74	3.15
Doubtful	60.00	60.00	-	-
	125.35	125.00	0.74	3.15
Less: Provision for Excepted Credit Loss (Refer Note no. 35. (ii) )	60.00	60.00	-	-
	65.35	65.00	0.74	3.15
<b>Loans to Related Parties</b>				
<b>Unsecured, Considered Good</b>				
Loans Receivable ( Refer Note no. 34)	-	-	2,483.00	1,500.00
	-	-	2,483.00	1,500.00
<b>Other Loans</b>				
<b>Total Loans</b>	<b>65.35</b>	<b>65.00</b>	<b>2,483.74</b>	<b>1,503.15</b>
<b>8 Other Financial Assets</b>	<b>Rs. Lakhs</b>			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Loans and Advances to Employees	-	-	0.54	-
Unbilled Revenue	-	-	-	435.94
Interest Accrued on Deposits	-	-	908.35	791.13
Others Assets	-	-	0.02	13.76
	-	-	908.91	1,240.83
<b>9 Other Assets</b>	<b>Rs. Lakhs</b>			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Prepaid Expense	-	-	37.64	23.80
Cenvat / Vat / Service Tax Credit Receivable	-	-	59.99	60.08
	-	-	97.63	83.88
<b>10 Cash and Cash Equivalents</b>	<b>Rs. Lakhs</b>			
			As at Mar 31, 2017	As at Mar 31, 2016
Cash on Hand			0.27	0.37
Balances with Banks				
-On Current Accounts			1,028.23	231.47
			1,028.50	231.84
<b>11 Bank Balances</b>	<b>Rs. Lakhs</b>			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
On Deposit Accounts				
Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit			771.09	1,118.71
<b>Net Bank Balances</b>	-	-	771.09	1,118.71
<b>12 Tax Assets (Net)</b>	<b>Rs. Lakhs</b>			
	Non- Current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Advance Tax (Net of Provision for Tax)	-	-	86.83	76.97
Income Tax Refund	-	-	14.56	14.56
	-	-	101.39	91.53



13 Equity Share Capital

	As at Mar 31, 2017	Rs. Lakhs As at Mar 31, 2016
<b>Authorised</b>		
1000 March 31, 2017 (March 31, 2016: 1000 of Rs. 10/-each) Equity Shares of Rs. 10/- each	10,000.00	10,000.00
	<b>10,000.00</b>	<b>10,000.00</b>
<b>Issued, Subscribed and Paid Up</b>		
<b>Equity Shares</b>		
365.29 March 31, 2017 (March 31, 2016: 365.29 of Rs. 10/-each) Equity Shares of Rs. 10/- each, Fully Paid Up	3,652.94	3,652.94
	<b>3,652.94</b>	<b>3,652.94</b>
<b>Total Equity Share Capital</b>		

Number of shares outstanding at the beginning of the year was 365.29 Lakhs and the value is Rs.3652.94 Lakhs. Number of shares outstanding at the end of the year March 31, 2017 was 365.29 Lakhs and the value is Rs.3652.94 Lakhs.

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at Mar 31, 2017 No. Lakhs	As at Mar 31, 2017 Rs. Lakhs	As at Mar 31, 2016 No. Lakhs	As at Mar 31, 2016 Rs. Lakhs
<b>Equity Shares of Rs.10/- Each, Fully paid up</b>				
At the Beginning	365.29	3,652.94	365.29	3,652.94
At the end	<b>365.29</b>	<b>3,652.94</b>	<b>365.29</b>	<b>3,652.94</b>

13.2 Terms / Rights attached to Equity Shares (egg. Dividend rights, Voting Rights)

The company has only one class of equity shares having a par value of Rs 10/- Per share. Each Holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to the number of equity shares held by the shareholders.

13.3 Shares held by holding / ultimate holding and / or their subsidiary / associates

	As at Mar 31, 2017 No. Lakhs	As at Mar 31, 2017 Rs. Lakhs	As at Mar 31, 2016 No. Lakhs	As at Mar 31, 2016 Rs. Lakhs
<b>Equity Shares of Rs. 10/- each fully paid up Held By</b>				
Lanco Infratech Limited	365.29	3,652.94	364.67	3,646.70

13.4 Details of Shareholder holding more than 5% shares of the company:

	As at Mar 31, 2017 No. Lakhs	As at Mar 31, 2017 % Holding in the class	As at Mar 31, 2016 No. Lakhs	As at Mar 31, 2016 % Holding in the class
<b>Equity Shares of Rs. 10/- each Held By</b>				
Lanco Infratech Limited	365.29	100.00	364.67	99.83

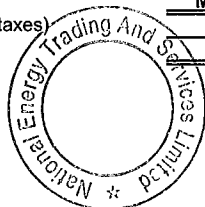
The above information is as per register of share holders / members.

(This Space is left Intentionally blank)



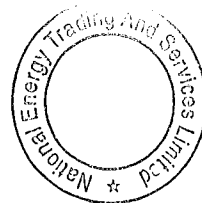
**National Energy Trading and Services Limited**  
**Notes to financial statements for the year ended March 31, 2017**

14 Trade payables	Rs. Lakhs			
	Non current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Trade Payables (including acceptances)	-	-	-	-
(a) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	11,515.12	16,363.42
	-	-	<b>11,515.12</b>	<b>16,363.42</b>
<b>15 Other financial liabilities</b>	Rs. Lakhs			
	Non current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Interest accrued but not due on borrowings	-	-	-	41.09
Salaries and other benefits Payable	-	-	0.75	-
Other Payables	-	-	48.20	446.36
	-	-	<b>48.95</b>	<b>487.45</b>
<b>16 Provisions</b>	Rs. Lakhs			
	Long Term		Short Term	
	As at Mar 31, 2017 Rs. Lakhs	As at Mar 31, 2016 Rs. Lakhs	As at Mar 31, 2017 Rs. Lakhs	As at Mar 31, 2016 Rs. Lakhs
Provision for Leave Encashment	21.93	10.49	7.33	3.87
Provision for Gratuity	17.32	7.86	4.07	2.08
	<b>39.25</b>	<b>18.35</b>	<b>11.40</b>	<b>5.95</b>
<b>17 Deferred Tax Liability / (Asset) - Net</b>	Rs. Lakhs			
			As at Mar 31, 2017	As at Mar 31, 2016
<b>Deferred Tax Liabilities</b>				
Differences in Written Down Value in Block of Fixed Assets as per Tax Books and Financial Books			(16.69)	(18.36)
Gross Deferred Tax Liabilities			(16.69)	(18.35)
<b>Deferred Tax Assets</b>				
Provision for Gratuity and Compensated Absences			16.75	27.87
Provision for Expected Credit Loss			19.84	-
Gross Deferred Tax Assets			36.58	27.87
<b>Deferred Tax Liability / (Asset) - Net</b>			<b>(53.27)</b>	<b>(46.23)</b>
<b>18 Other liabilities</b>	Rs. Lakhs			
	Non current		Current	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Advance from Customers	-	-	864.44	1,406.84
Taxes Payable (Other than Income Tax)	-	-	24.62	33.42
Employee Contributions Payable	-	-	1.27	0.51
Other Payables	-	-	-	22.15
	-	-	<b>890.33</b>	<b>1,462.92</b>
<b>19 Short Term Borrowings</b>	Rs. Lakhs			
			As at Mar 31, 2017	As at Mar 31, 2016
<b>Other Loans and Advances</b>				
<b>Secured</b>				
Loan against Fixed Deposits			-	435.00
			-	<b>435.00</b>
<b>20 Tax Liabilities (Net)</b>	Rs. Lakhs			
	Long Term		Short Term	
	As at Mar 31, 2017	As at Mar 31, 2016	As at Mar 31, 2017	As at Mar 31, 2016
Provision for Taxation (Net of Advance taxes)	-	-	3.73	38.57
	-	-	<b>3.73</b>	<b>38.57</b>



	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>21 Revenue From Operations</b>		
<b>Sale of Products</b>		
Electrical Energy	38,010.59	59,767.30
Solar Modules	20,916.79	5,982.42
<b>Gross Revenue from Operations</b>	<b>58,927.38</b>	<b>65,749.72</b>
<b>22 Other Income</b>		
<b>Interest Income on</b>		
Deposits and Margin money	81.76	104.78
Inter Corporate Loans	351.01	594.46
<b>Dividend Income on</b>		
Current Investments	7.38	42.58
Liabilities and Provisions no longer required written back	58.10	33.43
Miscellaneous Income	6.57	2.79
	<b>504.82</b>	<b>778.04</b>
<b>23 Purchase of stock-in-trade</b>		
<b>Power Purchase</b>		
	37,799.05	59,460.55
<b>Purchases - Trading Materials</b>		
	20,624.78	5,817.91
	<b>58,423.83</b>	<b>65,278.46</b>
<b>24 Employee Benefits Expenses</b>		
<b>Salaries, allowances and benefits to employees</b>		
	201.90	172.03
<b>Contribution to provident fund and other funds</b>		
	11.14	6.30
<b>Employee Stock Option Charge</b>		
	-	(1.92)
<b>Recruitment and training</b>		
	0.02	0.11
<b>Staff welfare expenses</b>		
	4.45	4.27
	<b>217.51</b>	<b>180.79</b>
<b>25 Finance Cost</b>		
<b>Interest</b>		
	11.81	47.85
<b>Other Borrowing Cost (Upfront Fees, Commitment Charges etc.)</b>		
	286.80	84.36
	<b>298.61</b>	<b>132.21</b>
<b>26 Depreciation And Amortization Expense</b>		
<b>Depreciation on PPE</b>		
	9.28	10.37
	<b>9.28</b>	<b>10.37</b>

(This Space is left Intentionally blank)



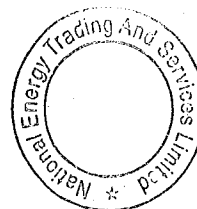
27 Other Expenses

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	17.71	22.90
Rates and taxes	43.01	41.18
Donations (CSR)	15.27	17.74
Office maintenance	26.29	23.41
Insurance	0.20	0.31
Printing and stationery	1.19	0.85
Consultancy and other professional charges	219.37	405.48
Net Loss on Fair valuation of Financial assets & liabilities	-	3.25
Remuneration to auditors (As Auditor):		
Audit Fee	5.70	5.43
Travelling and conveyance	6.55	11.87
Communication expenses	2.45	1.95
Net Loss on Sale/ Write off of fixed assets	0.01	0.24
Business Promotion and Advertisement	0.37	0.42
Miscellaneous expenses	8.63	10.22
	<u>346.74</u>	<u>545.24</u>

28 Other Comprehensive Income

	Rs. Lakhs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans;	1.71	(2.58)
	<u>1.71</u>	<u>(2.58)</u>

(This Space is left Intentionally blank)



29 Earning Per Share (EPS)

		Rs. Lakhs	
		March 31, 2017	March 31, 2016
<b>Total Operations for the year</b>			
Profit attributable to Equity Holders	(A)	100.01	211.47
Weighted average number of Equity Shares for Basic EPS	(B)	365.29	365.29
Weighted average number of Equity shares for Diluted EPS	(C)	365.29	365.29
<b>Profit per Equity Share</b>			
Basic	(A) / (B)	0.27	0.57
Diluted	(A) / (C)	0.27	0.57

30 Employee Benefits

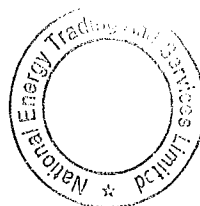
**Defined Benefit Plans**

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary for each completed year of service subject to a maximum of Rs.15 Lakhs. The plan for the same is unfunded.

		Gratuity	
		March 31, 2017	March 31, 2016
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>			
Current service cost		3.04	1.76
Interest cost on benefit obligation		0.75	1.40
<b>Sub Total</b>		<b>3.79</b>	<b>3.16</b>
<b>Recognised in Other Comprehensive Income</b>			
Net actuarial (gain)/loss recognized in the year			
i. Demographic Assumptions on obligation		-	-
ii. Financial Assumptions on obligation		0.41	0.24
iii. Experience Adjustments on obligation		(2.12)	2.35
<b>Sub Total</b>		<b>(1.71)</b>	<b>2.59</b>
<b>Net benefit expense</b>		<b>2.08</b>	<b>5.75</b>
<b>Balance Sheet</b>			
<b>Benefit asset / liability</b>			
Present value of defined benefit obligation		21.39	9.94
<b>Assets / (Liability) recognized in the balance sheet</b>		<b>(21.39)</b>	<b>(9.94)</b>
<b>Change in the present value of the defined benefit obligation</b>			
Opening defined benefit obligation		9.94	17.48
Benefit transferred in		10.74	-
Benefit transferred Out		-	(11.45)
Benefits paid		(1.36)	(1.83)
<b>Expenses Recognised in Statement of Profit and Loss Account</b>			
Current service cost		3.04	1.76
Interest cost on benefit obligation		0.75	1.40
<b>Recognised in Other Comprehensive Income</b>			
Actuarial (gain)/loss on obligation		(1.71)	2.58
<b>Closing defined benefit obligation</b>		<b>21.40</b>	<b>9.94</b>
<b>Assumptions</b>			
Discount Rate (%)		7.00%	7.50%
Attrition Rate		19.00%	19.00%
Expected rate of salary increase (%)		6.00%	6.00%
Expected Average Remaining Service (years)		26.73	26.50
Expected Average Remaining Service/mortality and withdrawal (years)		4.58	4.09

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(This Space is left intentionally blank)



National Energy Trading and Services Limited  
Notes and other explanatory information to financial statements for the year ended March 31, 2017

Amounts of Defined benefit plan for the current and previous four periods are as follows

	Present value of Defined benefit obligation	Surplus / (deficit)	Experience adjustments on plan liabilities
March 31, 2017	21.39	(21.39)	2.12
March 31, 2016	9.94	(9.94)	(2.35)
March 31, 2015	17.48	(17.48)	(0.74)
March 31, 2014	6.62	(6.62)	(2.22)
March 31, 2013	4.67	(4.67)	8.71
<b>Sensitivity analysis of the defined benefit obligation</b>			
<b>Particulars</b>	<b>2017</b>	<b>0.5% Increase</b> <b>2016</b>	<b>0.5% Decrease</b> <b>2016</b>
Impact of the change in discount rate	(0.42)	(0.24)	0.44
Impact of the change in salary increase	0.44	0.25	(0.24)

Note : Sensitivity due to mortality and withdrawals are not material and hence impact of change not calculated.

**Defined Contribution Plans**

In respect of the defined contribution plan (Provident fund), an amount of Rs.6.87 Lakhs (Previous year : Rs. 2.93 Lakhs) has been recognized as expenditure in the Statement of Profit and Loss.

**31 Contingent Liabilities - Not probable and therefore not provided for**

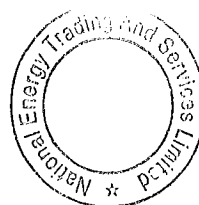
**Claims disputed by the company**

	March 31, 2017	March 31, 2016
i Claims against the company not accepted by the company		
- Amount withheld by Tamil Nadu Generation and Distribution Corporation towards penalties*	600.00	600.00
* The management of the Company, based on its internal assessment and / or legal opinion, is confident that this matter will be decided in its favour.		
ii Rajasthan Discoms Power Procurement Centre (RDPPC) has raised compensation bills amounting Rs. 168 lakhs for short supply of power for the months of Feb 2011, April 2011 & May 2011. Against that RDPPC has adjusted EMD Rs.60 lakhs and also filed a petition before Rajasthan Electricity Regulatory Commission (RERC) for recovery of balance amount of Rs. 108 lakhs. On 14.12.2016, RERC passed order against the Company. The Company filed an appeal before APTEL against RERC order, the same has been admitted and APTEL granted the stay on the RERC order for payment of sum of Rs. 108 lakhs. The matter is pending for further hearing. Further the Management based on the legal opinion is confident that above matter will be decided in its favour.		

**32 Segment Reporting**

The Company's operations fall into a single business segment "Trading" and operate mainly in a single geographical segment; hence the Ind AS financial statements of the enterprise represents segmental reporting.

(This Space is left intentionally blank)



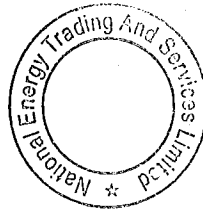


**National Energy Trading and Services Limited**  
**33 RELATED PARTY DISCLOSURE**

**a) Name of Related parties and description of relationship**

Description of Relationship	Name
Parent Company	Lanco Infratech Limited (LITL)
Fellow Subsidiaries	Lanco Kondapalli Power Limited (LKPL) Lanco Anpara Power Limited (LAnPL) Lanco Solar Energy Private Limited (LSEPL) Lanco Solar Power Limited (LSPL)
Key Management Personnel	Mr. N.Narasimha Murty Raju. Mr. K. Raja Gopal. Mr. TNKS Murty. Mr. BRK Rao. Ms. Trina Lakhmani
Enterprises / key management personnel or their close family members exercising significant influence or their relatives or enterprises significantly influenced by them.	Pragadisa Power Private Limited (PPPL)

(This Space is left Intentionally blank)



b) Summary of transactions with related parties are as follows:								Rs. Lakhs	
Nature of Transaction	For the year ended March 31, 2017								
	Parent Company		Fellow Subsidiaries		Key Management Personnel		Enterprises / key management personnel or their close family members exercising significant influence or their relatives or enterprises significantly influenced by them.		
	Party Name	Amount	Party Name	Amount	Party Name	Amount	Party Name	Amount	
<b>Income</b>									
Sales of Solar Modules			LSPL	10,061.93					
Sales of Solar Modules			LSEPL	10,854.86					
Interest Received on Intercorporate Loans	LITL	216.99	LPL	134.01					
<b>Expense</b>									
Management Consultancy Services Availed	LITL	180.00							
Contract Services / Shared Services Availed	LITL	24.10							
Rent Paid	LITL	17.71							
Computer Maintenance			LPL	0.73					
Purchase of Goods/Power			LKPL	176.69					
Purchase of Goods/Power			LAnPL	14,888.99					
<b>Other Transactions</b>									
Inter Corporate Loans given during the year	LITL	520.00	LPL	2,400.00					
Inter Corporate Loans repaid back during the year	LITL	520.00	LPL	1,417.00					
Receipts / Payments / Adjustments (Net)+(-)									
Expenditure incurred by Company on Behalf of Related Parties - Reimbursed			LAnPL	49.51					
<b>Period End Balances</b>									
<b>Payables</b>									
Balance Payables at the year end - Others	LITL	205.20	LKPL	1,956.62					
Balance Payables at the year end - Others			LAnPL	765.52					
Other Payables	LITL	17.77							
<b>Receivables</b>									
Balance Receivable at the year end - Inter Corporate Loans	LITL	1,500.00	LPL	983.00					
Balance Receivables at year end - Others (Trade Receivables and Other Receivable)	LITL	195.30	LSPL	3,202.43					
Balance Receivables at year end - Others (Trade Receivables and Other Receivable)			LSEPL	2,412.49					
Balance Receivables at year end - Others (Trade Receivables and Other Receivable)			LPL	119.88					
<b>Others</b>									
Investments							PPPL	1,065.00	

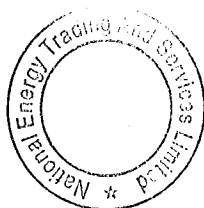
(This Space is left intentionally blank)



b) Summary of transactions with related parties are as follows:

Rs. Lakhs

Nature of Transaction	For the year ended March 31, 2016							
	Parent Company		Fellow Subsidiaries		Key Management Personnel		Enterprises / key management personnel or their close family members exercising significant influence or their relatives or enterprises significantly influenced by them.	
	Party Name	Amount	Party Name	Amount	Party Name	Amount	Party Name	Amount
<b>Income</b>								
Sales of Solar Modules			LSEPL	5,982.42				
Interest Received on Intercompany Loans	LITL	284.98	LSEPL	3.66				
<b>Expense</b>								
Purchase of Goods/Power			LAnPL	39,443.36				
<b>Managerial Remuneration*</b>					Mr. N.Narasimha Murthy Raju	44.89		
Management Consultancy Services Availed	LITL	360.00						
Contract Services/ Shared Services Availed	LITL	22.02						
Rent Paid	LITL	20.70						
Insurance	LITL	0.56						
ESOP	LITL	(1.92)						
<b>Other Transactions</b>								
Purchase of Fixed Assets			LSEPL	0.14				
Sale of Fixed Assets								
Purchase of Shares	LITL	5,546.48	LSEPL	2,000.00				
Inter Corporate Loans given during the year			LSEPL	500.00				
Inter Corporate Loans repaid back during the year			LSEPL	500.00				
Receipts / Payments / Adjustments (Net)+(-)								
Other Advances Given	LITL	4,000.00						
Other Advances Received back	LITL	4,000.00						
<b>Period End Balances</b>								
<b>Payables</b>								
Balance Payables at the year end - Others			LAnPL	11,850.60				
Balance Payables at the year end - Others			LKPL	1,956.82				
<b>Receivables</b>								
Balance Receivable at the year end - Inter Corporate Loans	LITL	1,500.00						
Balance Receivables at year end - Others (Trade Receivables and Other Receivable)			LSEPL	1,746.90				
<b>Others</b>								
Investments							PPPL	1,065.00



(This Space is left Intentionally blank)



### 34 Financial Risk Management Objectives and Policies

#### a. Capital Management

The objective of the Company's capital management structure is to ensure sufficient liquidity to support its business and provide adequate return to shareholders. The management considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets. The funding requirement is met through a combination of equity, internal accruals and borrowings.

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

#### b. Financial Risk Management Framework

Company's principal financial liabilities comprise trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

#### Risk Exposures and Responses

The Company is exposed to credit risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

#### i. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including short-term deposits with banks and financial institutions, and other financial assets.

#### Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assesses the credit risk for each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

The risk parameters are same for all financial assets for all periods presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade Receivables: The company has exposure to credit risk from trade receivables on trading of energy and other materials. In respect of trading of energy the company trades with public/private sector electric utilities, distribution company, industrial consumers and state electricity board, the company trades power on the Indian energy exchange, Power exchange of India, where the potential risk of default is considered low. In respect of trading of other materials the transaction are between the group companies, therefore the potential risk of default is considered low.

Bank Deposits: The credit risk is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other Financial Assets: The company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The creditworthiness of customers to which the company grants credit in the normal course of the business is monitored regularly.

The maximum exposure for credit risk at the reporting date is the carrying value of financial assets as stated in the balance sheet.

#### Provision for expected credit losses

Loans: The Company provides for expected credit loss based on general approach (lifetime) expected credit loss mechanism as mentioned below

Reporting period	Gross carrying amount at default	Expected credit losses	Rs. Lakhs Net Carrying amount
As at 31 March 2017	60.00	60.00	-
As at 31 March 2016	60.00	60.00	-
As at 1 April 2015	60.00	60.00	-

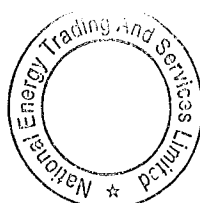
Trade Receivables : The company provides for expected credit loss under simplified approach

#### ii. Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital facilities, and borrowings. The company has reviewed the borrowings maturing within 12 months and has secured adequate funding to meet these obligations.

The following table details the remaining contractual maturities of the company's financial liabilities at the end of the reporting period, which are based on the contractual undiscounted cash flows and the earliest date the company is required to pay:

Particulars	Weighted average interest rate (%)	Rs. Lakhs	
		Less than 1 year	1 year and above
<b>31 March 2017</b>			
Trade Payables & Other Financial Liabilities		8,023.95	3,539.63
<b>Total</b>		<b>8,023.95</b>	<b>3,539.63</b>
<b>31 March 2016</b>			
Borrowings - Fixed Interest Rate	9.40%	435.00	-
Trade Payables & Other Financial Liabilities		13,362.49	3,488.38
<b>Total</b>		<b>13,797.49</b>	<b>3,488.38</b>



c. Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	Rs. Lakhs
	<u>March 31, 2017</u>
	<u>Amortised Cost</u>
<b>Financial assets</b>	
Investments	
Trade receivables	7,396.13
Loans	2,549.09
Cash and cash equivalents	1,028.50
Bank Balances	771.09
Other Financial Assets	908.91
<b>Total</b>	<u><u>12,653.72</u></u>
<b>Financial liabilities</b>	
Borrowings	-
Trade payables	11,515.12
Other Financial Liabilities	48.95
<b>Total</b>	<u><u>11,564.07</u></u>
	<b>Rs. Lakhs</b>
	<b>March 31, 2016</b>
	<b>Amortised Cost</b>
<b>Financial assets</b>	
Investments	
Trade receivables	14,716.66
Loans	1,568.15
Cash and cash equivalents	231.84
Bank Balances	1,118.71
Other Financial Assets	1,240.83
<b>Total</b>	<u><u>18,876.19</u></u>
<b>Financial liabilities</b>	
Borrowings	435.00
Trade payables	16,363.42
Other Financial Liabilities	487.45
<b>Total</b>	<u><u>17,285.87</u></u>

(This Space is left intentionally blank)



National Energy Trading and Services Limited  
Notes and other explanatory information to financial statements for the year ended March 31, 2017

35 First Time Adoption of IndAS

A Balance Sheet as on April 01, 2015 (Ind AS transition date)  
Particulars

	Rs. Lakhs
<b>ASSETS</b>	
<b>Non Current Assets</b>	
(a) Property, Plant and Equipment	31.59
(b) Financial Assets	
(i) Investments	1,065.00
(ii) Loans	65.00
<b>Total Financial Asset</b>	<b>1,130.00</b>
(c) Deferred tax assets (net)	120.04
<b>Total Non Current Assets</b>	<b>1,281.63</b>
<b>Current assets</b>	
(a) Financial Assets	
(i) Trade receivables	5,424.60
(ii) Loans	9,329.55
(iii) Cash and cash equivalents	518.19
(iv) Bank balances	1,091.72
(v) Other financial assets	1,431.06
<b>Total Financial Asset</b>	<b>17,795.12</b>
(b) Current tax assets (Net)	74.38
(c) Other current assets	66.09
<b>Total Current Assets</b>	<b>17,935.59</b>
<b>Total Assets</b>	<b>19,217.22</b>
<b>EQUITY AND LIABILITIES</b>	
<b>EQUITY</b>	
(a) Equity Share Capital	3,652.94
(b) Other Equity	5,056.07
<b>Total Equity</b>	<b>8,709.01</b>
<b>LIABILITIES</b>	
<b>Non Current Liabilities</b>	
(a) Provisions	31.69
<b>Total Non Current Liabilities</b>	<b>31.69</b>
<b>Current Liabilities</b>	
(a) Financial Liabilities	
(i) Borrowings	-
(ii) Trade payables	8,404.93
(iii) Other financial liabilities	992.88
<b>Total Financial Liabilities</b>	<b>9,397.81</b>
(b) Other current liabilities	1,019.34
(c) Provisions	9.99
(d) Current tax liabilities (Net)	49.38
<b>Total Current Liabilities</b>	<b>10,476.52</b>
<b>Total Equity and Liabilities</b>	<b>19,217.22</b>

(This Space is left intentionally blank)



National Energy Trading and Services Limited  
Notes and other explanatory information to financial statements for the year ended March 31, 2017

B Reconciliation of Net worth as previously reported under Indian GAAP Vs IND AS

	March 31,2016	March 31,2015
Net worth as per I GAAP financials	8,917.90	8,709.01
Ind AS: Adjustments increase / (decrease):		
Net worth as reported under IND AS	8,917.90	8,709.01

C Reconciliation of PAT as previously reported under Indian GAAP Vs. IND AS

	March 31,2016
Net Profit/ (Loss) after Tax as per Previous Indian GAAP	208.88
Ind AS: Adjustments Profit increase / (decrease):	
Actuarial Gain / (Loss) on employee defined benefit obligation recognised in OCI	2.58
Net Profit/ (Loss) after Tax before OCI as per the IND AS	211.47

36 Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro and Small Enterprises

Based on information available with the company, no amount is due under Micro, Small and Medium Enterprises Development Act, 2006.

37 Details of Specified Bank Notes (SBN) held and transacted during the period

	SBN	Other Denomination notes
Closing Cash In Hand as on 08.11.2016	0.07	0.17
Permitted Receipts	-	0.24
Permitted Payments	-	0.22
Amount Deposited in Banks	0.07	-
Closing Cash In Hand as on 30.12.2016	-	0.19

38 Previous year figures have been regrouped/reclassified where ever necessary, to conform to those of the current year.

39 As allowed under Schedule III of the Companies Act, 2013, financials are prepared in lakhs and rounded off to two decimals. The amounts below thousand are appearing as zero.

As per our report of even date.  
For Brahmayya & Co  
Chartered Accountants  
Firm Registration No. 000511S

*N. Venkata Suneel*

N.Venkata Suneel  
Partner  
Membership No. 223688



For and on behalf of the Board of Directors  
National Energy Trading and Services Limited

*N. Narasimha Murthy Raju*

N.Narasimha Murthy Raju  
Whole time Director  
DIN - 06862293

*Naval Kishore*  
Naval Kishore  
Chief Financial Officer

*K. Raja Gopal*

K. Raja Gopal  
Director  
DIN - 00019958

*Mukesh Jain*  
Mukesh Jain  
Company Secretary

Place: Gurugram  
Date: 17th May, 2017

Place: Gurugram  
Date: 17th May, 2017

